

Whangarei District Council Meeting

Supplementary Agenda

Date: Thursday, 28 June, 2018

Time: 10:30 am

Location: Council Chamber
Forum North, Rust Avenue
Whangarei

Elected Members: Her Worship the Mayor Sheryl Mai
(Chairperson)
Cr Stu Bell
Cr Gavin Benney
Cr Crichton Christie
Cr Vince Cocurullo
Cr Tricia Cutforth
Cr Shelley Deeming
Cr Sue Glen
Cr Phil Halse
Cr Cherry Hermon
Cr Greg Innes
Cr Greg Martin
Cr Sharon Morgan
Cr Anna Murphy

For any queries regarding this meeting please contact
the Whangarei District Council on (09) 430-4200.

6. Decision Reports

6.5 Adoption - 2018-2028 Long Term Plan

6.5.1 *Adoption - 2018-2028 Long Term Plan - LTP Document*

1

Additional to Item 6.5

6.5 Adoption 2018 – 2028 Long Term Plan - Document

Meeting: Council Meeting
Date of meeting: 28th June 2018
Reporting officer: Jill McPherson (Acting - General Manager Democracy and Strategy)

1 Purpose

To provide the 2018 – 2028 Long Term Plan document in support of decision report item 6.5 (page 208 of the agenda).

2 Discussion

At the time of writing the agenda report the Long Term Plan document was with Audit New Zealand for final review. Audit New Zealand have now given verbal clearance for the Long Term Plan, however we are awaiting the final audit opinion for insertion in the document. To meet statutory requirements we are providing the document minus the final audit opinion. The final audit opinion will be distributed separately prior to the meeting.

3 Attachments

Long Term Plan 2018 – 2028 for adoption

Final for adoption



WHANGAREI
DISTRICT COUNCIL



LONG TERM PLAN 2018-28



Your Elected Members



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What is in this document?

This document is Whangarei District Council's *Long Term Plan (LTP) 2018-28*. It sets out Council's work, spending and funding, policies and plans for the next 10 years. Section one sets out our strategic vision and community outcomes along with our key issues and major projects. It also outlines our partnership with Māori. Section two details all the services and activities Council will fund over the next 10 years. Sections three and four cover financial and rates information. You will find information on Council structure, strategies, policies and the independent auditor's report towards the back of the document.

HERE TO WHERE WHANGĀREI

Mayor's message

Three years ago we strode out on our Long Term Plan (LTP) journey with a firm intention to address areas of neglect – to catch up, clean up and proceed with our chins up.

We agreed with the community when it said it was time to consolidate gains made in previous years, invest in existing assets and work within our income. We had been increasing our assets but not gathering enough revenue to maintain those assets. We decided to ensure sufficient income to cover costs, limit our debt and live within our means.

We knuckled down and ploughed through projects that needed to be done and the results are tangible. When forging ahead, it is easy to focus so hard on the job that the progress made flows past unnoticed. We have made a lot of progress and the point this LTP is springing from differs vastly from where we started in 2015.

We have brought a number of neglected areas up to standard, invested in existing assets sufficiently to maintain them and started to roll out plans that will see more progress on the nuts and bolts. We still have more work to do and that is what our community has asked for during this LTP process.

This time the expectation that we will continue bringing systems up to standard where they are not and future proofing them where they are, has remained. This includes increasing funding for stormwater, which is increasingly important for our District as infrastructure ages and our climate changes. We have increased our budget for seal extensions on rural roads. This Plan also continues strong capital investment in transport, water, wastewater and parks and recreation.

It seems to me that, as the community's confidence has grown, people and groups in the community are seeking opportunities to work with Council more. People are working hard on initiatives that benefit their own (and the wider) community and are reaching out to Council, seeking partnership. As a result, we have increased funding for community-led projects to \$4.5 million. This will allow communities from across the whole District to develop their own facilities and improve their own suburbs.

We were also asked to increase support for community activities such as events, community centres, marae, museums, public art, community services and community halls. We have responded by increasing funding for community property maintenance as well as allocating \$6.5 million (over

the 10 years) to a facilities partnership fund that will help community organisations access funding and support from other grant schemes or benefactors. Another highlight is the allocation of \$1.0 million over the lifetime of the Plan to major events. As Whangārei is growing its reputation for our ability to host major events such as the Rugby World Cup, FIFA Under 20 World Cup, British and Irish Lions games, international motor rallies and other large events and festivals, this funding is aimed at ensuring we continue to make strong bids for and hold, major events. We know the community enjoys these events and values the pride and income they generate within the economy.

In terms of our income, this Plan continues the path set in the LTP 2015-25 with rates increases at Local Government Cost Index plus 2% over the 10 years of the Plan. In line with our District's growth and including debt for two special projects, a new Civic centre building and a new theatre, our total debt peak will increase to \$241.5 million, well within the limit on total debt to revenue ratio of 175%.

Whangārei is thriving and growing and we need to keep building and investing in our services to meet the needs of our expanding and diverse population. This Plan does exactly that.

HWM Sheryl Mai



A vibrant, attractive and thriving District

Council's job is to take on board the things that you, our community, want and expect from us in terms of providing services and managing your assets. We work out a plan to best provide these, check with you that we have got it right and then do it.

We received strong messages from our public meetings and feedback we sought during the formation of this 10-year plan. We heard that you wanted us to:

- provide efficient services and assets
- be positive about the future
- care for the environment
- take pride in our District
- enable our residents to live a good life here
- be prudent with our finances.

We took these issues and used them to inform our community outcomes and our vision. This in turn has shaped the direction of this LTP.

As part of our planning process we consider the laws that set our responsibilities, what we must and must not do and how we do it. Some things are in Council's job description, some things are not.

We work out the cost of everything that we are required to provide and how these will be funded. When we consider how things are funded, we need to consider fairness and how much our communities can afford to pay.

Timeframes are another factor. We factor in population growth, the age of assets and the resources available to do the work.

Everything that Council does is aimed at making Whangārei a great place for residents, communities and visitors to live, work, play, invest and visit. We have summed these up in our Vision and Community Outcomes.

Our vision

A vibrant, attractive and thriving District.

Our Community Outcomes

Everything Council does is guided by our four Community Outcomes – based on what our community tells us is most important to them:

Efficient and resilient core services



- It is easy and safe for everyone to travel around our District
- There are opportunities to walk and cycle
- Our District is well prepared for growth and can adapt to change
- Services are supplied in ways that benefit the environment.

Positive about the future



- Our District has productive land, people and a thriving city centre
- There is a fair urban/rural balance
- Council has clear, simple documents and rules
- Our District embraces new technology and opportunities.

Caring for the environment



- Communities work to keep the environment clean and healthy
- Access to the coast is protected
- Open spaces in parks and streets are places where nature thrives
- Our District is positively adapting to climate change.

Proud to be local



- Our District is neat, tidy and looks attractive
- Public areas feel welcoming and safe
- There is always something to do and see
- There are opportunities for people of all abilities, ages and life stages to be active.

It's all about you



89,700

Population as at December 2017

270,000

hectares Land area

\$9.6 billion

Land value of rateable property in the District (30 June 2016)

\$19.7 billion

Capital value of rateable property in the District (30 June 2016)

43,415

Rateable properties

\$1.67
billion
of assets



1044
kilometres

Sealed roads

698

kilometres

Unsealed roads



740

Reserves and sports parks

55km

Maintained walking tracks



199,614

Items available for loan in all of our Libraries

762

kilometres

Water distribution system



621

kilometres

Sewerage system

22km

Walk/cycleways

where to from here?



Key community issues

What you told us

As we built this Plan, we gathered information from all sorts of sources including Statistics New Zealand, economic reports, government agencies and all the existing strategies, plans and policies that guide our work. This gave us a good idea of the current and future needs of our District, how and what to plan for, what to adapt to and what to provide.

By working to the goals set in each of our LTPs over the years, we have addressed a very long list of issues for our communities. We are now in a very solid, positive position and have a strong foundation from which to move forward. However, we will continue to address remaining and emerging challenges.

Early engagement

To help us develop this LTP we started our early engagement with the community from June to August 2017. We held public meetings and hui and created a dedicated website. This meant we could make sure we were on the right track with our planning from the start.

We received over 1,400 items of feedback from over 500 submissions. From this we confirmed three key themes which became the focus for our planning.

These key themes were:

- prioritised investment in our core infrastructure to ensure that we properly maintain and replace our roads and pipes
- getting ready for the future as we continue to see an increase in our population and more demand on our infrastructure and services
- making sure we keep our District attractive and make it even better to live in.

Formal consultation

We began our formal LTP consultation with the community in March this year, to get your feedback on how to address these key themes and issues.

Related to these key themes, we also asked for your feedback on three key issues:

- increasing funding for stormwater, which is increasingly important for our District as existing stormwater infrastructure ages and our climate changes
- the location of a new Civic centre, which will help deliver a more effective and efficient service for our growing District
- increasing funding for community-led projects, which enable our communities to deliver improvements to benefit everyone.

During the LTP process we heard from many people, from all parts of our District. We held 16 public meetings, attended by more than 350 people and visited markets and workplaces. In total, we received individual submissions from 687 members of the public, organisations, groups or businesses. 116 submitters also spoke to their submission. Some great ideas were shared making it a challenge to prioritise the projects that could go ahead.

Councillors considered all the submissions, deliberated on which requests would be included and made changes to the draft Plan accordingly. Inevitably there were more requests from the community than we could afford without significant rates or debt increases. We had to make decisions based on what is best for the majority of our residents and what our communities can afford to pay.

The LTP 2018-28 will be reviewed again in three years as required by the Local Government Act (2002).



Focus on core assets

You told us you wanted to prioritise investment in our core infrastructure to ensure that we properly maintain and replace our roads and pipes.

Council has some core jobs. We provide roads, footpaths, walking tracks and cycleways so you can get around our District. We provide fresh water to drink, we dispose of rubbish, stormwater and sewage. We also provide parks, libraries and community spaces. We call the infrastructure that provides these services, 'assets'. Council needs to ensure that the assets it already has are maintained and renewed to existing Levels of Service.

To keep assets up to scratch, we need to continue investing in them. Some of our assets are quite new and some are getting a bit worn out. Some are deteriorating faster than expected and others are located underground, making it difficult to assess their condition accurately. In some areas, notably stormwater drains, renewals have historically been underfunded. Within the stormwater, wastewater and water networks (and to a lesser extent, parks and recreation facilities) insufficient information is available to plan for and prioritise the maintenance and renewal of assets.

It is always a balancing act deciding where the money is needed most urgently and where it would best be spent to save money over the long-term. In the past, we have focused less on some things while we got on with other projects, then chosen to direct more spending towards them later. In recent years, we have spent millions of dollars on wastewater to eliminate raw sewage spills into the harbour during wet weather but we spent less on the stormwater network. For this LTP we will direct attention to the stormwater network.

Increased funding for stormwater

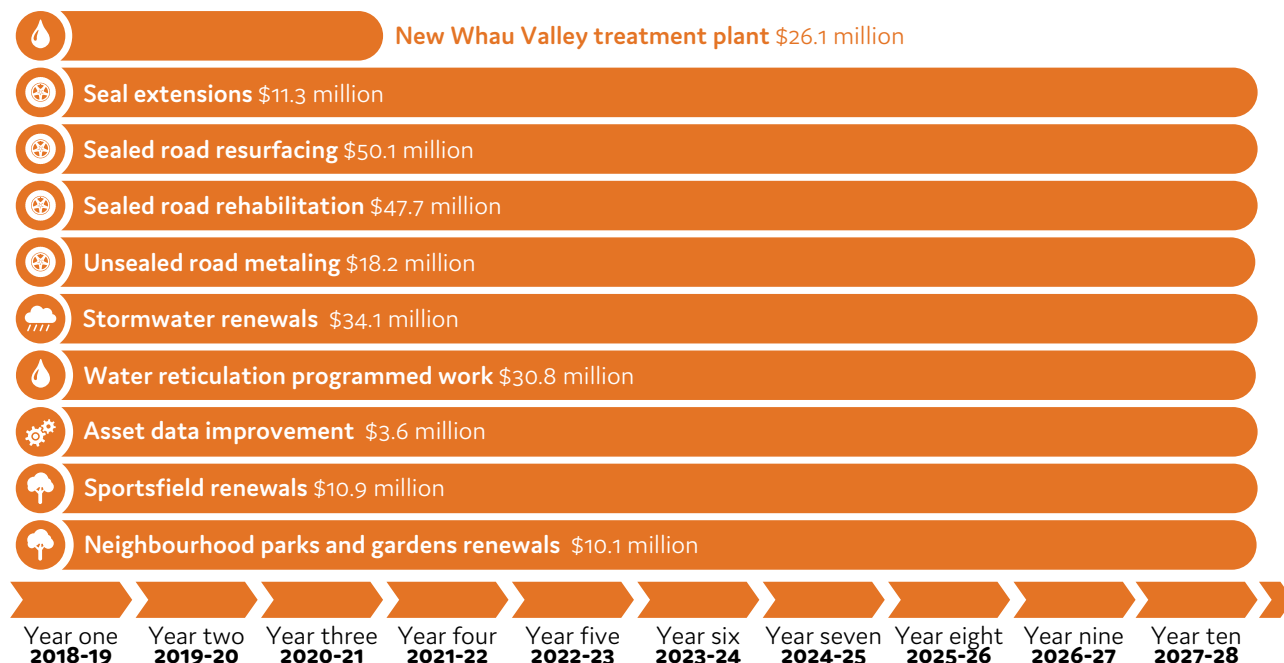
During our formal consultation process we asked for your feedback on our proposal to focus on stormwater. There was overwhelming support by the community for this.

This Plan puts an extra \$34.1 million into stormwater renewals, a 53% increase in funding from the last LTP. The last LTP allocated a total of \$17.5 million for stormwater and we have already spent \$4.8 million in the last three years. This money went on a few urgent projects aimed at meeting or maintaining Levels of Service and investigating the condition of our stormwater system which will give us a better picture of what needs to be done over the next 10 years. This increase in funding will enable us to complete around 32% of the required renewals and we plan to address the rest over the next 30 years. We have tried to balance the need to catch up, with the amount we think is reasonable for ratepayers to spend over the next 10 years.

Projects include improving the Teal Bay stormwater system, investigating the effects of flooding within our urban communities and developing catchment management plans for urban stormwater catchments. Some Northland Regional Council rules we must follow have also changed since the last LTP, meaning we need to develop new catchment management plans and make sure our stormwater discharges meet stricter water quality standards. Meanwhile, the development of the Blue/Green Network will continue to improve the quality of stormwater that flows into Whangārei Harbour.



Summary of major projects over the next 10 years



New Whau Valley water treatment plant: 2018-20

The Whau Valley water treatment plant was originally constructed in 1953 to supply fresh water to Whangārei's urban area. It is very old now and it is no longer cost effective to renew or upgrade it. We plan to replace the existing plant to meet growth pressures and ensure we continue to provide high quality, safe drinking water for the city.

Sealed and unsealed road renewals: 2018-20

Throughout the year, we maintain and repair roads and we have a programme for re-doing road surfaces as they get old and wear out. Council received submissions requesting more rural road sealing and has now allocated \$1.0 million plus inflation per year to seal extensions throughout the 10 years of the LTP.

Footpaths: 2018-28

Council also received several submissions about footpaths within our District and has allocated \$4.5 million for the construction of new footpaths over the next 10 years.

Asset data improvement: 2018-20

These projects give us a clear picture of the condition of the underground assets across our District. This information is then used to set priorities for maintaining and replacing assets. There is also funding to ensure that our asset management information system remains up to date and supported.

Sportsfields and neighbourhood parks and gardens renewals: 2018-28

We will continue to maintain our parks and recreation assets to ensure our spaces provide high quality recreation and leisure opportunities for our community and visitors. We have budgeted \$10.9 million for sportsfield renewals and \$10.1 million for neighbourhood parks and gardens renewals. During our consultation process, a number of submitters supported investment in the Northland Football Hub at Tikipunga Sports Complex (including field upgrades). Funding of \$1.2 million has been allocated to this project. There was community support for continued investment in Otaika Sportsfields where development will include three new fields and upgrading one field with training lights. Submitters also supported our investment in sportsfields in Ruakaka where two new sportsfields are planned (total funding of \$1.3 million).

Street lighting upgrades

Council is currently undertaking a \$6.6 million project to replace all existing street lights on the network with new LED technology. This is funded by an 85% subsidy from NZTA. Council has also allocated \$100,000 annually, starting in year three, for new installations and renewal of amenity lighting across our District.

Water reticulation programmed work: 2018-20

Projects include additional reservoir capacity, trunk main upgrades and renewal works to the reticulated system.

Getting ready for the future

You told us you wanted us to get ready for the future as we continue to see an increase in our population and more demand on our infrastructure and services.

In the last three years, our District's population has grown by 5,500 to almost 90,000 people and it is getting bigger.

We have just made it onto the Government's National Policy Statement on Urban Development Capacity (NPS-UDC) list as a High Growth City. We're expecting over 1,000 more people to move into our District every year in future. That means that in 10 years we'll have a population of over 100,000. We're no longer a small provincial town, we are a growing bustling regional centre.

As our District grows, so do the expectations of our communities. We need to have bigger facilities, more to do and places to gather and meet.

This is a constant tension for Councils but we are proposing that we stick to the plan we worked out to address this issue when we did the last LTP. We will:

- stick with the rate increases of the last LTP – LGCI +2%, which is around 4.3% per annum
- allow for a 1% increase in income growth generated by additional ratepayers coming into our District.

One change to that approach is that we will increase our core borrowing limit in line with inflation and population growth. This year we have 89,700 people living in our District, sharing the debt and paying rates. In 2028 we'll have an estimated 100,760 people to share the debt.

Increasing debt is never popular, even when our income and ability to pay are assured and our assets are increasing in value, so we do as much as we can to keep borrowing to a minimum (inside the debt cap) and to keep our interest costs down.

The advantage of borrowing to pay for large projects is that it ensures the cost of all the things we need are paid for by the generations that will benefit from them, rather than one generation paying for several future generations' assets and services. We call that intergenerational equity. Basically, I'll pay my share now, if you pay yours in the future.

That's how we fund our big capital projects and how we make sure everyone pays their fair share.

Council recognises the need to be responsive to new funding opportunities as they become available such as the Government Policy Statement on land transport, Treaty settlements, funding for rail and other opportunities such as the Tourism Infrastructure Fund and the Provincial Growth Fund.

Civic centre

We asked you which location you prefer for a new Civic centre which will help deliver a more effective and efficient service for our growing District. The three options were:

- proceeding with the redevelopment of Forum North
- developing new office premises and Council Chambers on the adjacent RSA site
- developing new premises in the city centre; possibly in conjunction with the private development of a hotel and/or conference centre.

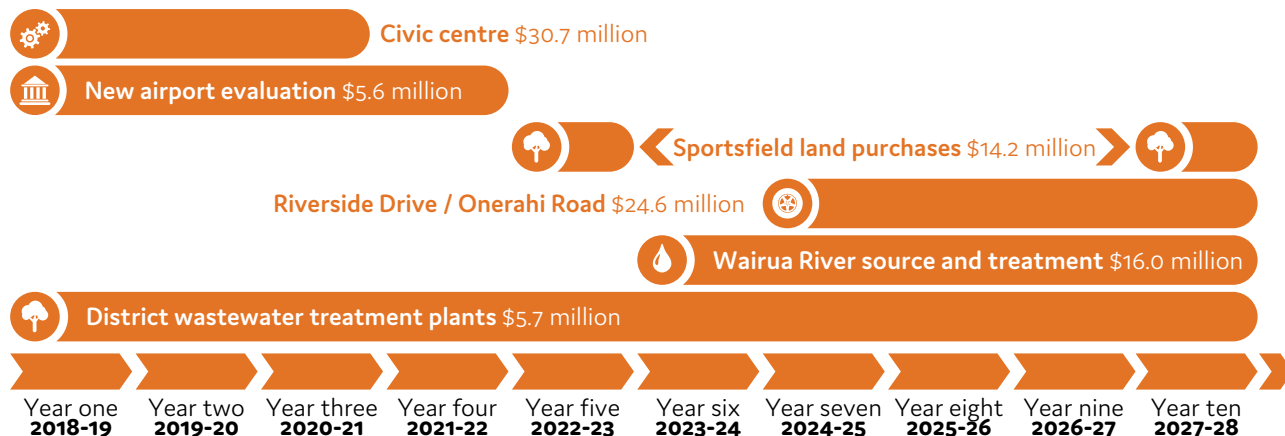
Over the past several years we have been exploring how we create a civic centre that is suitable for our growing city and how we can accommodate our staff in one central location. In the last LTP we consulted on the need to consolidate in a single location and allocated \$10.0 million towards expanding Forum North. However, investigations have since identified issues with the rebuilding of Forum North and so we asked for your feedback on how to proceed. Community support was split across all three sites.

Council has decided to call for expressions of interest by the private sector for the development of the new civic centre either in the central city or at a combined RSA/Forum North site. Staff will also investigate options for the re-purposing of Council's current administration block at Forum North.

We will carry forward \$7.2 million of the previous money set aside for the Civic centre (which was included in the 2017-18 Annual Plan) and allocate a further \$30.7 million in this Plan, bringing the total budget allocated to this project to \$37.9 million.



Summary of major projects over the next 10 years



We plan to move forward with some major projects to get set up for the future and ensure equity amongst today's and tomorrow's ratepayers. The drivers of these projects are a combination of growth and Levels of Service. For more details on our core infrastructure, please see the *Infrastructure Strategy* on page 133.

New airport evaluation

The current airport will no longer be fit for purpose due to changes in airplane and airline operator requirements in about 10 years. We are continuing to scope and plan for a new airport site for our District.

Sportsfield land purchases: 2022 and 2028

As growth continues in our District, the demand on our sportsfields grows. We plan to purchase additional land to develop new facilities, including a 'second Kensington Park' in year 10. As this project is in later years of the plan, we will come back to you and consult on the options closer to the time.

Wairua River source and treatment: 2025-28

Upgrading the Wairua River treatment plants will support the current system when there are water shortages.

Riverside Drive/Onerahi Road: 2024-28

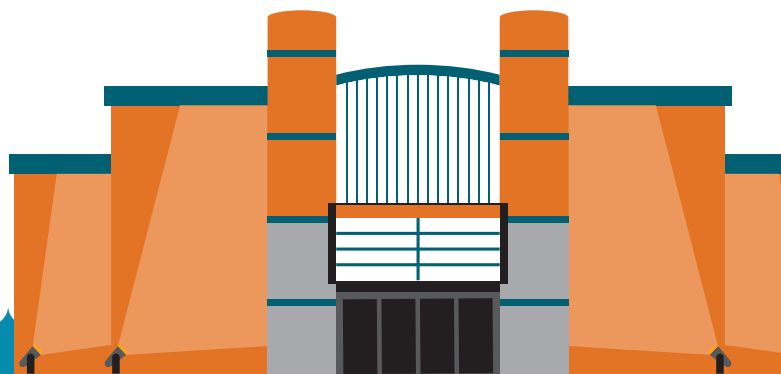
Populations in Whangarei Heads, Parua Bay and Onerahi are expected to continue growing in the next 10 years. Riverside Drive to Onerahi is a critical route for the connection of these communities to the city. We have budgeted to upgrade the existing road and a bypass could also be considered. As this project is in later years of the Plan, we will come back to you and consult on the options closer to the time.

District-wide wastewater treatment plants: 2018-28

The Ngunguru Wastewater Treatment Plant's wetlands will be upgraded. The land irrigation area at Ruakaka will be extended to accommodate growth. New land irrigation fields will be developed at Waipu and the treatment plant there will be upgraded.

Congestion in the central city

Several submissions were received about congestion within the central business district. Over recent years, Council and NZTA have completed several major projects to address congestion and three more are planned for the central city – upgrades of both the Porowini Ave/Tarewa Rd and Porowini Ave/Maunu Rd intersections and NZTA's upgrade of the intersection of State Highway One and Tarewa Rd and associated works.



Making our District an even better place to live

A key theme to emerge from our consultation is that our community wants us to keep our District attractive and make it even better to live in. Our residents not only expect to have things to see and do, they expect them to be of high quality, engaging and appropriate to our people and place. We call this 'adding amenity', a term that is often used together with the phrase, Sense of Place. We provide sportsfields, playgrounds, walking and cycling tracks and trails, community funding, events and libraries. We provide funding for museums, swimming pools, community events, halls and many other things the community enjoys. And we work with the disabled, youth and older communities.

An examples of a key amenity project in the last three years includes the addition of the Pocket Park to the popular Hatea Loop. As our District grows, there is a greater expectation to see these types of projects throughout our urban environment and rural areas.

In this Plan, we have increased and prioritised funding in some areas to get some of this work done sooner.

Community-led projects

We asked you if we should increase funding for community-led projects, which enable our communities to deliver improvements that benefit everyone.

Your feedback on this issue strongly supported increasing funding for community-led projects across our District, building on the success of projects already underway in Parua Bay, Otangarei, Hikurangi and Kamo. This Plan increases the funding of community-led projects to \$400,000 plus inflation for each year of the LTP, an overall increase from \$1.5 million in the last LTP to \$4.5 million. This means more communities will have the chance to develop their own facilities and enhance their suburbs. This funding can be used in several ways ranging from completing feasibility studies and concept plans to playground improvements, skate parks, walkways and street furniture. It can also be a catalyst for larger projects.

Summary of major projects over the next 10 years



Town Basin development: 2018-28

The improvements to the Town Basin and surrounds in recent years will be developed further. This will include physical improvements, events and projects such as Carpark-to-Park (converting parking space near the Canopy Bridge into a community park).

Toll Stadium light tower renewals: 2020-21

Toll Stadium's lights need to be upgraded to ensure they meet the standards for international events. Work will be undertaken on this in years three and four and will be partially funded via external partnerships.

New theatre: 2021-22

Our existing venues have limited capacity. Providing a larger venue will enable larger events to come here providing more things to do and benefits for our culture and economy. We plan to fund this through debt (over and above core debt) and external partnership funding.

Pohe Island development: 2019-25

Pohe Island provides a wonderful recreational space close to the city. Sensitive, planned development incorporating cycling facilities, play spaces, landscaping and car parking, is planned here to create a central recreational hub.

Northland Football Hub at Tikipunga Sports Complex

Our community supported investment in the Northland Football Hub at the Tikipunga Sports Complex. Funding has been allocated towards the football hub building, field upgrades and lighting.

Whangārei City Centre Plan implementation: 2018-28

Funding is proposed to implement the Whangārei City Centre Plan to bring more activity and vibrancy to our city centre. The Plan highlights areas for development and activities to support further investment.

Walking and cycling infrastructure: 2018-28

Walking and cycling is an important issue for our community and received 28 submissions during consultation. This infrastructure continues to be funded by Council and central government subsidies. Additional walking and cycling tracks (shared paths) are funded in this LTP including \$15.8 million for new shared path construction, assuming an NZTA subsidy of 53%. Council has also applied to the Central Government Provincial Growth Fund for funding to construct shared paths connecting Paihia to Whangārei and One Tree Point to Mangawhai as part of the *Regional Walking and Cycling Strategy*.

Tracks and walkways: 2018-28

Tracks and walkways continue to be important to our community and we have set aside \$4.8 million for them. This includes funding to complete the Puna Rere walkway in Otangarei.

Blue/green network: 2018-26

Work will begin to make better use of our waterways and green spaces across the city, as well as providing flood protection and improving biodiversity. This strategy combines infrastructure, ecological restoration and urban design to bring our waterways and greenspace into the heart of the city. The full strategy is available on our website.



Changes we made in response to feedback

In addition to supporting Council's proposals to focus on stormwater and other infrastructure projects, the community also asked for increased investment in community activities and transport. The largest group of submissions on the LTP asked Council to increase support for community activities such as events, community centres, marae, museums, public art, community services and community halls. Council responded by allocating further funding to the following areas of interest proposed by the public.

Major events

Whangārei is growing a sound reputation for its ability to host major events such as the FIFA Under 20s, Rugby World Cup and British and Irish Lions games, international rallies and other large sports events and festivals. The community enjoys these events and the income that they generate for our District's economy. To ensure we can continue making strong bids for and holding major events, Council allocated \$100,000 in year two and \$200,000 every second year after that, plus inflation, for major events (totalling \$1.0 million over the LTP).

Community property maintenance

Council provides 11 community facilities in several areas within our District and they are recognised as important for community cohesion and creating a sense of place. They require capital investment by Council to maintain the integrity of the buildings and to upgrade them to meet Health and Safety and accessibility requirements. The community was concerned that funding made available to maintain community property was below that needed to ensure these facilities remained operational. Council has allocated an extra \$50,000 plus inflation a year to this work. These 11 community buildings provided by Council are the Old Library, Old Methodist Church, Cafler Park building, Old Municipal building, Tamaterau Hall, Hikurangi War Memorial Hall, Kamo War Memorial Hall, Onerahi Hall, Onerahi Community Centre, Smeaton Drive Community House and Ngunguru Memorial Hall.

Mowing grants

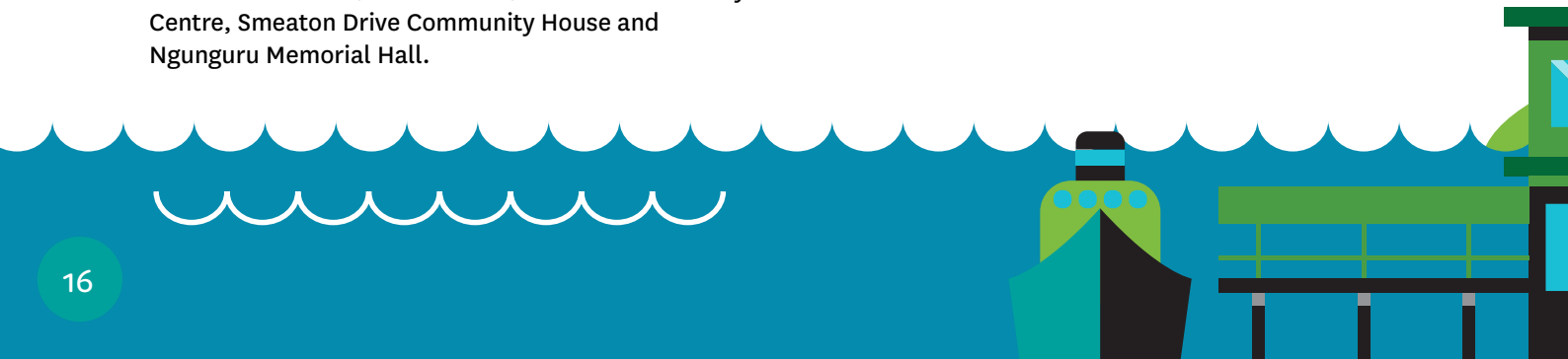
Council gives an annual grant to 25, mostly rural, organisations to help maintain the grounds around various halls, sports grounds, cemeteries and reserves in our District. Some of these areas are Council land and some are community owned. Typically, the grounds have been maintained by local volunteers, but more organisations are now using local contractors to do the work. Costs have increased and Council has increased the mowing grants budget by \$20,000 plus inflation a year, noting it will be allocated through a contestable process (community groups must apply for mowing grants).

Facilities partnership

An increasing number of groups are working hard to create facilities that will benefit the wider community and have sought support from Council. Quite often financial support from Council enables groups to then obtain funds from other grant schemes. To support this practice and develop the working relationship between Council and the community, the facilities partnership budget has been increased by a further \$2.3 million plus inflation over the life of the Plan. This is also allocated through a contestable process.

Rugby facilities on Pohe Island

During the LTP deliberations, Councillors discussed long-standing plans to move the Old Boys Rugby Club from Okara when there were plans to sell that site; the Marist Club from Kensington; and the Northland Rugby Union when Toll Stadium was built at Okara Park. Fields have since been completed on Pohe Island, but clubrooms and changing facilities have stalled because of the cost of building foundations on the former landfill site. Council has committed \$600,000 plus inflation towards the facilities, beginning with a \$200,000 Facilities partnership grant in year two. This is in addition to \$450,000 already committed to the project in previous LTPs.



Okara Marina

The Whangarei Marina Trust has announced plans to establish a new Okara Marina, near Te Matau ā Pohe. This project is in its earliest stages, but Councillors supported it and decided to consider making a \$5.0 million loan available to it when required (subject to agreement on all terms and conditions, including security and an independent assessment of credit quality).

Seal extensions

A number of submissions on transport requested more rural road sealing. Council has allocated up to \$1.0 million plus inflation a year to seal extensions throughout the 10 years of the Plan, with the first year's allocation directed to Wright Road.

Road safety

Many submissions called for road safety projects including traffic calming, sealing pull-over bays, increasing public transport, piping open drains, widening footpaths and planting trees in specific areas. Council responded by allocating an additional \$1.0 million over the duration of the Plan with priority given to projects that would be eligible for NZTA subsidies.

Springs Flat roundabout

A major industrial development is poised to go ahead in the Springs Flat area once a new roundabout is completed to ensure traffic safety as the area develops and traffic volumes increase. The roundabout is expected to cost \$4.0 million. This million project will be funded with a \$1.5 million contribution by the developer and an anticipated 53% subsidy by NZTA.

Rates review

Council has reviewed the current rates structure, considering direct feedback from the community, other stakeholders and sector best practice.

Feedback from consultation meetings during May 2017 indicated that the community is largely comfortable with the current rating structure. However, some ratepayers expressed dissatisfaction with specific elements and the adverse impacts they were having on them. Options to address these concerns that were considered included:

- using rating units, rather than Separately Used or Inhabited Parts (SUIPs) as a fairer mechanism for rating for uniform annual charges
- using a property's capital value rather than its land value for value-based rating.

Using rating units for uniform charges did resolve some perceived inequities, but also introduced various new issues, so it was decided to remain with SUIPs.

However, following consultation we have decided to change the test for a SUIP to be 'used or intended to be used' instead of the current 'capable of being used'.

We considered changing the value-based rating to capital value instead of land value. The high impact on many property owners saw this option discarded. However, we also considered using capital value-based rating to fund transport activities as a new targeted rate, with land value-based rating retained as the primary funding source for our other services.

Consultation indicated that this change was not supported and we have therefore decided to continue to fund Transportation activities from general rates and retain land value as the basis for setting them.

We also considered changing the classification of motels from the multi-unit to the commercial category. This change was not supported and the classification will not be changed at this time.



Policy and planning issues noted by Council

Genetically modified organisms

The topic of genetically modified organisms (GMOs) came up throughout the consultation period and as a result, Council wishes to confirm its ongoing commitment to policy work in this area. Council has adopted a precautionary approach to the management of biotechnology, in general and to GMO land uses in particular. It will continue to investigate ways of keeping our District free of GMOs until outstanding issues such as liability, economic costs and benefits, environmental risks and cultural effects are resolved.

Together with other Northland and Auckland councils on the Inter-council Working Party on GMO Risk Evaluation and Management Options, Council has committed to investigating possible local and/or regional management of GMO land uses under the Resource Management Act. Any further costs in relation to appeals will be reported back to Council prior to proceeding.

Climate change

Any change in climate trends that can be seen and tracked is considered to be climate change. Globally, the climate is changing and it will continue to change over this century. Changes in our climate as a result of global warming and other influences mean that we need to think about how we are going to plan for and manage any impacts in our District.

Council has incorporated climate change into existing frameworks, plans and decision-making procedures. The *Infrastructure Strategy* on page 133 further discusses planning for the effects of climate change in more detail.

Other changes

The LTP Consultation Document and its supporting material were based on the best information available at the time. Other changes have been incorporated into the final LTP as a result of additional or updated information that became available after the adoption of the Consultation Document. For the most part, these changes relate to a range of operational issues that have had minimal impact on our overall financial position.



Council and Māori working in partnership

Council is committed to developing stronger relationships with tangata whenua at governance and operational levels. While progress has been made, more work is needed in some areas.

Te Kārearea, our strategic partnership forum with Māori formed in 2012, is made up of hapū representatives of the major hapū groupings from within our District. Together, these representatives advocate for hapū of Whangārei. They meet in their own forum, named Te Huīnga, to discuss common issues that are then brought to Te Kārearea.

The purpose of this partnership is to build the relationship between Council and Whangārei hapū and to develop stronger partnerships, over time.

Te Kārearea has the following vision, mission and principles:

Te pae tawhiti/vision

He whenua Rangatira – Whangārei, a District of prosperity, well-being and empowered communities.

Te kaupapa/mission

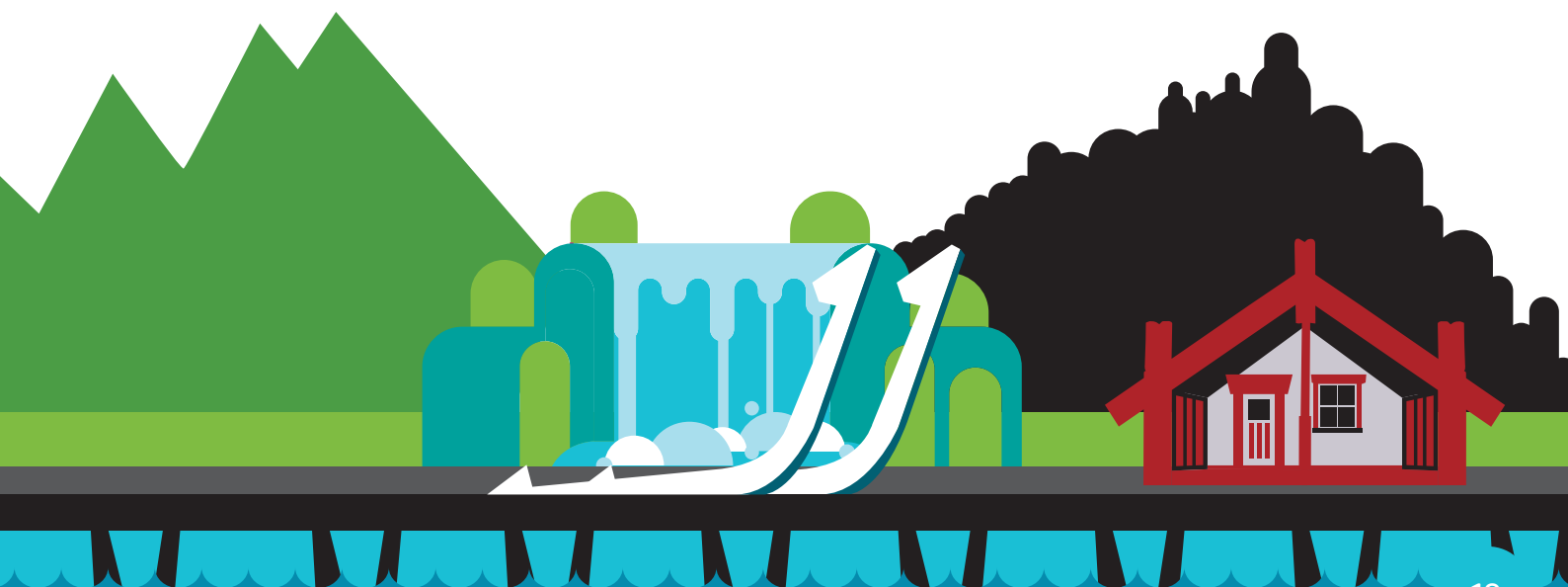
Ka tutuki te Kawanatanga a-rohe, ka puawai hoki te kotahitanga me ona tini kaupapa – Local Government that works through effective partnerships and provides practical solutions.

Nga tikanga/principles

- **He kitenga mutunga kore, mahi tahi, mahi pono** – Strategic partnership working collaboratively and in good faith.
- **Kia maia** – Providing leadership through courage.
- **Te Manawatopu** – Of one heart and mind. We are stronger working together.
- **Anga Mua** – Progressive and proactive.
- **Me Korero tika, tau noa nga take** – Open and frank mutually-agreed outcomes.

Whangārei District's iwi and hapū are in a pre-settlement phase for Treaty of Waitangi claims. As these settlements occur Council will continue to incorporate these outcomes into our partnership work with tangata whenua.

Council will continue to meet all its legal obligations to Māori under legislation, including the Resource Management Act and Local Government Act.



COUNCIL ACTIVITIES

Introduction

Council's work is grouped into 10 key activities and support services in this *LTP*.

GROUP OF ACTIVITIES	ACTIVITY
 1. Transportation	Transportation
 2. Water	Water
 3. Solid waste	Solid waste
 4. Wastewater	Wastewater
 5. Stormwater	Stormwater
 6. Flood protection	Hikurangi Flood Protection Scheme
 7. Community facilities and services	 Parks and recreation
	 Libraries
	 Community property
	 Community development
	 Venues and events
 8. Governance and strategy	 Customer services
	 Democracy and assurance
	 Strategy
 9. Planning and regulatory services	 District planning
	 Resource consents
	 Building control
	 Health and bylaws
 10. Support services	Support services

The information provided about each of the 10 activities includes:

- purpose and strategic fit across the organisation
- how it relates to the Community Outcomes
- the money we have budgeted for the activity
- Levels of Service (what Council will provide and to what extent)
- performance measures and targets for 2018-28 (how you will be able to tell whether we have done what we said we would do)
- the capital projects associated with each activity.

The performance measures and targets will be used to report Council's achievements back to the community in the Annual Report.

Prospective summary funding impact statement

	Annual Plan 2017-18 \$000	Year 1 2018-19 \$000	Year 2 2019-20 \$000	Year 3 2020-21 \$000	Year 4 2021-22 \$000	Year 5 2022-23 \$000	
Sources of Operating Funding							
General rates, uniform annual general charges, rates penalties	53,564	56,517	59,471	62,613	65,904	69,412	
Targeted rates	38,812	40,806	42,121	43,460	44,898	46,351	
Subsidies and grants for operating purposes	6,629	6,482	6,691	6,901	7,116	7,345	
Fees and charges	13,989	14,144	14,863	15,635	16,468	17,382	
Interest and dividends from investments	1,508	1,488	1,598	1,707	1,826	1,994	
Local authorities fuel tax, fines, infringement fees and other receipts	8,654	8,578	8,673	8,730	8,836	9,331	
Total Operating Funding	123,157	128,014	133,416	139,045	145,048	151,816	
Applications of Operating Funding							
Payments to staff and suppliers	86,983	95,343	97,110	95,586	99,655	101,279	
Finance costs	8,059	6,609	7,345	8,690	9,424	10,228	
Other operating funding applications	-	-	-	-	-	-	
Total Applications of Operating Funding	95,041	101,952	104,455	104,276	109,079	111,507	
Surplus/(Deficit) of Operating Funding	28,115	26,061	28,961	34,769	35,969	40,309	
Sources of Capital Funding							
Subsidies and grants for capital expenditure	13,312	16,042	18,848	13,289	13,240	12,600	
Development and financial contributions	3,028	4,640	4,794	4,952	5,114	5,012	
Increase/(decrease) in debt	18,314	12,974	34,623	32,440	13,240	9,648	
Gross proceeds from sale of assets	-	-	-	-	-	-	
Other dedicated capital funding	-	-	-	-	-	-	
Lump sum contributions	53	-	-	-	-	-	
Total Sources of Capital Funding	34,707	33,657	58,264	50,681	31,594	27,260	
Applications of Capital Funding							
Capital expenditure							
to meet additional demand	4,628	7,710	12,951	9,189	7,132	9,235	
to improve levels of service	13,669	17,564	43,331	35,728	24,863	21,667	
to replace existing assets	43,697	29,458	35,882	37,173	33,527	34,705	
(Increase)/decrease in reserves	828	4,986	(4,938)	3,359	2,039	1,962	
(Increase)/decrease of investments	-						
Total Applications of Capital Funding	62,822	59,718	87,226	85,449	67,562	67,569	
Surplus/(Deficit) of Capital Funding	(28,115)	(26,061)	(28,961)	(34,769)	(35,969)	(40,309)	
Funding Balance	-	-	-	-	-	-	

	Year 6 2023-24 \$000	Year 7 2024-25 \$000	Year 8 2025-26 \$000	Year 9 2026-27 \$000	Year 10 2027-28 \$000	
Sources of Operating Funding						
	73,107	77,072	81,328	85,819	90,630	General rates, uniform annual general charges, rates penalties
	47,870	49,490	51,218	53,027	54,960	Targeted rates
	7,581	7,832	8,098	8,372	8,713	Subsidies and grants for operating purposes
	18,295	19,293	20,386	21,559	22,854	Fees and charges
	1,994	1,994	1,994	1,994	1,994	Interest and dividends from investments
	9,060	9,181	9,273	9,415	9,629	Local authorities fuel tax, fines, infringement fees and other receipts
	157,907	164,862	172,297	180,186	188,779	Total Operating Funding
Applications of Operating Funding						
	105,692	107,462	109,596	112,801	116,279	Payments to staff and suppliers
	10,582	10,428	10,747	10,901	10,828	Finance costs
	-	-	-	-	-	Other operating funding applications
	116,274	117,890	120,343	123,702	127,107	Total Applications of Operating Funding
	41,633	46,972	51,954	56,484	61,672	Surplus/(Deficit) of Operating Funding
Sources of Capital Funding						
	12,831	13,726	16,953	17,835	19,168	Subsidies and grants for capital expenditure
	5,127	5,250	5,381	5,516	5,659	Development and financial contributions
	3,680	4,446	5,883	(2,160)	(1,804)	Increase/(decrease) in debt
	-	-	-	-	-	Gross proceeds from sale of assets
	-	-	-	-	-	Other dedicated capital funding
	-	-	-	-	-	Lump sum contributions
	21,639	23,421	28,218	21,191	23,024	Total Sources of Capital Funding
Applications of Capital Funding						
						Capital expenditure
	7,054	9,315	16,218	20,462	23,561	to meet additional demand
	13,535	12,907	20,279	12,639	18,874	to improve levels of service
	40,091	47,839	43,106	41,561	42,089	to replace existing assets
	2,592	332	569	3,013	172	(Increase)/decrease in reserves
						(Increase)/decrease of investments
	63,272	70,393	80,172	77,675	84,696	Total Applications of Capital Funding
	(41,633)	(46,972)	(51,954)	(56,484)	(61,672)	Surplus/(Deficit) of Capital Funding
	-	-	-	-	-	Funding Balance



1. Transportation

Purpose and strategic fit

The ease of movement of people and goods is of critical importance to our thriving District. Transport supports economic transactions, growth and development, social cohesion, health and the day-to-day running of our communities. It is one of the most important functions we provide.

Strategically, it is important that our transport network is efficient and provides choice. It recognises that, in certain parts of the network, pedestrians and cyclists are the priority. As our District grows, public transport will become more important.

An integrated, safe, responsive and sustainable land transport system is a fundamental requirement of every district council under the Local Government Act 2002. We are the road-controlling authority for our District and we are responsible for planning, creating, operating, maintaining and rehabilitating all roads (except state highways) in a financially responsible manner.

Potential negative effects

Transportation activities contribute to various negative environmental effects on water quality, air quality, noise and on safety-related issues. However, all activities are undertaken in accordance with environmental standards. We invest in walking and cycling to help reduce some of these impacts.

Public transport in our District is provided by the Northland Regional Council while Council assists with infrastructure. We have increased the funding for bus shelters in this LTP to just over \$1.0 million which will allow us to renew some of our older shelters as well as build new shelters on existing and new bus routes. We have also set aside \$320,000 in year three for the upgrade or relocation of the Rose Street Bus terminal.

Contribution to Community Outcomes



Efficient and resilient core services

Provide a transportation network that enables a range of transport options to facilitate easy and safe travel around our District.

Transportation also provides safe and connected walking and cycling opportunities.

Road, footpath and cycle networks are managed and planned in a way that ensures it aligns with our District's growth and is supplied in an efficient way.



Caring for the environment

Street design and landscaping can contribute to our natural environment, particularly in urban areas.

Future transport infrastructure will recognise the need to adapt to effects of climate change.

Walking and cycling can help to protect our environment. They also have significant health and wellbeing benefits.



Positive about the future

Our transport network is of strategic importance to our future prosperity. Our roads are used by residents to get to and from work, by business to transport goods and by visitors to travel around our District.



Proud to be local

Maintenance of our local streets helps our District look neat and tidy.

The quality design of our streets can make our District safe and more attractive.

● High contribution

● Medium contribution

Levels of Service

Mandatory performance measures

1.1 Our District's roading network will be maintained in a satisfactory condition and in accordance with national safety and engineering standards.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
The change from the previous financial year in the number of fatalities and serious injury crashes on local road network, expressed as a number.	0	0	0	0	0
Residents' satisfaction with the roading network.	≥61%	≥61%	≥61%	≥61%	≥61%
The average quality of a ride on a sealed local road network, measured by smooth travel exposure.	≥87%	≥87%	≥87%	≥87%	≥87%
The percentage of the sealed local road network that is resurfaced.	≥8%	≥8%	≥8%	≥8%	≥8%
The percentage of the sealed local road network that is rehabilitated.	≥1.2 %	≥0.6%	≥0.6%	≥0.6%	≥0.6%
The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the LTP. Note: this is not stated in our District Plan.	≥95%	≥95%	≥95%	≥95%	≥95%

1.2 We will support alternative transport methods.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works programme or LTP).	≥ 80% in fair or better condition	≥ 80% in fair or better condition	≥ 80% in fair or better condition	≥ 80% in fair or better condition	≥ 80% in fair or better condition

1.3 Travel times in and around the network will be predictable and disruptions to the network will be well managed and communicated.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Residents' satisfaction with the way our District is managing its morning and evening traffic flows.	≥70%	≥70%	≥70%	≥70%	≥70%

Changes to Levels of Service

Changes to the Levels of Service and performance measures recognise a need for clear and definable measures that more accurately define the expected outcome and target.

Prospective funding impact statement:

Transportation

	Annual Plan 2017-18 \$000	Year 1 2018-19 \$000	Year 2 2019-20 \$000	Year 3 2020-21 \$000	Year 4 2021-22 \$000	Year 5 2022-23 \$000	
Sources of Operating Funding							
General rates, uniform annual general charges, rates penalties	14,903	15,874	15,901	17,048	17,083	21,764	
Targeted rates	35	34	34	-	-	-	
Subsidies and grants for operating purposes	6,569	6,422	6,629	6,838	7,052	7,279	
Fees and charges	1,900	1,328	1,364	1,401	1,439	1,479	
Internal charges and overheads recovered	-	-	-	-	-	-	
Local authorities fuel tax, fines, infringement fees and other receipts	783	645	649	651	653	655	
Total Operating Funding	24,190	24,302	24,576	25,938	26,227	31,177	
Applications of Operating Funding							
Payments to staff and suppliers	13,112	13,879	14,356	14,692	15,141	15,637	
Finance costs	4,164	4,070	4,270	4,265	4,241	4,355	
Internal charges and overheads applied	1,603	1,107	1,092	1,081	1,175	1,227	
Other operating funding applications	-	-	-	-	-	-	
Total Applications of Operating Funding	18,879	19,056	19,717	20,039	20,557	21,220	
Surplus/(Deficit) of Operating Funding	5,311	5,246	4,859	5,899	5,670	9,957	
Sources of Capital Funding							
Subsidies and grants for capital expenditure	13,312	14,820	16,191	11,932	12,413	12,600	
Development and financial contributions	1,277	1,957	2,022	2,089	2,157	2,114	
Increase/(decrease) in debt	4,340	3,928	10,105	8,264	6,981	2,557	
Gross proceeds from sale of assets	-	-	-	-	-	-	
Other dedicated capital funding	-	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	-	
Total Sources of Capital Funding	18,929	20,705	28,319	22,285	21,551	17,271	
Applications of Capital Funding							
Capital expenditure							
to meet additional demand	4,341	3,227	4,293	4,146	3,551	3,525	
to improve levels of service	5,799	3,922	8,641	4,375	4,063	3,794	
to replace existing assets	15,800	16,778	16,764	17,461	18,654	19,062	
Increase/(decrease) in reserves	(1,700)	2,024	3,479	2,202	954	847	
Increase/(decrease) of investments	-	-	-	-	-	-	
Total Applications of Capital Funding	24,240	25,951	33,178	28,184	27,221	27,229	
Surplus/(Deficit) of Capital Funding	(5,311)	(5,246)	(4,859)	(5,899)	(5,670)	(9,957)	
Funding Balance	-	-	-	-	-	-	

	Year 6 2023-24 \$000	Year 7 2024-25 \$000	Year 8 2025-26 \$000	Year 9 2026-27 \$000	Year 10 2027-28 \$000	
Sources of Operating Funding						
	22,988	24,379	25,491	27,522	29,458	General rates, uniform annual general charges, rates penalties
	-	-	-	-	-	Targeted rates
	7,514	7,762	8,027	8,300	8,638	Subsidies and grants for operating purposes
	1,520	1,564	1,611	1,660	1,721	Fees and charges
	-	-	-	-	-	Internal charges and overheads recovered
	658	661	663	667	673	Local authorities fuel tax, fines, infringement fees and other receipts
	32,680	34,367	35,793	38,148	40,490	Total Operating Funding
Applications of Operating Funding						
	16,151	16,693	17,272	17,872	18,610	Payments to staff and suppliers
	4,413	4,295	4,108	4,172	4,134	Finance costs
	1,269	1,337	1,353	1,399	1,455	Internal charges and overheads applied
	-	-	-	-	-	Other operating funding applications
	21,832	22,325	22,732	23,443	24,199	Total Applications of Operating Funding
	10,848	12,042	13,061	14,705	16,291	Surplus/(Deficit) of Operating Funding
Sources of Capital Funding						
	12,831	13,726	16,953	17,835	19,168	Subsidies and grants for capital expenditure
	2,163	2,214	2,270	2,327	2,387	Development and financial contributions
	3,607	4,345	2,296	7,156	4,687	Increase/(decrease) in debt
	-	-	-	-	-	Gross proceeds from sale of assets
	-	-	-	-	-	Other dedicated capital funding
	-	-	-	-	-	Lump sum contributions
	18,601	20,285	21,519	27,318	26,242	Total Sources of Capital Funding
Applications of Capital Funding						
						Capital expenditure
	3,523	4,782	7,553	14,126	14,134	to meet additional demand
	3,672	3,595	5,798	5,438	5,937	to improve levels of service
	19,698	20,285	21,472	21,899	22,859	to replace existing assets
	2,556	3,665	(244)	559	(397)	Increase/(decrease) in reserves
	-	-	-	-	-	Increase/(decrease) of investments
	29,449	32,327	34,579	42,022	42,533	Total Applications of Capital Funding
	(10,848)	(12,042)	(13,061)	(14,705)	(16,291)	Surplus/(Deficit) of Capital Funding
	-	-	-	-	-	Funding Balance

Transportation projects

Note: The projects listed below comprise both capital and operating expenditure.

Programme	Project	Carry forward 2017-18 \$000	LTP Year 1 2018-19 \$000	LTP Year 2 2019-20 \$000	LTP Year 3 2020-21 \$000	LTP Year 4-6 2020-24 \$000	LTP Year 7-10 2024-28 \$000
Amenity Lighting	Amenity Lighting	-	-	-	97	307	453
Bus Shelters	Bus Shelters	-	92	94	96	301	436
Bus Terminal	Bus Terminal Development/ Relocation	-	-	-	320	-	-
Coastal Protection	Coastal Protection Structures – Roothing	-	82	84	86	273	403
Cycleways	Cycleways – Subsidised	-	2,772	3,182	2,144	5,279	2,423
Footpaths	Footpaths Renewals	-	355	372	390	1,298	2,001
	New Footpaths	-	408	417	426	1,337	1,938
Land for Roads	Land for Roads	500	-	-	-	-	-
Minor Improvements to Roothing Network	Minor Improvements to Network	-	6,712	5,321	5,465	15,946	23,548
Other Roothing Projects	McEwan Road Upgrade	-	-	-	-	-	1,272
	One Tree Point Road Upgrade	-	-	-	-	-	1,004
	Port Road Upgrade	-	-	-	-	-	8,676
	Riverside Drive/Onerahi Road Upgrade	-	-	-	-	-	24,561
	Ruakaka Beach Road Upgrade	-	-	-	-	-	1,875
	Southern Entrance Intersection Improvement	-	-	-	687	-	-
	Springs Flat Roundabout	-	-	4,170	-	-	-
Parking	Parking Renewals	-	224	230	237	750	1,108
Roothing Drainage	Drainage Renewals	791	1,081	1,110	1,141	3,613	5,338
Roothing Subdivision Works Contribution	Subdivision Works Contribution	-	51	52	53	167	242
Seal Extensions	Seal Extensions – Unsubsidised	-	1,032	1,061	1,065	3,342	4,846
Sealed Road Pavement Rehabilitation	Sealed Road Pavement Rehabilitation	-	3,978	4,134	4,296	13,922	21,367
Sealed Road Resurfacing	Sealed Road Resurfacing	-	4,182	4,346	4,516	14,635	22,463
Sense of Place	Community Led Development	-	-	-	297	312	-
Streetlights	LED Streetlight Upgrades	2,700	-	-	-	-	-
Structures Component Replacement	Structures Component Replacement	-	1,020	1,048	1,076	3,409	5,036
Traffic Signs and Signals	Traffic Sign and Signal Renewals	-	867	890	915	2,897	4,280
Transportation Planning Studies and Strategies	Transport Planning Studies and Strategies	-	255	261	213	444	359
Unsealed Road Metalling	Unsealed Road Metalling	-	816	840	864	6,296	9,403
Urban Intersection Upgrades	Urban Intersection Upgrades	838	-	2,085	1,598	5,013	4,846
Transportation Total		4,829	23,927	29,699	25,982	79,542	147,879



2. Water

Purpose and strategic fit

We provide fresh, clean, healthy water to our District. This core service is essential for our District to thrive and to be vibrant. Our water supply provides water for households to drink and use and it plays an important role in many industrial, commercial and some agricultural businesses. Water is also provided to fight fires within the boundaries of our network. The water is delivered via a network of treatment plants, reservoirs, pump stations and pipelines.

Strategically, the focus for the future is on the quality and resilience of this service. We provide water that meets the necessary Ministry of Health standards. We also ensure our water supply is resilient to change through water efficiency programmes and infrastructure upgrades.

Potential negative effects

Providing water can contribute to various negative environmental effects through the abstraction of water from bores and dams. However, all activities are undertaken in accordance with environmental standards. We invest in new technology and methods to assist in reducing some of these environmental impacts.

Contribution to Community Outcomes



Efficient and resilient core services

Providing water is a core service. It supports our communities and our commercial, industrial and agricultural activities.

Water is supplied in a planned, managed and efficient way to ensure it aligns with our District's growth.



Caring for the environment

Management of our water supply can support a clean and healthy environment through initiatives such as water conservation.



Positive about the future

New technology will be used to monitor to the quality of our drinking water.

Providing water to appropriate locations across urban and rural areas of our District enables productivity.



High contribution



Medium contribution

Levels of Service

Mandatory performance measures

2.1 We provide safe, high-quality drinking water to all our customers.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Whangarei District's four water supply areas have approved Water Safety Plans as determined by a Ministry of Health drinking water assessor.	New	4	4	4	4
Compliance with the 2005 New Zealand Drinking Water Standards' requirements for bacterial monitoring.	100%	100%	100%	100%	100%
Customer's overall satisfaction with the water quality provided by Council as measured in the annual Customer Satisfaction Survey (excludes 'don't knows').	New	≥95%	≥95%	≥95%	≥95%
The extent to which the local authority's drinking water supply complies with: (a) part 4 of the drinking-water standards (bacteria compliance criteria) and (b) part 5 of the drinking-water standards (protozoal compliance criteria).	Fully complies	Fully complies	Fully complies	Fully complies	Fully complies
The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply; and (f) the LA's response to any of these issues expressed per 1000 connections to the LA's networked reticulation system.	≤17	≤17	≤17	≤17	≤17
Where the local authority (LA) attends a callout in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:					
(a) attendance for urgent callouts: from the time the LA received notification to the time service personnel reach the site (b) resolution of urgent callouts: from the time the LA received notification to the time that service personnel confirm resolution of the fault or interruption (c) attendance for non-urgent callouts: from the time that the LA receives notification to the time that service personnel reach the site; and (d) resolution of non-urgent callouts: from the time that the LA receives notification to the time that service personnel confirm resolution of the fault or interruption.	a) ≤ less than 1hr b) ≤ less than 4hrs c) ≤ less than 12hrs d) ≤ less than 24 hrs	a) ≤ less than 1hr b) ≤ less than 4hrs c) ≤ less than 12hrs d) ≤ less than 24 hrs	a) ≤ less than 1hr b) ≤ less than 4hrs c) ≤ less than 12hrs d) ≤ less than 24 hrs	a) ≤ less than 1hr b) ≤ less than 4hrs c) ≤ less than 12hrs d) ≤ less than 24 hrs	a) ≤ less than 1hr b) ≤ less than 4hrs c) ≤ less than 12hrs d) ≤ less than 24 hrs

2.2 The water supplied is continuous and is adequate for customers' use.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Customer's satisfaction with the water flow and pressure provided by Council as measured in the annual Customer Satisfaction Survey.	New	≥95%	≥95%	≥95%	≥95%

2.3 In times of emergency there is adequate water supply available.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Whangārei City Water Supply Area can meet a one in 50-year drought (based on 2009-10 event data adjusted for growth and losses).	New	≥81%	≥79%	≥79%	≥79%
Water restrictions imposed due to drought.	New	0	0	0	0

2.4 We manage the water supply system in a sustainable way that also caters for growth.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Residents in our District annually adopt water conservation techniques in their homes and/or businesses (as measured in the annual Customer Satisfaction Survey).	New	≥65%	≥65%	≥65%	≥65%
Water restrictions imposed due to drought.	New	0	0	0	0
The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this). <i>WaterNZ Benchloss</i>	≤ Less than 25%	≤ Less than 25%	≤ Less than 25%	≤ Less than 25%	≤ Less than 25%
The average consumption of drinking water per day per resident within the territorial authority district.	≤ Less than 500 litres	≤ Less than 500 litres	≤ Less than 500 litres	≤ Less than 500 litres	≤ Less than 500 litres

Changes to Levels of Service

The Levels of Service have been amended to separate out the aspects of service. An additional response to customer statement has been added.

Prospective funding impact statement: Water

	Annual Plan 2017-18 \$000	Year 1 2018-19 \$000	Year 2 2019-20 \$000	Year 3 2020-21 \$000	Year 4 2021-22 \$000	Year 5 2022-23 \$000	
Sources of Operating Funding							
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	
Targeted rates	14,282	15,129	15,236	15,344	15,452	15,563	
Subsidies and grants for operating purposes	-	-	-	-	-	-	
Fees and charges	135	169	173	177	181	185	
Internal charges and overheads recovered	-	-	-	-	-	-	
Local authorities fuel tax, fines, infringement fees and other receipts	1,242	1,416	1,366	842	846	696	
Total Operating Funding	15,659	16,714	16,774	16,363	16,479	16,444	
Applications of Operating Funding							
Payments to staff and suppliers	6,616	7,472	7,324	7,492	7,595	7,800	
Finance costs	-	-	-	-	-	-	
Internal charges and overheads applied	2,711	2,595	2,590	2,591	2,884	2,976	
Other operating funding applications	-	-	-	-	-	-	
Total Applications of Operating Funding	9,328	10,067	9,914	10,083	10,479	10,776	
Surplus/(Deficit) of Operating Funding	6,331	6,648	6,861	6,279	6,001	5,667	
Sources of Capital Funding							
Subsidies and grants for capital expenditure	-	-	-	-	-	-	
Development and financial contributions	616	944	975	1,007	1,040	1,019	
Increase/(decrease) in debt	-	-	-	-	-	-	
Gross proceeds from sale of assets	-	-	-	-	-	-	
Other dedicated capital funding	-	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	-	
Total Sources of Capital Funding	616	944	975	1,007	1,040	1,019	
Applications of Capital Funding							
Capital expenditure							
to meet additional demand	-	2,326	5,904	2,662	1,289	1,140	
to improve levels of service	-	2,285	5,202	3,118	4,553	2,545	
to replace existing assets	3,705	4,446	7,741	4,447	2,540	4,199	
Increase/(decrease) in reserves	3,242	(1,466)	(11,011)	(2,940)	(1,342)	(1,198)	
Increase/(decrease) of investments	-	-	-	-	-	-	
Total Applications of Capital Funding	6,947	7,591	7,836	7,286	7,041	6,687	
Surplus/(Deficit) of Capital Funding	(6,331)	(6,648)	(6,861)	(6,279)	(6,001)	(5,667)	
Funding Balance	-	-	-	-	-	-	

	Year 6 2023-24 \$000	Year 7 2024-25 \$000	Year 8 2025-26 \$000	Year 9 2026-27 \$000	Year 10 2027-28 \$000	
Sources of Operating Funding						
	-	-	-	-	-	General rates, uniform annual general charges, rates penalties
	15,675	15,789	15,906	16,024	16,144	Targeted rates
	-	-	-	-	-	Subsidies and grants for operating purposes
	189	194	199	203	209	Fees and charges
	-	-	-	-	-	Internal charges and overheads recovered
	667	605	238	13	14	Local authorities fuel tax, fines, infringement fees and other receipts
	16,531	16,588	16,342	16,241	16,366	Total Operating Funding
Applications of Operating Funding						
	7,976	8,163	8,413	8,596	8,826	Payments to staff and suppliers
	-	8	210	365	399	Finance costs
	3,059	3,214	3,229	3,320	3,461	Internal charges and overheads applied
	-	-	-	-	-	Other operating funding applications
	11,035	11,385	11,852	12,281	12,686	Total Applications of Operating Funding
	5,496	5,203	4,490	3,959	3,680	Surplus/(Deficit) of Operating Funding
Sources of Capital Funding						
	-	-	-	-	-	Subsidies and grants for capital expenditure
	1,043	1,068	1,095	1,122	1,151	Development and financial contributions
	-	227	6,128	5,025	1,960	Increase/(decrease) in debt
	-	-	-	-	-	Gross proceeds from sale of assets
	-	-	-	-	-	Other dedicated capital funding
	-	-	-	-	-	Lump sum contributions
	1,043	1,295	7,222	6,147	3,111	Total Sources of Capital Funding
Applications of Capital Funding						
						Capital expenditure
	1,121	1,563	4,377	3,738	1,151	to meet additional demand
	1,688	1,928	1,878	1,606	504	to improve levels of service
	7,946	10,963	5,458	4,761	5,137	to replace existing assets
	(4,216)	(7,957)	-	-	-	Increase/(decrease) in reserves
	-	-	-	-	-	Increase/(decrease) of investments
	6,539	6,498	11,713	10,106	6,791	Total Applications of Capital Funding
	(5,496)	(5,203)	(4,490)	(3,959)	(3,680)	Surplus/(Deficit) of Capital Funding
	-	-	-	-	-	Funding Balance

Water projects

Note: The projects listed below comprise both capital and operating expenditure.

Programme	Project	Carry forward 2017-18 \$000	LTP Year 1 2018-19 \$000	LTP Year 2 2019-20 \$000	LTP Year 3 2020-21 \$000	LTP Year 4-6 2020-24 \$000	LTP Year 7-10 2024-28 \$000
Property	Water Property Renewals	-	49	94	-	-	-
Wairua River Source and Treatment	Wairua River Source and Treatment	-	-	-	-	114	15,890
Water Meters	Water Meter Renewals	-	357	365	373	1,170	1,696
Water Reservoirs	Fairway Reservoir Renewal	-	-	-	-	-	828
	Kamo Reservoir Additional Capacity	-	-	-	213	2,000	-
	Maungakaramaea Reservoir Additional Capacity	-	-	-	-	182	700
	Reservoir Rehabilitation – Programmed Work	85	214	188	107	917	326
	Three Mile Bush Reservoir Additional Capacity	-	-	156	213	1,878	-
	Waipu Reservoir Additional Capacity	-	-	-	107	1,089	-
Water Reticulation	Fairway Drive Pump Station Upgrade	-	-	-	533	-	-
	Minor Projects – Emergency Works	-	306	313	320	1,003	1,454
	Reticulation – Programmed Work	-	1,051	1,981	1,065	11,289	15,417
	Trunkmain Condition Assessments	-	61	-	-	-	-
	Waipu Water Reticulation	-	71	730	-	-	-
Water Treatment Plants	SCADA Upgrade	-	408	1,042	-	-	-
	Treatment Plant Renewals	-	-	-	-	570	3,733
	Treatment Plant Upgrades	-	20	21	75	2,638	-
	Water Treatment Plant and Equipment Replacement	-	510	521	533	1,671	2,423
Whau Valley Dam Improvements	Dam Asset and Equipment Renewals	-	-	-	-	-	598
	Dam Safety Review	-	10	-	43	33	110
	Whau Valley Dam Chimney Drain	-	-	-	320	2,504	-
Whau Valley water treatment plant	Whau Valley New Water Treatment Plant	-	6,140	13,551	6,392	-	-
Water Total		85	9,198	18,961	10,291	27,056	43,174



3. Solid waste

Purpose and strategic fit

We collect, process, dispose of and recycle solid waste in our District. This core service is essential for keeping our District attractive and vibrant. This service also supports our District's economic activities and therefore supports our growth and development.

Our aim is to do this in a way that, over time, will reduce the amount of waste we are required to process. Waste management is required to meet the requirements of several pieces of legislation, including the Waste Minimisation Act (WMA) 2008, the *New Zealand Waste Strategy 2010* and the Local Government Act 2002.

Potential negative effects

Waste can have negative effects on air, land and water. To mitigate these effects, we comply with consent conditions relating to the operation of our transfer station network. The volumes of rubbish disposed of are minimised through effective recycling.

If not appropriately collected and disposed of, solid waste can have significant negative effects on public health. To mitigate negative effects, Council has a reliable collection service and transfer station network available across our District.

Contribution to Community Outcomes



Efficient and resilient core services

Solid waste is managed and planned for in a way that ensures it aligns with our District's growth and is supplied in an efficient way.



Caring for the environment

Waste minimisation, recycling and waste collection limits potential adverse effects on our environment.



Proud to be local

A clean environment across our District is vital to our wellbeing as well as our attractiveness to visitors and investors.



High contribution



Medium contribution

Levels of Service

Mandatory performance measures

3.1 Council will provide kerbside refuse and recycling collection services to all properties in our District and transfer stations will be operated throughout our District.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Customer satisfaction with solid waste collection and recycling services and transfer stations (excluding 'don't knows').	≥85%	≥85%	≥85%	≥85%	≥85%

3.2 Council will foster waste minimisation by supporting recycling and waste reduction practices so that a continued reduction in refuse sent to landfill occurs.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
To reduce waste disposed of to landfill to below 500 kg per person by 2020. ^a	New	-	-	<500	<500
To recycle at least 35% of waste collected at the roadside from households.	New	≥35%	≥35%	≥35%	≥35%
Council will recycle, compost or reuse at least 50% of materials at transfer stations by 2020. ^a	New	-	-	≥50%	≥50%

3.3 Council will provide and empty public rubbish bins and undertake litter control throughout public places in our District.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Residents' satisfaction with litter control.	≥75%	≥75%	≥75%	≥75%	≥75%

Notes

^a These performance measures relate to targets contained in the Whangarei District Waste Management and Minimisation Plan. These targets were set for 2020 and there will be no interim targets set.

Changes to Levels of Service

The waste reduction target is more representative when calculated for our entire District rather than just for kerbside collections. Where possible, the targets avoid the effects of population growth but they will be factored into results, where necessary. Target Levels of Service have been consulted through consultation on the *Waste Management and Minimisation Plan 2017*.

Solid waste projects

Note: The projects listed below comprise both capital and operating expenditure.

Programme	Project	Carry forward 2017-18 \$000	LTP Year 1 2018-19 \$000	LTP Year 2 2019-20 \$000	LTP Year 3 2020-21 \$000	LTP Year 4-6 2020-24 \$000	LTP Year 7-10 2024-28 \$000
Recycling	Recycling Bins Purchase	-	1,530	-	-	-	-
Transfer Stations	Transfer Station Renewals	-	-	-	-	168	123
	Transfer Station Upgrades	-	102	-	53	56	120
Solid waste Total		-	1,632	-	53	224	242

Prospective funding impact statement: Solid waste

	Annual Plan 2017-18 \$000	Year 1 2018-19 \$000	Year 2 2019-20 \$000	Year 3 2020-21 \$000	Year 4 2021-22 \$000	Year 5 2022-23 \$000	
Sources of Operating Funding							
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	
Targeted rates	6,466	6,678	6,891	7,112	7,339	7,582	
Subsidies and grants for operating purposes	-	-	-	-	-	-	
Fees and charges	2,871	2,922	2,986	3,052	3,119	3,191	
Internal charges and overheads recovered	-	-	-	-	-	-	
Local authorities fuel tax, fines, infringement fees and other receipts	359	370	376	384	392	401	
Total Operating Funding	9,696	9,969	10,254	10,547	10,850	11,174	
Applications of Operating Funding							
Payments to staff and suppliers	6,269	6,861	7,017	7,178	7,347	7,527	
Finance costs	467	296	141	54	57	58	
Internal charges and overheads applied	347	167	170	168	200	212	
Other operating funding applications	-	-	-	-	-	-	
Total Applications of Operating Funding	7,083	7,324	7,328	7,400	7,603	7,797	
Surplus/(Deficit) of Operating Funding	2,614	2,646	2,926	3,147	3,247	3,377	
Sources of Capital Funding							
Subsidies and grants for capital expenditure	-	-	-	-	-	-	
Development and financial contributions	-	-	-	-	-	-	
Increase/(decrease) in debt	(2,614)	(1,014)	(2,926)	(3,094)	(3,192)	(3,321)	
Gross proceeds from sale of assets	-	-	-	-	-	-	
Other dedicated capital funding	-	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	-	
Total Sources of Capital Funding	(2,614)	(1,014)	(2,926)	(3,094)	(3,192)	(3,321)	
Applications of Capital Funding							
Capital expenditure							
to meet additional demand	-	-	-	-	-	-	
to improve levels of service	-	1,632	-	53	-	56	
to replace existing assets	-	-	-	-	54	-	
Increase/(decrease) in reserves	-	-	-	-	-	-	
Increase/(decrease) of investments	-	-	-	-	-	-	
Total Applications of Capital Funding	-	1,632	-	53	54	56	
Surplus/(Deficit) of Capital Funding	(2,614)	(2,646)	(2,926)	(3,147)	(3,247)	(3,377)	
Funding Balance	-	-	-	-	-	-	

	Year 6 2023-24 \$000	Year 7 2024-25 \$000	Year 8 2025-26 \$000	Year 9 2026-27 \$000	Year 10 2027-28 \$000	
Sources of Operating Funding						
	-	-	-	-	-	General rates, uniform annual general charges, rates penalties
	7,832	8,098	8,381	8,675	8,987	Targeted rates
	-	-	-	-	-	Subsidies and grants for operating purposes
	3,264	3,342	3,426	3,512	3,603	Fees and charges
	-	-	-	-	-	Internal charges and overheads recovered
	410	420	430	440	451	Local authorities fuel tax, fines, infringement fees and other receipts
	11,506	11,860	12,237	12,627	13,041	Total Operating Funding
Applications of Operating Funding						
	7,712	7,908	8,116	8,330	8,558	Payments to staff and suppliers
	60	62	65	66	69	Finance costs
	217	227	229	235	243	Internal charges and overheads applied
	-	-	-	-	-	Other operating funding applications
	7,990	8,196	8,410	8,632	8,870	Total Applications of Operating Funding
	3,516	3,664	3,827	3,995	4,171	Surplus/(Deficit) of Operating Funding
Sources of Capital Funding						
	-	-	-	-	-	Subsidies and grants for capital expenditure
	-	-	-	-	-	Development and financial contributions
	(3,402)	(3,606)	(3,768)	(3,933)	(4,108)	Increase/(decrease) in debt
	-	-	-	-	-	Gross proceeds from sale of assets
	-	-	-	-	-	Other dedicated capital funding
	-	-	-	-	-	Lump sum contributions
	(3,402)	(3,606)	(3,768)	(3,933)	(4,108)	Total Sources of Capital Funding
Applications of Capital Funding						
						Capital expenditure
	-	-	-	-	-	to meet additional demand
	-	58	-	61	-	to improve levels of service
	114	-	60	-	63	to replace existing assets
	-	-	-	-	-	Increase/(decrease) in reserves
	-	-	-	-	-	Increase/(decrease) of investments
	114	58	60	61	63	Total Applications of Capital Funding
	(3,516)	(3,664)	(3,827)	(3,995)	(4,171)	Surplus/(Deficit) of Capital Funding
	-	-	-	-	-	Funding Balance



4. Wastewater

Purpose and strategic fit

Wastewater management is a core service that keeps our communities safe, healthy and clean. Strategically, this is an essential service if we are to be a vibrant, attractive and thriving District.

Collectively, our population produces a large amount of wastewater every year. Our job is to develop and manage the systems to collect this wastewater and treat and dispose of it in a way that meets a range of legal standards. This protects the health and wellbeing of our communities and of the environment.

Our wastewater network comprises wastewater systems and treatment plants and processes wastewater from over 23,000 connections across our District. We also provide a network of public toilets that contribute to the wellbeing of visitors as well as the local community.

Potential negative effects

Sewage discharges to air, land and water affect the receiving environment and public health. Council has invested in targeted programmes to prevent and mitigate the effects of treated and untreated sewage discharges. We have also implemented an ISO 9001 certified system for effective management of the wastewater network. Compliance with resource consent conditions ensures adverse effects to the environment are avoided, mitigated or remedied.

Contribution to Community Outcomes



Efficient and resilient core services

The management of wastewater is a core service. It supports our communities and our commercial, industrial and agricultural activities.

Wastewater is managed and planned in a way that ensures it aligns with our District's growth and is supplied in an efficient way.



Caring for the environment

Managing wastewater to agreed standards, with discharges from wastewater treatment plants having no detrimental environmental impact.



Positive about the future

New technology will be used at our wastewater treatment plants, including waste-to-energy processes.

The management of wastewater in appropriate locations across urban and rural areas of our District enables productivity.



High contribution



Medium contribution

Levels of Service

Mandatory performance measures

4.1 In defined areas, Council will collect, treat and dispose of wastewater through a reliable wastewater network which is managed to ensure blockages, breaks or spillages are kept to a minimum.

Performance measure	2017-18 target	2018-19 Target	2019-20 target	2020-21 target	2021-28 target
Compliance with Territorial Authority (TA) resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders and (d) convictions received by the territorial authority in relation those resource consents.	0	0	0	0	0
The number of dry weather sewerage overflows from the TA's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	≤1.35	≤1.35	≤1.35	≤1.35	≤1.35
Residents' satisfaction with sewerage reticulation, treatment and disposal services.	≥70%	≥70%	≥70%	≥70%	≥70%
The total number of complaints received by the TA about any of the following: (a) sewage odour (b) sewerage system faults (c) sewerage system blockages; and (d) the TA's response to issues with its sewerage system expressed per 1000 connections to the TA's sewerage system.	≤20	≤20	≤20	≤20	≤20
Where the TA attends to sewerage overflows resulting from a blockage or other fault in the TA's sewerage system, the following median response times measured:					
(a) attendance time: from the time that the TA receives notification to the time that service personnel reach the site; and	≤1 hr	≤1 hr	≤1 hr	≤1 hr	≤1 hr
(b) resolution time: from the time that the TA receives notification to the time that service personnel confirm resolution of the blockage or other fault.	≤7 hr	≤7 hr	≤7 hr	≤7 hr	≤7 hr

4.2 Council will provide well maintained and accessible public toilets in high use areas.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Residents' satisfaction with public toilets.	≥75%	≥75%	≥75%	≥75%	≥75%

Changes to Levels of Service

Minor adjustments have been made to clarify that the Levels of Service applies to defined service areas.

Prospective funding impact statement: Wastewater

	Annual Plan 2017-18 \$000	Year 1 2018-19 \$000	Year 2 2019-20 \$000	Year 3 2020-21 \$000	Year 4 2021-22 \$000	Year 5 2022-23 \$000	
Sources of Operating Funding							
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	
Targeted rates	17,183	18,064	18,969	19,920	20,918	21,987	
Subsidies and grants for operating purposes	-	-	-	-	-	-	
Fees and charges	666	684	707	729	752	777	
Internal charges and overheads recovered	-	-	-	-	-	-	
Local authorities fuel tax, fines, infringement fees and other receipts	440	345	350	358	367	379	
Total Operating Funding	18,289	19,093	20,025	21,007	22,037	23,143	
Applications of Operating Funding							
Payments to staff and suppliers	5,737	5,608	5,844	6,209	6,171	6,379	
Finance costs	1,215	464	-	-	-	-	
Internal charges and overheads applied	1,241	988	985	974	1,099	1,157	
Other operating funding applications	-	-	-	-	-	-	
Total Applications of Operating Funding	8,193	7,061	6,829	7,183	7,270	7,535	
Surplus/(Deficit) of Operating Funding	10,097	12,032	13,196	13,824	14,768	15,608	
Sources of Capital Funding							
Subsidies and grants for capital expenditure	-	1,172	2,657	585	37	-	
Development and financial contributions	738	1,131	1,168	1,207	1,246	1,221	
Increase/(decrease) in debt	(3,461)	(8,911)	(10,647)	304	(7,241)	(3,193)	
Gross proceeds from sale of assets	-	-	-	-	-	-	
Other dedicated capital funding	-	-	-	-	-	-	
Lump sum contributions	53	-	-	-	-	-	
Total Sources of Capital Funding	(2,670)	(6,608)	(6,822)	2,095	(5,957)	(1,972)	
Applications of Capital Funding							
Capital expenditure							
to meet additional demand	-	436	740	2,313	1,809	3,406	
to improve levels of service	123	1,471	4,531	5,685	2,646	5,770	
to replace existing assets	6,316	1,727	2,618	6,664	3,534	3,659	
Increase/(decrease) in reserves	987	1,790	(1,514)	1,257	821	801	
Increase/(decrease) of investments	-	-	-	-	-	-	
Total Applications of Capital Funding	7,426	5,424	6,375	15,919	8,810	13,636	
Surplus/(Deficit) of Capital Funding	(10,097)	(12,032)	(13,196)	(13,824)	(14,768)	(15,608)	
Funding Balance	-	-	-	-	-	-	

	Year 6 2023-24 \$000	Year 7 2024-25 \$000	Year 8 2025-26 \$000	Year 9 2026-27 \$000	Year 10 2027-28 \$000	
Sources of Operating Funding						
	-	-	-	-	-	General rates, uniform annual general charges, rates penalties
	23,111	24,315	25,607	26,967	28,426	Targeted rates
	-	-	-	-	-	Subsidies and grants for operating purposes
	802	829	859	887	919	Fees and charges
	-	-	-	-	-	Internal charges and overheads recovered
	391	405	419	433	448	Local authorities fuel tax, fines, infringement fees and other receipts
	24,304	25,550	26,884	28,287	29,793	Total Operating Funding
Applications of Operating Funding						
	6,461	6,636	6,872	7,026	7,269	Payments to staff and suppliers
	-	-	-	-	-	Finance costs
	1,195	1,259	1,274	1,318	1,370	Internal charges and overheads applied
	-	-	-	-	-	Other operating funding applications
	7,656	7,894	8,146	8,344	8,638	Total Applications of Operating Funding
	16,648	17,655	18,738	19,943	21,154	Surplus/(Deficit) of Operating Funding
Sources of Capital Funding						
	-	-	-	-	-	Subsidies and grants for capital expenditure
	1,249	1,279	1,311	1,344	1,379	Development and financial contributions
	(8,898)	(9,928)	(9,891)	(12,607)	(18,332)	Increase/(decrease) in debt
	-	-	-	-	-	Gross proceeds from sale of assets
	-	-	-	-	-	Other dedicated capital funding
	-	-	-	-	-	Lump sum contributions
	(7,649)	(8,649)	(8,580)	(11,263)	(16,953)	Total Sources of Capital Funding
Applications of Capital Funding						
						Capital expenditure
	1,582	2,238	2,802	1,963	59	to meet additional demand
	2,321	1,496	2,075	1,079	200	to improve levels of service
	4,082	5,004	4,928	4,466	3,711	to replace existing assets
	1,015	268	353	1,172	231	Increase/(decrease) in reserves
	-	-	-	-	-	Increase/(decrease) of investments
	8,999	9,006	10,158	8,680	4,201	Total Applications of Capital Funding
	(16,648)	(17,655)	(18,738)	(19,943)	(21,154)	Surplus/(Deficit) of Capital Funding
	-	-	-	-	-	Funding Balance

Wastewater projects

Note: The projects listed below comprise both capital and operating expenditure.

Programme	Project	Carry forward 2017-18 \$000	LTP Year 1 2018-19 \$000	LTP Year 2 2019-20 \$000	LTP Year 3 2020-21 \$000	LTP Year 4-6 2020-24 \$000	LTP Year 7-10 2024-28 \$000
Laboratory	Laboratory Equipment Renewals and Upgrades	-	20	21	21	67	24
Public Toilets	Public Toilets	-	-	-	405	642	239
Wastewater Asset Management	Wastewater Assessment	-	43	44	45	46	-
	Wastewater Strategy – Programmed Work	32	-	-	-	-	-
Wastewater City Service Level Improvements	Wastewater City Service Level Improvements	777	-	-	-	-	-
Wastewater Network	Hikurangi Sewer Network Upgrade	-	1,020	2,085	-	-	-
	Sewer Network Renewal	-	1,020	1,407	5,433	7,686	11,145
	Sewer Network Upgrades	-	26	1,222	3,782	14,058	14,830
Wastewater Pump Stations	Wastewater Pump Station Remote Monitoring	-	133	110	-	-	-
	Wastewater Pump Station Renewals	-	386	405	427	1,532	2,831
Wastewater Treatment Plants	Wastewater Reticulation Upgrade	-	41	42	43	88	-
	Wastewater Treatment Plant Biogas Generator	-	153	-	-	-	-
	Wastewater Treatment Plant Renewals	-	835	862	1,127	4,569	3,349
	Wastewater Treatment Plant Upgrades	-	505	2,339	4,249	2,126	141
Wastewater Total		809	4,181	8,537	15,532	30,814	32,560



5. Stormwater

Purpose and strategic fit

Our stormwater network prevents flooding to properties and roads. How we manage stormwater can contribute significantly to vibrant and thriving communities through initiatives such as the *Blue/Green Network Strategy*.

Stormwater management is a core service and needs to align with the following legislative requirements:

- assess, from a public health perspective, the adequacy of stormwater services available to communities – this includes the actual or potential consequences of discharges
- preparing catchment management plans in accordance with the Northland Regional Plan
- adhering to the freshwater quality objectives of the Northland Regional Plan.

Potential negative effects

Inadequate stormwater services have the potential to increase flood damage to property, incurring costs and elevated insurance premiums. This can be mitigated through identification of flood-susceptible land through catchment management and district plans.

Insufficient treatment of stormwater has the potential to adversely affect our environment. This can be addressed through resource consents for stormwater discharges being monitored for compliance against consent conditions. Catchment management plans and environmental engineering standards identify issues and specify treatment, respectively, in relation to the stormwater activities.

Contribution to Community Outcomes



Efficient and resilient core services

The management of stormwater is a core service. It supports our communities as well as enabling commercial, industrial and agricultural activities.

Stormwater is managed and planned in a way that ensures it aligns with our District's growth and is supplied in an efficient way.



Caring for the environment

Investment into infrastructure and natural systems seeks to minimise environmental effects of stormwater run-off into our waterways.

Stormwater water management through catchment management plans, resource consents and engineering standards mitigate and manage potential adverse environmental effects.



Positive about the future

The management of stormwater in appropriate locations across urban and rural areas of our District enables productivity.



High contribution



Medium contribution

Levels of Service

Mandatory performance measures

5.1 Council will manage the stormwater network to minimise flood risks within defined service areas.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Compliance with the territorial authority's (TA) resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders; and (d) convictions received by the TA in relation to those resource consents.	0	0	0	0	0
Residents' satisfaction with stormwater drainage service.	≥70%	≥70%	≥70%	≥70%	≥70%
The number of complaints received by a TA about the performance of its stormwater system, expressed per 1000 properties connected to the TA's stormwater system. ^c	≤16	≤16	≤16	≤16	≤16
(a) The number of flooding events ^a that occur in a TA district; and (b) for each flooding event ^a the number of habitable floors affected ^b expressed per 1000 properties connected to the TA's stormwater system.	0 0	0 0	0 0	0 0	0 0
The median response time to attend a flooding event, measured from the time that the TA receives notification to the time service personnel reach the site. ^a	≤1 hr	≤1 hr	≤1 hr	≤1 hr	≤1 hr

Notes

^a A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor (Department of Internal Affairs, 2014). It does not therefore apply outside declared stormwater service areas, or to non-habitable structures such as garages and sheds, or to flooding of yards.

^b While all flooding events will be recorded as per DIA requirements, the target is immunity from storm events with an annual exceedance probability (AEP) of more than 2% (1 in 50 year ARI). This is consistent with District Plan rules for minimum floor level.

^c This target expresses per 1000 properties rather than a total, which would have resulted in a target of 15.7 per 1000 properties. In the 2017-18 Annual Plan this was expressed as per 400 properties across the District.

Changes to Levels of Service

We are proposing some minor changes to the Levels of Service statements to improve clarity.

Stormwater projects

Note: The projects listed below comprise both capital and operating expenditure.

Programme	Project	Carry forward 2017-18 \$000	LTP Year 1 2018-19 \$000	LTP Year 2 2019-20 \$000	LTP Year 3 2020-21 \$000	LTP Year 4-6 2020-24 \$000	LTP Year 7-10 2024-28 \$000
Stormwater Asset Management	Stormwater Catchment Management Plans and Assessments	100	352	500	810	2,796	2,624
Stormwater Improvements	Blue/Green Network	-	-	-	160	1,404	2,035
	Stormwater Renewals	40	981	1,070	2,254	8,665	21,117
	Stormwater Upgrades	-	275	290	61	204	77
	Teal Bay Stormwater Improvements	-	546	-	-	-	-
Stormwater Total		140	2,154	1,860	3,284	13,069	25,854

Prospective funding impact statement: Stormwater

	Annual Plan 2017-18 \$000	Year 1 2018-19 \$000	Year 2 2019-20 \$000	Year 3 2020-21 \$000	Year 4 2021-22 \$000	Year 5 2022-23 \$000	
Sources of Operating Funding							
General rates, uniform annual general charges, rates penalties	2,381	4,284	3,837	5,298	6,143	6,316	
Targeted rates	-	-	-	-	-	-	
Subsidies and grants for operating purposes	-	-	-	-	-	-	
Fees and charges	-	-	-	-	-	-	
Internal charges and overheads recovered	1,002	-	-	-	-	-	
Local authorities fuel tax, fines, infringement fees and other receipts	6	-	-	-	-	-	
Total Operating Funding	3,389	4,284	3,837	5,298	6,143	6,316	
Applications of Operating Funding							
Payments to staff and suppliers	1,162	1,232	1,233	1,574	1,770	1,845	
Finance costs	131	-	-	-	-	-	
Internal charges and overheads applied	1,623	1,250	1,244	1,250	1,419	1,446	
Other operating funding applications	-	-	-	-	-	-	
Total Applications of Operating Funding	2,916	2,481	2,477	2,823	3,189	3,292	
Surplus/(Deficit) of Operating Funding	473	1,802	1,359	2,475	2,955	3,025	
Sources of Capital Funding							
Subsidies and grants for capital expenditure	-	-	-	-	-	-	
Development and financial contributions	-	-	-	-	-	-	
Increase/(decrease) in debt	-	-	-	-	-	-	
Gross proceeds from sale of assets	-	-	-	-	-	-	
Other dedicated capital funding	-	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	-	
Total Sources of Capital Funding	-	-	-	-	-	-	
Applications of Capital Funding							
Capital expenditure							
to meet additional demand	-	-	-	-	-	-	
to improve levels of service	473	852	415	364	673	674	
to replace existing assets	-	951	944	2,110	2,282	2,351	
Increase/(decrease) in reserves	-	-	-	-	-	-	
Increase/(decrease) of investments	-	-	-	-	-	-	
Total Applications of Capital Funding	473	1,802	1,359	2,475	2,955	3,025	
Surplus/(Deficit) of Capital Funding	(473)	(1,802)	(1,359)	(2,475)	(2,955)	(3,025)	
Funding Balance	-	-	-	-	-	-	

	Year 6 2023-24 \$000	Year 7 2024-25 \$000	Year 8 2025-26 \$000	Year 9 2026-27 \$000	Year 10 2027-28 \$000	
Sources of Operating Funding						
	7,512	7,532	9,315	9,604	9,881	General rates, uniform annual general charges, rates penalties
	-	-	-	-	-	Targeted rates
	-	-	-	-	-	Subsidies and grants for operating purposes
	-	-	-	-	-	Fees and charges
	-	-	-	-	-	Internal charges and overheads recovered
	-	-	-	-	-	Local authorities fuel tax, fines, infringement fees and other receipts
	7,512	7,532	9,315	9,604	9,881	Total Operating Funding
Applications of Operating Funding						
	1,737	1,799	1,566	1,662	1,694	Payments to staff and suppliers
	-	-	-	-	-	Finance costs
	1,481	1,565	1,553	1,592	1,671	Internal charges and overheads applied
	-	-	-	-	-	Other operating funding applications
	3,219	3,363	3,119	3,254	3,365	Total Applications of Operating Funding
	4,293	4,168	6,195	6,350	6,516	Surplus/(Deficit) of Operating Funding
Sources of Capital Funding						
	-	-	-	-	-	Subsidies and grants for capital expenditure
	-	-	-	-	-	Development and financial contributions
	-	-	-	-	-	Increase/(decrease) in debt
	-	-	-	-	-	Gross proceeds from sale of assets
	-	-	-	-	-	Other dedicated capital funding
	-	-	-	-	-	Lump sum contributions
	-	-	-	-	-	Total Sources of Capital Funding
Applications of Capital Funding						
						Capital expenditure
	-	-	-	-	-	to meet additional demand
	550	567	901	924	948	to improve levels of service
	3,743	3,601	5,294	5,427	5,568	to replace existing assets
	-	-	-	-	-	Increase/(decrease) in reserves
	-	-	-	-	-	Increase/(decrease) of investments
	4,293	4,168	6,195	6,350	6,516	Total Applications of Capital Funding
	(4,293)	(4,168)	(6,195)	(6,350)	(6,516)	Surplus/(Deficit) of Capital Funding
	-	-	-	-	-	Funding Balance



6. Flood protection

Purpose and strategic fit

The Hikurangi Flood Protection Scheme helps to minimise flooding across the 5,600 hectares of farmland within the Hikurangi Swamp area.

The aim of the scheme is to protect the farming productivity of land within the swamp area. This is highly productive agricultural land that generates considerable economic benefit to the region.

We are responsible for managing, operating and maintaining the Hikurangi Scheme to ensure the required environmental, cultural and economic results are achieved. The scheme is funded by targeted rates from properties within the scheme area.

Potential significant negative effects

The scheme has little riparian cover and has the potential to increase sedimentation and nutrient loadings into waterways. To mitigate this, Council has a Scheme Riparian and Oxbow Management Plan detailing remedial works to restore habitat and riparian margins.

The scheme impacts on the native fish population, specifically eels, by presenting barriers to upstream and downstream migration and causing fish fatalities via the pumps. Eels have an important cultural value to local iwi. To address this, Council has prepared a Fishery Management Plan, which has seen the installation of fish passage floodgates and spat ropes. Council is also proposing to upgrade pumps to fish-friendly pumps. Council is actively engaged with local iwi and other stakeholders on a wider catchment basis.

Contribution to Community Outcomes



Efficient and resilient core services

Flood protection provides resilience for agricultural land in Hikurangi.



Caring for the environment

Investment in flood protection assists in the improvements in water quality within the Kaipara Harbour catchment.

- High contribution
- Medium contribution

Levels of Service

● Mandatory performance measures

6.1 Council will provide a reliable and sustainable flood protection scheme, which is managed to mitigate flooding within the Hikurangi Swamp Scheme area to an acceptable level.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the local authority's relevant planning documents (such as its activity management plan, asset management plan, annual works programme or long term plan).	Yes	Yes	Yes	Yes	Yes
The number of infringement or abatement notices issued by Northland Regional Council in relation to the scheme consent.	0	0	0	0	0

Changes to Levels of Service

No changes are proposed.

Prospective funding impact statement: Flood protection

	Annual Plan 2017-18 \$000	Year 1 2018-19 \$000	Year 2 2019-20 \$000	Year 3 2020-21 \$000	Year 4 2021-22 \$000	Year 5 2022-23 \$000	
Sources of Operating Funding							
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	
Targeted rates	1,042	1,120	1,210	1,307	1,411	1,444	
Subsidies and grants for operating purposes	-	-	-	-	-	-	
Fees and charges	-	-	-	-	-	-	
Internal charges and overheads recovered	-	-	-	-	-	-	
Local authorities fuel tax, fines, infringement fees and other receipts	64	61	61	61	61	61	
Total Operating Funding	1,107	1,181	1,271	1,368	1,472	1,505	
Applications of Operating Funding							
Payments to staff and suppliers	502	750	768	786	805	826	
Finance costs	65	31	6	-	-	-	
Internal charges and overheads applied	-	9	9	9	10	10	
Other operating funding applications	-	-	-	-	-	-	
Total Applications of Operating Funding	567	790	783	795	815	836	
Surplus/(Deficit) of Operating Funding	540	392	488	572	657	668	
Sources of Capital Funding							
Subsidies and grants for capital expenditure	-	-	-	-	-	-	
Development and financial contributions	-	-	-	-	-	-	
Increase/(decrease) in debt	(540)	(392)	(488)	(572)	(417)	(278)	
Gross proceeds from sale of assets	-	-	-	-	-	-	
Other dedicated capital funding	-	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	-	
Total Sources of Capital Funding	(540)	(392)	(488)	(572)	(417)	(278)	
Applications of Capital Funding							
Capital expenditure							
to meet additional demand	-	-	-	-	-	-	
to improve levels of service	-	-	-	-	240	390	
to replace existing assets	-	-	-	-	-	-	
Increase/(decrease) in reserves	-	-	-	-	-	-	
Increase/(decrease) of investments	-	-	-	-	-	-	
Total Applications of Capital Funding	-	-	-	-	240	390	
Surplus/(Deficit) of Capital Funding	(540)	(392)	(488)	(572)	(657)	(668)	
Funding Balance	-	-	-	-	-	-	

	Year 6 2023-24 \$000	Year 7 2024-25 \$000	Year 8 2025-26 \$000	Year 9 2026-27 \$000	Year 10 2027-28 \$000	
Sources of Operating Funding						
	-	-	-	-	-	General rates, uniform annual general charges, rates penalties
	1,477	1,512	1,550	1,589	1,630	Targeted rates
	-	-	-	-	-	Subsidies and grants for operating purposes
	-	-	-	-	-	Fees and charges
	-	-	-	-	-	Internal charges and overheads recovered
	61	61	61	61	61	Local authorities fuel tax, fines, infringement fees and other receipts
	1,538	1,573	1,611	1,650	1,691	Total Operating Funding
Applications of Operating Funding						
	847	870	894	919	946	Payments to staff and suppliers
	-	-	-	-	-	Finance costs
	10	11	11	11	11	Internal charges and overheads applied
	-	-	-	-	-	Other operating funding applications
	858	881	905	930	958	Total Applications of Operating Funding
	680	693	706	720	733	Surplus/(Deficit) of Operating Funding
Sources of Capital Funding						
	-	-	-	-	-	Subsidies and grants for capital expenditure
	-	-	-	-	-	Development and financial contributions
	(566)	(576)	(587)	629	650	Increase/(decrease) in debt
	-	-	-	-	-	Gross proceeds from sale of assets
	-	-	-	-	-	Other dedicated capital funding
	-	-	-	-	-	Lump sum contributions
	(566)	(576)	(587)	629	650	Total Sources of Capital Funding
Applications of Capital Funding						
						Capital expenditure
	-	-	-	-	-	to meet additional demand
	114	117	120	368	377	to improve levels of service
	-	-	-	981	1,006	to replace existing assets
	-	-	-	-	-	Increase/(decrease) in reserves
	-	-	-	-	-	Increase/(decrease) of investments
	114	117	120	1,348	1,383	Total Applications of Capital Funding
	(680)	(693)	(706)	(720)	(733)	Surplus/(Deficit) of Capital Funding
	-	-	-	-	-	Funding Balance

Flood protection projects

Note: The projects listed below comprise both capital and operating expenditure.

Programme	Project	Carry forward 2017-18 \$000	LTP Year 1 2018-19 \$000	LTP Year 2 2019-20 \$000	LTP Year 3 2020-21 \$000	LTP Year 4-6 2020-24 \$000	LTP Year 7-10 2024-28 \$000
Hikurangi Swamp	Gravity Drainage Gates	-	-	-	-	334	485
	Level Sensor Renewals	-	-	-	-	131	-
	Pump Upgrades/ Renewals	-	-	-	-	-	2,483
	Stop/Control Bank Renewals	-	-	-	-	278	-
Flood Protection Total		-	-	-	-	743	2,968



7. Community facilities and services

Community facilities and services are a key contributor to an attractive, vibrant and thriving District. This activity includes our parks and recreation spaces, as well as our community buildings. It also includes our services that support our communities through community development and libraries. This incorporates venues and events, a key function to add activity to our public spaces. Customer Services represents Council's first point of contact with our community.

This profile also includes Civil Defence. Civil Defence provides emergency management services and rural fire services for our District. A comprehensive

emergency management organisation is in place that encompasses the management of the Rural Fire Service and is focused around the four phases of the emergency management continuum known as the four R's (reduction, readiness, response and recovery). The intention is to encourage greater self-reliance in the community by developing and maintaining Community Response Plans for prompt and effective recovery in the event of a disaster.



Parks and recreation

Purpose and strategic fit

Council provides parks and reserves for sport and recreation, landscapes and green places. We administer 20,720 hectares of land as open space, with an asset value of \$46.9 million. This includes:

- sportsfields and playgrounds
- natural areas such as wetlands and mangrove estuaries, coastal areas and esplanade reserves
- city parks and street gardens
- cemeteries
- former quarries and landfills
- forest remnants, pine forests and regenerating bush
- areas reserved for water supply, waste treatment and other public utilities.

Strategically, our objective is to create, operate, maintain, renew and dispose of assets to provide for existing and future customers in the most cost-effective manner.

The quality of these spaces and the activities that take place on them contribute to the attractiveness and vibrancy of our District. Our parks and associated facilities are significant assets which are used and appreciated by residents and visitors.

The Reserves Act 1977 requires land administered by Council to be managed in accordance with the Act.

Potential negative effects

The undersupply of public space could be detrimental to the wider community, particularly in urban areas. To address this, Council will develop an open space strategy to help guide the provision of public space.

Contribution to Community Outcomes



Efficient and resilient core services

The adequate provision of open space is needed to support the development of an attractive, vibrant and thriving community.

Opportunities for walking and cycling are provided through public spaces.



Caring for the environment

Our Parks team supports community initiatives to keep our District clean as well as managing weeds and pests.

Access to the coast is protected through reserves managed by Parks.

Design and landscaping in our public spaces and streets enables nature to thrive.



Positive about the future

Open space is distributed across our District, therefore contributing to a fair urban and rural balance.

New technology is improving service delivery, including turf maintenance.



Proud to be local

Maintenance of our parks and public spaces ensures our District looks neat and tidy.

Our public spaces and parks are the venue for many community events and activities.

Our parks and sports grounds and walking tracks provide opportunities for people to be active and healthy.

● High contribution

● Medium contribution

Levels of Service

7.1 Council will provide and maintain outdoor sporting facilities to support and promote active recreation of the community through participation in both organised and informal sporting activities.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Sports parks will be provided to meet the community's needs. *	≥177hrs	≥187 hrs	≥196 hrs	≥201 hrs	≥199 hrs

7.2 Council will provide and maintain a range of reserves, including built facilities, to meet the needs of the community as well as protecting and enhancing the natural environment.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Average satisfaction rating of sports codes with sports parks.	≥82%	≥84%	≥84%	≥85%	≥86%
Residents' satisfaction with neighbourhood, civic space, cultural heritage, public gardens and recreational and ecological linkages to parks.	≥82%	≥90%	≥90%	≥90%	≥90%

7.3 Council will convert or upgrade identified existing open spaces to provide a wider range of high quality recreational and leisure opportunities within our District for our community and visitors.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Hectares of open space land transformed does not drop below. **	0.5ha	0.5 ha	0.5 ha	0.5 ha	0.5 ha
Residents' perception that Council is making sufficient investment in developing a strong sense of place for our District and its communities.	≥70%	≥70%	≥70%	≥70%	≥70%

7.4 Council will provide and maintain cemeteries and a crematorium in a satisfactory manner.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Residents' satisfaction with cemeteries.	≥90%	≥90%	≥90%	≥90%	≥90%

* This measure is expressed as the number of hours available at sports parks per 1000 members of our District population during the winter season.

** This measure relates to parks and reserve lands that have been developed with amenities that promote increased public use.

Changes to Levels of Service

Minor changes to the Levels of Service statements to improve clarity. Updated targets to reflect investment in Levels of Service.



Libraries

Purpose and strategic fit

Libraries provide the people in our community with opportunities for life-long learning, access to information, leisure and reading. This all contributes to a vibrant and thriving District.

Public libraries provide free and open access to knowledge and services. They are a neutral, respected gateway to information and a safe place that offers equal access for all community members.

The *Local Government Act 2002* requires that, where such a service is provided, residents can join the library free of charge.

Potential negative effects

No potential negative effects have been identified for libraries.

Contribution to Community Outcomes



Positive about the future

Our libraries embrace technology to improve the customer's access to information through initiatives such as providing internet access, e-books and self-service checkouts.



Proud to be local

Our libraries are key community facilities providing equitable access to life-long learning as well as fulfilling leisure and recreational needs.



High contribution



Medium contribution

Levels of Service

7.5 Council will provide library services to our District via the central library, the mobile and branch libraries.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Percentage of population who have used a library in the past year.	≥60%	≥60%	≥60%	≥60%	≥60%
Residents' satisfaction with the resources (books, magazines etc.) the library service provides.	≥95%	≥95%	≥95%	≥95%	≥95%

Changes to Levels of Service

There are no proposed changes.



Community property

Purpose and strategic fit

Council is committed to providing appropriate pensioner housing and community buildings for our District to use. Our property service will help to build thriving and vibrant communities.

Where community halls are not Council-owned, operational grants may be provided to assist in the maintenance of these important community facilities.

Potential negative effects

No potential negative effects have been identified for community property.

Contribution to Community Outcomes



Positive about the future

Our community facilities are located across our District to ensure there is a fair urban and rural balance.



Proud to be local

Our community facilities ensure activities and facilities are available across our District for people of all abilities, ages and lifestyles.



High contribution



Medium contribution

Levels of Service

7.6 Council will provide rental accommodation that meets the specific needs of eligible elderly members of the community.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Percentage occupancy rate of pensioner housing.	≥98%	≥98%	≥98%	≥98%	≥98%
Pensioner housing residents' satisfaction with the standard of accommodation.	≥80%	≥80%	≥80%	≥82%	≥82%

Changes to Levels of Service

Minor changes to show improved performance measures.



Community development

Purpose and strategic fit

Council is committed to a community development framework that aims to work with our communities to ensure they are vibrant and thriving as well as cohesive and sustainable. This is achieved through various initiatives including:

- community-led development programmes
- grants and community funding
- crime reduction and community safety programmes such as City Safe
- support for our positive ageing, disability and youth advisory groups.

It seeks to help strengthen and enhance our District by ensuring that people feel safe, able to access and participate in activities and are supported in becoming more vibrant and resilient.

Potential negative effects

No potential negative effects have been identified for community services.

Contribution to Community Outcomes



Positive about the future

Through the Community Development Framework our communities will be involved across both rural and urban parts of our District.



Proud to be local

Community development enhances and strengthens our communities to ensure people feel safe and can participate in a range of events and opportunities.



High contribution



Medium contribution

Levels of Service

7.7 Council will promote and support community safety.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Percentage of residents within the community who feel safe within our District.	≥85%	≥85%	≥85%	≥85%	≥85%

7.8 Council will support our District's social and cultural wellbeing through its involvement in activities and programmes which support and develop the community.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Percentage of grant applicants who understand and are satisfied with the grants application process.	≥80%	≥80%	≥80%	≥80%	≥80%

7.9 Council is actively involved in youth, positive ageing, accessibility and other groups of interest issues.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Percentage of people active in these sectors who believe Council is achieving strong engagement.	≥80%	≥80%	≥80%	≥80%	≥80%

Changes to Levels of Service

There are no proposed changes.



Venues and events

Purpose and strategic fit

We provide venues, while managing and producing events that contribute to the cultural and social fabric of our community. These venues and events form a prominent contribution to our District's attractiveness and vibrancy. This helps to create opportunities for residents and visitors who contribute to our District's economy.

Potential negative effects

No potential negative effects have been identified for venues and events.

Contribution to Community Outcomes



Positive about the future

Venues and events have a District focus, ensuring there is a fair balance between rural and urban areas.



Proud to be local

Venues and events provide a wide variety of activities ensuring there is always something to see and do for both residents and visitors.



High contribution



Medium contribution

Levels of Service

7.10 Our venues will encourage increased use and high satisfaction levels of those using our facilities.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Number of attendees over all facilities will increase annually.	≥3%	≥3%	≥3%	≥3%	≥3%
Satisfaction with the quality of venues and events.	≥80%	≥80%	≥80%	≥80%	≥80%

Changes to Levels of Service

Minor changes are proposed to improve clarity.



Customer services

Purpose and strategic fit

Customer services is our interface with our communities and with our visitors. This is where questions are received and where transactions take place. Customer services is delivered through our contact centres, our various customer service centres across our District and our visitor information centres.

A satisfactory customer experience and access to the right information is essential for our District to thrive.

Potential negative effects

No potential negative effects have been identified for Customer Services.

Contribution to Community Outcomes



Positive about the future

Customer services assists the community to do business and understand our documents, rules and processes.



Proud to be local

Our customer services are a key point of contact with our community. This interface enables us to work with the community to ensure our District is safe, tidy and attractive.



High contribution



Medium contribution

Levels of Service

7.11 The community has access to Council's activities through our service centres and contact centre, which provide a 'first point of contact' service.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Percentage annual increased levels of satisfaction with service received by 'first point of contact' customer service.	New	≥1%	≥1%	≥1%	≥1%
Contact centre service calls answered in under 20 seconds.	New	≥85%	≥85%	≥85%	≥85%
Wait time for walk-in customers.	New	No more than 6 mins	No more than 6 mins	No more than 6 mins	No more than 6 mins

7.12 Council will provide, through the Whangārei visitor centres, an accurate booking and information service which influences more visitors to stay longer and spend more.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Visitors' satisfaction with the service provided by the information consultants at our information centres.	New	Very satisfied	Very satisfied	Very satisfied	Very satisfied

Changes to Levels of Service

This is a new addition to the community facilities and services profile. It recognises the importance of Customer Services in connecting with our communities and delivering an excellent standard of service.

Prospective funding impact statement: Community facilities and services

	Annual Plan 2017-18 \$000	Year 1 2018-19 \$000	Year 2 2019-20 \$000	Year 3 2020-21 \$000	Year 4 2021-22 \$000	Year 5 2022-23 \$000	
Sources of Operating Funding							
General rates, uniform annual general charges, rates penalties	24,316	25,899	25,943	27,760	27,818	35,454	
Targeted rates	-	-	-	-	-	-	
Subsidies and grants for operating purposes	59	60	62	63	64	66	
Fees and charges	922	971	992	1,014	1,037	1,060	
Internal charges and overheads recovered	1,686	2,573	2,624	2,642	2,894	3,006	
Local authorities fuel tax, fines, infringement fees and other receipts	3,065	3,124	3,189	3,233	3,297	3,369	
Total Operating Funding	30,048	32,628	32,809	34,713	35,110	42,956	
Applications of Operating Funding							
Payments to staff and suppliers	20,701	24,538	25,149	24,770	26,061	26,046	
Finance costs	4,727	4,961	5,653	5,872	6,066	6,677	
Internal charges and overheads applied	7,309	9,177	9,223	9,189	10,368	10,839	
Other operating funding applications	-	-	-	-	-	-	
Total Applications of Operating Funding	32,737	38,675	40,026	39,831	42,496	43,561	
Surplus/(Deficit) of Operating Funding	(2,690)	(6,047)	(7,216)	(5,118)	(7,386)	(605)	
Sources of Capital Funding							
Subsidies and grants for capital expenditure	-	50	-	772	789	-	
Development and financial contributions	397	608	628	649	670	657	
Increase/(decrease) in debt	10,308	16,549	23,530	15,125	17,615	14,464	
Gross proceeds from sale of assets	-	-	-	-	-	-	
Other dedicated capital funding	-	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	-	
Total Sources of Capital Funding	10,705	17,208	24,159	16,547	19,075	15,121	
Applications of Capital Funding							
Capital expenditure							
to meet additional demand	-	1,163	936	42	360	1,041	
to improve levels of service	4,259	3,968	7,738	3,525	4,281	7,900	
to replace existing assets	5,456	4,006	4,789	5,659	6,094	4,728	
Increase/(decrease) in reserves	(1,700)	2,024	3,479	2,202	954	847	
Increase/(decrease) of investments	-	-	-	-	-	-	
Total Applications of Capital Funding	8,015	11,160	16,943	11,429	11,689	14,516	
Surplus/(Deficit) of Capital Funding	2,690	6,047	7,216	5,118	7,386	605	
Funding Balance	-	-	-	-	-	-	

	Year 6 2023-24 \$000	Year 7 2024-25 \$000	Year 8 2025-26 \$000	Year 9 2026-27 \$000	Year 10 2027-28 \$000	
Sources of Operating Funding						
	37,452	39,722	41,536	44,849	48,008	General rates, uniform annual general charges, rates penalties
	-	-	-	-	-	Targeted rates
	67	69	71	73	74	Subsidies and grants for operating purposes
	1,085	1,111	1,139	1,167	1,197	Fees and charges
	3,078	3,177	3,226	3,305	3,393	Internal charges and overheads recovered
	3,441	3,519	3,600	3,682	3,768	Local authorities fuel tax, fines, infringement fees and other receipts
	45,123	47,597	49,572	53,075	56,441	Total Operating Funding
Applications of Operating Funding						
	28,615	27,786	28,304	29,064	29,710	Payments to staff and suppliers
	7,023	7,004	7,024	6,821	6,841	Finance costs
	11,151	11,673	11,794	12,143	12,588	Internal charges and overheads applied
	-	-	-	-	-	Other operating funding applications
	46,789	46,463	47,122	48,029	49,139	Total Applications of Operating Funding
	(1,666)	1,134	2,450	5,047	7,302	Surplus/(Deficit) of Operating Funding
Sources of Capital Funding						
	-	-	-	-	-	Subsidies and grants for capital expenditure
	672	688	705	723	742	Development and financial contributions
	13,546	14,624	12,379	2,275	14,084	Increase/(decrease) in debt
	-	-	-	-	-	Gross proceeds from sale of assets
	-	-	-	-	-	Other dedicated capital funding
	-	-	-	-	-	Lump sum contributions
	14,218	15,312	13,085	2,999	14,826	Total Sources of Capital Funding
Applications of Capital Funding						
						Capital expenditure
	807	731	1,486	634	8,218	to meet additional demand
	5,090	4,936	9,292	3,102	10,845	to improve levels of service
	4,099	7,115	5,000	3,750	3,462	to replace existing assets
	2,556	3,665	(244)	559	(397)	Increase/(decrease) in reserves
	-	-	-	-	-	Increase/(decrease) of investments
	12,552	16,447	15,534	8,045	22,127	Total Applications of Capital Funding
	1,666	(1,134)	(2,450)	(5,047)	(7,302)	Surplus/(Deficit) of Capital Funding
	-	-	-	-	-	Funding Balance

Community facilities and services projects

Note: The projects listed below comprise both capital and operating expenditure.

Programme	Project	Carry forward 2017-18 \$000	LTP Year 1 2018-19 \$000	LTP Year 2 2019-20 \$000	LTP Year 3 2020-21 \$000	LTP Year 4-6 2020-24 \$000	LTP Year 7-10 2024-28 \$000
Civil Defence							
Civil Defence and Emergency Management	Civil Defence Emergency Management Equipment Renewals	-	5	5	27	39	49
	Civil Defence Emergency Management New Equipment	-	-	-	5	6	6
	Tsunami Signage	-	26	36	16	72	73
	Tsunami Sirens Renewals	-	17	18	18	57	82
Civil Defence Total		-	48	59	66	174	210
Community Development							
CCTV Network	CCTV Upgrades and Improvements	-	133	136	138	434	630
Council-owned Community Buildings	Community Buildings Renewals and Improvements	-	58	213	27	16	107
Pensioner Housing	Pensioner Housing Renewals and Improvements	-	589	688	667	1,780	1,998
Sense of Place	Community Led Development	-	409	418	427	1,340	1,943
Community Development Total		-	1,189	1,454	1,259	3,571	4,678
Libraries							
Digital Council	Library IT Equipment	-	102	104	107	109	-
Library Asset Renewals	Library Renewals	-	5	5	5	496	24
Library Books	Book Purchases	-	660	674	689	2,162	3,135
Libraries Total		-	767	784	801	2,767	3,159
Parks and recreation							
Cemeteries	Cemeteries Levels of Service	-	82	-	-	229	-
	Cemeteries Renewals	-	58	204	434	267	251
	Cemetery Land Purchases	-	-	-	-	82	1,794
Coastal Structures	Coastal Structures Levels of Service	-	61	-	63	3,081	1,547
	Coastal Structures Renewal	1,179	710	804	600	1,021	1,807
Neighbourhood and Public Gardens	Dog Park Upgrades	-	306	-	-	-	-
	Neighbourhood and Public Gardens Levels of Service	-	153	-	-	-	-

Programme	Project	Carry forward 2017-18 \$000	LTP Year 1 2018-19 \$000	LTP Year 2 2019-20 \$000	LTP Year 3 2020-21 \$000	LTP Year 4-6 2020-24 \$000	LTP Year 7-10 2024-28 \$000
	Neighbourhood and Public Gardens Renewals	310	552	801	818	3,235	4,691
Playgrounds and Skateparks	Playgrounds and Skateparks Levels of Service	93	108	120	-	491	252
	Playgrounds and Skateparks Renewals	-	160	188	159	1,313	822
Sense of Place	Blue/Green Network	-	-	-	-	3,998	8,587
	Hatea Activity Loop	199	326	-	-	613	1,050
	Parks Interpretation Information	-	43	44	45	140	204
	Pohe Island Development	1,915	1,285	1,313	80	1,551	1,887
	Public Art	-	43	44	45	140	204
	Town Basin – Conversion of Carpark to Park	149	-	3,648	1,386	-	-
	Whangārei City Centre Plan Implementation	518	51	1,188	266	1,527	2,551
	Whangārei City Entrance Signage and Beautification	-	-	-	-	611	-
Sportsfields and Facilities	Sport and Recreation Growth	132	1,418	894	-	-	-
	Sport and Recreation Levels of Service	-	202	89	-	1,078	3,499
	Sport and Recreation Renewals	-	788	1,233	579	2,539	5,752
	Sportsfields Land Purchases	-	-	-	-	1,637	12,576
	Tikipunga Soccer Hub	-	-	52	511	675	-
Walkways and Tracks	Walkway and Track Renewals	-	436	489	360	1,559	1,970
Parks and recreation total		4,494	6,781	11,112	5,345	25,788	49,443
Venue and events							
Flags and Decorations	Flags and Decorations	-	-	-	-	72	-
Forum North Venue	Forum North Venue Renewals	52	147	23	23	152	71
	Forum North Venue Upgrades	12	88	90	92	287	100
Northland Events Centre	NECT Building Renewals	20	151	151	202	529	1,401
	NECT Field Renewals	-	31	-	-	-	-
	NECT Light Tower Renewals	-	100	-	1,545	1,579	-
Venue and events total		84	516	263	1,862	2,619	1,572
Community facilities and services total		4,578	9,301	13,673	9,334	34,919	59,063



8. Governance and strategy

Purpose and strategic fit

This includes the democratic functions of our organisation which drives robust decision-making through Council meetings, briefings and workshops. Governance functions also include hearings and consultation and engagement opportunities.

This group also sets the strategic direction. The focus is on how our District grows and develops through our District-wide, issue-based or place-based strategies.

District Development encourages economic development and investment in our District including managing Council's commercial property portfolio and marketing our District as a desirable place to visit, work and do business.

Fostering meaningful and sustainable relationships with iwi, hapū and mātāwaka (a term that applies for all Māori who live in our District but who generally whakapapa to an area outside of it) organisations across our District is a crucial function of this group. These relationships also exist through specific programmes of work as well as larger scale projects such as Treaty of Waitangi settlements.

Potential negative effects

Ineffective strategies or the absence of strategic direction could lead to adverse environmental effects. This is mitigated through a review of our growth strategy to ensure it is relevant and based on current information.

Contribution to Community Outcomes



Efficient and resilient core services

Our strategic planning ensures that core infrastructure is provided to meet the demands of growth in a managed and coordinated way.



Caring for the environment

Strategic planning ensures our environment is cared for.



Positive about the future

Democracy functions ensure transparent and robust decision-making.

Strategic planning and implementation of key projects allows our city centre to thrive.

● High contribution

● Medium contribution

Levels of Service

8.1 Our democratic functions are transparent and meet the legislative requirements.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Responses to requests for information made under the <i>Local Government Official Information Act 1987</i> and the <i>Privacy Act 1993</i> are provided within relevant statutory timeframes.	New	100%	100%	100%	100%
Percentage of Council, committee and hearing agendas that meet relevant legislative timeframes.	New	100%	100%	100%	100%

8.2 We deliver the requirements of the National Policy Statement on Urban Development Capacity.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Meet the statutory timeframes and deliverables as set out in the <i>National Policy Statement on Urban Development Capacity</i> .	New	100%	100%	100%	100%

Changes to Levels of Service

This is a new profile group that was not in the *LTP 2015-25*. It has been included to highlight the importance of our strategic and democratic functions.

Governance and strategy projects

Note: The projects listed below comprise both capital and operating expenditure.

Programme	Project	Carry forward 2017-18 \$000	LTP Year 1 2018-19 \$000	LTP Year 2 2019-20 \$000	LTP Year 3 2020-21 \$000	LTP Year 4-6 2020-24 \$000	LTP Year 7-10 2024-28 \$000
Commercial Property	Central City Carpark Upgrades and Improvements	201	-	-	-	-	-
	Parihaka Transmission Mast Upgrade	903	-	-	-	-	-
	Port Road Site Remediation	650	-	-	-	-	-
	WAMT Air Conditioning Upgrade	-	61	-	-	-	-
District Development	District Development Projects	-	300	260	260	780	1,040
New Airport Evaluation	New Airport Evaluation	-	612	2,321	1,332	1,361	-
Governance and strategy total		1,754	973	2,581	1,592	2,141	1,040

Prospective funding impact statement:

Governance and strategy

	Annual Plan 2017-18 \$000	Year 1 2018-19 \$000	Year 2 2019-20 \$000	Year 3 2020-21 \$000	Year 4 2021-22 \$000	Year 5 2022-23 \$000	
Sources of Operating Funding							
General rates, uniform annual general charges, rates penalties	(548)	1,775	3,075	1,996	2,285	384	
Targeted rates	-	-	-	-	-	-	
Subsidies and grants for operating purposes	-	-	-	-	-	-	
Fees and charges	-	-	-	-	-	-	
Internal charges and overheads recovered	1,449	327	334	339	357	367	
Local authorities fuel tax, fines, infringement fees and other receipts	6,261	6,149	6,316	6,460	6,643	7,254	
Total Operating Funding	7,161	8,252	9,725	8,794	9,285	8,005	
Applications of Operating Funding							
Payments to staff and suppliers	5,726	6,028	7,019	5,551	5,709	5,395	
Finance costs	269	281	268	270	269	275	
Internal charges and overheads applied	1,141	1,881	1,916	1,908	2,218	2,336	
Other operating funding applications	-	-	-	-	-	-	
Total Applications of Operating Funding	7,136	8,190	9,203	7,729	8,197	8,005	
Surplus/(Deficit) of Operating Funding	26	61	521	1,065	1,089	-	
Sources of Capital Funding							
Subsidies and grants for capital expenditure	-	-	-	-	-	-	
Development and financial contributions	-	-	-	-	-	-	
Increase/(decrease) in debt	-	-	-	-	-	-	
Gross proceeds from sale of assets	-	-	-	-	-	-	
Other dedicated capital funding	-	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	-	
Total Sources of Capital Funding	-	-	-	-	-	-	
Applications of Capital Funding							
Capital expenditure							
to meet additional demand	5	-	-	-	-	-	
to improve levels of service	-	61	521	1,065	1,089	-	
to replace existing assets	21	-	-	-	-	-	
Increase/(decrease) in reserves	-	-	-	-	-	-	
Increase/(decrease) of investments	-	-	-	-	-	-	
Total Applications of Capital Funding	26	61	521	1,065	1,089	-	
Surplus/(Deficit) of Capital Funding	(26)	(61)	(521)	(1,065)	(1,089)	-	
Funding Balance	-	-	-	-	-	-	

	Year 6 2023-24 \$000	Year 7 2024-25 \$000	Year 8 2025-26 \$000	Year 9 2026-27 \$000	Year 10 2027-28 \$000	
Sources of Operating Funding						
	936	950	1,072	1,221	1,230	General rates, uniform annual general charges, rates penalties
	-	-	-	-	-	Targeted rates
	-	-	-	-	-	Subsidies and grants for operating purposes
	-	-	-	-	-	Fees and charges
	375	385	392	401	410	Internal charges and overheads recovered
	6,930	6,992	7,020	7,097	7,238	Local authorities fuel tax, fines, infringement fees and other receipts
	8,242	8,327	8,484	8,718	8,878	Total Operating Funding
Applications of Operating Funding						
	5,568	5,559	5,685	5,848	5,925	Payments to staff and suppliers
	276	271	273	275	276	Finance costs
	2,398	2,496	2,526	2,595	2,677	Internal charges and overheads applied
	-	-	-	-	-	Other operating funding applications
	8,242	8,327	8,484	8,718	8,878	Total Applications of Operating Funding
	-	-	-	-	-	Surplus/(Deficit) of Operating Funding
Sources of Capital Funding						
	-	-	-	-	-	Subsidies and grants for capital expenditure
	-	-	-	-	-	Development and financial contributions
	-	-	-	-	-	Increase/(decrease) in debt
	-	-	-	-	-	Gross proceeds from sale of assets
	-	-	-	-	-	Other dedicated capital funding
	-	-	-	-	-	Lump sum contributions
	-	-	-	-	-	Total Sources of Capital Funding
Applications of Capital Funding						
						Capital expenditure
	-	-	-	-	-	to meet additional demand
	-	-	-	-	-	to improve levels of service
	-	-	-	-	-	to replace existing assets
	-	-	-	-	-	Increase/(decrease) in reserves
	-	-	-	-	-	Increase/(decrease) of investments
	-	-	-	-	-	Total Applications of Capital Funding
	-	-	-	-	-	Surplus/(Deficit) of Capital Funding
	-	-	-	-	-	Funding Balance



9. Planning and regulatory services

We are required to undertake planning, monitoring and enforcement activities that meet the requirements of a wide range of legislation, such as the Resource Management Act (RMA). This includes:

- issuing resource and building consents and ensuring they meet required conditions
- providing health and liquor licences
- monitoring and enforcing bylaws such as animal and noise control, health, liquor and parking
- undertaking district planning.

The functions within this activity are covered by four separate departments: District Planning, Resource Consents, Building Control and Health and Bylaws.

The outcomes of these functions are important in ensuring our District remains attractive and that our communities thrive.



District planning

Purpose and strategic fit

The population of Whangārei is growing, creating demand for the strategic management of our District's resources. Council's district planning function delivers planning outcomes and environmental regulation through the RMA.

Our District Plan manages how and where our District develops. It is therefore essential to ensuring our District is attractive and vibrant through good design and protecting our valuable natural environment.

Potential negative effects

Lack of appropriate planning controls can lead to adverse environmental effects. This is mitigated through adherence to the RMA and an ongoing review of our District Plan.

Contribution to Community Outcomes



Efficient and resilient core services

Our District Plan aligns with core infrastructure provision to enable planned and integrated growth in appropriate locations.



Caring for the environment

Our District Plan is a key regulatory tool to manage the effects on our environment.

Provisions in our District Plan ensure existing public access to coastal areas are maintained and new opportunities are provided, where appropriate.



Positive about the future

Our District Plan enables productive land uses and activities across our District.



Proud to be local

Our District Plan supports urban design outcomes which promote activity, safety and attractive built forms and public spaces.

● High contribution

● Medium contribution

Levels of Service

9.1 Develop, implement and maintain a District Plan in accordance with the RMA while reflecting the desires of the community and issues of sustainability.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Plan changes are researched, proposed, consulted and reported on as required by Council in accordance with the relevant statutory requirements.	100%	100%	100%	100%	100%

Changes to Levels of Service

There are no proposed changes from the LTP 2015-25.



Resource consents

Purpose and strategic fit

The RMA directs the processes and functions of this group, as well as guiding the overall outcome of the resource consent process which is to:

- promote the sustainable management of natural and physical resources in our District
- ensure our District remains attractive, vibrant and thriving.

This is achieved by processing resource consents and associated applications.

Potential negative effects

Negative environmental effects can result from poor decision-making on resource consent applications. This is mitigated by the approval of applications being delegated to senior staff members. Negative economic results can occur if consents are not processed in a timely manner which delays the start of activities. External resources are used to ensure that statutory timeframes are met during times of high workloads that cannot be met by staff.

Contribution to Community Outcomes



Caring for the environment

Resource consents enact our District Plan and RMA to ensure the long-term maintenance and protection of significant stands of bush, outstanding landscapes and other natural features that contribute to a valued environment.



Positive about the future

The resource consent processes are clear and simple, guided by our District Plan and RMA.



Proud to be local

Ensuring compliance with District Plan rules and conditions of resource consents contributes to the appearance of our District and a community's enjoyment of places and spaces.



High contribution



Medium contribution

Levels of Service

9.2 Council will process resource consent and associated applications within statutory timeframes.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Percentage of non-notified resource consent applications processed within statutory timeframes.	≥95%	≥95%	≥95%	≥95%	≥95%
Percentage of Section 223 and Section 224 applications for subdivision consents under the RMA within statutory timeframes.	≥95%	≥95%	≥95%	≥95%	≥95%

9.3 Council will ensure compliance with land-use consents by monitoring consents issued.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Percentage of land-use consent conditions monitored (note: time frames will be dependent on priorities based on potential environmental risk associated with non-compliance).	100%	100%	100%	100%	100%

Changes to Levels of Service

Level of service 9.3 is a new addition to this profile acknowledging changes in responsibility through a recent organisational review.



Building control

Purpose and strategic fit

This department ensures that buildings in our District are designed and constructed to the agreed standards and quality. The healthy design and construction of our homes is important to us and has a direct bearing on our residents' health and perspective on life.

We promote the safe and sanitary use of living and public facilities, as well as access for people with disabilities. We will act against owners of buildings that pose a risk to the general safety and well-being of the public.

This department also has responsibilities to establish buildings that may be earthquake prone, to ensure building owners meet their responsibilities under new legislation.

Potential negative effects

Negative effects from not administering the related statutes can range from dangerous and insanitary public use and residential buildings and non-compliant housing stock. Not issuing building consents and failing to meet the requirements of accreditation may result in a loss of confidence and accreditation to perform these functions as a building consent authority.

Contribution to Community Outcomes



Caring for the environment

The building control measures around construction methods ensures our environment is protected.



Positive about the future

Building control processes are clear and simple and enable economic activity while appropriately protecting our communities from unsafe and poor quality building practices.



Proud to be local

Building compliance ensures that built structures are safe and durable.



High contribution



Medium contribution

Levels of Service

9.4 Council will responsively and accurately manage the building consents and compliance process.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Percentage of building consent applications processed within statutory timeframes.	≥96%	≥96%	≥96%	≥96%	≥98%
Percentage of inspections completed within two days.	≥95%	≥95%	≥95%	≥95%	≥95%

Changes to Levels of Service

There are no proposed changes from the *LTP 2015-25*.



Health and bylaws

Purpose and strategic fit

This department undertakes monitoring and enforcement functions across a wide cross-section of statutes focussing on the protection of community health, safety and amenity. We have two teams:

- Environmental Health is responsible for registering, monitoring, verifying, inspecting, enforcing and ensuring general compliance in the food, health and liquor licensing work areas
- Armourguard Security is contracted to provide services relating to dog and stock control, parking enforcement, excessive noise control and general bylaw enforcement.

Potential negative effects

Failure to effectively enforce and monitor can lead to significant adverse environmental, health and nuisance issues across our District. This is mitigated through an appropriate enforcement and monitoring regime.

Contribution to Community Outcomes



Caring for the environment

The enforcement of bylaws ensures our environment is protected.



Positive about the future

Regulatory processes are clear and simple and enable economic activity while appropriately protecting our communities from nuisance activities.



Proud to be local

Ensuring compliance with our bylaws contributes to the appearance of our District and the community's enjoyment of places and spaces.



High contribution



Medium contribution

Levels of Service

9.5 Council will ensure responses to complaints relating to parking, excessive noise, dogs, stock and bylaws are carried out within contracted timeframes.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Percentage of complaints responded to within contracted timeframes.	≥85%	≥85%	≥85%	≥85%	≥85%

9.6 Council will protect and promote public health by monitoring those premises, which under the Health Act 1956 require annual registration and inspection.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Percentage of Health Act registered premises inspected annually.	New	100%	100%	100%	100%

9.7 Council will promote food safety by registering and verifying those food businesses which the Food Act 2014 specifies that local authorities can register and verify.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Percentage of food businesses verified within timeframes as specified by the Food Act 2014.	New	100%	100%	100%	100%

9.8 Council will aim to reduce alcohol-related harm by annually inspecting alcohol licensed premises to ensure compliance with the Sale and Supply of Alcohol Act 2012 and licensing conditions in general.

Performance measure	2017-18 target	2018-19 target	2019-20 target	2020-21 target	2021-28 target
Percentage of alcohol licensed premises inspected annually.	New	100%	100%	100%	100%

Changes to Levels of Service

These new measures give greater clarity on Council's role under the Food Act 2014, Sale and Supply of Alcohol Act 2012 and the Health Act 1956.

Planning and regulatory services projects

Note: The projects listed below comprise both capital and operating expenditure.

Programme	Project	Carry forward 2017-18 \$000	LTP Year 1 2018-19 \$000	LTP Year 2 2019-20 \$000	LTP Year 3 2020-21 \$000	LTP Year 4-6 2020-24 \$000	LTP Year 7-10 2024-28 \$000
Dog Pound	Dog Pound Renewals	20	204	1,415	-	-	-
Planning and regulatory services total		20	204	1,415	-	-	-

Prospective funding impact statement:

Planning and regulatory services

	Annual Plan 2017-18 \$000	Year 1 2018-19 \$000	Year 2 2019-20 \$000	Year 3 2020-21 \$000	Year 4 2021-22 \$000	Year 5 2022-23 \$000	
Sources of Operating Funding							
General rates, uniform annual general charges, rates penalties	8,497	8,455	9,347	7,431	8,160	8,081	
Targeted rates	-	-	-	-	-	-	
Subsidies and grants for operating purposes	-	-	-	-	-	-	
Fees and charges	7,495	7,809	8,375	8,992	9,664	10,406	
Internal charges and overheads recovered	3,473	4,254	4,259	4,187	4,602	4,706	
Local authorities fuel tax, fines, infringement fees and other receipts	1,150	1,204	1,206	1,209	1,213	1,216	
Total Operating Funding	20,615	21,722	23,187	21,819	23,637	24,410	
Applications of Operating Funding							
Payments to staff and suppliers	9,438	10,990	11,123	11,294	11,514	11,744	
Finance costs	-	-	-	-	-	-	
Internal charges and overheads applied	11,157	10,527	10,650	10,525	12,123	12,666	
Other operating funding applications	-	-	-	-	-	-	
Total Applications of Operating Funding	20,595	21,518	21,772	21,819	23,637	24,410	
Surplus/(Deficit) of Operating Funding	20	204	1,415	-	-	-	
Sources of Capital Funding							
Subsidies and grants for capital expenditure	-	-	-	-	-	-	
Development and financial contributions	-	-	-	-	-	-	
Increase/(decrease) in debt	-	-	-	-	-	-	
Gross proceeds from sale of assets	-	-	-	-	-	-	
Other dedicated capital funding	-	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	-	
Total Sources of Capital Funding	-	-	-	-	-	-	
Applications of Capital Funding							
Capital expenditure							
to meet additional demand	-	-	-	-	-	-	
to improve levels of service	-	-	-	-	-	-	
to replace existing assets	20	204	1,415	-	-	-	
Increase/(decrease) in reserves	-	-	-	-	-	-	
Increase/(decrease) of investments	-	-	-	-	-	-	
Total Applications of Capital Funding	20	204	1,415	-	-	-	
Surplus/(Deficit) of Capital Funding	(20)	(204)	(1,415)	-	-	-	
Funding Balance	-	-	-	-	-	-	

	Year 6 2023-24 \$000	Year 7 2024-25 \$000	Year 8 2025-26 \$000	Year 9 2026-27 \$000	Year 10 2027-28 \$000	
Sources of Operating Funding						
	7,793	7,581	7,030	6,562	6,054	General rates, uniform annual general charges, rates penalties
	-	-	-	-	-	Targeted rates
	-	-	-	-	-	Subsidies and grants for operating purposes
	11,145	11,957	12,849	13,818	14,885	Fees and charges
	4,725	4,788	4,731	4,722	4,717	Internal charges and overheads recovered
	1,220	1,224	1,228	1,233	1,238	Local authorities fuel tax, fines, infringement fees and other receipts
	24,883	25,549	25,838	26,335	26,893	Total Operating Funding
Applications of Operating Funding						
	11,980	12,224	12,480	12,741	13,012	Payments to staff and suppliers
	-	-	-	-	-	Finance costs
	12,903	13,325	13,358	13,594	13,882	Internal charges and overheads applied
	-	-	-	-	-	Other operating funding applications
	24,883	25,549	25,838	26,335	26,893	Total Applications of Operating Funding
	-	-	-	-	-	Surplus/(Deficit) of Operating Funding
Sources of Capital Funding						
	-	-	-	-	-	Subsidies and grants for capital expenditure
	-	-	-	-	-	Development and financial contributions
	-	-	-	-	-	Increase/(decrease) in debt
	-	-	-	-	-	Gross proceeds from sale of assets
	-	-	-	-	-	Other dedicated capital funding
	-	-	-	-	-	Lump sum contributions
	-	-	-	-	-	Total Sources of Capital Funding
Applications of Capital Funding						
						Capital expenditure
	-	-	-	-	-	to meet additional demand
	-	-	-	-	-	to improve levels of service
	-	-	-	-	-	to replace existing assets
	-	-	-	-	-	Increase/(decrease) in reserves
	-	-	-	-	-	Increase/(decrease) of investments
	-	-	-	-	-	Total Applications of Capital Funding
	-	-	-	-	-	Surplus/(Deficit) of Capital Funding
	-	-	-	-	-	Funding Balance



10. Support services

Support services are focussed on supporting the nine activity areas so that they are best positioned to deliver their various goods and services to the community.

The following provides a brief background to the various support activities.

Financial services

Financial Services plays a key stewardship role. As well as facilitating the development of an effective financial strategy, we support Council in managing its financial resources on a day-to-day basis, as well as in the long-term.

The department provides services in respect of planning, monitoring and reporting to Council's financial and business resources and our treasury function actively manages Council's debt and investment positions for both the short and long-term. We also administer transactional functions including rates, water billing, accounts receivable and receipting, including the efficient administration and maintenance of property records by ensuring the Rating Information Database and other property information systems are kept up to date. Efficient billing processes are undertaken for land and water rates as well as sundry debt and receipting functions for all of Council. Direct debit processing and timely follow up of overdue amounts mean that arrears are kept to a minimum. Another service provided by our team is general procurement advice and management. Our team also supports some Council CCOs by providing shared financial services to them.

People and capability

This team works across the business supporting and leading through day-to-day transactions, including recruitment and payroll and longer-term strategic matters such as employee development and change management. The department's vision is twofold: to have the right people, motivated, engaged and delivering, to enable us to attract the right people into our business, it is important that Council is perceived as a good place to work.

Capital projects, planning and development engineering

This department provides technical and administrative support to the Infrastructure Group. This includes planning, contract and general administration, asset management systems, databases, project and contract management.

Information services

This department supports the technical and informational function requirements of Council. From desktop systems to the management of data and documentation, we ensure accurate information is readily available and can be easily stored and accessed. We also ensure that our technology and systems allow Council to comply with its legislative requirements. Council's website plays a vital role as an interactive service for providing extensive resources for public information, documents and publications, consultations and GIS mapping (including District Plan and hazard overlays).

The team also ensures that the underlying structures for the storage and fast retrieval of all corporate data are stable and available 24/7, with the ability to recover vital systems in the event of a disaster or interruption to services. This includes the ongoing development and enhancement of existing software systems to enable Council to meet the growing consumer demands from our District for faster supply and faster access to information.

Commercial property

Commercial property is responsible for Council-owned properties held as investments and able to provide a commercial return to Council. This includes a mix of commercial freehold and perpetual ground lease sites. Investment portfolio properties will generally not be sold unless Council identifies compelling reasons for re-investment, such as investment in future infrastructure. Non-strategic properties may be sold, provided due process is followed.

Communications

How we communicate with the community is essential to raising awareness of what Council does and why. It is also key to promoting projects and events that occur across our District. This team drives strategic communications, branding and internal, corporate and daily media communications through various channels to acknowledge our District's diversity.

The department also efficiently produces all written, visual and audio content for increasingly digital but also print publication – ensuring it is aligned to strategy, brand, legislation, media law and our audience's needs. Additionally, we support all Council functions in responding to daily media enquiries and various team members also serve as Public Information Managers in any civil defence event within our District.

Support services projects

Note: The projects listed below comprise both capital and operating expenditure.

Programme	Project	Carry forward 2017-18 \$000	LTP Year 1 2018-19 \$000	LTP Year 2 2019-20 \$000	LTP Year 3 2020-21 \$000	LTP Year 4-6 2020-24 \$000	LTP Year 7-10 2024-28 \$000
Business Improvement	Business Improvement Projects	-	102	104	-	-	-
	Workflow Systems Development	158	68	-	-	-	-
Business Support	Business Support Projects	-	100	100	-	-	-
Civic Buildings	Furniture Renewals	-	20	20	20	60	80
Civic centre	Civic centre	7,214	2,754	15,194	12,784	-	-
Council Vehicle Replacements	Council Vehicle Replacements	-	214	219	224	702	1,018
Digital Council	Asset Management Mobility	-	-	-	358	94	-
	Asset Management Software Upgrade	53	808	822	-	-	-
	CiA Upgrade	398	1,114	417	-	-	-
	Computer Tech for Building, Animal Control and Parking	124	-	-	-	-	-
	Corporate Performance Management	15	318	-	-	-	-
	Council Knowledge Base	-	-	-	-	296	-
	Council Performance Online	-	-	-	-	493	-
	Customer Access – Online Services	-	-	466	-	-	-
	Decision Support System Development	65	81	-	-	-	-
	Digital District Plan and Policies Online	-	-	506	55	-	-
	Digital Platform	40	858	-	-	-	-
	Digitisation of Records	399	510	244	-	-	-
	Electronic LIMs	-	-	605	33	83	-
	Electronic Signatures	-	-	-	-	213	-
	IT Equipment New	-	51	52	53	167	242
	IT Equipment Replacement	-	-	625	639	-	1,536
	IT Network Upgrades	60	-	-	-	-	-
	LIDAR	-	128	-	-	-	-
	Minor ICT Projects	-	82	83	85	267	388
	Mobility Technology – Building	-	-	336	-	-	-
	Platform as a Service	-	-	-	405	235	-
	Telephony as a Service	-	-	-	-	1,023	435
	Travel and Expense Claim Automation	-	-	-	-	120	-
	Upgrade Kete SharePoint	-	-	261	-	-	-
New Theatre/Expo/ Conference	New Theatre	-	-	-	3,883	6,642	-
	Support services Total	8,526	7,207	20,054	18,540	10,395	3,698

Prospective funding impact statement:

Support services

	Annual Plan 2017-18 \$000	Year 1 2018-19 \$000	Year 2 2019-20 \$000	Year 3 2020-21 \$000	Year 4 2021-22 \$000	Year 5 2022-23 \$000	
Sources of Operating Funding							
General rates, uniform annual general charges, rates penalties	4,014	1,748	2,950	4,727	6,112	(818)	
Targeted rates	-	-	-	-	-	-	
Subsidies and grants for operating purposes	-	-	-	-	-	-	
Fees and charges	-	259	265	271	277	283	
Internal charges and overheads recovered	21,683	23,181	23,349	23,217	26,698	27,992	
Local authorities fuel tax, fines, infringement fees and other receipts	266	246	250	255	259	264	
Total Operating Funding	25,963	25,434	26,814	28,470	33,346	27,721	
Applications of Operating Funding							
Payments to staff and suppliers	17,918	19,721	19,077	17,910	19,460	20,073	
Finance costs	493	-	498	1,245	1,862	1,834	
Internal charges and overheads applied	2,160	2,635	2,687	2,689	3,055	3,203	
Other operating funding applications	-	-	-	-	-	-	
Total Applications of Operating Funding	20,571	22,356	22,262	21,844	24,377	25,110	
Surplus/(Deficit) of Operating Funding	5,392	3,078	4,552	6,625	8,969	2,612	
Sources of Capital Funding							
Subsidies and grants for capital expenditure	-	-	-	-	-	-	
Development and financial contributions	-	-	-	-	-	-	
Increase/(decrease) in debt	10,284	2,814	15,046	12,414	(506)	(579)	
Gross proceeds from sale of assets	-	-	-	-	-	-	
Other dedicated capital funding	-	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	-	
Total Sources of Capital Funding	10,284	2,814	15,046	12,414	(506)	(579)	
Applications of Capital Funding							
Capital expenditure							
to meet additional demand	282	558	1,077	26	123	123	
to improve levels of service	3,014	3,373	16,283	17,542	7,318	538	
to replace existing assets	12,380	1,346	1,611	831	369	706	
Increase/(decrease) in reserves	-	615	627	640	652	666	
Increase/(decrease) of investments	-	-	-	-	-	-	
Total Applications of Capital Funding	15,676	5,892	19,598	19,039	8,463	2,033	
Surplus/(Deficit) of Capital Funding	(5,392)	(3,078)	(4,552)	(6,625)	(8,969)	(2,612)	
Funding Balance	-	-	-	-	-	-	

	Year 6 2023-24 \$000	Year 7 2024-25 \$000	Year 8 2025-26 \$000	Year 9 2026-27 \$000	Year 10 2027-28 \$000	
Sources of Operating Funding						
	(1,729)	(1,165)	(1,103)	(1,835)	(1,786)	General rates, uniform annual general charges, rates penalties
	-	-	-	-	-	Targeted rates
	-	-	-	-	-	Subsidies and grants for operating purposes
	289	296	304	311	319	Fees and charges
	28,792	30,169	30,440	31,337	32,503	Internal charges and overheads recovered
	270	275	281	287	293	Local authorities fuel tax, fines, infringement fees and other receipts
	27,622	29,575	29,922	30,100	31,329	Total Operating Funding
Applications of Operating Funding						
	20,715	21,976	22,234	23,074	24,169	Payments to staff and suppliers
	1,804	1,773	1,740	1,705	1,669	Finance costs
	3,286	3,412	3,461	3,556	3,666	Internal charges and overheads applied
	-	-	-	-	-	Other operating funding applications
	25,805	27,161	27,435	28,335	29,504	Total Applications of Operating Funding
	1,817	2,414	2,487	1,766	1,825	Surplus/(Deficit) of Operating Funding
Sources of Capital Funding						
	-	-	-	-	-	Subsidies and grants for capital expenditure
	-	-	-	-	-	Development and financial contributions
	(609)	(640)	(672)	(707)	(743)	Increase/(decrease) in debt
	-	-	-	-	-	Gross proceeds from sale of assets
	-	-	-	-	-	Other dedicated capital funding
	-	-	-	-	-	Lump sum contributions
	(609)	(640)	(672)	(707)	(743)	Total Sources of Capital Funding
Applications of Capital Funding						
						Capital expenditure
	21	-	-	-	-	to meet additional demand
	100	210	215	61	63	to improve levels of service
	409	872	893	277	284	to replace existing assets
	679	692	706	720	735	Increase/(decrease) in reserves
	-	-	-	-	-	Increase/(decrease) of investments
	1,209	1,774	1,814	1,059	1,082	Total Applications of Capital Funding
	(1,817)	(2,414)	(2,487)	(1,766)	(1,825)	Surplus/(Deficit) of Capital Funding
	-	-	-	-	-	Funding Balance

Group entities

Council Controlled Organisations

Council currently delivers a variety of services through Council Controlled Organisations (CCOs).

Council delivers strategic services or initiatives through a CCO where it considers this is a more effective, efficient and financially viable option compared to other means of delivery.

The Local Government Act 2002 defines a CCO as either:

A company:

- in which equity securities carrying 50% or more of the voting rights at a meeting of the shareholders of the company are:
 - held by one or more local authorities; or
 - controlled, directly or indirectly, by one or more local authorities; or
- in which one or more local authorities have the right, directly or indirectly, to appoint 50% or more of the directors; or

An entity in respect of which one or more local authorities have, whether or not jointly with other local authorities or persons:

- control, directly or indirectly, of 50% or more of the votes at any meeting of the members or controlling body of the organisation; or
- the right, directly or indirectly, to appoint 50% or more of the trustees, directors or managers (however described) of the entity.

Council has responsibility for five organisations that meet these definitions:

- Whangarei Waste Ltd
- Whangarei Art Museum Trust
- Northland Event Centre Trust
- Whangarei District Airport
- Springs Flat Contractors Limited
- Northland Regional Landfill Limited Partnership.

Each of these organisations are required to complete a Statement of Intent (SOI), unless an exemption under the Local Government Act 2002 has been granted. Under the this Act if an entity is exempt then it is not a CCO. Whangarei Waste Ltd, Springs

Flat Contractors Limited and Northland Event Centre Trust are exempt entities.

The non-exempt entities are:

Whangarei Art Museum Trust (WAMT)

Due to the progression of the Hundertwasser Wairau Māori Art Centre project, on 14 December 2017 WAMT was de-exempt and is now subject to the reporting requirements under the Local Government Act 2002 (LGA).

WAMT is incorporated as a Trust Board under the Charitable Trusts Act. The board comprises of seven trustees, four appointed by Council. WAMT relies on funding from Council and its museum is located in Council-owned premises.

WAMT operates to the following principles, to:

- be responsible for the establishment and management of an art museum
- properly maintain, catalogue, conserve and display works of art including Council's art collection
- support, stimulate and enhance the artistic and cultural life of our District
- purchase, collect and show quality works of art to enhance and enlarge the present collection
- promote the Whangarei Art Museum and to attract touring exhibitions and encourage artists to exhibit their work
- maximise the benefits of an art museum for the people of the Whangarei District and encourage the people of the Whangarei District and elsewhere to visit.

The performance measures below are contained in the draft Statement of Intent (SOI) and will be put to Council for final approval.

Key performance targets and measures

- Governance objectives to be met by the Board and performance review of the trustees
- Adherence to legislative and Trust Deed requirements
- Regular governance meetings
- Effective and best practice financial management
- Monitoring of Annual Plan objectives and KPI's
- Risk management

- Statement of Intent, business and budget planning ensures future needs
- Programmes, events plan in place
- Effective marketing and communications.
- Health and safety commitments
- Staff and volunteer engagement and training
- Long-term planning and vision.
- Seeking external funding and financial management
- Increased community and stakeholder engagement
- Operational education centre and facilities.

Whangarei District Airport (WDA)

The Whangarei District Airport is a fully serviceable airport for the use of visitors, residents and ratepayers and is required to meet the needs of scheduled and non-scheduled aviation operators and their customers.

It is a key activity that standards of safety are promoted and maintained, recognising the Civil Aviation Authority (CAA) and other safety and health requirements.

Our District Airport is a joint venture with the Crown through the Ministry of Transport. The principal activity is the provision of airport and landing facilities. The land is owned 100% by the Crown. Council's ownership consists of 100% of buildings and lighting and 50% interest in all other assets, liabilities and net surplus. Council operates the airport as the Airport Authority under the Airport Authorities Act 1966 (S3) and its objectives are to run the airport in a cost effective and efficient manner while meeting Ministry of Transport requirements. Day-to-day management is effected by way of a management contract with Northland Aviation Limited.

Key performance targets and measures

- To operate to financial budgets
- To meet or exceed Airport Certification Standards as laid down by the CAA for the airport and reported by random audit
- To conduct a survey of airport users and determine their views on airport facilities and future facility developments
- To implement the new Civil Aviation Authority requirement for a Safety Management System
- Engage third party quality auditor each June
- To implement necessary changes to health and safety policies and procedures to address any changes to legislation

- To explore economic development opportunities in attracting new business and job creation
- Explore existing service providers and encourage expansion and investment.

Council Controlled Trading Organisations

A Council Controlled Trading Organisation (CCTO) is a CCO that operates a trading operation for making profit.

Council has responsibility for one CCTO: the Northland Regional Landfill Limited Partnership.

Northland Regional Landfill Limited Partnership (NRLLP)

The NRLLP is operated under a limited partnership agreement between the limited partners – Whangarei District Council and Northland Waste Limited. The General Partner is Whangarei Waste Limited.

The Limited Partnership is a CCTO. On creation, assets owned by Council were sold to the Limited Partnership on a deferred payment basis over four years. Council's Prospective Statement of Financial Position records Council's investment in the Limited Partnership and the remaining balance of the loan for the sale of assets.

The day-to-day operational activities of the Partnership are managed by Quay Contracting Limited, a subsidiary of Northland Waste Limited. The main activity of the Partnership is to provide waste disposal facilities in the Whangarei District.

The scope of activities of the Limited Partnership is to:

- own and operate the Puwera Landfill
- own, operate and manage ReSort Resource Recovery Park
- conduct such other waste collection and waste management and minimisation activities as the parties agree shall be dealt with by the Limited Partnership from time to time.

Key performance targets and measures

NRLLP is a 'for profit' entity operating in a very competitive environment. Commercial sensitivity precludes the publication of business performance measures.

Local Government Funding Agency

The Local Government Funding Agency (LGFA) is not a subsidiary of Council. It is a separate entity, jointly owned by the Crown and 40 local authorities, including Council. The LGFA raises debt funding either domestically and/or offshore in either New Zealand dollars or foreign currency and provides debt funding to New Zealand local authorities.

The LGFA will operate with the primary objective of optimising debt funding terms and conditions for participating Local Authorities. Among other things this includes:

- providing debt to participating local authorities at the lowest possible interest rates commensurate with the relevant maturity
- making longer-term borrowing available to participating local authorities
- enhancing the certainty of access to debt markets for participating local authorities, subject always to operating in accordance with sound business practice.

FINANCIAL INFORMATION

Forecast financial statements

Introduction

The forecast financial statements of this LTP provide information on the budgets for all of Council.

Prospective financial statements

These statements include the Prospective Statement of Comprehensive Revenue and Expense, Prospective Statement of Financial Position, Prospective Statement of Changes in Equity and Prospective Statement of Cash Flows for Council which are found in all annual plans and reports. These statements cover the 10 years of the LTP and provide information as to planned performance and management of Council's assets and liabilities.

Amongst other LGA requirements, the purpose of these prospective financial statements is to provide:

- integrated decision-making and coordination of Council's resources
- a long-term focus for the activities of the Local Authority.

The financial statements should not be relied upon other than for the purposes described above. Actual financial results are likely to vary from those forecast within this plan. These prospective financial statements are a forecast for 10 years based on the latest information and knowledge at hand at the time of Council deliberations on submissions received on the LTP Consultation Document and in conjunction with assumptions considered appropriate at that time. At the time of producing these prospective

financial statements the starting point (the 2017-18 financial year) was not complete but forecasts for the full year produced by Council in April 2018 (based on actual results for the nine months to the end of March 2018), have been utilised.

The first year of the LTP is the budget that Council will use to measure its actual financial performance against the 2018-19 financial year. A new LTP will be produced in three years' time for 2021 to 2031. In between this LTP and the next LTP, Annual Plans will be produced for the 2019-20 and 2020-21 financial years, all of which will update the financial forecast based on current information at that time.

Council has chosen to produce parent prospective financial statements and not group financial statements because the difference between parent and group is not material enough to alter a reader's opinion on the information provided within the financial statements. These financial statements comply with PBE FRS-42.

Responsibility for financial statements

Council is responsible for the prospective financial statements presented in this LTP. Council believe that appropriate assumptions have been used to produce these prospective financial statements and that all disclosure requirements have been met.

Authorisation and issue of financial statements

These financial statements were authorised for issue by Council on 28 June 2018. It is not intended to update the financial statements after issue.

Significant forecasting assumptions

This information outlines the assumptions made in formulating the financial information for the Plan. The assumptions are assessed for financial risk – the impact of an assumption not occurring – and the level of uncertainty associated with the assumption. For assumptions with high financial risk, commentary and analysis on the impact of the assumption is

provided. The price level adjusters which are used to project the impact of inflation across the 10 years of the LTP are also detailed as part of the assumptions.

Accounting policies

These policies are compliant with International Public Sector Accounting Standards (IPSAS) for Public Benefit Entities (PBE) and provide detail on how Council applies the standards to the Prospective Financial Statements.

Reserve funds

The section on reserve funds outlines the funds Council holds for specific purposes and how the balances of the funds move between years one and 10 of this Plan.

Funding Impact Statement

The Funding Impact Statement sets out the information required by Schedule 10 of the LGA to assist ratepayers in understanding the impact of the plan.

Prospective statement of comprehensive revenue and expenditure

	Annual Plan 2017-18 \$000	LTP year 1 2018-19 \$000	LTP year 2 2019-20 \$000	LTP year 3 2020-21 \$000	LTP year 4 2021-22 \$000	LTP year 5 2022-23 \$000	
Revenue							
Rates	92,376	97,322	101,592	106,072	110,802	115,764	
Development and other contributions	3,028	4,640	4,794	4,952	5,114	5,012	
Subsidies and grants	19,941	22,524	25,539	20,190	20,356	19,946	
Fees and charges	14,654	14,144	14,863	15,635	16,468	17,382	
Interest revenue	394	53	46	41	37	35	
Other revenue	12,591	13,013	13,225	13,396	13,625	14,290	
Total income	142,984	151,696	160,059	160,286	166,402	172,429	
Expenditure							
Other expenditure	60,174	65,880	66,937	64,748	67,990	68,674	
Depreciation and amortisation	41,329	38,720	40,274	41,934	43,836	46,299	
Finance costs	8,059	6,609	7,345	8,690	9,424	10,228	
Personnel costs	27,744	29,463	30,173	30,838	31,665	32,606	
Total operating expenditure	137,306	140,672	144,729	146,210	152,915	157,807	
Surplus/(deficit) before taxation	5,678	11,024	15,330	14,076	13,487	14,622	
Taxation charge		-	-	-	-	-	
Surplus/(deficit) after taxation	5,678	11,024	15,330	14,076	13,487	14,622	
Other comprehensive revenue and expenses							
Gain/(loss) on infrastructure asset revaluation	-	42,003	17,395	17,959	71,918	20,795	
Gain/(loss) on other asset revaluations	-	-	-	-	-	1,705	
Total comprehensive income	5,678	53,027	32,725	32,035	85,405	37,122	

Prospective statement of changes in net assets/equity

	Annual Plan 2017-18 \$000	LTP year 1 2018-19 \$000	LTP year 2 2019-20 \$000	LTP year 3 2020-21 \$000	LTP year 4 2021-22 \$000	LTP year 5 2022-23 \$000	
Opening balance as at 1 July	1,512,981	1,480,857	1,533,884	1,566,608	1,598,644	1,684,048	
Total comprehensive revenue and expense	5,678	53,027	32,724	32,035	85,404	37,122	
Adjustments and contributions to net assets/equity	-	-	-	-	-	-	
Total recognised net assets/equity as at 30 June	1,518,659	1,533,884	1,566,608	1,598,643	1,684,048	1,721,170	

	LTP year 6 2023-24 \$000	LTP year 7 2024-25 \$000	LTP year 8 2025-26 \$000	LTP year 9 2026-27 \$000	LTP year 10 2027-28 \$000	
Revenue						
	120,977	126,561	132,546	138,846	145,590	Rates
	5,127	5,250	5,381	5,516	5,659	Development and other contributions
	20,413	21,557	25,051	26,208	27,881	Subsidies and grants
	18,295	19,293	20,386	21,559	22,854	Fees and charges
	35	35	35	35	35	Interest revenue
	14,019	14,140	14,232	14,374	14,588	Other revenue
	178,866	186,836	197,631	206,538	216,607	Total income
Expenditure						
	72,112	72,877	73,982	76,123	78,501	Other expenditure
	47,657	48,669	50,838	52,328	53,838	Depreciation and amortisation
	10,582	10,428	10,747	10,901	10,828	Finance costs
	33,580	34,585	35,615	36,678	37,777	Personnel costs
	163,931	166,559	171,182	176,030	180,944	Total operating expenditure
	14,935	20,277	26,450	30,507	35,662	Surplus/(deficit) before taxation
	-	-	-	-	-	Taxation charge
	14,935	20,277	26,450	30,507	35,662	Surplus/(deficit) after taxation
Other comprehensive revenue and expenses						
	21,459	85,033	24,753	26,699	105,421	Gain/(loss) on infrastructure asset revaluation
	-	-	-	-	2,086	Gain/(loss) on other asset revaluations
	36,394	105,310	51,203	57,206	143,169	Total comprehensive income

	LTP year 6 2023-24 \$000	LTP year 7 2024-25 \$000	LTP year 8 2025-26 \$000	LTP year 9 2026-27 \$000	LTP year 10 2027-28 \$000	
	1,721,170	1,757,563	1,862,875	1,914,078	1,971,284	Opening balance as at 1 July
	36,393	105,311	51,203	57,206	143,168	Total comprehensive revenue and expense
	-	-	-	-	-	Adjustments and contributions to net assets/ equity
	1,757,563	1,862,874	1,914,078	1,971,284	2,114,452	Total recognised net assets/equity as at 30 June

Prospective statement of financial position

	Annual Plan 2017-18 \$000	LTP year 1 2018-19 \$000	LTP year 2 2019-20 \$000	LTP year 3 2020-21 \$000	LTP year 4 2021-22 \$000	LTP year 5 2022-23 \$000	
Assets							
Current assets							
Cash and cash equivalents	281	300	300	300	300	300	
Debtors and receivables	18,093	17,057	18,010	18,052	18,738	19,426	
Derivative financial instruments	-	-	-	-	-	-	
Other financial assets	266	607	607	607	607	607	
Other current assets	716	822	822	822	822	822	
Assets held for sale	-	-	-	-	-	-	
Total current assets	19,356	18,786	19,739	19,781	20,467	21,155	
Non current assets							
Derivative financial assets	-	10	10	10	10	10	
Other financial assets							
- Investments held in joint ventures and subsidiaries	9,358	11,589	12,601	13,727	14,976	16,395	
- Investments held in other entities	4,215	2,924	2,924	2,924	2,924	2,924	
Property plant and equipment	1,613,362	1,610,830	1,681,269	1,742,893	1,840,024	1,885,258	
Intangible assets	6,632	8,540	10,385	9,876	9,350	8,924	
Forestry assets	800	787	787	787	787	787	
Investment properties	53,225	55,919	55,919	55,919	55,919	55,919	
Total non current assets	1,687,592	1,690,599	1,763,895	1,826,136	1,923,990	1,970,217	
Total assets	1,706,948	1,709,385	1,783,634	1,845,917	1,944,457	1,991,373	
Liabilities							
Current liabilities							
Payables and deferred revenue	20,744	21,615	28,513	26,315	26,208	26,360	
Derivative financial instruments	382	283	283	283	283	283	
Current borrowings	29,000	29,000	20,000	23,000	10,000	20,000	
Employee benefits liabilities	2,262	2,478	2,528	2,578	2,630	2,683	
Provisions	358	108	106	108	114	234	
Total current liabilities	52,746	53,484	51,430	52,284	39,235	49,560	

	LTP year 6 2023-24 \$000	LTP year 7 2024-25 \$000	LTP year 8 2025-26 \$000	LTP year 9 2026-27 \$000	LTP year 10 2027-28 \$000	
Assets						
Current assets						
	300	300	300	300	300	Cash and cash equivalents
	20,176	21,071	22,301	23,330	24,464	Debtors and receivables
	-	-	-	-	-	Derivative financial instruments
	607	607	607	607	607	Other financial assets
	822	822	822	822	822	Other current assets
	-	-	-	-	-	Assets held for sale
	21,905	22,800	24,030	25,059	26,193	Total current assets
Non-current assets						
	10	10	10	10	10	Derivative financial assets
						Other financial assets
	17,814	19,233	20,652	22,071	23,490	- Investments held in joint ventures and subsidiaries
	2,924	2,924	2,924	2,924	2,924	- Investments held in other entities
	1,924,120	2,035,166	2,093,311	2,146,977	2,289,809	Property plant and equipment
	7,544	5,923	4,295	2,662	1,023	Intangible assets
	787	787	787	787	787	Forestry assets
	55,919	55,919	55,919	55,919	55,919	Investment properties
	2,009,118	2,119,962	2,177,898	2,231,350	2,373,962	Total non-current assets
	2,031,023	2,142,761	2,201,928	2,256,409	2,400,155	Total assets
Liabilities						
Current liabilities						
	26,068	28,059	30,149	29,600	32,003	Payables and deferred revenue
	283	283	283	283	283	Derivative financial instruments
	20,000	20,000	20,000	20,000	20,000	Current borrowings
	2,736	2,791	2,847	2,904	2,962	Employee benefits liabilities
	112	110	113	117	115	Provisions
	49,199	51,243	53,392	52,904	55,363	Total current liabilities

Prospective statement of financial position

	Annual Plan 2017-18 \$000	LTP year 1 2018-19 \$000	LTP year 2 2019-20 \$000	LTP year 3 2020-21 \$000	LTP year 4 2021-22 \$000	LTP year 5 2022-23 \$000	
Non current liabilities							
Derivative financial instruments	12,009	11,233	11,233	11,233	11,233	11,233	
Non-current borrowings	121,477	108,860	152,483	181,923	208,163	207,811	
Employee benefits liabilities	365	399	407	415	424	432	
Provisions	1,103	1,368	1,318	1,262	1,199	1,012	
Payables and deferred revenue	589	156	156	156	156	156	
Total non current liabilities	135,543	122,016	165,597	194,989	221,175	220,644	
Total liabilities	188,289	175,500	217,027	247,273	260,410	270,204	
Net assets	1,518,659	1,533,885	1,566,607	1,598,644	1,684,047	1,721,169	
Equity							
Retained earnings	855,622	896,165	921,498	937,543	951,294	966,009	
Other reserves	67,412	71,933	61,928	59,959	59,694	59,601	
Asset revaluation reserve	595,625	565,787	583,180	601,143	673,058	695,558	
Total equity attributable to Council	1,518,659	1,533,885	1,566,607	1,598,644	1,684,047	1,721,169	

	LTP year 6 2023-24 \$000	LTP year 7 2024-25 \$000	LTP year 8 2025-26 \$000	LTP year 9 2026-27 \$000	LTP year 10 2027-28 \$000	
Non-current liabilities						
	11,233	11,233	11,233	11,233	11,233	Derivative financial instruments
	211,491	215,937	221,821	219,661	217,857	Non-current borrowings
	441	450	459	468	477	Employee benefits liabilities
	941	869	791	705	619	Provisions
	156	156	156	156	156	Payables and deferred revenue
	224,262	228,645	234,460	232,223	230,342	Total non-current liabilities
	273,461	279,888	287,852	285,127	285,705	Total liabilities
	1,757,562	1,862,873	1,914,075	1,971,282	2,114,451	Net assets
						Equity
	984,026	1,011,097	1,036,354	1,065,636	1,100,040	Retained earnings
	56,519	49,726	50,919	52,144	53,401	Other reserves
	717,017	802,050	826,802	853,502	961,009	Asset revaluation reserve
	1,757,562	1,862,873	1,914,075	1,971,282	2,114,451	Total equity attributable to Council

Prospective statement of cash flows

	Annual Plan 2017-18 \$000	LTP year 1 2018-19 \$000	LTP year 2 2019-20 \$000	LTP year 3 2020-21 \$000	LTP year 4 2021-22 \$000	LTP year 5 2022-23 \$000	
Cash flows from operating activities							
Receipts from rate revenue	91,669	96,625	100,964	106,045	110,349	115,310	
Subsidies and grants received	19,792	22,373	25,404	20,184	20,258	19,848	
Other revenue including development contributions	14,569	13,107	13,367	13,678	13,878	14,271	
Fees and charges received	12,506	14,048	14,777	15,631	16,406	17,320	
Interest received	394	50	43	40	35	33	
Dividends received	540	540	540	540	540	540	
Payments to suppliers and employees	(88,181)	(94,346)	(93,659)	(96,682)	(99,707)	(101,207)	
Interest paid	(8,009)	(6,609)	(7,345)	(8,690)	(9,424)	(10,228)	
Net cash flow from operating activities	43,280	45,788	54,091	50,746	52,335	55,887	
Cash flows from investing activities							
Proceeds from fixed assets	-	-	-	-	-	-	
Receipts from investments and loans	-	-	-	-	-	-	
Purchase and development of fixed assets	(61,994)	(58,763)	(88,712)	(83,186)	(65,575)	(65,535)	
Purchase of investments and loans provided	-	-	-	-	-	-	
Net cash flow from investing activities	(61,994)	(58,763)	(88,712)	(83,186)	(65,575)	(65,535)	
Cash flows from financing activities							
Proceeds from borrowings	18,314	12,974	34,623	32,440	13,240	9,648	
Loan repayments received	-	-	-	-	-	-	
Repayment of borrowings	-	-	-	-	-	-	
Loans granted	-	-	-	-	-	-	
Net cash flow from investing activities	18,314	12,974	34,623	32,440	13,240	9,648	
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	(400)	(1)	1	-	-	0	
Cash, cash equivalents and bank overdrafts at the beginning of the year	681	300	300	300	300	300	
Cash, cash equivalents and bank overdrafts at the end of the year	281	300	300	300	300	300	

	LTP year 6 2023-24 \$000	LTP year 7 2024-25 \$000	LTP year 8 2025-26 \$000	LTP year 9 2026-27 \$000	LTP year 10 2027-28 \$000	
Cash flows from operating activities						
	120,482	125,971	131,734	138,167	144,842	Receipts from rate revenue
	20,306	21,429	24,876	26,061	27,719	Subsidies and grants received
	14,108	14,337	14,525	14,823	15,169	Other revenue including development contributions
	18,228	19,212	20,275	21,466	22,752	Fees and charges received
	33	32	32	32	32	Interest received
	540	540	540	540	540	Dividends received
	(105,904)	(106,471)	(108,557)	(113,083)	(115,088)	Payments to suppliers and employees
	(10,582)	(10,428)	(10,747)	(10,901)	(10,828)	Interest paid
	57,211	64,622	72,678	77,105	85,138	Net cash flow from operating activities
Cash flows from investing activities						
	-	-	-	-	-	Proceeds from fixed assets
	-	-	-	-	-	Receipts from investments and loans
	(60,892)	(69,070)	(78,563)	(74,944)	(83,334)	Purchase and development of fixed assets
	-	-	-	-	-	Purchase of investments and loans provided
	(60,892)	(69,070)	(78,563)	(74,944)	(83,334)	Net cash flow from investing activities
Cash flows from financing activities						
	3,681	4,446	5,883	-	-	Proceeds from borrowings
	-	-	-	-	-	Loan repayments received
	-	-	-	(2,160)	(1,804)	Repayment of borrowings
	-	-	-	-	-	Loans granted
	3,681	4,446	5,883	(2,160)	(1,804)	Net cash flow from investing activities
	1	(3)	(1)	1	1	Net increase/(decrease) in cash, cash equivalents and bank overdrafts
	300	300	300	300	300	Cash, cash equivalents and bank overdrafts at the beginning of the year
	300	300	300	300	300	Cash, cash equivalents and bank overdrafts at the end of the year

Reserve funds

Balances of reserves held are:

Activity		Opening balance July 2018	Transfers in	Transfers out	Estimated closing balance 30 June 2028
	Asset revaluation Reserve	523,783	437,226	-	961,009
	Total Asset Revaluation Reserve	523,783	437,226	-	961,009
Governance and strategy	Fishermans Levy – to fund maintenance and upgrading of marine facilities for use by commercial fishing vessels	109	-	-	109
Community facilities and services	Trust Funds – bequests held for specific purpose	20	-	-	20
Community facilities and services	Community Development Fund 1 – to provide funding for land for reserves for community facilities on Council owned reserve land	4,146	1,702	-	5,848
Community facilities and services	Community Development Fund 2 – to provide funding for community facilities on non-Council reserve land	6,488	2,664	-	9,152
Community facilities and services	Community Development Fund 3 – to provide funding for performing arts activities	314	129	-	443
Community facilities and services	Art Acquisitions – to fund acquisition of artworks	5	-	-	5
Community facilities and services	Clock Purchases – to fund purchase of clocks for the Claphams Clocks Museum	51	-	-	51
Community facilities and services	AH Reed Reserve – residual balance	3	-	-	3
Community facilities and services	Leonard Library Reserve – bequest for the purchase of library books	296	-	-	296
Governance and strategy	Property Reinvestment Reserve – to fund property purchases for a commercial return	30,742	6,732	-	37,474
Water	Water Reserve – to hold any surpluses for future funding of water activities	30,130	-	30,130	-
Planning and regulatory services	Dog Reserve – to hold any surpluses for future funding of Dog activities	110	-	110	-
Community facilities and services	General Reserve – to fund operational grants committed but not paid	1,127	-	1,127	-
	Total Reserves and Special Funds	73,542	11,227	31,367	53,402

RATES INFORMATION

Funding Impact Statement

This statement sets out the information required by clause 15 of Schedule 10 of the Local Government Act 2002 to assist ratepayers in understanding the impact of the LTP. This statement should be read in conjunction with the Revenue and Financing Policy prepared as part of the LTP 2018-28 process.

Financial disclosures

The Local Government Act requires disclosure of all sources of funding in a prescribed format. The Funding Impact Statement showing the overall sources of funding, the amount of funds expected from each source and how those funds will be applied has been included on page 22 of this document, which are to be read together with and form part of this Funding Impact Statement.

Rates

These rates are based on the funding requirements set out in the LTP together with the land values, capital values and property numbers included in Council's Rating Information Database.

General rates

General rates are set under Section 13 of the Local Government (Rating) Act 2002. Council proposes to set a general rate for all rateable land in our District.

The general rate will be made up of a uniform annual general charge (UAGC) and a value-based general rate.

Value based general rates

The value-based general rate will be assessed on the land value of each rateable rating unit in our District.

The general rate will be set on a differential basis based on the category of land use or, in certain circumstances, land zoning. The objective of the differential rate is to achieve the total revenue sought from each category of land use, as set out on page 102.

Where a property is used for more than one purpose the value of the property will be apportioned between the different categories. Subject to legal rights of objection, it shall be at the sole discretion of Council to determine the use or principal use of any rating unit.

The value-based general rate for a given property will be assessed by multiplying the land value of the rating unit by the rate per dollar that applies to the category of land use.

Differential basis

All rating units in our District are allocated to the most appropriate category based on the use to which the land is put or, in specified circumstances, the land's zone. The categories are:

Category 1: Residential

All rating units which are used principally for residential or lifestyle residential purposes, including retirement villages, flats and apartments.

Category 2: Multi-unit

All rating units used principally for residential purposes and on which is situated multi-unit type residential accommodation that is used principally for temporary or permanent residential accommodation for commercial purposes, including, but not limited to, hotels, boarding houses, motels, tourist accommodation, residential clubs, hostels, but excluding any properties which are licensed under the Sale and Supply of Alcohol Act 2012.

Category 3: Miscellaneous properties

All rating units being any other property not otherwise categorised.

Category 4: Rural

All rating units which are used principally for agricultural, horticultural, forestry, pastoral or aquaculture purposes, or for the keeping of bees, poultry or other livestock. This does not include properties which are used for non-economic lifestyle residential purposes, generally 20 hectares or less and where the value of the land exceeds the value of comparable farmland.

Category 5: Commercial and industrial

All rating units used principally for commercial, industrial or related purposes or zoned for commercial, industrial or related purposes and not otherwise categorised. For the avoidance of doubt, this category includes properties licensed under the Sale and Supply of Alcohol Act 2012; and private hospitals and private medical centres.

Uniform Annual General Charge

The Uniform Annual General Charge (UAGC) is set under Section 15 of the Local Government (Rating) Act 2002. The UAGC will be charged to each separately used or inhabited part (SUIP) of a rating unit. The effect of this is that where a rating unit has more than one use or occupation, a separate charge will apply to each part.

The UAGC is calculated according to the judgement of Council on what is the proper balance between the fixed and variable parts of the general rate and on any consequential impacts on individuals and groups of ratepayers.

A UAGC of \$458.00 (including GST) will apply per SUIP for 2018-19. This is estimated to produce \$19.691 million (including GST) for 2018-19 and equates to 29 percent of general rates revenue and 17 percent of total rates revenue.

Definition of separately used or inhabited part of a rating unit

A separately used or inhabited part is defined as:

- any part of a property (rating unit) that is separately used or occupied, or is intended to be separately used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, license, or other agreement
- any part of a rating unit that is separately used, or occupied, or intended to be separately used or occupied by the ratepayer.

Examples include:

- each separate shop or business activity on a rating unit
- each occupied or intended to be occupied dwelling, flat, or additional rentable unit (attached or not attached) on a rating unit
- individually tenanted flats, including retirement units, apartments and town houses (attached or not attached) or multiple dwellings on Māori freehold land on a rating unit
- each block of land for which a separate title has been issued, even if that land is vacant.

General rates for the 2018-19 financial year

Total general rates required for 2018-19 are \$66.778 million GST inclusive. The differential rate in the dollar for each category of land use is set to achieve the share of the total revenue sought from each category. The percentage share of total general rates allocated to each category of land use for 2018-19 is all:

Residential properties	61.58%
Multi-unit properties	0.23%
Miscellaneous properties	0.19%
Rural properties	9.50%
Commercial and industrial properties	28.50%
Total	100%

The process by which the differential rate in the dollar for each category is calculated is set out below.

The amount projected to be collected from UAGCs in each land category is deducted from the total revenue sought from each category. The balance required from each category is divided by total land value of land in that category to establish the cents in the dollar required to achieve the revenue sought from that category. The relationship or differential between the categories will be the result of these calculations.

Details of charges and the amount of revenue sought for the 2018-19 year is:

Type of rate	Value based general rates		Uniform Annual General Charge		Total general rates
	Basis of assessment Per \$ of land value		Basis of assessment Per separately used or inhabited part of a rating unit		-
	Rate or charge 2018-19	Revenue sought 2018-19 (GST inclusive)	Rate or charge 2018-19	Revenue sought 2018-19 (GST inclusive)	Revenue sought 2018-19 (GST inclusive)
Residential category	0.0034605	\$23,750,000	\$458.00	\$17,370,000	\$41,120,000
Multi-unit category	0.0069211	\$131,000	\$458.00	\$21,000	\$152,000
Miscellaneous category	0.0034605	\$86,000	\$458.00	\$44,000	\$130,000
Rural category	0.0032835	\$5,328,000	\$458.00	\$1,016,000	\$6,344,000
Commercial and industrial category	0.0224932	\$17,792,000	\$458.00	\$1,240,000	\$19,032,000
Total	-	\$47,087,000	-	\$19,691,000	\$66,778,000

Targeted rates for the 2018-19 financial year

Targeted rates are set under Section 16 of the Local Government (Rating) Act 2002. Targeted rates are used where a Council service provides a specific activity or a benefit to a specific group of people and consequently it is these beneficiaries that are charged the cost of providing the service. It may apply to all ratepayers or a specific group of ratepayers.

Roading schemes

Targeted rates are set for specific activities under Section 16 of the Local Government Rating Act 2002 and apply to properties within a defined area of benefit. Rates for the schemes noted below recover a contribution of the costs of capital works over a five-year period. The maps show the area of benefit and therefore the area of rateable land, in relation to each roading scheme on each map, all properties on the streets marked in yellow are rateable in respect of that roading scheme.

Roading – Seal Extensions – Whangaruru North Road

The sealing of Whangaruru North Road was undertaken by Council and a portion of the costs were to be recovered by those in the area of benefit.

The costs were to be recovered by way of a targeted rate over five years as a fixed amount per rating unit of \$575.00. This is estimated to produce \$17,250 for 2018-19. 2018-19 is the fourth year of this charge.

Whangaruru North Road – Area of benefit

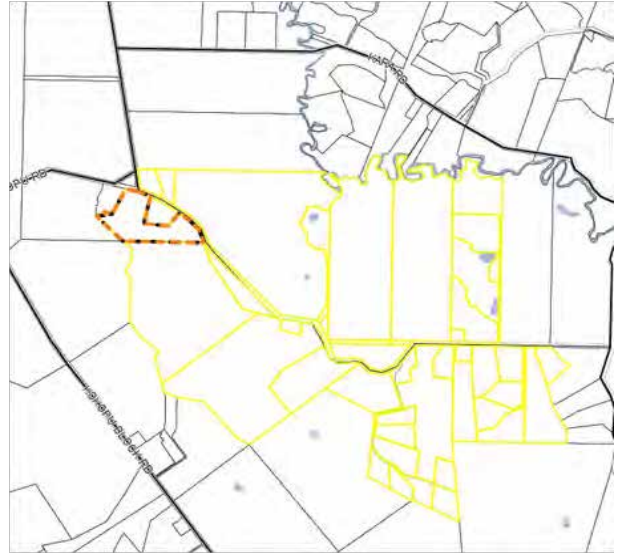


Roading – Seal Extensions – McKinley Road

The sealing of McKinley Road was undertaken by Council and a portion of the costs were to be recovered by those in the area of benefit.

The costs were to be recovered by way of a targeted rate over five years as a fixed amount per rating unit of \$575.00. This is estimated to produce \$22,425 for 2018-19. 2018-19 is the fourth year of this charge.

McKinley Road – Area of benefit



Sewerage disposal rate

The activity for which the targeted rate is set is the operation and maintenance of the sewerage disposal system. The targeted rate will be set and assessed per separately used or inhabited part of a rating unit (as defined on page 101) where the SUIP is connected to Council's wastewater system. The targeted rate is set on a differential basis. Residential

connections will pay a fixed amount regardless of the number of toilet pans or urinals. Other premises, i.e. non-residential, will pay a fixed charge per toilet pan or urinal.

Details of rates for and the amount of revenue sought from, targeted rates for sewerage disposal are:

Type of rate	Basis of assessment	Rate or charge 2018-19 (GST inclusive)	Revenue sought 2018-19 (GST inclusive)
			\$20,773,000
Residential category	Per separately used or inhabited part of a rating unit	\$709.00	\$16,736,000
Other non-residential	Per toilet pan or urinal	\$457.00	\$4,037,000

District-wide refuse management rate

The activity funded by this targeted rate is the provision of refuse services not funded by user charges at transfer stations or the per bag charge (paid by stickers or official rubbish bags) for refuse collected at the kerbside. The targeted rate will be applied on a uniform basis to all rateable properties and assessed to all separately used or inhabited parts of a rating unit (as defined on page 101).

It funds kerbside and other recycling, litter bins, clearing of refuse from parks/reserves and streets, roadside rubbish, dealing with hazardous wastes, removing abandoned vehicles and the seasonal clean-ups required at beaches and other tourist locations. Costs associated with Council's waste minimisation programme are also included.

Also included is the cost of staffing transfer stations to ensure appropriate waste management of hazardous substances and to recover material such as steel and timber to minimise the items that would normally be dumped as waste through the landfill. These are services that benefit the whole District rather than individual users of our District's rubbish collection and disposal services.

A uniform targeted rate of \$179.00 (including GST) will apply per SUIP (as defined at page 101) for 2018-19. This is estimated to produce \$7.679 million (including GST) for 2018-19.

Water rate

The activity for which the targeted rate is set is for the catchment, storage, treatment and distribution of water throughout various parts of our District. A targeted rate set under section 19 of the Local Government (Rating) Act 2002 will apply for water consumption based on water consumed as recorded by a water meter on a per cubic metre basis. The targeted rate under section 19 will be calculated as a fixed charge per unit (cubic metre) of water consumed ("Volumetric consumption charge").

A fixed targeted rate set under section 16 of the Local Government (Rating) Act 2002 will apply to all connected and metered properties ("Supply charge"). This is in addition to the volumetric consumption charge.

A fixed targeted rate set under section 16 of the Local Government (Rating) Act 2002 will apply per SUIP of a rating unit for those premises where consumption of water is not recorded through a meter, but the property is connected to any of our District's water supply systems ("Uniform charge (unmetered)"). A further supply charge is not applied where the uniform unmetered water charge is set.

A fixed targeted rate set under section 16 of the Local Government (Rating) Act 2002 will apply per SUIP of a rating unit for availability of water ("Availability charge") where premises are capable of being connected to the water supply as they are situated within 100 metres of any public water supply reticulation system, but are not connected.

Targeted rates for back flow prevention apply to all properties which have a back-flow preventer connected. The revenue will be used for the monitoring and maintenance of the back-flow preventers. The rate will be assessed on the size of the back-flow preventer.

Details of rates for and the amount of revenue sought from, targeted rates for water

Type of rate	Basis of assessment	Rate or charge 2018-19 (GST inclusive)	Revenue sought 2018-19 (GST inclusive)
Water rate			\$17,202,000
Volumetric consumption charge	Volume of metered water consumed per cubic meter	\$2.26	N/A
Supply charge (metered)	Provision of service per separately used or inhabited part of a rating unit	\$34.50	\$903,000
Availability charge	Availability of service per separately used or inhabited part of a rating unit	\$34.50	\$7,000
Uniform charge (unmetered)	Provision of service per separately used or inhabited part of a rating unit	\$474.00	\$37,000
Backflow preventer charge	Provision of service per connection based on the nature of connection		N/A
	15/20mm connection	\$78.62	
	25mm connection	\$79.69	
	32mm connection	\$94.27	
	40mm connection	\$96.47	
	50mm connection	\$100.09	
	80/100mm connection	\$252.09	
	150mm connection	\$295.11	
	200mm connection	\$488.77	

Flood protection rate

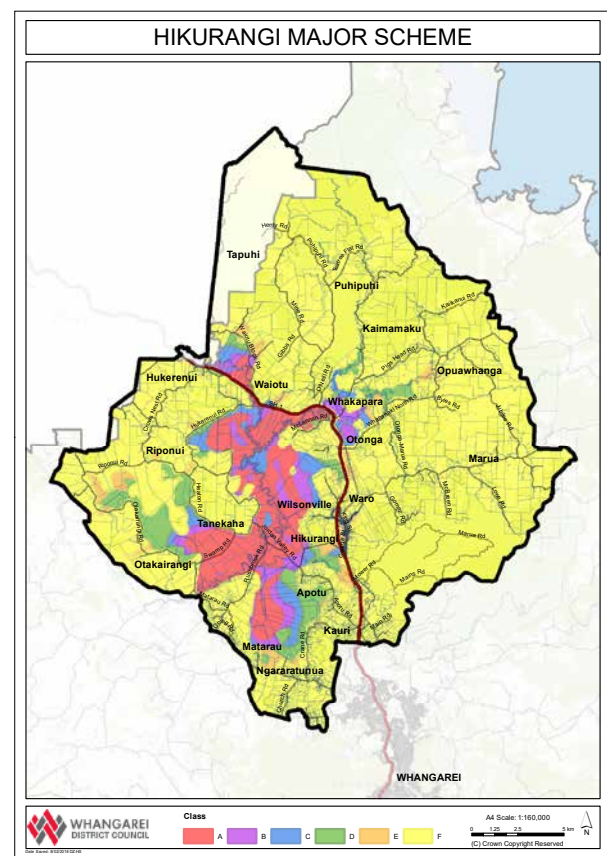
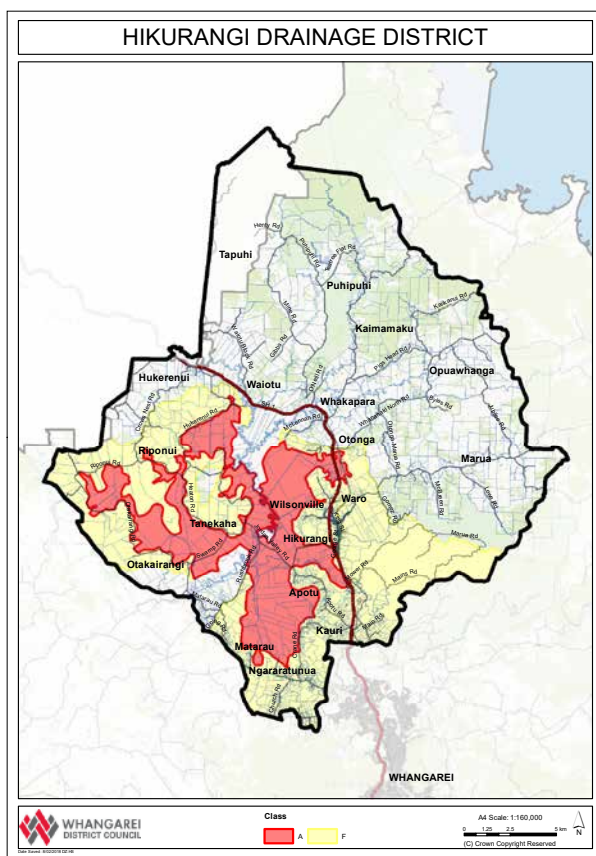
Hikurangi Swamp Rating Districts

A targeted rate applies to properties in the Hikurangi Swamp Special Rating District. The activity funded by this targeted rate is to defray the costs of the Hikurangi Swamp Major Scheme set out on page 50 of the LTP. The area of land within this special rating district is divided into classes based on location and area of benefit or effect of the scheme on a property. The activity funded by this targeted rate is to defray the costs of the Hikurangi Swamp Major Scheme set out on page 50 of the LTP.

The targeted rate is based on a differential graduated scale according to the class of the property and the area of land within the rating unit. Some properties may have areas of land which fall into several classes and the rating differentials are applied accordingly. The targeted rate per hectare for each category (class) of land is set out on the diagram below.

A second targeted rate applies to properties in the Hikurangi Swamp Drainage Rating District. The activity funded by this targeted rate is to defray the costs and charges of the Hikurangi Swamp draining scheme. The targeted rate applies differentially to two categories of land: class A and class F as set out on the Drainage District Diagram below. The targeted rate for each category is based on a differential graduated scale according to the class of the property and the area of land within the rating unit. The targeted rate per hectare for each category (class) of land is set out on the diagram below.

The Hikurangi Swamp rates are projected to increase 8% this year to fund additional expenditure required to maintain the effectiveness of the scheme as outlined in the LTP.



Basis of assessment	Rate or charge 2018-19 (GST inclusive)	Revenue sought 2018-19 (GST inclusive)
\$1,288,000		
Per hectare of land in the Hikurangi Swamp Special Rating area major scheme		\$1,153,000
Class A approx 2,935 ha	\$188.08	\$551,000
Class B approx 1,443 ha	\$168.92	\$247,000
Class C approx 1,472 ha	\$131.67	\$194,000
Class D approx 1,767 ha	\$18.85	\$35,000
Class E approx 983 ha	\$9.48	\$9,000
Class F approx 31,058 ha	\$3.79	\$117,000
Per hectare of land in the Hikurangi Swamp Drainage Rating District		\$135,000
Class A approx 5,037 ha	\$21.76	\$110,000
Class F approx 11,755 ha	\$2.18	\$25,000

Lump sum contributions

Lump sum contributions will not be invited or accepted in respect of any targeted rate.

Discount for full payment of annual rates

Where the total year's land rates and any arrears are paid in full by the due date of the first instalment a discount will apply excluding roading scheme targeted rates. Full details of the actual discount amount available will be included on the rates assessment/invoice.

	Due date	Discount
Full payment of annual land rates and any arrears. (Water rates no longer receive discount for early payment)	20 August 2018	Discount 2.0%

Due dates for rates

Due dates and penalty dates for land rates paid by instalments

A 10% penalty will be added to the amount of each instalment which remains unpaid after the due date for payment as shown in the following table:

	Due date	Late payment penalty	Date penalty applied
Instalment one	20 August 2018	Penalty 10%	23 August 2018
Instalment two	20 November 2018	Penalty 10%	23 November 2018
Instalment three	20 February 2019	Penalty 10%	25 February 2019
Instalment four	20 May 2019	Penalty 10%	23 May 2019

Due dates and penalty dates for water rates

Water accounts are processed monthly, two-monthly or six-monthly. Council agrees that the due dates of these accounts will be relative to the consumer's cyclic billing period and will show on the water rates

invoice in accordance with the table that follows. A penalty of 10% will be applied to amounts unpaid after the due date, in accordance with the following table:

Month water rates invoice issued	Due date for payment	Date penalty will be added
July	20 August 2018	23 August 2018
August	20 September 2018	25 September 2018
September	23 October 2018	26 October 2018
October	20 November 2018	23 November 2018
November	20 December 2018	24 December 2018
December	21 January 2019	24 January 2019
January	20 February 2019	25 February 2019
February	20 March 2019	25 March 2019
March	22 April 2019	26 April 2019
April	20 May 2019	23 May 2019
May	20 June 2019	25 June 2019
June	22 July 2019	25 July 2019

Payment options

Payments for land and water rates can be made:

- by direct debit weekly, fortnightly, monthly, quarterly or annually – our preferred method
- online at www.wdc.govt.nz/Payit with a debit or credit card (please note additional charges may apply)
- internet banking
- by posting a cheque to us: Private Bag 92062, Victoria Street West, Auckland 1142
- by cheque, cash, EFTPOS or credit card at our offices: Forum North, Rust Avenue, Whangārei or 8 Takutai Place, Ruakaka.

All payments will be credited first to the oldest amount due.

Additional charges

Additional penalty on arrears for land and water rates

All rates (land and water) from the previous rating years that remain unpaid as at 5 July 2018 will have a further 10% penalty added. This penalty will be added on 3 September 2018.

Remission and postponement policies

Remission and postponement policies are applied where Council has adopted a policy to alter the amount of rates payable in specific circumstances. These policies may be obtained from our website or on request in person or by phone.

Rating base information

The following information is required to be provided by the Local Government Act 2002, Schedule 10, section 20A:

- the projected number of rating units within Whangarei District at 30 June 2018 is 42,062
- the projected total capital value of rating units within Whangarei District at 30 June 2018 is \$20,609,941,000
- the projected total land value of rating units within Whangarei District at 30 June 2018 is \$9,887,311,000.

Sample of properties showing rates for 2018-19

Randomly selected sample of properties from each category

	2017-18	2018-19
Residential property in urban area with a land value of \$90,000		
General rate – land value	\$300.56	\$311.45
Uniform Annual General Charge	\$440.50	\$458.00
Sewerage disposal rate	\$683.00	\$709.00
District-wide refuse management rate	\$174.50	\$179.00
Total	\$1,598.56	\$1,657.45
Residential property in urban area with a land value of \$195,000		
General rate – land value	\$651.22	\$674.80
Uniform Annual General Charge	\$440.50	\$458.00
Sewerage disposal rate	\$683.00	\$709.00
District-wide refuse management rate	\$174.50	\$179.00
Total	\$1,949.22	\$2,020.80
Residential (lifestyle) property with a land value of \$320,000		
General rate – land value	\$1,068.67	\$1,107.36
Uniform Annual General Charge	\$440.50	\$458.00
District-wide refuse management rate	\$174.50	\$179.00
Total	\$1,683.67	\$1,744.36
High value residential (lifestyle) property with a land value of \$1,750,000		
General rate – land value	\$3,691.94	\$3,851.54
Uniform Annual General Charge	\$440.50	\$458.00
District-wide refuse management rate	\$174.50	\$179.00
Total	\$4,306.94	\$4,488.54
Rural property with a land value of \$750,000		
General rate – land value	\$2,233.50	\$2,462.63
Uniform Annual General Charge	\$440.50	\$458.00
District-wide refuse management rate	\$174.50	\$179.00
Total	\$2,848.50	\$3,099.63
Rural property with a land value of \$2,200,000		
General rate – land value	\$6,550.28	\$7,233.70
Uniform Annual General Charge	\$440.50	\$458.00
District-wide refuse management rate	\$174.50	\$179.00
Total	\$7,165.28	\$7,860.70

	2017-18	2018-19
Commercial property with a land value of \$510,000		
General rate – land value	\$10,852.85	\$11,471.53
Uniform Annual General Charge	\$440.50	\$458.00
Sewerage disposal rate (5 pans)	\$2,225.00	\$2,285.00
District-wide refuse management rate	\$174.50	\$179.00
Total	\$13,692.85	\$14,393.53
Industrial property with a land value of \$ \$2,480,000		
General rate – land value	\$52,774.65	\$55,783.14
Uniform Annual General Charge	\$440.50	\$458.00
Sewerage disposal rate (5 pans)	\$2,225.00	\$2,285.00
District-wide refuse management rate	\$174.50	\$179.00
Total	\$55,614.65	\$58,783.14

The rates are based on values assigned as at 1 September 2015. Please note – Northland Regional Council rates are not included. Please refer to their Annual Plan for the impact of their rates on your property.

SUPPORTING INFORMATION

Financial Strategy

Strategic overview

The *LTP 2015-25* began a new direction for Council, focused on the need to increase investment in core services. These services are central to the successful function of a community and include the provision of water, waste disposal, stormwater, roads, footpaths and places to socialise and exercise.

To do this, Council identified that more money would be needed through a rates increase to maintain and renew assets and deliver the Levels of Service the community says it wants.

The updated *Infrastructure Strategy 2018-48* and *Financial Strategy 2018-28* are based on and continue the themes of Council's *LTP 2015-25*. They are also shaped by the key strategic directions from Council's new Community Outcomes, feedback and direction, which were provided through early engagement with the community. This resulted in a vision for Whangārei to be an attractive, vibrant, attractive and thriving District.

The following strategic issues have been identified.

The need to continue focussing on core assets

To maintain existing Levels of Service, Council needs to ensure that the assets it already has are maintained and renewed to existing Levels of Service. Many are aged and worn, with some deteriorating faster than expected and others located underground, making it difficult to assess their condition accurately. In some areas, notably stormwater drains, renewals have historically been underfunded. Within the stormwater, wastewater and water networks (and to a lesser extent, parks and recreation facilities) insufficient information is available to plan proactively for and prioritise the maintenance and renewal of assets.

Our District is growing

Population and household growth has increased in the past three years. The 2017 growth model supporting these strategies shows a picture of continued population increase beyond what was predicted in the 2014 growth model. We therefore need to ensure development can meet this growing demand into the future.

There is an increased expectation of things to see and do across our District

Our residents not only expect to have things to see and do, they expect them to be attractive, high quality, engaging and appropriate to our people and place. We call this 'adding amenity', a term that is often used in conjunction with the phrase, Sense of Place. Examples in the last three years include key amenity projects such as the addition of the Pocket Park to the very popular Hatea Loop. As a growing District, there is a greater expectation to see these types of projects throughout our urban environment and rural areas.

Growth and increasing expectations for amenity require a balance between funding for the maintenance and renewal of core assets.

These issues also consistently require Council to balance limited funding across competing priorities. While Council's preferred option remains to continue to deliver at the current level of service through rates increases above inflation over the 10 years of the LTP, it is proposed to enhance this delivery through:

- increasing Council's self-imposed debt limits by inflation and growth over the 10 years, which will enable greater investment in renewals in earlier years, while also providing headroom for growth and amenity projects – we will keep our debt level well below our debt ceiling despite responding to growth on a per capita basis
- prioritising the money spent on stormwater renewals by allocating funding within the LTP 2018-28 and building capacity to deliver over the entire life of the LTP
- including funding to grow and improve knowledge on assets and information systems to aid decision-making on funding priorities
- reviewing the adequacy of infrastructure to service the *National Policy Statement on Urban Development Capacity (NPS-UDC)* growth projections, as described below, through a review of Council's *Whangārei District Growth Strategy: Sustainable Futures 30/50*
- consolidating parks and recreation 'sense of place' funding into a dedicated programme primarily focused on cornerstone projects around Pohe Island, the Hatea Loop and the *Blue/Green Network Strategy*.

Managing our growth

Our District is growing and we expect it to continue to grow by an estimated 1.2% per annum over the next 10 years. The population of our District is projected to increase from 90,500 today to around 102,000 in 2028.

This represents an average annual increase of around 1,000 people per year and a total increase in population of about 11,000 over the next decade, increasing total dwellings by around 1.3% (or 510 additional dwellings) per year. In some parts of our District, growth has the potential to be substantial, particularly in the Marsden Point/Ruakaka area and along the coast. This expected growth in our population requires considerable investment in infrastructure, services and community facilities at substantial cost to Council, the business sector and the community, in general.

While this growth is desirable and to be encouraged, it will continue to put pressure on our core infrastructure and community facilities in the medium and long-term. Our transportation and roading network, water and wastewater services and parks and recreational facilities need to carry enough

capacity to provide for predicted growth, with the anticipation of what must happen and when it is needed being a significant challenge for Council.

In response to growth, the government has introduced a National Policy Statement on Urban Development Capacity which directs Council to respond to and manage growth. This will be achieved by reviewing the adopted *Whangarei District Growth Strategy: Sustainable Futures 30/50*.

The *Whangarei District Growth Strategy: Sustainable Futures 30/50* determines existing and potential land use patterns. This allows us to manage the impact of growth and assess and plan for infrastructure requirements for our District over a 30 to 50-year time frame.

Because land use patterns affect both the timing and costing of core infrastructure, the *Infrastructure Strategy 2018-48* builds on the direction set in the *Whangarei District Growth Strategy: Sustainable Futures 30/50* to provide more detailed planning of our network infrastructure needs. Our activity and asset management plans have also been developed to encourage growth where it has been considered desirable and where infrastructure is capable of meeting increased demand.

Financial strategy

Overview

The *Financial Strategy 2018-28 for the Long Term Plan 2018-28* sets the financial parameters within which Council will operate and fund its operations and capital programme (spending on capital projects) for the next 10 years.

Council wants to continue a 'steady as it goes' approach flowing from what has been achieved in the first three years of the *Long Term Plan 2015-25*. Feedback from the community directs us to keep improving our District's infrastructure and amenities to cope with growth, without ignoring upkeep of the things in which we have already invested.

Council recognises that Whangarei District is a high growth area, with a population expected to increase to more than 100,000 by the end of 2028. A cornerstone of the *Financial Strategy 2018-28* must therefore be to provide adequate funding to meet future requirements for the increased demand on infrastructure, services and extra amenity across our District. As stated in the Strategic Overview, adding

amenity means making our assets more attractive, engaging and appropriate to our people and place and is often used alongside or in place of the phrase, Sense of Place.

Land use changes through our rural strategy and plan review, along with strategic direction from our compliance with the *National Policy Statement on Urban Development Capacity*, will see land appropriately zoned to meet demands of growth for housing, commercial and agricultural uses. The focus for urban land uses will be in and around the growth nodes identified in our adopted *Whangarei District Growth Strategy: Sustainable Futures 30/50*.

While it would be ideal to satisfy the needs and wants of everyone in our community, Council can only fund so much. It needs to work within its financial constraints to deliver the facilities, services and infrastructure that bring the most benefit to the most people for the greatest length of time.

Financial parameters

Council has set financial parameters for the LTP 2018-28:

1. a balanced budget (as defined in the Financial Prudence Benchmarks) every year, where revenue exceeds expenditure, including depreciation
2. land rates and targeted rates (excluding water and flood protection) increasing by the *Local Government Cost Index (LGCI)*, plus 2%, plus growth (1%) over each of the 10 years
3. water rates will only be increased by annual growth of 0.6% each year, as this will provide adequate funding for this activity
4. flood protection rates will increase by 8% each year until 2022, then increase by *LGCI* from then on
5. limit overall rates revenue, which is the income from rates (excluding water rates), to a maximum of 70% of total revenue gained from all income sources
6. increasing debt limits by *LGCI* and growth over the 10 years to allow the funding of:
 - a. uncompleted capital projects carried forward from years one to three of the LTP 2015-25
 - b. capital projects already identified in years four to 10 of the LTP 2015-25
 - c. new projects for years eight to 10 of the LTP 2018-28
 - d. additional projects identified through engagement with the public on the LTP 2018-28

Two special projects will be debt-funded to provide inter-generational equity, a concept of funding fairness defined in more detail on the following page – the special projects are:

- civic precinct
- theatre complex.

Any future special projects will be consulted on with Whangārei ratepayers as specific initiatives before any debt funding is allocated.

7. have total debt less than 175% of revenue
8. have the total debt per capita level less than \$2,150 per Whangārei District resident in 2017-18, with that limit increased by *LGCI* over each of the 10 years of the LTP to maintain buying power
9. have net interest costs on total debt at less than 25% of rates revenue
10. provide sufficient funding through debt and operating surpluses (the difference between income and spending), to complete the planned capital expenditure programme without reliance on selling assets.

We have split our total debt into two parts:

Core debt – debt we incur as part of our day-to-day business.

Special project debt – debt to fund special projects (the new Civic centre and Theatre).

All debt calculations are based on our net debt, which is our total borrowing less any term deposits or cash at a given point in time.

Over the next 10 years this allows for:

- a capital works programme of \$730.0 million
- 74% of capital expenditure focused on core network infrastructure such as roads, water, waste, stormwater and flood protection
- operational revenues of \$1.8 billion
- operational spending of \$1.6 billion.

Building a sustainable financial strategy

The *Financial Strategy 2018-28* is based on fulfilling the core purpose of local government, which is to “meet the current and future needs of communities for good-quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost-effective for households and businesses”.

We have continued to reflect on the community’s needs and our current financial position to make decisions on what Council believes are appropriate ways to fund the delivery of all the services that our community requires – both now and into the future, taking into consideration our growing population.

We continue to examine the state of our network infrastructure and community assets, the Levels of Service that our community expects us to deliver and the funding required to achieve this. This, in turn, has led to an examination of the funding allocation between ratepayers, services and debt. This strategy, together with the *Infrastructure Strategy 2018-48*, addresses these issues and describes our funding model, or the way in which we intend to fund future projects.

This is a sustainable financial strategy. By the end of the 10-year planning period, Council will have an income base that allows it to provide the services that our community expects, without leaving a large backlog of asset maintenance and renewal for later generations to deal with. While that does mean rates rises beyond the level of inflation, we believe they are necessary to provide the range and quality of services our community demands with a focus on increased services, i.e. things to see and do and amenity.

Inter-generational equity

The concept of achieving fairness between ratepayers over time is called ‘inter-generational equity’.

Council has a responsibility to consider the interests of the community now as well as in the future. Thus we try to ensure that, as far as possible, today’s ratepayers only pay for services they are likely to use and not for benefits that will be received by new ratepayers in the future.

We need to make sure that today’s ratepayers are paying their fair share of the ‘wear and tear’ on assets that are used to provide services they receive. While things like roads and water pipelines have useful lives that can span decades, they deteriorate a little every year.

However, because many of our assets have long lives, they will provide benefits to future ratepayers as well. When we build new assets, we need to consider how much of the expenditure required should be funded through current ratepayers (via rates) and how much should be funded through future ratepayers by borrowing now and repaying debt later when future ratepayers become users.

Maintaining Levels of Service

For this LTP we have also completed a 30-year *Infrastructure Strategy 2018-48* that provides a blueprint for delivery of services through our network infrastructure for which the Financial Strategy 2018-28 has been prepared to give effect to.

Enjoyment of and engagement with this infrastructure, will be improved in the following areas:

- Pohe Island
- multi-modal transport options – more walking and cycling
- the *Blue/Green Network Strategy* and the Town Basin precinct.

The Levels of Service describes what the community can expect from Council's infrastructure and services and is a combination of the:

- quality of infrastructure provided by Council
- standard to which infrastructure is maintained
- services that assets, staff and contractors provide to the community.

Council is focussed on ensuring that the targeted Levels of Service identified in the LTP are maintained.

The appropriate Levels of Service in each activity area has been carefully considered by Council, along with the additional demand for infrastructure and services in our District due to predicted growth. In each activity area, Council has considered the ongoing effects of every decision and inevitably, there have been tensions, gaps or conflicts between the desired level of service and the level that can be provided within the financial parameters outlined in this strategy.

The asset and activity management plans upon which this Plan is based have therefore generally been prepared with the aim of maintaining current Levels of Service throughout the 10-year timeline of the Plan. This 'hold and maintain' strategy will be managed by looking for ways to be cost-effective across Council's planned operations, infrastructure maintenance, renewal and capital upgrades. Council will also review operational practices to find ways to be more efficient without adversely impacting service level delivery.

There are no instances where current LTP Levels of Service targets have reduced from the last LTP.

Funding

Throughout the 10 years of the *Financial Strategy 2018-28*, Council will rely on funding from a variety of sources, with rates being the largest portion.

Funding sources

General rates	41%
NZTA subsidies	13%
Wastewater targeted rates	13%
User charges	10%
Metered water	9%
Other targeted rates	5%
Development contributions	3%
Other	6%
Total	100%

*Other = petrol tax, fines and infringements, interest received, dividends received.

A key activity in the development of the *Financial Strategy 2018-28*, was confirming levels at which revenues need to be set based on the following principles. Where possible:

- revenues are sufficient to cover expenses
- asset renewals and replacements are affordable within the available funding
- funding allows for major capital projects the community wants
- current service level targets are achieved
- the needs of current and future ratepayers have been considered
- we have balanced our budget each year
- rates increases are affordable.

Rates

Like most Councils, rates are our main source of funding. While we try to maximise the subsidies available from Central Government and have a 'user pays' approach policy (through consumption and user charges) for many services, the bulk of our work is funded by rates, which fund 68% of Council's activities. There are two types of rates: general rates (41%) and targeted rates (27%).

In the last LTP, Council introduced rate increases above the rate of inflation. This approach will be retained, as we need to continue to increase our operating revenue to reflect the cost of providing services to our community. While we recognise that our District is slightly less affluent than the average, we consider that rates increases beyond inflation are affordable for our community.

We have also considered introducing cost-cutting measures to avoid the need for significant rates rises. However, we were unable to identify areas where we could make meaningful savings without significant reductions in service levels.

General rates

Council currently uses general rates to fund a broad range of activities, where there is a benefit to the whole community (public benefit) or where there is no practical way to charge individual users.

There are two elements to general rates:

- Uniform Annual General Charge (UAGC), which is a fixed dollar amount that all rating units are levied
- 'value based' amount, which is based on the land value of each rateable unit.

A UAGC is applied to each 'separately used or inhabited part' (SUIP) of each rating unit. The UAGC is to be assessed by Council annually and set at a level considered to be reasonable. The UAGC is used to fund the same activities as the general rate and ensures every ratepayer contributes a base level of rates irrespective of property value or services used.

Value-based general rates are assessed on land value and are differentiated by land use into sectors.

Allocation of rates

In 2012, Council introduced a 'fixed sector allocation' methodology, whereby a pre-determined percentage of general rates was shared between the three rating categories. The current splits are:

Residential properties	61.58%
Multi-unit properties	0.23%
Miscellaneous properties	0.19%
Rural properties	9.50%
Commercial and industrial properties	28.50%
Total	100%

Targeted rates

Targeted rates are used where an activity benefits an easily identifiable group of ratepayers and it is appropriate that only this group be targeted to pay for some or all of a service. The funds collected must be used for the purpose for which they are rated.

Targeted rates are only used where Council considers it is an appropriate mechanism to fund that activity or where Council wishes to make clear the purpose for which the rate is collected. The revenue collected in any one year may result in a surplus, which is used to repay debt or to fund capital expenditure in future years.

We calculate targeted rates using different methods including:

- uniform charges for each Separately-Used and Inhabited Parts (SUIP) of a property (residential sewerage, unmetered water and District refuse management)
- based on the area of the property (Hikurangi Swamp)
- based on the number of pans or urinals (non-residential sewerage)
- based on metered water consumption
- those benefiting from a specific service or facility, such as a new boat ramp or seawall.

Increases to rates

In the 10 years of this Plan, Council intends to increase the revenue obtained from most rates beyond the level of inflation, as shown in the table

below. Overall, rates revenue will also increase as our District's population grows.

	Annual inflation	Additional increase	Allowance for growth
General rates			
UAGC portion	LGCI	2%	1%
Land value portion	LGCI	2%	1%
Targeted rates			
Wastewater	LGCI	2%	0.8%
Refuse management	LGCI	2%	1%
Water rates			0.6%
Flood protection 2018-22		8%	
Flood protection 2023-28	LGCI		

Note: These increases are applied to the total revenue from each rate type, not the amount per individual ratepayer.

The projected number of rateable properties within the District at the end of each preceding financial year is shown in the table below.

Projected rating base information

17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28
41,760	42,062	42,483	42,907	43,337	43,770	44,208	44,650	45,096	45,547	46,003

Annual Growth factors shown above will be used for each year's rates strike regardless of actual growth to allow some certainty in financial planning.

The reasons for the different increase amounts are:

General rates

Land Value Portion

These increases are set at the level that will provide sufficient funding for the planned expenditure programme for the bulk of Council's activities. Increases to other rating types only vary from these amounts if there are specific reasons, as noted below.

UAGC

Review of the *Revenue and Financing Policy* indicated the current level reflects the funding requirements of the activities that are to be funded by all ratepayers equally and increases should align with the Land Value Portion.

Targeted rates

Wastewater

This increase matches that of the Land Value portion. However, the growth factor is reduced slightly as some growth will be outside the reticulated area.

Refuse management

The revenue for this activity will move in line with the UAGC, with ongoing growth and inflation adjustments.

Water

The water reserve has a surplus of \$26.9 million (as at 30/6/17). The current water consumption charge, together with increases limited to growth in the number of properties connected to the reticulated system, will provide adequate funding for the proposed expenditure programme. Charges for the water supply charge, backflow prevention and the water meter reading special charge will increase by LGCI.

Flood protection

In line with consultation for the 2012 LTP, with the public and those affected, Council has maintained targeted rate increases for the Hikurangi Swamp Scheme at 8% for the first five years of the Plan to fund additional expenditure required to maintain the effectiveness of the scheme. After this period, annual inflation adjustments will provide sufficient revenue.

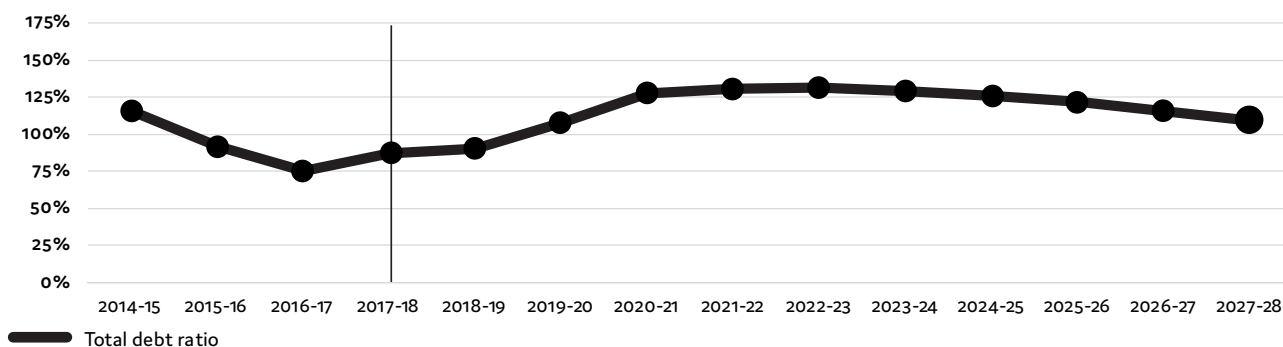
Debt, interest and internal funding

Debt

The *Financial Strategy 2018-28* sees total debt increase from \$124.6 million on 1 July 2018, peaking at \$241.5 million in year eight and ending at \$237.6 million on 30 June 2028.

The graph below compares total debt to revenue and shows an improving trend over the 10 years of the plan.

Total debt as a % of revenue



Until the end of the 2014-15 year, Council managed its debt from a gross debt perspective. From the 2015-16 year, measurement is from a net debt perspective.

Finance costs

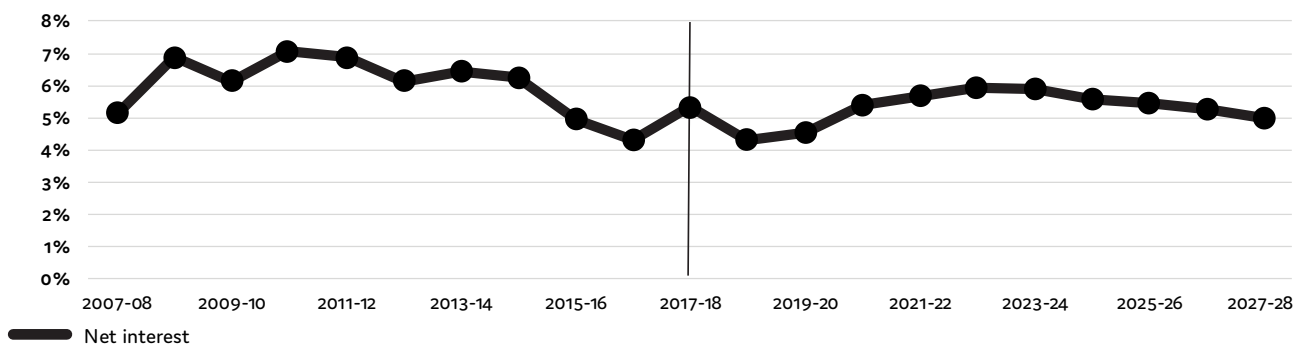
Council minimises its cost of debt by using interest rate swaps to protect against interest rate or margin increases. Debt maturities, or the dates when loan agreements must be repaid, are spread over both short and long-terms, as well as a mixture of fixed and variable interest rates.

To minimise financing costs, Council is a member of the Local Government Funding Agency (LGFA). This means Council can borrow at better rates than are available through direct lending from trading banks.

In May 2016, Council had its credit rating upgraded to AA by Standard and Poors with a credit rate outlook of 'stable', primarily in recognition of its strong financial management and very strong budgetary flexibility. This AA credit rating was reconfirmed in May 2018. An AA credit rating assists in reducing financing costs.

The LTP assumes an interest rate averaging 4.66% across the 10 years, after taking all factors outlined above into account.

Net interest as a % of revenue



Internal funding

As part of its financial or treasury management, Council minimises its overall interest costs by using funds held in reserve as 'internal borrowing' i.e. rather than keeping funds on deposit while borrowing all the money needed to fund capital works, reserve funds are used in the short-term and they are repaid in future as needed. Council intends to continue this approach into the future.

The largest reserve fund is the Property Reinvestment Reserve (PRR), which was originally created in 2010 through the sale of Council's interests in leasehold land to those already leasing the properties. This fund had built to \$28.0 million by 30 June 2015, with all the funds used to finance infrastructure projects through internal lending.

However, Council has decided that from 1 July 2015 the proceeds of commercial property sales would be set aside for purchases that met Councils' property objectives, as stated in its property policy. The portion of the PRR available for reinvestment is shown in the table below.

While there are no specific plans to sell more commercial property in this LTP, if any sales were to take place, the proceeds would be added to this reserve and be available for reinvestment. An annual dividend will also be added to the amount available for reinvestment. In the meantime, the original reserve balance of \$28.0 million would continue to be used to fund other Council activities.

Council has not identified or budgeted for any property sales or purchases in the next 10 years. However, it is recognised that there is a possibility that commercial opportunities may arise from time to time. Consideration may be given to funding a purchase, where there is an identified strategic benefit and/or the predicted return from a potential commercial property investment is greater than the cost of capital, thereby reducing the PRR balance. If there are insufficient PRR funds available for reinvestment, purchases are likely to be debt-funded and dealt with via a Council resolution or future Annual Plan/LTP process, as appropriate.

Property reinvestment reserve

	Year 1 2018-19	Year 2 2019-20	Year 3 2020-21	Year 4 2021-22	Year 5 2022-23	Year 6 2023-24	Year 7 2024-25	Year 8 2025-26	Year 9 2026-27	Year 10 2027-28
Opening balance	30,742	31,357	31,984	32,624	33,276	33,942	34,620	35,313	36,019	36,739
Funding allocated to Council activities	28,229	28,229	28,229	28,229	28,229	28,229	28,229	28,229	28,229	28,229
Funding available for reinvestment	2,513	3,128	3,755	4,395	5,047	5,713	6,392	7,084	7,790	8,510
Dividend 2%	615	627	640	652	666	679	692	706	720	735
Closing balance	31,357	31,984	32,624	33,276	33,942	34,620	35,313	36,019	36,739	37,474

Other significant reserve funds include Community Development Funds and asset reserves. Council also creates reserves when targeted rates for a particular activity are accumulated before significant capital expenditure occurs. As an example, there was a balance of \$26.9 million in the water reserve as at 30 June 2017, which will be used over the life of the LTP to fund water projects as they are completed.

At the outset of this LTP, internal funding will total around \$72.0 million, which is expected to decrease to around \$53.0 million by 2028.

Internal interest charges are allocated to each activity for their share of funds borrowed from

reserves, with these costs outlined in the activity funding impact statements accompanying each activity in the line item 'finance costs'. The resulting revenue from these charges is outlined within the activity funding impact statements, line item 'local authorities fuel tax, fines, infringement fees and other receipts'. No internal interest is included in the Prospective Funding Impact Statement for Council.

Fees and charges

Council will increase most fees and charges annually to align with the Local Government Cost Index (LGCI) inflation rate, which ranges from 2% to 2.6% across the 10 years of the plan. In some areas, such as food inspections and liquor licensing, Council will seek to recover actual costs, which will result in increases beyond inflation. Council's fees and charges are reviewed on an annual basis.

Development contributions

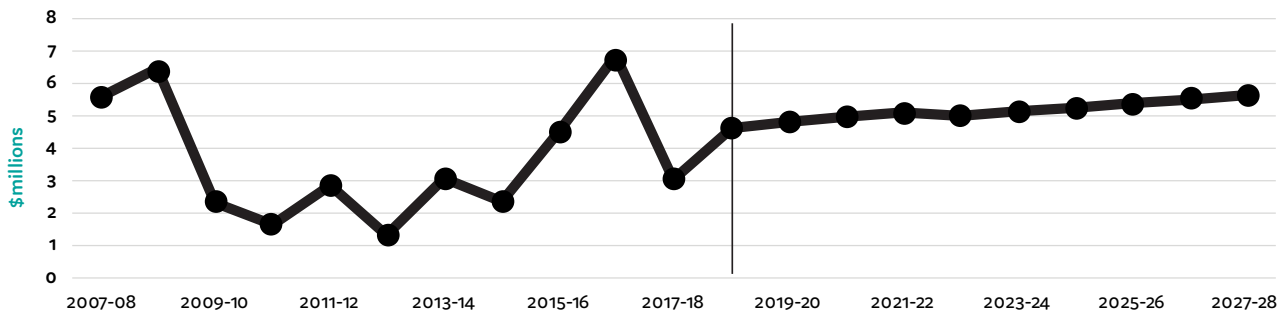
Council's practice is to fund most of the growth component of capital expenditure through Development Contributions (DCs), or the financial charges levied on developers, with the remainder funded through rates. Over the past few years, Whangārei has experienced growth with correspondingly higher DC revenue, so Council has taken a more optimistic approach to forecasting revenues in this area.

Across the 10 years of this plan, we expect to proceed with around \$123.0 million of growth projects. Forecast income of \$51.0 million from DCs will cover some of this cost, with the remainder of funding to come from rates and subsidies.

NZTA subsidies

Subsidies from central government via the New Zealand Transport Agency (NZTA) provide a significant source of funding for our transportation activities, such as road construction and repair. In 2018-19, Council expects to receive NZTA subsidies of \$21.0 million, representing 53% of the gross cost of both operating and capital expenditure, on a wide range of approved roading projects. At the time of completing this plan, NZTA had not confirmed the subsidies applied for by Council.

Development contributions



Expenditure

Operational activities

With the impact of inflation and growth, total annual expenditure is forecast to increase from \$141.0 million to \$181.0 million over the 10 years of the plan, while total annual revenue is expected to increase from \$152.0 million to \$217.0 million over the same period. This will provide an operating surplus in every year of the plan.

Forecasting Council's operational expenditure is a balancing act. Local government costs are rising faster than the costs of general consumer goods and thus, Council must rise to the challenge of meeting Levels of Service while at the same time looking to save costs wherever it can. Council also needs to allow for the effects of population growth

and operating costs associated with new assets in preparing its budgets.

One of the best ways to limit costs is to review the supply chain to ensure purchases are at the best prices. Continuous improvement of Council processes will also result in less cost and best use of available funds, or doing more with less. Council constantly reviews its operating costs with items such as bank charges, interest rates, preferred supplier arrangements and competitive procurement tendering.

The tables below show the split of total forecast operating costs for each Council activity and expenditure type for the 2018 – 28 planning period.

	\$000	% of total
Breakdown by activity		
Network \$m		
Transportation	359,186	22.4%
Water	144,388	9.0%
Wastewater	134,393	8.4%
Stormwater	46,577	2.9%
Flood protection	10,629	0.7%
Total	695,172	43.4%
Other		
Solid waste	77,582	4.8%
Community facilities	319,286	19.9%
Planning and regulatory services	119,969	7.5%
District strategy and governance	59,673	3.7%
Corporate and finance	329,297	20.6%
Total	905,807	56.6%
Total operating expenditure	1,600,979	100.0%
Breakdown by expenditure type		
Operating expenditure	431,702	27.0%
Professional fees	49,311	3.1%
Repairs and maintenance	226,810	14.2%
Depreciation	464,394	29.0%
Finance costs	95,782	6.0%
Personnel costs	332,979	20.8%
Total	1,600,979	100.0%

Capital expenditure

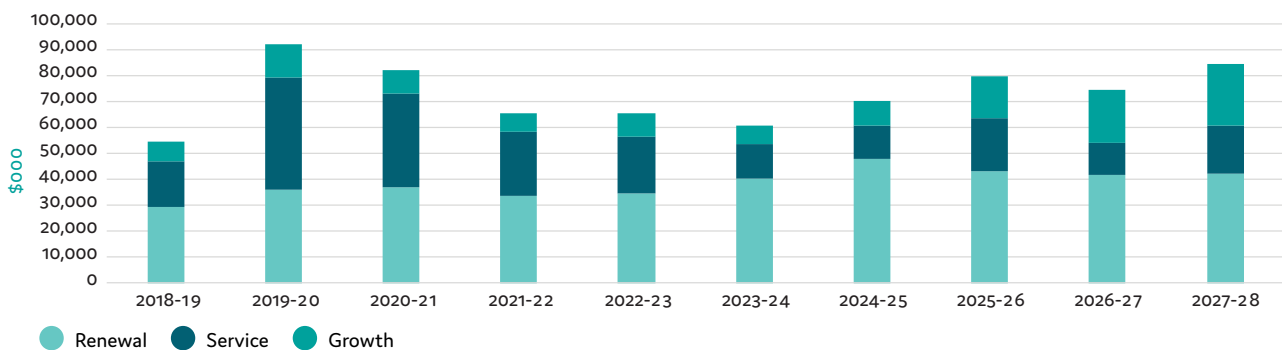
Allowing for inflation over the life of the plan, Council's total annual capital expenditure ranges from \$55.0 million to \$92.0 million. We have assumed carry forwards (transferral of funds for uncompleted projects from one year to another) of \$20.0 million from the 2017-18 financial year to the 2018-19 financial year.

Expenditure is funded by a combination of operating surplus, rates, debt, development contributions

and government subsidies. Council is expected to receive NZTA subsidies of 53% for subsidised roading projects over the lifetime of the plan.

The graph below illustrates planned capital expenditure over the 10 years of the Plan of \$730.0 million. The renewal of existing assets accounts for 53% of total expenditure, with 30% providing for improving Levels of Service and the balance of 17% providing for growth.

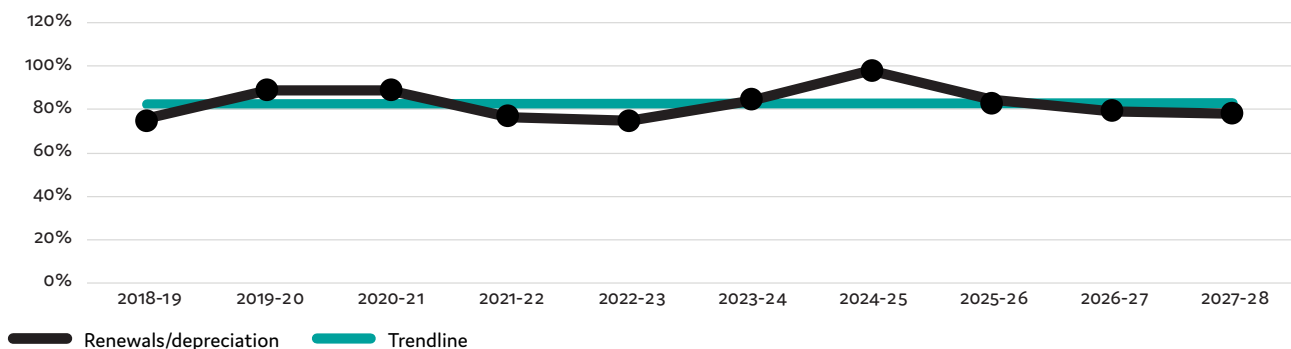
Planned capital expenditure



Just over half the expenditure is for the renewal of existing assets and upgrades to extend their useful life. Each year a depreciation amount is estimated. This represents the portion of an asset's useful life that has been used up through 'wear and tear' in that year by current ratepayers. Depreciation

is calculated for all assets and while each year's renewal programme only affects a portion of assets, all of them will be replaced over time. The graph below shows the relationship between these two amounts over the life of the plan.

Renewals to depreciation



This graph shows the average ratio of renewals to depreciation to be 83%. While renewal expenditure should roughly match depreciation expense in the long-term, Council takes a cautious approach that will not compromise service levels in the foreseeable future or leave a significant backlog of asset replacement for future generations. This issue is explored in more depth in the *Infrastructure Strategy 2018-48*.

Capital expenditure by activity type is allocated as shown in the table below.

	Capex \$000	% of total	Depreciation \$000
Network infrastructure			
Transportation	307,028	42.1%	203,532
Water	108,218	14.8%	65,624
Wastewater	85,015	11.7%	71,760
Stormwater	39,138	5.4%	30,465
Flood protection	3,711	0.5%	3,346
Total	543,110	74.4%	374,727
Other			
Solid waste	2,152	0.3%	523
Community facilities	124,798	17.1%	58,591
Planning and regulatory	1,619	0.2%	460
District strategy and governance	2,736	0.4%	1,104
Corporate and finance	55,230	7.6%	28,990
Total	186,535	25.6%	89,668
Total capital expenditure	729,645	100.0%	464,395

Note: Solid waste expenditure relates solely to transfer stations, which are the only solid waste assets directly owned by Council. The bulk of our refuse management operations (including the landfill and Re-Sort facility) are delivered with our joint venture partner through Northland Regional Landfill.

As the above table shows, over the life of the plan, 74% of capital expenditure is focused on network infrastructure, reflecting Council's recognition that it still must invest considerable amounts in our core assets to meet the service levels the community expects.

However, community facilities like boat ramps, playgrounds, walking tracks and theatres, are a significant component of a happy, engaged, balanced and sustainable community. They also form an important part of Council's aspirations to improve the sense of place and economic, social, health and education statistics in our District. While some consider these projects as 'nice to have', Council views them as just as important as core infrastructure in achieving its overall outcomes, while recognising that expenditure on them needs to be kept in check.

Assets

Council holds a range of fixed assets, or assets that are purchased for long-term use, which were valued as at 30 June 2017 at \$1.5 billion. A total of \$1.4 billion (92%) of these comprise our core network assets such as roads, water systems, wastewater, stormwater and flood protection infrastructure.

Asset management plans have been prepared for infrastructure assets, setting out the expenditure on maintenance and renewals required to ensure they are appropriately managed and maintained to meet Council's targeted Levels of Service. Council intends to maintain these assets in accordance with these plans.

Council also holds various operational and investment assets, including property (incorporating land, buildings, ground leases and land held for development) and small forestry blocks.

The full insurance programme for these assets was reviewed in 2016 resulting in a change of brokers and some schedules being managed directly with insurers.

Council's assets are insured in several ways through various insurance providers. The exception to this is roading assets which are covered, in part, by emergency reinstatement funding from NZTA.

All underground assets, which were previously insured under the Local Authority Protection Programme Disaster Fund (LAPP), are now covered under a commercial insurance.

Valuations have been completed for most of Council's assets during the 2016-17 financial year, with insurance schedules updated throughout the financial year as changes occurred within Council.

Current insurance levels are:

- full value for underground assets, in line with recent valuations
- commercial insurance around 90% of the value of assets
- roading insurance through the NZTA at 53%.

Insurance levels are reviewed annually in line with scheduled renewal dates.

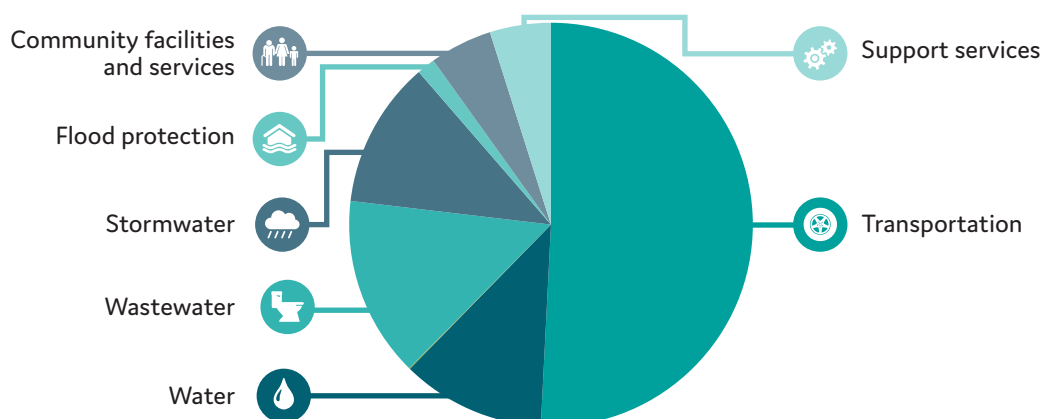
A full review of insurance providers was undertaken in 2016-17 and this will be reviewed again in the 2019-20 financial year.

2017 was a revaluation year. Revaluation information was not available until after the placement of the 2017-18 insurance programme and because of this, Council's insurance schedules were again subject to a full review. This process involved an assessment to determine whether the costs of asset replacement across Council should be met by commercial insurers, LAPP and NZTA, or self-insurance. Following this review, the insurance schedule was finalised, with respective insurers notified of adjustments.

Direct equity investments in Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs) and other shareholdings in the form of investment in land, buildings, airport assets and artwork, make up the remainder of Council's assets. These investments are also reviewed on a regular basis to ensure that they are still appropriate for Council to retain.

Over the period of this Plan, the value of assets is expected to rise considerably as capital works projects create new assets of significant value and existing assets are revalued every three years.

Assets by activity



Minimising risk

In preparing this Plan, Council had to make some assumptions about what will happen in the future. However, this always brings with it a level of risk. We have identified four major areas of risk that could impact on our ability to deliver on the *Financial Strategy 2018-28*.

Our District is susceptible to extreme weather events which requires funding to be available for unplanned repair works. The main impacts are felt in our roading network, but there is often damage to other infrastructure such as pipelines, walking tracks and coastal structures. While we design and build our infrastructure assets to have resilience to these storm events, we are still often faced with unplanned repairs. Council has considered the establishment of a reserve fund to cover storm damage, but has chosen not to do so now. Rather, Council would fund maintenance and capital works by utilising the money it had available to reach its debt limit. If this was not possible then Council would defer operating costs and capital spending to accommodate the work required to make good the damage.

No provision has been made for catastrophic events such as tsunami, as this would be so disruptive that a business continuity plan based on the current operating model would be impractical and other interventions (such as central government support) would be required.

We know that population growth and development will continue, but we cannot accurately quantify exactly when, where or to what extent it will occur. Our asset management plans, infrastructure and financial strategies are all based on historical trends and future growth forecasts to give us the best prediction of our District's needs into the future. While several projects that support growth are included in our LTP, we will review actual growth patterns and infrastructure needs each year and adjust the programme accordingly.

Adverse global economic conditions can also have a negative impact on Council's financial resources, as well as those of our ratepayers and residents. While forecasts of future economic conditions are built into this plan, provision is also made to adjust activities if there is a downturn. Measures include access to debt markets, liquidity parameters and projects that can be scaled or deferred to match population growth or financial resources.

Conversely, buoyant global economic conditions can lead to higher interest rates. Given the level of Council's external debt, every 1% increase in interest rates represents an average increase in interest expense over the life of the Plan of \$1.6 million per

annum. However, we manage our vulnerability to interest rate movement through a hedging programme that minimises the risk of financial loss and gives us a high degree of protection from global or national events. In other words, we have capped our interest rates for many years into the future at the current rates of between 3.86% and 6%.

We also take a conservative approach to our debt levels, meaning that we have considerable capacity to raise debt to deal with abnormal events and emergencies. While there is no intention to increase debt beyond the levels shown elsewhere in this strategy, it is important to note that we have access to more funding in the unlikely event that it is needed.

Limits and policies

Limit on rates

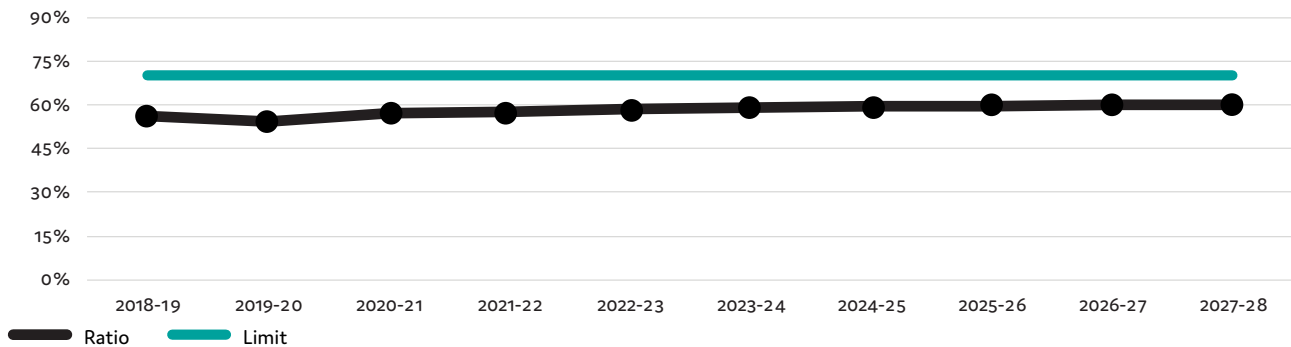
Council does not have a particularly diverse income stream, with the main sources being rates, fees and charges, development contributions and government subsidies (e.g. for roading). There is limited scope to add new revenue sources without allocating funds to new investments, so the reliance on rates as a revenue source will remain relatively high.

While Council will continue its approach of allocating rates as a funding distribution based on who causes

and benefits from its activities, it will also endeavour to limit rates (excluding water)* collected each year to a maximum of 70% of total Council revenue, with the long-term average below this limit.

This limit will be reconsidered as part of every Annual Plan and LTP to ensure that it remains practical, given Council's financial position and broader economic conditions at that time.

Limit on rates (excluding water) as a % of revenue



* For this limit, rates are defined as all revenue derived from general rates and targeted rates, but excluding water rates, which are effectively a consumption charge and are therefore out of Council's direct control.

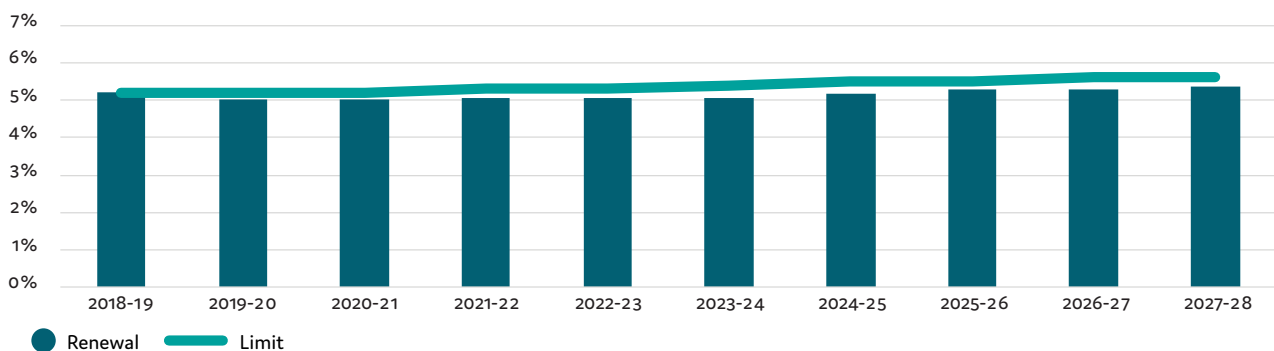
Limit on rate increases

As noted in the rates section above, Council intends to apply an increase of 2% above inflation to all rating types apart from water. The inflation factor used is the Local Government Cost Index (LGCI).

Rating revenue will also increase through natural

growth in the rating base, i.e. as our population grows. An allowance of 1% per annum is made for rates levied on all ratepayers and 0.8% for wastewater and 0.6% for water, as some growth will be outside the water and wastewater network areas.

Limit on rates increases (excluding Water)



For reporting purposes, the target set on the limit on rates increases will be reviewed and possibly reset in each year's Annual Plan based on the latest LGCI predictions.

From time to time there may be extraordinary events

that mean Council may have to go outside these limits. For instance, there may be a need to fund the clean up after a catastrophic event. However, these situations are considered unlikely and have not been provided for in this plan.

Limits on borrowing

To allow for inflation and growth, the total debt limit increases over the life of the Plan by LGCI and growth over the 10 years. There are two other limits on borrowing:

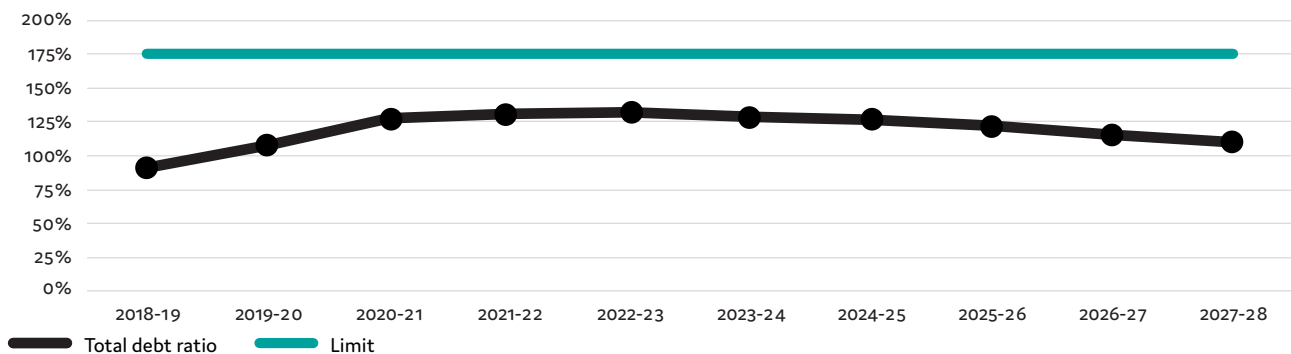
- limiting total debt (the portion of debt borrowed from creditors outside Council) to less than 175% of revenue
- limiting the total debt per capita level (the debt

per head of our District's population) to below \$2,150 in the 2017-18 financial year, growing by LGCI over the 10 years.

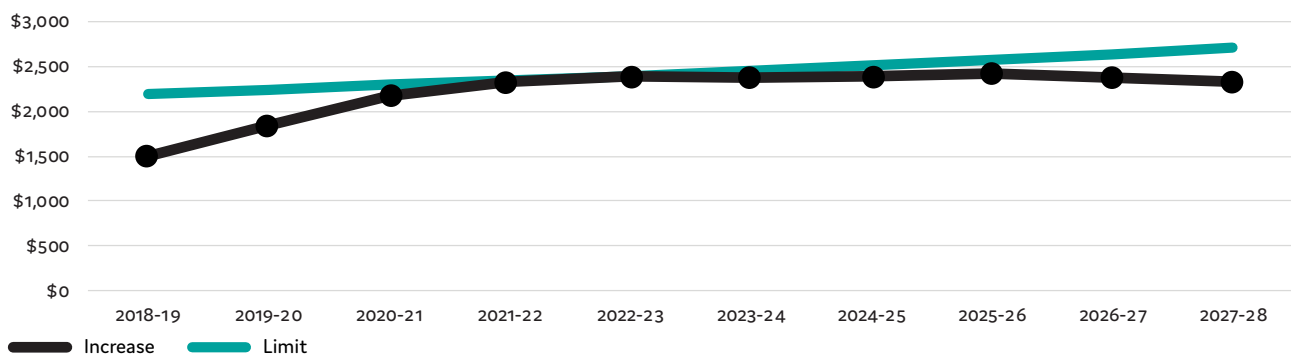
Details on how Council's debt is managed are set out in the *Treasury and Risk Management Policy*, which is available on request.

Council also utilises internal funding which is not subject to the above limits.

Total debt as a % of revenue



Total debt per capita



Securities for borrowing

Council currently secures its external borrowing and interest rate risk management instruments against the total of rates revenue via a registered debenture trust deed. It is intended to continue with this practice, which provides ample security cover for predicted levels of borrowing.

Financial investments and equity securities

Council uses any surplus cash to reduce debt, or invest in short-term investments which are included

as cash. Council can also hold investments in its subsidiaries.

Council does not hold equity securities in public companies except for small holdings in Civic Assurance Limited and New Zealand Local Government Funding Agency Limited, which provide insurance services and lending to participating local authorities respectively.

Council organisations

Council currently delivers a variety of services through Council Organisations, Council Controlled Organisations and Council Controlled Trading Organisations where it considers this is a more effective, efficient and financially viable option compared to other means of delivery.

There are four Council Controlled Organisations:

- Whangarei District Airport
- Whangarei Waste Ltd
- Whangarei Art Museum Trust
- Northland Events Centre Trust.

There is one Council Controlled Trading Organisation – Northland Regional Landfill Limited Partnership.

There is one Council Organisation – Whangarei Quarry Gardens Trust.

Council also has a small (3.3%) shareholding in the New Zealand Local Government Funding Agency, which is owned by 30 councils and the Crown.

Council does not intend to make any significant changes to the current funding arrangements for these Council Organisations throughout the LTP 2018-28.

Monitoring and reviewing the strategy

As part of business-as-usual, we constantly scan the financial environment and our own performance to monitor:

- sustainability of our financial performance and position
- emerging risks
- whether the *Financial Strategy 2018-28* is being implemented
- trends in the community's ability to pay.

The *Financial Strategy 2018-28* will be reviewed every three years as part of the LTP process. Consideration will also be given to the impacts of any significant changes in local, national or global economic conditions during each year's Annual Plan process.

Supporting documentation available

The policies listed below have been developed in conjunction with this LTP and are available upon request:

- *Revenue and Financing Policy*
- *Treasury and Risk Management Policy*
- *Development Contributions Policy.*

Disclosure statement for period commencing 1 July 2018

What is the purpose of this statement?

The purpose of this statement is to disclose Council's planned financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

Council is required to include this statement in its long-term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations (www.legislation.govt.nz) for more information, including definitions of some of the terms used in this statement.

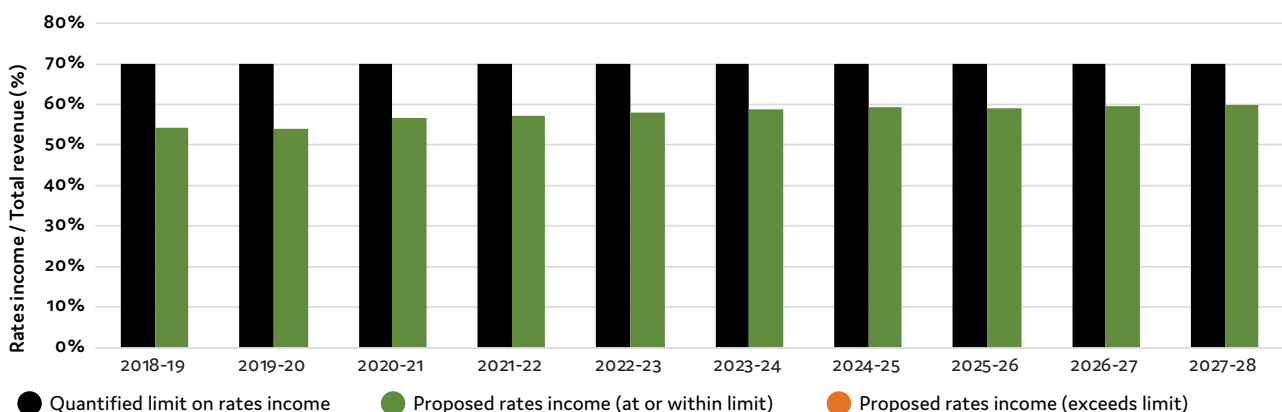
Rates affordability benchmarks

Council meets the rates affordability benchmark if:

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.

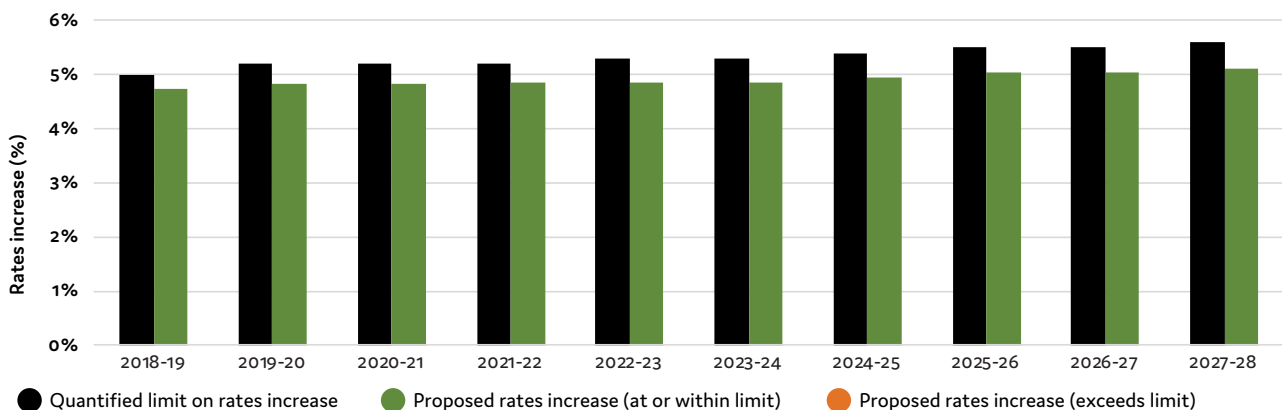
Rates (income) affordability

The following graph compares Council's planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is that rates income will not exceed 70% of total revenue.



Rates (increases) affordability

The following graph compares Council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this long-term plan. The quantified limit is that the rates increase should not exceed LGCI plus 2% plus 1% growth annually.

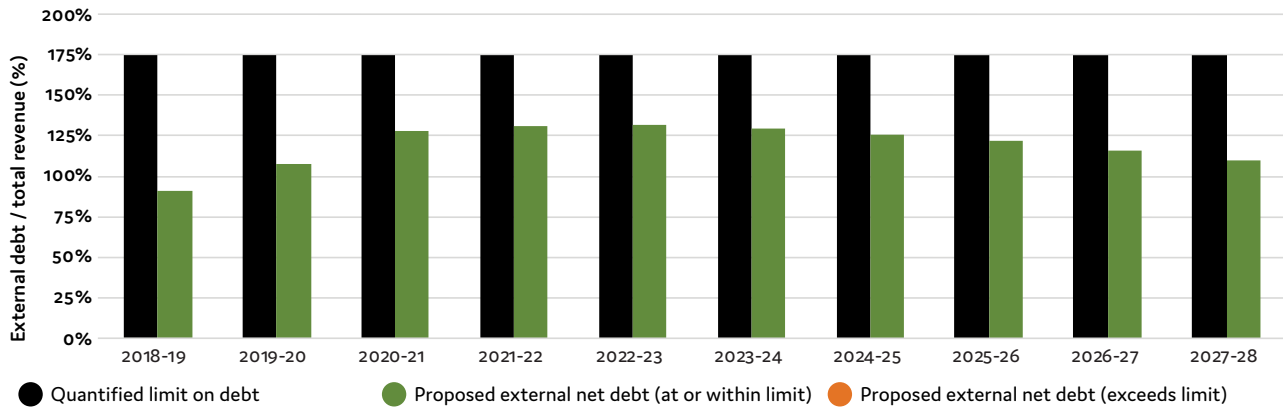


Debt affordability benchmarks

Council meets the debt affordability benchmarks if its planned borrowing is within each quantified limit on borrowing.

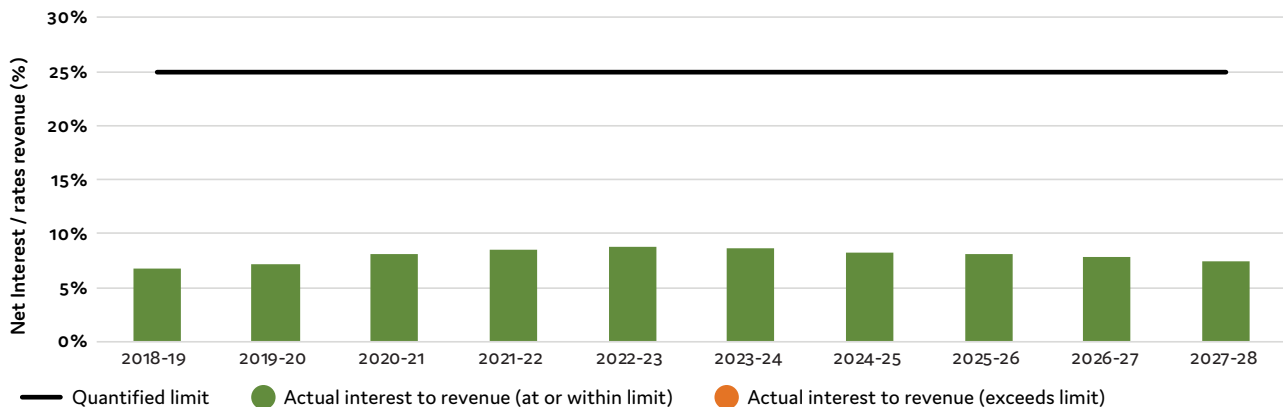
External debt

The following graph compares Council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is that net debt be no higher than 175% of total revenue.



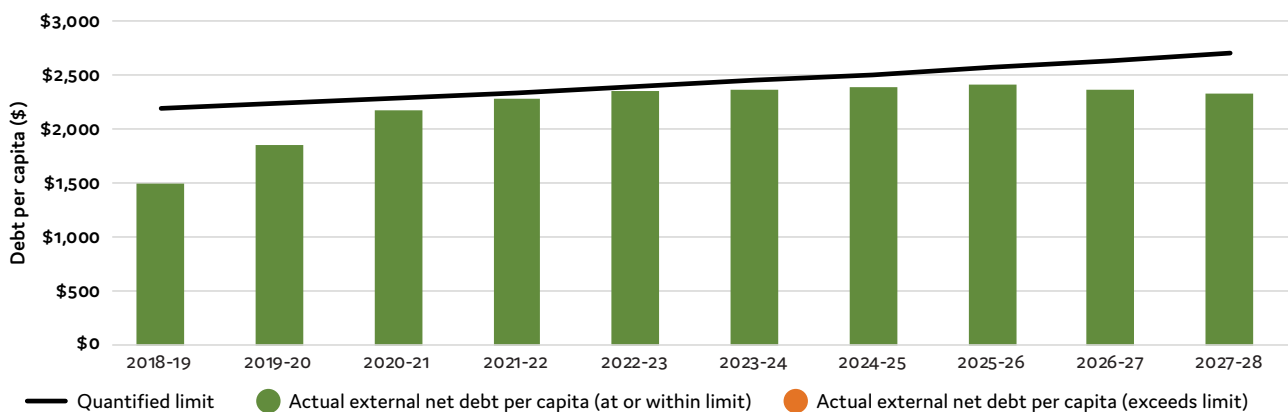
Net interest to rates revenue

The following graph compares Council's planned interest on debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is that planned net interest should not exceed 25% of total rates revenue.



External debt per capita

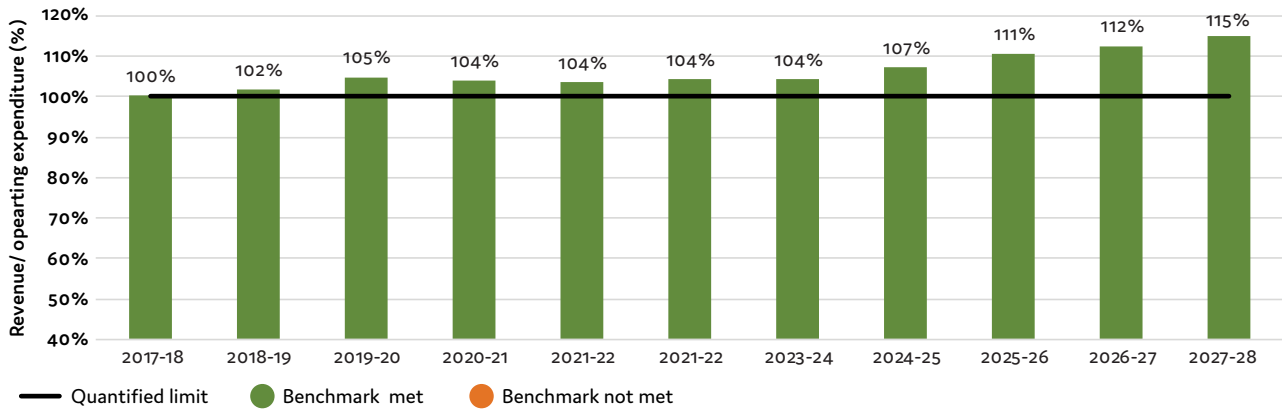
The following graph compares Council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is that external net debt per capita be less than \$2,150 (increased by LGCI each year).



Balanced budget benchmark

The following graph displays Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant and equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment).

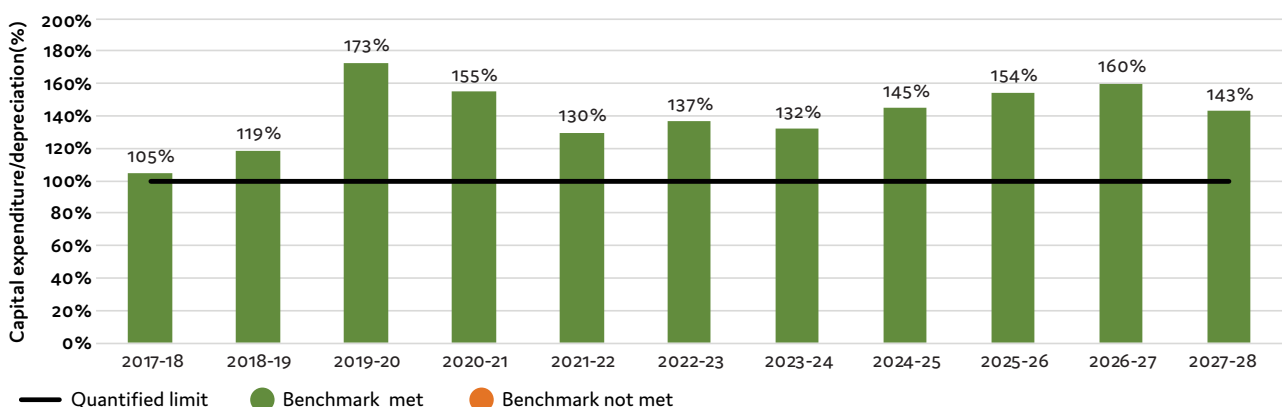
Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



Essential services benchmark

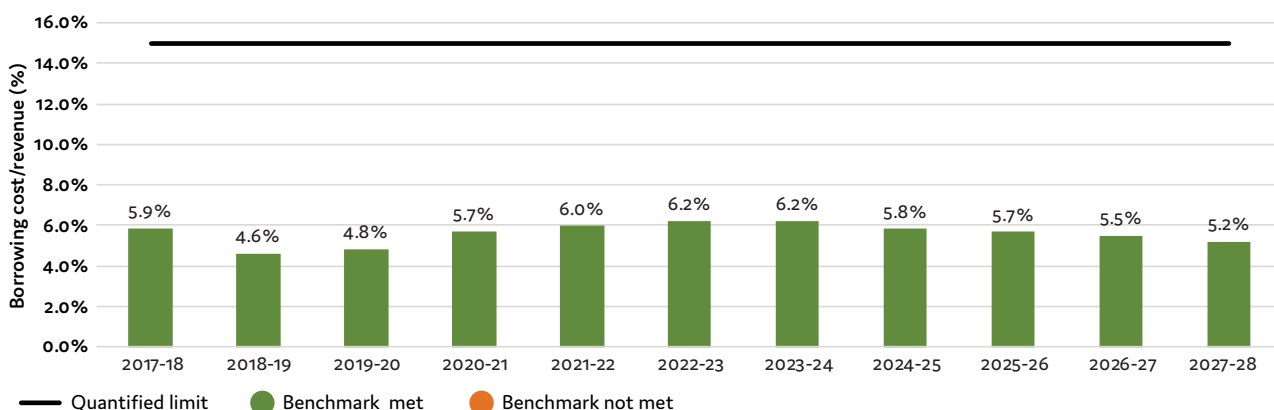
The following graph displays Council's planned capital expenditure on network services as a proportion of expected depreciation on those same network services.

Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt servicing benchmark

The following graph displays Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment). Because Statistics New Zealand projects Council's population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15% of its planned revenue.



Infrastructure Strategy 2018-48

Introduction

Purpose and scope

The purpose of an infrastructure strategy is to identify the significant infrastructure issues for Council over a 30-year management period, along with the principal options for managing those issues and the implications of those options.

While it is a technical document, often working through complex concepts. It supports the associated Consultation Document, the purpose of which is to communicate the key issues and concepts in a way that can be easily understood and is part of the LTP.

The *Infrastructure Strategy 2018-48* provides a high-level tool for ensuring that Council's infrastructure is properly managed throughout its life cycle and to ensure that the needs of current and future generations are met. This Strategy applies to the following infrastructure groups:

- water
- wastewater
- roads and footpaths (transportation)
- parks and recreation
- flood protection
- solid waste
- stormwater.

Of note are solid waste and parks and recreation which, while not statutorily required, have been included due to the resources they consume and their contribution to Community Outcomes.

In accordance with Section 101B of the Local Government Act 2002 (the LGA), this Strategy sets out:

- how Council will manage infrastructure assets, considering the need for renewals, response to growth and maintaining Levels of Service.
- the overall *Financial Strategy 2018-28* to manage assets
- the significant decisions
- overall assumptions relating to life cycle, demand and Levels of Service
- significant issues, options and responses associated with the long-term management of Council's infrastructure.

Strategic framework

The *Infrastructure Strategy 2018-48* is part of a suite of long, medium and short-term strategies, plans and policies that contribute to the long-term sustainable management of Council's infrastructure.

Along with the *Financial Strategy 2018-28*, the *Infrastructure Strategy 2018-48* is a key component of the LTP 2018-28, sitting above the asset management system.

While the *Infrastructure Strategy 2018-48* identifies the significant infrastructure issues over the 30-year horizon, asset management system documents guide not only how we produce activity management plans (AMPs), but how we improve over time. Within these is the *Asset Management Strategy* which sets the policies, objectives and actions for asset management. These underpin the improvements associated with strategic issues identified within this document and have therefore been included in Appendix A.

Using this document

Part 1 of this Strategy outlines the strategic direction and decisions of Council (including the strategic direction, context, significant decisions and funding strategy). Part 2 provides the activity analysis and assumptions underpinning Part 1. It is intended that Part 1 will provide the reader with a sound overview of the Strategy, with more detailed information available in Part 2 (and the supporting AMPs), if required.

Strategic direction and decisions

Council's strategy

While the *Infrastructure Strategy 2018-48* is based on and is a continuation of the 'hold and maintain' approach underpinning Council's *LTP 2015-25*, it is also shaped by the key strategic direction from Council's new Community Outcomes and feedback and direction provided through early engagement with the public. These have, in turn, resulted in the vision to be an attractive, vibrant and thriving District.

Through these processes the following significant issues have been identified.

- **The need to continue focussing on core assets**

To maintain existing Levels of Service, Council needs to ensure that the assets it already has are maintained and renewed to existing Levels of Service. Many are aged and worn, with some deteriorating faster than expected and others located underground, making it difficult to assess their condition accurately. In some areas, notably stormwater, renewals have historically been underfunded. Within the stormwater, wastewater and water networks (and to a lesser extent, parks and recreation facilities) insufficient information is available to plan proactively for and prioritise the maintenance and renewal of assets.

- **Whangārei is a growing District**

Population and household growth has increased in the past three years. The 2017 growth model supporting these strategies shows a picture of continued population increase beyond what was predicted in the 2014 growth model. We therefore need to ensure infrastructure can meet this growing demand into the future.

- **There is an increased expectation of things to see and do across Whangārei District**

Our residents not only expect to have things to see and do, they expect them to be attractive, high quality, engaging and appropriate to our people and place. We call this 'adding amenity', a term that is often used in conjunction with the phrase, sense of place. Examples in the last three years include key amenity projects such as the addition of the Pocket Park to the very popular Hatea Loop. As a growing District, there is a greater expectation to see these types of projects throughout our urban environment and rural areas.

Growth and increasing expectations for amenity require a balance between funding for the maintenance and renewal of core assets. These issues also require Council to balance limited funding across competing priorities.

In adopting the 2015 Infrastructure Strategy, Council considered three options:

- **Deliver at current Levels of Service:** increase investment in core services through an initial step change in rates in year one of the LTP 2015-25, followed by increases above inflation in the remaining years.
- **Delivering current Levels of Service without sufficient funding:** through a lesser rate increase beyond inflation, allowing some assets to run down and debt funding of capital expenditure.
- **Focus on meeting selected community expectations:** through focussing on necessities, increasing rates by inflation, focussing on core infrastructure and potentially reducing service levels.

While Council's preferred option remains to deliver current Levels of Service, through rates increases above inflation over the 10 years of the LTP, it is proposed to address issues identified since 2015 through the following enhancements:

- increasing Council's self-imposed debt limits at inflation for the first 10 years, which will enable prioritised investment in renewals in the early years, while providing for growth and amenity projects
- prioritising spending on stormwater renewals
- including funding to grow and improve knowledge on assets and information systems to aid decision-making on funding priorities
- reviewing the adequacy of infrastructure through processes supporting the *National Policy Statement on Urban Development Capacity (NPS-UDC)*
- consolidating parks and recreation 'sense of place' funding into a dedicated programme primarily focused on cornerstone projects around Pohe Island, the Hatea Loop and the *Blue/Green Network Strategy*.

Strategic context

In determining the strategic direction of infrastructure management, it is necessary to consider a range of matters, including:

- growth and demographics – their influence on demand and the ability to pay for infrastructure services in the future
- environment – how it will influence future infrastructure upgrades and enable them to meet new environmental demands and consent conditions
- emerging technologies and trends – their influence on the issues and solutions for the management and provision of infrastructure
- climate change and hazards – their influence on the design and location of infrastructure to help develop resilience
- community drivers – how they influence Council's response to the aspirations of the Whangārei community and its expected Levels of Service.

Growth and demographics

Demand on our District's infrastructure is driven by growth in the permanent residential and business populations, as well as by the temporary spikes in population during holiday periods.

Growth in the permanent residential and business population has a sustained impact on all infrastructure services.

Council's challenge is to ensure that there is sufficient infrastructure capacity in areas of growth, or in areas

where growth is planned or considered desirable and that the community maintains the ability to fund increased and/or improved infrastructure.

Growth

Council's spatial pattern for growth is set through the *Whangārei District Growth Strategy: Sustainable Futures 30/50*. While Council has historically produced an in-house growth model in support of this spatial pattern, in May 2017, Statistics New Zealand (SNZ) provided population projections in support of the *NPS-UDC*.

As Whangārei has been identified as 'high growth' under the *NPS-UDC*, it has utilised the medium population projections from SNZ as the base for its 2017 growth model, with the following adjustments made to reflect known areas of higher growth within our District:

- **Marsden Point/Ruakaka:** has experienced higher than projected growth in the last five years in wastewater connections, a trend that is expected to continue with future subdivision growth and building consents. As a result, Council has adopted a higher growth projection for this area. Within this area, the Unit Business Floor Area has also been adjusted to recognise the impact of the existing floor area of the Marsden Point Oil Refinery on future projections
- **Port Limeburners:** it is anticipated that the 100-hectare Port Nikau development will occur in the next 30-year period resulting in gradual growth of up to 3,000 people and 1,500 dwellings by 2048.

Estimated residential population, total dwellings and business floor areas 2018-48

As at 01 June	2018	2023	2028	2033	2038	2043	2048
Population	90,500	96,600	102,000	105,600	108,700	111,500	114,400
Total dwellings	38,200	41,000	43,560	45,180	46,600	47,950	49,320
Business floor area (m2)	1,274,600	1,319,800	1,367,000	1,416,600	1,468,400	1,522,600	1,579,300

Overall, our District's population is projected to exceed 100,000 people in the next 10 years, with an average annual growth rate of 1.3% over the life of the LTP. By 2048, the total resident population is projected to be 114,400, although it is expected that the rate of population growth will slow from year 11 through 30, with the average annual growth rate remaining steady at just below 1%. Total dwellings in our District are forecast to increase from 38,200 in 2018 to 43,560 in 2028, resulting in an extra 5,400 dwellings.

The highest increases in population between 2018-28 are expected to be in Marsden Point/Ruakaka, Port Limeburners, Waipu, Bream Bay and Te Hihi. Although most coastal areas are not identified as high growth areas, these areas do have seasonal variations in population.

Demographics

Whangarei District comprises the urban area (approximately 64% of the population), coastal settlements (14% of the population) and rural areas (22% of the population). The overall make-up of our District's population did not significantly change between the 2006 and the 2013 census data, although there are likely to have been changes since that time due to sustained growth in recent years.

The estimated resident population of our District is older than that of New Zealand overall, with more residents outside the working age cohort (15-65 years).

It is estimated that within 10 years, the working-age group will make up approximately 56% of the population. Children will comprise 20% and seniors will make up 24%. During this time, the population aged 65-84 years will have increased by almost 5,900, or 38%. The population over the age of 85 years will have increased by almost 950, or 45%.

Growth and demographics response

Our District is identified as a high growth area by the NPS-UDC. This high growth status requires, among other things, sufficient housing and business land development capacity, with that capacity having the infrastructure required to service it.

The updated growth model utilises the best available statistics and has been prepared using Statistics New Zealand (SNZ) modelling to be consistent with the NPS-UDC. Amendments to the growth model reflect known local issues and help to provide a more accurate model.

Although there will be a gradual increase in population and a greater number of rateable residential dwellings, it is expected that there will be fewer people of working age and a gradual increase in retired permanent residents. The effect of this

will be to increase the number of residents on fixed income, which may result in changes to the way people use some infrastructure, particularly parks and public transport.

To address these issues, Council has provided for the following:

- servicing of growth as road transport links with Auckland improve
- reviewing the *Whangarei District Growth Strategy: Sustainable Futures 30/50* as part of the requirements for a development strategy under the NPS-UDC
- verifying growth models with confirmed data, particularly updated census data, once available
- ongoing consideration of the effect of an ageing population on parks and transport.

Emerging technologies and trends

The *Infrastructure Strategy 2018-48* is a forward-looking document covering the next 30 years. Over this period, the issues and solutions for the management and provision of infrastructure will change considerably. This will be driven by advances in technology and changes in the way we live and work. Over such a long horizon, it is difficult to predict future trends with certainty. However, Council is now beginning to see changes that will inform and influence its 30-year vision. This section captures those changes, along with some of the likely responses.

Emerging technologies and trends strategic context

Transport

The trend towards transport choice will continue as cycling and walking continue to grow in popularity for both recreation and commuting. This increased demand will require an appropriate response in the design and location of shared paths, walkways and cycleways, both on and off road.

As cities grow, so does the patronage and popularity of public transport. As our urban area develops, our public transport will need to respond to avoid congestion. Technology will also help the reliability and usability of public transport.

Technology will influence how we move around our District. Electric vehicles will reduce environmental effects through zero noise and air emissions. This will likely reduce reverse sensitivity issues (the impacts of new activities) with neighbouring properties and improve public health and amenity.

Self-drive technology will enable a more efficient movement of private, public and freight vehicles,

therefore making our transport system work better. This technology also has the potential to improve road user safety.

Water

Resilience (the capacity to endure and recover from shocks to the network) will be a continuing trend for our water supply. As our climate changes and our population grows, the reliability of water provision to our communities and industries will be increasingly important. This will mean continual improvements to our infrastructure to meet demand. However, there will also be growing trends of water conservation and recycling.

Along with resilience of water quantity there will be an ongoing focus on quality from a health perspective. Technology will play a vital role in the monitoring and compliance.

Wastewater

Responding to growth with new infrastructure will be a key element for the future of wastewater infrastructure in our District. As knowledge and awareness of wastewater's effects on the natural environment improve, there will be an increasing focus on minimising harmful impacts from treatment and disposal.

The future treatment of wastewater also offers opportunities for the promotion of grey water recycling to reduce demand on the network. There are also opportunities to build on existing initiatives to generate energy from the wastewater treatment process and reuse end products.

Stormwater

The future of stormwater management will recognise and maximise multiple outcomes for our environment and communities. This includes reduced flooding and improved water quality and stream health. A key focus will be to integrate innovative stormwater solutions to help connect urban areas to our natural environment through the implementation of the *Blue/Green Network Strategy*.

Water-sensitive design will play an important part in the management of stormwater. Natural systems and processes are increasingly appreciated by our community as a preferred way of reducing the negative impacts of stormwater in urban environments.

Solid waste

The future focus will be to minimise the volume of waste we currently produce. This will build on the direction set in our *Waste Minimisation Strategy*. The promotion of minimisation and recycling is likely to be complemented by the actions of government and corporations, such as recent trends towards

removing plastic bags from supermarkets and increased use of biodegradable materials.

However, there will be a continued need to manage the waste process, including landfill and its by-products, such as methane.

Parks and recreation

The way we use our public spaces is changing. As we grow, we will likely experience decentralisation of parks and recreational infrastructure, or their placement in outlying rather than central parts of our District. This will require new land acquisition, but also reviewing how we use the land that we already own and how we provide for the increasing emergence of non-organised recreation.

A further trend is toward recognising streets as public space assets and designing them so that they are better used by our communities.

Setting direction on these issues will be achieved through the proposed recreation, open space and streetscapes strategies.

Emerging technologies and trends strategic response

Advances in technology and changes in the way we live and work, have the potential to affect a wide range of Council assets. While it is difficult to predict future trends accurately and respond to them with certainty, there are steps that Council can take to ensure that it keeps up to speed with developing technologies and trends. To address this issue Council will:

- consider the design and location of shared paths, walkways and cycleways to support multiple transportation options
- maintain a 'watching brief' on emerging technologies to understand trends and potential requirements
- where possible, future proof the assets built today
- plan for key emerging issues and trend through initiatives such as the development of proposed recreation, open space and streetscapes strategies
- look for opportunities to maximise outcomes for our environment and communities through the management of stormwater and the implementation of the *Blue/Green Network Strategy*.

Environment

Environmental regulation

The most direct effect of regulation on infrastructure is the consenting process. This process is driven by regional and district plans that implement the *Regional Policy Statement (RPS)* and *National Environmental Standards*.

The Northland RPS provides the environmental framework for the region and undergoes a full review every 10 years. With the last full review being completed in 2016, it is reasonable to assume that the RPS will be reviewed up to three times within the life of this Strategy.

While the RPS does not set consent conditions, there are clear objectives to improve the overall quality of coastal and fresh water, particularly in relation to micro-biological contamination. These objectives are reflected within the relevant regional plans. It is therefore reasonable to expect that, as consents are renewed, there will be greater emphasis on investing in improved water quality outcomes, treatment options and better technology.

In addition, Council is subject to national regulation through legislation and standards.

Timing of major consent renewals

Description	2018-20	2021-23	2024-26	2027-29	2030-32	2033-35	2036-38	2039-41	2042-44	2045-48
Water										
Wastewater										
Stormwater										
Flood protection										
Solid waste										

Also of note over the life of this Strategy are the potential implications of changes to drinking water standards and the potential for fluoridation of water supply.

Environmental regulation strategic response

Consent renewals may require upgrades of some wastewater treatment plants, installation of treatment devices on stormwater outfalls and the identification of additional alternative water sources where low flows are an issue. In addition, Council may be subject to national regulatory changes, particularly in the water activity. To address this issue Council will:

- continue monitoring consent compliance, including long-term performance and environmental impacts, so that future consent

Environmental regulation strategic context

All infrastructure activities have assets that are subject to resource consents. Most consents are managed through the AMPs and the consenting process. However, consents that involve significant water takes, significant discharges or have the potential for substantive environmental impacts, are of strategic importance. Strategically important consents are associated with:

- **wastewater:** treatment and discharge options, including land discharge and any ocean outfall
- **stormwater:** treatment options at stormwater outlets
- **water:** provisions for the take of water at low flow
- **flood protection:** Hikurangi Flood Management Scheme renewals
- **solid waste:** discharges from landfills and consents for ReSort and Puwera Landfill.

The timing for renewals of major consents is outlined in the table below:

conditions can be negotiated with stakeholders and authorities based on sound information

- plan on a staged installation of treatment devices for stormwater network outfalls
- monitor potential changes to drinking water standards and include strategic funding to respond, where necessary.

Climate change and hazards

Climate change encompasses global warming and the associated changes in climate that result, including an increase in more extreme climate events such as floods, storms, cyclones and droughts. The Ministry for Environment Climate Change projections for Northland include:

- an increase in average temperature of between 0.70 to 1.10 celsius by 2040
- up to 75 additional days where temperatures exceed 250 celsius by 2090
- an overall reduction in annual rainfall
- a similar number of ex-tropical cyclones, but these will be more severe resulting in greater damage and flooding.

Climate change is not expected to create new hazards that are not already being experienced. However, it is expected that the frequency and intensity of some hazards such as storm events (wind damage), flooding, coastal erosion and inundation by sea water surge will increase.

Climate change and hazards strategic context

Our District is largely coastal in nature with the majority of residents and population centres located along the east coast. Whangārei City is located along an estuarine environment, with the Hatea River being tidal and at the centre of the city. There are numerous smaller coastal settlements, including Langs Beach, Ruakaka, Ngunguru and Tutukaka. These settlements are at risk of sea level rise in the long-term and potential inundation by sea water as a result of storm surge.

The effect of climate change and hazards on Council's infrastructure over the next 30-year period and beyond, is expected to include:

Drought

- an increase in peak demands for water, with more hot days per year. This has the potential to impact on water storage volumes
- a reduction in water availability, including potentially greater restrictions on water takes where there are low-flow restrictions in place and/or less water entering reservoirs and dams. This could have long-term impacts on where and how our District sources its water supplies

Flooding

- increased damage to the road network, particularly where flooding arises from more intensive storm events, resulting in the reallocation of maintenance and repair funding
- stormwater networks reaching or exceeding capacity more regularly
- a reduction in the economic benefit of the Hikurangi Swamp flood protection works as the capacity for which it is designed will be exceeded more often, resulting in more flooding and potential pressure to upgrade the scheme.

Sea level rise and coastal inundation

- increased damage to coastal assets, particularly wharves, jetties, pontoons and coastal protection works, resulting from increased intensity of storm events and sea level rise
- loss of coastal reserve areas due to increased coastal erosion.

Climate change and hazards strategic response

Climate change has the potential to affect a wide range of Council assets across all the infrastructure activities. While the full impact of climate change will not become fully apparent for some time, infrastructure assets are long-term. New, replaced or upgraded assets will need to be designed and located to take account of potential hazards and climate change impacts. To address this issue Council will:

- continue to incorporate the most up-to-date hazard and climate change data and information into the standards dictating the design of assets and take account of that information when determining the location of some assets
- develop a climate change strategy to consider how we adapt to the impacts of climate change as a District, including overarching considerations to inform the design, location of and need for infrastructure.

Community drivers

Community drivers strategic context

Community Outcomes

Community Outcomes guide everything that Council does, as a set of goals that the community has identified as being important. All seven activities contribute to at least one Community Outcome:

Infrastructure contribution to Community Outcomes

Outcome	Water	Wastewater	Stormwater	Transport	Flood	Solid waste	Parks and recreation
Efficient and resilient core services	High	High	High	High	Medium	Medium	Medium
Positive about the future	Medium	Medium	Medium	High			Medium
Caring for the environment	Medium	High	High	Medium	Medium	High	High
Proud to be local				Medium		High	High

Levels of Service

A Level of Service is the quality of service for an activity that Council expects to meet, or is targeting. The Levels of Service describe what the community can expect from Council's infrastructure and activities and is a combination of the:

- quality of infrastructure provided by Council
- standard to which infrastructure is maintained
- services that assets, staff and contractors provide to the community.

LTP Levels of Service and supporting performance measures, are provided in the activity profile section of this document. Council's overarching strategy is focussed on ensuring that Levels of Service identified in the LTP are maintained.

Community drivers strategic response

Part 2 of the Infrastructure Strategy 2018-48 addresses strategic options and Council's anticipated response or choice of option required to maintain Levels of Service across the individual activities, given overall asset condition and the funding environment.

The anticipated responses to key issues, along with the renewals profile that makes up each activity funding strategy, are targeted at maintaining current Levels of Service.

However, the one exception is the stormwater activity where Council has had to prioritise the funding of renewals to ensure the Levels of Service are maintained. To address this issue Council will allocate \$32.0 million of additional renewals funding in the first 10 years of the Strategy (\$1.0 million in year one increasing to \$5.5 million in year 10).

Significant decisions

This *Infrastructure Strategy 2018-48* also addresses significant infrastructure issues, assets and decisions. Significance is determined by Council's *Significance and Engagement Policy 2017*.

The policy deems a matter to be significant if, in Council's judgement, two or more of the following criteria/measures are met:

Significance criteria

Criteria	Measure
Impact on Council's direction	Major and long-term
Change in Council's current Levels of Service	Major and long-term
Level of public impact and/or interest	Major and District-wide, or Major for an identified community of interest
Impact on Council's capability (non-cost)	Major and long-term
Net financial cost/revenue of implementation, excluding any financial impact already included in a long-term plan/annual plan.	Net capital expenditure >10% of total rates in year commenced. and/or net operating expenditure >2.5% of total rates in year commenced.

Significant capital expenditure decisions

Whau Valley water treatment plant

While the Whau Valley water treatment plant replacement is important to the community, the project has not received a high level of public interest, with only one submitter seeking to be heard through the consenting and designation stages.

However, expenditure on the project is likely to meet one of the policy criteria in the table above. Given the scale and importance of the project it was considered prudent to include it in this section.

Whau Valley Treatment Plant Renewal – Options		
Options	Implications	Alternatives
Do nothing	<ul style="list-style-type: none"> • Risk of plant failure • Insufficient capacity for growth • Does not comply with Building Act earthquake requirements • Loss of investment and design already undertaken and land already purchased. 	Use other treatment plants, which would result in: <ul style="list-style-type: none"> • Increased operational cost • High risk of water restrictions at peak periods.
Upgrade the existing plant Estimated at \$12.7 million based on the 2014 estimate	<ul style="list-style-type: none"> • Capacity cannot be extended with upgrades alone • Insufficient room for delivery vehicles • Will only achieve 67% compliance with Building Act • Ongoing risk of hazardous substances. 	Demolish the existing plant and rebuild on the same site. This alternative does not address the major site constraints. Implementing this option would also require the acquisition of some neighbouring land.
Build a new plant on a new site \$25.0 million based on project costings	<ul style="list-style-type: none"> • Addresses capacity issues • Meets Building Act requirements • Reduces risk to residential properties • New site can be fit-for-purpose. 	Construct a new plant on the existing site and accept higher risk and potentially a lower Levels of Service.

Most likely scenario – replace the Whau Valley Treatment Plant on the new site

The Whau Valley water treatment plant was originally constructed in 1953 and supplies potable (drinkable) water to the Whangārei urban area. The plant is surrounded by residential dwellings and has the following constraints:

- the existing plant requires earthquake strengthening under the Building Act, but will only achieve 67% compliance
- there is no additional space available to construct a new plant alongside the existing plant
- there is insufficient access and manoeuvring room
- storage and use of hazardous substances (chlorine gas) close to residential dwellings is a risk.

This project is currently at an advanced stage of the decision-making process.

Timing: 2018-20

Estimated uninflated cost: \$25.0 million over a three-year period

Ruakaka ocean wastewater outfall

While scheduled to occur later in the Strategy and, as such, subject to uncertainty around the impacts of growth, available capacity, timing and cost, a

decision to proceed with the Ruakaka ocean outfall is likely to be significant due to the level of public interest and the net financial cost of implementation.

Ruakaka ocean wastewater outfall – options		
Options	Implications	Alternatives
No upgrades	<ul style="list-style-type: none"> • Growth not catered for • Non-compliance with consent conditions • Loss of current investment in consent negotiations. 	<ul style="list-style-type: none"> • Use planning regulations and other mechanisms to slow growth in the Ruakaka area, resulting in loss of economic opportunity.
Land disposal Estimated at \$112.0 million based on suitable land for disposal being purchased within 5km	<ul style="list-style-type: none"> • High cost of land • Appropriate land may not be available • New consenting requirements • Cost and risk are likely to make this option unfeasible. 	<ul style="list-style-type: none"> • Construct a new ocean outfall as part of the overall upgrade of the Wastewater Treatment Plant.
Ocean outfall Estimated at \$60.0 million based on the current information and technologies	<ul style="list-style-type: none"> • Compliance with existing consent conditions • Allows for a staged upgrade within the current treatment and discharge framework • Provides for growth. 	<ul style="list-style-type: none"> • Use disposal onto land as the main medium for discharge. This could be undertaken in conjunction with a smaller ocean outfall, but overall costs would be higher.
Most likely scenario – Ruakaka ocean wastewater outfall		
<p>The Ruakaka and One Tree Point area is expected to experience high growth in the foreseeable future. Growth is expected to result in a need for a discharge of 16,000m³/day of treated wastewater. Given the volume, the land area required and the lack of suitable land disposal is not a feasible option.</p> <p>The most likely scenario is to undertake a staged upgrade of the Ruakaka Wastewater Treatment Plant to keep pace with growth in the interim, with a major investment in a new ocean outfall from 2038.</p> <p>Timing: from 2038</p> <p>Estimated uninflated cost: \$60.0 million (based on the current known information and technology).</p> <p>Note: given the timeframes for delivery of this project all costings are high level/indicative and detailed option analysis and costings will be done closer to the time.</p>		

Riverside Drive/ Onerahi Road

Upgrading Riverside Drive and Onerahi Road to meet the traffic increase from growth in the Whangarei Heads/Parua Bay/Onerahi areas is expected to have a high level of public interest as there will be

few options for alternative routes while work is underway. While detailed design and costings are yet to be confirmed, the project may also meet the financial threshold to be included in this section.

Riverside Drive/ Onerahi Road – options		
Options	Implications	Alternatives
Do nothing	<ul style="list-style-type: none"> Increased congestion over time Increased maintenance costs Loss of economic productivity due to delays. 	<ul style="list-style-type: none"> Undertaking a partial upgrade to three lanes, or introducing overtaking lanes will cause the same level of temporary disruption as four lanes, but will not have a long-term reduction in congestion.
Four-laning Estimated \$20.0 million based on initial investigations	<ul style="list-style-type: none"> Temporary disruption during construction Increased transport efficiency in the long-term Reduced congestion. 	<ul style="list-style-type: none"> Do nothing and maintain the road. This will result in increased maintenance costs resulting from more traffic movements over the same pavement and will not reduce congestion. Bypass – construct a bypass of Onerahi to provide alternative route for Onerahi Rd.
Partial four-laning plus bypass Estimated \$40.0 million based on initial investigations	<ul style="list-style-type: none"> Temporary disruption during construction Increased transport efficiency in the long-term Reduced congestion Potential cost due to unsuitable ground conditions encountered on bypass route. 	<ul style="list-style-type: none"> Do nothing and maintain the road. This will result in increased maintenance costs resulting from more traffic movements over the same pavement and will not reduce congestion. Four-laning Riverside Dr and Onerahi Rd from Dave Culham roundabout to Onerahi roundabout.
Most likely scenario – further investigate options for road widening and/or a bypass		
<p>Projected high growth in the Whangarei Heads area is expected to trigger a programme of works to meet the access needs of these communities. Transport planning indicates a reduction in the Levels of Service provided on the Riverside Dr/ Onerahi Rd route, from the Dave Culham Rd roundabout, particularly during peak commuter periods.</p> <p>Options for road widening and/or a bypass route of Onerahi have been investigated in these early stages but confirmation of the options and project details will occur closer to the time and will be subject to the realisation of the new growth projections. In addition to the roading upgrades, Council intends to continue to invest in the walking and cycling connection to Onerahi.</p> <p>Timing: 2024-28</p> <p>Estimated uninflated cost: \$20.0 million</p> <p>Note: given the timeframe for delivery of this project costings remain indicative. Detailed option analysis and costings will be done through the project planning stages.</p>		

Funding strategy

Whangarei District Council currently owns a wide range of assets that deliver the seven infrastructure activities. These assets range from in-ground pipes, pumping stations and treatment plants to roads, parks and recreational facilities. The long-term management of Council's infrastructure is funded through a combination of community rates (general and targeted rates), Council borrowing (debt) and returns on investments.

In developing the *Infrastructure Strategy 2015*, Council considered three primary options for addressing issues:

- deliver at current Levels of Service
- deliver current Levels of Service without sufficient funding

- focus on meeting only selected community expectations.

However, growth and increasing expectations for amenity have emerged as strategic issues since the last Strategy. These, along with increased information around the backlog of stormwater renewals, mean there is competition for funding.

As a result, Council considered a fourth option in the development of this Strategy, 'to deliver at current Levels of Service while meeting increased amenity expectations and growth pressure'. The four options are summarised as follows:

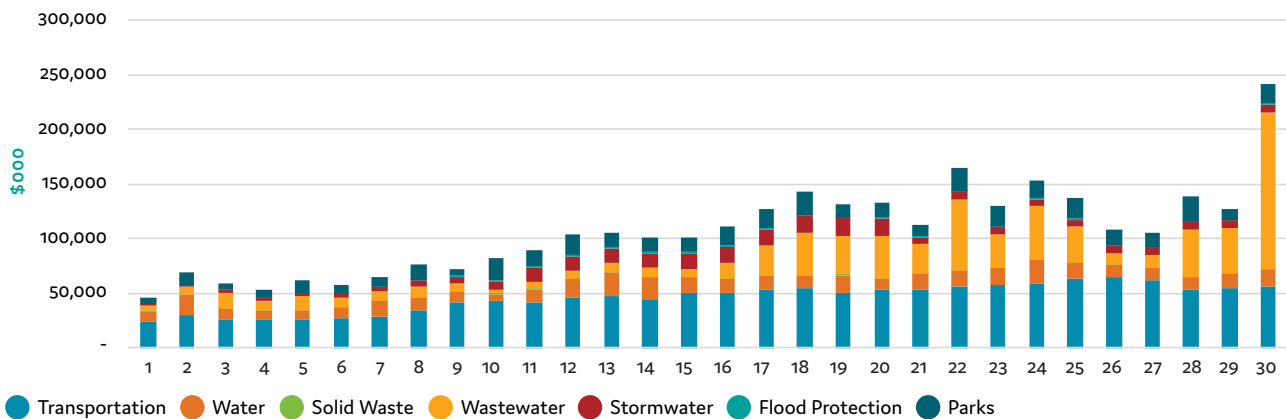
Option	This option broadly involves	Reasons
1 Deliver at current Levels of Service	<ul style="list-style-type: none"> • Increasing total rates beyond inflation for the first 10 years with debt remaining relatively static. 	<ul style="list-style-type: none"> • Meets community expectations • Enables Council to continue with sustainable and prudent financial position • Asset condition better maintained.
2 Deliver current Levels of Service without sufficient funding	<ul style="list-style-type: none"> • Increasing total rates beyond inflation, but to a lesser extent • Allowing some assets to run down. 	<ul style="list-style-type: none"> • Overall Levels of Service would drop • Increases the potential for inter-generational inequity with future generations paying for a lack of funding now • Greater long-term cost.
3 Meeting selected community expectations, focussing on necessities	<ul style="list-style-type: none"> • Increasing real rates by inflation only • Focus spending on core infrastructure like roads, water and waste • Reduce spending on community initiatives. 	<ul style="list-style-type: none"> • Levels of Service will reduce, particularly in recreational areas • Whangarei District will become less desirable to live and work in • Potential increased use of targeted rates • Long-term cost implications.
4 Deliver at current Levels of Service while meeting increased amenity expectations and growth pressure	<ul style="list-style-type: none"> • Increasing total rates by inflation plus 2% for the first 10 years • Increasing debt by inflation for the first 10 years. 	<ul style="list-style-type: none"> • Provides for required renewals over the life of the Strategy • Prioritises stormwater renewals to maintain Levels of Service • Provides for improved information on assets • Meets community expectations for increased amenity • Provides for growth projects.

When considered against the activity analysis in Part 2 of this Strategy, Council's preferred option is to 'deliver at current Levels of Service while meeting increased amenity expectations and growth pressure'. This option is considered to meet the community's increased amenity expectations (as indicated in the feedback received from early consultation) while addressing pressure from growth.

In modelling this option, Council has used the LTP budget for years 1-10, with years 11-30 coming from programmes and projects identified within AMPs. This ensures that any projects not included within the 10 years of the LTP are considered over the 30-year life of the Strategy.

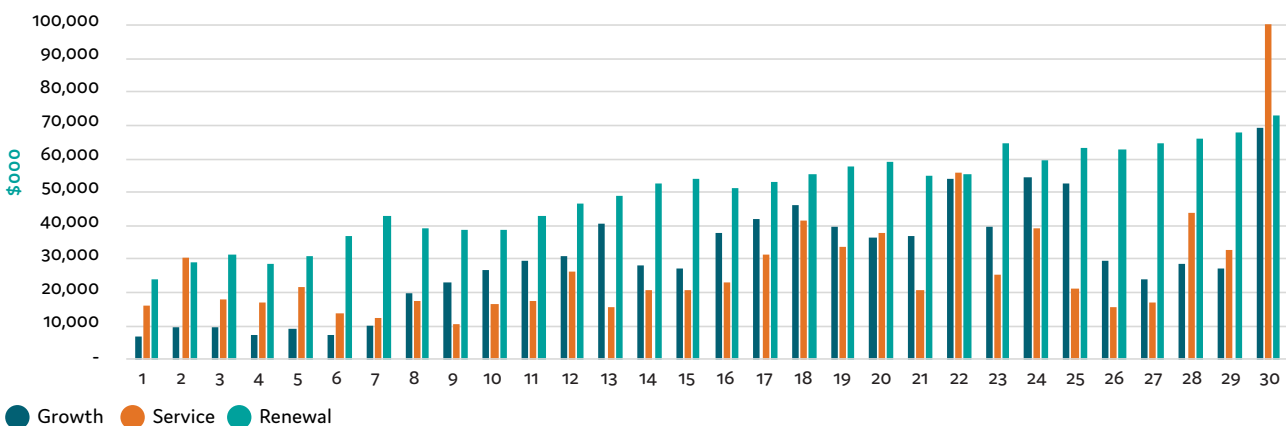
Over the 30 years, this option results in the following capex (capital expenditure) profile:

Infrastructure capital expenditure investment for years 2018-48 by activity



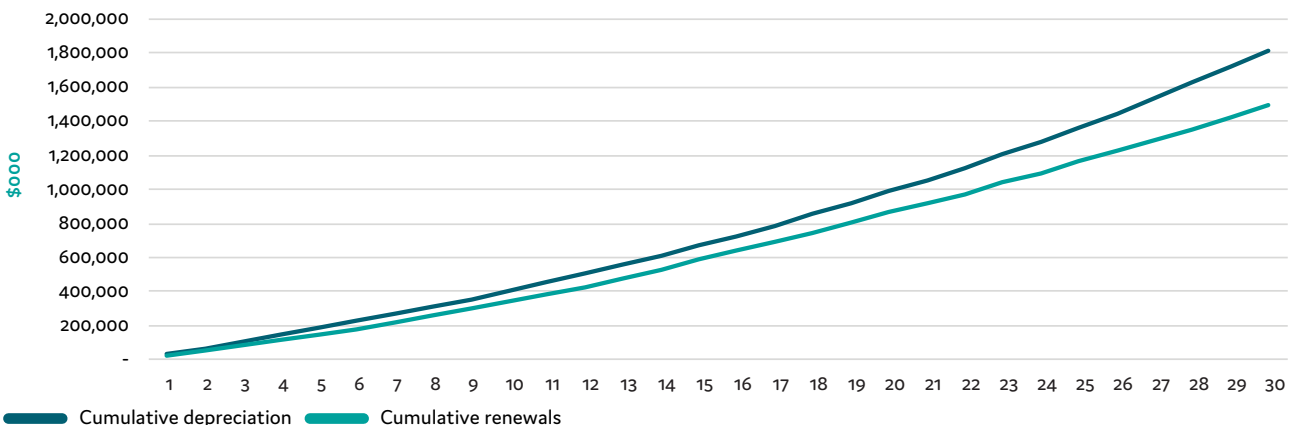
As seen in the graph below, when split by type, a strong investment in renewals is shown throughout the life of the Strategy, which is balanced against growth and Levels of Service projects. Of note are a number of 'spikes' across the life of the Strategy, where growth or Levels of Service projects are required to meet anticipated demand.

Infrastructure capital expenditure investment for years 2018-48 by splits



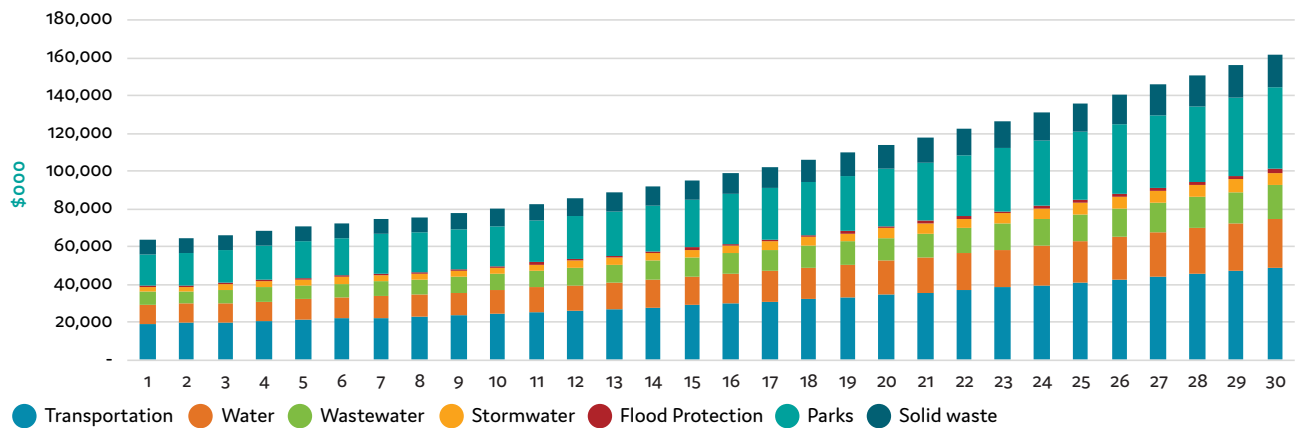
When viewed cumulatively, the investment in renewals is also evident, with renewals to depreciation (devaluation of an asset due to age, wear and tear) at 82% over the life of the Strategy. By value, key departures from this trend occur in transportation (where asset renewals are based on information on the asset's actual condition) and wastewater (where modelling will be reviewed and validated), both of which are discussed in Part 2 of this report.

Cumulative forecast asset renewal expenditure to depreciation 2018-48



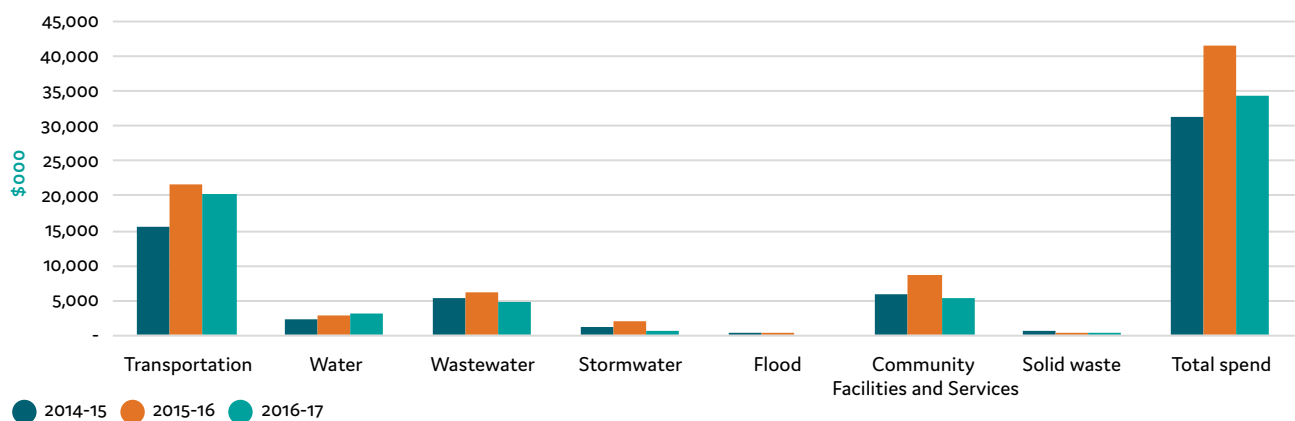
The opex (operational expenditure) trend over the 30-year period shows a corresponding increase in the funding available to maintain the assets that Council has. Of particular note through this modelling round is inclusion of consequential opex (opex Council requires to fund and maintain assets from projects).

Infrastructure operational expenditure 2018-48



Council's delivery on the Strategy is driven, in part, by its ability to resource the capex programme with skilled staff and contractors. In considering this risk, Council has compared the capex programme to expenditure in previous years, as seen below.

Total spend by activity per year



The first three years of the Strategy include funding for the upgrade of the Whau Valley Treatment Plant, a large renewal project in the advanced stages of planning. When Whau Valley funding is removed, the 2018 budget of \$40.7 million is below the 2015 spend of \$41.4 million. The capex programme then progressively builds in the first 10 years, providing both Council and the market time to build capacity to deliver the programme.

The above funding strategy results in Council funding identified asset management requirements over the 30-year life of the *Infrastructure Strategy 2018-48* (please note, full financial analysis for the first 10 years of this Strategy is provided in the corresponding *Financial Strategy 2018-28*).

Activity analysis and assumptions

Water

Overview

The water activity covers the collection of raw water and the treatment and distribution of water to the community. Assets include water storage facilities, dams and water tanks, as well as treatment plants and pipelines. Water has:

- 45 reservoirs
- nine water sources
- seven treatment plants
- 763 km reticulation network
- 26,100 metered customers
- \$350.0 million optimised replacement cost.

Asset condition and risk

Condition assessment of above ground assets is based on physical inspection. As a result, Council has sound data on dams, reservoirs, buildings and other above-ground assets. Underground assets, such as water pipelines, are more difficult to assess as detailed CCTV imaging is not possible. Pipeline condition assessment is therefore primarily age-based, coupled with sampling of failed or replaced pipe.

Based on current information and age, the total kilometres of distribution pipes (including mains, distribution and trunk) requiring replacement will increase from year 10 with:

- most critical trunk mains approaching end of life
- other pipelines at approximately half of expected life.

It is noted that the failure of a water main does not generally result in environmental harm, but may have a short-term localised impact on the community. As such, the actual condition of pipelines does not give rise to any strategic risk, provided there is ongoing resource and funding to maintain the projected renewals programme.

Technology, electronics and mechanical assets like pumps and valves are increasingly dated, the Supervisory Control and Data Acquisition (SCADA) monitoring system being a good example. Older technology and electronics increase the risk of failure and non-compliance with drinking water standards, but also of incompatibility with newer technology. Mechanical and electronic equipment is generally run until it fails as the overall lifespan is relatively short and improvements in technology are rapid.

Asset condition	Risk/implication
Aged pipeline	<ul style="list-style-type: none"> • High rate of replacement required in years 10 – 30 • Requirement to factor age and condition assessments into the long-term renewals programme.
Some outdated materials	<ul style="list-style-type: none"> • Repairs not practicable due to incompatibility of materials • Extending lifecycle of asset more difficult • Increased replacements as repairs are less feasible.
Some obsolete technology	<ul style="list-style-type: none"> • Expensive, unplanned replacement and upgrade costs from failures • Inability to prove water is safe • Reliance on institutional knowledge to keep assets functioning.

Critical infrastructure assets

Site	Resilience strategy
Whau Valley Dam WS	The two major water supply areas, Whangārei City and Bream Bay, are principally supplied by Whau Valley Dam and Wilsons Dam. All major water supply areas are backed up by alternative water sources, with additional reservoirs providing a two-day buffer for 95% of water customers. Mangapai and Maungakamea water supply areas would be supplied by tanker in the event of a major failure.
Wilsons Dam WS	
Maunu Springs WS	
Poroti Springs WS	
Ruakaka WTP	Water treatment plants are in multiple locations to reduce the risk of multiple failure from a single event. All water treatment plants include contingencies in the event of failure, including either generators or mobile generators that can be connected in the event of power failure. The Ruakaka Water Treatment Plant provides treated water to the Marsden Point Oil Refinery, which is a nationally-significant asset. While there is private storage onsite that provides for continuity and back-up, loss of supply for a period of six hours or more could result in progressive Refinery shut downs. Council would work closely with the Refinery to restore supply as a priority. The Whangarei Base Hospital has a private reservoir directly available to it, which provides for continuity and back-up with up to two days' storage.
Whau Valley WTP	
Ruddells WTP	
Poroti WTP	
Ahuroa WTP	
Taroa Street PS	All pump stations are fitted with back-up and standby pumps and the raw water pump stations have generators installed in the event of power failure.
Kamo PS	
Flygers Road PS	
Fairway Drive PS	

Key strategic issues

Issue	Options	Implications
Information available is insufficient for proactive management of assets	Do nothing	<ul style="list-style-type: none"> Failure to maximise expenditure decisions Increased costs as renewal programme may not be based on accurate information Increased potential for unexpected failure of network.
	Rely on modelling only	<ul style="list-style-type: none"> Modelling alone may over-state or under-state asset condition and capacity Asset modelling relies on the best information available at the time, which may be incomplete Increased long-term cost.
	Fund asset data and systems improvement	<ul style="list-style-type: none"> The accuracy of models improves as data is collected Reduced cost as maintenance and renewal expenditure is prioritised based on best available information Provides baseline information for long-term planning.

Commentary and anticipated response:

There are limitations on historic information. Council prefers to extend and verify the information currently available in the asset database so that it can be better used for proactive management of assets. To address this issue Council will:

- undertake a data improvement/validation programme
- increase funding for condition assessments and modelling on network assets
- while not a factor in the adequacy of data, Council will also fund the upgrade or replacement of the Asset Management Information System (AMIS), which is now unsupported (assistance is no longer available from the manufacturer).

Issue	Options	Implications
Ageing water reticulation pipes are in poor condition, with many older pipelines constructed from out of date materials such as asbestos cement	Do nothing	<ul style="list-style-type: none"> • Ongoing deterioration and failure of the water supply network • Increasing water lost as leakage • Inability to deliver appropriate Levels of Service.
	Maintain existing pipes	<ul style="list-style-type: none"> • Increased difficulty and cost of repair • Some materials may not be repairable due to unavailability of older materials • Leakage and increased cost • Reduction in Levels of Service.
	Upgrade pipes using new materials	<ul style="list-style-type: none"> • Extends uniformity of network pipelines • Ability to use fit-for-purpose materials • Lower long-term maintenance costs • More reliable water supply network • Maintains Levels of Service.

Commentary and anticipated response:

The remaining alkathene and galvanised steel rider mains are operating past their predicted life and are in poor condition, with leakage and breakage rates that directly contribute to higher than desirable, unaccounted for water figures and maintenance costs. Many of the distribution mains are made of asbestos cement and may be nearing the end of their predicted life. Older cast iron pipes in residential areas become severely encrusted inside and several cannot meet fire-flow requirements (sufficient flow for use by the fire service in the event of a fire). Council prefers to upgrade distribution pipes as they start to fail using new, fit-for-purpose, materials. To address this issue Council will:

- undertake condition assessments as part of its renewal strategy, particularly for older assets
- continue a programme of operating a lower water pressure in some areas to reduce strain on ageing pipes and reduced leakage, until replacement can be implemented
- upgrade pipes using new materials, where required.

Issue	Options	Implications
Water treatment plants, particularly the Whau Valley Plant, require continuous upgrading and ongoing expenditure to ensure production and maintain water quality standards	Run to failure	<ul style="list-style-type: none"> • Increased maintenance costs • High risk of failure despite redundancies • Potential inability to meet future demand and water quality standards • Potential decrease in Levels of Service for some plants.
	Improve maintenance and renewal programme and upgrade, where appropriate	<ul style="list-style-type: none"> • Extends useful life • Increased costs over time • Upgrades alone may not allow a plant to meet increased demand • Does not address site constraints.
	Upgrade to use technology/best practice as it becomes available and replace, where appropriate	<ul style="list-style-type: none"> • Maintenance and upgrade extends useful life • More cost-effective option where plant is reaching the end of useful life, or upgrade costs are becoming untenable • Full replacement enables site constraints to be addressed.

Commentary and anticipated response:

There are seven water treatment plants in our District. To ensure a safe, reliable water supply for the community, Council's preferred option is to upgrade and/or replace them, as required. To address this issue Council will:

- replace the Whau Valley Treatment Plant, using an alternative site (considered in more detail under the significant decisions section of this Strategy on page 141)
- upgrade treatment plants at Poroti Springs to support the current and new system in times of water shortage
- continue with a programme of maintenance and renewal for other water treatment plants
- consider further upgrades/replacements over the life of the Strategy to optimise performance and plant life and minimise.

Issue	Options	Implications
Some critical pumps and drives have exceeded their design life and are now due for either replacement or refurbishment	Run to failure	<ul style="list-style-type: none"> • Additional long-term cost • Failure of critical pumps and drives • Increased risk to the delivery of flow and pressure • Reduction in Levels of Service.
	Effective maintenance regime	<ul style="list-style-type: none"> • Increased backlog of renewals and replacements • Additional long-term costs.
	Maintain, renew and upgrade before failure	<ul style="list-style-type: none"> • Increased reliability of critical assets • Maintains Levels of Service • Ability to address growth issues.
Commentary and anticipated response: Council prefers to manage critical equipment and reticulation assets through a combination of preventative maintenance, condition assessment and planned renewal programmes. To address this issue Council will: <ul style="list-style-type: none"> • undertake condition assessments as part of business as usual • undertake renewals as part of a plant upgrade or planned minor projects • replace electrical and control assets as they fail. 		

Issue	Options	Implications
Requirements for improved Drinking Water Standards, monitoring and/or fluoridation, may increase costs	Do nothing	<ul style="list-style-type: none"> • Changing requirements may result in unplanned expenditure • Non-compliance may result in prosecution.
	Monitor changes and respond as required	<ul style="list-style-type: none"> • Measured and timely response to changes • Active participation in any review of Standards • Levels of Service maintained over time.
	Anticipate changes	<ul style="list-style-type: none"> • Potential for expenditure where not required • Anticipated response may not address changes • Potential to achieve higher Levels of Service.
Commentary and anticipated response: Water standards and monitoring requirements are expected to become more stringent over time, particularly following the 2016 Havelock North gastroenteritis outbreak. There is also an ongoing national debate regarding fluoridation. Council prefers to monitor changes and respond to these issues as necessary. To address this issue Council will: <ul style="list-style-type: none"> • include some strategic funding to comply with potential changes to drinking water standards • not undertake fluoridation unless desired by the community, or required • seek subsidies to off-set the costs of compliance, where available. 		

Issue	Options	Implications
Sanitary assessments, as required by the LGA, have not been undertaken for some time	Do nothing	<ul style="list-style-type: none"> • Does not meet Council's obligations under the LGA • Risk of prosecution.
	Meet minimum requirements of the LGA	<ul style="list-style-type: none"> • Meets requirements of LGA • Focusses on key growth areas and areas with high seasonal visitors • Informs future LTP processes and allows for investment in infrastructure, based on need.
Commentary and anticipated response: Sanitary assessments help to understand the existing water supply provisions and their effectiveness. Sanitary assessments have not been undertaken and/or updated in communities such as Ngunguru, Tutukaka, Matapouri and other coastal areas that have high fluctuations in seasonal populations. Council prefers to undertake sanitary assessments in areas of high growth and seasonal populations. To address this issue Council will: <ul style="list-style-type: none"> • meet its obligations under the LGA with respect to sanitary assessments for smaller communities and coastal communities • focus on those communities that are experiencing growth or seasonal pressures • consider the outputs of sanitary assessments in the Long-term Plan 2021-31. 		

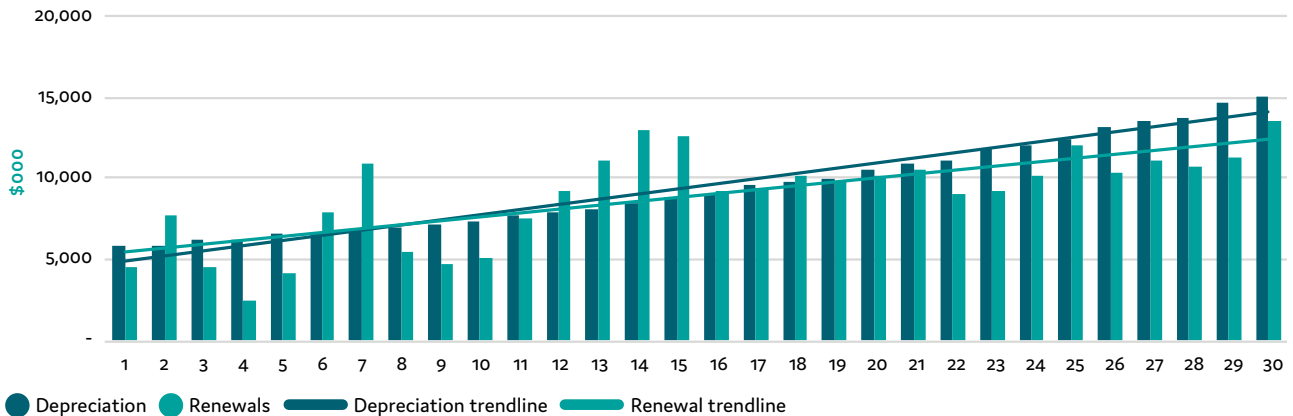
Activity funding strategy

Renewals

The water renewals profile (below) shows the budgeted renewals for years 1-10 of the Strategy relative to depreciation. Depreciation is then forecast for years 11 – 30 with renewal requirements

identified through the AMP also being forecast over that period. In doing so, the graph gives the reader an understanding of the required renewal budget relative to depreciation over the life of the Strategy.

Water renewal expenditure for years 2018-48



In preparing the renewals profile for the water activity, a range of technical information and asset life data has been considered. These detailed assumptions and parameters are contained within the AMP. For the first 10 years, renewal decisions are based on the known condition of the assets. Beyond the 10-year timeframe, they are based on the age of the asset, in accordance with information and assumptions in the AMP.

While expenditure on renewals is relatively high in the early years of the Strategy due to the replacement and upgrade of the Whau Valley Treatment Plant, Council has diverted some funding from reticulation renewals (which can be managed to minimise the event/impact of failure) to cover increased funding requirements identified for this project and replace high risk SCADA technology.

Other notable renewals over the first 10 years of the Strategy include the reservoir and reticulation renewal programmes and the Otaika reticulation and trunk renewals. Over the life of the Strategy, projected renewals closely track depreciation at 94%.

When projected beyond 30 years, there were no significant bow-waves (when a number of assets reach the end of their usable lives at the same time) in the water renewal profile.

Other significant or major capital expenditure

Over the life of the Strategy, water has one potentially significant project, the Whau Valley Treatment Plant, which is covered under the significant decisions section of this Strategy on page 141 and the following major projects (excluding programmes) where non-renewal expenditure exceeds 10% of the total capital for the activity in any year of delivery.

Major Capital Expenditure								
Description	2018-23	2023-28	2028-33	2033-38	2038-43	2043-48	Key Driver	Uninflated Cost (\$m)
Wairoa River water source and Poroti WTP upgrade							LOS	13.2
Waipu Reservoir – additional capacity							LOS	1.1
Kamo additional reservoir (Dip Rd)							LOS	2
Vinegar Hill trunk main upgrade							Growth	1.3
Whau Valley Dam chimney drain							LOS	2.6
Three Mile Bush reservoir							LOS	2
Sergeant Hill reservoir and pipework							Growth	1.9
Onerahi Reservoir – extra capacity							Growth	1.8
Ahuroa Water Treatment Plant – upgrade							Growth	8.5
Ruakaka Reservoirs – extra capacity							Growth	2.4
Glenbervie mains extension, reservoir and land							Growth	5.6
Ngunguru Reservoir, trunk main and reticulation							Growth	12.1
Port Marsden Highway trunk main extension							Growth	4
Urquharts Bay Reservoir and main to Ocean Beach							Growth	1.8
Maunu Reservoir							Growth	1.9
Parua Bay Reservoir additional capacity							Growth	1.1
Hikurangi Reservoir							Growth	1.7
WTP water quality compliance upgrades							LOS	4
Langs Reservoir							Growth	1.4

Levels of Service

The water activity has the following Levels of Service which are supported by performance measures included in the activity profile section of this document:

- we provide safe, high-quality drinking water to all our customers
- the water supplied is continuous and is adequate for customers' use
- in times of emergency there is adequate water supply available
- we manage the water supply system in a sustainable way that also caters for growth.

While the allocated funding will enable Levels of Service to be maintained over the life of this Strategy, key challenges faced relate to:

- loss of data through electronic or technological failure (i.e. SCADA)
- continuity of supply, particularly in the ability to replace pump stations
- maintaining or upgrading security to avoid wilful damage or contamination
- compliance with drinking water standards.

To address these issues Council will prioritise funding on SCADA, supply assets and security to reduce risk and will monitor/respond to changes in Drinking Water Standards.

Activity summary

Within the water activity the need to maintain or replace ageing assets, including the information required to make the best decisions on them, is a key issue for consideration as part of the overarching strategy.

The impact of changing standards and regulatory requirements are also of note and will be considered as part of the broader strategic context under the strategic context section of this Strategy on page 135.

The Whau Valley Treatment Plant replacement has been identified as a potentially significant project under the significant decisions section of this Strategy on page 141.

Wastewater

Overview

The wastewater activity incorporates facilities that collect, treat and discharge wastewater. The main gravity network in Whangārei has been constructed in various stages since 1910, with some pump stations and rising mains exceeding 60 years in age. Wastewater has:

- 32,279 connections (including commercial pan charges)
- 623 km of main pipelines
- 225 km of service lines
- 151 pump stations (excluding household pressure units)
- nine treatment plants
- \$374.0 million optimised replacement cost.

Asset condition and risk

Condition predictions for underground gravity mains and service lines are based on physical inspection of approximately 20% of the network, including a large portion of Tikipunga and all of Hikurangi. The physical inspection process, which includes the use of historic data, has identified 12km of in-service wastewater mains that are currently in a failure condition and require renewal.

The survival model, (which estimates the expected time until infrastructure failure) created from this data recognises natural variations in asset life and provides a more robust statistical estimate of useful life than 'nameplate' assumptions (the life given to an asset by its manufacturer). The data indicates that, while some assets will survive beyond their 'nameplate' life, others will become unserviceable before that.

While supported by statistical analysis, further physical inspection is required to confirm condition and improve the accuracy of the model. Validation of the model will also assist any future analysis of useful life.

Asset condition	Risk/implication
Aged pipeline	<ul style="list-style-type: none"> • High rate of replacement required where assets fail early • Higher risk of failure and environmental harm • Requirement to factor age into long-term renewals programme.
Outdated or poor materials	<ul style="list-style-type: none"> • Some materials are deteriorating faster than expected, therefore requiring earlier renewal.
Modelling	<ul style="list-style-type: none"> • Renewal programme is based on condition modelling • Further verification of the current condition modelling through additional physical inspections will enable refinement of the renewals programme, over time.

Critical infrastructure assets

Site	Resilience strategy
Whangārei WWTP	The Whangārei Wastewater Treatment Plant treats all wastewater produced by Whangārei City. Complete failure of the plant would result in untreated discharge to Whangārei Harbour. To minimise the risk the plant has a range of contingencies in place, including equipment redundancies.
Onerahi PS	<p>In the event of pump station failure, particularly at the Okara Park Pump Station, raw sewage could be discharged to Whangārei Harbour. To minimise this risk, pump stations are equipped for:</p> <ul style="list-style-type: none"> • back-up/plug-in generators to mitigate against power failure; or • multiple stand-by pumps in case of pump failure; and/or • telemetry alarm systems to notify against failures. <p>In addition, there are storage reservoirs and treatment at Hatea and Tarewa Park (under construction), along with storage at Parua Bay. Most pump stations have four hours' storage capacity.</p>
Okara Park PS	
Robert Street PS	
Hatea Road PS	
Waverley Street PS	
Otaika PS	
Kioreroa Road PS	
Trunk Gravity Main – Okara Park	The condition of this gravity main has recently been assessed as good and it is monitored regularly.
Okara Park PS to Whangārei WWTP rising main	This rising main is the main pipe to the Whangārei Treatment Plant and has redundancy for part of its capacity.

Key strategic issues

Issue	Options	Implications
Information available is insufficient for proactive management of assets	Do nothing	<ul style="list-style-type: none"> Failure to maximise expenditure decisions Increased costs as renewal programme may not be based on accurate information Increased unexpected failure of network.
	Rely on modelling only	<ul style="list-style-type: none"> Modelling alone may over-state or under-state asset condition and capacity Asset modelling relies on the best information available at the time, which may be incomplete Increased long-term cost.
	Fund asset data and systems improvement	<ul style="list-style-type: none"> The accuracy of the model improves as data is collected Reduced cost as maintenance and renewal expenditure is prioritised based on best available information Provides baseline information for long-term planning.
Commentary and anticipated response: There are limitations on historic data relating to asset location, condition and usage. Council prefers to extend and verify the information currently available in the asset database so that it can be better used for proactive asset management purposes. To address this issue Council will: <ul style="list-style-type: none"> undertake a data improvement/validation programme increase funding for condition assessments and modelling on network assets while not a factor in the adequacy of data, Council will also fund the upgrade or replacement of the Asset Management Information System (AMIS), which is currently unsupported. 		

Issue	Options	Implications
The Discharge Consent for the Whangārei Wastewater Treatment Plant expires in 2021. New water quality standards and environmental regulations may result in new consent conditions that are more stringent than current conditions	Do nothing	<ul style="list-style-type: none"> Consent renewal remains live, but the outcome remains uncertain Potential that a significant upgrade to the treatment plant is still required Understanding of risk is not refined over time.
	Monitor/model current discharges and negotiate consent conditions	<ul style="list-style-type: none"> Provides an accurate, evidence-based approach to consent renewal Cost to community can be measured against environmental benefits The risk can be well understood and minimised, with Council able to proactively respond to future upgrade requirements.
	Plan an upgrade of the treatment plant in anticipation of consent	<ul style="list-style-type: none"> Potential loss of planning investment Potential cost of up to \$40.0 million to install a treatment plant that may not be required.
Commentary and anticipated response: The Whangārei Wastewater Discharge Consent currently allows for treated wastewater to be discharged to Whangārei Harbour. Consent renewal may result in changes to discharge quality conditions, resulting in the need to upgrade the existing treatment plant. Any changes to consent conditions are currently unknown, but could result in the need for minor upgrades to the plant. In a worst-case scenario (low-med risk), Council could be required to install a new treatment plant which could cost \$40.0 million. To address this issue Council will: <ul style="list-style-type: none"> undertake an extensive monitoring programme of the existing discharge levels proactively manage the issue with Northland Regional Council (and other stakeholders), including making submissions on Regional Plans, where appropriate. 		

Issue	Options	Implications
Wastewater assets subject to early failure require replacement	Do nothing	<ul style="list-style-type: none"> • Ongoing deterioration and failure of the wastewater network • More expensive reactive maintenance • Inability to deliver Levels of Service.
	Continue with renewals and update materials	<ul style="list-style-type: none"> • Ability to use better fit-for-purpose materials • Lower long-term maintenance costs • More reliable network • Maintains Levels of Service.
Commentary and anticipated response: Council prefers to continue a renewals programme that replaces older materials with fit-for-purpose modern materials, based on physical condition assessments. To address this issue Council will: <ul style="list-style-type: none"> • continue to undertake a renewals programme based on physical condition assessment and modelling • increase physical condition assessments • identify the causes of faster than expected asset deterioration. 		

Issue	Options	Implications
Sanitary assessments, as required under the LGA, have not been undertaken for some time	Do nothing	<ul style="list-style-type: none"> • Does not meet Council's obligations under the LGA • Risk of prosecution.
	Meet minimum requirements of LGA	<ul style="list-style-type: none"> • Meets requirements of LGA • Focuses on key growth areas and areas with high seasonal visitors • Informs future LTP processes and allows for investment in infrastructure based on need.
Commentary and anticipated response: The need for sewerage schemes in communities such as Maungatapere, Maungakaramea, Matapouri and other coastal areas that have high fluctuations in seasonal populations is not well understood. Sanitary assessments help understand the existing wastewater provisions and effectiveness to the community. Council prefers to undertake sanitary assessments in areas that indicate growth, as well as those areas that have high seasonal populations. To address this issue Council will: <ul style="list-style-type: none"> • include indicative costings in the Strategy where information is available • meet its obligations under the LGA with respect to sanitary assessments for smaller communities and coastal communities, with an emphasis on those communities that are experiencing growth or seasonal pressures • consider the outputs of sanitary assessments and confirm funding requirements in future planning rounds. 		

Issue	Options	Implications
There is potential for greater than predicted growth in the Ruakaka area, which may bring forward required upgrades, including the need for an Ocean Outfall	Do nothing	<ul style="list-style-type: none"> • Does not provide for growth • Potential effects on the environment and community from poor quality discharges • Unable to comply with consent conditions.
	Staged upgrades	<ul style="list-style-type: none"> • Provides for growth, without pre-empting that growth • Ensures consent and regulatory compliance.
	Anticipate growth with full upgrade	<ul style="list-style-type: none"> • Does not allow for uncertainty in growth models • Cost is not spread over time.
Commentary and anticipated response: Council has a current consent to construct a new ocean outfall at Ruakaka as part of a wider upgrade of the treatment plant. As wastewater flow increases, there are several trigger levels, where staged upgrades will occur over time, with the full upgrade and outfall currently planned for 2038. There is a risk that growth in the Ruakaka area will result in planned upgrades being brought forward to an earlier date. To address this issue Council will: <ul style="list-style-type: none"> • monitor growth and wastewater flows at the current Ruakaka Wastewater Treatment Plant • undertake staged upgrades as required. 		

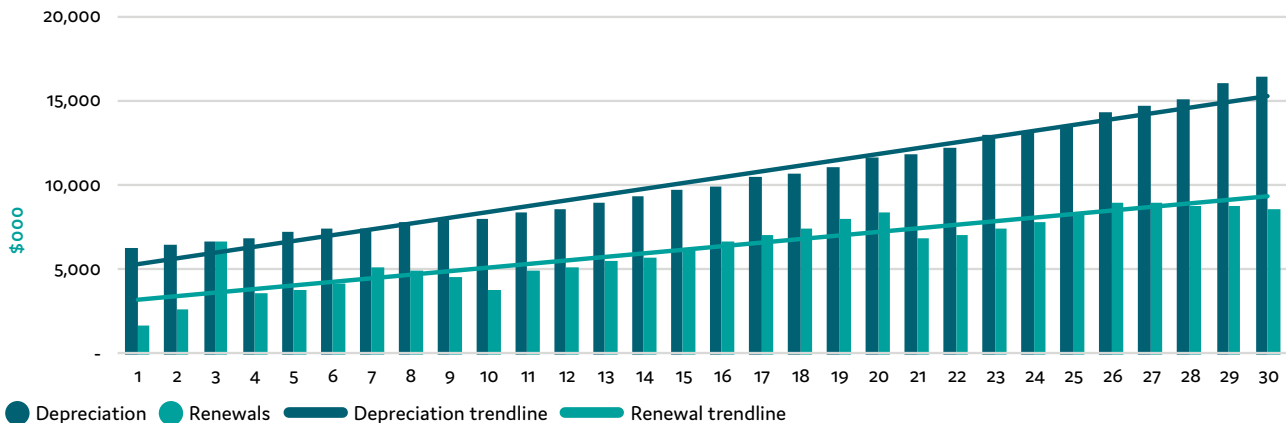
Activity funding strategy

Renewal profile

The wastewater renewals profile below shows the budgeted renewals for years 1-10 of the Strategy relative to depreciation. Depreciation is then forecast for years 11-30 with renewal requirements

identified through the AMP also being forecast over that period. In doing so, the graph gives the reader an understanding of the required renewal budget relative to depreciation over the life of the Strategy.

Wastewater renewal expenditure for years 2018-48



In preparing the renewals profile for wastewater, a range of technical information and asset life data has been considered. Detailed assumptions and parameters are contained within the AMP. Broadly speaking, the assumption is that renewal requirements will be based on Council's Asset Survival Model, which uses historical CCTV information to estimate the proportion of assets that survive to a given age (and, by extension, the proportion of assets that will fail at a given age).

Expenditure on renewals is relatively steady in the early years of the Strategy, increasing from just over \$1.7 million in year one to approximately \$3.7 million in year 10. The majority of this spend is on wastewater treatment plant and network renewals. Over the life of the Strategy, the gap between renewals funding and depreciation widens, with renewals eventually making up 60% of depreciation.

As indicated above, the profile of renewals replacement is largely driven by the findings of the Asset Survival Model, which has been used to prioritise renewals funding. Further physical inspection is required to confirm condition of the asset and improve the accuracy of the model. Validation of the model will assist in refining future renewals priorities and in analysing an asset's useful life.

When projected beyond 30 years there were no significant bow-waves identified in the wastewater renewal profile.

Other significant or major capital expenditure

Over the life of the Strategy, wastewater has one potentially significant project, the Ruakaka Ocean Outfall, which is covered in detail under the significant decisions section of this Strategy on page

141 and the following major projects (excluding programmes) where non-renewal expenditure exceeds 10% of the total capital for the activity in any year of delivery:

Major Capital Expenditure								
Description	2018-23	2023-28	2028-33	2033-38	2038-43	2043-48	Key Driver	Uninflated Cost (\$M)
Waipu Cove/Langs Beach network							Growth	10.65
Waipu WWTP upgrade								1.35
Te Hape sewer extension								2.5
Ruakaka Wastewater Treatment Plant upgrade							Growth	12.6
One Tree Point-Ruakaka Wastewater Network – upgrades								2
Whangarei Heads Sewerage System upgrade							Growth/LOS	9.1
Whangārei WWTP odour control							LOS	3.7
Maunu sewer capacity increase							Growth/LOS	4.2
Tutukaka wastewater system upgrades							LOS	13.04
Kamo wastewater system capacity upgrades							LOS	18.76
Marsden/Ruakaka wastewater upgrades							LOS	37.75
Hikurangi wastewater upgrades							LOS	9.9
Parua Bay wastewater upgrades							LOS	7.62
Waipu wastewater upgrades							LOS	19.23
Oakura wastewater upgrades							LOS	11.73
Maungatapere wastewater upgrades							LOS	16.4
Matapouri wastewater upgrades							LOS	63.3
Taurikura/Urquharts wastewater upgrades							LOS	4.46
Maunu Ln-Keays Rd sewer upgrade-stage 2							LOS	1.7

Levels of Service

The wastewater activity has the following Levels of Service which are supported by performance measures included in the activity profile section of this document:

- in defined service areas, Council will collect, treat and dispose of wastewater through a reliable wastewater network which is managed to ensure blockages, breaks or spillages are kept to a minimum
- Council will provide well maintained and accessible public toilets in high use areas.

While the allocated funding will enable Levels of Service to be maintained over the life of this Strategy, key challenges faced relate to:

- the Asset Survival Model indicating that there are early pipeline failures requiring renewal. This is expected to increase overall operational cost as reactive repairs are undertaken at the expense of capital renewals

- risks associated with meeting consent compliance requirements at wastewater treatment plants.

To address these issues, Council will prioritise funding on renewals and take a proactive approach to monitoring treatment plants and negotiating consent conditions. Where necessary, upgrade funding will be considered in future planning cycles.

Activity summary

Within the wastewater activity, the need to maintain or replace assets subject to failure and the information required to optimise decisions in doing so, are key issues to be considered as part of the overarching strategy.

The impact of changing standards and regulatory requirements are also of note and will be considered as part of the broader strategic context under the strategic context section of this Strategy (page 135).

The Ruakaka Ocean Outfall has been identified as a potentially significant project under the significant decisions section of this Strategy on page 141.

Stormwater

Overview

The stormwater network comprises a combination of piped systems, access holes and sumps, open channels, treatment devices and rivers and streams. The main stormwater network is predominantly concrete pipes and is relatively new. Stormwater has:

- 11 major stormwater catchments in Whangārei City
- 427 km mains and service lines
- 17 smaller settlements with stormwater networks
- \$260.0 million optimised replacement cost.

Asset condition and risk

Condition predictions for underground mains and service lines are based on physical inspection of approximately 8% of the network by CCTV. The Asset Survival Model created from this data recognises natural variations in asset life and provides a more robust estimate of useful life than 'nameplate' assumptions. The data indicates that, while some assets will survive well beyond their nameplate life, others will become unserviceable prior to that. The accuracy of the survival model will improve as more pipes are inspected.

Physical inspection has shown that, in some cases, stormwater network infrastructure that has been installed in the past 20 years has a higher failure rate than that which was installed in previous decades.

While supported by statistical analysis, further physical inspection is required to confirm condition and improve the accuracy of the model. Validation of the model will also assist any future analysis of useful life.

Asset Condition	Risk/Implication
Aged pipeline	<ul style="list-style-type: none"> • High rate of replacement required leading to a potential renewal backlog • Requirement to factor age into long-term renewals programme.
Outdated or poor materials	<ul style="list-style-type: none"> • Some materials deteriorating faster than expected and therefore requiring earlier renewal.
Condition modelling	<ul style="list-style-type: none"> • Renewal programme is based on an Asset Survival Model that has limited verified information.

Critical infrastructure assets

The stormwater activity does not contain any assets that are considered critical, in terms of requiring immediate restoration following a disaster or other major event.

Key strategic issues

Issue	Options	Implications
Information available is insufficient for proactive management of assets	Do nothing	<ul style="list-style-type: none"> Failure to maximise expenditure decisions Increased costs as renewal programme may not be based on accurate information Increased unexpected failure of network.
	Rely on modelling only	<ul style="list-style-type: none"> Modelling alone may over-state or under-state asset condition and capacity Asset modelling relies on the best information available at the time, which may be incomplete Increased long-term cost.
	Fund asset data and systems improvement	<ul style="list-style-type: none"> The accuracy of models improves as data is collected Reduced cost as maintenance and renewal expenditure is prioritised based on best available information Provides baseline information for long-term planning.
Commentary and anticipated response: There are limitations on historic data. Council prefers to extend and verify the information currently available in the asset database so that it can be better used for proactive asset management purposes. To address this issue Council will: <ul style="list-style-type: none"> undertake a data improvement/validation programme increase funding for condition assessments and modelling on network assets while not a factor in the adequacy of data, Council will also fund the upgrade or replacement of the Asset Management Information System (AMIS), which is currently unsupported. 		

Issue	Options	Implications
Some assets are deteriorating quicker than expected, potentially resulting in a large backlog of stormwater assets requiring replacement	Do nothing	<ul style="list-style-type: none"> Ongoing deterioration and failure of the stormwater network Increased operational spend due to reactive repairs Increases in the extent and frequency of flooding due to failures Reduction in Levels of Service.
	Maintain existing pipelines	<ul style="list-style-type: none"> Using the same materials will reduce the renewal period Ongoing failure points in network resulting in flooding Increased backlog of renewals, with funds diverted from other infrastructure classes Reduction in Levels of Service.
	Renewals and update materials	<ul style="list-style-type: none"> Ability to use better fit-for-purpose materials Lower long-term maintenance costs More reliable stormwater network Maintains Levels of Service.
Commentary and anticipated response: Limited condition testing of the stormwater network has been undertaken. However, this is indicating that pipelines are deteriorating more rapidly than expected. Pipelines that have been installed in the past 20 years appear to be deteriorating at a faster than anticipated rate, resulting in a shorter life expectancy. Council prefers to prioritise a renewals programme that replaces older materials with fit-for-purpose modern materials in accordance with evidence-based assessments of physical condition. To address this issue Council will: <ul style="list-style-type: none"> continue to undertake a renewals programme based on physical condition assessment and modelling increase physical condition assessments review design standards, construction methods and materials for stormwater systems enhance construction supervision for stormwater assets that are to be vested in Council. 		

Issue	Options	Implications
Effects of extreme storm events on the community are not well understood	Do nothing	<ul style="list-style-type: none"> Not well prepared for flooding events Projects required to protect the community may not be identified in the 30-year plan Potential adverse impact on Council's overall funding strategy.
	Undertake flooding assessments	<ul style="list-style-type: none"> Better asset information to model the effects of flooding Increased funding to undertake modelling Interfaces with the Regional Council in relation to river and coastal flooding Capital projects can be considered in future planning rounds.

Commentary and anticipated response:

Historically, the stormwater system has been designed for a 1:5-year flood event. However, regulatory requirements are increasing and the system is likely to be subject to more frequent and intense events going forward. Council has limited modelling and data to determine the impacts of these trends on the network. To address this issue Council will:

- increase funding for catchment plans and network modelling
- work with Northland Regional Council to enhance understanding of the impacts of more frequent and severe events.

Issue	Options	Implications
Increased regional environmental and flood protection requirements	Do nothing	<ul style="list-style-type: none"> Potential bow-wave of upgrades to install treatment devices once consent conditions are known Increased cost over time.
	Retro-fit treatment devices and negotiate consent conditions	<ul style="list-style-type: none"> Improved water quality Ongoing costs, but a reduction in potential bow-wave of renewals Regulatory compliance.

Commentary and anticipated response:

There is an increasing focus on water quality. Improved environmental standards may affect the renewal of some stormwater network discharge consents, resulting in a potential need to install new treatment devices. In addition, increasing regulatory requirements are also likely to require new stormwater networks to be designed to a higher standard. Council prefers to actively negotiate consent conditions based on sound environmental information and to continue a programme of retro-fitting treatment devices on existing stormwater outlets. To address this issue Council will:

- actively negotiate potential consent conditions well before consents expire to increase certainty and enable funding decisions
- provide funding for a programme of retro-fitting treatment devices on stormwater outlets
- actively participate in Regional Plan reviews, particularly relating to flood risk.

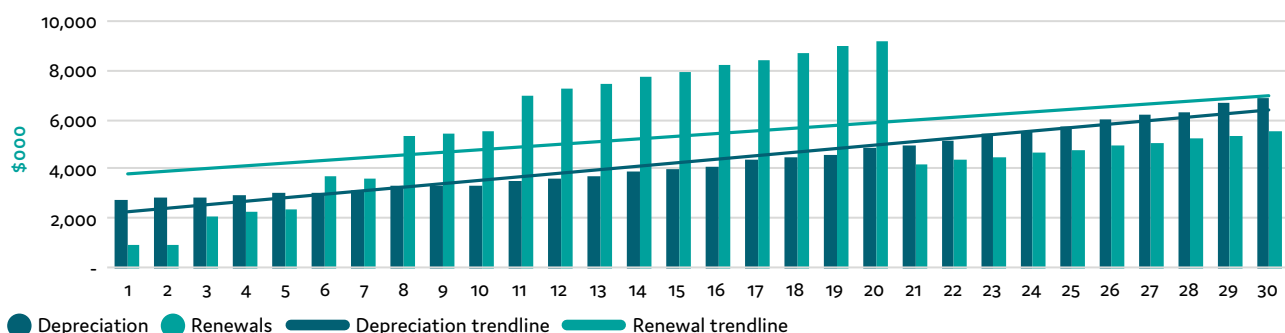
Activity funding strategy

Renewal profile

The stormwater renewals profile below shows the budgeted renewals for years 1-10 of the Strategy relative to depreciation. Depreciation is then forecast for years 11 – 30 with renewal requirements

identified through the AMP also being forecast over that period. In doing so, the graph gives the reader an understanding of the required renewal budget relative to depreciation over the life of the Strategy.

Stormwater renewal expenditure for years 2018-48



In preparing the renewals profile for stormwater, a range of technical information and asset life data has been considered. These detailed assumptions and parameters are contained within the AMP. Broadly speaking, renewal requirements are based on Council's Asset Survival Model, which uses historical CCTV information to estimate the proportion of assets that survive to a given age (and, by extension, the proportion of assets that will fail at a given age).

To enable Council to build delivery capacity, expenditure on renewals is relatively low in the early years of the Strategy, progressively increasing from year three. This increase represents a reprioritisation of renewals funding, recognising that there has

been historic underfunding within this asset class. As a result, there is a bow-wave of renewals within the first 30 years of the Strategy, which, if funding levels continue, will be addressed over the life of the Strategy.

As a result of this reprioritisation, projected renewals track well over depreciation over the life of the Strategy, at 124%.

Other significant or major capital expenditure

Over the life of the Strategy, stormwater has the following major projects (excluding programmes) where non-renewal expenditure exceeds 10% of the total capital for the activity in any year of delivery.

Major Capital Expenditure								
Description	2018-23	2023-28	2028-33	2033-38	2038-43	2043-48	Key Driver	Uninflated Cost (\$m)
Teal Bay							LOS	1.14
Morningside stormwater upgrades							LOS	12.2

Levels of Service

The stormwater activity has the following Levels of Service, which is supported by performance measures included in the activity profile section of this document:

- Council will manage the stormwater network to minimise flood risks within defined service areas.

The 2015 – 25 LTP included no funding for stormwater renewals and limited funding for the installation of new treatment devices across the network.

Existing assets do not provide sufficient flood protection to meet the required Levels of Service. The current review of the Northland Regional Policy Statement may also lead to changes in environmental regulation and consent requirements.

To address these issues Council has prioritised funding on stormwater renewals, with \$32.0 million being provisioned in the first 10 years of the Strategy (\$1.0 million in year one increasing to \$5.5 million in year 10).

Activity summary

Within the stormwater activity the need to maintain or replace ageing assets and the information required to make the best decisions in doing so, are key issues to be considered as part of the overarching strategy.

Of note are the issues likely to be experienced in maintaining Levels of Service, which have resulted in stormwater renewals receiving priority funding.

The impact of changing standards and regulatory requirements are also of note and will be considered as part of the broader strategic context under the strategic context section of this Strategy (page 135).

Transportation

Overview

The transportation network includes all Council-formed roads and associated assets, as well as parking and footpaths on state highways. The network excludes private roads and paper roads. Transportation has:

- 1,055 km sealed roads (excludes bridges)
- 693 km unsealed roads (excludes bridges)
- 400 km Council-owned footpaths and shared paths.
- 5.5 km bridges
- \$1.06 billion optimised replacement cost.

Asset condition and risk

The condition of the road network is determined in accordance with the standard NZTA deterioration model, DTIMS. This model provides accurate, repeatable measures of rutting, roughness, texture and surface condition.

Overall network condition and performance is good, although there are some performance issues relating to sealed pavements, unsealed roads and traffic signals:

- approximately 10% of the sealed network is in a very poor condition
- residents' satisfaction with the unsealed network is low
- there are increasing reliability issues due to water entering the signal network
- all bridges and culverts are in relatively good condition.

Investment in maintenance and renewals and development of new strategies, will address these performance issues.

Critical infrastructure assets

Site	Resilience strategy
Road to Whangarei Heads	<p>The road network provides critical connections in the event of a widespread emergency, providing connections for emergency response as well as ongoing recovery. The critical roads identified include connections to communities where there are little or no alternative routes available, or the road provides an arterial route. Ranking of criticality and responses is set out in a hierarchy of plans that include:</p> <ul style="list-style-type: none"> • Roding Business Continuity Plan • Northland Civil Defence Emergency Plan • State Highway Detour Plans • Council Storm Management Plans.
Road to Marsden Point	
Bank St	
Kamo Road	
Tarewa Rd	
Port Rd	
Road to Airport – Riverside Dr/Onerahi/Church St	

Key strategic issues

Issue	Options	Implications
Whangārei is geographically constrained, reducing options to grow the road network and address congestion	Do nothing	<ul style="list-style-type: none"> Increased traffic congestion and loss of amenity Loss of productivity for the community Reduction in Levels of Service.
	Road upgrades only	<ul style="list-style-type: none"> Constrained network limits road upgrade options Does not address increased volume of traffic over time Requires major investment.
	Promote alternative transport alongside road upgrades	<ul style="list-style-type: none"> Extends lifecycle of existing constrained road network Slows the rate of rising congestion Community health and amenity benefits Environmental benefits, particularly in relation to emissions.

Commentary and anticipated response:

Whangārei is geographically constrained, restricting the ability to grow the urban road network along already built up routes. This constraint is compounded by high traffic growth, reliance on private vehicle use and an ageing traffic signal system. Council prefers to take a multi-pronged, co-ordinated approach to managing congestion by upgrading key intersections and roads, as well as promoting alternative transport options. To address this issue Council will:

- identify and promote alternative mass transport options, including bus lanes, park and ride facilities and light rail
- promote walking and cycling and, in particular, develop safe cycle routes along main transport routes.

Issue	Options	Implications
Our sealed road network is vulnerable to heavy vehicle traffic which is expected to grow in volume and intensity	Do nothing	<ul style="list-style-type: none"> Sealed pavements on freight routes will deteriorate and no longer be fit-for-purpose Loss of district and regional economic benefits Increased bow-wave of renewals Potential loss of NZTA subsidies.
	Continue with existing funding levels	<ul style="list-style-type: none"> Maintain economic benefits of getting local goods to market Less funding available for non-freight route renewals.
	Even funding across all roads	<ul style="list-style-type: none"> Reduces renewals on heavily used roads resulting in pavement deterioration Potential loss of funding under NZTA's ONRC funding model.

Commentary and anticipated response:

Sealed roads are vulnerable to damage (particularly from heavy vehicles) due to thin/narrow pavements, poor geology, a semi-tropical climate, over-stabilisation and historical under-investment in renewals. Council prefers to work with NZTA, industry and neighbouring districts to take a region-wide approach to this issue and identify alternative freight routes to reduce the overall impact. To address this issue Council will:

- continue a programme of pavement renewals to maintain sealed pavements on freight routes in a fit-for-purpose condition while optimising the long-term maintenance costs
- continue the forestry road programme
- identify and maintain other freight routes to a higher standard to cope with the increasing freight loads, over time
- prioritise maintenance, including drainage.

Issue	Options	Implications
Poor network resilience results in closures	Repair road damage and clear slips as they occur	<ul style="list-style-type: none"> • Unreliable transport routes, particularly important for commercial and freight routes • Reduces funding for renewal and capital works • Increased community isolation.
	Increase resilience through proactive management of risks	<ul style="list-style-type: none"> • Reduced closures over time • Renewal and capital projects are maintained • Improved overall road condition • Reduced impact on Council's overall funds.
Commentary and anticipated response: Poor geology and a subtropical climate make our roads susceptible to slips and flooding during heavy rain events. Climate change is expected to increase the intensity of major rain events, over time. Where slips and other road damage occurs, funding is often diverted from other renewals and capital programmes to re-instate the affected road. Council prefers to proactively manage slip mitigation by undertaking preventative works, where practicable and ensuring there are detours available. To address this issue Council will: <ul style="list-style-type: none"> • address slips and flood mitigation in a proactive manner • provide fit-for-purpose detour routes • consider the impacts of climate change in low lying/coastal areas. 		

Issue	Options	Implications
The introduction of ONRC (One Network Road Classification) may see reduced subsidised funding for some activities on certain classes of roads	Do nothing	<ul style="list-style-type: none"> • ONRC will be implemented without Council input • Greater potential for loss of subsidy funding • Reduction in Levels of Service over a wider part of the road network.
	Liaise with NZTA and respond	<ul style="list-style-type: none"> • Opportunity to influence implementation of the ONRC system • Maintain maximum available funding • Potential changes in Levels of Service over a small area of the road network.
Commentary and anticipated response: NZTA is implementing a new One Network Road Classification (ONRC) system for assessing subsidy levels. This may take up to seven years to bed in and has the potential to affect when roads are eligible for funding. Council prefers to work closely with NZTA as the new system is developed. To address this issue Council will: <ul style="list-style-type: none"> • continue to work closely with NZTA in the development and implementation of the ONRC funding model • review and revise Levels of Service to align with ONRC requirements as they develop • educate the community on any potential changes to Levels of Service. 		

Issue	Options	Implications
The number of fatal and serious injury crashes on our roads is high and continues to trend upward	Do nothing	<ul style="list-style-type: none"> • Continuing upward trend in high severity road crashes • Increasing social and economic impact on the community.
	Improve road design	<ul style="list-style-type: none"> • Severity of road crashes can be reduced • Does not address driver behaviour and other contributors to crashes.
	Co-ordinated all-agency road safety approach, including design solutions	<ul style="list-style-type: none"> • Severity of road crashes can be reduced • Reduced social cost • All contributors to crashes targeted.
Commentary and anticipated response: Council recognises that there are often a range of factors that contribute to serious crashes, including road design and condition. To reduce the number of serious crashes, Council prefers to take a co-ordinated, inter-agency approach to provide a safe road system targeting safer speeds, safe road use, safe vehicles and roadsides. To address this issue Council will: <ul style="list-style-type: none"> • prioritise treatments to evidence-based high risk areas • continue to work with road partners and develop road safety promotions targeting key risk areas • create a more forgiving road system, by developing a safe system approach. 		

Issue	Options	Implications
Future transport technologies, including electric vehicles and autonomous vehicles will have an impact on the roading infrastructure	Do nothing	<ul style="list-style-type: none"> Potential loss of economic opportunity Long-term cost associated with upgrades needed to catch up with technology.
	Watching brief	<ul style="list-style-type: none"> A need to keep up to speed with developing technologies A need to future proof infrastructure we install today.
	Future proof network	<ul style="list-style-type: none"> Additional electric charge facilities Lower costs of installing new technology as provision has already been made.

Commentary and anticipated response:

Transport technologies are evolving rapidly, with increasing numbers of electric cars on the road requiring charge points and autonomous vehicles being tested on New Zealand roads. New technology has the potential to reduce emissions and improve safety. However, new technology may also present new challenges that we do not fully understand today. Council prefers to maintain a 'watching brief' on emerging technologies and incorporate future proofing into design and development work, where practicable. To address this issue Council will:

- ensure we keep up to speed with developing technologies
- consider future technologies and how we can future proof infrastructure we install today.

Issue	Options	Implications
The proposed relocation of the Whangarei Airport may require upgrades to roads and new transport routes	Watching brief	<ul style="list-style-type: none"> Provides a long lead-in time for expenditure Cost estimates and funding based on a fully developed project.
	Budget for a potential road upgrade	<ul style="list-style-type: none"> Funding would be for an unknown project with unknown costs Potential reduction in funding available for other capital projects.

Commentary and anticipated response:

Depending on the proposed location and planned size of the airport, there may be a requirement to upgrade road infrastructure to enable the construction and ongoing operation. Council prefers to retain the cost of any upgrade as an unprovisioned risk until the proposal is further developed, on the basis that a road upgrade will be within the overall cost of any airport proposal. To address this issue Council will:

- undertake a needs' assessment once the proposed airport location and size is known
- incorporate the cost of access road upgrades into the overall costing of the project.

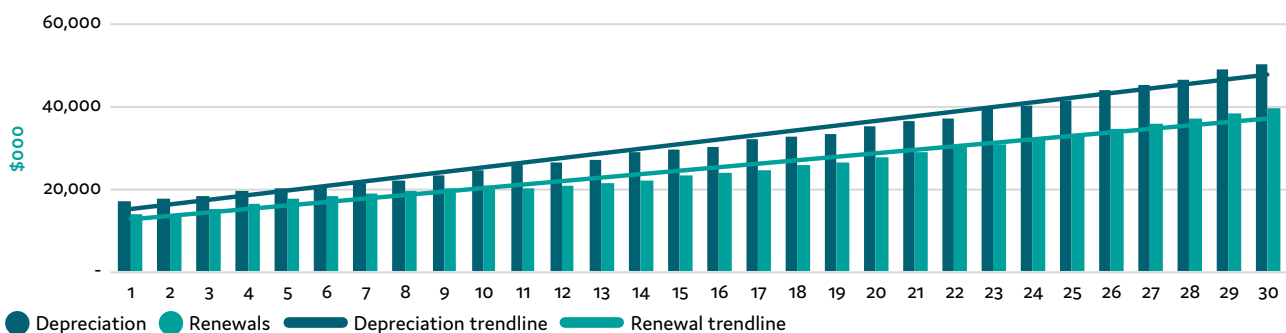
Activity funding strategy

Renewal profile

The transportation renewals profile below shows the budgeted renewals for years 1-10 of the Strategy relative to depreciation. Depreciation is then forecast for years 11 – 30 with renewal requirements

identified through the AMP also being forecast over that period. In doing so, the graph gives the reader an understanding of the required renewal budget relative to depreciation over the life of the Strategy.

Transportation renewal expenditure for years 2018-48



Renewals are driven by national standards adopted by NZTA, along with other mandatory non-financial performance standards required by the Department of Internal Affairs (DIA).

The principle condition rating model that determines an asset's condition and the overall renewal profile is the NZTA deterioration model, DTIMS.

Renewals will initially focus on forestry and arterial road networks. Local access roads will not be treated unless they meet the criteria set out above and are deemed a high risk to the customers.

While projected renewals closely track depreciation over the course of the Strategy at 80%, it is important to note that road and footpath condition modelling and subsequent prioritisation, is based on actual deterioration data.

Also of note is a potential bow-wave of bridges coming to the end of their design life in 15 to 20

years. There will be condition assessment of these assets well in advance of this to ensure potential risks are managed and renewals are smoothed.

As a result, there is a relatively high level of confidence in modelling. The funding rate is therefore considered prudent and there are no major bow-waves identified beyond the 30-year period.

Other significant or major capital expenditure

Over the life of the Strategy, Transportation has one potentially significant project, Riverside Drive/Onerahi Road, which is covered in detail under the significant decisions section of this Strategy on page 141 and the following major projects (excluding programmes) where non-renewal expenditure exceeds 10% of the total capital for the activity in any year of delivery:

Major capital expenditure								
Description	2018-23	2023-28	2028-33	2033-38	2038-43	2043-48	Key Driver	Uninflated Cost (\$m)
One Tree Point Road upgrades							Growth	7.58
Marsden Point Road upgrades							Growth	21.96
Kamo route bus priority lanes/4-laning							Growth	12.0
Riverside Drive/Onerahi Road							Growth	20.0
Port/Kioreroa RAB and bridge 4-laning							Growth	7.0
Reyburn St/Okara Dr/Port Rd bus priority lanes/4-laning							Growth	15.0
SH1 to SH14 Maunu Link Road							Growth	15.0
Hatea Dr 4-laning							Growth	12.0
Park N Ride facilities							Growth	16.0
Tikipunga route bus priority lanes/4-laning							Growth	18.0
Maunu Rd/Water St bus priority lanes							Growth	15.0
Tarewa Rd Intersection //Walton 4-laning							Growth	11.0

Levels of Service

The transportation activity has the following Levels of Service, which are supported by performance measures included in the activity profile section of this document:

- our District's roading network will be maintained in a satisfactory condition and in accordance with national safety and engineering standards
- we will support alternative transport methods
- travel times in and around the network will be predictable and disruptions to the network will be well managed and communicated.

Funding for the transportation activity is sufficient to maintain current Levels of Service over the medium to long-term. However, the maintenance of existing

Levels of Service may not meet increasing customer expectations, the Department of Internal affairs (DIA) mandatory non-financial performance measures for the safety of local roads or the requirements of ONRC, once implemented.

These issues will be monitored over time with any changes to Levels of Service being considered in future planning rounds.

Activity summary

There is one potentially significant project for transportation, the Riverside Drive/Onerahi Road project, which is considered in detail under the significant decisions section of this Strategy on page 141.

Flood protection

Overview

The Hikurangi Swamp flood protection and control scheme was first implemented in the early 1900s, with a more substantive scheme implemented in the 1970's. While the older scheme pumps have relatively low run hours, they are supported by older and potentially outdated, electrical control systems. The scheme has:

- 68 km of stopbanks and spillways
- 17 spillway sensors
- seven pump stations
- 20 pumps and control equipment
- 15 pumps over 40 years old
- \$41.0 million optimised replacement cost.

Asset condition and risk

The flood protection and control works in the Hikurangi area are functioning adequately and earthworks have recently been completed to raise stop bank levels. Some concrete structures are showing signs of structural wear and will be costly to repair. It is proposed that these be maintained rather than replaced.

Critical infrastructure assets

The flood protection activity does not contain any assets that are considered critical, in terms of requiring immediate restoration following a disaster or other major event.

Key strategic issues

Issue	Options	Implications
The scheme is designed to protect pasture in relatively small stormwater events (1:3.5-year return to 1:20). If large cyclonic events are more regular, the investment in the scheme becomes less economic	Do nothing	<ul style="list-style-type: none"> • Slowly reducing Levels of Service from the scheme • Long-term implications on farming sustainability.
	Upgrade scheme	<ul style="list-style-type: none"> • High cost, with economic impacts on scheme beneficiaries • Amendments to the current resource consent required.
Commentary and anticipated response: The long-term economic viability of the scheme will be affected by more frequent, high intensity rainfall events brought about by climate change. Greater intensity of storm events may lead to increased requirements for operational and/or capital expenditure. Currently, no contingencies for extreme weather have been included in the LTP budget. To address this issue Council will: <ul style="list-style-type: none"> • monitor the financial, environmental and economic impact of increased flood events and, through a consultative process, evaluate how best to provide additional asset investment, where required. 		

Issue	Options	Implications
The Hikurangi Flood Protection Scheme is funded by targeted rates and is expected to be debt-free by year three of the LTP	Continue current rating	<ul style="list-style-type: none"> • Debt paid off to Council • Funding available for ongoing maintenance • Reserve fund built for future maintenance, renewals and upgrades.
	Reduce rating	<ul style="list-style-type: none"> • Allows for maintenance only • Upgrades to the scheme not funded • Potential loss of benefits from scheme.
Commentary and anticipated response: Scheme works are predominantly funded from targeted rates. The Hikurangi Swamp Major Scheme Rating District contributes approximately 89% percent of the total targeted rates and the Hikurangi Swamp Drainage Rating District contributes the remaining 11% percent. Some minor additional revenue is provided from land rentals. The flood protection scheme is expected to be in credit by 2022. Council prefers to utilise targeted rates to build a reserve fund for future upgrades. To address this issue Council will: <ul style="list-style-type: none"> • build a reserve fund for the scheme to enable future maintenance, renewals and upgrades • through a consultative process, make decisions in relation to long-term funding of opex, renewals and the level of upgrade to the flood protection design level. 		

Issue	Options	Implications
Land settlement due to peat oxidation has the potential to slowly reduce the drainage ability of the scheme	Do nothing	<ul style="list-style-type: none"> Land owners with peat soils get reduced protection from the scheme Long-term effects on sustainability of the scheme.
	Design new pump stations with lower inlet levels	<ul style="list-style-type: none"> High cost Potential cost to scheme beneficiaries directly affected by land settlement.
Commentary and anticipated response: Approximately 15% of the area within the scheme is fertile peat land. Land settlement affects 15% of the scheme-protected farmland which decreases the rate at which water drains, resulting in degraded channel flow and siltation and more prolonged flooding and pasture loss. This, in turn, has a range of effects on the efficiency of the scheme. Council recognises that this issue is one of a range of matters that will need to be considered when making decisions on the long-term funding of the scheme. To address this issue Council will: <ul style="list-style-type: none"> develop a long-term action plan and consider adequate resourcing. 		

Issue	Options	Implications
There is increasing pressure to mitigate the effects of the scheme on eels and natural habitat	Do nothing	<ul style="list-style-type: none"> Ongoing adverse effects on the environment, particularly on habitat and eels Increasing community pressure on Council.
	Contribute to environmental improvement programmes	<ul style="list-style-type: none"> Provides an inter-agency, co-ordinated approach with Fonterra, Iwi, NRC and farmers Reduces overall costs Provides wider environmental benefits.
	Replace infrastructure to reduce effects	<ul style="list-style-type: none"> High cost Ability to co-ordinate with renewals.
Commentary and anticipated response: The scheme consent incorporates a condition requiring the enhancement of fish passage and deterrents for the entrainment of fish in the scheme pumps. Over time, community and regulatory expectations are increasing. Council prefers to work alongside other agencies and contribute to wider environmental improvement programmes, with the objective of achieving larger environmental gains. To address this issue Council will: <ul style="list-style-type: none"> fund upgrades to address the impacts of the scheme, particularly on eels, in line with renewals identify and contribute to appropriate environmental improvement programmes co-ordinate with other relevant agencies, business, Iwi and community initiatives. 		

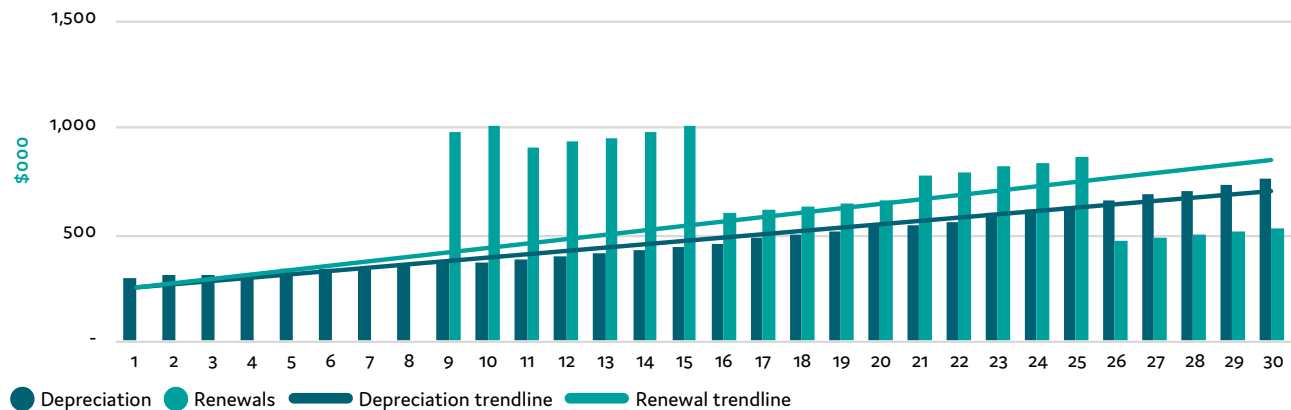
Activity funding strategy

Renewal profile

The flood protection renewals profile below shows the budgeted renewals for years 1-10 of the Strategy relative to depreciation. Depreciation is then forecast for years 11 – 30 with renewal requirements identified through the AMP also being forecast over

that period. In doing so, the graph gives the reader an understanding of the required renewal budget relative to depreciation over the life of the Strategy (note, depreciation calculated is not charged to the scheme ratepayers).

Flood protection renewal expenditure for years 2018-48



In preparing the renewals profile for flood protection, a range of technical information and asset life data has been considered. These detailed assumptions and parameters are contained within the AMP.

While there is no renewals funding within the early years of the Strategy, there is a spike in pump renewals in the later years of the LTP with an escalating renewals profile from that point. Also of note is that all revenue collected from the scheme is ring-fenced and a capital programme has been developed that aims to replace the pump stations with more environmentally friendly pumps over a 20-year period.

As a result of this, renewals to depreciation track at 115% over the life of the Strategy.

Other significant or major capital expenditure

While there are no significant or major capital projects within this activity there are ongoing programmes for gravity drainage gates and pump upgrades/replacements.

Levels of Service

The flood protection activity has the following Levels of Service which is supported by performance measures included in the activity profile section of this document:

- Council will provide a reliable and sustainable flood protection scheme, which is managed to mitigate flooding within the Hikurangi Swamp scheme area to an acceptable level.

While the funding allocated will enable Levels of Service to be maintained over the life of this Strategy, there are increasing expectations to address environmental effects of the scheme, particularly in relation to fish passage, eel management and habitat. Council has provisioned for replacement of pumps over the life of the Strategy.

Activity summary

The impact of climate change is also of note and will be addressed as part of the broader strategic context under the strategic context section of this Strategy (page 135).

Solid waste

Overview

The solid waste infrastructure activity provides refuse collection and disposal services throughout our District, including recycling collection, litter control, transfer stations and the Puwera Landfill. Solid waste has:

- the Puwera Landfill and Re:Sort facility (through a joint venture)
- eight transfer stations
- a rural recycling facility
- \$1.7 million depreciated replacement cost.

Asset condition and risk

Many solid waste assets are in relatively new condition with sufficient capacity over the 30-year horizon. However, the sealed pavements and access

roads to some transfer stations are ageing and will eventually need to be resurfaced.

In addition, the activity has a large number of short life/low value items (notably rubbish bins) that will require replacement over the life of the Strategy. As a result, approximately 48% of assets within the group will reach the end of their nameplate life over the 30 years.

There is a potential risk to public health if some assets are not maintained at an appropriate level, particularly in relation to safety barriers and fences.

Critical infrastructure assets

The solid waste activity does not contain any assets that are considered critical in terms of requiring immediate restoration following a disaster or other major event.

Key strategic issues

Issue	Options	Implications
A long-term renewal and maintenance programme is required to ensure assets do not deteriorate	Deferred maintenance and renewal	<ul style="list-style-type: none"> • Increased rate of asset failure and reduced asset life • Increased reactive maintenance • Lower Levels of Service and customer satisfaction • Eventual bow-wave of renewals.
	Maintenance and renewal	<ul style="list-style-type: none"> • Maintains assets at current levels • Spreads costs over a longer period • Maintains Levels of Service.
	Upgrade now	<ul style="list-style-type: none"> • Greater cost • Investment may exceed capacity requirements • Improved Levels of Service.

Commentary and anticipated response:

Many of Council's solid waste assets are in good to excellent condition with capacity over the next 30 years. However, a reduced asset maintenance and renewal programme will result in these assets deteriorating over time. To address this issue Council will:

- review the condition and capacity of solid waste assets each three-year LTP cycle
- provision funding for asset maintenance and renewal
- where investment for major maintenance or renewal is identified, Council will consider funding through a combination of user charges and Levels of Service funding.

Issue	Options	Implications
There are increasing visitor numbers to our District, resulting in an increasing need for seasonal solid waste facilities, particularly in coastal areas	Do nothing	<ul style="list-style-type: none"> • Reduction in Levels of Service • Increased litter and solid waste issues • Reduction in reputation as a destination.
	Provide appropriate facilities	<ul style="list-style-type: none"> • Reduction in litter, particularly in busy areas • Higher cost to the community • Maintain Levels of Service.

Commentary and anticipated response:

Council recognises that tourism provides an economic benefit to the community. However, increased seasonal visitor numbers place greater pressure on solid waste collection and disposal and on managing litter. In many cases, visitors do not directly contribute to the management of solid waste. Council prefers to promote the economic benefits of tourism and spread the cost of providing solid waste services that promote a clean and healthy environment across the wider community. To address this issue Council will:

- recognise the wider economic benefits of seasonal visitors
- provide public litter bins, particularly in high use areas and fund these through general rates.

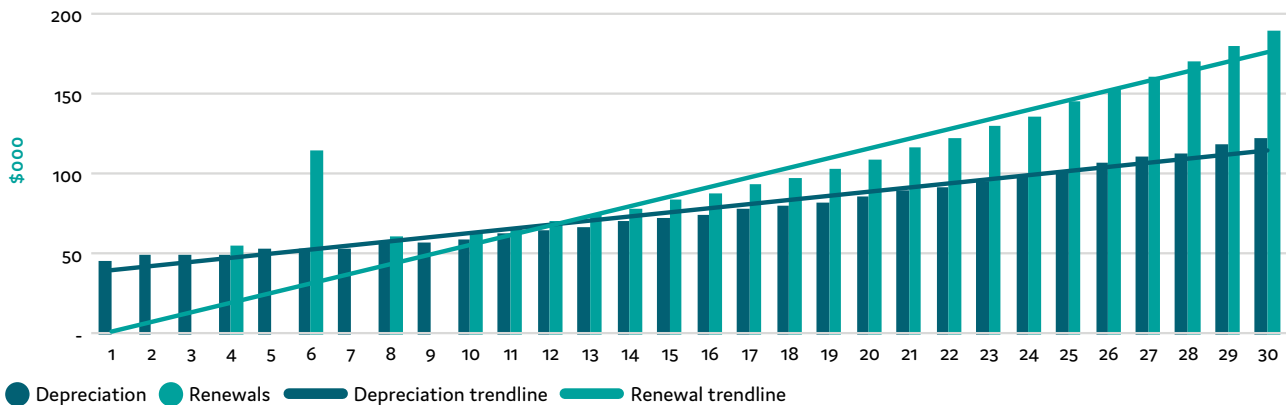
Activity funding strategy

Renewal profile

The solid waste renewals profile below shows the budgeted renewals for years 1-10 of the Strategy relative to depreciation. Depreciation is then forecast for years 11 – 30 with renewal requirements

identified through the AMP also being forecast over that period. In doing so, the graph gives the reader an understanding of the required renewal budget relative to depreciation over the life of the Strategy.

Solid waste renewal expenditure for years 2018-48



In preparing the renewals profile, a range of technical information and asset life data has been considered. These detailed assumptions and parameters are contained within the AMP. Broadly speaking, the assumptions are that priorities for the solid waste replacement programme will be assessed in terms of frequency of asset failure, ability to meet service level standards and the risk of environmental damage.

All revenue collected from the scheme is ring-fenced and a capital programme has been developed that aims to undertake progressive renewals over the life of the Strategy.

As a result, average renewals exceed average depreciation over the life of the Strategy at 162%.

Other significant or major capital expenditure

The purchase of wheeled bins for kerbside recycling collection is included in year one of the Strategy. There are no other significant or major capital projects within this activity. However, there are ongoing programmes for transfer station upgrades and renewals.

Levels of Service

The solid waste activity has the following Levels of Service, which are supported by performance measures included in the activity profile section of this document:

- Council will provide kerbside refuse and recycling collection services to all properties in our District and transfer stations will be operated throughout our District.
- Council will foster waste minimisation by supporting recycling and waste reduction practices so that a continued reduction in refuse sent to landfill occurs.
- Council will provide and empty public rubbish bins and undertake litter control throughout public places in our District.

The funding allocated will enable Levels of Service to be maintained over the life of this Strategy.

Activity summary

The funding available to solid waste enables Council to maintain Levels of Service over the life of the Strategy and there are no strategic of significant issues requiring further consideration.

Parks and recreation

Overview

The parks and recreation activity covers a large range of assets including parks, walking tracks, sportsfields and other community facilities. Parks and recreation have:

- 55 km of maintained tracks and walkways
- 37 playgrounds
- five skate parks
- \$37.0 million optimised replacement cost
- 57 wharves, jetties and pontoons.

Asset condition and risk

Parks and recreation manages a wide variety of unrelated assets, many of which have uncontrolled public access and usage. In addition, the asset group includes substantial tracts of land making up parks and reserves, which are not given condition ratings.

Overall asset conditions are average to good with:

- sport and recreation facilities having been upgraded with new technologies in turf management

- playgrounds, trails, linkages and coastal structures generally in good condition
- the majority of assets in poor condition being low value and low risk items (such as furniture, fences, lights and pavers)
- high use and/or value assets such as skate-parks being inspected annually as part of an independent safety audit
- playgrounds being inspected weekly, with high use playgrounds such as the Town Basin playground being inspected three times a week (any maintenance requirements are undertaken as soon as practicable)
- monthly maintenance inspections being undertaken by contractors to ensure compliance with NZS 5828 – 2004.

Critical infrastructure assets

The parks and recreation activity does not contain any assets that are considered critical in terms of requiring immediate restoration following a disaster or other major event.

Key strategic issues

Issue	Options	Implications
Growth requires increased land provision across parks and recreation categories	Do nothing	<ul style="list-style-type: none"> • The average number of hectares per 1000 residents will decrease over time • User experience will be reduced.
	Rely on developments only	<ul style="list-style-type: none"> • Smaller green spaces may be provided locally • The ability to provide suitable sports grounds will be reduced • Major sportsfields will become congested impacting on Council's ability to support active participation.
	Rely on development contributions and seek a major strategic purchase	<ul style="list-style-type: none"> • Smaller green spaces may continue to be provided locally • Recreational and sporting participation of the community is provided for • Potentially increased travel time to sports facilities.

Commentary and anticipated response:

Increased numbers of residents, particularly in areas that may experience higher than expected growth, place additional pressure on existing recreational facilities. As growth occurs, the availability of suitable land also becomes an issue, making it more difficult and expensive to provide appropriate facilities. Council prefers to utilise planning techniques to ensure that open space is provided within new developments, while investigating a new strategic land acquisition to increase the opportunities provided by Kensington Park. To address this issue Council will:

- review current parks and recreation sites to determine their area of benefit and capacity
- consider more strategic land purchases and provide funding for a major strategic land purchase
- complete strategic planning and identify land acquisition funding requirements for consideration in the next LTP.

Issue	Options	Implications
Quality requirements for sports turfs and facilities are increasing over time	Do nothing	<ul style="list-style-type: none"> Existing sporting facilities will deteriorate over time High performance local sports teams and individuals may be unable to train and compete locally The ability of our District to benefit from hosting large national or international events will be lost.
	Maintain and renew existing facilities	<ul style="list-style-type: none"> More difficult to attract high performance sports teams and individuals to our District Reduced opportunity for hosting events, resulting in lost economic opportunity.
	Upgrade facilities as required and develop new facilities	<ul style="list-style-type: none"> Increased costs to meet quality standards More development partnerships Potential District-wide economic benefits.

Commentary and anticipated response:

Hosting national or international sporting events brings a range of social and economic benefits to our District. However, there is a need to provide sports turfs and facilities that are of an appropriate standard. Council recognises that requirements/expectations for facilities and turfs are increasing over time and prefers to develop sporting facilities in partnership with other organisations as the need arises. To address this issue Council will:

- continue to assess new technologies, strategies and opportunities
- consult with the community as these issues arise, with funding options considered within future programmes
- consider developing facilities in partnership with other organisations.

Issue	Options	Implications
Balancing competing priorities for the renewal of core assets against funding for growth and increased Levels of Service	Focus only on funding renewals	<ul style="list-style-type: none"> Loss of amenity and opportunities for the community Will not meet increasing community expectations Unlikely to attract visitors and new residents.
	Consolidate and prioritise 'sense of place' funding into a dedicated programme	<ul style="list-style-type: none"> Ability to focus on cornerstone projects Funding for projects to be completed on time and within budget Meets increasing expectations.

Commentary and anticipated response:

There is an increasing expectation for higher levels of amenity and 'more things to see and do' in both traditional infrastructure projects and as a result of key amenity projects completed or enhanced within recent years (i.e. the Hatea Loop and Pocket Park which have been broadly supported). As a growing District, there is a greater expectation to see these types of projects across our urban and rural areas, which can compete with renewals funding. To address this issue Council will:

- consolidate Sense of Place funding into a dedicated programme
- focus on cornerstone projects around Pohe Island and the Hatea Loop and the Blue/Green Network Strategy.

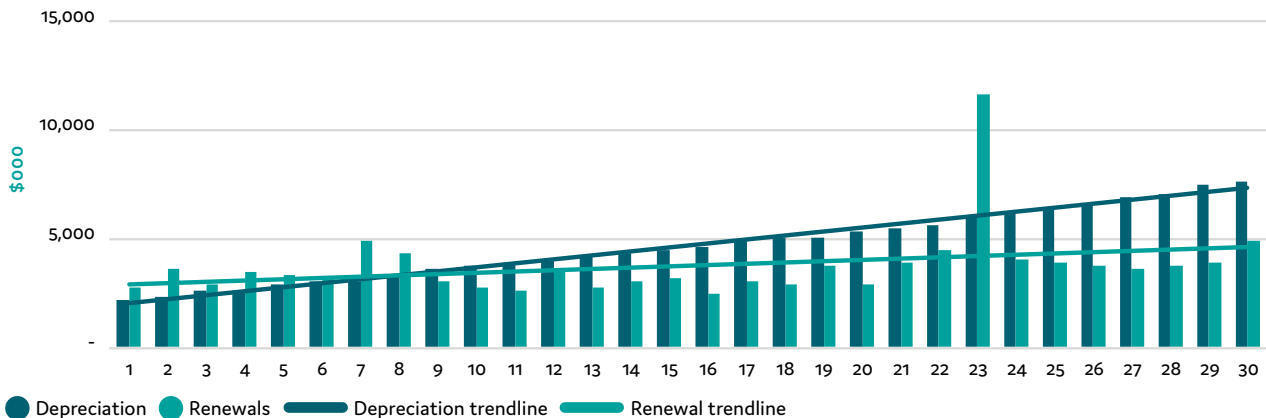
Activity funding strategy

Renewal profile

The parks and recreation renewals profile below shows the budgeted renewals for years 1-10 of the Strategy relative to depreciation. Depreciation is then forecast for years 11-30 with renewal requirements

identified through the AMP also being forecast over that period. In doing so, the graph gives the reader an understanding of the required renewal budget relative to depreciation over the life of the Strategy.

Parks and recreation renewal expenditure for years 2018-48



In preparing the renewals profile for the parks and recreation activity, a range of technical information and asset life data has been considered. These detailed assumptions and parameters are contained within the AMP.

Over the early years of the Strategy, renewals track higher than depreciation funding, with the trend then balancing out to average 80%. The key change since the draft Strategy, which had an average of 102% is a more thorough review of depreciation in the later years of the LTP. While this has resulted in higher depreciation in the early years being extrapolated over the life of the Strategy, it is not considered material.

There is a noticeable spike in coastal structure renewals in year 23, based on a large number of assets having the same install date. These assets are currently being assessed to determine their actual condition. Once the assessment report is available, Council will refine and smooth the renewals profile for these assets.

Also of note is that assets in some classes, predominantly turf-based assets such as tracks, walkways and sportsfields, may not have been entered in Council's asset management system. This means that these assets will not be within the above renewals to depreciation profile, which may be under projected.

Council has, however, assessed and funded renewal requirements for these assets within the supporting AMP and LTP. With the recent adoption of a capitalisation policy Council will work through a programme to get these asset classes into our system, where appropriate.

Levels of Service

The parks and recreation activity has the following Levels of Service, which are supported by performance measures included in the activity profile section of this document:

- Council will provide and maintain outdoor sporting facilities to support and promote active recreation of the community through participation in both organised and informal sporting activities
- Council will provide and maintain a range of reserves, including built facilities, to meet the needs of the community, as well as protecting and enhancing the natural environment
- Council will convert or upgrade identified existing open spaces to provide a wider range of high quality recreational and leisure opportunities within our District for our community and visitors
- Council will provide and maintain cemeteries and a crematorium in a satisfactory manner.

While the funding allocated will enable Levels of Service to be maintained over the life of this Strategy, key challenges faced relate to the:

- acquisition of appropriate land for new or expanded sportsfields, playgrounds and other facilities
- need to develop a new facility similar to Kensington Park
- rising cost of sports track renewals, although effects on Levels of Service can be minimised

through prioritisation and maintenance

- need to complete assessments of coastal assets (currently underway) to confirm the renewal profile
- need to balance/rationalise funding for growth and Levels of Service against renewals funding to ensure there is sufficient funding for core assets.

To address these issues, Council has provided for the

acquisition of sportsfield and cemetery land within the first 10 years of the Strategy and will develop a land acquisition strategy to identify other strategic land acquisition requirements. The outcomes of that strategy will be considered in the next LTP.

Elsewhere, proactive management and prioritisation will be undertaken to maintain Levels of Service, with any additional funding requirements identified (i.e. for coastal assets) being considered in the next LTP.

Other significant or major capital expenditure

Major capital expenditure								
Description	2018-23	2023-28	2028-33	2033-38	2038-43	2043-48	Key Driver	Uninflated Cost (\$m)
Cemetery land acquisition – Ruakaka Cemetery							Growth	1.5
New seawall and groynes One Tree Point							LOS	2.68
Pohe Island – skate park upgrade							LOS	1.43
Town Basin – conversion of Carpark to Park							LOS	4.8
Land purchase and development – Whangarei Heads							Growth	1.1
Sportsfield land purchase							Growth	10
Soccer hub at Tikipunga							LOS	1.15
Ruakaka fields, irrigation and lighting							Growth	0.87
Otaika Sportspark field upgrade							LOS	0.98
Okara Park carpark							LOS	0.68
Land for cemetery							Growth	1
Tutukaka car parking							Growth	1.1

Activity summary

Within the parks and recreation activity the need to balance limited funding across competing priorities is a key strategic issue.

Key assumptions

Description	Assumption	Uncertainty and risk
Levels of Service	Council will maintain current Levels of Service for the duration of this Infrastructure Strategy.	Level of uncertainty: Low-medium Risk: Any reduction in the levels of funding may result in a loss of service levels.
Growth	Growth will continue at a rate and in locations, that are consistent with current growth models.	Level of uncertainty: Low-medium Risk: Current growth models only have limited verification through census data. Any swings in growth may place additional pressure on infrastructure funding and/or Levels of Service. Council will mitigate this risk by monitoring growth, updating models with verified data and reprioritising programmes through Annual Plan processes, where necessary.
Economic drivers	That economic drivers are consistent with those considered in the <i>Whangarei District Growth Strategy: Sustainable Futures 30/50</i> and the spatial pattern provided for in current growth models.	Level of uncertainty: Low Risk: The 30/50 Strategy and growth model consider and are driven by economic drivers affecting Whangarei District. Any changes from the drivers within those documents are likely to be immaterial and can be reviewed through the requirements for a development strategy under the NPS-UDC.
Demand	Peak demand for infrastructure will continue to follow survey patterns.	Level of uncertainty: Low Risk: Seasonal population increases in some areas may place additional pressure on infrastructure and could temporarily impact Levels of Service. To mitigate this, Council will consider updating the peak population survey.
Capacity to deliver	That Council will be able to secure appropriate resourcing to deliver the increased capex programme.	Level of uncertainty: Medium Risk: Council's ability to deliver on the Strategy is driven by resourcing the capex programme with skilled staff and contractors. In preparing the LTP capex programme, department managers for each activity have assessed the internal resourcing required to deliver over the life of the LTP. It is anticipated that the market will respond with contractor capacity.
Inflation	Unless stated otherwise, modelling, graphs and costs have been inflated by LGCI based on Business and Economic Research Limited (BERL) projections in accordance with the financial assumptions and model supporting the LTP.	Level of uncertainty: Medium-high Risk: Inflation maybe under-stated or over-stated. Impacts of this are considered under the financial assumptions supporting the LTP.
Depreciation	Depreciation rates and data on the useful lives of infrastructural assets are based on revaluation of the rate average for each activity, in accordance with the financial assumptions and model supporting the LTP.	Level of uncertainty: Low Risk: Depreciation may be under-stated or over-stated.
Vested assets	Vested assets are fit-for-purpose and will meet their forecast lifecycle.	Level of uncertainty: Low-medium Risk: Faster than expected deterioration of vested assets could increase the need for renewals.
Asset modelling	Current asset condition modelling is subject to limitations, but reflects the best information available to Council for decision-making at this time.	Level of uncertainty: Medium Risk: Uncertainty of asset condition may lead to poor prioritisation of funding and renewals. To mitigate this risk, Council will target funding for assessment of asset condition for older assets and in areas where works are planned. This risk will also reduce, over time, as more condition assessments are undertaken and modelling is validated.

Description	Assumption	Uncertainty and risk
Regulatory compliance	All regulatory requirements are complied with.	Level of uncertainty: Medium Risk: Forecasting is based on current regulatory requirements, including resource consents. Increasing regulatory requirements can lead to the need for high cost, unplanned upgrades or new assets. Changes to the regulatory environment are identified as a potential strategic issue and risk.
National water quality standards	Treated water quality complies with the New Zealand Drinking Water Standards and approved Public Health Risk Management Plans (Water Safety Plans) and that treatment plants can cope with changes to these standards with only minor upgrades.	Level of uncertainty: Low Risk: There is a risk of prosecution if Drinking Water Standards are not met. Council will monitor any changes to standards and respond where necessary.
National Policy Statement on Urban Development Capacity	The National Policy Statement on Urban Development Capacity sets out a process for high growth Councils to assess feasible capacity and produce a Development Strategy. While this process will not be completed prior to the adoption of this Strategy, Council has assumed that it has sufficient feasible capacity based on initial assessments undertaken.	Level of uncertainty: Low Risk: Should Council not have sufficient feasible capacity it will need to provide for this through future planning and funding processes.
Service delivery models	Council has recently reviewed the delivery of services under Section 17A of the LGA. In doing so, Council has adopted a mixed delivery model with the delivery of many services covered by this Strategy outsourced to contractors and some core services, such as treatment plant operation, retained in-house. It is assumed that service models will remain constant over the life of this Strategy.	Level of uncertainty: Low Risk: A major change to the mechanism for infrastructure service delivery as part of future Section 17A review may affect how infrastructure is managed, resulting in different funding or priorities.
Fluoridation	There is no widespread fluoridation of our District's water supply and it is assumed that this will not be required over the life of this Strategy.	Level of uncertainty: Low Risk: A decision to fluoridate drinking water would expose Council to unbudgeted upgrade costs.
Regional airport	That an upgrade to parts of the road network to support and service any new regional airport will be funded as part of the overall airport proposal.	Level of uncertainty: Low Risk: The proposed regional airport is currently in the feasibility and site identification stages and roading requirements are not clear. To mitigate this risk Council will budget for any roading requirements as part of the project.

Appendix A: Asset management system objectives and actions

Asset management policy objectives	Asset management actions to achieve objectives
We recognise the International Infrastructure Management Manual as our best practice guideline, noting there may be discrepancies for Rooding as a result of NZTA requirements.	An Asset Management Policy is adopted by the Strategic Leadership Team (SLT).
	An Asset Management Strategy is adopted by SLT.
	AMPs are updated tri-annually and approved by SLT.
We actively engage with stakeholders in refining Levels of Service and we will monitor customer satisfaction.	Stakeholders are identified and communicated with to ensure expectations are understood and documented.
	Levels of Service are defined with consideration of these requirements.
	Performance against defined Levels of Service is reported annually.
We provide infrastructure to support District growth. We will evaluate new assets prior to their creation or vesting, to ensure they are economic to operate and maintain.	Spatial planning is undertaken to align infrastructure provision to growth.
	Where appropriate, design/engineering standards provide for the lowest lifecycle cost (i.e. through the EES review).
We will ensure that asset management drives funding requirements, with planning using a 'bottom up' approach (that is, the funding will not drive asset management practice). Where funding to meet asset management requirements is not achievable, we will include a gap analysis of asset management requirements vs what can be achieved with the available funding.	AMP budgets (operations and capital) are prepared based on actual requirements to provide the defined Levels of Service.
	AMPs with long-term expenditure and funding plans are in place to maintain assets to agreed Levels of Service.
	The Levels of Service impact from differences between AMP funding requirements and annual budgets is explained in our Annual Report.
	Priority is given to maintenance and renewal of existing assets over new assets, except where we've clearly consulted and agreed otherwise with the community.
	Asset network value and annual depreciation is recognised in financial accounts.
We continuously improve our asset knowledge, asset systems capability and we continuously review our asset assumptions.	The functionality and appropriateness of the Asset Management System is reviewed, with improvements programmed and budgeted.
	Discrepancies in asset registers are identified and rectified.
	Asset inventories hold condition and performance information to support informed decision-making.
	Asset data is regularly updated. Programmes to improve asset knowledge are developed and budgeted for.
We will prioritise looking after what we have before building new assets, except where we've clearly consulted and agreed otherwise with the community. We will not defer asset maintenance and replacement needs unless there is clear value for the community.	Asset maintenance and renewals are prioritised over new infrastructure.
	If new infrastructure is prioritised over the maintenance and renewal of existing infrastructure, the community should be consulted.
	Forward works programmes within the road corridor are regularly (at least annually) reviewed, with renewals aligned to Rooding programme, where possible.

Asset management policy objectives	Asset management actions to achieve objectives
We ensure personnel are adequately trained to manage our assets.	An Asset Management team structure is developed defining roles and responsibilities.
	Asset Management competency requirements are defined and Asset Management team capability is assessed.
We will develop asset management strategies aligned with this Policy and continuously improve our asset management systems.	Asset Management processes are documented and opportunities for refinement and efficiency are documented.
	AMIS needs are defined and capacity is assessed as suitable.
	The Asset Management System, policies and practices represent global best practice (IIMM) and would support ISO accreditation should Council implement certification following cost benefit analysis.
	An Asset Management risk register is maintained and actions are identified and evaluated to reduce the highest risks. These are reported to SLT.
	Asset Management Improvement Plans identify pathways to achievement of these Asset Management Objectives.
	Improvement Plans are reviewed quarterly with progress reported to the SLT.
We actively engage with internal stakeholders regarding associated strategies and management practices.	The Asset Management Strategy is communicated to internal stakeholders.

Revenue and Financing Policy

Background

The *Revenue and Financing Policy* is a requirement of the *Local Government Act 2002*. The policy is supported by analysis of the funding of each activity group and recognises that the funding policy is more than just a device for raising revenue but is also one of the instruments that can be used to promote community wellbeing.

Under S102(2) of the *Local Government Act 2002*, a local authority must, to provide “predictability and certainty about sources and levels of funding” adopt certain policies. The Revenue and Financing Policy is one of these. The policy is supported by analysis of the funding of each activity group and recognises that the funding policy is more than just a device for raising revenue but is also one of the instruments that can be used to promote community wellbeing.

Funding needs analysis

The *Revenue and Financing Policy* must demonstrate how Council has complied with the funding policy process under section 101(3) of the *Local Government Act 2002*. To achieve this, Council needs to review each individual activity and its funding in developing its *Revenue and Financing Policy*.

As part of that process, Council needs to consider the nature of the activity provided and the benefits and beneficiaries of the activity.

Activity group

Council’s work has been grouped into nine key activities in which we provide a service to the community. These are:

- Governance and strategy – a new activity group compared to the *LTP 2015-25*, that provides transparency regarding performance and expenditure of strategy and governance for Council
- Transportation
- Water
- Wastewater
- Stormwater
- Flood protection
- Solid waste
- Planning and regulatory services
- Community facilities and services.

The activity groups are listed in the attachment.

Activity

Each activity group is made up of operating projects – ‘activities’ – that Council delivers as services. Any one activity may have one or more operating projects which, when combined, provides the total level of service provided by Council. The activities, within the activity groups, are listed in the attachment.

Step one

When assessing the funding for each activity the following need to be considered:

Community Outcomes

Which Community Outcome the activity primarily relates to and the rationale for doing it. Council’s vision is:

A vibrant, attractive and thriving District.

Community Outcomes:

- Efficient and resilient core services:
 - it is easy and safe to travel around our District for everyone
 - there are opportunities to walk and cycle
 - our District is well prepared for growth and can adapt to change
 - services are supplied in ways that benefit the environment.
- Positive about the future:
 - our District has productive land, people and a thriving city centre
 - there is a fair urban/rural balance
 - Council has clear, simple documents and rules
 - our District embraces new technology and opportunity.
- Caring for the environment:
 - communities work to keep the environment clean and healthy
 - access to the coast is protected
 - open spaces in parks and streets, are places where nature thrives
 - our District is positively adapting to climate change.
- Proud to be local:
 - our District is neat, tidy and looks attractive.
 - public areas feel and are safe
 - there is always something to do and see
 - there are opportunities for people of all abilities, ages and life stages to be active.

User/beneficiary pays principle – distribution of benefits between individuals or groups and the community, i.e. private or public good principle.

Inter-generational principle – the period over which the benefits are expected to accrue.

Exacerbator pays principle – the extent to which actions or inactions of individuals or groups contribute to the need to undertake the activity and the costs that occur as a result.

Costs and benefits of funding the activity – distinct from other activities, i.e. user pays or targeted rates.

Step two

Consideration then needs to be given to the overall impact of any allocation of liability for revenue needs on the community. This may result in an alteration of the results of the first step, with the funding option or the level of funding from any source altered to ensure that there are no barriers or disincentives and that an inequitable burden is not placed on any particular community sector or group.

Some questions to ponder as part of this consideration are:

- how will the mix of funding impact on affordability, e.g. on the elderly or those on low incomes?
- will the policy impact on accessibility to some services?
- can we charge the amount required, or is it restricted by legislation?
- do we want to encourage or discourage a particular activity or behaviour?
- what is the effect on a particular sector of our community, community groups or rating categories?
- how will this impact based on current economic conditions?

Funding sources

Section 103 of the *Local Government Act (2002)* requires a local authority to state the sources of funding for its operating expenses and its capital expenditure. The sources of funding for each category are set out below.

Funding sources for operating expenses

Operating expenses are for the day-to-day spending by Council delivering ongoing services and for the maintenance of Council's assets. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and corporate overheads.

Council must consider the funding for each activity in a way that relates exclusively to that activity. Some activities may be best funded using user charges, others with targeted rates and others from general rates. Distinct funding enables ratepayers or payers of user charges to assess more readily whether the cost of the service provided to them, either directly or indirectly, represents good value. They can also more easily determine how much money is being raised for the service and spent on the service, which promotes transparency and accountability.

The different mechanisms available for funding operating expenses are:

General rates are used to fund those services where there is a benefit to the whole community (public benefit) or where there is no practical method for charging individual users. General rates fund a range of activities which are used by individual ratepayers to varying extents.

Rates are regarded as a tax, as there is no direct link between the activity or service provided and the individual ratepayer.

To maintain as simple rating as possible this Council currently uses general rates to fund a broad range of activities, rather than a number of targeted rates. This makes it easier for ratepayers to understand how they are being rated and it is more cost effective to administer.

General rates are currently assessed based on a property's land value and as a uniform annual general charge.

Value-based general rates are assessed on land value and are differentiated by land use. The differentials to be applied are:

- residential differential, including remissions for high value properties
- rural differential

- multi-unit differential
- commercial and industrial differential
- miscellaneous properties.

Full details of the differentials used may be found in the Funding Impact Statement.

A uniform annual general charge (UAGC) is applied to each separately used or inhabited part of each rating unit (SUIP). The UAGC is to be assessed by Council annually and set at a level considered to be reasonable. The UAGC is used to fund the same activities as the general rate and ensures every ratepayer contributes a base level of rates irrespective of property value or services used.

Targeted rates are used where an activity benefits an easily identifiable group of ratepayers (such as the commercial or residential sectors) and where it is appropriate that only this group be targeted to pay for some or all of a particular service. The funds collected are used for the purpose for which they are rated. Targeted rates are only used where Council considers it is an appropriate mechanism to fund that activity or where Council wishes to make clear the purpose for which the rate is collected. The revenue collected in any one year may result in a surplus, which is used to repay debt or to fund capital expenditure in future.

User fees and charges are used where the beneficiaries can be identified and charged. They include consent fees, licence fees, sales of goods, hire fees or recoveries of costs incurred. When setting fees and charges, Council will consider any indirect benefit to the community, the distribution of those benefits and ability to pay. Some fees may be limited by legislation, meaning full recovery of costs is not possible.

Grants and subsidies apply to some activities when income from external agencies is received to support that activity. Each year Council receives funding from NZTA as part of the overall roading programme for the city's roading infrastructure. Operational subsidies fund maintenance of roading infrastructure. Council recognises the funding as income in accordance with GAAP.

Borrowing is not generally used to fund operating expenses, but is used to smooth the inter-generational benefits of the capital expenditure programme. Council may use borrowing to give a capital grant to a community organisation to fund a community facility, or for addressing storm damage (see below).

Interest from investments is used to reduce the requirement from general revenue and is used to fund activities in the same way that rates do.

Distributions and dividends

- Council receives distributions from its joint venture investment in Northland Regional Landfill Limited Liability Partnership. These are directed to reduce the requirement from general revenue and is used to fund activities in the same way that rates do.
- Council currently receives dividends from LGFA which are used to reduce the requirement from general revenue and is used to fund activities in the same way that rates do. Any other dividends would be treated in the same way.

Rental income is generated from Council's various property types:

- from Council's pensioner housing which is used to fund the expenses of operating and maintaining Council's pensioner housing stock. It can also be used to fund capital expenditure on pensioner housing. Pensioner housing is a ringfenced activity so if pensioner rental property income is not fully spent in a given year then it will be reserved and carried forward to the next year
- from Council's investment properties which is used to ensure the overall portfolio is maintained in terms of ongoing purchasing power and any excess income is used to initially fund our District Strategy and Governance Group. If there is any residual funds after this then these are used to reduce the requirement from general revenue and are used to fund activities in the same way that rates do
- from Council's community properties which is used to fund the expenses of operating and maintaining Council's community properties and any excess income is used to fund Council's other community operating expenses.

Enforcement fees are charged where possible. They are used to promote compliance rather than to raise revenue and may not recover the full cost depending on the level of compliance and the extent to which charges are limited by statute or the court. Any excess income from enforcement fees is used to reduce the requirement from general revenue and is used to fund activities in the same way that rates do.

Other sources of operating expense funding

Council also funds operating expenditure from other sources including:

Reserves:

• Other reserves and ring-fenced funds

Restricted funds or special funds including the property reinvestment reserve, are those reserves within Council's equity that are subject to special conditions of use, whether under statute or accepted as binding by Council, that may not be revised without reference to the courts or a third party.

Subject to meeting any specified conditions associated with these reserves, Council may expend money, of an operating or capital nature, from these reserves.

• Specific reserving of operational funding

Where expenditure has been funded in a year for a specified purpose e.g. a grant to fund an external groups project and because of timing issues the conditions of the grant are not met in that year then the grant can be reserved at the end of the year to provide funding for the project in a future year once the conditions are met.

• Reserving and use of general surpluses from previous financial periods

Where Council has recorded an actual surplus in one financial period it may pass this benefit on to ratepayers in a subsequent financial period.

A surplus arises from the actual recognition of additional income or through savings in expenditure when compared to the Annual Plan for a given year. A surplus would only be finalised once the Annual Report for the year was adopted and it is the net surplus that needs to be considered.

Council considers that passing this benefit on to ratepayers in future financial periods improves the principle of intergenerational equity, in that any financial benefit is passed on to those ratepayers who shared the rates-funding burden in the financial period that the surplus was generated.

The amount of any surplus carried forward from previous financial periods will be reserved on the balance sheet and used to offset the operating deficit created by the expenditure to be funded by the surplus in the year the benefit is passed on to ratepayers.

Only those factors that are operating in nature and cash in nature will be available for use in determining the level of surplus to be

carried forward. Council will not carry forward surpluses in relation to:

- the sale of assets: such surpluses shall be used for either the repayment of borrowings or in the case of investment properties transfer to the property reinvestment reserve
- trust and bequest revenue: such surpluses shall be applied in accordance with the terms on which they are provided
- revenue received for capital purposes: such surpluses shall be retained to fund the associated capital expenditure
- revenue received from targeted rates such as water and wastewater
- depreciation
- development and lump sum contributions
- unspent budgeted operating expenditure associated with a capital project that is being carried forward
- unrealised gains arising from fair value adjustments to assets and liabilities: these gains are unrealised accounting adjustments in the period in which they are recognised
- vested or found assets.

Trusts and bequests

Council is the recipient/holder of several trusts and bequests. These funds can only be used for the express purposes for which they were provided to Council. Each year, Council may expend money, of an operating or capital nature, from its trusts and bequests in accordance with the specified conditions of those funds. For the avoidance of doubt, Council does not fund the expenditure from its trusts and bequests from any of the sources of operating revenue.

If Council receives bequests in the future, then it will treat those in the same manner.

Overheads

There are some activities within Council that provide support to specific cost centres or to the entire Council but do not provide a direct benefit to the community. The costs of these activities are treated as overheads and are reallocated against activities that do provide a direct benefit to the community.

This concept is particularly important when analysing the costs of delivering services and arriving at the appropriate fees and charges for those services.

Storm damage

If because of storm damage, infrastructure assets need repair, an option for funding this (so as not to impact on the capital works programme for the year), is utilising debt, if there is projected headroom under the net core debt cap for the year. If it is determined that there is no headroom under the net core debt cap, then Council will look to defer operational and capital expenditure planned in the year to accommodate funding the repairs and renewals required.

Funding sources of capital expenditure

For the purpose of this Policy capital expenditure represents expenditure on:

- property, plant and equipment
- intangible assets
- property.

Property, plant and equipment are tangible assets that are held by Council for use in the provision of its goods and services (for example: infrastructure assets such as land, roads, bridges, parks, water treatment plants and non-infrastructure assets such as computer hardware and libraries), or for rental to others, or for administrative purposes.

Intangible assets are assets such as software that Council purchases or creates as part of a project with an economic benefit longer than a year.

Property includes Council's pensioner housing, Council's investment properties and Council's community properties. It can also include property purchased for strategic reasons, for instance where a future road is planned to be constructed.

As described in the *Financial Strategy 2018-28*, Council while managing its existing assets, also has a challenge to manage growth, affordable rates increases and debt and deliver as many of the communities desired projects as possible. To achieve the appropriate balance between these variables Council takes the following approach:

- Council sets the annual rates requirement
- the activity operating cash revenue and expenditure budgets are determined, within this constraint
- the net cash operating costs are determined
- this leaves a cash surplus that is available for capital costs. This largely represents rate funded depreciation but may include operating surpluses from some activities and accounting provisions not held in reserve funds – this is funding not held by activity and available to fund any capital costs
- Council also sets the limit on debt, which determines the debt funding available for capital expenditure.

Consequently, despite the potential availability of the funding sources, this process results in the following funding available for capital costs:

General rates

General rates may be used to fund a portion of capital expenditure when it is considered appropriate

to do so. This will be balanced against affordability for current ratepayers and the current and future needs of the community.

Targeted rates

Targeted rates are used to fund operating expenditure but can be used to fund a particular capital project benefiting a discrete and identifiable group of beneficiary ratepayers.

User contributions

These are typically paid in the form of a targeted rate by an identified group of direct beneficiaries. In many cases this group would have lobbied for the inclusion of the project during a consultation process.

Borrowing

This is an appropriate funding mechanism to enable the effect of peaks and troughs in capital expenditure to be smoothed and to ensure the costs of major developments are borne by those who ultimately benefit from the expenditure. It is not appropriate or sustainable for all capital expenditure to be funded from borrowings. In periods of low capital expenditure, borrowing will be reduced.

Proceeds from property sales

These will be invested in the property reinvestment reserve and the funds may be used to purchase other commercial properties in future. Any funds in the reserve may be used to fund capital expenditure in other activities to smooth Council's overall cash flow requirements.

Proceeds from other asset sales

These may be used to fund capital works or to repay debt.

Depreciation

Depreciation is an indirect source of funding as depreciation reserves are not created. However, rates are set at a level that offsets the calculated non-cash depreciation cost. Operating surpluses (where available) are then used to fund renewal capital expenditure.

Development and financial contributions

are used to fund the growth component of capital expenditure. The growth in our District drives a portion of our capital work requirement to maintain Levels of Service to a larger community. As the costs of growth are driven by development, Council considers it equitable that a development should contribute to the costs that are being imposed.

Council has a development contributions policy which sets out the level of contributions required to fund infrastructure requirements.

Financial contributions will be used to fund capital expenditure in accordance with the Resource Management Act 1991.

Grants and subsidies are used when they are available. NZTA provide capital subsidies (accounted for as operating revenue) to fund agreed roading capital projects. This funding source also includes other contributions for various capital projects.

Reserves including retained earnings from operating surpluses from previous years may be used to fund capital expenditure. Reserves for specific activities such as Water can be created.

The below table shows the primary funding sources for the different types of capital expenditure and each of the activity groups.

By expenditure type:	General rates*	Targeted rates*	Borrowings	Development Contributions	Subsidies and Grants	Reserves	Property sales
Renewals		✓	✓		✓	✓	
Levels of Service		✓	✓		✓	✓	
Growth			✓	✓	✓	✓	
By activity group:							
Transportation	✓		✓	✓	✓		
Water		✓	✓	✓		✓	
Wastewater		✓	✓	✓	✓	✓	
Solid waste		✓	✓			✓	
Stormwater	✓						
Community facilities and services	✓		✓	✓		✓	
Flood protection		✓					
Corporate/property/other	✓		✓			✓	✓

**General and targeted rates create cash surpluses by funding depreciation, which is non-cash. These surpluses are then used to fund for renewal projects.*

Review of funding sources and the funding bands

Having decided on:

- the activity groups
- activities within the activity groups.

Using the steps above, the funding sources and the funding bands from each source have been assessed for each activity to provide guidance for the *Long Term Plan 2018-28*. Suggested funding bands are set out in the attachment.

Attachment

Activity funding analysis

(To be read as part of the Policy) [LTPREP-647166279-348]

Activity Group 18-28	Activity/dept	Operational Expenditure Funding Sources					
		User Fees	Subsidies and Grants	Other	Rental Income	Targeted Rates	General Rates
Governance and strategy	Iwi liaison	-	-	-	-	-	100%
	Strategy and governance	-	-	-	-	-	100%
	Economic growth – district development	-	-	-	-	-	100%
	Economic growth – property *	-	-	100%	100%	-	-
	Economic growth – marina facilities	-	-	-	100%	-	-
	Economic growth – airport facilities	-	-	-	-	-	100%
Transportation	Roading network	-	25-50%	0-10%	-	-	50-75%
	Car parking	80-100%	-	-	0-20%	-	-
	Footpaths	-	-	-	-	-	100%
Water	Water	0-5%	-	-	-	95-100%	-
Wastewater	Wastewater	5-20%	-	0-10%	-	80-100%	-
	Public toilets	-	-	-	-	-	100%
Stormwater	Stormwater	-	-	-	-	-	100%
Flood protection	Flood protection (Hikurangi Swamp)	-	-	-	0-10%	90-100%	-
Solid waste	Rubbish/recycling collection and disposal	0-50%	-	0-10%	-	50-100%	-
	Litter control	0-5%	-	-	-	-	95-100%
Planning and regulatory services	Resource consents	30-50%	-	-	-	-	50-70%
	RMA compliance	30-55%	-	-	-	-	45-70%
	Building consents	70-90%	-	-	-	-	10-30%
	Building and environmental monitoring	-	-	-	-	-	100%
	Food	40-60%	-	-	-	-	40-60%
	Health	0-15%	-	-	-	-	85-100%
	Alcohol licensing	90-100%	-	-	-	-	0-10%
	District plan development	0-20%	-	-	-	-	80-100%
	Noise management	-	-	-	-	-	100%
	Animal management	55-75%	-	15-30%	-	-	5-30%
	Parking enforcement	-	-	100%	-	-	-

Activity Group 18-28	Activity/dept	Operational Expenditure Funding Sources					
		User Fees	Subsidies and Grants	Other	Rental Income	Targeted Rates	General Rates
Planning and regulatory services	Warrant of fitness enforcement	100%	-	-	-	-	-
	Swimming pool inspections	100%	-	-	-	-	-
	Bylaws		-	-	-	-	100%
Community facilities and services	Sport and recreation facilities	0-10%	-	-	-	-	90-100%
	Parks reserves and natural areas	-	-	-	-	-	100%
	Play areas, walking trails, coastal	-	-	-	-	-	100%
	Cemeteries and crematorium	35-55%	-	-	-	-	45-65%
	Libraries	5-12%	-	-	-	-	85-95%
	Pensioner housing	-	-	-	75-90%	-	10-25%
	Community safety	-	-	-	-	-	100%
	Community development, community buildings and spaces and residential strategic property	-	-	-	70-90%	-	10-30%
	Community funding	-	0-5%	5-20%	-	-	75-95%
	Venues and events	5-20%	-	5-20%	-	-	60-90%
	Village planning	-	-	-	-	-	100%
	Civil defence	-	-	-	-	-	100%
	Visitor information services	5-20%	-	25-40%	-	-	40-70%
	Customer services	0-5%	-	-	-	-	95-100%

** Investment property generates surplus revenue after allowing for investment property operating expenses. This investment property surplus is used to fund the Strategy and Governance Activity and any residual surplus if any is used to fund overall operating expenses like general rates.*

Note: Support Services is not shown as a separate activity because the costs of running Support Services which provides support to the organisation are allocated over the activities and departments delivering Council's external services.

Accounting policies

Reporting entity

Whangarei District Council (Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. Council provides local infrastructure, local public services and performs regulatory functions to the community.

Council is governed by the Local Government Act 2002 and the Local Government (Rating) Act 2002.

The Group financial statements provide the consolidated results of Council and its controlled entities (Springs Flat Contractors Limited, Whangarei Art Museum Trust, Northland Events Centre Trust, Whangarei Waste Limited and Whangarei Quarry Gardens Trust) and the equity accounted results of the joint venture entities in which Council is a venturer (Whangarei District Airport and Northland Regional Landfill Limited Partnership).

Council's accounting policies include reference to Council and its controlled entities. The LTP is prepared only with respect to the parent, Whangarei District Council.

For the purposes of complying with generally accepted accounting practice in New Zealand (NZ GAAP), Council and the Group are public benefit entities (PBEs).

Basis of preparation

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Statement of compliance

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

The financial statements have been prepared in accordance with and comply with PBE Standards.

Presentation currency and rounding

The functional currency of Council, each of its subsidiaries and each of the joint ventures in which Council is a venturer, is New Zealand dollars. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000).

Budget figures

Budget figures have been prepared in accordance with NZ GAAP as it applies to prospective financial statements (PBE FRS42 Prospective Financial Statements).

Summary of significant accounting policies

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- the assessed useful life of an item of property, plant and equipment impacts the carrying amount of that item and the amount of depreciation recognised in relation to that item
- assumptions and estimates are applied in determining the fair value of infrastructure assets
- the impairment assessment of non-financial assets requires the use of key assumptions and estimates
- the determination of the landfill aftercare provision requires the use of key assumptions and estimates
- Council relies on the assumptions and estimates made by external valuers when performing the investment property revaluation.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the budget figures:

- classification of property: Council owns a number of properties held to provide housing to pensioners. The receipt of market based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of Council's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property
- revenue from exchange and non-exchange

transactions: Council has exercised professional judgement when determining whether the substance of a transaction is that of non-exchange or exchange. Council has reviewed its revenue streams and referred to its Revenue and Financing Policy to identify activities partially funded by rates revenue. When this occurs, the revenue from that activity is treated as non-exchange. Council believes revenue recognition materially complies with the PBE accounting standards

- determine control/joint control: Council has determined in respect to associated entities its control or joint control when deciding inclusion or non-inclusion in Council and the Group's financials. Council considers various factors to determine control including: its capacity to control financing and operating policies, benefits obtained from the activities of the subsidiary, majority voting power on the governing body, trust deeds, as well as external advice.

See Significant Forecasting Assumptions on page 199 for additional assumptions applied to the prospective financial information.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax (GST), rebates and discounts and after eliminating sales within the group.

Revenue may arise from exchange or non-exchange transactions. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Where a non-exchange transaction stipulates that the Group must provide specified services in exchange for revenue, the Group determines whether that stipulation constitutes a restriction or a condition:

- a restriction specifies the services that must be performed, but does not require funds to be returned if they are not spent as stipulated. Revenue from a non-exchange transaction with restrictions is recognised when received, or when the Group becomes entitled to it

- a condition specifies the services that must be performed and requires funds to be returned if they are not spent as stipulated. Non-exchange transactions with conditions are recognised as liabilities when received and revenue is recognised and the associated liability extinguished as the specified services are provided.

Revenue from non-exchange transactions that do not stipulate that the Group must provide specified services in exchange for revenue is recognised on receipt.

Pledges are not recognised as revenue as the Group is unable to control the access to the funds.

Pledges are disclosed as a contingent asset when the money is pledged and recognised as revenue when the pledged money is received.

Rates

The following policies for rates have been applied:

- general rates, targeted rates (excluding water-by-meter) and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue
- rates arising from late payment penalties are recognised as revenue when rates become overdue
- revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis
- rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy
- rates collected on behalf of Northland Regional Council (NRC) are not recognised in the financial statements, as Council is acting as an agent for NRC.

Development and financial contributions

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide the service.

Subsidies and grants

Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Fees and charges

Building and resource consent revenue

Fees and charges for building and resource consent services are recognised when complete.

Sale of goods

Revenue from the sale of goods is recognised which a product is sold to the customer.

Interest revenue and finance costs

Borrowing costs are expensed in the financial year in which they are incurred.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue.

The fair value of vested or donated assets is usually determined by reference to Council's most recent valuation rates and useful lives.

Superannuation schemes – defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria. They are recognised when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants that are awarded at the discretion of Council. They are recognised when a grant has been approved by Council and that approval has been communicated to the applicant. Council's grants awarded have no substantive conditions attached.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental

to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Income tax

Council is not subject to income tax except for revenue derived from Council Controlled Organisations (Northland Regional Landfill Limited Partnership and Whangarei District Airport).

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

Debtors and receivables

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Other Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through surplus or deficit, loans and receivables, held to maturity financial assets and financial assets at fair value through the statement of comprehensive revenue and expense. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through surplus or deficit

This category has two sub categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of balance date.

The Group's financial assets at fair value through surplus or deficit comprise in the money derivatives (principally interest rate swaps).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are included in non-current assets.

The Group's loans and receivables comprise cash and cash equivalents, trade and other receivables, loans to community organisations and related party loans.

Loans to community organisations at nil or below

market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the face value and present value of expected future cash flows of the loan is recognised in surplus or deficit as a grant.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

The Group currently has no financial assets classified as held to maturity.

Financial assets at fair value through the statement of comprehensive revenue and expense

Financial assets at fair value through the statement of comprehensive revenue and expense are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of balance date.

The Group's shares in public companies are included in this category as they are not classified in any other category. These are held for strategic purposes and there is no intention to sell.

Measurement

Purchases and sales of financial assets are recognised on trade date (which is the date on which the Group commits to purchase or sell the asset). Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit, in which case they are recognised at fair value and the transaction costs are expensed.

After initial recognition, all financial assets are measured at fair value. Council uses a variety of methods to determine fair value of financial assets. Some of these include quoted market prices and estimated discounted cash flows. Realised and unrealised gains and losses arising from changes in the fair value of financial assets are included in surplus or deficit in the period in which they arise.

The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment is recognised in surplus or deficit.

De-recognition

Financial assets are de recognised when the rights to receive cash flows from the financial assets have

expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Investment properties

Investment properties are properties which are held either to earn rental revenue or for capital appreciation or for both and generate cash flows largely independent of other assets held by the entity.

An investment property is measured initially at its cost, including transaction costs. After initial recognition, investment property is measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in surplus or deficit.

Investment properties do not include property held primarily for strategic purposes or to provide a social service (such as pensioner housing), even though such property may earn rentals or appreciate in value. Such properties are instead classified as items of property, plant and equipment.

When the use of a property changes from investment property to owner occupied property, the property is reclassified as owner occupied property and recorded at its fair value at the date of transfer.

Forestry assets

Standing forestry assets are independently revalued to fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit when incurred.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Property, plant and equipment

Property, plant and equipment is initially recognised at cost.

The cost of an item of property, plant and equipment includes its purchase/construction price and costs directly attributable to bringing it to the location and condition necessary for it to operate as intended. In the case of landfills, post closure costs and restoring the site on which it is located are included.

Where an item of property, plant and equipment is self constructed, its construction cost includes the cost of materials and direct labour and an appropriate proportion of production overheads. Costs are recognised as work in progress and are transferred to the relevant asset class only when construction is complete.

Where an item of property, plant and equipment is donated or received at a subsidised amount, it is initially recognised at fair value. This applies to some infrastructure assets and land which has been vested to the Group and as part of the subdivision consent process:

- the vested reserve land has been recognised at the time of transfer at market value, which is recognised as vested asset revenue and deemed to be its initial cost
- vested infrastructure assets have been valued on initial recognition based on the actual quantities of infrastructure components vested and the current 'in the ground' cost of providing identical services.

Revaluation

Property, plant and equipment that is carried under the revaluation model is revalued with sufficient regularity to ensure that the carrying amount does not materially differ from fair value. All revalued property, plant and equipment is revalued at least every three years, except for roading which is revalued annually and pensioner housing, which is revalued every five years. The valuation method employed is optimised depreciated replacement cost, except pensioner housing which is valued at market value.

Revaluations are accounted for on a class of asset basis.

An increase in carrying amount is recognised in an asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrement for the same asset class previously recognised in surplus or deficit, in which case the increment is recognised in surplus or deficit. Decreases that offset previous increases of the same asset class are recognised in the asset revaluation reserve in equity; all other

decreases are recognised in surplus or deficit. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are recognised when the recognition criteria above is met. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are carried under either the cost model (cost less accumulated depreciation and accumulated impairment) or the revaluation model (fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses).

When the use of a property changes from owner-occupied to investment property, the property is reclassified as an investment property at its carrying value at the date of the transfer and then revalued annually in line with the investment property accounting policy.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment (excluding land and work in progress), at rates that will write-

off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Where material parts of an item of property, plant and equipment have different useful lives, or where significant parts of an item of property, plant and equipment are required to be replaced at intervals, they are accounted for as separate items of property, plant and equipment.

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

Class of PP&E	Estimated useful life
Operating assets	
Land	Indefinite
Buildings	10-100
Strategic land	Indefinite
Strategic buildings	35-50
Pensioner housing – land	Indefinite
Pensioner housing – buildings	14-80
Library books	5
Motor vehicles	5
Office furniture and fittings	3-20
Plant and equipment	3-80
Infrastructure assets	
Roading network	
Bridges	15-100
Carriageways	4-70
Formation	Indefinite
Culverts	35-80
Footpaths	10-55
Kerbs and channels	60
Street and road signs	15
Traffic services	15-40
Water	
Pipes	50-107
Plant and equipment	5-80
Treatment plant	60
Wastewater	
Pipes	30-101
Pumps and pump stations	20-100
Manholes	80-101
Treatment plant	15-100
Stormwater	
Pipes	11-125
Manholes	11-100
Parks and recreation	
Walkways, reserves and sportsfields	10-100
Restricted assets	
Heritage assets	Indefinite
Parks and reserve land	Indefinite
Marina structures	40-44

The residual value and useful life of an asset is reviewed and adjusted if applicable, at each financial year end.

*Land under roads was valued based on fair value of adjacent land, effective 30 June 2005. On transition to NZ IFRS Council elected to use the fair value of land under roads as at 30 June 2007 as deemed cost. Land under roads is no longer revalued.

** Valued at the estimated current market value as at 30 June 2002 by the Art Museum Curator. Subsequent additions are recorded at cost or market value. Donated assets do not form part of the cyclical valuation.

*** Historical assets situated at Whangarei Marina and Tutukaka Marina (under the management of the Whangarei Harbour Marina Trust and the Tutukaka Marina Management Trust respectively).

Impairment of property, plant and equipment

Property, plant and equipment that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an annual review of asset values, which is used as a source of information to assess for any indicators of impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. Impairment losses for revalued items are recognised in the same manner as revaluation decrements. Impairment losses for items carried at cost are recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined as the present value of the asset's remaining service potential, which is the depreciated replacement cost of the asset.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets is the estimated present value of expected future cash flows.

Intangible assets

Computer software

Acquired computer software licences are capitalised based on the costs incurred to acquire and prepare the software for use.

Costs directly associated with the development of identifiable and unique software products, where the criteria for capitalisation have been met, are recognised as an asset.

Staff training costs are recognised in the surplus or deficit when incurred.

Computer software assets are amortised using the straight line method over their estimated useful lives (three to 10 years).

Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

Carbon credits

The Group participates in the New Zealand Emission Trading Scheme (ETS). Purchased New Zealand Units (NZU's) are recognised at cost on acquisition and NZU's which represent carbon credits received from the Government are recognised at fair value as at the date of transfer. NZU's have an indefinite useful life and consequently aren't amortised, but are tested for impairment annually.

After initial acquisition, NZU's are recorded at the NZU spot rate at 30 June. This is considered to be fair value.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Class of intangible asset	Estimated useful life (years)
Computer software	3-10

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to

amortisation and are tested annually for impairment. For further details, refer to the policy for impairment of property, plant and equipment in note 17. The same approach applies to the impairment of intangible assets.

Derivative financial instruments

The Group uses derivative financial instruments (principally interest rate swaps) to hedge various risks (principally those associated with borrowing at variable interest rates).

Derivatives are initially recognised at fair value on the date a derivative contract is entered into. Any associated transaction costs are expensed.

Derivatives are subsequently carried at fair value. In the money derivatives are classified as financial assets at fair value through surplus or deficit and out of the money derivatives are classified as financial liabilities at fair value through surplus or deficit.

The method of recognising changes in fair value depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. None of the Group's derivatives is designated as a hedging instrument. All changes in the fair value of the Group's derivatives are recognised in surplus or deficit and fair value is assessed annually.

Payables and deferred revenue

Short-term creditors and other payables are recorded at their face value.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event
- it is probable that an outflow of future economic benefits will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all

borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council or the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned to, but not yet taken at balance date.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 month after the end of the year which the employee provides the related service, such as long service leave, have been calculated on an actuarial basis.

Loyalty and performance bonuses are one off payments to staff members who have provided 10 or more years of service to Council and have attained the prerequisite performance achievements over the preceding three years of service. The liability is assessed using current rates of pay taking into account years of service, years to entitlement and likelihood that staff will reach the point of entitlement and achieve the targeted performance level. These estimated amounts are discounted to their present value using an appropriate discount rate.

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds
- reserves and special funds
- asset revaluation reserve.

Reserves and special funds

These reserves and funds are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves

may be legally restricted or created by Council.

Some reserves and special funds are subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the courts or a third party. Transfers to and from these reserves may be made only for specified purposes or when specified conditions are met.

Also included in reserves and special funds are reserves restricted by Council decision. Council may alter them without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Council.

Asset revaluation reserves

This reserve relates to the revaluation of property, plant and equipment to fair value.

Capital commitments and operating leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

The Group as a lessee

The Group is a lessee in operating leases. Lease payments under an operating lease are recognised on a straight-line basis over the term.

The Group as a lessor

The Group is a lessor in operating leases. Receipts from operating leases (net of incentives provided to lessees) are recognised on a straight line basis over the term of the lease.

Capital commitments

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

Goods and services tax

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to Inland Revenue is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Cash Flow Statement.

Commitments and contingencies are disclosed exclusive of GST.

Significant forecasting assumptions

	Financial risk	Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumption with high level of uncertainty
General assumptions				
<p>District growth: the number of residential ratepayers in Whangārei is expected to grow each year as more dwellings are built or properties divided – details of expected areas of growth are outlined in Council's Growth Strategy which can be viewed on Council's website.</p> <p>Development contributions: the value of development contributions collected is dependent on the number of subdivision lots developed and on the level of new service connections taking place. Development contributions (DC) are forecast based on historical data with a growth factor applied. Council has assumed no effect from proposed changes to the current DC policy.</p>	High	The level of subdivision and development activity is difficult to forecast and carries a high level of uncertainty. Should DC revenue drop further in the future there may need to be a corresponding reduction in Council expenditure.	High	Every 1% of Development Contribution revenue not achieved will lead to a reduction in income of approximately \$46k in year one, increased to approximately \$57k in year 10, reducing available funding for Council activity.
<p>Rate increase: the following rates increases have been applied:</p> <ul style="list-style-type: none"> years 1– 10 rates: a 2% increase each year (excluding refuse rates), plus growth (in line with Council's Growth Model 2017) plus LGCI previous years rates* (LGCI+2%+1%) water rates will only be increased by growth. <p>These increases are considered to be necessary in order to ensure that rates income is sufficient for funding purposes.</p>	Medium	Not applicable	Medium	Not applicable
<p>Inflation: the impact of Inflation has been factored into producing the prospective financial statements. This has been achieved by using price level adjusters sourced from BERL (see page 204) for each of the years of the LTP including the impact of inflation from the 2018-28 year to year one of the LTP. These adjusters will be updated for each year covered in the current LTP during subsequent Annual Plan and LTP processes using BERL data to mitigate this risk. The main financial risk for Council is that operating and capital expenditure items rise faster than revenue items but the likelihood of this is considered to be low.</p>	Medium	Not applicable	High	If inflation is 1% more or less than the forecast Local Government Cost Index of 2% in year one of the LTP, total revenue would vary by approximately \$1.52 million, total expenditure by approximately \$1.41 million and the net surplus would move by approximately \$110k.
<p>User fees: increases are based on a percentage increase for District growth, or in line with actual expected cost increase (as disclosed in the price level adjusters table following these assumptions) which is assumed to be sufficient for funding purposes. These will be reviewed annually to ensure compliance with Council's financial policies.</p>	Medium	Not applicable	Medium	Not applicable
<p>Forestry revaluation: Council has not budgeted for fair value movements in forestry due to the uncertainty of prediction. Any fair value movement will be non-cash and have an immaterial impact.</p>	Low	Not applicable	Medium	Not applicable

	Financial risk	Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumption with high level of uncertainty
Rental income: Council has assumed rental increases will be based on the anticipated increases, timed to coincide with rental lease renewals.	Low	Not applicable	Low	Not applicable
Investment property revaluation: Council has not budgeted for fair value movements in investment properties due to the uncertainty of prediction. Any fair value movement will be non-cash and have an immaterial impact.	Low	Not applicable	Medium	Not applicable
Climate change: Council's Activity Management Planning Policy and Practice Document contains the following Policy Statement on Climate Change: 'Whangarei District Council shall consider the effects of climate change on the activity in accordance with the latest Ministry for the Environment guidelines. The impact on Council's infrastructure over the 10 years of the LTP is considered acceptable when compared with the currently-used design standards for new infrastructure, providing Ministry of Environment predictions are generally accurate.	Low	Not applicable	Medium	Not applicable
Expenditure assumptions				
Interest rates: the average cost of borrowing has been assumed to be 4.66% for existing and new debt. This is based on the weighted average cost of capital calculated across the period of the LTP. Council has a comprehensive interest rate hedging program which protects against interest rate rises through the life of the plan.	Medium	Interest rate risk exposure is managed through long-term swaps and forward rate cover.	Medium	A 1% movement in interest, after factoring in the impact of hedging utilising long-term swaps would affect the operating budgets by an average of \$1.5 million pa.
Staff costs: staff costs are expected to increase by an average of 2% pa for the 10 years, slightly higher than the (BERL) staffing price adjustor. Various additional roles have been included in the Plan due to expected growth.	Medium	Not applicable	Medium	Not applicable
Depreciation funding: money to fund depreciation comes from rates. If the Capital expenditure to replace assets ('renewals') will be funded by rates collected to cover the cost of depreciation. Any surplus depreciation component will be used to repay borrowings. Any shortfall in funding requirements will be met through subsidies, operating surplus or increased debt. Further information can be found in the Revenue and Financing Policy, the Financial Strategy and the Infrastructure Strategy.	Medium	Not applicable	Medium	Not applicable
Unfunded depreciation: Council does not fund depreciation on transportation assets to the extent that NZTA funds renewals and this replacement capital expenditure is based on current NZTA funding rates.	Low	Not applicable	Low	Not applicable
CAPEX borrowings: the borrowings for capital expenditure are assumed to be repaid at the shorter of the life of the asset or 20 years for determining the funding for that asset.	Medium	Not applicable	Low	Not applicable
CAPEX: capital expenditure projects are assumed to be completed in the years in which they are budgeted for. Any carry forwards in a year are usually at a similar level to the previous year, resulting in a minimal net effect.	Medium	Not applicable	Medium	Not applicable.

	Financial risk	Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumption with high level of uncertainty
Asset assumptions				
Subsidies: New Zealand Transport Agency (NZTA) subsidies have been included based on Central Government contributions to certain Capital Expenditure – all subsidies will be 53% for this LTP. All subsidies are disclosed within the operating revenue and are contingent on the applicable capital projects taking place. NZTA has confirmed that there are no changes to the subsidy rates for the term of the plan. The granting of subsidies for specific programmes are contingent on being approved by NZTA. Council will not know whether projects for which they have applied for funding from NZTA are approved until after the LTP is adopted.	High	If a planned significant capital project that has a capital subsidy associated with it is not approved by NZTA then this will cause a reduction in capital subsidy income and could possibly cause an existing balanced budget in a given year (from a DIA perspective) to become unbalanced.	High	If a planned significant capital project that has a capital subsidy associated with it is not approved by NZTA then this will cause a reduction in capital subsidy income and could possibly cause an existing balanced budget in a given year (from a DIA perspective) to become unbalanced.
Depreciation: depreciation rates for each asset group have been calculated using rates included in the Accounting Policies. Depreciation rates on infrastructural assets are based on the 2017 revaluation rate average for each activity. Depreciation expense is reduced by an average rate of renewals, assuming capex built to replace existing assets will only marginally increase depreciation.	Low	Not applicable	Medium	Not applicable
Infrastructural asset revaluation: an assumption has been made that revaluation of infrastructure assets will occur every three years, with the next due 30th June 2019. For each revaluation year an inflationary rate (BERL) has been applied to the previous years' asset value to arrive at an estimated depreciated replacement cost. The depreciation expense has been calculated on the new revaluation balance. Differences in value have been attributed to individual asset revaluation reserves.	Medium	Not applicable	Medium	Not applicable
Roading asset revaluation: the revaluation of the roading assets will occur yearly.	Low	Not applicable	Low	Not applicable
Pensioner housing revaluation: the revaluation of pensioner housing will remain at five-year intervals.	Low	Not applicable	Low	Not applicable
Useful lives: useful lives for each asset group have been listed in the Accounting Policies.	Low	Not applicable	Low	Not applicable
Vested assets: vested asset income is inconsistent from year to year and as a consequence is difficult to forecast. It has therefore been reflected at a flat rate of \$3.0 million per year in the Plan. Vested asset income has no cash impact.	Low	Not applicable	Low	Not applicable
Funding sources: future replacement of significant assets is assumed to be funded in line with the Revenue and Financing Policy.	Low	Not applicable	Low	Not applicable
Other financial assets: no movement in the value of shares held in Civic Assurance Limited and the New Zealand Local Government Funding Agency has been assumed in the forecast nor any movement in the value of investments in subsidiaries.	Low	Not applicable	Low	Not applicable
Investment properties: no movement in the value of investment properties has been reflected in the Plan given the difficulty of forecasting future values and also taking into consideration that if values were forecast to change, it would not have an impact on cash requirements.	Low	Not applicable	Low	Not applicable

	Financial risk	Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumption with high level of uncertainty
Biological assets and derivative financial assets: no movement in the value of biological assets, intangible assets and derivative financial assets has been reflected in the Plan due to difficulty in forecasting future values. Any movements in these assets would have no cash impact to the Plan.	Low	Not applicable	Low	Not Applicable
Liability assumptions				
Interest: interest calculated on debt is based on historical average monthly movements and the impact of current and forecasted interest rate hedging.	Medium	Not applicable	Medium	Not applicable
Borrowings: it is assumed that Council will have the facilities to secure funding as required.	Low	Not applicable	Low	Not applicable
Derivative financial liabilities: no movement in the value of derivative financial liabilities has been reflected in the Plan due to difficulty in forecasting future values. Any movements in these assets would have no cash impact to the Plan.	Low	Not applicable	Low	Not applicable
Strategic				
Resource consents: the necessary resource consents required for capital projects will be applied for in due course to align with the planned project timeframes. We assume conditions for resource consents will not alter budgeted project costs significantly.	Low	Not applicable	Low	Not applicable
Other assumptions				
Strategic assets: Council has not planned for the ownership of any strategic assets to be transferred to another party. Council receives vested assets in satisfaction of various development contribution charges.	Low	Not applicable	Low	Not applicable
Forecasts: Business and Economic Research Limited (BERL) constructed the forecast increases in revenues (excluding rates) and costs for Local Authorities in September 2017 for use in their budgeting processes for Long Term Plans. It is assumed these factors are appropriate for Council forecasts.	Medium	Not applicable	Medium	Not applicable
Currency movement: Council does not have any significant exposure to currency movements and consequently has not specifically taken them into account.	Low	Not applicable	Low	Not applicable
Emissions trading scheme: the scheme has been implemented, however until Ministry for the Environment have considered the likely charges to stay and the price increase, Council will assume nil charges.	Medium	Not applicable	Medium	Not applicable
Local Government reorganisation: Council has developed forecasts based on the assumption that the unitary council is not established and Council will continue to operate.	Low	Not applicable	Low	Not applicable
Flood and storm damage: Council does not budget for storm events, as referred to in the 2018-48 Infrastructure Strategy. Lack of funding provision for emergency works may result in reduced renewals as renewal funding gets diverted to fund flood damage repairs.	Medium	Not applicable	Medium	Not applicable

	Financial risk	Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumption with high level of uncertainty
Marsden City industrial subdivision: Council was vested stormwater and wastewater infrastructure in 2008 associated with the Marsden City development in Ruakaka. Faults in these assets were identified in 2013 when a hole formed in the road caused by soil under the road entering the stormwater pipe. Due to the nature of the fault a range of further investigations were undertaken and faults were subsequently found in the stormwater and wastewater network. The faults in the network were due to a combination of factors including design, construction and selection of materials, exacerbated by the local environment having a low pH groundwater and fine sand. The wastewater and stormwater defects were considered as part of the 2017 valuation and incorporated in assessing remaining asset life and condition. Council took court action against those it considered responsible for the faults and reach a mediated settlement in December 2017. Details of the settlement are confidential, however the outcome was that the company that built the infrastructure would undertake a further range of investigations to quantify what requires repair, renewal or replacement and then undertake that work. The time frame for completing the additional investigation and remedial work was from December 2017 to May 2019. At the time of preparing the LTP the investigative works are largely complete however no physical works to renew or replace the assets has been undertaken. Due to the uncertainty around the scope and extent of remedial works required, Council has not budgeted for the increase in asset value nor the consequential accounting income.	Low	Not applicable	High	Unknown
Subsidiary assumptions				
Northland Regional Landfill Limited Partnership (NRLLP): it is assumed that Council will receive annual dividends from NRLLP throughout the term of the plan.	Low	Not applicable	Low	Not applicable
Northern Transportation Alliance (NTA): a shared services agreement between four Northland councils (Kaipara District Council, Far North District Council, Northern Regional Council and Whangarei District Council) and New Zealand Transport Authority (NZTA) was established on 1 July 2016. The activities of the NTA attract subsidy on subsidised projects. Council has made provision for gaining subsidy on the NTA activities for these subsidised projects.	Low	Not applicable	Low	Not applicable

Price level adjusters

	Source	Year 1 2018- 19	Year 2 2019- 20	Year 3 2020- 21	Year 4 2021- 22	Year 5 2022- 23	Year 6 2023- 24	Year 7 2024- 25	Year 8 2025- 26	Year 9 2026- 27	Year 10 2027- 28
Capital operating	BERL – LGCI CAPEX	2.00%	2.20%	2.20%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%	2.60%
Specific operating	BERL – LGCI OPEX	2.00%	2.20%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
General operating											
Energy	BERL – LGCI OPEX	2.00%	2.20%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
Personnel	STAFF*	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other	BERL – LGCI OPEX	2.00%	2.20%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
Growth	GROWTH MODEL	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Land Rates excluding flood	BERL – LGCI + 2% + GROWTH	5.00%	5.20%	5.20%	5.20%	5.30%	5.30%	5.40%	5.50%	5.50%	5.60%
Water Rates	GROWTH MODEL	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%

* Staff – a minimum rate of 2% has been applied to Personnel costs.

Sources

BERL: Business and Economic Research Ltd –
Forecast of Price Level Change Adjustors – 2017
Update

Growth Model : Whangarei District Council Growth
Model 2017

Significance and Engagement Policy

Context

Sometimes the way we engage with you is set by legislation and there are many steps to follow and sometimes we can choose. This policy guides what we do and the decisions we make.

Our Significance and Engagement Policy:

- identifies how and when communities can expect to be engaged in, or specifically consulted on, decisions about issues, proposals, assets, decisions and activities
- enables us and our communities to identify the significance that we place on certain issues, proposals, assets, decisions and activities.

This policy outlines how we involve our community in our decision-making.

Engaging with our community and getting your feedback is an essential part of our work.

For every decision that Council makes we need to work out how important, or significant, it is for our community. We look at a number of factors including who is affected by, or interested in the decision, what the costs will be and how important it is for Council together with our community.

These factors help us work out the best way to engage with our community on the issue. Do we need to just tell you it's happening? Do we need to ask your opinion on what we are planning to do? Or do we need to involve you every step of the way.

Sometimes the way we engage with you is set by legislation and there are many steps to follow, sometimes we can choose. This policy guides what we do and the decisions we make.

Engaging our communities

Engaging with the community is essential to understanding the views and preferences of people likely to be affected by, or who have an interest in, an issue. We will consider significance and engagement in the early stages of a proposal before decision-making occurs and, if necessary, reconsider it as a proposal develops.

On every issue requiring a decision, the degree of significance will be considered using this policy.

We consider the following principles:

- the potential effect on delivering on Council's direction
- who is likely to be particularly affected by, or interested in, the decision or proposal
- the likely impact/consequences of the decision or proposal from the perspective of those parties
- the financial and non-financial costs and implications of the decision or proposal, taking into account Council's capacity to perform its role.

For certain matters (regardless of whether they are considered significant as part of this policy), we are required to undertake a Special Consultative Procedure as set out in section 83 of the Local Government Act (LGA), or to carry out consultation in accordance with or giving effect to section 82 of the LGA. We show these in the formal engagement part of this policy.

For all other issues requiring a decision, we will determine the appropriate level of engagement on a case by case basis.

In general, the more significant an issue, the greater the need for community engagement.

The Community Engagement Guide (attached) identifies the form of engagement we will use to respond to some specific issues. It also provides examples of types of issues and how and when communities could expect to be engaged with.

Differing levels of engagement may be required during the varying phases of decision-making on an issue and for different stakeholders.

In some situations we must formally consult with you using a Special Consultative Procedure (SCP) – things like some bylaws and statutory planning documents like the LTP must use a SCP. The process for this is set by the Local Government Act, which governs everything we do.

When engaging with Māori, we will reflect high level agreements already in place such as Joint Management Agreements, Memorandum of Understanding or others such as the Te Kārearea Strategic Relationship Agreement, as starting points. We recognise the various hapū throughout our District and we will also engage with Te Huinga and the broader hapū groups where this is needed.

Determining significance

To understand an issue's degree of significance, we will apply the following criteria. Except for emergency works, a decision is considered significant if Council determines that two or more of these criteria/measures are triggered:

Criteria	Measure
Impact on Council's direction	Major and long-term
Change in Council's current level of service	Major and long-term
Level of public impact and/or interest	Major and District-wide, or Major for an identified community of interest
Impact on Council's capability (non-cost)	Major and long-term
Net financial cost/revenue of implementation, excluding any financial impact already included in a Long-Term Plan/Annual Plan	Net capital expenditure >10% of total rates in year commenced and/ or Net operating expenditure >2.5% of total rates in year commenced

For an issue to be considered significant it must trigger two or more of these criteria

Implementation

When any issue requiring a decision does not have a high degree of significance:

- the decision will be made by Council or a Committee, Elected Member or Staff Member with delegated authority
- where the decision is made by Council or a Committee, a report will include an assessment of the degree of significance of the issue and note any engagement proposed. Broadly, the amount and form of engagement will be expected to be in proportion to the significance of the issue, although other relevant factors including the nature and circumstances of the decision need to be considered (refer to section 79 of the LGA)
- where the decision is made by an Elected Member or Staff Member acting under delegated authority, it will not be necessary to formally document the assessment of significance or engagement, as these matters are likely to be of low significance.

When any issue requiring a decision is determined as having a high degree of significance:

- a report to Council will include an assessment of the degree of significance of the issue, the degree of engagement proposed, the engagement plan proposed and a recommendation
- the decision will be made by Council.

When Council makes a decision that is significantly inconsistent with this policy, the steps identified in section 80 of the LGA will be undertaken.

Appendix 1 – Strategic assets

Our strategic assets are those vital for delivering services to Whangārei. We consider them as whole networks because it is the asset class as a whole that delivers the service. Therefore, we will treat them as strategic assets only where a decision affects the whole of the assets in the particular group, or it would materially alter the nature of that group. The LGA also determines that shares in a port/airport company and assets required to provide affordable housing as part of Council's social policy are strategic.

The following is our list of strategic assets (list of assets or group of assets):

- Council's interest in a joint venture with the Crown for the Whangarei District Airport
- 50% interest in the Northland Regional Landfill Limited Partnership
- pensioner housing
- transportation and traffic network including footpaths, street lighting and parking, but excluding land sale/purchases
- wastewater network and treatment plant(s)
- water treatment, storage and supply network
- stormwater network
- reserves and sportsfields (including Toll Stadium)
- Forum North complex
- Hikurangi Swamp drainage scheme
- libraries.

Appendix 2 – Community engagement guide

Community engagement

- is a process
- involves all or some of the public
- is focused on decision-making or problem-solving.

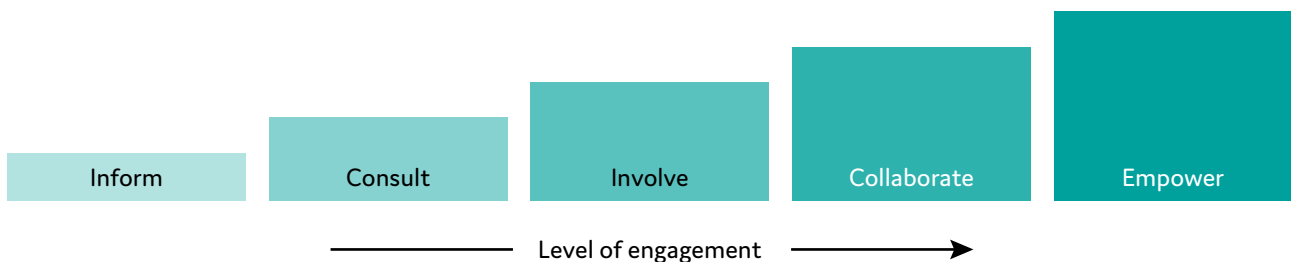
The International Association for Public Participation (IAP2) has developed a Public Participation Spectrum, shown below, to demonstrate the possible types of community engagement.

This model also shows the increasing level of public impact as you progress through the spectrum from left to right – i.e. 'inform' through to 'empower'. In simply 'informing' stakeholders there is no expectation of receiving feedback and consequently

there is a low level of public impact. At the other end of the spectrum, 'empowering' stakeholders to make decisions implies an increase in expectations and therefore an increased level of public impact.

It will not always be appropriate or practical to conduct processes at the 'collaborate' or 'empower' end of the spectrum. Many minor issues will not warrant such an involved approach. Time and money may also limit what is possible on some occasions. It is expected that the vast majority of matters will fall within the 'inform', 'consult' to 'involve' range. There are limited statutory situations which fall within the 'empower' range.

In general, the more significant an issue, the greater the need for community engagement.



In some situations we have to follow set processes and procedures when we consult with you. These are outlined here.

Formal engagement

We will use the Special Consultative Procedure (section 83 of the LGA) where required. We will use an SCP for the following decisions:

- adoption or amendment of a Long-Term Plan (in accordance with section 93 A of the LGA). Unless already provided for in the LTP, we will also use the SCP to:
 - alter significantly the intended level of service provision for any core service undertaken by or on behalf of Council, including commencing or ceasing such an activity or
 - transfer the ownership or control of strategic assets, as listed in Appendix 1
- adoption, amendment, or revocation of bylaws if required under section 156(1)(a) of the LGA
- adoption, amendment or revocation of a Local Alcohol Policy
- adoption or review of a Local Approved Products (Psychoactive Substances) Policy
- adoption or review of a Class 4 Venue Policy under the Gambling Act 2003
- preparation, amendment or revocation of a waste management and minimisation plan
- adoption of fees and charges where specifically required to use a SCP under relevant legislation (for example, fees and charges under the Resource Management Act 1991).

We will consult in accordance with, or use a process or a manner that gives effect to the requirements of, section 82 of the LGA where required to do so, including for the following specific issues:

- adopting or amending the annual plan if required under section 95 of the LGA
- adopting, amending or revoking a bylaw if required under section 156(1)(b) of the LGA
- transferring responsibilities to another local authority under section 17 of the LGA
- establishing or becoming a shareholder in a Council-controlled organisation
- adopting or amending a Significance and Engagement Policy where Council considers that it does not have sufficient information about community interests and preferences to enable the purpose of the policy to be achieved
- adopting or amending a Revenue and Financing Policy, Development Contributions Policy, Financial Contributions Policy, Rates Remission Policy, Rates Postponement Policy, or a Policy on the Remission or Postponement of Rate on Māori freehold land.

Other forms of engagement

The following table provides an example of the differing levels of engagement that might be considered appropriate for all other issues. It includes the types of tools associated with each level and the timing generally associated with these types of decisions/levels of engagement.

Level	Inform	Consult	Involve	Collaborate	Empower
What does it involve	One-way communication providing balanced and objective information to assist understanding about something that is going to happen or has happened	Two-way communications designed to obtain public feedback about ideas on rationale, alternatives and proposals to inform decision-making	Participatory process designed to help identify issues and views to ensure that concerns and aspirations are understood and considered prior to decision-making	Working together to develop understanding of all issues and interests to work out alternatives and identify preferred solutions	The final decision-making is in the hands of the public. Under the LGA, the Mayor and Councillors are elected to make decisions on behalf of their constituents
Types of issues that we might use this for	Water restrictions	Rates Review	District Plan	Harbour Management Plan	Electoral voting or a proposed change in systems (i.e. to STV or Māori seats)
Tools Council might use	Website Radio Council News Facebook	Formal/informal submissions and hearings Focus and/or Advisory groups Public meetings Phone surveys/ surveys/ priority polls Inviting feedback through social media and website	Workshops Focus and/or Advisory groups Face-to-face, one-on-one Public meetings	External working groups (involving community experts)	Binding referendum Local body elections
When the community can expect to be involved	We would generally advise the community once a decision is made	We would advise the community once a draft decision is made by Council and would generally provide the community with up to four weeks to participate and respond. Where desirable to meet the needs of affected parties or groups and possible within timeframes available, Council may consider extending this period	We would generally provide the community with a greater lead in time to allow them time to be involved in the process	We would generally involve the community at the start to scope the issue, again after information has been collected and again when options are being considered	We would generally provide the community with a greater lead in time to allow them time to be involved in the process. E.g. typically a month or more

Engagement tools and techniques

Over the time of decision-making, we may use a variety of engagement techniques and the tools may be adapted based on a range of other factors, including history and public awareness of the issue, stakeholder involvement and timing related to other events and budgets. We will also take into

consideration that the community can feel “over consulted” (stop asking us what we think and get on with it). Each situation will be addressed according to both the issue, the phase of decision-making and the individual circumstances.

Appendix 3 – Definitions

Community

A group of people living in the same place or having a particular characteristic in common.

Consultation

Talking to you and getting your feedback in a formal way

A process of informing the community and seeking information or feedback to inform and assist decision-making. Consultation is a formal type of 'engagement' and is often prescribed by legislation and time bound.

Decisions

Refers to all of the decisions made by or on behalf of Council including those made by staff under delegation.

Emergency works

Work undertaken to repair and restore Council infrastructure and services following natural events or disasters.

Engagement

Talking to you and getting your feedback

Engagement is a process which involves all or some of the community and is focused on better understanding views and preferences relevant to Council's decision-making or problem-solving. There is a continuum of engagement.

Significance

How important is it?

Legislatively defined by the Local Government Act 2002 (LGA)

“means 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 —

- a. the district or region
- b. any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter
- c. the capacity of the local authority to perform its role and the financial and other costs of doing so.”

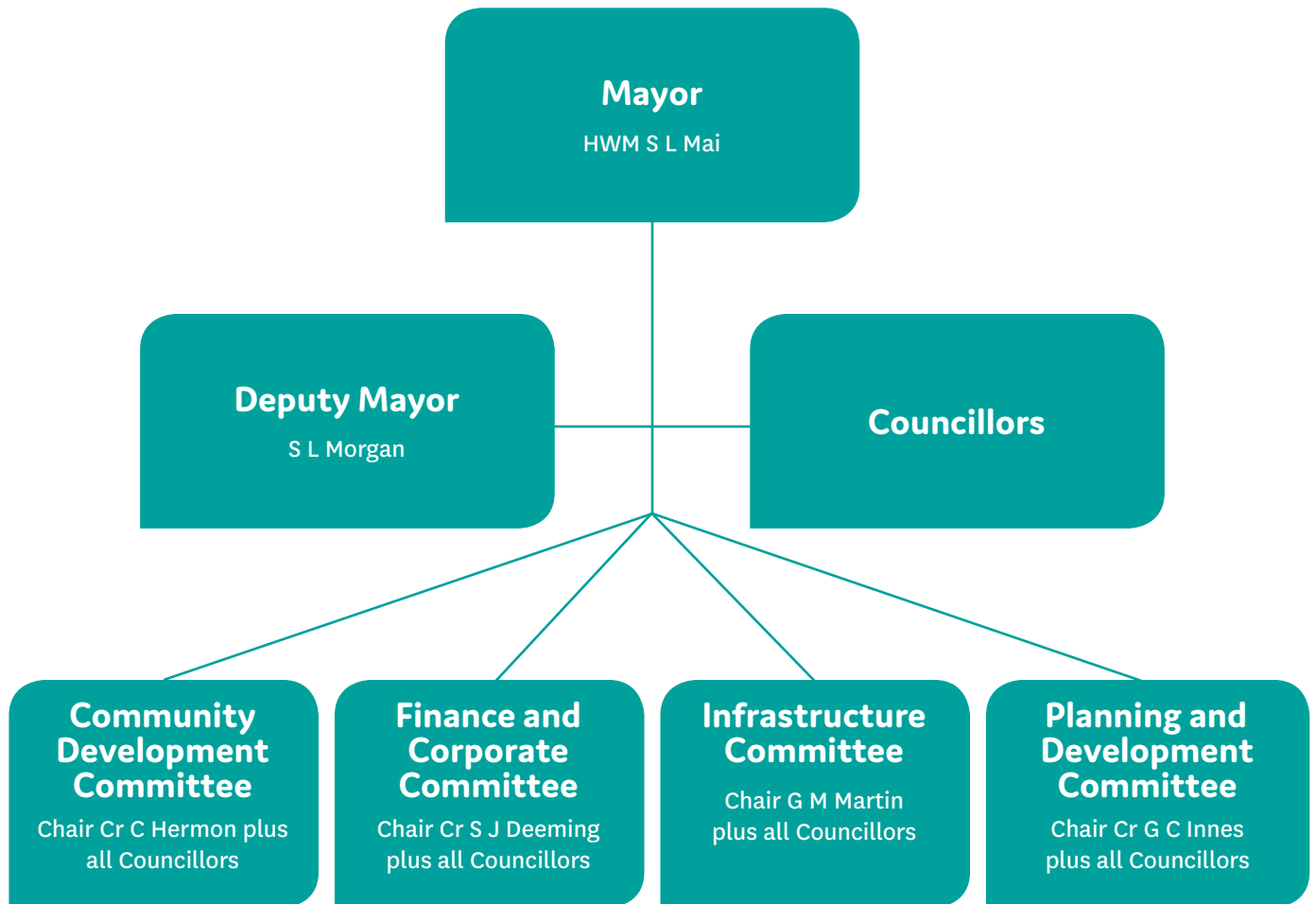
Strategic asset

Assets that are essential to our community well-being

“means an asset or group of assets that the local authority needs to retain if it is to maintain its capacity to achieve or promote any outcome that it 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 76 AA (3) by the local authority
- 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
- c. any equity securities held by the local authority in—
 - a port company within the meaning of the Port Companies Act 1988:
 - an airport company within the meaning of the Airport Authorities Act 1966”.

Political structure



Specialist committees

District Licensing Committee

Chair Commissioner

Airport Noise Management Consultative Committee

Chair Independently Appointed

Audit and Risk Committee

Chair Deputy Mayor S L Morgan

Civic Honours Selection Committee

Chair Cr C B Christie

CE Review Committee

Chair HWM S L Mai

Exemptions and Objections Subcommittee

Chair Cr G C Innes

Community Funding Subcommittee

Chair Cr C Christie

Māori Liaison

Te Kārearea Strategic Partnership Forum

Chair HWM S L Mai

Organisational structure



GENERAL INFORMATION

Abbreviations and acronyms

AMP

Activity or Asset Management Plan

BERL

Business and Economic Research Limited

CAA

Civil Aviation Authority

CCO

Council Controlled Organisation

CCTO

Council Controlled Trading Organisation

CE

Chief Executive

CO

Council Organisation

CPI

Consumer Price Index

DCP

Development Contributions Policy

FN

Forum North

GAAP

Generally Accepted Accounting Practice

GST

Goods and Services Tax

HWMAC

Hundertwasser Wairau Māori Art Centre

IPSAS

International Public Sector Accounting Standards

LA

Local Authority

LGA

Local Government Act 2002

LGCI

Local Government Cost Index

LGFA

Local Government Funding Agency

LTP

Long Term Plan

NEC

Northland Events Centre

NIF

Northland Intersectoral Forum

NRC

Northland Regional Council

NRLLP

Northland Regional Landfill Limited Partnership

NZIFRS

New Zealand International Financial Reporting Standards

NZTA

New Zealand Transport Agency

OCR

Official Cash Rate

PBE

Public Benefit Entity

PPE

Property, Plant and Equipment

RDF

Regional Development Fund

RPS

Regional Policy Statement

RFP

Request for Proposal

RMA

Resource Management Act

SOI

Statement of Intent

SCP

Special Consultative Procedure

SUIP

Separately Used or Inhabited Part

TA

Territorial Authority

UAGC

Uniform Annual General Charge

WAMT

Whangarei Art Museum Trust

WQGT

Whangarei Quarry Gardens Trust

Glossary

Activity

The goods or services that Council provides to the community.

Activity Management Plan (AMP)

An operational plan that details policy, financial forecasting, engineering requirements and levels of service for non-asset-related Council activities.

Arrears

Money that is owed and should have been paid earlier.

Assets

Physical items owned by Council and used for the purpose of service provision to the community, for example property, plant and equipment.

Asset Management Plan (AMP)

An operational plan that details policy, financial forecasting, engineering requirements and levels of service for asset-related Council activities.

Annual Plan

An annual plan must be prepared by a council annually except in an LTP year and it must be adopted before the commencement of the year in which it operates. The purpose of the annual plan is set out in the Local Government Act 2002, section 95 (5).

Capital expenditure

The category of funding used for building new assets or increasing the value of existing assets.

Capital Value

The total value of the land including improvements. This is the probable price that would have been paid for the property if it had sold at the date of the last general valuation.

Community

The people of the area covered by Council.

Community Outcomes

Outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions. A local authority will consider these outcomes in the course of its decision-making.

Council Controlled Organisation (CCO)

An organisation for which Council maintains at least 50% voting rights or has the right to appoint at least 50% of the directors or trustees. CCOs are generally operated without the objective of making a surplus or profit and are usually set up to independently manage Council facilities or deliver specific services.

Council Controlled Trading Organisation (CCTO)

As for a Council Controlled Organisation but with the objective of making a profit.

Depreciation

The accounting expense that reflects the annual consumption of an asset's economic life.

Development Contributions (DC)

Payments received from developers to fund growth-related capital expenditure. These charges recover part of the cost of additional or upgraded infrastructure that is required to service new developments, e.g. roading, water, wastewater.

General rate

The rates charge against each rateable unit. It comprises the Uniform Annual General Charge (UAGC) and the rate in the dollar calculated in accordance with Council rating policies.

Inflation

The Consumer Price Index (CPI) is the inflation rate that relates to household price increases while the Local Government Cost Index (LGCI) is the rate that relates to local government cost increases.

Infrastructure

Fixed utility assets including roads, sewerage, stormwater, water and waste.

Intergenerational equity

A common term used to express the spread of benefits across time. Much of the expenditure of a local authority is for infrastructure assets that have long service lives (such as roading networks). Current ratepayers should not be expected to fund all the benefits of future users, so costs are spread across current and future users.

Land Value

The assessment of the probable price that would have been paid for the bare land as at the date of the last general valuation.

Levels of Service

Describes in measurable terms the standard of services that Council will provide for each activity undertaken.

Local Authority (LA)

A regional council or territorial authority.

Local Government Act 2002 (LGA)

The key legislation that defines what Council's purpose and responsibilities are to the community and how they must be fulfilled and reported on.

Long Term Plan (LTP)

A 10-year plan adopted every three years that sets out the planned activities, budgets and service provision of Council.

Official Cash Rate (OCR)

The interest rate set by the Reserve Bank to meet the inflation target specified in the Policy Targets Agreement. The Agreement, dated September 2002, requires the Reserve Bank to keep inflation at between 1% and 3% per annum.

Operating expenditure

The category of expenditure incurred as a result of Council's normal business operations.

Penalty (rates)

A charge that is added to rates that remain outstanding after the due date for payment.

Rating unit

One Certificate of Title equals one rating unit which will receive one rates assessment.

Rates postponement

A postponement delays the payment of rates until a later time (such as when the property is eventually sold).

Rates remission

Policies to provide assistance in the form of rates relief to ratepayers who meet specific criteria.

Regional Council

A council charged with managing the natural resources of its region including water, soil and air. Our regional council is the Northland Regional Council which represents the communities of the Far North, Kaipara and Whangarei districts.

Special Consultative Procedure (SCP)

The procedure that councils are required to undertake in certain decision-making circumstances, as defined by the Local Government Act 2002 (section 83).

Strategic asset

An asset or group of assets that the local authority needs to retain to maintain its capacity to promote any outcome it considers important to the current or future well-being of the community.

Targeted rate

A rate collected to fund a specific activity. A rate that is targeted can only be used for the purpose of which it was collected. Targeted rates are only charged to people who will benefit from the activity.

Territorial Authority (TA)

A city council or a district council.

Uniform Annual General Charge (UAGC)

A rate of fixed dollar amount applied to all properties. This is not related to the value of the property.

Valuation

An estimation of a property's worth. Council carries out property revaluations every three years.

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AUDIT REPORT

Independent auditor's report



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RESOLUTION TO EXCLUDE THE PUBLIC**Move/Second**

That the public be excluded from the following parts of proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
1.1	Minutes Whangarei District Council 31 May 2018	Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
1.2	Civic Honours Selection Committee – Approval of Minutes and Recommendations		
1.3	Trustee Appointments - NECT		

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public, are as follows:

Item	Grounds	Section
1.1	For the reasons as stated in the previous minutes	
1.2	To protect the privacy of natural persons including that of a deceased person.	Section 7(2)(a)
1.3	To protect the privacy of natural persons including that of a deceased person.	Section 7(2)(a)

Resolution to allow members of the public to remain

If the council/committee wishes members of the public to remain during discussion of confidential items the following additional recommendation will need to be passed:

Move/Second

“That _____ be permitted to remain at this meeting, after the public has been excluded, because of his/her/their knowledge of Item _____.

This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because _____.

Note: Every resolution to exclude the public shall be put at a time when the meeting is open to the public.