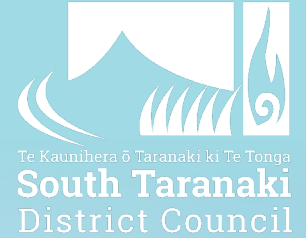


South Taranaki

Hōtaka Anga Whakamua | **Long Term Plan**
2024-2034



TARANAKI KI TE TONGA – KA PUTA, KA ORA!
SOUTH TARANAKI – GREAT PEOPLE, CONNECTED COMMUNITIES,
WHERE WE BELONG!

Introduction | Mihi

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

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

Ko wai tērā, ko Taranaki ki te Tonga.

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

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

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

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

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

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

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

Who are we, South Taranaki.

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

Return to Hawaiki nui, Hawaiki roa and Hawaiki pāmamao.

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

*So, the focus for this is the Long Term Plan, to
Look forward for us the people of South Taranaki.
To achieve the hopes and dreams to enhance our region.
In conclusion, to you and us all, Peace flow across us!*

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Te reo maioha ā te Koromatua me te Tumu Whakahaere Mayor and Chief Executive's Message

Taranaki ki te Tonga - Ka Puta, Ka Ora! South Taranaki - Great people, connected communities, where we belong!

We live in one of the best places in the world. Our Council is committed to making sure that it stays that way, building on the many strengths we have to support our vision - great people, connected communities, where we belong. Taranaki ki Te Tonga – ka puta ka ora!

Three years ago (in our last long term plan), we focussed on projects that would encourage sustainable economic growth (e.g. the South Taranaki Business Park), enhance vibrancy in our towns (e.g. Te Ramanui o Ruapūtahanga and town centre upgrades), take good care of our natural environment and prepare our community for climate change (e.g. Environment and Sustainability Strategy) and ensure our infrastructure continued to meet the needs and expectations of our community.

Since then, we have made great progress and South Taranaki is on an upward trajectory.

This Long Term Plan is about **maintaining momentum, finishing what we started** three years ago, while also doing what's needed to **look after the services and assets we've already got**.

In resident surveys and other feedback, you told us that you want to see better maintained roads, our towns' amenities and gardens looking good and an improved

dog control service. In response, over the next three years, we're increasing our roading expenditure, have committed to undertaking town centre upgrades in Manaia, Eltham, Ōpunakē, Pātea and Waverley, and have budgeted to increase resources in the animal management team.

The key challenge for us is how we afford to do this at a time when we are all facing unprecedented cost increases.

Like households and businesses across the country, Council is facing increased costs for the things we buy. Local government inflation has risen by around 20% over the last two years and continues to rise. Fuel, bitumen, electricity, construction and insurance costs have all increased considerably (in some cases contractors' costs have increased up to 60%). Higher interest rates have increased the cost of borrowing and paying back debt. Compliance costs driven by government requirements have meant we need to spend a lot more on our infrastructure, particularly the need to provide tertiary treatment at our wastewater plants which will cost around \$43 million.

This means ***we need to pay more just to keep doing what we are already doing, without adding anything else!***

Te reo maioha ā te Koromatua me te Tumu Whakahaere Mayor and Chief Executive's Message

We have worked really hard to find savings across all our activities to keep our rates down as best as possible. Despite this, the average total rate increase for the 2024/25 Year is 11.1% with an average rate increase over the next ten years of 5.41%. This is higher than what we want and higher than we've had over the previous ten years but reflects what it costs to simply maintain existing services while ensuring our infrastructure meets our community's needs and government requirements.

To lessen the impact of cost increases on our ratepayers we have:

- Increased the amount our Long Term Investment Fund subsidises rates each year by an additional \$350,000, from \$3.87 million to \$4.22 million,
- Increased some user fees and charges,
- Delayed and spread some (non-urgent) capital works projects to later years,
- Reduced budgets for Hāwera town revitalisation and tourism and events,
- Increased our borrowing,
- Funded key projects with a combination of loans, existing reserves, external funding sources and earnings from the Long Term Investment Fund; and
- Will continue to explore if there are any potential efficiencies that could be gained from creating a regional three waters entity, and other shared service options.

Thank you to all those people who gave us feedback on our Long Term Plan proposal. Your input has helped us make the best decisions we can for the future of South Taranaki. We know it's not easy out there at the moment, but given the major cost increases we are facing we believe this Long Term Plan will allow us to do what we are required to do and provide the services and facilities our communities expect.



PHIL NIXON
*Koromatua o Taranaki ki te Tonga
/ South Taranaki Mayor*



FIONA AITKEN
Tumu Whakahaere / Chief Executive

Te reo maioha ā te Koromatua me te Tumu Whakahaere

Mayor and Chief Executive's Message

Key Challenges facing the Council

The key challenges we face over the next ten years are how we:

- Maintain our service levels and assets amidst rising costs,
- Adapt to the impacts of climate change and reduce our carbon footprint,
- Manage our sustainability requirements, including how we pay for the rising costs related to meeting environmental legislation,
- Manage our debt (with rising interest rates) while ensuring we complete our planned capital works programme,
- Fund our capital works programme (particularly in Three Waters) while keeping rates affordable.

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

- Complete key projects from our last Long Term Plan,
- Continue to upgrade our water, wastewater and stormwater infrastructure with a focus on wastewater,
- Increase our spend on roading,
- Review and continue to implement our Environment and Sustainability Strategy,
- Enable sustainable economic growth in the right places, with development of the South Taranaki Business Park, rezoning and infrastructure planning for identified growth areas to the west and north of Hāwera, and town centre upgrades for Manaia, Eltham, Ōpunakē, Pātea and Waverley,
- Work with central government to explore funding partnerships for key infrastructure; and
- Explore if there are any potential efficiencies that could be gained from creating a regional three waters entity and other shared service options.



SECTION

1

Rautaki Anga
Whakamua
**Strategic
Direction**

Ngā Kaikōwhiri | Elected Members

Ō KOUTOU KAIKAUNIHERA Your Councillors



Andy Beccard



Mark Bellringer



Racquel Cleaver-Pittams



Tuteri Dal Rangihaeata



Celine Filbee



Te Aroha Hohaia



Leanne Kuraroa Horo



Aarun Langton



Steffy Mackay



Robert Northcott



Diana Reid



Bryan Roach



Brian Rook

Ō KOUTOU POARI HAPORI Your Community Boards



Eltham - Kaponga



Pātea



Taranaki Coastal



Te Hāwera

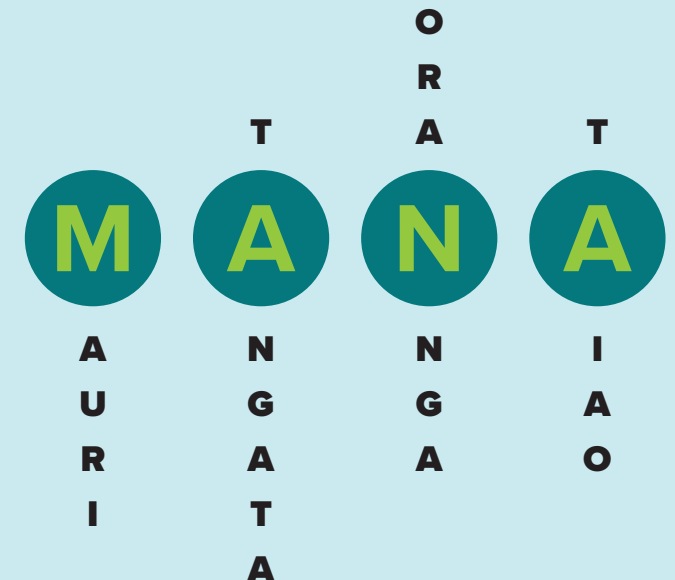


Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori
Our Vision and Community Priorities

**Taranaki ki te
Tonga - Ka Puta,
Ka Ora!**

**South Taranaki - Great people, connected
communities, where we belong**

The purpose of local government as outlined in the LGA 2002 is to enable democratic local decision-making on behalf of communities and promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. We work towards this purpose through our Vision and Community Outcomes and Community Priorities, and use these to guide us when making decisions, developing policies, strategies or determining priorities regarding the activities and services we provide. Our outcomes fall under four main headings:



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

OUR COMMUNITY OUTCOMES:

Our Community Outcomes are grouped under four main headings which align with the four well-beings.

MANA MAURI
(WELL-BEING)
**CULTURAL
WELL-BEING**



Creative, diverse communities that enhance the mauri of our people.

MANA TANGATA
**SOCIAL
WELL-BEING**



Safe, connected communities where people feel happy and proud of where we live.

MANA ORANGA
**ECONOMIC
WELL-BEING**



Flourishing communities with a diverse economy, innovative people and resilient infrastructure.

MANA TAIAO
**ENVIRONMENTAL
WELL-BEING**



Sustainable communities that manage resources in a way that improves our environment for future generations.

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori

Our Vision and Community Priorities



**Creative, diverse communities that
enhance the mauri of our people.**

Key Projects and Priorities to Support our Vision

- Implement our Iwi-Council Partnership Strategy / He Pou Tikanga Ngā iwi o te Tai Whakarunga.
- Continue work on earthquake strengthening and upgrades to Eltham Town Hall.
- Replace or strengthen and refurbish the Manaia War Memorial Hall and Manaia Sports Complex Project Tūkau.
- Complete Te Ramanui o Ruapūtahanga, South Taranaki's new Library, Culture and Arts Centre.
- Budget \$654,000 to upgrade Council owned earthquake prone buildings.
- Continue to hold community events across the District.

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori

Our Vision and Community Priorities



MANA TANGATA

SOCIAL WELL-BEING

Safe, connected communities where people feel happy and proud of where we live.

Key Projects and Priorities to Support our Vision

- Undertake town centre upgrades in Pātea, Waverley, Manaia, Ōpunakē, and Eltham and complete the Hāwera Town centre upgrade.
- Upgrade Waverley Swimming Pool plant (\$154,000).
- Upgrade Waverley Grandstand (\$428,000)
- Build new toilets in Ōhawe (\$205,000), Ōpunakē Lake (\$230,000), Pātea (\$388,000), Rāhotu (\$273,000) and Mana Bay Toilet wastewater (\$308,000).
- Continue implementing Council's digital transformation programme to replace ageing digital infrastructure with more modern systems, so we can work more efficiently and our customers can do business with us more easily (\$4.2 million over three years).
- Build a new pump track at Aotea Park in Waverley (\$126,000).

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori

Our Vision and Community Priorities



Flourishing communities with a diverse economy, innovative people and resilient infrastructure.

Key Projects and Priorities to Support our Vision

- Continue to develop the South Taranaki Business Park.
- Replace Waverley water bore.
- Complete the installation of water, wastewater and stormwater infrastructure for residential growth in Hāwera.
- Subsidise rates by \$4.22 million per year using earnings from the Long Term Investment Fund.
- Fund key projects with a combination of loans, existing reserves, external funding sources and earnings from the Long Term Investment Fund, as well as through rates.
- Collaborate with other Taranaki councils where appropriate to achieve efficiencies and cost savings.
- Increase expenditure on roading by an average of \$1.4 million each year for the next ten years.
- Spend an average of \$46 million per year on the road network, including an average of \$1.1 million on footpaths each year.
- Complete water treatment enhancements and water pressure improvements in Pātea.
- Build new reservoirs for Ōpunakē, Waverley and Eltham.
- Upgrade the Ōpunakē Water Treatment Plant.

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori

Our Vision and Community Priorities



Sustainable communities that manage resources in a way that improves our environment for future generations.

Key Projects and Priorities to Support our Vision

- Reforestation programme – replanting 150 hectares by 2027.
- Protection of the Pātea Saltmarsh, the start of what may become a broader programme of significant vegetation and biodiversity protection initiatives.
- Establishment of a regional organic materials processing facility in partnership with all Taranaki district councils and private enterprise.
- Waste minimisation, including introduction of a weekly kerbside food scraps collection, change to fortnightly rubbish kerbside collection, improvements to transfer stations and establishment of a resource recovery centre in Hāwera.
- Develop a roadmap for future climate change emissions reduction and adaptation.
- Establish a \$10 million emergency disaster recovery fund.

Te Hōtaka Anga Whakamua, Te Hōtaka ā-Tau me te Wātaka Pūrongo-Tau | The LTP, Annual Plan and Annual Report Cycle

Section 93(3) of the Local Government Act 2002 (LGA 2002) requires all councils to adopt a long term plan every three years, before the beginning of the financial year. This Long Term Plan (LTP) is unique because the LTP was being developed without three waters and moving towards a water entity in accordance with legislation set in 2022. The 2023 the Water Services Act Repeal Bill removed this legislation and local authorities were required to include three waters into their 2024-2034 LTPs. The Water Services Act Repeal Bill allowed local authorities to adopt their LTPs after the legislated date of 30 June.

This LTP sets our long term vision for the services we deliver. In developing this Plan we firstly considered the likely future economic situation for South Taranaki, as well as projected population levels, our current strategies and the community's expectations

towards services and our progress in achieving the community outcomes. Next, we considered the service levels for each of the activities, matching them with appropriate customer focused performance targets and the mandatory performance measures imposed by the Government for some of our activities. We also reviewed the projects identified for each of the activities that were needed to either maintain agreed service levels or to enhance our current services.

Unlike previous LTPs, the consultation document was not audited by our auditors, but we believe the information and assumptions in the document were reasonable and that it provided an effective basis for public participation in our decisions about the proposed content of the LTP.

The LTP describes our strategic direction and work

programme for ten years, outlining services we will provide, projects we plan to undertake, costs, how they will be paid for and how we will measure our performance.

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

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

Tirohanga Hōtaka Matua | Long Term Plan Overview

SECTION A. **RAUTAKI ANGA WHAKAMUA/ STRATEGIC DIRECTION**

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

SECTION B. **Ā MĀTOU AHEAWHE/ OUR ACTIVITIES**

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

SECTION C. **TUKANGA WHAKATAUNGA WHAKAARO/ DECISION-MAKING PROCESS**

- Significance and Engagement Policy – how we determine significance for decisions and consultation
- Significant Forecasting Assumptions

SECTION D. **Ā MĀTOU UTUNGA/ OUR COSTS**

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

Me pēwhea ngā tono e arahina mai te Hōtaka | How submissions shaped the Plan

As part of the development of our LTP we asked our community about key issues and proposals. Public consultation was open from 21 March to 6 May 2024. As part of this process, Consultation Documents were delivered to homes across the district (via the local community newspaper), businesses and shared on social media. We listened to your feedback at public meetings, informal kupa kōrero and at local group/organisation meetings. In total we received 235 submissions and 34 submitters spoke to their submissions at the hearings.

We appreciate all submitters who took the time to make a written or verbal submission on the proposed LTP. Submissions are an important way to identify what is important to the community and allow people or organisations to advocate for improvements throughout the South Taranaki District. The feedback provided from all submitters was carefully considered and has contributed to the development of the final LTP.

Roading

Improving our Roothing service is something that the community has been requesting in various forums and as part of the draft LTP, Council proposed to increase the roading budget by \$4.95million in the first year, with an average increase of \$1.4 million each year for the next ten years. 71% of submitters supported this proposal (option 1), 22% supported maintaining funding at existing levels (option 2) and 7% supported either increasing or decreasing the proposed budget (option 3).

Given the clear support from the community, Council approved spending an extra \$4.95million on roading in year 1, with an average increase of \$1.4 million each year for the next ten years.

Rates Subsidy

Council sought feedback from the community on whether or not we should increase the annual rate subsidy through the Long Term Investment Fund (LTIF) by \$350,000 from \$3.87million to \$4.22million. 64% of submitters supported the proposed increase of \$350,000 (option 1), 18% of submitters supported option 2 which was to keep it at the existing levels and 18% supported increasing the subsidy by \$700,000. This meant that 82% of submitters supported increasing the annual rate subsidy from its current level.

Subsequently Council decided to increase the rates subsidy to \$4.22million to help lessen the financial impact on ratepayers.

Eltham Town Hall

Three options were provided to the community on whether to strengthen the historic Eltham Town Hall (in years 2 and 3 of the Long Term Plan) so that it met 67% of the New Building Standard and undertake upgrades to extend the life of the building. Option 1 (Council's preferred option) was to complete the strengthening and upgrade work; option 2 was to just complete the upgrade work; and option 3 was to do nothing. 144 submitters responded to the proposal. 54% supported option 1; 30% supported option 2; and 16%

Me pēwhea ngā tono e arahina mai te Hōtaka | How submissions shaped the Plan

supported option 3. Submitters that supported options 2 and 3 totalled 46%. Several submitters indicated that if work on the Hall was completed there needed to be greater promotion of the building.

Council made the decision to proceed with the earthquake strengthening as well as the upgrades (option 1) to extend the life of this historic building.

Fees and Charges

The last topic that the Council consulted on was increasing user fees and charges with specific reference to cemeteries, dog registrations, building and resource consents and solid waste. Three options were presented; option 1 to increase the user fees and charges to cover more of the cost of the service, option 2 not to increase the user fees and charges but instead to increase the general rate portion or option 3 to decrease the level of service provided. 79% of the submitters were supportive of increasing the user fees and charges (option 1), 17% supported (option 2) increasing the general rates to cover any funding shortfall, and 4% of submitters supported (option 3) decreasing the level of service.

Council decided to increase cemeteries, dog registrations, building and resource consents and solid waste user fees and charges, to cover the increased costs of providing these services.

Turuturu Road walkway

The Council also received 87 submissions requesting the Council provide a walkway along Turuturu Road to Kingsford Smith Drive (past Ōhangai Road). The reasons for requesting the walkway included health and safety, an increase in the volume of traffic using this stretch of road and an increase in the number of properties developed in the area. One of the submissions

included 215 signatures in support of the request.

This project has been considered by Council staff and estimated to cost around \$788,000. An application for funding has been made to Waka Kotahi (New Zealand Transport Agency), however this is yet to be approved and could be declined. The Council discussed other potential ways of funding a pathway and have requested officers to undertake further investigations and consultation on the possibility of a targeted rate.

Poua ki Raro, Tōtika ki Runga | Partnerships with Iwi

He Pou Tikanga / Ngā iwi o te Tai Whakarunga - Council Partnership Strategy

Poua ki raro, tōtika ki runga

refers to the pou whenua image, central to the He Pou Tikanga Partnership Framework developed during the iwi-council partnership codesign that contributed to the development of this Strategy. The pou is planted firmly into the ground, acknowledging mana whenua and upholding the agreed upon values, thereby symbolising the iwi and the South Taranaki District Council's commitment to genuine partnership. The pou looks out over current and future generations and the iwi-Council partnerships as they continue to develop, adapt to change and weather challenges - steadfast.

He tīmatanga kōrero

Ko wai tērā mouna e tū mai rā? Koia ko te pou whakawhirinaki o ngā iwi kei ōna rekereke; te maru o ngā manene kua tau mai hoki.

I te tau 2022, i mahi ngātahi ngā kaiurungi, ngā ringaringa, waewae hoki o ngā Rōpū Whakataunga ā ngā iwi e whā o Taranaki ki te Tonga, rātou ko te Koromatua, ko te Kaunihera o Taranaki ki te Tonga, rātou ko te hunga kaimahi hoki o te Kaunihera o Taranaki ki te Tonga. I whiria e rātou ngā here o te whakawhanaungatanga, i whai whakaaro hoki ki ngā tikanga, ngā tukanga, me ngā ritenga o tēnā, o tēnā, kia whakatūria ai he pou tikanga, e tūtohu ana i tētehi ara puta ki te whai ao, ki te ao mārama kia mahi tahi ai hei hoa haere kōtui.

Who is that mountain? 'Tis the support pillar of the iwi settled at his feet; the shelter of newcomers landing here also.

In 2022, leaders of the post settlement governance entities (PSGEs) of the four iwi of South Taranaki, along with the Mayor of South Taranaki District Council, the Council and senior leadership team of South Taranaki District Council participated in a partnership codesign. The parties built rapport, understanding of each other's tikanga, processes and protocols, to establish a pou tikanga, a pillar of agreed upon values for working together as partners. This Strategy, He Pou Tikanga, and the accompanying He Tikanga Mahi Tahi Operations Guide are outcomes of the codesign and the discussions that followed.

Poua Ki Raro, Tōtika ki Runga | Partnerships with Iwi

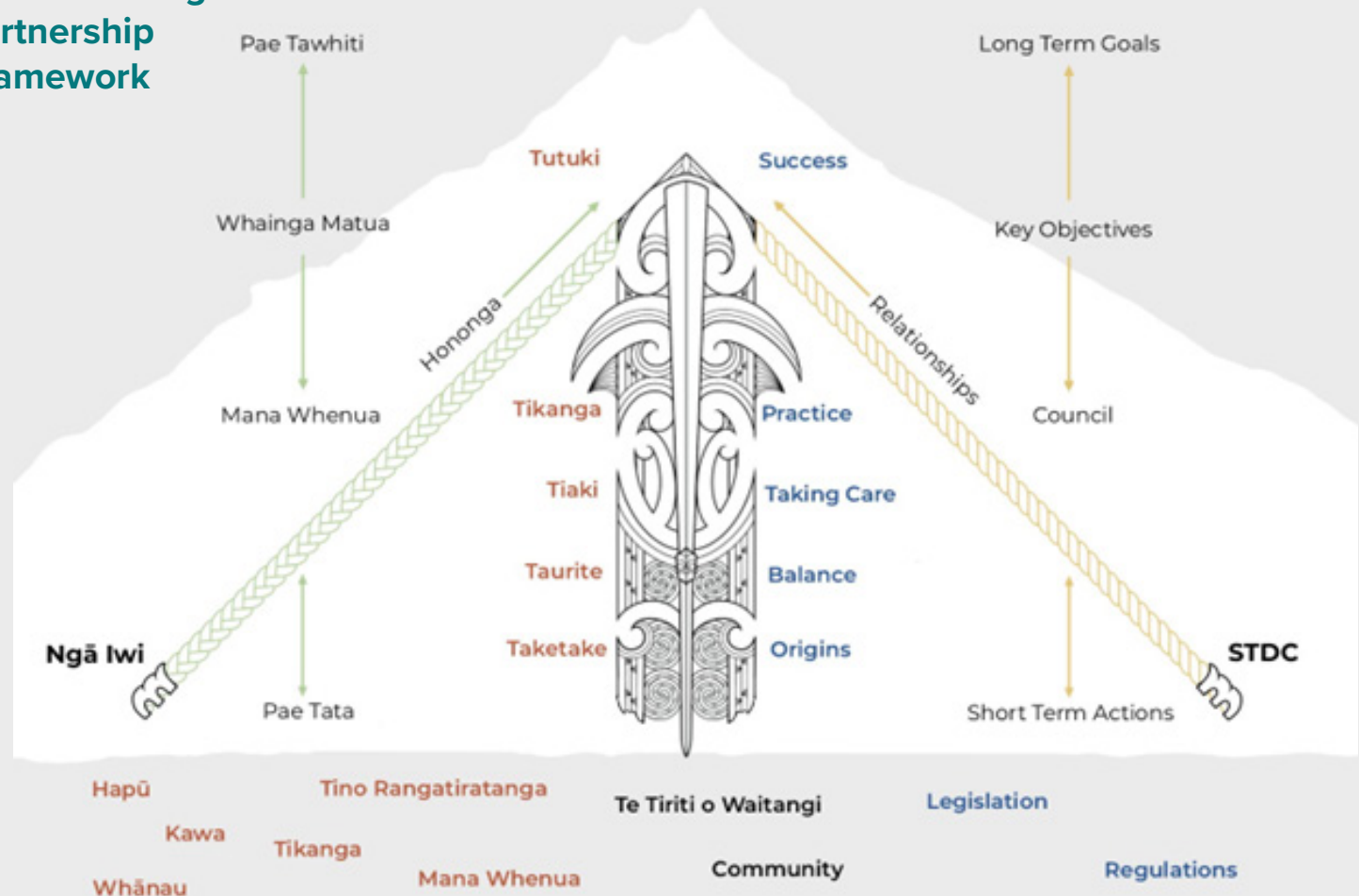
He Kōrero Whakataki / Introduction

The inaugural He Pou Tikanga Partnership Strategy (2023) represents an evolutionary journey in iwi and South Taranaki District Council's relationships.

This Strategy is the outcome of a partnership co-design held from June to August 2022, between South Taranaki District Council (the Council) and representatives of Te Kaahui o Rauru, Te Rūnanga o Ngāti Ruanui, Te Korowai o Ngāruahine and Te Kāhui o Taranaki, the post-settlement governance entities (PSGEs) of Ngāa Rauru, Ngāti Ruanui, Ngāruahine and Taranaki Iwi (referred to as 'ngā iwi', 'the iwi', or 'iwi' in the document). The key viewpoints that emerged from the codesign are woven into the Strategy. The full summary is attached as appendix 1.

There was a strong desire from both iwi and the Council to strengthen our relationships. The intent of this Strategy is to provide a framework whereby all parties better understand each other, deepen trust and strengthen relationships to work together more effectively.

He Pou Tikanga Partnership Framework



Poua Ki Raro, Tōtika ki Runga | Partnerships with Iwi

The Pou Tikanga Partnership Framework was developed during the iwi-Council partnership codesign in 2022. The Framework is based on a pou whenua, a pillar implanted in a prominent place that represents permanence of existence and status of people in relation to the whenua. An example of such a pou can be seen at Te Ngutu o Te Manu, Ōkaiawa.

The pou is implanted in the whenua (land). Its foundations include instruments such as legislation and tikanga, and Te Tiriti o Waitangi. The wider community is also part of the foundation for iwi-Council relationships also. The partners hold tightly to ropes that keep the pou straight through good tension. This tension enables each side to hold to their commitment to values that the pou represents and remain firm for the benefit of all.

Taranaki Maunga stands in the background of the framework, unifying all of Taranaki including iwi PSGEs and South Taranaki District Council.

Partnership Values

This partnership is underpinned by five values, depicted in the pou whenua within the framework. The partnership values are read from the bottom, from Taketake and ascending to the top of the pou. This represents us further developing our partnership from the ground up:



Tutuki/Success

Recognising milestones as iwi and Council partnerships mature.



Tikanga/Practice

upholding the values of the pou and our agreed-upon practices as we work together.



Tiaki/Taking care

taking care of ourselves, and showing care and having regard for each other. Together, caring for te taiao - our natural environment.



Taurite/Balance

each partner knows their own people and priorities and has their own strategic planning and activities. Partners know aspects of the other's mahi, programmes, cycles etc., so can plan how and when to contribute to the other's work/initiatives. Each partner takes responsibility for their own upskilling and learning.

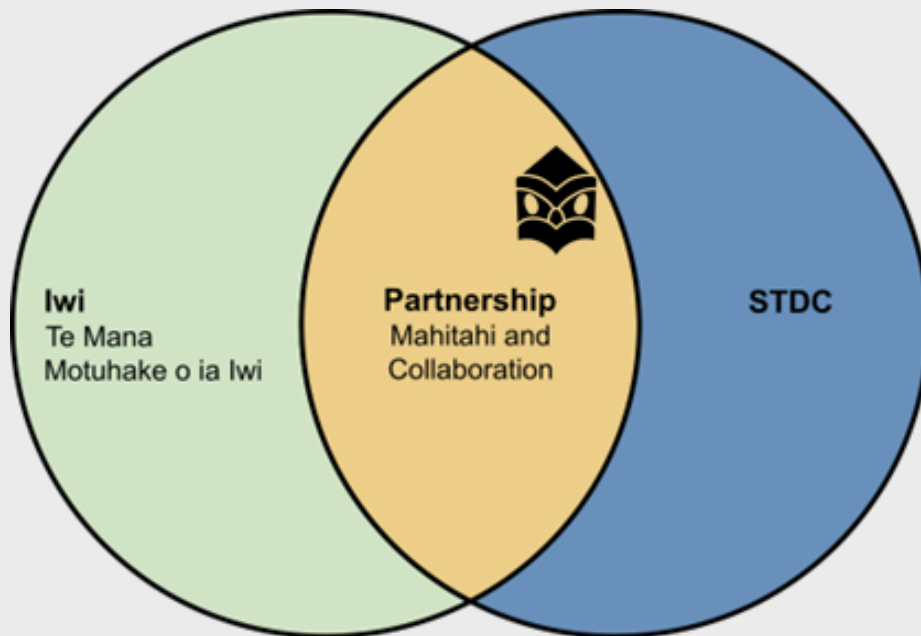


Taketake/Acknowledging mana whenua

recognises the four iwi as mana whenua with Indigenous and Tiriti rights. Iwi are acknowledged as partners, not just stakeholders of Council. Within this, the PSGEs operate on behalf of iwi membership. This acknowledgement is the basis of genuine whanaungatanga and partnership between the four iwi PSGEs and the South Taranaki District Council. The Council derives its mandate from its communities, which include Māori ratepayers and Māori communities, and its powers and responsibilities from legislation. These origins of the respective partners stabilise and provide the foundation for the pou whenua.

Poua Ki Raro, Tōtika ki Runga | Partnerships with Iwi

Partnership Tikanga



Mana Whakahaere Iwi-STDC Partnership Parameters

Mana Whakahaere

The above diagram depicts a space for mahitahi/collaboration between the iwi PSGEs and Council.

Iwi PSGEs have legal duties defined by their Te Tiriti o Waitangi Settlement legislation and are also in service to their hapū through tikanga Māori that do not involve the Council.

The Council is required by legislation, Local Government Act 2002 and Resource Management Act 1991 specifically, to take into account Māori values and principles of Te Tiriti o Waitangi, maintaining and providing opportunities for Māori, and facilitating participation of Māori in local government. Therefore, there are requirements for the Council to involve iwi in its activities and protect iwi and hapū rights according to Te Tiriti o Waitangi and Crown Treaty principles.

Both parties will determine collaboration opportunities with the other partner based on each other's priorities and resources available.

Some activities that are currently undertaken independently by the Council should involve iwi and move to the collaborative space as decision-making is shared with iwi and working together becomes more commonplace. There are benefits in iwi working collaboratively with Council, including more robust outcomes and mutual benefit for iwi and the wider community. Iwi and STDC desire a 'balance' between iwi-led and Council-led delivery of services where the other partner/s play a supporting role. This Strategy does not negate the unique relationships between individual iwi and the Council. Those relationships will continue to develop, along with partnership agreements. Whilst there will often be common ground, individual iwi may have their unique standpoints, which can be included in individual partnership agreements.

Poua Ki Raro, Tōtika ki Runga | Partnerships with Iwi

Key Priority Areas

This Strategy sets our priorities that contribute to the Pou Tikanga Partnership Framework and aligns with the South Taranaki District Council's community outcomes outlined in the 2024-2034 Long Term Plan; Mana Mauri, Mana Tangata, Mana Oranga, and Mana Taiao.

1. Mana Mauri / Cultural Well-being: Early notification. Early involvement.

The South Taranaki District Council has a genuine desire to respect mana whenua, listen to their viewpoints and advance genuine partnership collaborations with the iwi in South Taranaki.

It is important that iwi PSGEs, as representatives of mana whenua, are involved from the outset of Council policy development that are of importance to iwi (including plans that set levels of service). Better outcomes are achieved and relationships enhanced as risks that could damage relationships through takahi mana - negating the mana of other partner/s, can be mitigated. Iwi and the Council

planning together can save time and resources.

In cases where a kaupapa is location specific, the affected hapū should also be involved at the earliest opportunity.

Whakawhanake Āheinga Ahurea | Cultural Capability Building

Building cultural capability across the Council at both governance and operational levels is pivotal to growing strong partnerships with iwi, and Council fulfilling its obligations. The Council will provide ongoing training for all elected members and staff on:

- cultural responsiveness;
- the Council's obligations to take into account Te Tiriti o Waitangi principles;
- the history of the region including the effects of colonisation on local iwi and hapū;
- iwi and hapū developments in the post-settlement times;
- eliminating cultural biases within Council;
- Te reo Māori proficiency.

Building cultural capability also includes increased awareness of the other organisations' internal processes. The Council will continue to pursue opportunities for learning iwi processes through holding more Council meetings and initiatives at local marae.

2. Mana Tangata / Social Well-being: Whanaungatanga | Connectedness

Increased opportunities to connect both formally (at events, joint ventures etc.) and informally (outside of projects) is important to both iwi and Council. The intended outcome is that all parties better understand each other, deepen trust, and strengthen relationships to work more effectively together.

3. Mana Oranga / Economic Well-being:

Resourcing iwi to advise South Taranaki District Council and Shared Resourcing

Iwi and Council acknowledge that resourcing is an important equity issue in the context of each iwi-Council collaboration and in their wider partnerships.

Resourcing iwi participation in partnership initiatives is a key consideration to ensure an equitable approach. It should be noted that resources iwi gained from Treaty settlements are for reestablishing their own cultural and socio-economic bases.

Iwi often provide expertise that Council does not have, to kaupapa that is the shared responsibility of Council and iwi. Further, many kaupapa including the Council's governance and operational work plan and RMA-related kaupapa, require iwi consultation by law. Iwi are not resourced for the expertise they provide and this creates considerable strain on iwi resourcing. Iwi and Council are committed to addressing this inequity.

Iwi input into Council mahi is not solely to offer cultural perspectives but to enable a full participatory role as prioritised by iwi. Resourcing is needed for iwi to fully participate in decision making as an equal partner.

As partners to Council, iwi must have a participatory role in development of agreed relevant Council policy, service delivery, special projects and decision

Poua Ki Raro, Tōtika ki Runga | Partnerships with Iwi

making. More resourcing from the Council and other avenues is needed for iwi to engage and this resourcing needs to be explicit.

The deepening relationships between iwi and Council must engender greater reciprocity, balancing of contribution and mutual benefit. Iwi involvement in the delivery of services and sharing of spaces can reduce consultation time and produce robust outcomes that honour mana whenua.

All parties acknowledge that the Council can be in a position where they have no resourcing for unplanned consultations on legislation and participation in other central government initiatives.

4. Mana Taiao / Environmental Well-being:

Te Taiao | Environment and sustainable living

Iwi and the Council will continue to work closely to mitigate risks of local environmental issues and wider environmental issues, such as climate change. Together we will advocate strongly for sustainable communities and industries.

This partnership Strategy strengthens the parties' commitment to reducing negative impacts on te taiao and communities of South Taranaki. Iwi and the Council will work together to identify environmental issues and strategies, which may be reflected through statutory and non-statutory plans.

On agreed local and national environmental policies, the Council and iwi will work in partnership as they formulate their positions, before they publicly announce them.

Partnership

Mana to Mana, Mahi to Mahi

The principle of Mana to Mana, Mahi to Mahi upholds that iwi and Council personnel interact at the equivalent governance or operational leadership level.

- Mana to Mana refers to the governance leadership, those who hold the mana for their organisation: the governors: the mayor, councillors, the chairs of iwi boards and board members, and on location-specific kaupapa, hapū

chairs and marae chairs may be direct contacts with the Council. Iwi and Council leaders are committed to working together.

- Mahi to Mahi refers to the operational staff in the respective organisations. Council and iwi commit to building relationships with their counterparts in the other organisations and understanding the priorities of the other organisation/s. Iwi entities (PSGEs) have limited resources to engage with the Council. The Council has more resources and obligations under the Local Government Act to support iwi to develop their capacity. Therefore, the Council will be responsible and proactive to uphold the tikanga of iwi.
- There have been challenges where the mana of iwi has not been appropriately respected. The Council is committed to ensuring its elected members and staff at all levels are trained to ensure the mana of iwi is appropriately respected.

If this principle can not be upheld in a given circumstance, each party will let

the other/s know in advance.

Operations – Mahi to mahi

As part of the partnership co-design, He Tikanga Mahi Tahī – Partnership Operations Guide was developed. The Guide identifies new partnership approaches and short-term and long-term goals to support iwi and Council staff to work towards the key priorities set out in this Strategy.

Iwi and Council staff will work on developing the goals and actions each year as part of the annual planning cycle and undertake a review at the end of each financial year (in line with the annual reporting cycle). This will be reflected through the Council's democracy and leadership activity.

Strategy Review – Mana to mana

The key priority areas will be reviewed every three years during the development of the Long Term Plan (Council's 10 year plan). The parameters of the review will be jointly decided by iwi and Council at least six months prior to the start of the review.

Rautaki Pūtea | Financial Strategy

About the Strategy

This Financial Strategy helps us to prudently manage our finances as we work towards our vision of Taranaki ki te Tonga – ka puta ka ora! South Taranaki – great people, connected communities where we belong! The Strategy guides our funding and expenditure decisions. It sets out our financial targets, explains how we will manage our resources and highlights where there will be significant financial impacts. It describes what we aim to achieve over the next ten years, and the resultant impacts on our services, rates, debt and investments.

The Strategy takes a long-term view of the sustainability of our infrastructure. We have identified three themes for the development of the 2024-34 Long Term Plan (LTP):

- Affordability – value for money
- Intergenerational equity – sharing the cost
- Partnerships – achieving together

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

Over the past two decades we have completed upgrades to our water, wastewater, roading and community facilities infrastructure. This upgraded infrastructure will last well into the future; however, we are now required to meet new Government standards that include significant extra compliance work over the next ten years and this, along with several of our resource consents being due for renewal, has put added pressure on our budgets. The new Government standards focus on water supply, wastewater and environmental sustainability. We plan to stay on track with other key projects, such as town centre master plans and the South Taranaki Business Park. To make sure

we don't get into a situation of having too much debt, we manage our debt levels and borrowing costs in line with the Liability Management Policy (LMP) limits. For the duration of this plan, we aim to limit rates increases to 6.00%.

The total rate limits on the overall rate increase is on average 6.00% for the ten years. The cap will be breached in years one to three mainly to allow for significant increase in costs, return of three waters services to Council, the need to meet government standards as well as allowing for some improvements and growth. The projected rate increase is 11.10% in year one, 8.66% in year two, and 6.20% in year three. The breach is not considered to be significant. The average rates increase for the next ten years is projected to be 5.41%.

Our Themes for the 2024-34 Long Term Plan

This Strategy focuses on three themes:

Affordability

Like households and businesses across the country, the Council is facing increased costs for the things we buy. Local government Inflation has risen by around 15% over the last two to three years and continues to rise, for things like fuel, bitumen, and electricity. Contractor's costs have increased significantly, (in some cases by over 60%), insurance costs have increased by around 20%, compliance costs driven by Government requirements have increased considerably and interest rate increases have raised the cost of borrowings and financing debt. This means we need to pay more just to keep doing what we are already doing, without adding anything else.

South Taranaki by its very nature is a relatively high-cost District. We have a small number of residents (around

29,000 with 14,420 rateable properties) spread over a large geographic area, living in seven small towns each with their own services, infrastructure and community facilities, connected by an extensive road network.

The key challenge for us is how we can afford to do this at a time when local government is facing unprecedented cost increases. Our plans for the District must be balanced with the need to keep rates affordable for our community while maintaining our current levels of service. Over the last 8 years (2015 to 2023) the average rate increase has been low, including a 0% rate increase in 2020/21 to support the community during the Covid-19 pandemic.

In this LTP we aim to achieve budgeted projects without raising our rates above the cap of 6.00% per year. The rate cap has been worked out on the basis of the Local Government Cost Index ten-year average of 2.40% plus allowing 0.60% to bring in three waters, and 3% for improvements, growth

and for compliance costs. Increased compliance costs and planning for growth mean that our rates cap is higher than our previous LTP. The cap will be breached in years one to three mainly to allow for significant increase in costs, return of three waters services to Council, the need to meet government standards as well as allowing for some improvements and growth. The projected rate increase is 11.10% in year one, 8.66% in year two, and 6.20% in year three. The breach is not considered to be significant. The average rates increase for the next ten years is projected to be 5.41%.

Intergenerational Equity

We recognise that the infrastructure we build, maintain, and operate serves the community over many generations, and so we fund our infrastructure in a way that is fair to current and future users. This usually means the use of debt, which is repaid over the useful lives of the assets to ensure that future generations who will enjoy the benefits

will also contribute to the costs.

Before taking on new debt, we consider other funding mechanisms such as funded depreciation, external contributions, capital contributions and special reserves, while ensuring that intergenerational equity is maintained. We will continue to seek external funds to help our community pay for key projects.

Partnerships

We pursue 'shared services' arrangements and partnerships with external organisations where we can achieve efficiencies and cost savings. We are involved in about 50 shared service arrangements with the other Taranaki councils, ranging from library services to purchasing vehicles, three water services to insurance, civil defence to roading and regional organic material processing facility, where there is a financial or economic benefit to the Region's ratepayers due to economies of scale. A good example of this collaborative approach is the

Taranaki Regional Waste Collection Contract, which has resulted in major cost savings to ratepayers. We will continue to explore future opportunities in this area to ensure our ratepayers benefit from economies of scale.

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

Rautaki Pūtea | Financial Strategy

Our Current Financial Position

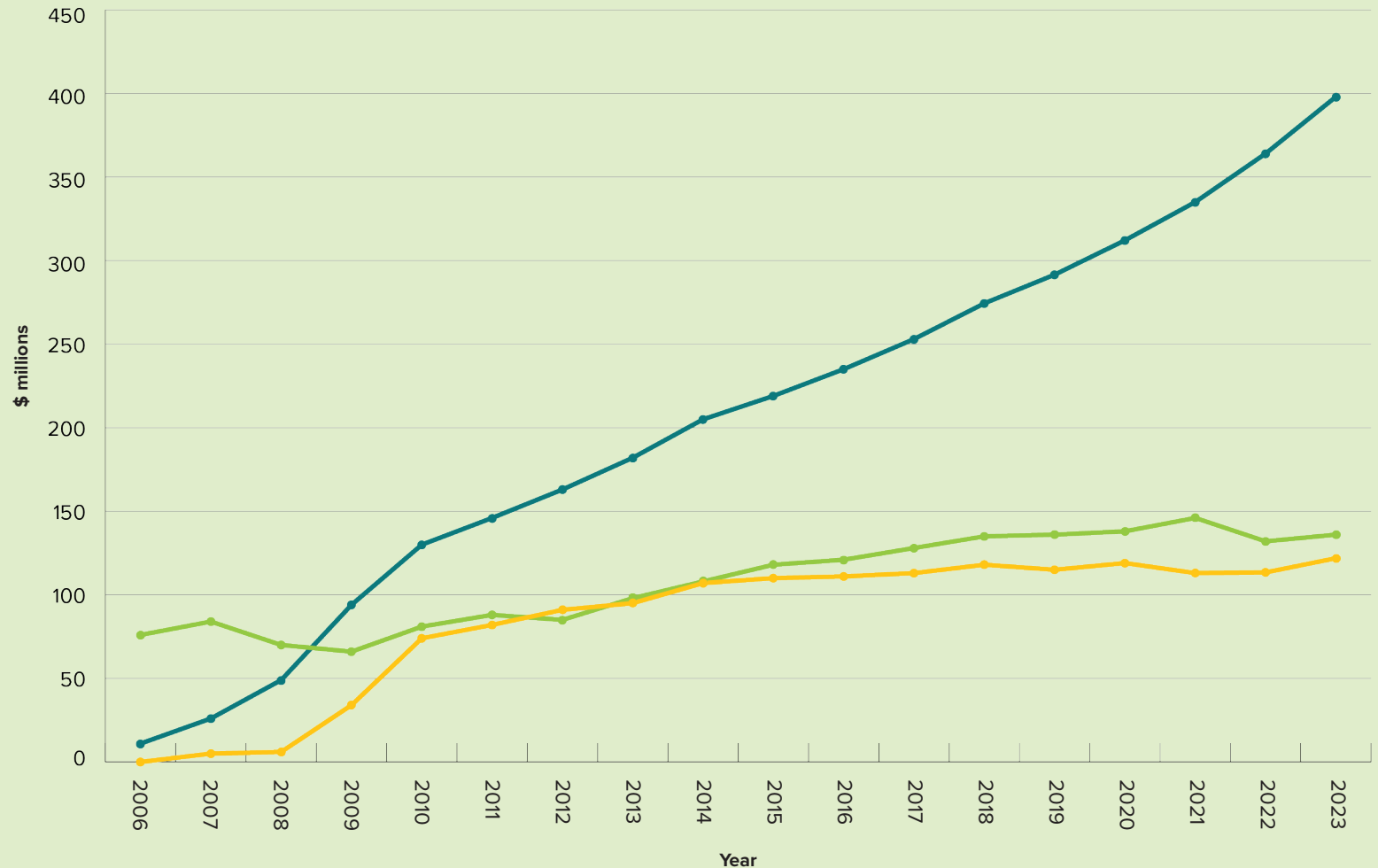
Where Are We Now

Our financial position remains strong, in terms of continued increased investment income and total net assets and, as at 30 June 2023, our net debt was zero. However, our gross debt is high and increasing compliance costs means that debt is expected to increase during the lifespan of this Plan. Our priority had been to consolidate and pay off debt, but the priority changed in the 2021-31 Plan to allow for the need to meet legislative compliance and sustainable growth. These priorities will remain a focus for this Plan as well. Despite the change in the 2021-31 Plan, paying off debt remains a priority. The following two graphs demonstrate this.



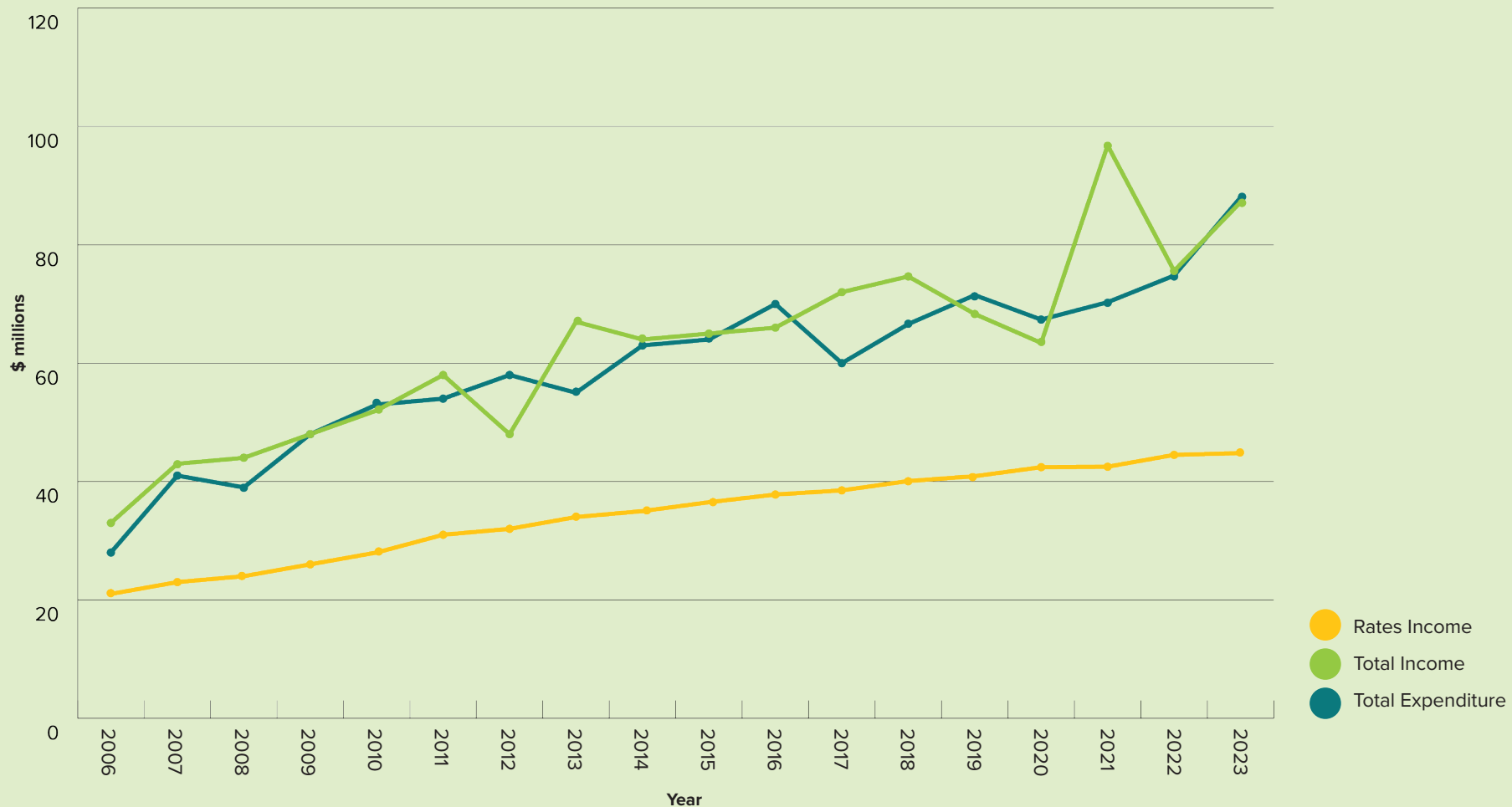
Actuals - Debts, Investments and Capital Spend (2006 - 2023)

The graph provides historical key financial position balances as well as historical capex spend since 2006 to 2023 Financial Year.



Income and Expenditure (\$m)

The graph below provides historical income and expenditure over the 2006 to 2023 Financial Year.



Rautaki Pūtea | Financial Strategy

Capital Works Programme

Over the past two decades, we have implemented a major capital works programme to bring our core infrastructure up to standard. The implementation of the New Zealand Drinking Water Standards for potable water impacted the District's water supply schemes, and new reservoirs and water treatment plants have been constructed. Over several years, water treatment plant upgrades have been completed at Kāpunī, Ōpunakē, Eltham, Rāhotu, Pātea, Waverley, Inaha, Waimate West, Waverley Beach and Waiinu. The capital works programme also included the continued construction of Te Ramanui o Ruapūtahanga, completion of Nukumarū Station Road, renewals on the roading network and community facilities such as the Hāwera Aquatic Centre.

The COVID-19 pandemic in 2020 halted our capital works programme for two months and this had a flow-on effect into our forward programme. As a result, we are still recovering from the consequences of the pandemic. The construction of Te Ramanui o

Ruapūtahanga and the extension and upgrading of Nukumarū Station Road were approved as shovel ready projects (part of the previous government's recovery plan). Both projects are scheduled to be completed in the 2024 calendar year.

The revaluation of our assets at 30 June 2022, resulted in a significant increase in replacement costs of our assets. This means the cost of maintenance and renewal of our assets will come at significant cost.

Capital Works Delivery Plan

While we are mindful of anticipated changes to legislation and the need to upgrade infrastructure to meet new requirements, our biggest challenge is to build and deliver what we have said we will. This is identified as a strategic risk for the organisation and has been a focus for improvement. Experience shows we have delivered on average \$29 million of capital works over the last three years with total capital spend of \$34.6 million in the 2022/23 financial year. With a capital works programme of around \$50 million per year for years

1 to 3 of this Plan, we have taken a number of steps to ensure that we can deliver the capital works programme we have set. Our ability to complete our works programmes is affected by external factors that are largely beyond our control. This includes the availability of contractors and materials, delays due to legal proceedings and stakeholder engagement resulting in changes to projects.

Our Financial Position

The projected financial position shows what we own (assets) and what we owe (liabilities) and the difference between them (equity) is effectively the net value belonging to the Council. Over the ten years of this Plan, it is forecast that our equity will grow from about \$1.3 billion to \$1.8 billion. The anticipated increase in the value of our fixed assets includes the Hāwera Town Centre Strategy implementation, Town Centre Plans, South Taranaki Business Park, water, wastewater, stormwater and roading assets. This reflects the investment made in these areas as well as future investment and the revaluations of the assets over the next ten years.

Operational Expenditure

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

Capital Expenditure

Capital expenditure projects are categorised as renewals, extending level of services or growth related. Our total forecast capital spending is \$446 million over the ten years of this Plan and, of that, \$404 million is programmed to be spent on infrastructure assets. The spending will mostly be on renewals, improvements, and compliance costs, except for the Hāwera Town Centre Strategy projects, Town Centre Master Plans and, completing works on the South Taranaki Business Park.

Renewal projects

Renewal projects restore or replace components of an asset or the entire asset to return it to its original level of service (size, condition, or capacity). These projects will be funded from capital reserves built up from funded

depreciation. If the reserve is not sufficient to meet the programmed renewals, loans will be utilised and repaid from a contribution from the reserve that best fits intergenerational equity and/or the operational funding sources for the particular activity as per the Revenue and Financing Policy.

Extending level of service projects

These projects involve the creation of new assets or alterations to existing assets including improvements required to meet legislative compliance to deliver a higher level of service. They will be funded by loans repaid from operational funding sources and/or external funding.

Growth related projects

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

after considering specific criteria.

Cost increases

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

Three Waters Reform

Like other councils, we devoted a great deal of time and resources to preparing for the prior Government's three waters reforms. This would have seen three waters services included in year one only of the 2024-34 LTP, before the services and assets were transferred to new water services entities. The new Government's change in direction means we have reinstated three waters for the ten years of this Plan. As part of that, we have budgeted

for significantly increased costs associated with the new regulations and with upcoming consents for water extraction and wastewater treatment, which are now expected to require further infrastructure upgrades to meet environmental standards over the next ten years.

Despite recent changes in legislation, the three Taranaki councils already work closely together in the delivery of water services, with joint contractors and shared services. We will continue to investigate the possibility of being part of a regional water entity, as we seek to deliver the best and most efficient water services to our communities.

How We Fund Our Infrastructure

We fund our infrastructure in a way that is fair to current and future users. Before considering new debt, we first consider other funding mechanisms such as funded depreciation, external contributions, capital contributions and special reserves as well as considering the correct method of ensuring that intergenerational equity is maintained.

Our debt will reach a peak debt level of \$218.5 million (including internal borrowings) in 2033/34. We expect debt levels to reduce after that point.

Long Term Investment Fund

In 1997 the Council sold its shares in the power company, Egmont Electricity. The net proceeds of \$88m from the sale were transferred to a Long Term Investment Fund (LTIF). The LTIF remains our only long term investment fund and since that time the amount held in the LTIF has grown to \$147.6 million (January 2024, this includes internal borrowing.)

Our LTIF strategy clearly states the objectives and risks associated with the investment fund. After seeking advice from our Investment Advisor, we have determined a Strategic Asset Allocation (SAA) or Benchmark Portfolio (shown on the next page) that, in our view, best reflects our risk preference and is appropriate given our investment objectives:

- To deliver income to subsidise rates by \$4.22 million each year, an additional subsidy of \$1.73 million to

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service loans for specific community projects and \$762,000 for the Hāwera Town Centre Upgrade and earthquake-prone building projects. The subsidies are reviewed every three years.

- To maintain the real value (as opposed to face value) of the LTIF capital over time with respect to inflation.
- An investment fluctuation reserve (IFR) has been established at a level appropriate for the risk. The Council agreed to use funds from this reserve to fund Te Ramanui o Ruapūtahanga, and fund some of the projects relating to town centre developments including additional funding for the

Hāwera Town Centre Project.

- The current objective of the LTIF is to earn an overall net real return (that is, after fees and inflation) of 4% per annum over the longer term (rolling over 10 year periods). However, the Risk and Assurance Committee together with the Council have agreed to increase this from 4% net return to 4.75% net return from 1 July 2024.

From the time it began in 1997 to 30 June 2023, the LTIF has achieved an average gross return (before subsidy and inflation) of 6.83% and has returned \$133 million back to the community.

Strategic Asset Allocation

Sector	Benchmark %	Ranges %
Trans-Tasman Equities	15.6	10.6 - 20.6
Global Equities	38.3	28.3 - 48.3
Venture Capital	2.5	0.0 - 5.0
Emerging Markets	6.0	0.0 - 12.0
Global Listed Properties	6.3	0.0 - 12.6
Global Listed Infrastructure	6.3	0.0 - 12.6
Total Growth Assets	75.0	55.0 - 82.0
NZ Fixed Interest	5.6	0.0 - 11.2
International Fixed Interest	11.3	6.3 - 16.3
Private Debt	5.0	0.0 - 10.0
Cash	3.1	0.0 - 6.2
Total Income Assets	25.0	21.0 - 35.0

As mentioned above, the Risk and Assurance Committee and the Council have agreed to increase the net real return from 4% to 4.75% as from 1 July 2024. To achieve a net real return of 4.75% the Committee and Council have agreed to increasing the Strategic Asset Allocation of growth assets from 60% to 75% and reducing income generating assets from 40% to 25%. This change

will result in increased probability of achieving the increased objective of 4.75% net return. However, like any investments, higher risk also increases the probability of negative returns. The Council considers the Long Term Investment Fund as a perpetual fund for current and future generations, which allows increasing investments in growth assets. The current SAA is considered

to be a balanced portfolio which would change to a growth portfolio.

Current Management of the LTIF

The LTIF carries a degree of risk as the value can go down as well as up, and we saw this over the initial COVID-19 lockdown period. Ultimately, a decrease in value could diminish the original amount invested. To reduce the risk we employ investment advisors, Mercer to advise on the LTIF. We also have a Statement of Investment Policy and Objectives (SIPO) that outlines our preferred approach to portfolio diversification. As from 1 July 2024 75% of the LTIF will be in growth investments and 25% will be held in income generating investments. The LTIF investments are subject to market movements and the LTIF has a potential risk of losing its value completely. However, the risk is extremely remote.

Mercer monitors the LTIF's performance on a daily basis and the Risk and Assurance Committee meets quarterly to review its performance and make any required decisions.

The impact of not receiving investment

returns great enough to fund the annual rates subsidy, repayments for specific community projects and facilities, the Hāwera Town Centre Strategy and earthquake-prone buildings projects would be \$6.7 million per year.

Debt Management

We have incurred debt to help pay for infrastructure across the District. We could pay off debt by using our investments but we consider it is more prudent to continue borrowing. Despite the rising costs of borrowing, we expect the future return on investments will outweigh the cost of financing debt and associated debt repayment as it has done over the last 26 years. Our focus is to make sure the debt repayment profile matches the life of the assets.

Because our infrastructure serves the community over many generations, we use debt to fund new infrastructure, reflecting the intergenerational value of our roads, water, wastewater, community facilities and other assets. Gross debt levels are high and are managed through our Liability Management Policy. Managing our debt effectively and paying down debt over the term of this Plan is a priority and we are using funds from the LTIF's fluctuation reserve to pay for some key projects.

In addition to loans, we use other mechanisms to fund our operational

and capital expenditure, such as funded depreciation, external contributions, capital contributions and special reserves. The full list is in our Revenue and Financing Policy.

Before taking on new debt, we need to consider these other funding mechanisms as well as the correct method of ensuring that intergenerational equity is maintained.

Renewal expenditure is usually funded from depreciation reserves. The loan repayments and interest costs are funded from depreciation, savings made from the Local Government Funding Agency (LGFA) and rates. As a Principal Shareholding Local Authority of the LGFA, we are able to access long term loan funding at cheaper rates than other institutions like banks.

Our Net Debt

If you consider our peak debt of \$218.5 million and our investment Fund of \$179.8 million in 2033/34, including internal borrowing, our net debt is expected to be \$38.7 million. We are forecasting to make approximately \$108 million in loan repayments, including \$11 million for internal loan

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repayments, over the next ten years, and forecast a \$172 million increase in new loans over the same period.

It is important to highlight the risk associated with the LTIF and, as a result, the net debt position can decrease or increase, depending on the LTIF's performance. The worst

case scenario is the net debt position being \$218.5 million by 2033/34, and the LTIF performs at a negative return for the next ten years, although this is extremely unlikely. We believe the forecast debt levels are sustainable as they are well within the Liability Management Policy limits.

Limits on Borrowing

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

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

Debt and Interest Rate Limits

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Net debt as a % of total income <150%	14%	32%	39%	41%	32%	23%	15%	22%	30%	24%
Net interest Exp. % of Total Rates <25%	8%	8%	8%	7%	7%	6%	5%	6%	6%	6%
Net interest Exp. % of Total Annual Income <15%	4%	5%	5%	4%	4%	4%	3%	4%	4%	4%
Net debt per capita <\$2,000	\$465	\$1,135	\$1,441	\$1,558	\$1,258	\$929	\$640	\$916	\$1,317	\$1,072
Borrowing costs % of Revenue (DIA) Measure)	7%	7%	7%	7%	7%	7%	6%	7%	8%	7%

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

If we reduce loan repayments, loan balances will remain at higher levels and put pressure on our future borrowings. We have to comply with our Liability Management Policy and,

as a result, future projects may have to be delayed if loans are not repaid in time. Increasing repayments and paying off loans before time will result in overcharging current ratepayers. Our Liability Management Policy explains how we manage our interest rate risk by using various ratios between fixed and floating interest rates. We review the Policy regularly and Price

Waterhouse Coopers provides regular advice to manage the risk.

Security for Borrowing

We provide securities against our borrowings from external lenders. We have provided a guarantee to the LGFA and the amount of the guarantee will reduce as more councils join the

LGFA as shareholders in the future. We provide different types of guarantees, such as our assets and rates revenue.

Shared Services and Partnerships with External Organisations

We have a strategy of pursuing 'shared services' and partnerships with external organisations where we can

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

Economic Climate and Population

The current economic climate continues to present challenges to households, businesses and councils across the country, and to the rest of the world. The economic conditions remain volatile due to on-going conflict in the Middle East as well as war between Russia and Ukraine.

During the long term planning process we considered total expenditure (including capital expenditure) in maintaining current levels of service (factoring in inflation, additional compliance measures and additional

demand/increase in levels of service). We believe we will be able to meet existing levels of service with the forecast rate increases for the next ten years. Ratepayers are facing unprecedented increases in rates over the next couple of years.

We have contributed to the development of Tapuae Roa: Make Way for Taranaki, the Taranaki Regional Economic Development Strategy August 2017. The core focus of Tapuae Roa is people, as it is people that take economies forward. Our partnership with Venture Taranaki continues to provide valuable information relating to economic trends in the local economy and statistics, which assists our planning for the future.

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

Infometrics predict our population will grow by 2.9% (857) people) to 2037 and then decline by 3.0% from 2037 to 2054. A predicted steady in-migration of around 3,500 to 4,000 people per year will largely offset the population decline. Most of our modest growth is likely to occur in and around Hāwera, as that is where most of our residential and commercial development is taking place.

Ensuring environmental sustainability

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

A range of actions associated with environmental protection, climate change and waste minimisation focus on the areas where we believe we can have the greatest impact on our journey to become more environmentally sustainable, reduce our emissions and our waste, and adapt to climate change effects. Implementing most of the Environment and Sustainability Strategy will be done with existing resources; however, there are some significant cost implications

Rautaki Pūtea | Financial Strategy

that we sought the community's feedback on in the 2021-31 LTP. We received a clear message that the community wanted us to implement the strategy, and the costs have been included in our budgets.

One of our community outcomes is Mana Taiao / Environmental well-being – Sustainable communities that manage resources in a way that improves our environment for future generations. This aligns with the environmental well-being in the LGA 2002, and includes the following elements:

Climate change

In 2018, the Ministry for the Environment predicted that, compared to 1995, the impacts of climate change on the Taranaki Region are likely to be:

- Temperatures 0.5° C to 1.0° C warmer by 2040 and 0.7° C to 3.1° C warmer by 2090.
- Seasonal changes in rainfall but little annual change and little change in the frequency of extreme rainy days.
- Small change in the frequency of storms, some increase in storm

intensity, local wind extremes and thunderstorms.

- Sea level rise of 0.2m to 0.4m above the 1995 level by 2060 and 0.3m to 1.0m by 2100.

A 2022 report by the National Institute of Water and Atmospheric Research (NIWA) commissioned by the Taranaki Regional Council summarised the potential future impacts of climate change for Taranaki as follows:

- A warmer atmosphere in the future is expected to result in increases to rainfall intensity, which can cause soil saturation issues for the agricultural sector. It also increases the risk of flooding events which have associated adverse impacts such as damage to infrastructure.
- Increased risk of land degradation resulting from landslides and soil erosion.
- Warmer winter and spring periods will allow increased seasonal pasture growth rates.
- Increased concentrations of atmospheric carbon dioxide should increase forest, pasture, crop, and

horticulture productivity, if not limited by water availability.

- Human health will be affected by a changing climate, for example due to the increasing prevalence of hot conditions and heatwaves.
- Ongoing sea-level rise is likely to increase exposure of infrastructure to extreme coastal flooding, as well as cause habitat loss at the coastal margins where ecosystems are not able to move further inland (coastal squeeze). Exposure is likely to increase over time in response to higher sea levels.

The Council will continue to work in this area and proactively plan to offset the impacts of climate change.

Resilience to natural disasters

It is essential that communities continue to receive infrastructure services following a natural disaster, and assets are managed according to their criticality. It is not practicable to build infrastructure systems that can withstand all possible scenarios, but resilience is built in where practicable and affordable. In the event of a

disaster, potential financial losses are mitigated by a combination of insurance and placing assets in the Local Authority Protection Programme (LAPP), which is specifically designed to cover losses following a major event.

The Risk and Assurance Committee and the Council considered self-insurance as part of the 2023-24 insurance renewal process which resulted in self-insurance of \$136 million worth of above ground assets. The Council also agreed to setup a “disaster recovery fund” of \$10 million. The detailed information is included in the “insurance framework”.

Managing our resources

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

The projections for all infrastructure activities are driven by the Asset Management Plans (AMPs) and the Infrastructure Strategy.

Previously Council had been told by the Government not to include anything related to three waters delivery in our long term plans, except for the first year. The new Government and new direction has meant a late inclusion of three waters services and budgets into our long-term planning. Because of the uncertainty and complexity around three waters, and to make it more manageable for Council, the Government has allowed us to have an

un-audited consultation document.

We will continue to fund three waters infrastructure in the same way we have in the past – through a combination of loans, targeted rates and user fees and charges.

Water Supply

We plan to spend \$204.9 million in the next ten years on operational expenditure across the urban and Waimate West water supply schemes. The operational expenditure is funded from targeted rates including water by meter rates and fees and charges.

We have included funding of \$120.4 million in this Plan for capital expenditure on water supply. This expenditure is funded through depreciation, reserves, financial contributions, capital contributions and loans.

Based on the information in the asset database, there will be a significant apparent spike in renewals of \$17.6 million in 2025/26, \$9.9 million in 2030/31 and, \$9.6 million in 2031/32. The impact of spending an additional \$8.2 million in 2025/26 would be an

additional average rate increase of around 4.0% in water rates, no major impact in 2031/32 mainly due to the fact that the difference between budgeted renewals and database renewals is not significant. This would result in additional borrowings of \$8.2 million in 2025/26. The likelihood of this scenario is low as we have allowed for this expenditure to be spread over a number of years. At the end of ten years the budgeted renewal programme will exceed what is required as per the database. The Infrastructure Strategy further explains this risk and the reasons for spreading the renewal programme over a number of years.

Wastewater

We are planning to spend \$117.9 million on wastewater operational costs over the next ten years. Operational expenditure is funded through targeted rates, trade waste charges, fees and charges and other income. We have included \$87.8 million in this Plan for capital expenditure on wastewater over the next ten years, funded from depreciation, financial contributions,

capital contributions, reserves and loans.

The budgeted renewals compared to the database renewals are higher over the next ten years. The wastewater asset database predicts renewals based wholly on the installation year. However, analysis of the wastewater network performance shows that a significant amount of rehabilitation is required to reduce the amount of water that enters the wastewater networks.

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

Rautaki Pūtea | Financial Strategy

over a number of years.

Stormwater

We have included \$19.9 million of operational expenditure for the stormwater activity over the next ten years, funded from the general rate. We have planned \$8.0 million of capital expenditure in the next ten years, which is funded from depreciation, financial contributions, capital contributions, reserves and loans.

There is no significant difference in budgeted renewals and database renewals. The infrastructure Strategy further provides more detail on the renewal programme.

Roading and Footpaths

We plan to spend \$286.2 million in the next ten years on operational expenditure for the Roothing and Footpaths activity. This expenditure is funded from the Roothing Rate, Waka Kotahi New Zealand Transport Agency subsidy, financial contributions, grants, reserves, fees and charges and other income. We plan to spend \$180.3 million in the next ten years on

capital expenditure for the Roothing and Footpaths activity, funded by depreciation, capital contributions, Waka Kotahi Subsidy and the Roothing Rate.

The database shows that there would be a major spike in renewal expenditure of \$60 million in 2024/25. This was picked up as part of the LTP 2021-31 process. The renewals consist largely of roading basecourse that is beyond its expected remaining life as per the database. We use asset condition to determine our forward renewal programme. While the roading surface above the basecourse has had its life extended through condition assessments and renewals (resealing), the remaining life of the basecourse underneath has not been adjusted when roads have been resealed. This is fundamentally a data quality issue and remaining life will need be revised to match actual condition. This does not pose a significant financial risk to the roading rate.

Our Plan for the Future – the Most Likely Scenario

This Strategy provides an overview of the most likely scenario for managing our infrastructure. In general, we plan to maintain our current levels of service while focusing on the three themes described earlier – affordability, intergenerational equity and partnerships.

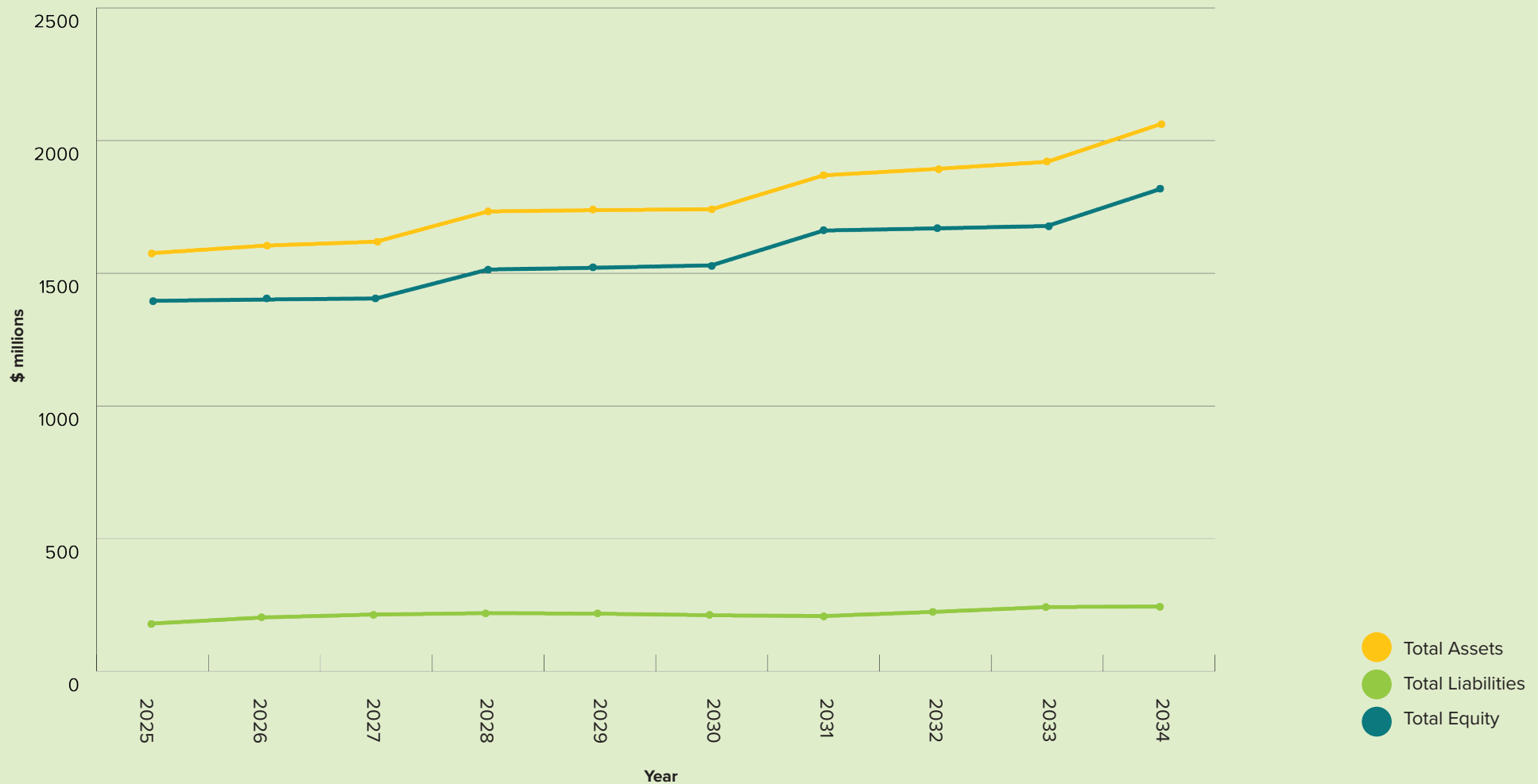
We have included our preferred options for significant capital expenditure in our Long Term Plan budgets to meet current levels of service, improvements, compliance and growth. The forecasts for the first three years are the most detailed, while those in years four to ten are a reasonable outline of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

Forecast Financial Position for the Next 10 Years

The projected financial position shows what we own (assets) and what we owe (liabilities) and the difference between

them (equity) is effectively the net value belonging to the Council. Over the ten years it is forecast that our equity will grow from about \$1.3 billion to \$1.8 billion. The anticipated increase in the value of our fixed assets, including the Hāwera Town Centre Strategy implementation, town centre plans, South Taranaki Business Park, water, wastewater, stormwater and roading assets, reflects the investment made in these areas as well as future investment and the revaluations of the assets over the next ten years.

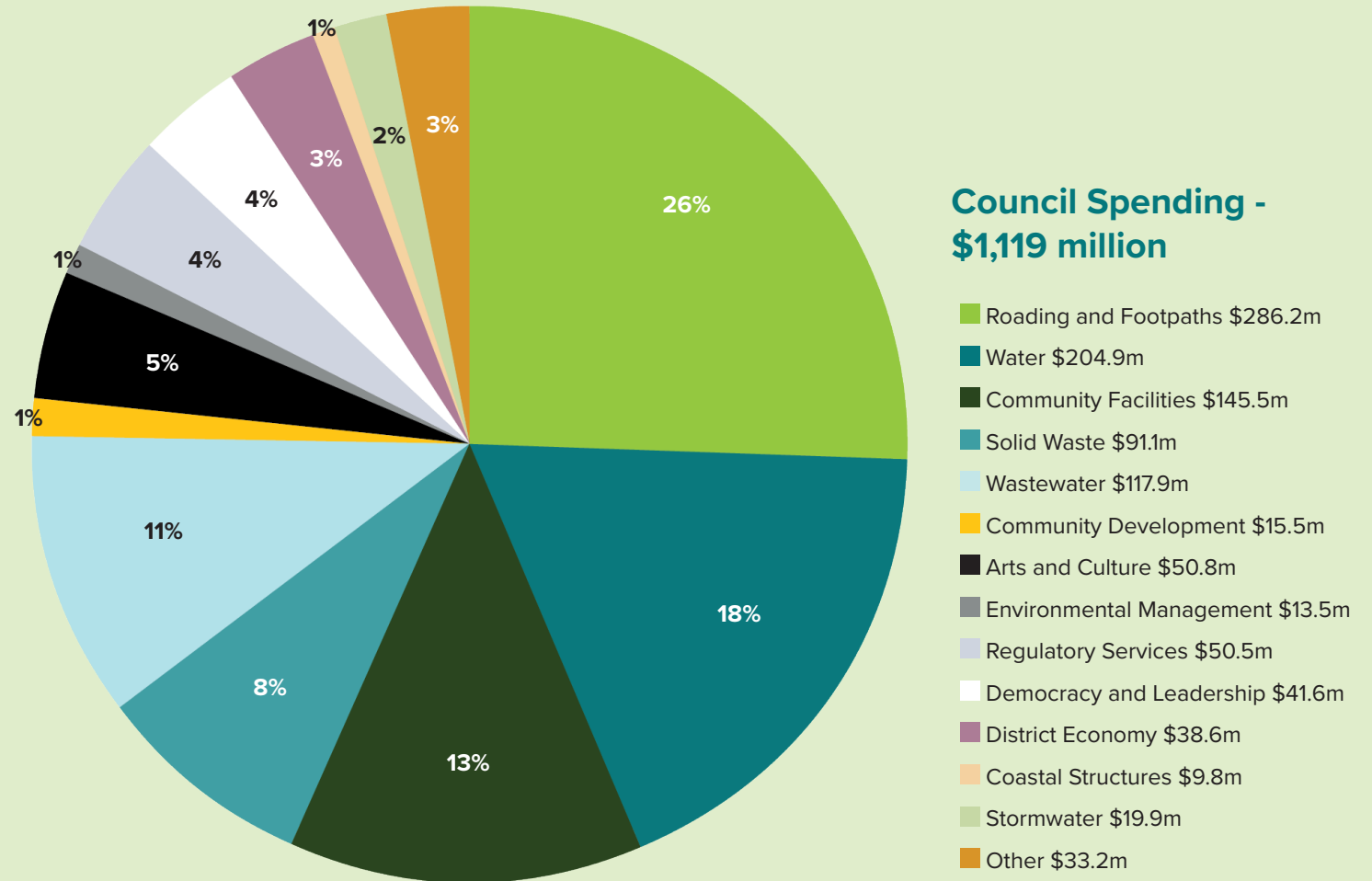
Forecast Financial Position for the Next 10 Years



Rautaki Pūtea | Financial Strategy

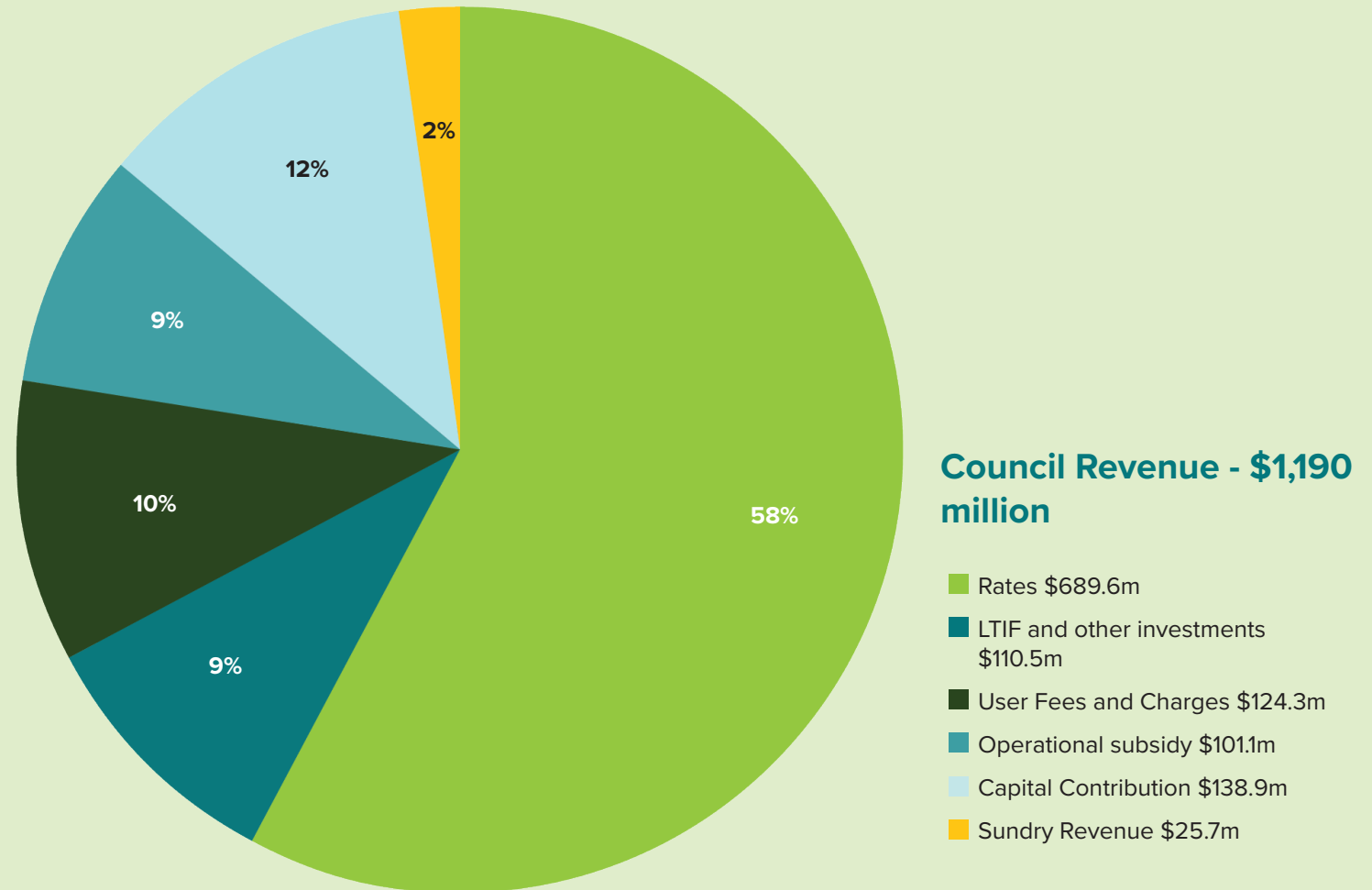
Forecast Expenditure and Income

The forecast expenditure shows what we intend to spend on each group of activities over the next ten years. The forecast spending on water, wastewater, stormwater, roading, solid waste, coastal structures, parks and reserves and community facilities totals about 78% of our overall spending.



Forecast Income

The following graph shows the income we are forecasting from different income sources over the next ten years. Our total income from rates makes up about 58% of the total income, followed by 12% from Capital Contributions.



Rautaki Pūtea | Financial Strategy

Affordable Rates

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

- New assets as part of the Town Centre Master Plans;
- New assets for the South Taranaki Business Park; and
- Tertiary level wastewater treatment plants.

We want South Taranaki to be an affordable place to live and do business. Our challenges for the District is to maintain our current levels of service, meet legislative changes, improvements, planning for growth and, effective management of our debt – must be balanced with the need to keep rates affordable for our community. We need to respond to

our community's needs in a manner that is sensitive to economic factors, keep costs down by focusing on the basics, deferring or deleting projects where appropriate and utilising various funding mechanisms as well as rates without raising our rates above 6.00% on average over the next 10 years.

Limits on Rates and Rates Increases

Our total rates income is forecast to increase from \$48.9 million in 2023/24 to \$54.3 million in 2024/25 and to \$82.6 million by 2033/34. We want to provide ratepayers with a degree of certainty over future rates movements and propose to limit average rate increases over the next ten years to no more than 6.0%. This 'cap' is made up of the forecast 2.4% increase in the Local Government Cost Index (LGCI), 0.6% for the return of water services, plus 3% for improvements, compliance and growth.

Our forecast income for 2024/25 will be made up of rates (53%), subsidies, grants and capital contributions (23%) investment income (10%), and user fees

and charges (11%).

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

The District Rate

The District Rate includes General Rates, UAGC and the Roading Rate. In 2024/25 the District Rate will increase by 13.2%. Over the ten years it will increase by an average of 4.8% per annum. The increase mainly reflects inflation, increase in borrowing costs, energy costs, and increased costs related to anticipated maintenance, repairs and renewal expenditure.

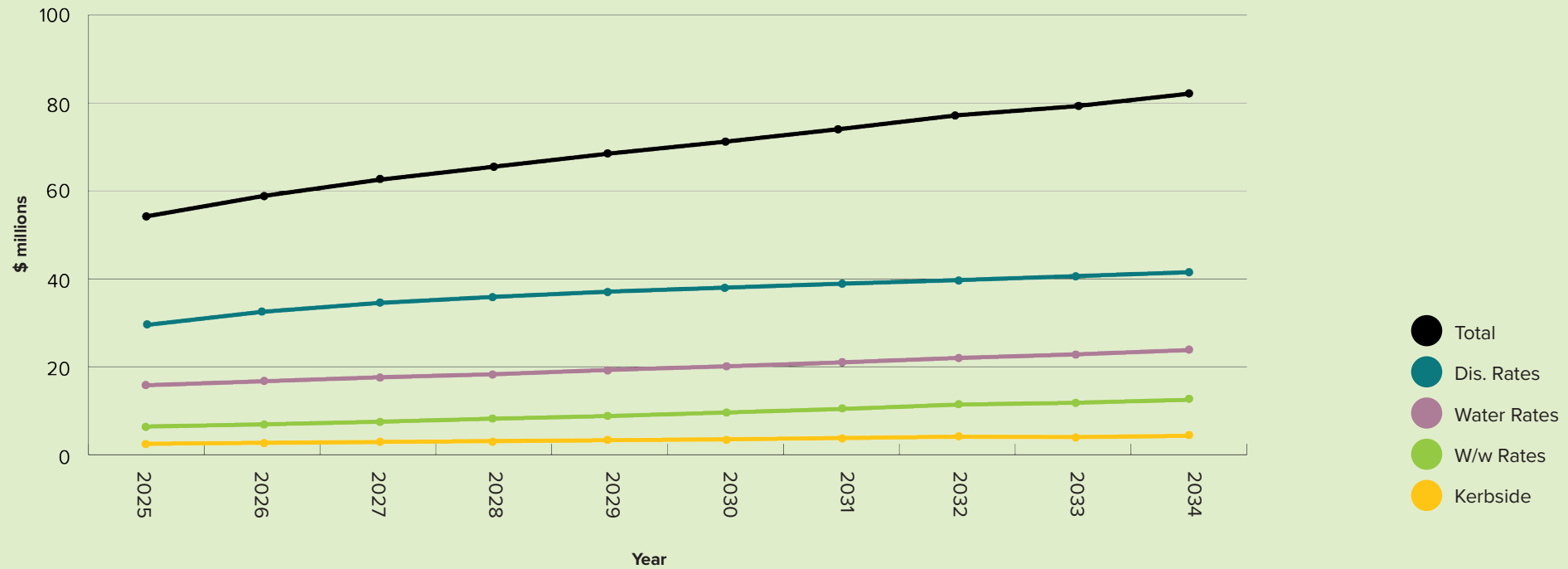
Targeted Rates

The wastewater targeted rate will increase by 8.6% in 2024/25, moving from \$805.00 to \$874.00 as the cost of compliance is increasing significantly. The wastewater rate will increase by an average of 7.1% per annum over ten years.

The kerbside collection rate will increase by 47.7% in 2024/25, moving from \$220.00 to \$325.00 as the new collection, including food waste, is introduced. It will increase by an average of 10.5% per annum over ten years, reflecting increased disposal levies and contractor costs.

The urban water targeted rate will increase by an average of 3.4% per annum over ten years. We have different Urban Water Supply rates for various metered water users. For extra high users, the per cubic metre rate will increase by an average of 2.9% per annum over ten years. For all other urban users, the per cubic metre rate will increase by an average of 3.5% per annum over ten years. From 2027/28, the per cubic metre rate for town, high and extra high users will be same. The rate for Waimate West/Inaha metered water increases by an average of 3.7% per annum over ten years.

Future Rates (\$m)

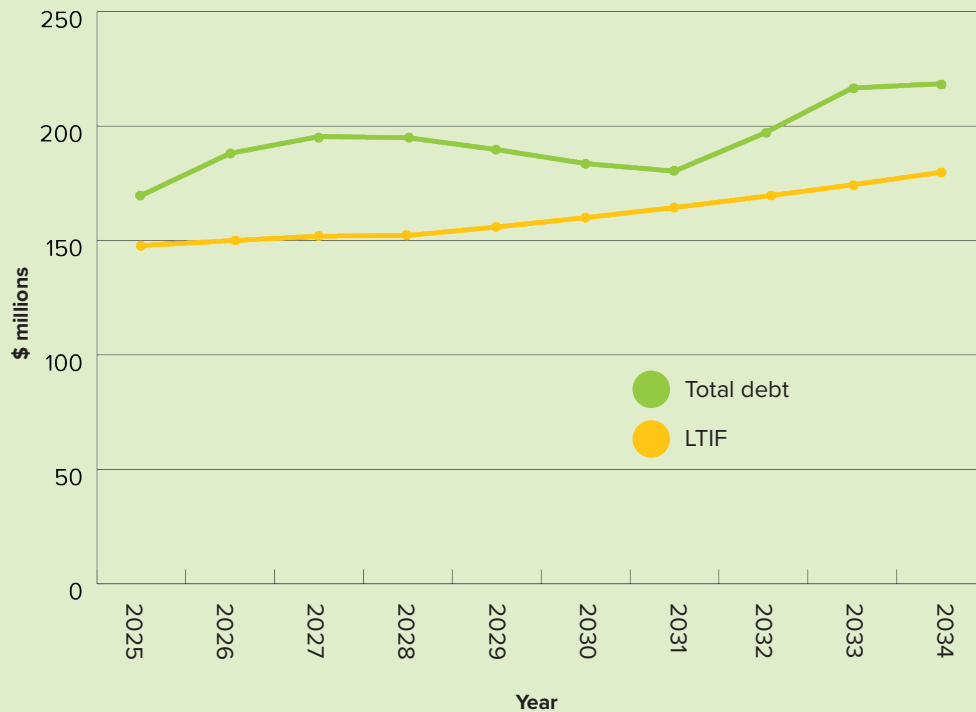


Rautaki Pūtea | Financial Strategy

Our debt is forecast to grow from \$169.7 million in 2024/25 to a peak of \$218.5 million in 2033/34, before beginning to decrease. These numbers include internal borrowing.

The LTIF is forecast to increase in value from \$147.8 million in 2024/25 to \$179.8 million in 2033/34. These numbers include internal borrowing.

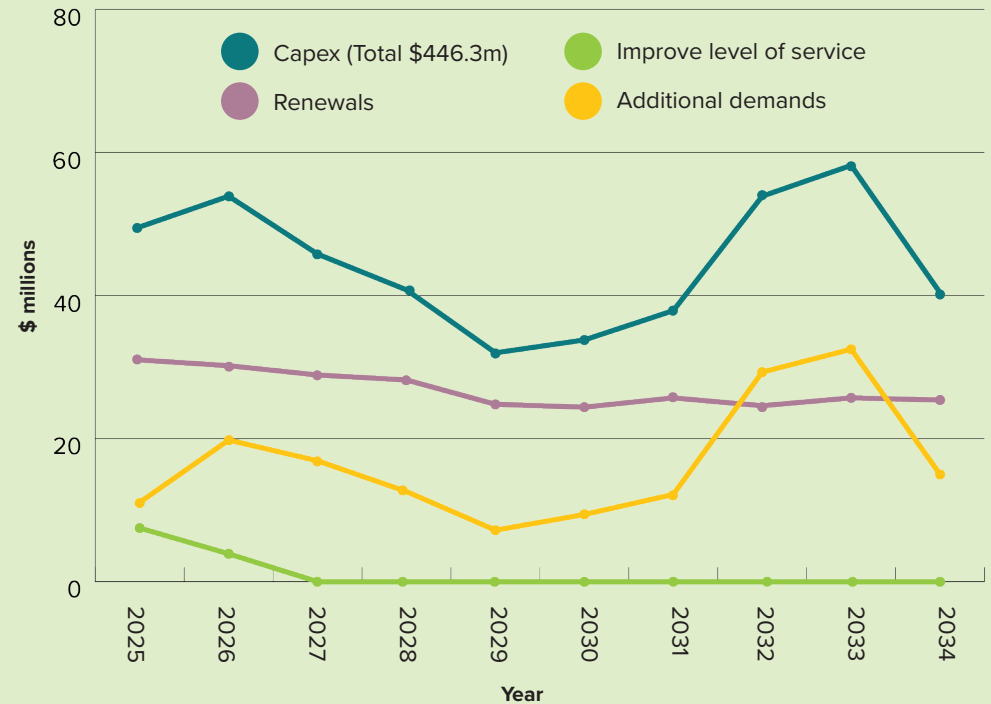
Forecast Debt and LTIF (\$m)



Our total forecast capital spending is \$446 million for the ten years, with \$404 million of that being on infrastructure assets. We have completed the final stages of our major network infrastructural

improvements and spending will mostly be on renewals for the next ten years, except for the Hāwera Town Centre Strategy projects and Town Centre Master Plans.

Forecast Capital Expenditure (\$m)



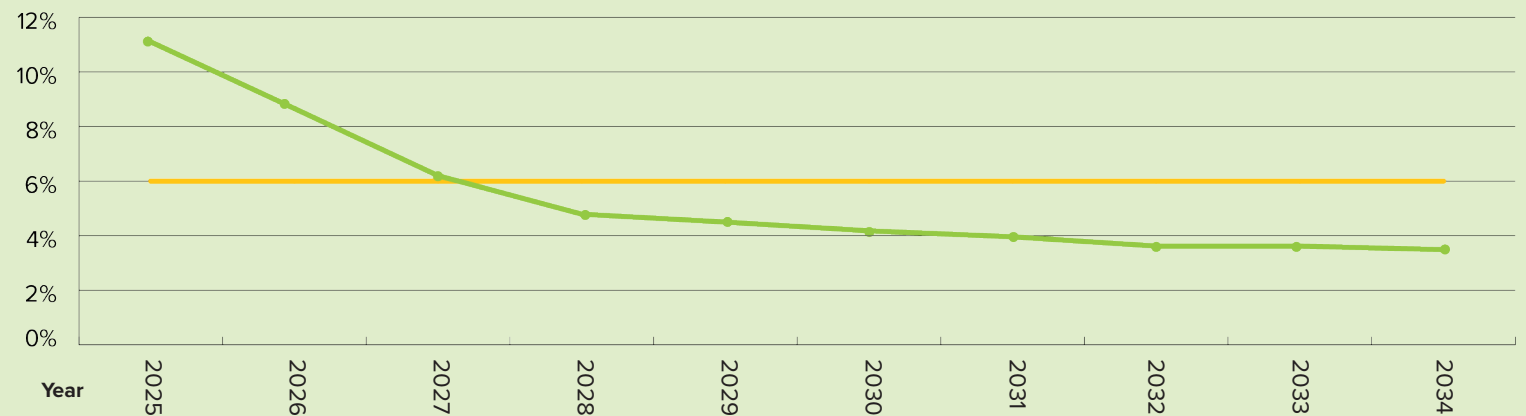
Affordability

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

Rate Cap vs Total Rate Increases

Rate Cap	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
LGCI Average 10 Years	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Plus Three Waters back in	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Plus 3%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Total Rate Cap	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Total Rate Increases	11.10%	8.66%	6.20%	4.79%	4.50%	4.18%	3.96%	3.62%	3.62%	3.49%
Difference	-5.10%	-2.66%	-0.20%	1.21%	1.50%	1.82%	2.04%	2.38%	2.38%	2.51%

Rate Cap



Mō ō Reiti | About your rates

TE TIROHANGA TĒKAU TAU WHAKAMUA MŌ NGĀ REITI TUTURU, WHĀNUI HOKI / TEN YEAR PROJECTIONS FOR GENERAL AND TARGETED RATES (INCLUDES AN ALLOWANCE FOR INFLATION) – INCLUDING GST

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Rate											
District Rate* (annual increase)	7.95%	13.19%	10.33%	6.18%	4.01%	3.21%	2.59%	2.35%	2.03%	2.38%	1.99%
General Rate – Cents per \$	0.08429	0.09353	0.10052	0.10841	0.11467	0.11765	0.11731	0.11918	0.12071	0.12227	0.12222
Roading Rate – Cents per \$	0.05941	0.07527	0.08707	0.09099	0.09251	0.09547	0.10068	0.10322	0.10553	0.10894	0.11285
UAGC	\$727	\$756	\$821	\$870	\$907	\$942	\$973	\$1,003	\$1,029	\$1,058	\$1,086
Targeted Rates**											
Water targeted rate	\$673	\$684	\$713	\$744	\$776	\$811	\$840	\$865	\$891	\$911	\$937
Wastewater targeted rate	\$805	\$874	\$943	\$1,012	\$1,093	\$1,173	\$1,265	\$1,357	\$1,438	\$1,518	\$1,599
Kerbside Collection rate	\$220	\$325	\$351	\$374	\$397	\$420	\$449	\$477	\$506	\$535	\$564
Water meter only charge <= 32mm	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Water meter and backflow charge <= 32mm	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260
Water meter only <= 40mm	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175
Water meter and backflow charge <= 40mm	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325
Water meter and backflow charge <= 50mm	\$460	\$460	\$460	\$460	\$460	\$460	\$460	\$460	\$460	\$460	\$460
Water meter and backflow charge >50mm	\$630	\$630	\$630	\$630	\$630	\$630	\$630	\$630	\$630	\$630	\$630
Water by meter rates per cubic metre											
Town and Urban High User	\$2.94	\$2.97	\$3.11	\$3.28	\$3.42	\$3.57	\$3.70	\$3.82	\$3.93	\$4.03	\$4.14
Urban water Extra High User	\$3.11	\$3.16	\$3.28	\$3.36	\$3.42	\$3.57	\$3.70	\$3.82	\$3.93	\$4.03	\$4.14
Waimate West (includes Inaha)	\$1.13	\$1.16	\$1.21	\$1.27	\$1.30	\$1.35	\$1.39	\$1.45	\$1.51	\$1.56	\$1.62

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

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

RATING EXAMPLE / URBAN \$380,000 CAPITAL VALUE PROPERTY

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
General	320.32	355.41	381.96	411.94	435.75	447.06	445.76	452.87	458.68	464.63	464.45
Roading	225.75	286.03	330.86	345.77	351.55	362.77	382.61	392.27	401.05	413.98	428.84
UAGC	727.10	755.92	821.30	869.88	906.68	942.45	972.96	1,002.52	1,029.30	1,057.59	1,085.53
Water	672.75	684.25	713.00	744.05	776.25	810.75	839.50	865.38	891.25	911.38	937.25
Wastewater	805.00	874.00	943.00	1,012.00	1,092.50	1,173.00	1,265.00	1,357.00	1,437.50	1,518.00	1,598.50
Kerbside	220.00	325.00	350.75	373.75	396.75	419.75	448.50	477.25	506.00	534.75	563.50
Total Rates	2,970.92	3,280.61	3,540.86	3,757.39	3,959.49	4,155.78	4,354.33	4,547.29	4,723.78	4,900.32	5,078.07
Increase each year		309.70	260.25	216.53	202.09	196.30	198.55	192.96	176.49	176.54	177.75
Percentage increase		10.42%	7.93%	6.12%	5.38%	4.96%	4.78%	4.43%	3.88%	3.74%	3.63%

RATING EXAMPLE / URBAN \$600,000 CAPITAL VALUE PROPERTY

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
General	505.77	561.18	603.09	650.43	688.03	705.89	703.83	715.05	724.23	733.63	733.35
Roading	356.45	451.63	522.41	545.95	555.08	572.80	604.12	619.38	633.24	653.65	677.11
UAGC	727.10	755.92	821.30	869.88	906.68	942.45	972.96	1,002.52	1,029.30	1,057.59	1,085.53
Water	672.75	684.25	713.00	744.05	776.25	810.75	839.50	865.38	891.25	911.38	937.25
Wastewater	805.00	874.00	943.00	1,012.00	1,092.50	1,173.00	1,265.00	1,357.00	1,437.50	1,518.00	1,598.50
Kerbside	220.00	325.00	350.75	373.75	396.75	419.75	448.50	477.25	506.00	534.75	563.50
Total Rates	3,287.07	3,651.98	3,953.55	4,196.07	4,415.29	4,624.63	4,833.91	5,036.58	5,221.52	5,408.99	5,595.24
Increase each year		364.91	301.57	242.52	219.23	209.34	209.28	202.67	184.94	187.47	186.25
Percentage increase		11.10%	8.26%	6.13%	5.22%	4.74%	4.53%	4.19%	3.67%	3.59%	3.44%

Mō ngā tāke Kaunihera Katoa | All About Rates

RATING EXAMPLE / URBAN \$900,000 CAPITAL VALUE PROPERTY

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
General	758.65	841.77	904.64	975.65	1,032.05	1,058.83	1,055.75	1,072.58	1,086.36	1,100.45	1,100.02
Roading	534.68	677.44	783.61	818.92	832.62	859.20	906.18	929.07	949.86	980.47	1,015.66
UAGC	727.10	755.92	821.30	869.88	906.68	942.45	972.96	1,002.52	1,029.30	1,057.59	1,085.53
Water	672.75	684.25	713.00	744.05	776.25	810.75	839.50	865.38	891.25	911.38	937.25
Wastewater	805.00	874.00	943.00	1,012.00	1,092.50	1,173.00	1,265.00	1,357.00	1,437.50	1,518.00	1,598.50
Kerbside	220.00	325.00	350.75	373.75	396.75	419.75	448.50	477.25	506.00	534.75	563.50
Total Rates	3,718.17	4,158.38	4,516.30	4,794.26	5,036.85	5,263.98	5,487.89	5,703.79	5,900.25	6,102.63	6,300.46
Increase each year		440.21	357.92	277.96	242.59	227.13	223.91	215.90	196.46	202.38	197.84
Percentage increase		11.84%	8.61%	6.15%	5.06%	4.51%	4.25%	3.93%	3.44%	3.43%	3.24%

RATING EXAMPLE / HAWERA COMMERCIAL/INDUSTRIAL \$850,000 CAPITAL VALUE PROPERTY

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
General	716.51	795.00	854.38	921.45	974.71	1,000.00	997.10	1,012.99	1,026.00	1,039.31	1,038.91
Roading	504.97	639.81	740.08	773.43	786.36	811.47	855.84	877.45	897.09	926.00	959.24
UAGC	727.10	755.92	821.30	869.88	906.68	942.45	972.96	1,002.52	1,029.30	1,057.59	1,085.53
Water	672.75	684.25	713.00	744.05	776.25	810.75	839.50	865.38	891.25	911.38	937.25
Wastewater	805.00	874.00	943.00	1,012.00	1,092.50	1,173.00	1,265.00	1,357.00	1,437.50	1,518.00	1,598.50
Hawera Business Rate	614.16	631.50	645.77	660.04	674.43	689.00	703.81	718.87	734.18	749.82	765.72
Total Rates	4,040.48	4,380.47	4,717.53	4,980.85	5,210.93	5,426.67	5,634.20	5,834.21	6,015.31	6,202.09	6,385.14
Increase each year		339.99	337.05	263.32	230.09	215.73	207.54	200.01	181.10	186.78	183.05
Percentage increase		8.41%	7.69%	5.58%	4.62%	4.14%	3.82%	3.55%	3.10%	3.11%	2.95%

RATING EXAMPLE / RURAL \$8,000,000 CAPITAL VALUE PROPERTY

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
General	6,743.58	7,482.38	8,041.25	8,672.45	9,173.74	9,411.80	9,384.44	9,534.01	9,656.43	9,781.75	9,777.94
Roading	4,752.68	6,021.72	6,965.46	7,279.31	7,401.05	7,637.36	8,054.96	8,258.39	8,443.16	8,715.30	9,028.13
UAGC	727.10	755.92	821.30	869.88	906.68	942.45	972.96	1,002.52	1,029.30	1,057.59	1,085.53
Total Rates	12,223.36	14,260.02	15,828.00	16,821.65	17,481.48	17,991.61	18,412.36	18,794.93	19,128.89	19,554.64	19,891.61
Increase each year		2,036.66	1,567.98	993.65	659.83	510.13	420.75	382.57	333.96	425.75	336.97
Percentage increase		16.66%	11.00%	6.28%	3.92%	2.92%	2.34%	2.08%	1.78%	2.23%	1.72%

Rautaki Hanganga-ā-roto | Infrastructure Strategy

What is Infrastructure?

Infrastructure is the term for the pipes, treatment plants (three waters), roads, facilities and other assets that are essential for sustaining public health, getting around and doing business. Infrastructure helps us meet the economic (Mana oranga) and social (Mana tangata) well-beings for the District.

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

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

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

in this Strategy along with:

- Solid waste
- Parks and reserves
- Community facilities

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

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

We have ten potable water supplies, eight wastewater schemes, an

extensive roading network of 1,663km of transport corridor and a good range of parks, reserves, and community facilities. The assets used in the delivery of services to our communities are currently valued at \$1.279 billion.

Previously Council had been told by the Government not to include anything related to three waters delivery in our long term plans, except for the first year. The new Government and new direction has meant a late inclusion of three waters services and budgets into our long-term planning. Because of the uncertainty and complexity around three waters, and to make it more manageable for Council, the Government has allowed us to have an un-audited consultation document.

This will have an impact on rates and the amount of loans needed for the three waters activities. We will continue to fund three waters infrastructure in the same way we have in the past – through a combination of loans, targeted rates and user fees and charges.

About the Strategy

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

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

The Strategy takes a long-term view of the sustainability of our infrastructure. We have identified three themes for the development of the 2024-34 Long Term Plan (LTP):

- Affordability – value for money
- Intergenerational equity – sharing the cost
- Partnerships – achieving together

These themes are the basis for our priorities and the projects we plan to carry out over the next 30 years. They

Rautaki Hanganga-ā-roto | Infrastructure Strategy

reflect the balance between focusing on the basics and providing value-added services for our community at an affordable cost. The projects outlined in this Strategy have been planned to help achieve these key outcomes.

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

- Asset Management Plans – provide an outline of the asset management works required to prudently manage infrastructure and deliver essential services to the community.
- Financial Strategy – outlines the financial context in which the Council operates and the financial implications of the projects planned through this Strategy.
- 2024-34 LTP – while this Strategy has a 30-year planning horizon, the projects planned for the first ten years are included in other sections of the LTP.
- The South Taranaki District Plan – identifies areas where new or upgraded infrastructure will be required to cater for growth in the District over the next ten years.

- Hāwera Town Centre Strategy and Ōpunakē, Manaia, Eltham, Pātea and Waverley town centre plans – highlight actions for the redevelopment of our town centres.
- Environment and Sustainability Strategy – outlines projects we are working on to minimise waste and the impacts of climate change.

Many of our infrastructure assets have a very long life. For example, water pipes have an expected life of 60-100 years, which means there is a long planning horizon for initial provision and renewal, and both can present cost peaks that need to be planned for well in advance. This Strategy provides the long-term perspective required to assess whether there are hidden investment gaps or affordability issues beyond the ten-year planning horizon provided in the 2024-34 LTP.

We need to provide the services and facilities our communities expect while keeping rates at an affordable level, from a relatively small base of ratepayers spread across a large geographic area. Spending on

infrastructure accounts for around 65% of our operating budget and 91% of capital expenditure.

While we are mindful of anticipated changes to legislation and the need to upgrade infrastructure to meet new requirements, our biggest challenge is to build and deliver what we have said we will do. At times priorities may change due to unforeseen circumstances, such as legislation changes, severe weather events, or changes in the economy. Our forecasting assumptions outline these risks further. Failure to deliver on key projects and programmes is identified as a strategic risk for the organisation and has been a focus for improvement.

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

Our Themes for the 2024-34 Long Term Plan

This Strategy focuses on three themes:

Affordability

Our plans for the District must be balanced with the need to keep rates affordable for our community while maintaining our current levels of service. To achieve this, we have taken the following measures:

- smoothing rate increases over ten years by managing fluctuations through reserves;
- loan funding bridge replacements and upgrades;
- resetting our approach to depreciation by working towards fully funding depreciation of our key strategic assets; and
- working with Waka Kotahi to improve our funding assistance rate (FAR rate) for our roading infrastructure, which has increased from 63% to 65%.

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We aim to achieve the projects in the LTP without raising our rates above the cap of 6.0% per year (the Local Government Cost Index ten-year average of 2.40% plus 0.60% for adding back three waters and, 3% for improvements, compliance and growth). Increased compliance costs and planning for growth mean that our rates cap is higher than the previous ten year plan. The cap will be breached in years 1, 2 and 3 mainly to allow for significant increased operational costs such as contractors, borrowing costs, and materials. The average total rate increase over the life of this ten year plan is 5.41%.

Intergenerational Equity

We recognise that the infrastructure we build, maintain, and operate serves the community over many generations, and so we fund our infrastructure in a way that is fair to current and future users. This usually means the use of debt, which is repaid over a period of 30-35 years to ensure that future generations who will enjoy the benefits will also contribute to the costs. Before taking on new debt, we

consider other funding mechanisms such as funded depreciation, external contributions, capital contributions and special reserves, while ensuring that intergenerational equity is maintained. We will continue to seek external funds to help our community to pay for key projects.

Partnerships

We pursue 'shared services' arrangements and partnerships with external organisations where we can achieve efficiencies and cost savings. We are involved in about 50 shared service arrangements with the other Taranaki councils, ranging from three water services to insurance, civil defence to roading, where there is a financial or economic benefit to the Region's ratepayers due to economies of scale. A good example of this collaborative approach is the Taranaki regional waste collection contract, which has resulted in major cost savings to ratepayers.

Before the Government-driven water reforms the three Taranaki councils (South Taranaki, Stratford and New

Plymouth) had started to examine what benefits there were to the operation of our water services as a single Taranaki unit. We will continue to investigate the possibility of being part of a regional water entity, as we seek to deliver the best and most efficient water services to our communities.

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

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Key Projects

ACTIVITY	INFRASTRUCTURE PROJECT	EST. COST	YEAR/S
Water Supply	Water Supply pipe renewals	\$29.6 m	2024/34
	Treatment plant renewals	\$32.0 m	2024/34
	Replace Waimate West Reservoir 1	\$10.8 m	2029/32
	Normanby resilience (second water main)	\$5.6 m	2030/33
	Waimate West Trunk main duplication	\$4.3 m	2025/28
	Water meter installations	\$4.3 m	2032/34
	Backwash recycling and filter renewal	\$3.8 m	2024/27
	Second Kāpuni bore	\$2.9 m	2028/30
	Eltham reservoir	\$2.1 m	2024/27
	Ōpunakē reservoir 2 and treatment upgrade	\$3.5 m	2024/26
	Waverley reservoir 2 and replacement bore	\$3.2 m	2025/26
	Replace Rāhotu reservoir	\$960,000	2030/31
	Demand management (leak detection)	\$831,000	2024/34
	Eltham flushing enhancement	\$158,000	2025/26
Roading	Bridge Replacement Programme – average two per year	\$40.5 m	2024/34
	Footpaths	\$11.2 m	2024/34
	South Taranaki Business Park roading	\$4.2 m	2024/26
	Total road renewals, resurfacing, upgrades and minor improvements	\$145.9 m	2024/34

ACTIVITY	INFRASTRUCTURE PROJECT	EST. COST	YEAR/S
Wastewater	Tertiary treatment WWTP – Hāwera, Pātea, Kaponga, Manaia & Waverley	\$44.3 m	2026/34
	Wastewater pipe renewals	\$20.7 m	2024/34
	Hāwera new anaerobic lagoon	\$6.4 m	2024/27
	South Taranaki Business Park wastewater	\$3.9 m	2024/26
	CCTV programme	\$2.1 m	2024/34
	Treatment plant renewals	\$2.0 m	2024/34
	Ōpunakē wetland soakage field enhancements	\$495,000	2024/25
	Stormwater	South Taranaki Business Park	\$2.7 m
Matangarara landfill drainage		\$2.4 m	2025/28
Stormwater pipe renewals		\$1.9 m	2024/34
Stormwater reticulation CCTV		\$378,000	2024/27
Coastal Structures	Pātea moles	\$1.14 m	2028/34

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Sustainability

The Council acknowledges we cannot have a sustainable future without considering climate change threats to our communities. A holistic approach must be adopted to keep delivering the services we provide to our communities. This approach will not be a once-off 'quick fix' but a prolonged sustainability journey with many phases and attributes to inform accurate and strategic decision-making.

As described in Section 3, we acknowledge the climate change projections for the District. Up to now, few actions have been taken to plan for these changes. One of the actions we have taken to date include adding \$10 million to the roading budget for emergency works following severe weather events. In this LTP, the Council will take a phased approach towards developing action plans that will set the framework around climate change adaptation and decarbonisation. The first phase (Year 1) will be reviewing the climate change risk assessment and establishing what these forecasts mean for our services and three waters assets. This will allow the Council to

identify their most vulnerable areas.

Parallel to phase one, and contributing to the Council's Environment and Sustainability Strategy, we will develop a Decarbonisation and Climate Change Adaptation framework. The framework will inform the steps to take towards prioritisation in phase two.

Phase two will entail a more detailed approach into what climate change projections mean for three waters assets and functions. This will allow the Council to prioritise climate change adaptation measures and ensure that the assets with the highest risk rating and adaptive capacity can be addressed first.

Where we are now

The majority of the works planned in this Strategy involve renewing existing infrastructure, maintaining current assets and core services. Thanks to the work we've done over the last 20 years, our infrastructure is in good shape. However, there are some key issues we face, which include: meeting new environmental legislation requirements (for example the

Government's freshwater requirements will introduce higher standards for doing things like taking water from our rivers and discharging wastewater to the environment), minimising the impacts of climate change, improving our resilience to more extreme weather events and reducing waste going to landfill.

Managing our Assets

Managing and maintaining our infrastructure assets to ensure consistent and reliable service delivery to the community requires good asset management practices and a clear strategy. The maintenance, renewal, and capital expenditure programme for our core assets is based on the information in our asset management plans and asset databases. This is the best information available to us about the assets. For some (for example, underground pipes) the information around age, type, and quantity is very reliable. However, information around condition has limitations and will be updated as new information becomes available. This could change the costs or timing of planned expenditure.

Capital works programme

Over the past two decades, we have implemented a major capital works programme to bring our core infrastructure up to standard. The implementation of the New Zealand Drinking Water Standards for potable water impacted the District's water supply schemes, and new reservoirs and water treatment plants have been constructed. Over several years, water treatment plant upgrades have been completed at Kāpuni, Ōpunakē, Eltham, Rāhotu, Pātea, Waverley, Inaha, Waimate West, Waverley Beach and Waiinu. The capital works programme also included the continued construction of Te Ramanui o Ruapūtahanga, completion of Nukumaru Station Road, renewals on the roading network and community facilities such as the Hāwera Aquatic Centre.

The COVID-19 pandemic in 2020 halted our capital works programme for two months and this had a flow-on effect into our forward programme. As a result, we are still recovering from the consequences of the pandemic.

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Capital works delivery plan

Over recent years there has been a lot of activity around how our three waters services (our water, wastewater and stormwater) are delivered. This was driven by the previous Government, which sought to create an independent water regulator and move the ownership and running of three waters services from local councils to new multi-regional water entities. The goals were to improve water quality and to reduce costs by operating at a larger scale. With the repeal of this legislation, we have now included three waters infrastructure in all ten years of this plan. Our biggest challenges will be managing our debt levels and building and delivering what we have said we will.

In the last financial year we achieved \$34m of our capital works programme. On average, we have achieved \$29m per year over the last three years. To ensure we can complete our capital works programme, we've taken a number of steps, including employing more project engineers and hiring external support for major projects. We also have in place a continuous

monitoring programme of our critical infrastructure so, if required, we can prioritise our capital works programme to make sure we continue to meet our existing levels of service. There are things we can't control, such as the availability of contractors, outcome of consultation with the community and legal requirements which could impact our ability to complete the capital works programme.

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

Risks

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

works programmes could expose our communities to the following risks:

Water Supply

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

Wastewater

- Continued levels of inflow and infiltration that overload our treatment plants and reduce the effectiveness of the treatment processes, so that partially treated effluent is discharged to the environment, contravening our consents in terms of quality and quantity.

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

Stormwater

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

Roading

- Reduced levels of service and deterioration of the roading network.
- Loss of access to properties and services.
- Increased number and severity of crashes.

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Financial risks are explained in detail in the Financial Strategy.

Levels of Service

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

Levels of service have a direct impact on rates and user fees and charges. They are directly related to performance measures that provide a balanced picture of the important aspects of the levels of service as well as the purpose of the activity. We are required to use a standard set of performance measures for the three waters and the roading and footpaths activities when reporting to the community. In addition to the mandatory measures, we have performance measures that show how satisfied residents are with the services and facilities we provide. The annual resident satisfaction survey gathers feedback about how well people think our services are being provided, whether directly by the Council or via

its contractors.

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

Through satisfaction surveys and customer requests, our residents have been telling us that their biggest concern is the condition and maintenance of our roads, which they believe have been falling over time, and they would like to see more done to improve this situation. Despite the fact that expenditure on roading has increased, it has not kept up with the higher increases in costs (for things like contractors and materials) that occurred after COVID-19. This has meant that we haven't been able to complete as much asset maintenance or renewals as previously.

This Strategy is based on the assumption that our current levels of

service will be maintained for the next 30 years. In order to maintain existing levels of service, infrastructure assets will need to be maintained in a condition that will support these levels.



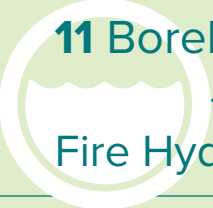




This means we will focus on the renewal of assets rather than major new projects, apart from those outlined in Table 1 above.

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

Key Levels of Service

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

Assets: Water Supply

 <p>10 Water Treatment Plants 38 Reservoirs</p>	<p>650km of water mains</p>	 <p>11,202 Connections 20,907 People Served</p>	 <p>11 Boreholes 1,433 Fire Hydrants</p>
 <p>32 Resource Consents</p>	 <p>10 Surface Water Intakes</p>	 <p>75 Pipe Bridges</p>	 <p>40 PRV Stations 4 Filling Stations</p>

\$421.9 million
2022 Replacement cost

11.3m³
water extracted per year

\$247.2 million
2022 Fair Value

28,105m³/d
Average daily water production

Water Supply

Water is recognised as essential for the health and well-being of our population and is required in large volumes to sustain our domestic, agricultural, and industrial customers. Our community expects to be able to receive good quality drinking water and that additional water is accessible to facilitate economic development. Reducing water wastage and making sure we manage our water resource in an environmentally sustainable way is also important.

Our goals for water supply are:

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

Our assets include water treatment

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

Our priorities are ensuring that there is enough capacity for the existing population and reducing water loss (leakage) within our water networks to reduce the demand on our treatment plants and delay the need for further investment. Along with this we are also focused on data quality improvement across our asset base.

We need to improve the data on our assets so we can optimise our whole-of-asset-life decision-making and planning. Examples of this include testing physical samples of water pipes (planned and following a pipe failure).

Challenges

We have set challenging targets for leakage and loss (unaccounted for water), which are high in some parts of the network. For example, losses are

11.5% in the Waimate West scheme, 24% in Rāhotu, 28% in the Eltham supply and 34% in Waverley. Water leakage and loss are impacting the water take consents we hold with the Taranaki Regional Council. This will be partly addressed through pipe renewal projects, and a leak detection programme to identify leaks on both our reticulation assets and private properties. In years one and two of this plan we have budgeted for additional resources to reduce leakage and loss and water demand.

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

We are required to provide sufficient storage capacity and meet water quality standards. To achieve this we have

included funding to construct new reservoirs in Ōpunakē, Waverley and at the Eltham water treatment plant.

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

Due to changes in compliance standards, we are required to upgrade the Pātea and Ōpunakē water treatment plants. The Pātea upgrade has been budgeted for in years one to three and the Ōpunakē upgrade in years one and two.

We are working to identify additional water sources to meet an increasing demand for water and our highest priorities are Waverley and Kāpuni. These are respectively budgeted in years one (Waverley) and five and six (Kāpuni).

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Key Water Issues and Challenges

Key Issues/Challenge	What we will do
Reducing unaccounted-for water through improved demand management to ensure there is enough water to go around.	<ul style="list-style-type: none"> Quantifying leakage and loss in all water supply schemes and actively managing water demand. Water conservation initiatives, leak detection and repair. Complete metering and monitoring of extra-ordinary users. Improvements to monitoring of treatment plant performance. Publicity campaigns.
Building more resilience into our water supplies.	<ul style="list-style-type: none"> Ensuring design consideration includes climate change and mitigates the effects of natural disasters. Increasing reservoir capacity up to a minimum of one day's peak demand volume. Improving linkage among schemes.
New growth areas, for example the South Taranaki Business Park in Hāwera and housing developments.	<ul style="list-style-type: none"> Infrastructure development structure plans. Hāwera to Normanby water supply resilience.
Asbestos cement pipes that are deteriorating faster than initially expected.	<ul style="list-style-type: none"> Monitor condition and continue the renewal programme.
Renewal of water extraction consents is becoming more difficult, creating issues with security of supply during dry summer months.	<ul style="list-style-type: none"> Increased demand and loss management. Increase publicity. Investigate feasibility of rainwater tanks for domestic irrigation. Water supply agreements for major users. Restrictions as required.
Improving asset performance monitoring, condition assessment and maintenance system.	<ul style="list-style-type: none"> Developing systems to improve asset data quality. Ensure we better understand how our assets are performing and their condition.
Maintenance and renewal of site services assets, for example buildings, electrical and instrumentation, communication	<ul style="list-style-type: none"> Asset data needs improvement. Condition assessment and maintenance strategy to be deployed.
Developing more accurate predictions for water main renewal	<ul style="list-style-type: none"> Improved methods of pipe condition assessment.
Full compliance with the Drinking Water Standards for New Zealand	<ul style="list-style-type: none"> Upgrade potable water treatment plants to meet the drinking water standards.
New regulator and increases in the Standards.	<ul style="list-style-type: none"> Include future changes in design consideration.

Renewals

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

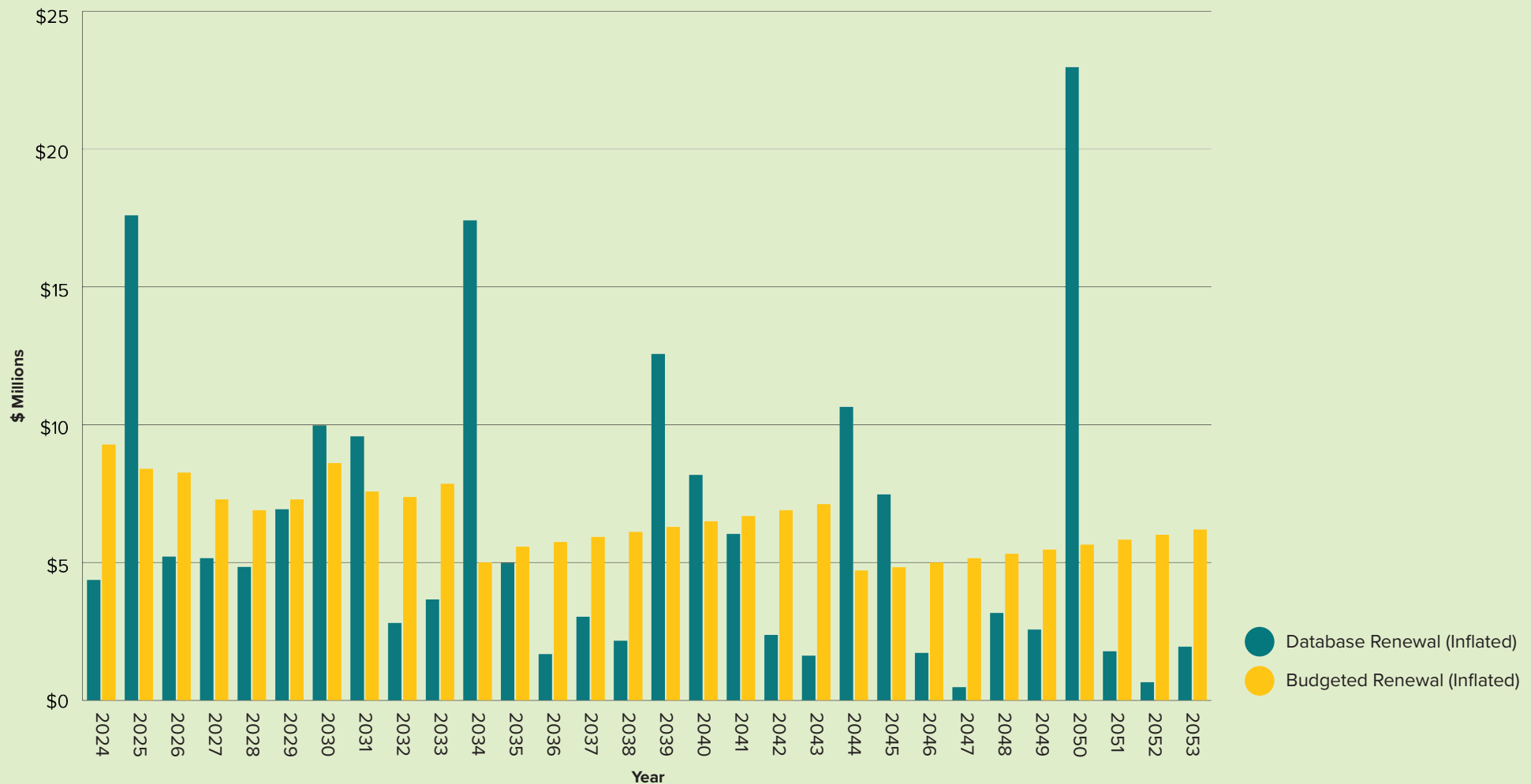
We have focussed and continue to focus on condition assessment of asbestos cement (AC) water mains and we have revised our renewals programme for AC pipe.

The following graph shows the detail of the reticulation and treatment plant renewals programme based on the assessment of our water assets (blue bars). The database renewals show a spike in years 2025, 2034, 2039, 2044 and 2050. In order to manage the work required to replace these assets the programmed budgets for achieving this work have been smoothed over 30 years (orange bars).

There is a risk that not completing our renewals programme could result in watermain breaks, exceeding our water take consents, continued levels of unaccounted for water, insufficient storage in emergencies and/or damage caused by natural disasters.

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Water Supply 30 Year Renewal Plan




Assets: Wastewater

204km
of wastewater mains

 **2,161**
Manholes

 **8** Wastewater Treatment Plants
40 Pump Stations

 **8,130** Connections
16,653 People served

\$4.5m
m³ wastewater treated per year

 **15** Resource Consents

Average daily wastewater treated
12,571m³

\$208m - 2022 Replacement cost
\$115m - 2022 Fair Value

Wastewater

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

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

Like most wastewater networks around New Zealand, our reticulation suffers from rainwater getting into the pipes, either from the direct connection of roofs or paved areas or from ground water infiltrating into buried pipes through defects such as cracks. The impact of this is that the reticulation system may exceed its capacity and overflow during high rainfall events. Ongoing management of these issues

is a high priority, both to protect the health of the community and the environment and to ensure we can demonstrate our environmental compliance.

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

Our goals for the wastewater activity are mostly associated with:

- Continuity of electrical power supply for pumps and treatment plants.
- Improving resilience, performance, and monitoring of wastewater pump stations.
- Reduction of infiltration and inflow of water into the sewer networks.
- Discharge quality improvements resulting from consent renewals.
- Compliance with our regulatory requirements.
- CCTV condition assessments and

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- renewals.
- Improved management of trade waste.
- Ongoing asset renewals.

the \$43 million budgeted is for tertiary treatment at wastewater treatment plants. This will help the Council meet the freshwater discharge standards. The expenditure for wastewater is

increasing significantly over the life of this plan, which will create affordability challenges for the community. We will need to consider how costs can be recouped in the future. There a number

of different funding mechanisms and agreements with large trade waste producers and these will need to be reviewed and considered.

Challenges

The majority of wastewater collection and treatment systems are under increased pressure as a result of inflow and infiltration. This is partly due to increased rainfall intensity as a result of climate change. Other causes of inflow and infiltration are the condition of the existing reticulation system, as well as rainwater entering our system through private properties. Future challenges include managing wastewater pond sludge and reducing the levels of inflow and infiltration into our pipe network, especially with the likely removal of consented emergency overflows in the coming years.

Our single biggest capital expense over the next 10 years is to upgrade our wastewater treatment plants (\$43 million) to meet the Government's freshwater standards. A large portion of

Key Wastewater Issues and Challenges

Key Issues/Challenge	What we will do
Stormwater inflow and infiltration into the wastewater network.	<ul style="list-style-type: none"> Inflow and Infiltration reduction by repairing pipes and manholes. Pump station monitoring. Stormwater modelling. Private property inspections and as necessary repair enforcement.
High discharge from wastewater treatment plants caused by high volume of trade waste loading.	<ul style="list-style-type: none"> Replacement and/or upgrade of wastewater infrastructure to meet consent compliance. Monitor compliance of industry discharges.
Resource consent compliance.	<ul style="list-style-type: none"> Replace/upgrade wastewater infrastructure to meet consent compliance.
Expiring resource consents. Renewal is expected to result in expensive tertiary treatment of wastewater prior to discharge.	<ul style="list-style-type: none"> Planning for tertiary treatment.
Ensuring discharge consents are not exceeded.	<ul style="list-style-type: none"> Manage and reduce inflow and infiltration.
Poor asset condition data for wastewater pipes, pump stations and manholes.	<ul style="list-style-type: none"> Undertake CCTV inspections, condition assessment and evaluation for all wastewater pipes, pump stations and manholes.
Demand management to ensure we can cope with the wastewater demand of today.	<ul style="list-style-type: none"> Invest in more treatment and flow capacity within the network and wastewater treatment plants.
Building more resilience into our wastewater network.	<ul style="list-style-type: none"> Ensuring design consideration includes climate change mitigation against natural disasters.
Developing more accurate predictions for wastewater main renewals.	<ul style="list-style-type: none"> Improve methods of pipe condition assessment.

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Renewals

We have established a programme of sewer CCTV, network smoke testing and private property inspections to assess the condition of sewers and develop a prioritised schedule of pipes to be repaired, replaced, or relined, and to remove stormwater inflow from the sewer system. We have engaged specialist contractors to assist us with inspecting and evaluating the condition of our pipes.

Low levels of potentially harmful organisms (norovirus) in shellfish have periodically been found after monitoring near the marine outfall in Hāwera. This can be infectious to humans, resulting in sickness. We are working with Iwi and the TRC on possible long-term solutions, including additional treatment at the ponds, an increased monitoring regime and an intensified public warning system. We have highlighted that there will be an additional cost to minimise re-occurrences of the norovirus reappearing in the medium term. Renewal of our discharge resource consents may require works to improve the treatment of sewage to comply with

new consent conditions. This is a key driver for the treatment plant upgrades. The following graph shows a spike in 2033 and a huge one in 2045 in the renewals required (blue bars), according to renewal dates derived from the asset database, based wholly on the installation year. As with water, in order to manage the work required to replace these assets the programmed budgets for achieving this work have been smoothed out over 30 years (orange bars).

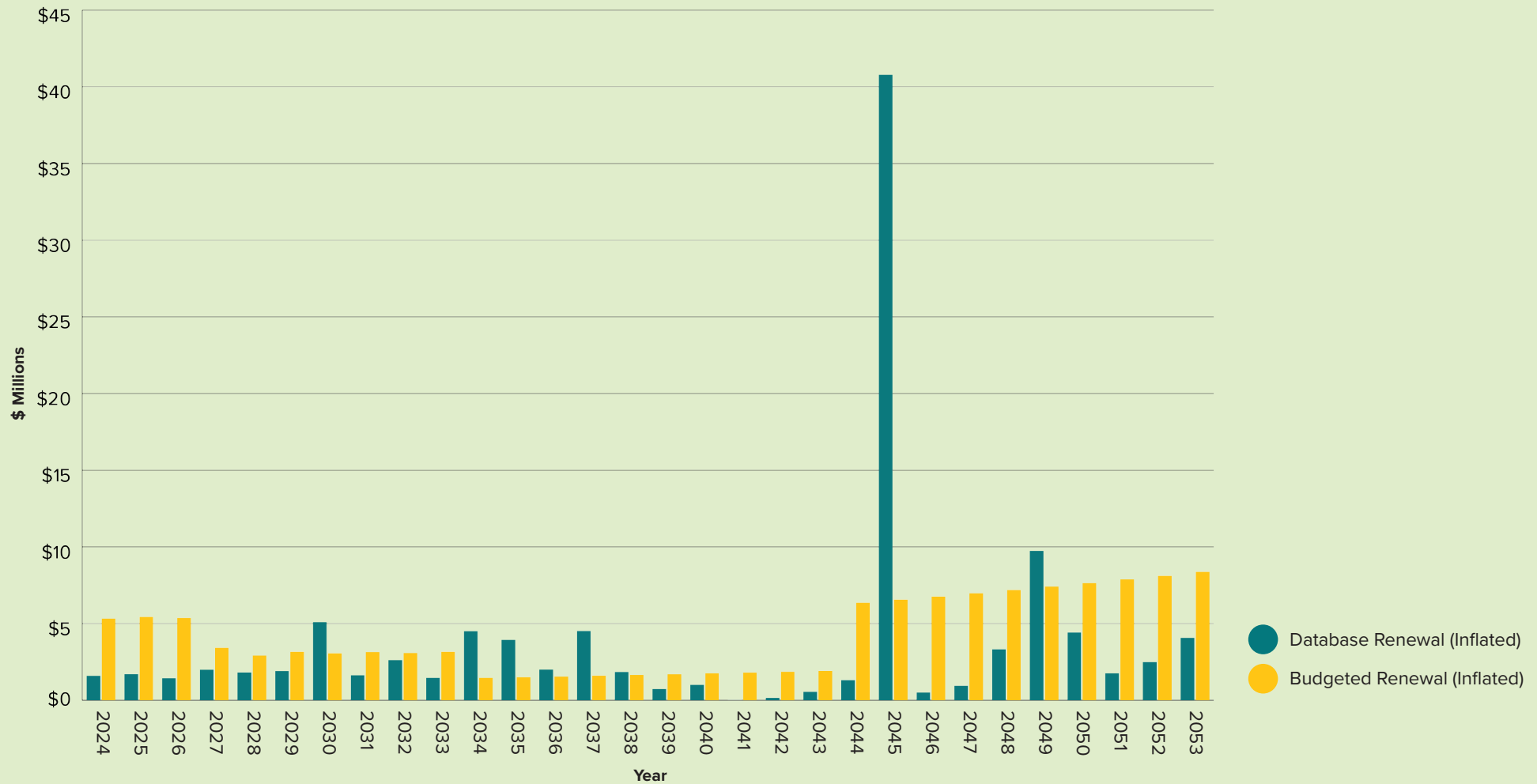
- If renewals for wastewater are unable to be completed, there is a risk that we will continue to:
- experience inflow and infiltration that overload our treatment plants;
- discharge partially treated effluent to the environment;
- experience overflows at pump stations and contamination of surrounding areas as a result of heavy rainfall events; and
- breach our consent requirements.

While the wastewater asset data accurately reflects the assets we own, improvement of metadata across

all asset classes will remain a focus. The ultimate goal is to drive all asset renewals and maintenance from the asset database.

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Wastewater 30 Year Renewal Plan



Assets: Stormwater

90km
of pipes

1,025
Manholes

17km
lined and unlined channels
(excluding road drains)

2,108 Inlet structures
325 Outlet structures

\$79.3 million
2022 Replacement cost

\$41.9 million
2022 Fair Value

Stormwater

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

The maintenance, renewal, and capital expenditure programme for our core assets is based on the information in our asset management plans. This is the best information available to us about these assets. We have less confidence in the information about our stormwater pipes; however, our ongoing stormwater inspection and condition assessment programme will continue to improve our knowledge and, as a result, the future renewal programme may be different to what is currently planned. This could also result in us having to spend unplanned

money on fixing stormwater assets if they break unexpectedly.

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

Surface flooding of roads by stormwater is a common complaint and this can be due to blocked sumps or blocked downstream pipework. Flooding such as that in Ōpunakē during August 2015 occurred because of the significant contribution of overland flow from farmland in the uphill catchment. The Taranaki Regional Council has responsibility for stormwater control outside urban areas, so we need to work closely with the TRC to ensure that appropriate solutions are found to flooding issues in our communities.

Stormwater infrastructure is not fully developed throughout the District. In response to climate change and an increase in rain fall intensity we will need to focus on developing stormwater infrastructure in at risk

Rautaki Hanganga-ā-roto | Infrastructure Strategy

areas throughout the District. We are developing stormwater network models for urban areas and the focus for our stormwater networks performance is therefore to minimise the occurrence of flooding of houses (excluding garages and sheds). However, prevention of flooding of all properties in all circumstances is not feasible or affordable.

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

Key Stormwater Issues and Challenges

Key Issues/Challenge	What we will do
Flooding.	<ul style="list-style-type: none"> • Areas of frequent flood events are identified and included in long term planning. • Improve stormwater network data.
Lack of stormwater network.	<ul style="list-style-type: none"> • Investigate feasibility of developing town stormwater reticulation networks.
South Taranaki Business Park, Hāwera.	<ul style="list-style-type: none"> • Complete the development of the South Taranaki Business Park.
Renewal of discharge consents is expected to result in treatment prior to discharge.	<ul style="list-style-type: none"> • Plan for possible treatment of stormwater discharges to waterways, due to upcoming freshwater reforms.
Deferral of inspections and condition assessments for manholes, laterals, and pipelines, leading to underinvestment.	<ul style="list-style-type: none"> • Inspections programme to improve asset data quality.
Improving asset performance monitoring, condition assessment and maintenance system.	<ul style="list-style-type: none"> • Developing systems to ensure we better understand how our assets are performing and their condition and forward work planning.

Renewals

Our stormwater infrastructure is not developed to the same extent as our water and wastewater networks. Having received the highly accurate LiDAR (Light Detection and Ranging) data, we are now able to plan our stormwater networks development and renewals, even though some of our infrastructure is due for renewal now. However,

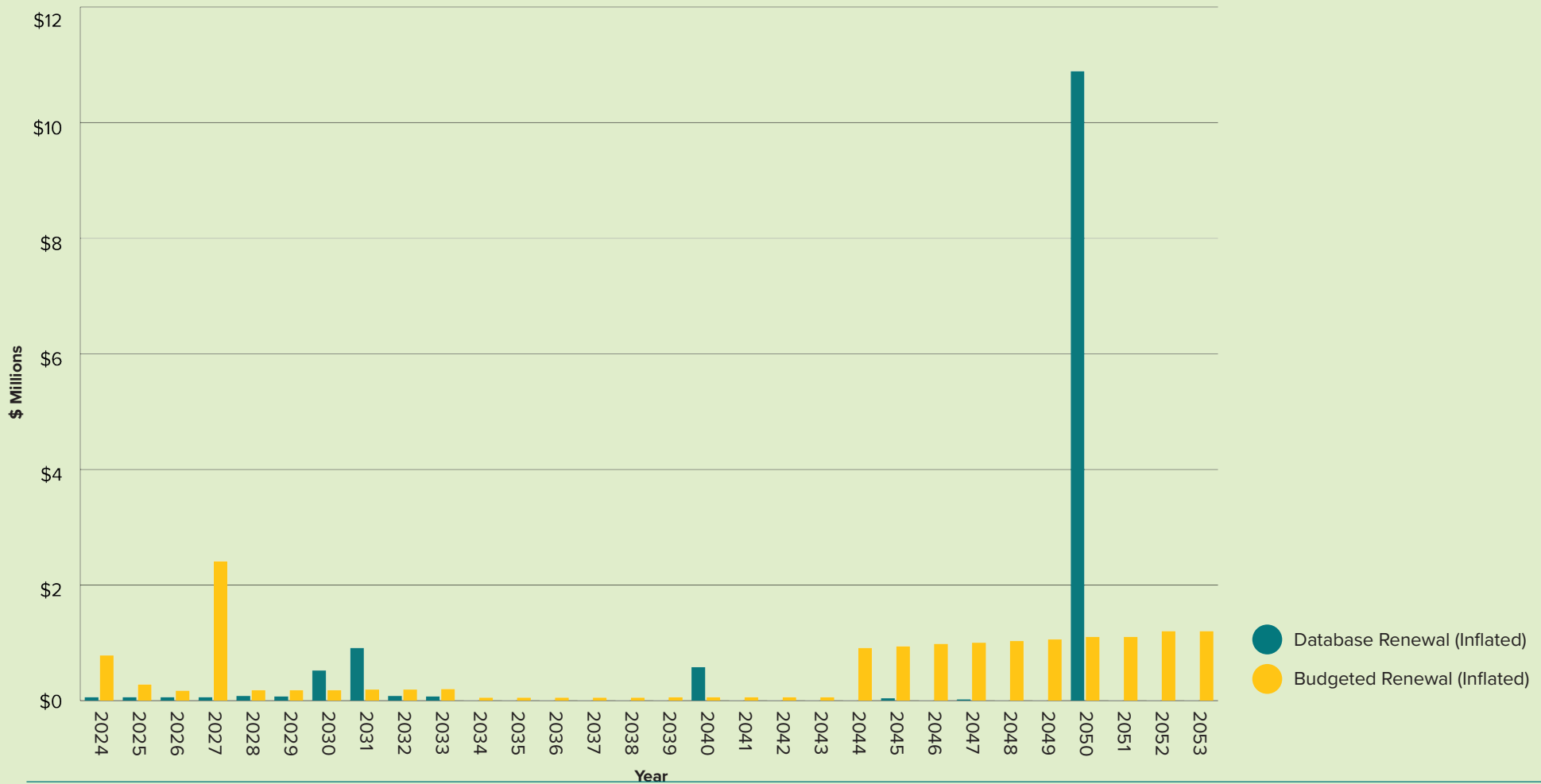
flooding problems are obvious in some of our urban areas and we need to proceed with upgrades and/or renewals without the required catchment data.

Our current data shows a spike in renewals in 2050 based on the installation date. The programmed budgets have been smoothed out over 30 years, and this will continue to be reviewed as more accurate data becomes available. The risk of not

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

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Stormwater 30 Year Renewal Plan



Rautaki Hanganga-ā-roto | Infrastructure Strategy

Assets: Roothing and Footpaths

1,663km of roads that we construct and maintain (1,388 sealed - 275km unsealed)



201.4km of footpaths



10,332
Traffic Signs

87 Major Culverts

146 Bridges

5,792 Minor Culverts



2,276
Streetlights

875 Streetlight Poles

205 Stock underpasses

29

Retaining Walls

\$793m

2022 Replacement cost

\$531m

2022 Fair Value

Roothing and Footpaths

We maintain and develop a substantial rooding network to meet the needs of residents and road users within the District. This includes the road corridor that typically consists of roads (carriageways), footpaths, pathways, streetlights, signs, road markings, retaining walls, bridges, culverts, grass verges and road shoulders. Safe, reliable, and accessible rooding infrastructure provides access to health and social services and an efficient distribution network for residents and businesses. Roothing infrastructure is essential for both the community and economic development of the District. The road strategy enables us to plan and carry out this work under the requirements of various statutes and our own relevant plans, policies and bylaws.

Assets

In addition to these key assets there are about 1,007 km of “paper” or unformed legal roads that we do not maintain. Waka Kotahi operates and maintains the state highway network, which

interfaces with our local road network. Waka Kotahi is also our co-investment partner for funding of the local road network. Our Financial Assistance Rate (FAR) received from Waka Kotahi was 63% and has increased to 65%.

Challenges

Because of the uncertain economic environment and a change in central government priorities, it is possible that the FAR from Waka Kotahi could decrease over the life of this plan. We have submitted our rooding work programme budget to Waka Kotahi for approval; however, we are unlikely to receive confirmation of the requested budget prior to the adoption of this plan. There is a risk that the requested budget may not be fully approved, which will impact the proposed programme of work.

Through satisfaction surveys and customer requests, our residents have been telling us that their biggest concern is the condition and maintenance of our roads, which they believe have been reducing over time, and they would like to see more

Rautaki Hanganga-ā-roto | Infrastructure Strategy

done to improve this situation. If our proposed budget is reduced there is a risk that customer satisfaction could further decline. However, there are other funding options available such as loan funding or increasing targeted rates, which will result in rising costs to the community.

There has been a considerable increase in materials and contractor costs since the COVID-19 pandemic. Over the next ten years we are proposing to increase the expenditure on roading to compensate for the rise in costs so we can better manage the lifespan and resilience of our infrastructure, maintain existing levels of service and increase work done on our bridges. More specifically, each year for the next ten years, we propose to maintain 1663km, widen 9km and reseal 80km of road, renew 2km of footpaths, upgrade a one-lane-bridge to two lanes, upgrade or replace one bridge and improve key rural road intersections.

Rural roads servicing forestry blocks can suffer a significant increase in the numbers and weights of vehicle movements when the forests are harvested, which can effectively destroy a road's structure and require significant

unplanned renewal expenditure. Additional expenditure of \$0.7 million a year for road renewal (pavement rehabilitation) is anticipated in 2025 and 2027.

We are developing a comprehensive renewal and replacement programme for our bridges and major culverts. Of these bridges, 13 are posted for weight limits or the maximum 50 tonnes loading ("50 Max") is not permitted, and many bridges on lowly trafficked rural roads are nearing the ends of their serviceable lives, so they will need to be replaced within the next 30 years. We are investigating high risk bridges to determine whether some can be strengthened rather than replaced, to extend their life. A recent change in Waka Kotahi criteria under the low-cost, low-risk work category will allow us to replace more bridges.

Key Roading Issues and Challenges

Key Issues/Challenge	What we will do
Customer expectations – misalignment between the Council and community about the appropriate level of service, increasing customer complaints and investment demands. Roading consistently ranks the lowest in our annual resident satisfaction surveys.	<ul style="list-style-type: none"> • Education, including targeting key audiences with messages through various media and developing relationships with key groups to build trust and credibility. • Increase programme and funding. • Timely response to complaints.
Increasing demand for the skills and resources we need, resulting in the likelihood of increasing costs, time delays and quality issues.	<ul style="list-style-type: none"> • Change work programme to avoid materials shortages. • Order scarce materials early to give suppliers long lead times. • Partner with other organisations to access complementary skills.
Increasing HCV movements, especially on 'low volume roads', causing damage to assets and increasing financial burden for our ratepayers.	<ul style="list-style-type: none"> • Increase road renewal and bridge strengthening. • Change levels of service and pass bylaws. • Reduce demand by posting/restricting use. • Increase funding to counter damage. • Develop relationship with trucking companies to manage situation.
Increasing death and serious injury crashes and poor driver behaviour causing increased harm and disproportionately affecting vulnerable users.	<ul style="list-style-type: none"> • Increase work programme. • Develop policy for speed and demand management. • Lower the safety risk. • Increasing funding. • Communications – safety messages.
Of our 233 bridge and major culvert structures, more than 60% are older than 50 years. We expect a surge in renewals over the next 30 years. The current renewal rate of one per year is insufficient to renew the bridges within a 100-year cycle.	<ul style="list-style-type: none"> • Monitor the condition of bridges and plan upgrades as required.
Major weather and environmental events increasing in severity and frequency resulting in increased costs to withstand and recover from these events.	<ul style="list-style-type: none"> • Increase the work programme and funding to improve resilience. • Increased preventative maintenance.

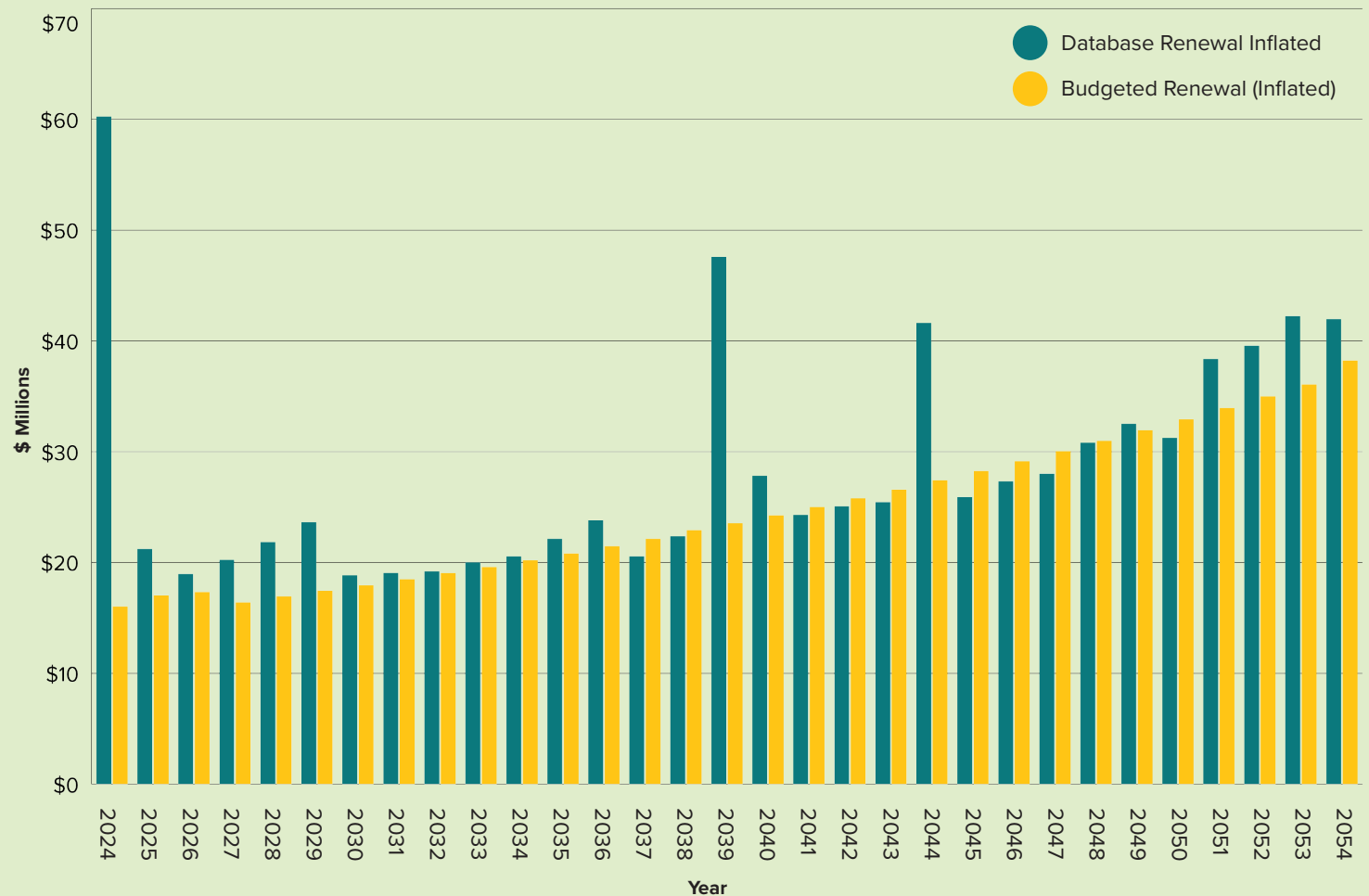
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Renewals

The asset database indicates a significant apparent spike in renewal expenditure of \$60m in 2024 (year 1). The forecast renewal work along with proposed renewal budget, and the cumulative increase, is illustrated in figure 8. The renewals consist largely of roading basecourse that is beyond its expected remaining life as shown in the database. The timing of capital renewals based on the asset register is applied by adding the useful life to the year of acquisition or the year of the last renewal. We use asset condition to determine our forward renewal programme, and may be supplemented with, or based on, expert knowledge.

While the life of the roading surface above the basecourse has been extended through condition assessments and renewals (resealing), the remaining life of the basecourse underneath is not adjusted when roads are resealed. This is fundamentally a data quality issue and remaining life will need to be revised to match actual condition. The revision of remaining useful life will result in reduced depreciation going forward. However, we consider the amounts to have minor impact on roading rates, due to the fact that the majority of roading depreciation is not funded.

Roading 30 Year Renewal Plan



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District Pathways Programme

In 2015 we adopted a programme to build several new pathways (walkways/cycleways) and upgrade some existing ones. The programme was strongly supported in public submissions and was a key project designed to enhance lifestyle and recreational opportunities across the District. Six of the original pathway projects have been

completed. We plan to continue with the programme, but the new Government has indicated potential changes to priorities that may not include pathways. The pathways programme is funded from Waka Kotahi subsidies, loans, and rates.

Rautaki Hanganga-ā-roto | Infrastructure Strategy

Assets: Solid Waste



7 Transfer Stations



7 Consented Closed Landfills

Solid Waste

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

The collection and disposal of solid waste is conducted regionally, through a shared arrangement between the New Plymouth, Stratford, and South Taranaki District Councils. As part of the review of the Waste Management and Minimisation Plan and the re-tender of the solid waste services contract the Council decided to introduce a food waste collection and move from a weekly collection service to a fortnightly service. The new contract takes effect from 1 October 2024.

The refuse from the collections and transfer stations was transported to the Colson Road Landfill in New Plymouth, which closed in 2018. The three district councils' waste is transported and disposed of at the Bonny Glen landfill in Rangitikei. All of the recyclable materials collected are transported to the

Materials Recovery Facility (MRF) in New Plymouth where they are sorted.

The Government charges a levy on all waste disposed of to landfills across the country. The Ministry for the Environment (MfE) has increased waste levies, which affects the Council's disposal costs. We will continue to promote initiatives to lower waste generation and disposal and to find more environmentally friendly ways to treat waste within our District.

The three district councils across the Taranaki region are working together to investigate the possibility of an organic waste processing facility. Where and how this will be established is still to be determined. However, it will reduce the emissions across the District dramatically because organic waste will be transported and managed within the Taranaki rohe.

Challenges

Escalating costs for the collection and disposal of solid waste are putting increasing pressure on our community, and affordability is major concern.

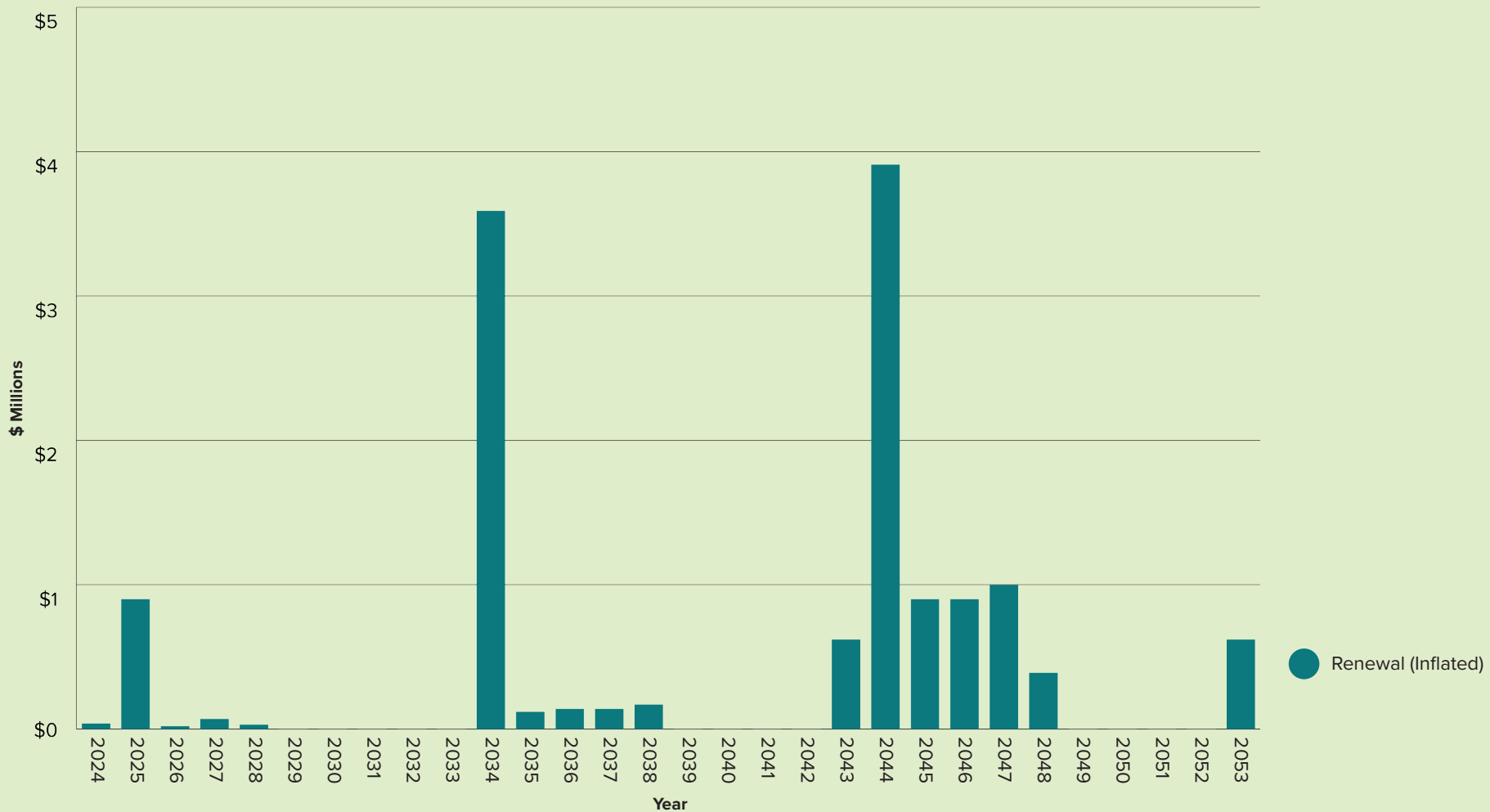
key Solid Waste Issues and Challenges

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

Renewals

Some renewals are planned for transfer station infrastructure that include pump station and drainage renewals at Hāwera as well as some concrete surface renewals. Other larger structures renewals are planned in years 2034 and 2044. Asset database improvements will also be made in 2024 and 2025 to ensure that all assets and their condition are accurately recorded to improve asset data quality.

Solid Waste 30 Year Renewal Plan



Rautaki Hanganga-ā-roto | Infrastructure Strategy

Assets: Coastal Structures

6 sea walls / retaining walls
13 revetment / breakwaters

2 Boat Ramps

1 Wharf
2 Pātea Moles

8 Accessways
Handrails
Steps

\$85.1 million

2022 Replacement cost

\$12 million

2022 Fair Value

Coastal Structures

There are numerous coastal structures along the South Taranaki coast, including the Pātea moles (breakwaters) that direct river water through the sand bar at the mouth of the Pātea River. The moles were originally built for the shipping industry and now serve recreational and emergency craft, while most other coastal assets are minor, such as seawalls and accessways, paths and steps to the sea and boat ramps to allow recreational craft to access water bodies.

Assets

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

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

Challenges

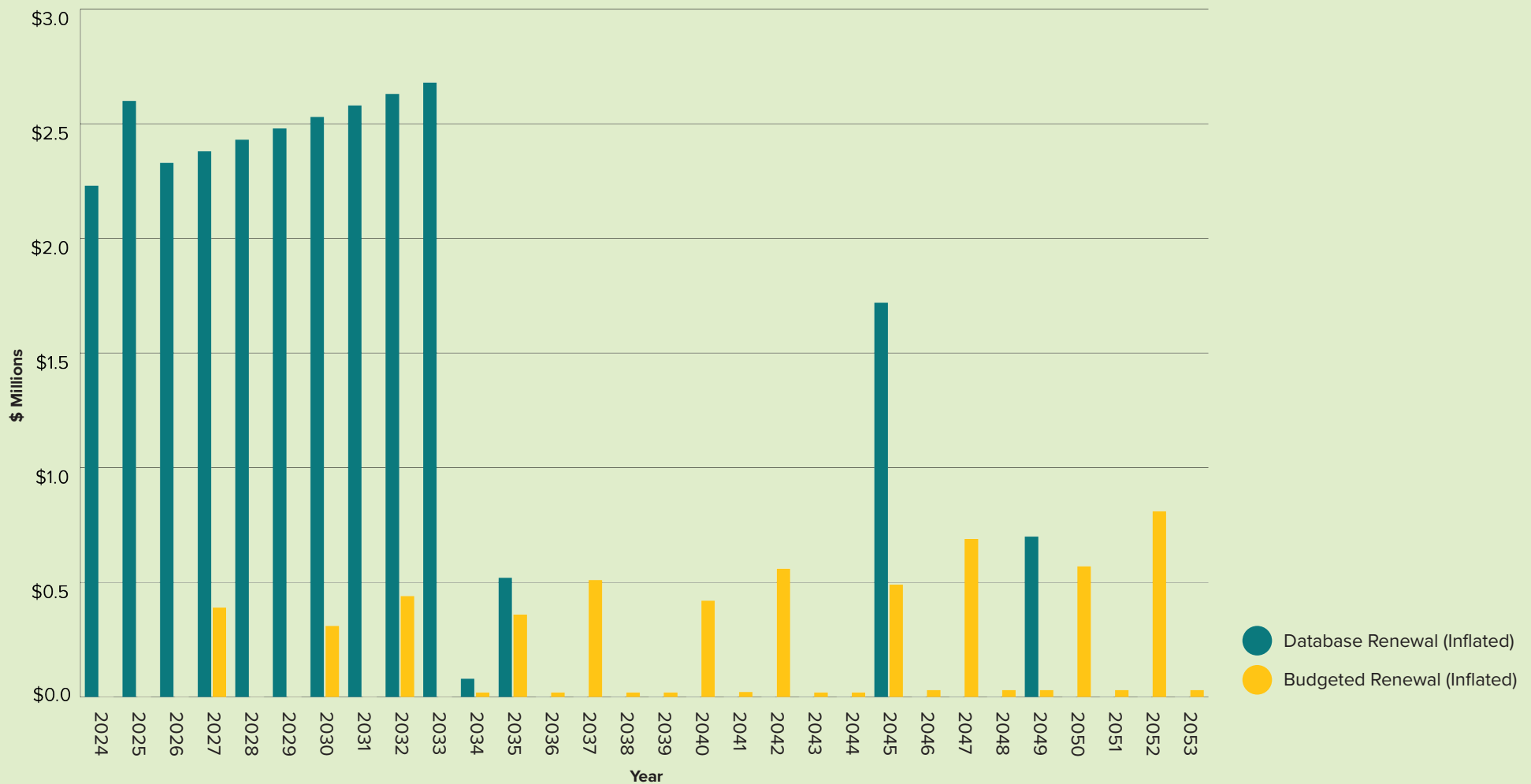
The main challenge in managing our coastal structures is the on-going degradation of assets due to the harsh marine environment. We monitor their condition and programme works as required. For example, the erosion in Middleton's Bay is an area of concern we are continuing to monitor.

Renewals

We plan to include the coastal structure renewals in the final LTP budget. The asset that need the most attention is the Pātea moles. The graph shows the value of the replacement of the existing moles. However, a Report done in 2017 shows that if we continue to do periodic renewals of sections of the moles, we are effectively extending their life by 50 to 70 years.

Rautaki Hanganga-ā-roto | Infrastructure Strategy

Coastal Structures 30 Year Renewal Plan



Rautaki Hanganga-ā-roto | Infrastructure Strategy

Assets: Parks and Reserves



Parks and Reserves

We own and maintain parks and reserves across the District, varying in type and size from neighbourhood ‘pocket parks’ and playgrounds and main street gardens to sports fields, premier parks and the 240ha Rotokare Scenic Reserve east of Eltham. At this stage, there is little demand for additional parks because the existing stock provides enough recreational space across the District for the current and projected population. However, we received feedback from the community on providing for improved maintenance of parks and gardens particularly through the townships.

In October 2023 the Council adopted the Collaborating for Active Spaces and Places Strategy, a regional approach to providing an integrated and connected recreational facilities network.

The Strategy was co-developed in collaboration with key partners and stakeholders in the Taranaki Region, including providers and potential funders, operating as the Taranaki Facilities Consortium. This will see the preservation of local autonomy while ensuring good practice in planning for

facility development and funding co-ordination.

Challenges

Life expectancy is increasing, and we are becoming more aware of the need to keep fit and healthy and enjoy our retirement and independence for longer. The main challenges for our parks and reserves activity reflect changing demographics and recreational preferences. We recognise the changes in recreation needs as our population ages, the decline in participation of structured sports and increasing demand for informal recreation facilities, particularly pathways for walking and cycling. We have a pathways development programme to address this demand.

Renewals

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

Assets: Community Facilities

South Taranaki
isite
Visitor Centre



7 Swimming
Pools



TSB
Hub

9 Halls



37 Public
Toilets



Hāwera
Cinemas

10
Cemeteries



7
Campgrounds

72
Housing Units

Community Facilities

We have a wide range of community facilities that provide the mostly non-core services our communities expect.

and Rāhotu; campground security gates, driveway resealing and chattels; Hāwera Aquatic Centre and rural pools plant; and TSB Hub air conditioning, roofing, lighting and carpets.

Challenges

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

Renewals

Planned renewals for community facilities include cemetery mats and berms; playground upgrades; new toilets at Pātea, Ōhawe, Ōpunakē Lake

Rautaki Hanganga-ā-roto | Infrastructure Strategy

Affordable Rates

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

- New assets as part of the Town Centre Master Plans;
- New assets for the South Taranaki Business Park; and
- Tertiary level wastewater treatment plants.

We want South Taranaki to be an affordable place to live and do business. Our challenges for the District is to maintain our current levels of service, consolidate, and reduce debt – must be balanced with the need to keep rates affordable for our community. We need to respond to our community's needs in a manner that is sensitive to economic factors, keep costs down by focusing on the

basics, deferring or deleting projects where appropriate and utilising various funding mechanisms as well as rates without raising our rates by more than 6.0%.

Our Plan for the Future – the Most Likely Scenario

This Strategy provides an overview of the most likely scenario for managing our infrastructure. In general, we plan to maintain our current levels of service while focusing on the three themes described earlier – affordability, intergenerational equity and partnerships.

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

Lifecycle management

The management of the lifecycle of assets is the key to delivering cost effective services. Table 8 shows the approach taken to lifecycle management for the various asset categories.

Rautaki Hanganga-ā-roto | Infrastructure Strategy

Lifecycle Management Approach

Asset Category	Main Issues	Maintenance Strategy	Lifecycle Approach
Water Treatment	Water treatment plant upgrades have been completed over recent years. Treatment of all groundwater as a result of new water services standards is planned. An improved planned maintenance system is needed to ensure optimal asset performance is achieved.	Maintenance is undertaken based on plant performance, criticality and known plant issues. Improvements are needed to meet the equipment manufacturer's maintenance recommendations.	Use AssetFinda to record maintenance regimes and asset performance. Use information gathered to refine and optimise the maintenance programme, renewal strategies and plant performance.
Water Reticulation	Unaccounted for water needs reducing to better demonstrate good resource stewardship. Detailed three-year renewals programme of improved asset condition assessments. Review assets within ten years of renewal.	Proactive management of the minimum night flows (MNF). Ongoing pipe flushing, valve and hydrant exercising, backflow preventer testing. Periodic town-by-town reticulation cleaning to be introduced.	Improve data set and test physical samples (planned and following a water main burst) to better establish remaining lives. Verify based on actual asset performance before committing to renewal. Extend remaining life if asset is still serviceable.
Wastewater Treatment	No major issues where there is no trade waste, as treatment ponds allow time to rectify issues before compliance is compromised. Additional aeration capacity, sludge management and trade waste management are needed where trade waste loads are high, to mitigate risk.	Scheduled maintenance carried out, electrical annually and mechanical six-monthly. Better capturing of maintenance and performance data will improve decision making.	Utilise better performance and condition data capture to improve whole of life decision making.
Wastewater Reticulation	Inflow and infiltration (I&I) of water into the pipe network reduces the hydraulic performance and may also result in the failure to meet volumetric resource consents.	Routine CCTV inspection of the sewer network to identify faults and target rehabilitation efforts. Flush problematic sewer lines and inspect manholes. House inspections and smoke testing to identify wrongly connected stormwater.	Manage levels of I&I by rectifying defects to ensure network overflows don't occur from hydraulic overloading. Repair or renewal selected based on number and types of defects. Consider independent stormwater systems.
Roading Pavements	From an asset management perspective, there are no significant issues, as performance indicators mostly show good condition with slight declining trend predicted due to increasing heavy vehicle usage. However, we acknowledge that this is not the community's perception.	Maintenance treatment chosen based on condition rating and required level of service of the pavement. Methods employed are patching, reseal or rehabilitation. Reduce volume of reactive maintenance in preference for preventative maintenance.	RAMM roading asset information system is used to select appropriate treatment based on Waka Kotahi criteria.
Roading Bridges	There is an upcoming peak of renewals over the next 30 years. Some bridges may not qualify for NZTA funding under current criteria unless the replacement cost is less than \$2 million.	Visual inspection every two years with detailed examination every six years on some critical structures to prioritise maintenance and renewal. Raise individual business cases for bridge replacements >\$2m.	Manage renewals to give smoothed cash flow to ensure funding from Waka Kotahi is available.

Rautaki Hanganga-ā-roto | Infrastructure Strategy

Capital expenditure decisions

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

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

Some capital development is determined by regulation:

- Drinking Water Standards.
- Regional Council consent conditions that determine the amount of fresh water that can be taken from a river or the ground and the quantity and quality of discharges back to rivers from water and wastewater treatment plants and stormwater runoff.

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

Replacing infrastructure

An asset needs to be replaced when it can no longer provide a level of service. For example, a water main may be renewed if it is bursting too frequently, has too much water leaking from it, or its internal condition causes dirty water. Our renewal programmes are based on established criteria for the lives of assets, as recorded in our asset management systems, and details are provided in our asset management plans. Most wastewater plants and nearly all water supply treatment facilities have been upgraded over the last nine years to meet the required standards, which means there are few imminent high value asset renewals in these areas. However, the pipe assets for water supply, wastewater and stormwater would typically be expected to last between 80 to 100 years and many have reached that age range. These networks have a value in excess of \$135 million and a significant quantity of renewals is scheduled over the next 30 years.

The accuracy of our reticulation renewal programmes improves as we improve the quality of the information

we have about the assets and their condition. Condition assessments will continue to be a priority, to improve our knowledge across our reticulation networks. The focus for condition assessments will be those assets with the shortest theoretical remaining lives and those that serve the highest numbers of customers.

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

Improving the existing service

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

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

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

Legislative changes

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

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

We expect water treatment standards

Rautaki Hanganga-ā-roto | Infrastructure Strategy

Growth Impact

will increase and an allowance has been made for this.

Growth Planning

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

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

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

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

When will it happen?

The timeline in Figure 14 shows the most likely scenario for our infrastructure investment. This provides a view about our planned expenditure over the next 30 years. The timeline is colour coded as shown below to identify each activity.

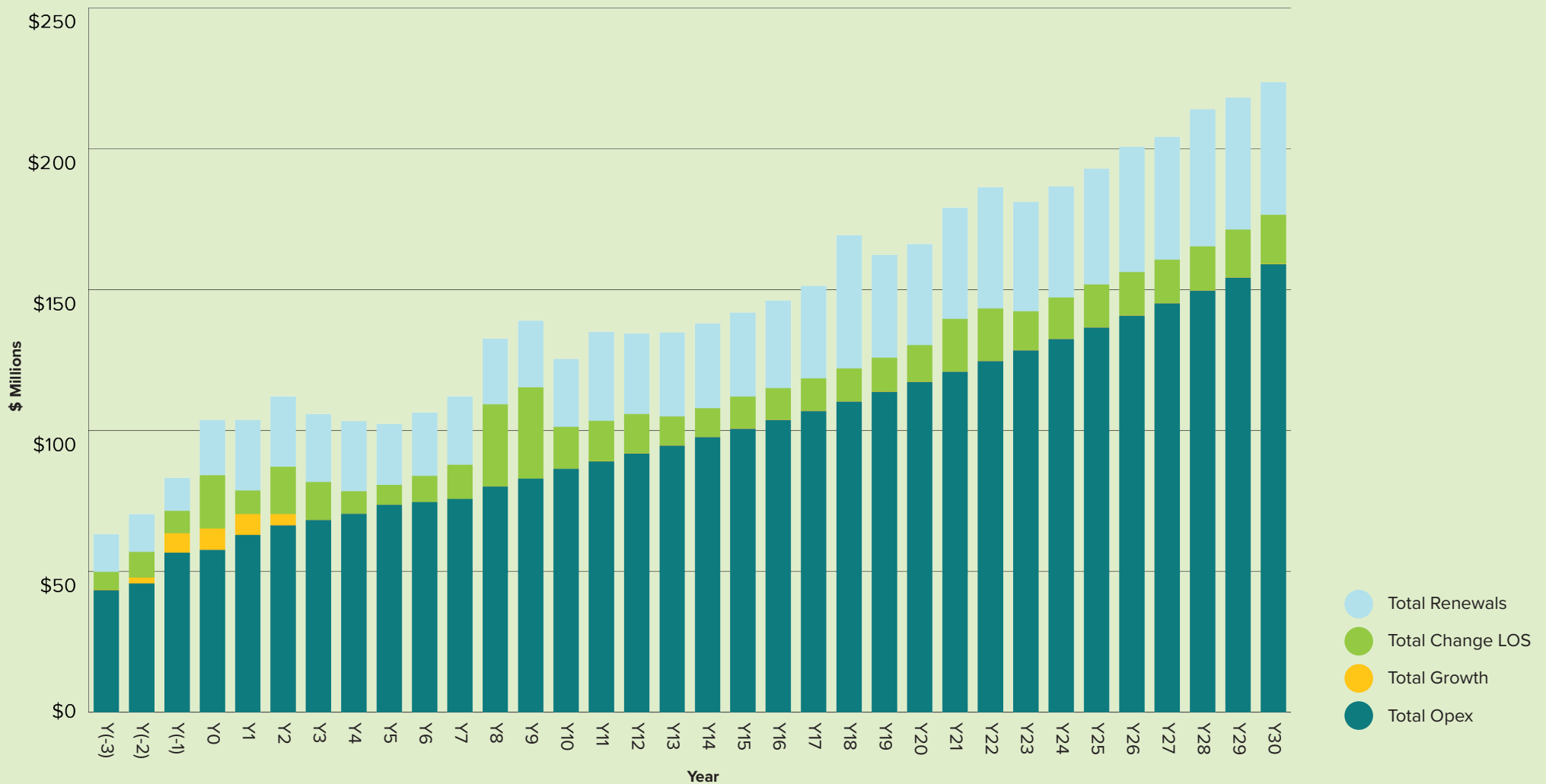
What will it cost?

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

The forecasts are based on the assumptions listed in the risk analysis section and elsewhere in the LTP. The

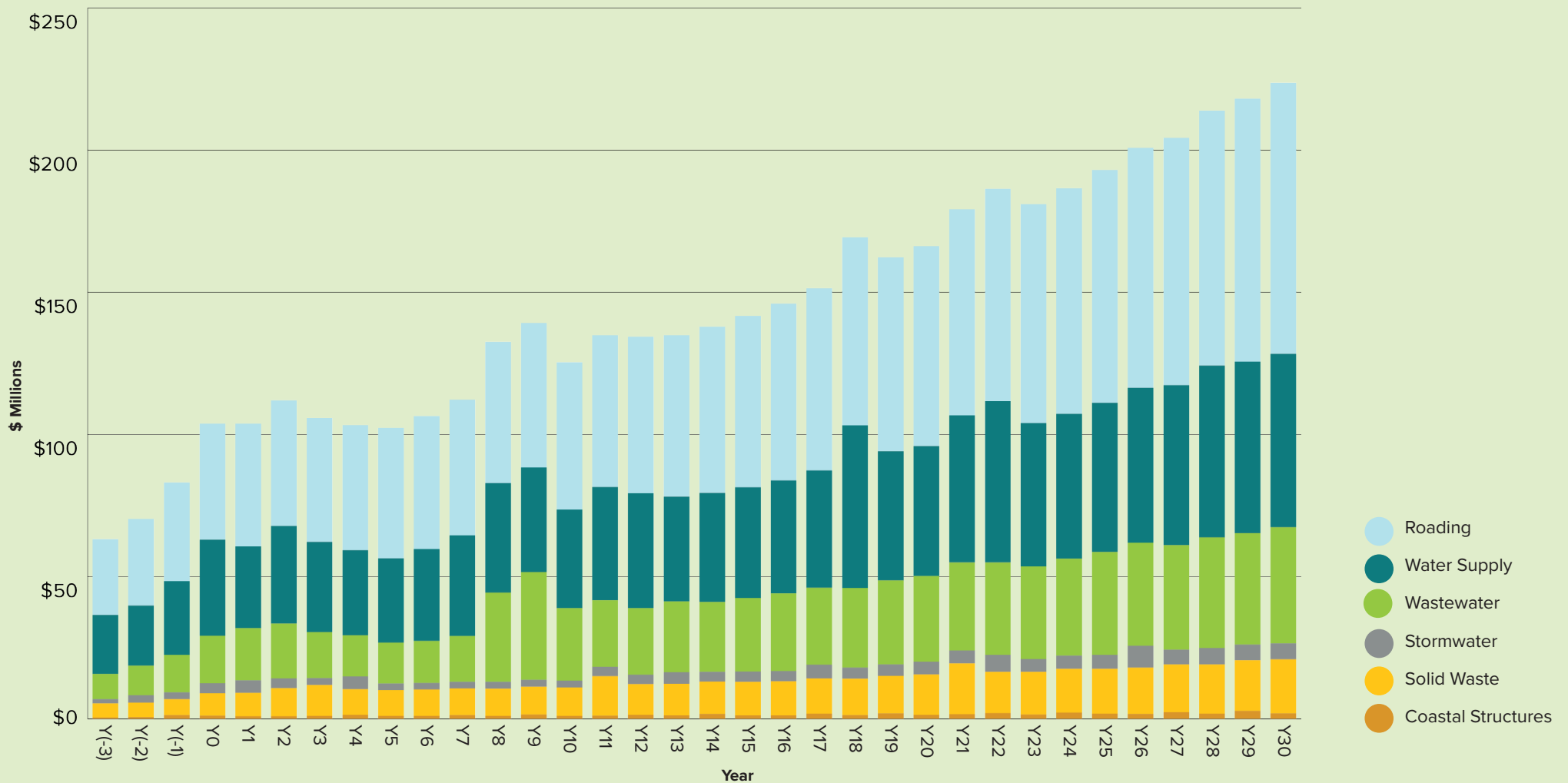
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Financial Forecast by Cost Type



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Financial Forecast by Activity



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funding of operational expenditure and capital expenditure is set out in the Revenue and Financing Policy.

Our Financial Strategy gives an overall direction in terms of debt, investments, various benchmarks and rates cap. We have an obligation to meet various ratios within the Financial Strategy. The rates cap is based on the Local Government Cost Index ten-year average of 2.40% plus 0.60% for adding back three waters and, 3% for improvements, compliance and growth. The rating impacts of the above forecasts are mostly within the rates cap. The Financial Strategy explains in detail how these projections affect various ratios and what impact they will have on the overall District. The financial risks recognised in this Strategy are also explained in detail in the Financial Strategy.

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

Risk analysis

Our planning requires us to make certain assumptions about what is

likely to happen in the future, and many of these assumptions relate to infrastructure. Non-delivery of key projects and our capital works programmes is a strategic risk, along

with the failure to manage critical and strategic assets within the District. The risk around the principal assumptions is shown in Table 10 below with risk graded on a scale of 1 to 3, 1 being the

highest risk.

Assumption	Uncertainty	Risk Management
Depreciation	2 If depreciation calculations are significantly different from the amount budgeted, rates will need to be increased.	If depreciation calculations are significantly different from the amount budgeted, rates will need to be increased.
Major capital projects "do ability"	1 We have experienced difficulty in completing projects because of issues with contractor and resource availability, feedback via community consultation and legal issues. There is a risk that we will not be able to achieve our planned capital works programme.	We have taken a number of steps to ensure that we can deliver our capital works programme including increasing the capacity of the Projects Team, pre-purchasing materials, engaging external project managers for larger projects and placing a strong focus on preparing designs ahead of budgets.
Lifecycle of significant assets	3 Our significant assets have been assessed against the IIMM framework. However, there is a risk that the assessment may not match the actual condition of our strategic assets. Failure of strategic infrastructure would result in the need to undertake unbudgeted replacement or maintenance.	For most assets the information around age, type, and quantity is reliable. While information around condition has some limitations, we are continuously working to improve what we know about our assets, including their condition, how well they're performing and their expected remaining life. We have less confidence in the information we have available about our stormwater pipes, but our ongoing stormwater inspection and condition assessment programmes will continue to improve our knowledge.
Funding replacement of significant assets	3 If we decide to change our Revenue and Financing Policy on how to fund assets, it will have an impact on rates.	It is unlikely that we would make this decision without a thorough review of the full Revenue and Financing Policy and the impacts on our rate payers and residents.
Revaluation of non-current (fixed) assets	3 If there is a large difference between how much we forecast the assets to be worth and the actual value of the assets, there will be an impact on our budgets and rates.	While information around condition has some limitations, we are continually working to improve what we know about our assets, including their condition, how well they're performing and their expected remaining life.

Principal Assumptions Uncertainty

Assumption	Uncertainty	Risk Management
Population growth for South Taranaki is predicted to be 2.9% to 2037 across the District.	2 There is a risk that the population increases or declines more than projected, which means we would need to review our growth-related projects and work programmes.	Small increases or decreases in population have a relatively small impact on established infrastructure. A sizeable increase in population and growth will require growth-related projects and work programmes to be reviewed or brought forward.
Waka Kotahi funding will continue at current levels over 30 years	3 Government reduces the funding assistance rate (FAR).	There is a possibility that central government will decrease our FAR rate and/or the funding available to subsidise Council's roading costs. If this occurs the Council would need to consider their levels of services provided or pay for a percentage of the roading programme through a targeting roading rate.
Environmental standards will increase as predicted	1 Standards don't increase as predicted or increase beyond expectations.	This would result in the deferral of the projects that are scheduled to proceed following a change in standards.
Water quality standards will increase as predicted.	1 Standards don't increase as predicted or increase beyond expectations.	This would result in the deferral of the projects that are scheduled to proceed following a change in standards.
Demand management practices will manage water demand as predicted.	3 Demand grows more quickly than predicted, requiring investment to increase supply.	Leak detection and mains renewal will reduce losses. If increasing the capacity of water supplies is necessary, it would have an impact on targeted water rates.
Expenditure to reduce I&I will maintain sewer flows to the required levels.	3 Level of expenditure is not sufficient.	Current performance indicates that the level of expenditure is sufficient. Should further reduction in I&I be needed there would be a financial impact on the wastewater rate.
Renewals forecasts don't meet the predictions.	2 The smoothing of renewals as predicted is unachievable.	This would result in some peaks of expenditure, as shown in the tables below.

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Project	Issues	Most Likely Scenario	Principal Alternatives	Probable year	Likely cost
Growth					
South Taranaki Business Park	A feasibility study confirmed the strategic need for developing additional suitable land for industrial purposes in the District.	Continue with the development (Stages 2 and 3) of the South Taranaki Business Park.	Not completing the project is likely to deter potential commercial and industrial businesses from establishing in South Taranaki.	2021-2027	\$12.2m
Town centre masterplans	Implementation of masterplans for five of our town centres: Ōpunakē, Manaia, Pātea, Waverley and Eltham.	The masterplans have been designed in consultation with the community and will be consulted on again as projects are developed.	Doing nothing would see these town centres continue to lack vibrancy and not attract residents and visitors.	2021-2031	\$10.6m
Town Centre Strategy Hāwera – additional projects	We have initiated a Hāwera town centre strategy to restore the town centre to a vibrant and successful place for business and people. A key project, Te Ramanui o Ruapūtahanga, our new civic centre, is due to be completed in August 2024 and is being funded from a mixture of sources, including the Government's 'shovel ready' projects. Additional projects have been planned to continue to improve the District's main town centre.	Continue with revitalising Hāwera's town centre.	Doing nothing would slow down the progress of restoring the town centre to a vibrant and successful place and disappoint residents who anticipate continued progress.	2023/24	\$4.6m
Water					
Ōpunakē Water coagulation and optimisation (discolouration)	Historical complaints throughout Ōpunakē about discoloured (brown) water. It is suspected to be caused by high levels of iron and manganese in the water source.	Continue with the intake condition assessment and the planned work to correct the issues of iron and manganese that discolour the water.	Continue with flushing regimes and managing complaints.	2024/25 2025/26	\$1.5m
Ōpunakē Reservoir 2	As the water is coming from the Waiaua River, it is getting difficult to have enough water to treat, especially in storm events, which creates capacity issues.	Continue detail design and construction of the new reservoir.	Not completing the project will create capacity issues.	2024/25 2025/26	\$3.2m

Rautaki Hanganga-ā-roto / Infrastructure Strategy

Project	Issues	Most Likely Scenario	Principal Alternatives	Probable year	Likely cost
Urban firefighting improvements - Normanby second supply line	<p>Modelling has shown locations where water supplies don't meet the New Zealand Fire Service Fire-fighting Water Supplies Code of Practice (COP). This non-mandatory standard represents best practice. Hundreds of improvements have been identified.</p> <p>The Fire and Emergency New Zealand (FENZ) Act 2017 requires a new COP to be produced, consulted on, and published, but no timeframe has been set.</p>	<p>Making network improvements to meet the current COP for schools, hospitals, and places of assembly. Other improvements will be made when pipes are renewed.</p> <p>Improve the Normanby water supply, which also has benefits of serving the South Taranaki Business Park.</p>	Doing nothing exposes the Council and the community to risk; however, due to the lack of funding available we plan to review the capacity of the reticulation networks again when FENZ publishes the new mandatory COP. A revised programme of work will then be developed.	2030/31 2031/32 2032/33	\$4.7m
Pātea Water Treatment Plant enhancement	Pātea has a vulnerable supply due to its full reliance on bore water. To ensure the Pātea water supply complies with the Drinking Water Standards the treatment plant requires enhancement.	We are undertaking trials at the moment to come up with the best possible solution, at an affordable cost.	Continue with the current water treatment plant and risk breaching the Drinking Water Standards.	2023/24 2026/27	\$2.5m
Kāpuni borehole 2	Kāpuni scheme resource consent is due for renewal and Regional Council may cut back in the water extraction quantities. As Kāpuni also provides water to Inaha and Waimate West, we need to insure that we can get enough water.	Drilling of a new bore in Kāpuni.	Not completing the project with create capacity issues.	2028/29 2029/30	\$2.8m
Waimate West trunk main duplication	The Waimate West supply is a vital network, particularly to the large numbers of agricultural operations that rely on this source. An additional trunk main running parallel to the current trunk main will enhance resilience.	Construction of an additional trunk main running parallel to the current Waimate West trunk main.	If we continue to rely on the single trunk main, we run the risk of not being able to deliver water to the entire network. This would put significant pressure on the agricultural operations and health and well-being of people and livestock.	2024/25, 2025/26	\$2.4m
Waimate West replace reservoir 1	Waimate West's reservoir 1 holds 9 million litres of water and is coming to the end of its life.	Replace Waimate West reservoir 1.	Continue to rely on Waimate West reservoir 1 to deliver water to the network.	2026/27, 2027/28, 2028/29	\$9m
Waverley replacement bore & Waverley reservoir 2	A replacement bore is required in the Waverley township to ensure enough future supply, as well as a new reservoir	Investigate water source and commission replacement bore.	We can continue with the current bore; however, it will begin to decline and we will struggle to supply water to the Waverley township.	2025/26	\$3.1m

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Project	Issues	Most Likely Scenario	Principal Alternatives	Probable year	Likely cost
Rāhotu reservoir replacement	A new reservoir is needed to increase capacity. But also the age the reservoir.	Replace Rāhotu reservoir	We will have capacity issues and resource consent non-compliance.	2030/31	\$939k
Eltham Reservoir replacement	A new reservoir is needed to increase capacity. But also the age the reservoir.	Replace Eltham Reservoir	We will have capacity issues and resource consent non-compliance.	2024/25 2025/26 2026/27	\$2m
Kāpuni Water Treatment Plant capacity upgrade	Increase capacity of the Kāpuni Water Treatment Plant - treatment upgrade from 13 mega litres per day to 19 mega litres per day.	With some growth predicted in Hāwera and Normanby, there will be a need to increase the capacity of the Kāpuni treatment plant at some time in the next 25 years. Managing demand for water might see this project delayed or higher than expected growth may bring it forward.	The likely changes to the Drinking Water Standards will see all water requiring treatment, including any new bore source. If we were to do nothing and the increasing demand for water was not met, the result would be an adverse impact on all customers and an inability to meet our levels of service.	2043/44	\$2.2m
Enhanced water treatment for viruses	We expect the Drinking Water Standards will be enhanced by requiring a greater level of water treatment that destroys viruses.	UV treatment would need to be added to all surface water plants to kill viruses. Secure ground water will not require further treatment.	There are no alternatives as it is anticipated that this would be enacted through legislation.	2034/35	\$2.5m
Demand management and efficiency enhancement	As a result of the freshwater reform, local authorities must account for water consumption accurately. Monitoring how much is lost can be achieved by universal water metering, which we anticipate will become a legislative requirement in the next ten years.	Introduce universal water metering, unless other technologies are developed before legislation changes are enforced.	It is anticipated that this would be enacted through legislation. At this stage, universal water metering would be the most efficient method of monitoring water losses and leakages.	2032 – 2034	\$5m
Wastewater					
Inflow and infiltration (I&I)	The amount of water entering the wastewater networks in a number of our towns causes problems with treatment and compliance with resource consents. This comes from direct connection of stormwater to the wastewater system (Inflow) and ground water entering the pipes through cracks and other defects (Infiltration).	A programme of defect identification, inspections and remedial works should manage the performance of the pipe networks to the required level.	Doing nothing or doing insufficient work will result in failure to perform at the standards defined in our resource consents.	2025 - 2034	\$95km (appx) pa

Rautaki Hanganga-ā-roto / Infrastructure Strategy

Project	Issues	Most Likely Scenario	Principal Alternatives	Probable year	Likely cost
Disinfection of wastewater discharges – tertiary treatment	As water quality standards for watercourses increase based on the National Policy Statement for Freshwater Management and other environmental pressures, disinfection of wastewater treatment discharges will be required.	This could be resolved by installing an additional treatment process stage such as ultraviolet light disinfection of the discharge from wastewater treatment plants.	There are no alternatives as it is anticipated that this will be enacted through legislation.	2024 - 2034	\$43.2m
Replacing Hāwera anaerobic lagoon	Hāwera’s anaerobic lagoon was installed in 1985. Due to the industrial waste that has been diverted into the lagoon since then, it is now reaching its capacity. To ensure efficiency and continued capacity of the treatment plant, we need to build a new lagoon.	The design is under way to construct a new lagoon on the same site.	As the anaerobic lagoon reaches its capacity, effluent transferred to the stabilisation ponds damages the chemistry and the capacity of the ponds.	2024/25 2025/26 2026/27	\$6m
Ōpunakē wetland soakage field enhancement	Population growth means the wastewater treatment plant has insufficient storage and an undersized effluent disposal and soakage system	Construct a new wetland soakage field.	There are no alternatives as it is anticipated that this would be enacted through legislation.	2024/25	\$495k
Stormwater					
Network developments	Develop and improve stormwater networks across South Taranaki including Hāwera, Normanby and Eltham.	Stormwater modelling will need to be undertaken initially followed by design and construction.	Continue to rely on the current stormwater network, which will increase the risk of damage and flooding to properties.	2024 - 2034	.
South Taranaki Business Park Stormwater				2024/25 2025/26	.
Roading and Footpaths					
Roading renewals	Continue to maintain and renew roading assets as identified.	The programmed works for this Plan include: <ul style="list-style-type: none"> • Road resurfacing - \$35.9m • Drainage renewals - \$9.3m • Road renewals (pavement rehabilitation) - \$36.7m • Minor improvements - \$51.9m 	The inability to, or decision not to deliver this programme of works will result in the deterioration of our roading assets.	2024 - 2023	

