



**I, Kitea Tipuna, Tumu Whakarae Chief Executive, hereby give notice that
an Extraordinary Meeting of Council will be held on:**

Date: Thursday, 8 August 2024
Time: 1:00 PM
Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa

AGENDA

Extraordinary Council Meeting

8 August 2024

MEMBERSHIP: His Worship the Mayor Craig Little, Cr Denise Eaglesome-Karekare, Cr Jeremy Harker, Cr Melissa Kaimoana, Cr Chaans Tumataroa-Clarke, Cr Benita Cairns, Cr Roslyn Thomas

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

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- 1 KARAKIA**
- 2 APOLOGIES FOR ABSENCE**
- 3 DECLARATIONS OF CONFLICT OF INTEREST**
- 4 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 14.14 requests to speak must be made to the meeting secretary at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

5 GENERAL ITEMS

5.1 RESOLUTION TO SET RATES FOR THE YEAR COMMENCING 1 JULY 2024

Author: Gary Borg, Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager
Finance and Corporate Support

Authoriser: Kitea Tipuna, Tumu Whakarae Chief Executive

Appendices: 1. Rates Resolution for the Year Ending 30 June 2025 [↓](#)

1. PURPOSE

- 1.1 The purpose of this report is to set the rates for the year commencing 1 July 2024.

RECOMMENDATION

The Group Manager: Finance and Corporate Support RECOMMENDS that Council set the rates under the Local Government (Rating) Act 2002 for the financial year commencing 1st July 2024 in accordance with the resolution attached as **Appendix 1**.

2. BACKGROUND

- 2.1 Having adopted the 3-Year Long-term Plan (3YLTP) 2024-27, Council is able to set the rates for the year ending 30 June 2025, being the first year of that plan.

3. CURRENT SITUATION

- 3.1 This report describes and quantifies the individual rates required to secure and allocate the rates revenue required to fund Council's activities described in the Annual Plan for the year ending 30 June 2025, i.e. Year 1 of the 3YLTP. The individual rates shown in **Appendix 1** are inclusive of Goods and Services Tax (GST).
- 3.2 The proposed Resolution also sets out proposed due dates and penalty regime for late payment.
- 3.3 Rates are calculated in accordance with the Funding Impact Statement and Council's Revenue and Financing Policy. The rates proposed in **Appendix 1** reflect those contemplated during 3YLTP consultation and direction from Council after community engagement and a series of workshops.
- 3.4 Following this feedback and updates to budgets, workshops were held to examine the distribution of rates, and particularly the liability for rates associated with Recovery expenditure.
- 3.5 The factors contained in the resolution are consistent with the current data in Council's District Valuation Roll and Rating Information Database.
- 3.6 The resolution in **Appendix 1** also describes the penalties regime to be applied for the year.

4. OPTIONS

- 4.1 The options identified are:

- a. Set the rates as described in **Appendix 1**.
 - b. Modify the rates.
 - c. Do not set rates for the year commencing 1 July 2024.
- 4.2 Under option (a) rates would be set consistently with the 3YLTP for the corresponding year, with variations as consulted upon, and more than half of the necessary operating revenue derived to meet the commitments set out in the plan.
- 4.3 Option (b) would require consultation if it invoked any material departures from either the LTP or the Revenue and Financing Policy. This would delay the setting of rates and Council's funding capacity would be compromised. As an interim measure s50 LGRA permits Council to continue to invoice rates equivalent to those for the year ended 30 June 2024. However, this could mean delay to Council initiating the undertakings contained in its Plan and would create uncertainty for ratepayers regarding their liability for the year, as well as the processing of Rates Rebates. Notwithstanding, Council may wish to apply an alternative range of factors to the General Rate. This could be accommodated if it was consistent with Council's LGA S101(3) analysis that supports its Revenue and Financing Policy
- 4.4 Rates comprise more than 60% of Council's normal operating revenue. Therefore, under option (c) Council would be unable to fund its operations sufficiently to meet its objectives for community services and infrastructure for the year.
- 4.5 The preferred option is *a) Set the rates as described in **Appendix 1***. This contributes to the following community outcomes:

| Cultural wellbeing | Economic wellbeing | Social Wellbeing | Environmental Wellbeing |
|---------------------------------|--------------------------------|---|-----------------------------------|
| Valued and cherished community. | Strong and prosperous economy. | Safe, supported and well-led community. | Protected and healthy environment |

5. CORPORATE CONSIDERATIONS

What is the change?

- 5.1 No change is envisaged by the recommendation and there are no service delivery implications.

Compliance with legislation and Council Policy

- 5.2 The recommendation is consistent with:
- 5.2.1. The Funding Impact Statement contained in Year 1 of the 3YLTP.
 - 5.2.2. Council's Revenue and Financing Policy
 - 5.2.3. Local Government (Rating) Act 2002
 - 5.2.4. Local Government Act 2002

What are the key benefits?

- 5.3 The setting of rates consistent with the Funding Impact Statement will enable Council to derive revenue to give effect to the decisions made in the plan.

What is the cost?

- 5.4 There is no direct cost inherent in setting rates. However, there may be revenue foregone if the rates are not set as recommended, with a consequential impact on operations and projects.

What is the saving?

- 5.5 Not applicable to this matter, these possibilities were examined as part of the budget reviews for the 3YLTP.

Who has been consulted?

- 5.6 The distribution of the general rate via factors applied to differentials for different land uses was included in the 3YLTP consultation.

Māori Standing Committee

- 5.7 This matter has not been referred to the Māori Standing Committee as the setting of rates affects the whole community.

6. SIGNIFICANCE

- 6.1 In accordance with Council's Significance and Engagement Policy the setting of rates consistent with an adopted Annual Plan is administrative and assessed as being of low significance. It is derived from the significant matters that were considered as part of the LTP process.

7. RISK MANAGEMENT

- 7.1 The strategic risks (e.g. publicity/public perception, adverse effect on community, timeframes, health and safety, financial/security of funding, political, legal – refer to S10 and S11A of LGA 2002, others) identified in the implementation of the recommendations made are as follows:
- There are no strategic risks with setting rates consistent with an Annual Plan (3YLTP equivalent year 1).
 - There are risks associated with not setting rates or setting rates that differ to those contained in the Funding Impact Statement:



- i. Financial and Reputational: Council would be unable to generate enough revenue to meet the objectives contained in the 3YLTP, and may be unable to fulfil its expected levels of service.
- ii. Regulatory (Legal): Rates not set in accordance with the Funding Impact Statement or without relevant legislation may be ultra vires.

Background Papers

Long-term Plan 2024-27

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Council

8 August 2024



Appendix 1

Resolution to set Rates for the year commencing 1st July 2024

THAT:

The Wairoa District Council sets the following rates under the Local Government (Rating) Act 2002 for the financial year 1st July 2024 to 30 June 2025.

1. Uniform Annual General Charge
- (a)

a uniform annual general charge under section 15 of the Local Government (Rating) Act 2002 on all rateable land of \$449.70 (incl GST) per separately used or inhabited part of a rating unit.
2. General Rate
- (a)

a general rate under sections 13 and 14 of the Local Government (Rating) Act 2002 at different rates in the dollar of capital value for all rateable land in all differential categories used for setting the general rate, as follows:

| | Differential Category | Rate in the \$ of Land Value (incl GST) (\$) |
|------|---|--|
| i. | Commercial <i>Land classified by Council as commercial for rating purposes</i> | 0.0068827 |
| ii. | Forestry <i>Land classified by Council as forestry for rating purposes</i> | 0.0206482 |
| iii. | Residential A <i>Land classified by Council as residential for rating purposes with a capital value of less than \$700,000</i> | 0.0028907 |
| iv. | Residential B <i>Land classified by Council as residential for rating purposes with a capital value of greater than or equal to \$700,000 and less than \$1,000,000</i> | 0.0027531 |
| v. | Residential C <i>Land classified by Council as residential for rating purposes with a capital value of greater than or equal to \$1,000,000</i> | 0.0024778 |
| vi. | Rural <i>Land classified by Council as rural for rating purposes</i> | 0.0022025 |

3. Water Supply (Fixed Charges) Targeted Rate

- (a) a water supply (fixed charges) targeted rate set under section 16 of the Local Government (Rating) Act 2002 on all land connected to a water supply in the district (and not metered exclusively for water supply), set differentially for different categories of land, as follows:

| | Differential Category | Basis for Liability | Charge (incl GST) (\$) |
|------|---|--|------------------------|
| i. | Wairoa Township/Wairoa Ward Supply Area (including Frasertown and Wairoa Environs) - connected | Per separately used or inhabited part of a rating unit | 1,069.70 |
| ii. | Wairoa Township Supply Area (including Frasertown and Wairoa Environs) – not connected but available <i>being a property to which water can be supplied but is not supplied (being a property within 100 metres of any part of the water reticulation system)</i> | Per separately used or inhabited part of a rating unit | 534.80 |
| iii. | Mahanga Supply Area – connected | Per separately used or inhabited part of a rating unit | 768.40 |
| iv. | Mahanga Supply Area – not connected but available <i>being a property to which water can be supplied but is not supplied (being a property within 100 metres of any part of the water reticulation system)</i> | Per separately used or inhabited part of a rating unit | 384.20 |
| v. | Tuai Supply Area – connected | Per separately used or inhabited part of a rating unit | 848.60 |
| vi. | Tuai Supply Area – not connected but available <i>being a property to which water can be supplied but is not supplied (being a property within 100 metres of any part of the water reticulation system)</i> | Per separately used or inhabited part of a rating unit | 424.30 |

4. Water by Meter Targeted Rate

- (a) A water supply (water by meter) targeted rate set under section 19 of the Local Government (Rating) Act 2002 for all rating units fitted with a water meter and metered for ordinary water supply or extraordinary supply, set on a differential basis as a volumetric charge, as follows:

| | Area | Basis for Liability | Charge per m ³ (incl GST) (\$) |
|------|---|--|---|
| i. | Wairoa Township Reticulation Area | All rating units fitted with a meter and metered exclusively for ordinary supply or metered for extraordinary supply | 1.05 |
| ii. | Wairoa Environs Area (not including rating units in (i), (iii) and (iv)) | All rating units fitted with a meter and metered exclusively for ordinary supply or metered for extraordinary supply | 1.05 |
| iii. | Frasertown Reticulation Area | All rating units fitted with a meter and metered exclusively for ordinary supply or metered for extraordinary supply | 1.05 |
| iv. | Tuai Reticulation Area | All rating units fitted with a meter and metered exclusively for ordinary supply or metered for extraordinary supply | 1.05 |
| v. | Land used for meat processing located within the Wairoa Township Reticulation Area | All rating units fitted with a meter and metered exclusively for ordinary supply or metered for extraordinary supply | 0.40755 |

5. Targeted Waste Management Rate

- (a) a waste management targeted rate under section 16 of the Local Government (Rating) Act 2002 set differentially for different categories of rateable land as follows:

| | Differential Category | Basis for Liability | Charge (incl GST) (\$) |
|-----|-----------------------------|--|------------------------|
| i. | Wairoa Township Area | Per separately used or inhabited part of a rating unit | 302.60 |
| ii. | Rural Areas | Per separately used or inhabited part of a rating unit | 253.00 |

6. Drainage Targeted Rate

- (a) a drainage targeted rate under section 16 of the Local Government (Rating) Act 2002 on all rateable land in the Wairoa Urban Area and specified Mahia Township areas, set differentially as follows:

| | Differential Category | Basis for Liability | Charge (incl GST) (\$) |
|-----|----------------------------|---------------------|------------------------|
| i. | Wairoa Urban Area | Per rating unit | 340.20 |
| ii. | Mahia Township Area | Per rating unit | 231.10 |

7. Sewerage Disposal Targeted Rate

- (a) a sewerage disposal targeted rate under section 16 of the Local Government (Rating) Act 2002 on all land connected to a sewerage disposal scheme in the district, set differentially for different categories of land as follows:

| | Differential Category ¹ | Basis for Liability | Charge (incl GST) (\$) |
|-------|---|--|------------------------|
| i. | Wairoa Ward – connected (not temporary accommodation businesses) | Per water closet or urinal connected (for up to the first five) | 1,234.30 |
| ii. | Wairoa Ward (not temporary accommodation businesses) – connected | Per water closet or urinal connected (for six to up to and including 15) | 864.10 |
| iii. | Wairoa Ward (not temporary accommodation businesses) – connected | Per water closet or urinal connected (for 16 or more) | 617.10 |
| iv. | Wairoa Ward – connected (temporary accommodation businesses) | Per water closet or urinal connected (for up to the first five) | 1,234.30 |
| v. | Wairoa Ward – connected (temporary accommodation businesses) | Per water closet or urinal connected (for six or more) | 864.10 |
| vi. | Wairoa Ward – not connected but available <i>where a property is situated within 30 metres of a public sewerage to which it is capable of being connected, either directly or through a public drain.</i> | Per rating unit | 617.10 |
| vii. | Tuai Village - connected | Per water closet or urinal connected | 1,234.30 |
| viii. | Tuai Village – not connected but available <i>where a property is situated within 30 metres of a public sewerage system to which it is capable of being connected, either directly or through a public drain.</i> | Per rating unit | 617.10 |

¹ For the purposes of this rate, a rating unit used primarily as a residence for one household must not be treated as having more than one water closet or urinal.

| | Differential Category ¹ | Basis for Liability | Charge (incl GST) (\$) |
|-------|--|---|------------------------|
| ix. | Mahia wastewater – connected or required to be connected under the Trade Waste and Wastewater Bylaw 2012 | Per number or nature of connections from land within each rating unit to the reticulation system | 1,234.30 |
| x. | Mahia wastewater – not connected or required to be connected under the Trade Waste and Wastewater Bylaw 2012 <i>where a property is situated within 30 metres of a public sewerage system to which it is capable of being connected, either directly or through a public drain.</i> | Per rating unit | 617.10 |
| xi. | Opoutama & Blue Bay wastewater – connected or required to be connected under the Trade Waste and Wastewater Bylaw 2012 | Per number or nature of connections from land within each rating unit to the reticulation system | 1,234.30 |
| xiii. | Opoutama & Blue Bay wastewater – not connected or required to be connected under the Trade Waste and Wastewater Bylaw 2012 <i>where a property is situated within 30 metres of a public sewerage system to which it is capable of being connected, either directly or through a public drain.</i> | Per rating unit | 617.10 |
| ix. | Rural wastewater –all land that is not connected or able to connect to a reticulated wastewater system for which Council wastewater treatment facilities are provided. | Per Separately Used or Inhabited Part of a Rating Unit described as 'Flat, Dwelling, Bach, Cottage, Cafeteria, Accommodation, Building, Cabin, Camping Ground, Tavern, Hall, Office, Hotel, Sleepout, Orchard or Shop' in Council's Rating Information Database | 154.90 |
| xi. | Mahia Wastewater Scheme – capital repayment and finance costs associated with the scheme over 10 years. <i>In accordance with the Capital Funding Plan.</i> | The capital funding components of the Mahia Wastewater Scheme including the infrastructure costs, connection costs (if any), and finance costs, relating to that property. | |
| xii. | Mahia Wastewater Scheme – capital repayment and finance costs associated with the scheme over 20 years. <i>In accordance with the Capital Funding Plan.</i> | The capital funding components of the Mahia Wastewater Scheme including the infrastructure costs, connection costs (if any), and finance costs, relating to that property. | |

| | Differential Category ¹ | Basis for Liability | Charge (incl GST) (\$) |
|-------|--|--|------------------------|
| xiii. | Mahia Wastewater Scheme – capital repayment and finance costs associated with the scheme over 30 years. <i>In accordance with the Capital Funding Plan.</i> | The capital funding components of the Mahia Wastewater Scheme including the infrastructure costs, connection costs (if any), and finance costs, relating to that property. | |
| xvi. | Opoutama Wastewater Scheme – capital repayment and finance costs associated with the scheme over 20 years. <i>In accordance with the Capital Funding Plan.</i> | The capital funding components of the the Opoutama Wastewater Scheme including the infrastructure costs, connection costs (if any), and finance costs, relating to that property | |
| xvii. | Opoutama Wastewater Scheme – capital repayment and finance costs associated with the scheme over 30 years. <i>In accordance with the Capital Funding Plan.</i> | The capital funding components of the the Opoutama Wastewater Scheme including the infrastructure costs, connection costs (if any), and finance costs, relating to that property | |

8. Due dates for payment

That the Wairoa District Council resolves that rates be due, as set out below:

- (a) All rates (other than water by meter targeted rates) will be invoiced in quarterly instalments over the whole of the district. The due dates for payment are as set out below:

| Instalment | Due Date |
|------------|-------------------|
| 1 | 20 September 2024 |
| 2 | 20 November 2024 |
| 3 | 20 February 2025 |
| 4 | 20 May 2025 |

- (i) Water by meter targeted rates will be invoiced to all relevant rating units in quarterly instalments. The due dates are as set out below:

| Instalment | Due Date |
|------------|-------------------|
| 1 | 20 September 2024 |
| 2 | 20 December 2024 |
| 3 | 20 March 2025 |
| 4 | 20 June 2025 |

9. Penalties

That the Wairoa District Council resolves to apply the following penalties on unpaid rates:

- (a) a charge of 10 per cent will be added to any portion of rates assessed in the current year which remains unpaid after the relevant due date of each instalment as set out above. For rates other than water by meter targeted rates, the penalty will be applied on the relevant penalty date as set out below:

| Instalment | Penalty Date |
|------------|-------------------|
| 1 | 23 September 2024 |
| 2 | 21 November 2024 |
| 3 | 21 February 2025 |
| 4 | 21 May 2025 |

- (b) penalties will be applied for unpaid water by meter rates on the relevant penalty date as set out below:

| Instalment | Penalty Date |
|------------|-------------------|
| 1 | 21 September 2024 |
| 2 | 21 December 2024 |
| 3 | 21 March 2025 |
| 4 | 21 June 2025 |

- (c) an additional charge of 10 per cent on any portion of rates assessed (including previously applied penalties) in previous financial years which remain unpaid on 1 July 2025. The penalty will be added on 2 July 2025.

5.2 LONG TERM PLAN 2024-2027

Author: Michael West, Business Analyst

Authoriser: Gary Borg, Pouwhakarae - Putea Tautawhi Rangapu | Group Manager Finance and Corporate Support

Appendices: 1. Long Term Plan 2024-2027 - Draft as at 6 August 2024 [↓](#)

1. PURPOSE

- 1.1 This report requests Council adopt the Long-Term Plan 2024-2027.

RECOMMENDATION

The Business Analyst RECOMMENDS that Council receive this report and adopt the Long Term Plan 2024-2027 (attached).

2. BACKGROUND

- 2.1 Council completed its LTP consultation from mid-June 2024 and received submissions on 1 August 2024.
- 2.2 This Long-Term Plan covers 3 years from 1 July 2024 to 30 June 2027 as approved by the Severe Weather Emergency Recovery (Local Government Act 2022 – Long-term Plan) Order 2023 (SWERA).
- 2.3 The attached Long-Term Plan is made up of 5 sections as follows:
- 2.4 Section 1: sets out the strategy for the coming 3 years – in keeping with the requirements of the SWERA this section is recovery focussed and discusses the community consultation decision outcomes.
- 2.5 Section 2 of the 2024-2027 Long Term Plan sets out the levels of service each council activity area will provide over the life of this plan and sets out performance measures which will be reported on in section 2 of Councils Annual Report.
- 2.6 Section 3 of this plan contains detailed financial information about council activities.
- 2.7 Section 4 is a legislative requirement to include policies relating to finances and community engagement. For this plan we have taken the lead of our regional colleagues and included policy summary's rather than reproducing the full policy in this document.
- 2.8 Section 5 of this plan is also a legislative requirement and includes the full infrastructure strategy, discussed in other council papers.

3. NEXT STEPS

- 3.1 Elected Members are advised that editorial updates will be continuing in the forthcoming days and to send their comments to the Business Analyst for collation into the version to be tabled at the Council Meeting on 8 August for adoption.
- 3.2 Following adoption of this Long-Term Plan, printed copies will be produced and distributed to all elected members, all senior managers and copies made available in council offices.
- 3.3 Once adopted the Long-Term Plan will also be made available on the Council Website with a message also loaded on the Councils Facebook page.



LONG-TERM PLAN 2024-2027



WAIROA
DISTRICT COUNCIL

NGA RARANGI TAKE

CONTENTS

WELCOME TO OUR LONG-TERM PLAN 2024-2027

Cyclone Gabrielle (14 February, 2023) was one of the worst weather disasters to hit New Zealand. The Wairoa District was heavily impacted with hundreds of houses and businesses flooded. Wairoa was one of the most isolated communities in the Tairāwhiti and Hawke's Bay regions. Road access to the south was completely cut off for three months and other roading networks were fragile. Less than 18 months after Cyclone Gabrielle, our district suffered further flooding on June 26, 2024, when a State of Emergency was declared and around 400 properties on the southern side of our township were impacted by flooding.

The cyclone, subsequent weather events and flooding have caused enormous suffering for our people, our businesses and our farmers and have had massive implications for the Council's infrastructure and finances.

Due to the impacts of Cyclone Gabrielle, the government is allowing eight Councils, including Wairoa, to reduce their Long-Term Plan forecasts to three years rather than the usual 10 years. This allows a focus on recovery and repair of our damaged infrastructure, particularly roading.

While developing this Long-Term plan, we sought community feedback about the challenges, opportunities, and priorities facing our district to better understand what is most important to our people. While some of the engagement we had planned was challenging due to the June flooding event and Civil Defence emergency, the information and insight our communities provided has helped shape this Long-Term Plan, and we thank everyone who shared their views, concerns, and aspirations.



Image: The opening of the temporary Te Reinga Bridge

2024-2027 LONG-TERM PLAN

SECTION 1: OUR PLAN



HE KARERE NO TE KAHIKA ME TE TUMU WHAKARAE

MESSAGE FROM THE MAYOR & CHIEF EXECUTIVE

Tēnā tātau. Welcome to the Wairoa District Council's 2024-2027 Long-Term Plan.

As we are all aware, this is a particularly challenging time for our community. This Long-Term Plan focuses on balancing our recovery and rebuilding while meeting our community's needs and aspirations in an affordable and financially sustainable way.

We know how hard it is out there because we are part of it, we are ratepayers too. Elected members and Council staff are directly impacted by our current challenges.

We are committed to continuing to look after our people and keeping our whānau safe and healthy across the social, cultural, economic and environmental wellbeings. Our population is growing, and we need to continue to plan for this growth while building community resilience to weather events and natural hazards.

Two major floods within 18 months of each other and other, significant weather events impacting the entire district have placed enormous pressure on our people and our community. Our focus had been on rebuilding our district from the ravages of Cyclone Gabrielle, never expecting the south side of town would also be flooded.

Wairoa District Council is thankful to Central Government for its immediate support and understanding in this latest flooding event, which has included an urgent Government inquiry into the management of the Wairoa River mouth to determine the cause of the June 26, 2024, flooding.

Thank you to all those voluntary organisations and people who supported our immediate response and helped affected residents with the monumental cleanup. Thank you also to everyone who generously gave monetary donations through our Give a Little page and Mayoral Relief Fund.

These weather and flooding events have resulted in new and unexpected challenges requiring significant time and resources from the Council. Recovering and rebuilding are at the forefront of our minds, and we are working to ensure no one is left behind—no matter what event you were impacted by. We have hundreds of yellow-placarded houses and displaced whānau, and a priority remains to get people back into their homes.



C Little

Craig Little
Te Kahika
Mayor

K Tipuna

Kitea Tipuna
Te Tumu Whakarae
Chief Executive Officer

The road ahead

The Council's aim of being financially sustainable is to use a simple, affordable, and appropriate approach. It will cost the Council about \$36 million each year to deliver its activities and about that same amount each year to keep our assets in good condition.

Legislative changes and increased compliance requirements have added further pressure. To provide the levels of service our community expects and to strengthen our resilience to future events, we need to make significant investments in our infrastructure assets and facilities. It is important that we maintain this level of investment so we don't fall behind.

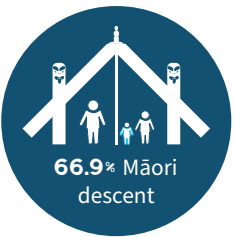
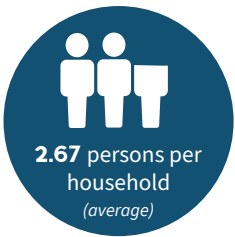
Our vast district but small ratepayer base over which to spread the cost of the Council's activities remains an ongoing challenge and concern.

As we journey this road of recovery together, we are planning for a brighter future for our district - a future that builds resilience, supports renewal and revitalisation, restores our natural environment, and grows our economy.

We have a lot of work ahead of us and tough calls to make. Working together and making responsible decisions will help us deliver what our district needs now and in the future.

TA TATAU AKE RAUTAKI

OUR STRATEGIC DIRECTION



OUR MISSION

To support the Wairoa Community through decision-making that promotes the cultural, social, economic and environmental wellbeing of the district now and in the future.

OUR VISION

Desirable Lifestyles, Thriving Economy, Treasured Environments, Connected Communities.

COMMUNITY OUTCOMES



Social wellbeing



Economic wellbeing



Cultural wellbeing



Environmental wellbeing

Our **four outcomes** reflect the importance of the social, economic, environmental, and cultural wellbeing of our community.

Each of the outcomes connects to a corresponding wellbeing, which provides a strategic match between our community’s interests and Council’s wellbeing focus.

We want the Wairoa district to grow and prosper and to ensure that this growth is sustainable. To enable Wairoa to thrive we need intergenerational decision-making that aligns with our ngā pou e whā/community outcomes.

Our future activities need to blend Council’s daily activities with our recovery and encompass:

- He Oranga Ōhanga – a thriving growing economy
- He Oranga Hapori – a vibrant, healthy and innovative community
- He Oranga Taiao – a protected, restored and connected environment
- He Oranga Tikanga – a culturally prosperous community

‘Mā te tini me te mano, ka rapa te whai oranga’
‘By working together we will prosper’

OUR PLAN

The Long-Term Plan is crucial for our future direction and goals over the next three years. It’s divided into five key sections:

Strategic Direction:

Outlines our vision, mission, and financial strategies to support community wellbeing.

Activities:

Details the services we provide their costs, funding, and contribution to our goals.

Finances: Shows planned spending, income, financial position, and capital projects.

Policies: Guides our decision-making on revenue, community engagement, and key governance issues.

Infrastructure: Focuses on essential services like roads, water, and waste management, including plans for the next 10 years.

WHAKAWEAWETIA E TE HURIPARI GABRIELLE ME NGĀ WAIPUKE

IMPACTS OF CYCLONE GABRIELLE AND FLOODING EVENTS

Cyclone Gabrielle, subsequent weather events and the June flooding and State of Emergency on the south side of town have caused tens of millions of dollars in damage to the Council's infrastructure and enormous pressures with people's homes, businesses, farms, and livelihoods all impacted.

Connectivity and reliable, resilient roading underpins Wairoa's recovery. Our local roading network has been severely impacted by landslips, dropouts, flooding, silt, and debris. Roading connectivity will be a crucial focus of spending over the next three years, and while emergency works are 100% government-funded at the moment, it is unlikely this will continue.

As a result of Cyclone Gabrielle, Wairoa lost its aged care facility to flooding, Idea Services closed, and schools, marae and kohanga reo were flooded. Community assets, including the town's community centre, camping ground, children's playground, skatepark and picturesque riverbank reserve, were severely impacted. The cyclone created significant waste disposal issues. In March 2023, around three times the annual average tonnage was deposited at the landfill, dramatically impacting our future capacity. This was further compounded by the June flooding. These weather events and flooding have had a significant impact on our three waters and there has been limited additional funding available to help us with these increased costs.

Flooding has had a massive cultural impact on significant sites, whenua, awa, and pātaka kai and impacted our community's social fabric through the loss of community facilities.

Cyclone Gabrielle impacted around 350 homes and an additional 120 homes were yellow stickered as a result of the June flooding event.

During Cyclone Gabrielle, Wairoa attracted \$2 million worth of donations to the Mayoral Relief Fund, which has been distributed to those most in need. This fund was reinstated for the June flooding and again people have dug deep with generous donations which demonstrates the aroha people have for our district.

A priority over the next three years will be to continue advocating across all platforms to attract external funding for our district.

Another area of significance is developing flood protection for our township. The government has ring-fenced \$70 million for flood mitigation works to help protect our town in the future. Different options are being worked through and we need to now also take into account the June flooding and the Government inquiry into the management of the Wairoa River mouth.

As we travel the road to our recovery, we are mindful of the district's total recovery, as well as the specific needs, in particular, of our flood impacted North Clyde community and the more recently impacted south side of town.



A TATAU TAKI

OUR CHALLENGES

Our recovery journey will take many years. We face a range of challenges, and by planning and working through these issues sustainably, we will ensure we can provide what our district needs both now and in the future.

Challenge 1: Building Resilience

The Wairoa district has suffered devastating effects from Cyclone Gabrielle, the June flooding and other weather-related events. We cannot undertake and fund recovery on our own. This plan will signal to external agencies and the NZ Government that we can fund some recovery activities but will require significant external financial support. Recovery is not only about rebuilding what we had before the weather events but also about ensuring we work together on resilient solutions. A major focus will need to be on repairing the extensive damage to our roading and bridge network to keep our communities well connected and accessible. The ongoing effects and associated costs of the cyclone and flooding and our recovery efforts will require us to make hard decisions going forward. We will need to carefully balance our usual business functions with additional recovery-related work and manage the crossovers between the two.

Roading – emergency works

Connectivity and accessibility across our vast district are vital. Following Cyclone Gabrielle, the government has provided 100% funding for emergency works. However, it is unlikely this level of funding will continue, which will create significant additional costs. In response to this, Council consulted as to how best to spend our roading funding. We asked our community for their thoughts on whether we complete our existing emergency work programme and return to a business-as-usual roading activity plan, or whether we complete the remaining emergency works, return to our business-as-usual programme, and include targeted safety and resilience improvements.

Feedback from our community was that they would prefer Council to maintain business as usual roading activities, complete the remaining emergency works and undertake targeted safety and resilience improvements on roads across our region.

Challenge 2: Affordability

Everything is becoming more expensive; Inflation is currently at 4% but has been as high as 7% in the past 18 months. When inflation rises the amount of goods and services Council can purchase with its available funds decreases. Council needs to balance community expectations, cyclone, flooding and weather-related repair work alongside rising costs.

Disposal of our waste is a large cost to the Wairoa District Council with part of this cost being passed on to ratepayers. Reducing waste can help reduce Council costs and future rate rises. As part of Council's waste minimisation focus,

we consulted on expanding our kerbside rubbish and recycling collections to include the collection of food and garden waste/organics.

Feedback from our community regarding this initiative was supportive of Council's waste minimisation push and supportive of the introduction of a food and garden organic waste collection. The exact make up of this improved kerbside collection model, which will be introduced during the life of this plan, will be determined alongside our community.

Challenge 3: Sustainable Economy

Since our last Infrastructure Strategy was published, we have improved management approaches across all our infrastructure asset portfolios to include:

- The management and use of asset data and information to support our asset management decision-making.
- The assessing and managing of risk, including completing a climate change risk assessment.
- Prioritising investment decision-making; and
- developing activity management plans that balance level of service, cost, and risk.

We have ongoing plans to improve our management approach and long-term investment decisions. This work includes aligning our infrastructure data with other Council functions, including regulatory, planning and finances.

Security of QRS

QRS is a Council-Controlled Trading Organisation owned by the Wairoa District Council. The benefits of having a locally based contracting company were demonstrated during Cyclone Gabrielle when Wairoa was cut off and alone and could only rely on local resources.

A significant amount of the profits made by QRS are returned to the Council and can be used to offset Council expenses. QRS is also a significant employer providing training and upskilling opportunities for local rangatahi. A risk is that QRS posts reduced profits, which means reduced dividends coming back to the Council and, therefore, the community. This could also limit employment opportunities.

Tautoko Wairoa

Wairoa District Council recognises the important role Council plays in sustaining the local economy. In response to the current cost of living crisis, Council aims to increase the amount of ratepayer money that stays in the local area. One of the questions we asked during our

Long-Term Plan consultation was around 'Tautoko Wairoa' and whether people wanted Council to increase the amount of goods and services it purchases locally.

In response to this our community told us they understand the need for some Council goods and services spending to have to go to national or regional suppliers but would like to see Council spend more of its money locally where it is feasible to do so.

Challenge 4: Changing priorities and legislation

Central Government Reforms

Central Government is currently conducting a wide range of legislative reforms, some of which focus on local government activities. These include changes to the Resource Management Act and the Future for Local Government review.

The Government's Local Water Done Well reforms will impact water services management. Wairoa District Council will continue to provide drinking water, wastewater, and stormwater services over the course of this Long-Term Plan, and until decisions are made regarding water services.

Compliance Obligations

The Council is required to maintain our facilities and assets in a manner that complies with evolving legislative and policy standards and obligations. In addition to ensuring our core infrastructure network and assets are safe and compliant, there are pressing issues we will need to address in the short-term.

The Council's dog pound was built more than 30 years ago, with an extension added in 2012. Currently, all operations are confined to the extension, as the initial structure does not meet legislative requirements and is no longer fit for purpose. The facility does not conform to health and safety standards and animal welfare legislation. We must address this.

The Council's current archives facility does not comply with the Public Records Act 2005 and does not provide a viable option for the safekeeping of these historical records. We sought feedback from our community during the community consultation phase of this Long-Term Plan.

Feedback from our community on options for housing our archives was clear in the need to keep our taonga in Wairoa. As a result, Council will develop options to house our archives locally and bring these options back to the community for discussion.

Challenge 5: Sustainable service delivery

Partnering with others

Some services that impact our community are provided by other partners. The Hawke's Bay Regional Council manages the effects that people and animals have on freshwater,

land, air and coastal water, as well as flood protection biodiversity, regional parks, emergency management, environmental education and regional transport. The New Zealand Transport Agency (NZTA) is responsible for State Highways. We work with these organisations to advocate for our community and align infrastructure planning.

Challenge 6: Protecting our natural environment

Solid Waste Management Now and Into the Future

A focus area is managing our solid waste now and into the future. Our current landfill cell site is nearing the end of its usable life, so an alternative option will need to be found. The two flood events have contributed to a significant amount of additional waste which has shortened the timeframe around finding a solution. We need people to take responsibility for their own waste generation and actively be better kaitiaki. If everyone makes an effort to reduce their waste, it will result in less waste to manage and, therefore, lower costs while also protecting our natural environment.

Options for replacement of the Wairoa Landfill cell was one of the big decisions we consulted our community about during the consultation phase of this Long-Term Plan. Feedback from the community in regard to our landfill decision item was to support Council in its waste minimisation push, reduce our waste as much as possible and only send what is absolutely necessary to an out of district landfill.

Looking after our environment

Extreme weather events and patterns will, and have, impacted our infrastructure and affected the Council's ability to deliver its levels of service. More frequent and intense weather events will create increased risk and damage to the Council's infrastructure and activities.

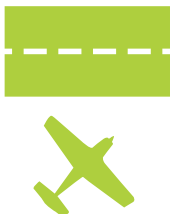





Planning helps us identify key risk areas, recognise impacts in asset and financial modelling, and prioritise funding for recovery and resilience. We will identify critical components of our networks and prioritise renewals so the network can continue to operate. We continue to monitor local weather trends, identify at-risk assets, and monitor flooding, slips, and erosion.

Looking after our environment is about ensuring we leave our district in a better state for our future generations.

A TATAU MAHI

WHAT WE DO






Wairoa district's infrastructure is key to ensuring Council can provide the services our community needs and expects. Delivering these services and activities helps us look after the social, economic, environmental, and cultural wellbeing of our people and the district.

| ACTIVITY | DESCRIPTION | REPLACEMENT VALUE |
|---|--|------------------------------------|
| TRANSPORT  | <ul style="list-style-type: none"> • 871km road (323km sealed) • 174 bridges • 448 retaining structures • 54km footpaths • 7.4km cycleways • maintenance of an operational airport • streetlights • maintenance of Marine Parade CBD | \$576.3M As at July 2023 |
| WATER SUPPLY  | <ul style="list-style-type: none"> • 3 water supply networks • 118km water pipes • numerous valves • hydrants • water reservoirs | \$74.4M As at July 2023 |
| WASTEWATER  | <ul style="list-style-type: none"> • 4 wastewater networks • 59km of wastewater pipes • numerous manholes • treatment plants • wastewater pump stations | \$57.8M As at July 2023 |
| STORMWATER  | <ul style="list-style-type: none"> • 41km stormwater pipes • 24km of channels and drains • sumps | \$38.4M As at July 2023 |
| WASTE MANAGEMENT  | <ul style="list-style-type: none"> • kerbside waste collection • management of transfer stations • landfill management • litter bins • recycling services | \$1.1M As at July 2023 |
| PENSIONER HOUSING  | We have 32 pensioner flats across 6 locations. These consist of 16 bedsits, and 10 single and 6 double units. | \$8.96M As at July 2023 |

A TATAU MAHI

WHAT WE DO

Wairoa district’s infrastructure is key to ensuring Council can provide the services our community needs and expects. Delivering these services and activities helps us look after the social, economic, environmental, and cultural wellbeing of our people and the district.

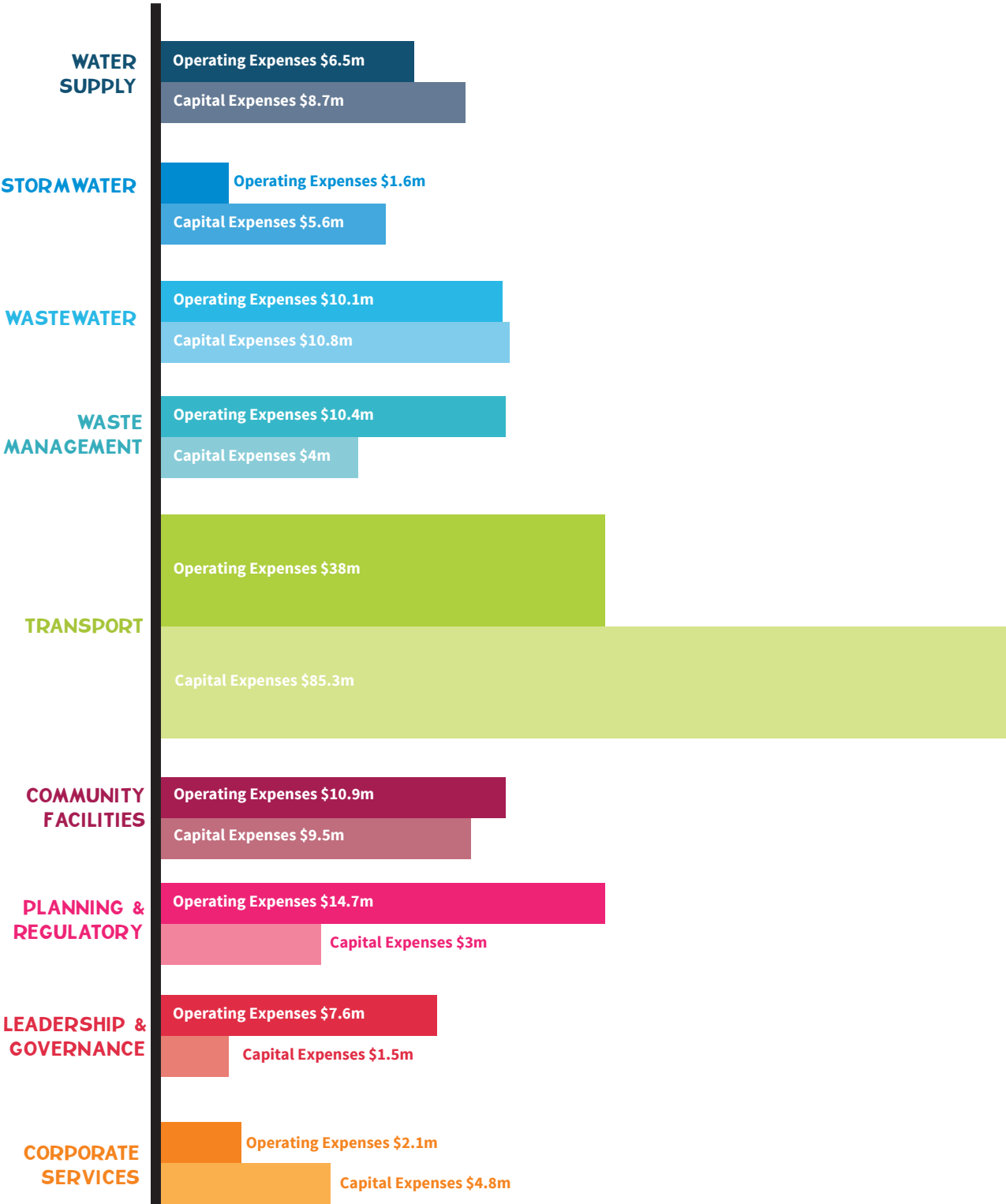
| ACTIVITY | DESCRIPTION |
|--|---|
| <div>COMMUNITY FACILITIES</div> <div></div> | <div><ul style="list-style-type: none">• public toilets• lighthouse• civic buildings/halls• cemeteries• playgrounds• library• sports parks• Gaiety Theatre</div> <div><ul style="list-style-type: none">• gardens• street trees• Wairoa Community Centre• rural transfer stations</div> |
| <div>GOVERNANCE & COMMUNITY</div> <div></div> | <p>Provide for community representation and support community participation in democracy. Provide support and development in the areas of emergency management, community engagement, economic development, archives, and records. Develop relationships with tangata whenua and facilitate Māori participation in decision-making.</p> |
| <div>CORPORATE SERVICES</div> <div></div> | <p>Provide corporate services (incl. customer services, finance, administration, rates services, legal compliance, policy development) and property services for Council-owned properties. Hold investments and manage funds to support Council activities.</p> |
| <div>PLANNING AND REGULATORY</div> <div></div> | <p>Regulatory activities including resource planning, environmental health, building control, alcohol control, dog and livestock control, and general bylaw enforcement.</p> |
| <div>RECOVERY</div> <div></div> | <p>Wairoa's recovery focus is to rebuild our homes, businesses, infrastructure and wairua in the wake of damage caused by Cyclone Gabrielle and the June 26, 2024, flooding event. There is a focus to build back better and support our community to be more prepared and resilient for the future.</p> |

TE UTU WHAKAHAERE I NGĀ RATONGA

COST OF SERVICE

Providing these services and activities for our community comes at a cost. The graph below shows what Council plans to spend on each activity group to keep it running and in good condition for the next 3 years.

Note: These costs are the forecast operating and capital expenditure for 2024-2027



TE HAUPŪ PŪTEA I NGĀ RATONGA

FUNDING OF SERVICES

Our services and activities are funded in different ways. It's important that our community knows how the cost is spread. For example, rates are used to pay for about 60% of the total cost of delivering these services. The balance is funded from subsidies, fees and other income.

Note: These costs are the forecast operating and capital expenditure for 2024-2027.

RAUTAKI AHUPUTEA

OUR FINANCIAL STRATEGY

Introduction

This Financial Strategy sets out how Council intends to fund its activities and projects, deliver sustainable service levels and achieve the community objectives contained in its Long-Term Plan (LTP) 2024-27 and the corresponding three years of its infrastructure strategy.

The Wairoa district has experienced two major emergency events in the past 18 months. Cyclone Gabrielle, the most severe weather event in 40 years, caused considerable damage to our roading and three waters networks. In June 2024, another event caused significant flooding to a different part of the township than was flooded during Cyclone Gabrielle.

The recovery from these events will take many years and its effects have been considered as part of this strategy.

This strategy will guide Council on the use of appropriate funding tools to pay for this expenditure, so that it can continue to deliver effective and affordable services to the community now and into the future.

It examines the key drivers that will affect Council’s funding and expenditure, the risks associated with the assumptions it has made, and the use of available tools to deliver its outcomes and allow for changing circumstances.

Council continues to face significant challenges to deliver desired levels of service within an affordable funding envelope. We will continue to strive to deliver effective services at an affordable cost. Despite this we also need a reset, to respond to events of the past three years and reposition the Council to a sustainable financial footing.

Council has historically been able to keep rates increases below 5%. It achieved this primarily by not rating for depreciation, selling surplus assets, and deferring expenditure. These measures are not sustainable and since 2021, from the effects of Covid-19 through to the recent weather events on our costs means these levers are not even available in the short term.

Council acknowledges minimal rates increases are desirable, but this is not achievable unless levels of service are reduced.,

Over the next 3 years, Council forecasts spending a total of over \$135 million in operating costs and \$141 million in capital expenditure. Natural emergency event recovery will make up \$3 million of operating costs and \$20 million of this capital expenditure.

We project rates increases averaging 10% over the next three years while we project debt to increase by an average of \$10 million per year. This is within our available debt covenants, but we are conscious that it adds to the

affordability challenges for future generations.

Background

What hasn’t changed...

Wairoa’s low population density and the large remote expanse of land over which Council delivers infrastructure and services present continuing affordability challenges. Our remoteness and landscape, whilst presenting wonderful lifestyle benefits, adds to this.

The costs of meeting increasing compliance requirements and the community’s desired levels of service in all areas will continue to rise.

Council is heavily dependent on Waka Kotahi subsidies to maintain its roading network and, at 75%, receives almost the highest funding assistance rate in the country.

Due to significant increases in contract prices, we have become more reliant on borrowing to undertake essential upgrades to infrastructure and facilities. The weather events experienced by the region mean this trend is forecast to continue over the three years of the LTP.

What has changed..

Post COVID-19, Wairoa and the Hawke’s Bay Region has proven its resilience with a strong primary economy, we are mindful of the effects the pandemic has had on the global, national, and local economies. We are also aware of the region’s reliance on sheep and beef farming.

Our Financial Objectives

Our mission in this strategy is financial sustainability, our financial objectives are:

| Object | Simple | Affordable | Appropriate |
|------------------------------|--------|------------|-------------|
| Certainty of Rates Increases | | ✓ | ✓ |
| Optimise External Revenue | ✓ | ✓ | ✓ |
| Value for Money | | ✓ | ✓ |
| Intergenerational Equity | ✓ | ✓ | ✓ |
| Debt Remains Manageable | ✓ | ✓ | ✓ |

These objectives are the pillars upon which we will seek to build a financial framework to enable us to deliver effective services and infrastructure now and into the future, as economically as possible. We may not achieve them all at the same time and sometimes they will conflict. There will need to be a balance. It is a long road with many turns ahead.

Council has adopted a range of benchmarks to assess how we are progressing. These are illustrated throughout this strategy.

Assumptions - What We Are Planning For

This section discusses the key factors that will affect Council’s ability to achieve its objectives in this strategy. For each area, a table is presented showing Council’s assessment of the risks that the area presents to achieving these objectives and the degree to which opportunities may be developed to contribute to favourable outcomes. More detail is provided in the Overall Assessment.

The key factors that will influence Council’s ability to achieve its financial objectives are:

- Population
- Economic factors (local growth rate, cost of borrowing, inflation)
- Land Use
- Maintaining Levels of Service – Ageing Infrastructure

Population

At the 2023 census, Wairoa had a population of 8826 residents, 69% of whom identified as being of Māori descent. 2023 census data projects the population to increase to 9200 by 2033. The data indicates overall growth in the

district will be minimal with the current infrastructure, facilities, housing stock being sufficient to meet the district’s needs.

It is hoped that population growth will stimulate economic growth that will improve household incomes and make Council activities, as part of the general cost of living, more affordable.

Therefore, the main challenge that Wairoa’s population presents to achieving these financial objectives remains spreading the cost over a small base.

To exacerbate this, trends show that there are fewer people per household, which means more homes requiring infrastructure without a corresponding increase in population to pay for it.

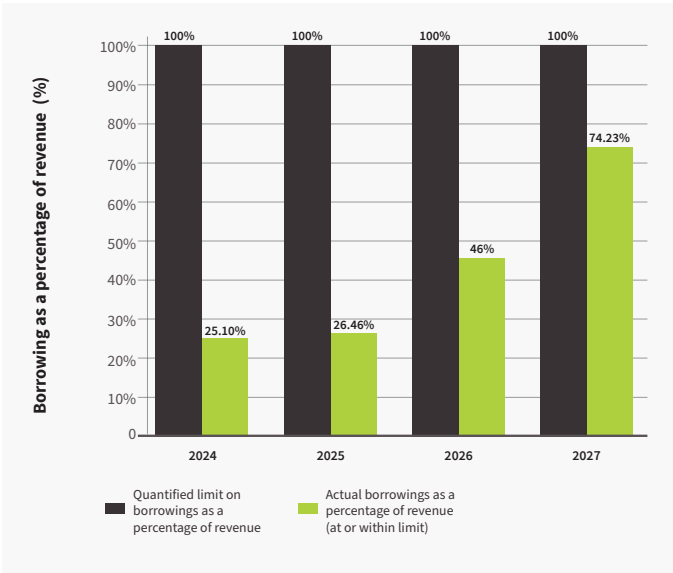
Wairoa’s population is expected to remain approximately two thirds’ Māori. This presents no implications for Council’s financial strategy, but alongside its new Revenue and Financing Policy Council has adopted updated Rates Remission and Postponement policies, with particular attention to the prospective growth of Papakāinga and the progression of the Local Government (Rating of Whenua Māori) Amendment Bill.

The table below summarises Council’s assessment of the Risks and Opportunities that Population factors represent for the Financial Strategy.

| | Population | |
|------------------------------|--|---|
| | Risk | Opportunity |
| Certainty of Rates Increases | High – small population and large geographical spread provides a small funding base for escalating costs | Low – growth would need to be high percentages to make a significant difference to spreading the load |
| Optimise External Revenue | Low – our diversity is a strength and does attract external funding | High – our community was an important factor in the amount of PGF funding we were able to attract |
| Value for Money | High – cost increases always likely to exceed rate of population growth | Medium – cost of service discussion with an engaged community improves transparency |
| Intergenerational Equity | Low – shared objectives with regards to future generations | High – involving the community in future planning helps preserve sustainable services |
| Debt Remains Manageable | Medium – must maintain borrowing within prudent limits so that debt servicing does not become a large part of day-to-day expense | Low – limited scope for targeted rates for specific projects |

These objectives are the pillars upon which we will seek to build a financial framework to enable us to economically deliver effective services and infrastructure now and into the future. We may not achieve them all at the same time and sometimes they will conflict. There will need to be a

balance. It is a long road with many turns ahead. Council has adopted a range of benchmarks to assess how we are progressing. These are illustrated throughout this strategy.



Economic Factors
The Local Economy

Wairoa has a strong primary industry and local GDP. Employment is trending modestly upwards, but below regional and national averages.

The is a concentration of employment around the Wairoa township, with the district's largest single employer accounting for the equivalent of approximately 12% of the town's population and making a significant contribution to export GDP. The three largest employers combined make up roughly 16%.

The rural economy has traditionally been dominated by pastoral farming, which also makes a substantial contribution to export GDP, but there is a concern that substitution into forestry will dilute this, and the wealth retained in the district.

There are a small number of large industrial entities that depend on Council's infrastructure. We will seek to partner with them to ensure that it meets desired service levels and is appropriately funded.

In June 2024, the average house price was \$379,893, an annual decrease of 0.3%. When compared to the national house price average of \$916,285, Wairoa continues to be an inexpensive place to buy property. However, supply is severely limited and the district's remoteness and small population mean it is not necessarily cheap to live.

The post COVID-19 property boom has seen property prices remain static or fall across the country. Wairoa has also experienced this with the average price in July 2021 being \$424,973. This along with the cost-of-living crisis means residents are more likely spend less and focus on core essentials putting pressure on businesses to stay open.

Macronomics
Challenge 1 – Ability to Borrow

To meet the costs of disaster recovery and its capital works programme, Council will need to borrow, on average, \$10 million extra over the three years of the LTP. At 1 July 2024, Council's total external borrowing was \$10.938 million with the forecast being to have debt of \$41.4 million by 30 June 2027.

Council has a self-imposed debt limit of 100% of total revenue. The graph below illustrates that Council forecasts to peak at 74.5% of total revenue which is within its limit. Over the LTP, Council forecasts to have headroom to borrow more in the case of unexpected events - such as natural disasters.

As a member of the Local Government Funding Agency (LGFA), Council can borrow up to 175% of its revenue. Council considers this to be high risk and views 100% of revenue as an important affordability threshold for its community. This is reflected in our Liability Management Policy.

Council is not a guarantor to LGFA, but with forecast debt levels exceeding \$20 million, it will need to review the benefits and costs of becoming a guarantor to secure cheaper debt.

Council expects to maintain a minimum holding of cash over the three years to pay its bills as they fall due.



Our Response
Borrowing is an appropriate funding tool for long-term assets. Council will use any borrowing prudently to fund the infrastructure that delivers core services now and into the future, without creating an unmanageable affordability challenge Council has been forced to borrow to cover the costs of replacing assets affected by Cyclone Gabrielle and the June floods. Due to the uncertainty associated with the Recovery programme, Council's will need to hold cash levels sufficient to meet its commitments which may vary considerably. To make good use of this cash holding we will make use of short-term deposits and investments until it is needed to pay the bills.

To pay for improvements in infrastructure sustainably and maintain levels of service, Council will borrow up to

the levels that it considers prudent - 100% of revenue. It will rate for the repayment of this debt over the life of the corresponding assets, in lieu of rating for depreciation. This will ensure that each year the community that benefits from this infrastructure will pay its share.

Challenge 2 – Cost of Borrowing

The other half of the borrowing equation is the cost of borrowing. Interest rates have been low for many years and Council has made use of this to borrow for essential capital works at competitive rates. Post-COVID-19 has seen an increase in the OCR rate, but current Reserve Bank projections indicate these will fall from their current peak in late 2024, early 2025. There is always a risk that rates will increase in the future, but Council tries to mitigate this through its liability management policy. We are in the same waka as every other Council, with a large works programme to catch up on and limited reserves available to pay for them.

As previously stated, Council's membership with the LGFA enables us to borrow at competitive rates. Our financial forecasts assume these rates will be available throughout this strategy. However, we also recognise the risk that economic pressures will cause interest rates to rise in the future.

Council has a statutory limit of finance costs being less

than 10% of revenue which it forecasts to stay within over the life of the LTP.

Council has considered a tighter assessment, considering the following:

- The ability to service debt also includes the ability to meet repayments.
- Total revenue includes subsidies, primarily from Waka Kotahi which are specifically intended for maintaining and improving our roads. This revenue is not to be used to cover interest and debt repayments.

Council has modelled its own debt servicing measure to ensure that the scale of borrowing will continue to be affordable. In the graph below, Forecast Debt Servicing includes interest expenses, and the amount required to be rated for loan repayments and is expressed as a percentage of revenue excluding subsidies. This is the annual cost that the community will bear. Council will maintain a limit of 10%, but it will be based on this adjusted revenue figure. This shows that debt remains affordable throughout the plan.

Challenge 3 – Inflation

In our financial forecasts we have applied the nationally recognised inflation rates provided by Business and Economic Research Ltd (BERL).

The table below shows the estimated inflation rates that we have used as inflators for this LTP.

BERL (Business and Economic Research Ltd) Local Government Cost Adjusters

| Cumulative change (since 2023) | | | | | |
|--------------------------------|-----------------------|---------|-----------|-----------|---------------------|
| Year | Planning & Regulation | Roading | Transport | Community | Water & environment |
| 2024 | 3.4% | 3.8% | 3.4% | 3.5% | 5.0% |
| 2025 | 2.6% | 2.9% | 2.6% | 2.7% | 3.6% |
| 2026 | 2.1% | 2.0% | 2.1% | 2.0% | 2.5% |
| 2027 | 2.2% | 2.3% | 2.2% | 2.2% | 2.7% |
| 2028 | 2.1% | 2.3% | 2.2% | 2.2% | 2.6% |
| 2029 | 2.0% | 2.2% | 2.1% | 2.1% | 2.5% |
| 2030 | 1.9% | 2.1% | 2.0% | 2.0% | 2.3% |
| 2031 | 1.9% | 2.0% | 2.0% | 1.9% | 2.3% |
| 2032 | 1.9% | 2.0% | 1.9% | 1.9% | 2.2% |
| 2033 | 1.9% | 2.0% | 1.9% | 1.9% | 2.1% |
| 2034 | 1.9% | 1.9% | 1.9% | 1.8% | 2.1% |
| 20 Year Average | 2.4% | 2.6% | 2.4% | 2.4% | 3.1% |

Council will use its reserves to fund some of the costs, but over the three years the balances are forecast to reduce. In general, these have built up over time by Council putting away funds over time accumulating to the point when they are needed. The level of renewals required over the three years of the LTP will result in lower balances held.



For the year ended 30 June 2025, we have applied known contract rates. Prices rarely decrease, and in the public sector they often go up more than normal. In Wairoa, we have the added challenge of remoteness and size, making the local market less competitive due to the small number of suppliers. Noting that these are averages applied across the entire country, the Wairoa experience may be quite different.

Council rates for approximately 60% of its operating costs, which means a 1% variation in inflation would increase rates by 0.6%. However, this assumes that nothing else will change. In the LTP 2021-31 we applied the corresponding inflation rates in our forecasts.

As well as the factors peculiar to Wairoa, increasing requirements for safety and regulatory compliance continue to affect the cost of provision. Furthermore, the economic stimulus packages have been beneficial to the local and national economy, but there is a real prospect of the demand from this causing upward price pressure in the market, placing Wairoa at a potential disadvantage.

In addition, due to its dependency on subsidies from Waka Kotahi, significant price changes may limit the amount of work that can be completed without additional input from Council.

Our Response
Council’s ability to insulate against future price increases is restricted to developing smart collaborative procurement techniques, careful contract management and disciplined budgeting.

Costs are far more likely to increase due to changes in the safety, regulatory and compliance areas for all activities. If these activities become unaffordable Council will need to review its levels of service with the community.

The table below summarises Council’s assessment of the Risks and Opportunities that Economic factors represent for the Financial Strategy.

| | Economic Factors | |
|------------------------------|---|---|
| | Risk | Opportunity |
| Certainty of Rates Increases | Medium – population size presents an exposure to extreme changes in inflation or interest rates | Low – limited investment holdings and modest returns |
| Optimise External Revenue | Low – subsidies set at co-contribution rates, some exposure on what can be delivered | Medium – strong relationships with funders have seen Wairoa achieve above average investment |
| Value for Money | Medium – some revenue lines may not increase at the same rate as costs | Low – already benefiting from low interest rates |
| Intergenerational Equity | Low – funding plans in place to deliver the same levels of service in the future | High – economic recovery stimulus packages have delivered improvements to long-term infrastructure and facilities |
| Debt Remains Manageable | Low – debt used as part of a balanced funding approach and repayments included in funding plans | Medium – capacity built in to take advantage of refinancing options |

Land Use
Council’s Infrastructure Strategy refers to:

- Anticipated transfer of land use from farming to forestry and horticulture.
- Development of the rural and primary economy
- Increase in residential building in Māhia and Wairoa.

The first two items will specifically affect the consumption and cost of maintaining and improving the roading network.

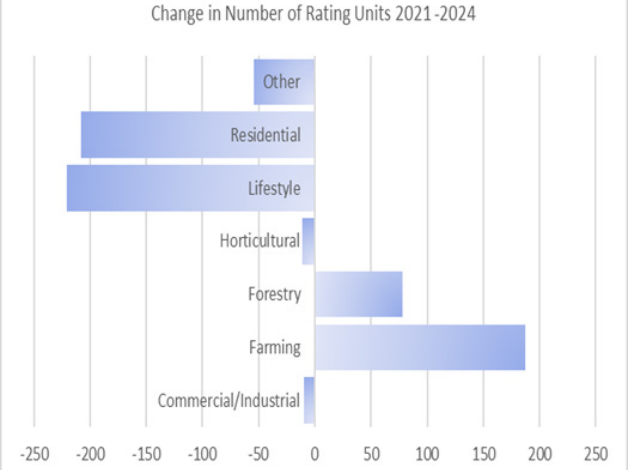
With regards to residential growth, improvements to the stormwater network are specifically anticipated, particularly in Māhia. The potential for growth on the peninsula may be compromised by the capacity of infrastructure and the evolving regulatory framework concerning climate adaptation. Consequently our current growth forecasts are modest.

These trends have been observed since the last update to the LTP, and as shown in the graphs below illustrate what

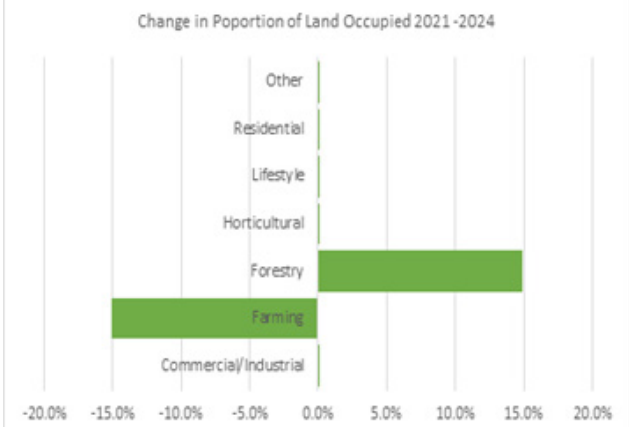
changes have occurred with regards to land use since the 2021 LTP.

The total number of rating units has reduced by 239 since 2021. This is mostly because of the amalgamation of rural titles, with lifestyle and residential units associated with farms being combined into single titles.

There is some modest development of housing stock, but this is way below the demand for affordable housing, especially after the impacts of the weather events.



Conversely the number of rating units whose main use is forestry has virtually doubled as farm conversions continue to be an attractive proposition. In 2021, for every hectare of land planted in forestry there were 2.4ha of land used for farming. Today that ratio is 1.2.



Our Response

Due to financial constraints and the total amount of approved funding we are likely to receive from Waka Kotahi, there is limited capacity to augment the land transport management programme. It is more likely that work will need to be prioritised to meet this change in demand unless funding becomes available.

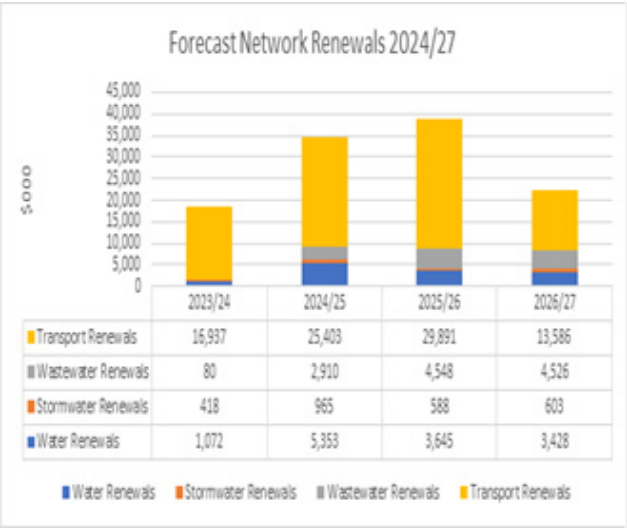
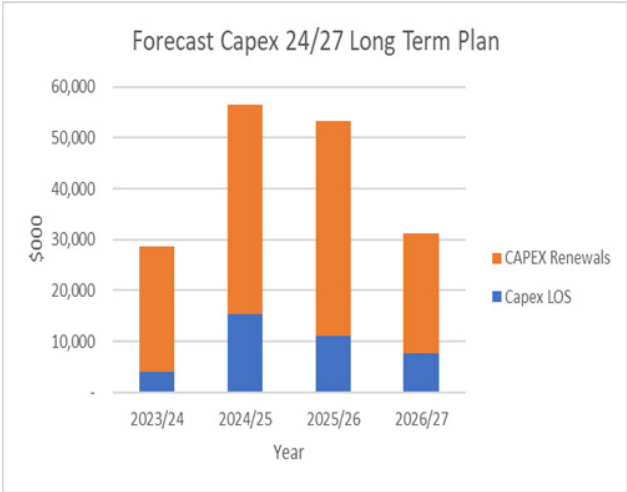
In the future Council will need to maintain these assets to a higher standard so that they remain serviceable to the users.

Our main lever is therefore seeking to ensure an appropriate distribution of funding needs, primarily through rates. In 2021, Council completed its rating review and adopted an updated methodology. Specific features that addressed the impact of land use changes included:

- Transitioning to a general rate assessed on capital value, partly on the basis that development drives the cost of infrastructure.
- Incorporating the forestry roading differential roading factor into the streamlined capital value rating system and applying a differential factor of four overall to reflect the relative impact on community wellbeing outcomes;
- Moving 10% of the rates for all water activities to the general rate, recognising the community benefit from healthy water systems.

The table below summarises Council’s assessment of the Risks and Opportunities that Land Use changes represent for the Financial Strategy.

| | Land Use | |
|------------------------------|--|---|
| | Risk | Opportunity |
| Certainty of Rates Increases | Medium – significant changes may affect demand and cost effectiveness of services | Medium –new rating policy enables Council to respond with greater agility and consistency |
| Optimise External Revenue | Low – observed trends in land use are more likely to justify continuation of high subsidy rates | Medium – link to economic development, options to explore financial contributions may arise |
| Value for Money | Medium – changes in land use may affect demand for Council activities which are planned over the long-term | Medium – new development may create sufficient demand to increase fees and charges |
| Intergenerational Equity | Medium – rapid change may create redundancy or deficiencies in infrastructure | Medium – co-design with community partners to support sustainable outcomes |
| Debt Remains Manageable | Low – the only risk would be redundant capacity and a need to finance significant unexpected changes to assets | Low – unlikely that co-funding opportunities would supersede existing arrangements |



Maintaining Levels of Service Through Ageing Infrastructure

Council forecasts spending \$141 million over the three years of the LTP. \$107 million of this relates to maintaining the current asset base with the remainder invested in improving the level of service. \$95 million of the renewals relates to maintaining the Council’s infrastructure network as illustrated below. Transport is responsible for \$17 million of the LOS improvement forecast to be undertaken over the three years.

Levels of Service - Affordability and Balancing The Books

Council funds its infrastructure activities through a mixture of rates, subsidies, grants and other fees and charges, and seeks central government funding, and development contributions.

Most funding comes from rates, with land transport heavily subsidised by Waka Kotahi NZ Transport Agency (Waka Kotahi). Council also uses debt and reserves to spread the funding of large costs, especially capital expenditure, over the life of the asset.

Over the period of this Strategy, Council will be exploring alternative funding sources to maintain its current levels

of service to the district.

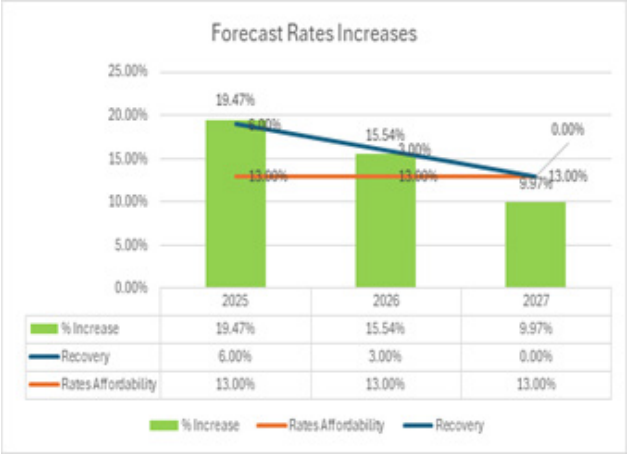
Council has adopted a funding approach that it considers prudent and sustainable. As part of this approach, it takes an activity-by-activity- approach to depreciation fund rating for renewals.

Depreciation funding rates is rated in ranges from 0% to 100% and Council will not rate for depreciation in circumstances where other funding is available.

We have set a rate increases affordability quantified limit of 13% over the life of the plan. With forecast increases of 19.47% in 2024/25 and 15.54% in 2025/26, we acknowledge breach of the limit in years one and two but believe it is prudent to do so.

The breach of the limits is attributable to the ongoing costs of recovery being 6% in 2024/25 and 3% in 2025/26.

We forecast a rates increase of 9.97% in 2026/27 which is within the limit.



Other Policy Conditions

Borrowing

Council’s primary security for borrowing is its ability to set rates. We do not currently offer assets as security but will consider alternatives if it is prudent to do so. This may require an update to our Liability Management Policy.

Investments

Council will not speculate on the securities or other financial markets but will invest where there is clear economic benefit to the district, where the risk is within the parameters of the investment policy and where such investment contributes to the achievement of community outcomes.

Council owns 100% of the equity in Quality Roading and Services (Wairoa) Ltd (QRS). The main purpose of this investment is to maintainand enhance competition for local infrastructure contracts issued by Council.

QRS is a significant employer in the district and its presence in Wairoa also ensures resources are available to respond to emergencies. QRS distributes a percentage of its profit

to Council. The targets for QRS are set out in the company’s Statement of Intent that is agreed with Council annually.

Council’s portfolio of bonds and other liquid investments is held to:

- Provide emergency funds
- Represent reserves accumulated for asset renewals
- Earn a return on surpluses, and deposits.

Our current average return on these investments is 4%. We have maintained this in our financial forecasts, although since they will be expended by 2024 this is of limited relevance. As a minimum, we expect a return of 0.75%

above our cost of borrowing, which is currently 2.5% As described in economic factors earlier in this strategy, future decisions between repaying loans or increasing investments will be made based on the cost of borrowing versus available returns on bonds.

Council owns a minority shareholding in Civic Financial Services Ltd. The sole purpose of this is by virtue of Council’s membership of the mutual insurance funds that the company administers. No return is anticipated on this investment.

A TATAU WHAKAKAUPAPA

OUR PLANNED PROJECTS

As we recover and rebuild, Council’s attention will remain on delivering services and looking after our assets to support our community outcomes. The following projects are critical works required to support recovery efforts and maintain our assets in safe and good working order. They also ensure we meet or exceed our legislative and policy obligations.

Feedback from the community has confirmed the importance of ensuring our core infrastructure, facilities, and services are fit for purpose and meet our legal obligations and community needs now and into the future. We heard the importance of flood protection and mitigation, of safeguarding our river, waterways, land, and environment from the effects of climate change and development.

LAND TRANSPORT PROJECTS

The land transport improvements are a continuation of projects initiated within the last three years. These improvements are intended to increase the resilience and longevity of our network while maintaining safety and serving the needs of the community effectively.

| PROJECT | DESCRIPTION | COST OVER THE NEXT 3 YEARS |
|----------------------------|---|--|
| ROAD PAVEMENT IMPROVEMENTS | <ul style="list-style-type: none">• 300m dust sealing per year• 300m traction sealing per year• Widening/side benching | \$1.63M Funding source: NZTA 75%, WDC 25% |
| RESILIENCE IMPROVEMENTS | Including tree planting, retreats, bank stabilisation on key river routes. | \$1.9M Funding source: NZTA 75%, WDC 25% |
| ROAD SAFETY IMPROVEMENTS | Implementing recommendations of the Safety Audit Project. Includes road widening, new signage and safety barriers, traffic calming and speed management. | \$4.66M Funding source: NZTA 75%, WDC 25% |
| DRAINAGE IMPROVEMENTS | Includes piping open drains and culvert capacity upgrades. | \$3.4M Funding source: NZTA 75%, WDC 25% |
| BRIDGE IMPROVEMENTS | Bridge deck and guardrail improvements, strengthening and replacements, seismic and scour resilience improvements. | \$1.84M Funding source: NZTA 75%, WDC 25% |
| AIRPORT | The importance of the airport was highlighted following the cyclone and resulting isolation. It continues to be critical to access regional health services. Extension of the runway will provide greater service to the community in the future and during Civil Defence emergencies. Maintenance, repairs, and upgrades of the facility are required to meet civil aviation requirements. | \$1.8M Funding source: Kanoa 60%, WDC 40% |

| PROJECT | DESCRIPTION | COST OVER THE NEXT 3 YEARS |
|---|---|---|
| WATER SUPPLY | | |
| UPGRADE TO WAIROA PUMPING, INTAKE AND MARINE PARADE RETICULATION | <p>Maintenance, upgrading, and reinforcement of our water treatment and supply network will ensure they are compliant and responsive to the demands of a growing district.</p> <p>The Wairoa pumping main is critical to the town's water supply. Addressing the ageing Wairoa pumping main, intake and Marine Parade reticulation will ensure continued and reliable provision of safe drinking water.</p> | <p>TOTAL \$13.3M</p> <p>Funding source: WDC 100%</p> |
| STORMWATER | | |
| MASTER PLANNING AND STORMWATER MODELLING | <p>Upgrades to our stormwater infrastructure will promote safety, compliance, and resilience of our facilities. Planning and modelling of our stormwater network will help better understand the condition of the network and identify and project any capacity issues.</p> | <p>TOTAL \$5.8M</p> <p>Funding source: WDC 100%</p> |
| WASTEWATER | | |
| TREATMENT POND UPGRADES | <p>A key project involves modifications to the wastewater treatment ponds to increase the level of treatment and minimise discharge into the Wairoa River. This is part of a larger plan to cease discharge into the river to align with government legislation.</p> | <p>TOTAL \$2.5M</p> <p>Funding source: WDC 100%</p> |
| COMMUNITY PROJECTS | | |
| PLAYGROUND RENEWALS | <p>Maintenance and upgrading of playgrounds at North Clyde, McLean Street and Clyde Domain.</p> | <p>\$1.2M</p> <p>Funding source: Reserves and WDC contribution to attract external funding.</p> |
| COMMUNITY CENTRE | <p>Refurbishing the stadium floor, updating equipment and ensuring the building meets health and safety requirements. Upgrades to pools and upgraded lighting as well as renovations to ensure building continues to meet health and safety requirements as well as building a new storage facility.</p> | <p>\$1.69M</p> <p>Funding source: Reserves and WDC contribution to attract external funding.</p> |
| MOUNTAIN BIKE PARK IMPROVEMENTS AND CYCLEWAYS | <p>Updates to the mountain bike park will improve our assets and recreation area while promoting tourism.</p> | <p>\$80K</p> <p>Funding source: WDC contribution to attract external funding.</p> |
| DOG POUND FACILITY | <p>The current facility does not meet legislative requirements. A new purpose-built facility is required to meet legislative standards, evolving animal welfare legislation and health and safety requirements.</p> | <p>\$1.5M</p> <p>Funding source: WDC 100%</p> |
| FRASERTOWN RESERVE DEVELOPMENT | <p>This is a new community asset. Development options include a new community hall to replace the fire damaged building, toilets, courts, changing rooms, playground.</p> | <p>\$676K</p> <p>Funding source: Insurance and external funding.</p> |
| PENSIONER HOUSING | <p>Keeping our pensioner housing safe and habitable requires meeting the standards of a good landlord. This includes ongoing maintenance and refurbishment.</p> | <p>\$214K</p> <p>Funding source: Reserves.</p> |



YOUR DECISIONS

In building this Long-Term Plan we asked our community for their thoughts on our Major Projects for the next three years. The table below summarises our community’s opinions.

| Consultation Item | We Asked | You Said |
|--|--|--|
| Tautoko Wairoa | Should Council purchase more of its goods and services locally? | Purchase more Goods and Services locally if it makes financial and economic sense. |
| Our Roads | How do we best prioritise our roading funding? | Complete the remaining emergency works, continue with business-as-usual activities, and make our roads safer and more resilient. |
| Wairoa Landfill | Should we build a new landfill cell in Wairoa? | Reduce waste as much as possible and only send waste out of district if it is necessary. |
| Kerbside Collection | Should we introduce wheelie bins and organic waste collection? | We support the introduction of food and organic waste collection and would like to help design a collection model that works for our communities. |
| Wairoa and North Clyde Central Business Districts | Should the Council spend \$300,000 over three years upgrading Marine Parade and North Clyde? | We need to enhance the Wairoa CBD, businesses should be encouraged to take part, however, spend the funds on public amenities (trees, flowers, footpaths). |
| Protecting our Taonga – The future of our Archives | Where should Councils archives be housed? Locally or out of own? | Keep our Taonga in Wairoa where we can all access them. Also investigate how we can digitise these Archives to increase access. |

TA TATAU WHAKAHAERE-A-KAUNIHERA

OUR COUNCIL-CONTROLLED ORGANISATION

Quality Roothing and Services (Wairoa) Limited or QRS is a Council Controlled Organisation 100% owned by Wairoa District Council.

Council-Controlled Organisations (CCO)

Council Controlled Organisations (CCO) are defined by the Local Government Act 2002 as entities in which the Council holds over fifty percent shareholding or has the authority to appoint over fifty percent of directors. There are trading and non-trading CCOs, with trading ones like Council-Controlled Trading Organisations (CCTO) functioning akin to profit-making companies. An example is QRS, serving as both a CCO and CCTO.

Reasons for owning a CCO

Ownership of a CCO serves several purposes. It allows the Council to maintain expertise in construction, roading, and maintenance while fostering competition to reduce ratepayer costs. Supporting community initiatives is also central, with QRS being a major local employer and contributor to various community events, sports, and strategic sponsorships.

Accountability

Accountability is crucial, with QRS answerable to the Council, which sets objectives and monitors performance. The Council, in turn, is accountable to ratepayers for QRS’ effectiveness and cost-efficiency. Annually, QRS agrees to a publicly available Statement of Corporate Intent with the Council, detailing activities, performance targets, reporting requirements, and more. QRS reports its performance against this statement at the fiscal year-end.

The Local Government Act 2002 outlines key objectives for CCOs, including meeting shareholders’ objectives, being a responsible employer, exhibiting social and environmental responsibility, and for trading CCOs, adhering to sound business practices.

As per legal requirements, the Long-Term Plan includes information on Council-Controlled Organisations, with the following section summarising details from QRS’ Statement of Corporate Intent.

Nature and scope of activities

QRS specialises in roading maintenance, civil construction, and quarrying, offering a comprehensive range of civil engineering services and equipment.

- Its principal activities include:
- Roothing maintenance and associated construction
 - Civil construction projects
 - Quarrying operations
 - Heavy transport services
 - Reserves maintenance
 - Waste management solutions

Any surplus profits generated by QRS are directed to the Council in the form of dividends and community support initiatives.

Ownership policy and objectives

The Council’s plans for QRS remain unchanged, with no intention to alter its ownership or control during this plan’s term. The objectives set for QRS are:

- Maintain profitability and achieve all financial targets.
- Ensure positive cash flow for the company.
- Maintain effective governance within the company.

Further details can be found on QRS’ website at www.qrs.co.nz

Key performance indicators

| | 2024/25 | 2025/26 | 2026/27 |
|---|-------------|-------------|-------------|
| Net profit as a percentage of opening shareholder funds | 6% | 6% | 6% |
| Net profit after tax | \$2,160,000 | \$2,268,000 | \$2,381,400 |
| Shareholder Distribution forecast* | \$250,000 | \$250,000 | \$250,000 |
| Ratio of shareholder funds | >45% | >45% | >45% |

**\$250,000 per year is forecast as the minimum Shareholder Distribution from QRS, however the actual amount received is expected to be higher.*



2024-2027 LONG-TERM PLAN

SECTION 2: OUR ACTIVITIES

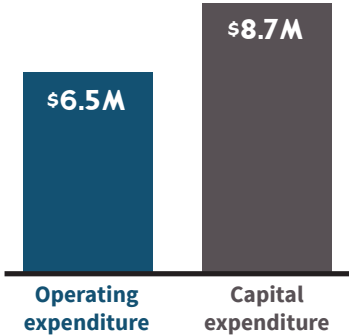




PUNA WAI

WATER SUPPLY

COST OVER 3 YEARS



WHAT WE DO

We produce 2.9 million litres of drinking water daily across Wairoa, Frasertown, Tuai, and Māhanga, ensuring a compliant and safe service. Our system includes two treatment plants, six pump stations, 18 reservoirs, and 118km of water pipes, all in good condition or scheduled for renewal.

Challenges include climate change impacts on water sources, finding alternative sources for the township, water network losses, and uncertainty around upcoming resource consents.

We undertake this activity to meet public demand, fulfill statutory obligations, and care for community wellbeing. Addressing ageing infrastructure involves condition assessments, leakage management, and Water Safety Plans for all schemes.

Concerns for communities like Awamate, Huramua, and Iwitea drive considerations for municipal water supply expansion. A “Large Water User” policy evaluates industry

applications to ensure sustainable supply.

Over the next decade, we’ll focus on education, water restrictions, potential metering, and reducing peak water use. Long-term plans include exploring alternative water sources and reducing Council’s own water demands.

KEY DOCUMENTS AND LINKS

- Infrastructure Strategy
- Three Waters Activity Management Plan
- Large Water User” policy
- Economic Development Strategy
- District Plan

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|--|--|-------------|-------------|-------------|
| Provision of Safe, high quality drinking water (Wairoa/Frasertown) | Compliance with Drinking Water Quality Assurance Rules 2022 bacterial rules | Met | Met | Met |
| | Compliance with Drinking Water Quality Assurance Rules 2022 protozoal rules | Met | Met | Met |
| | Compliance with Drinking Water Quality Assurance Rules 2022 chemical rules | Met | Met | Met |
| | Compliance with Drinking Water Quality Assurance Rules 2022 cyanotoxin rules | Met | Met | Met |

| | | | | |
|--|--|-----|-----|-----|
| Provision of Safe, high quality drinking water (Tuai) | Compliance with Drinking Water Quality Assurance Rules 2022 treatment monitoring rules | Met | Met | Met |
| | Compliance with Drinking Water Quality Assurance Rules 2022 filtration rules | Met | Met | Met |
| | Compliance with Drinking Water Quality Assurance Rules 2022 UV rules | Met | Met | Met |
| | Compliance with Drinking Water Quality Assurance Rules 2022 chlorine rules | Met | Met | Met |
| | Compliance with Drinking Water Quality Assurance Rules 2022 chemical rules | Met | Met | Met |
| | Compliance with Drinking Water Quality Assurance Rules 2022 cyanotoxin rules | Met | Met | Met |

WATER SUPPLY FOCUS AREAS FOR 2024/27

Flood Risk and Recovery

Flood Risk is the most common natural hazard in Wairoa with earthquakes less frequent but equally risky.

Following Cyclone Gabrielle, recovery involves creating locality plans with immediate needs, priorities, and funding arrangements. Collaboration with regional partners is vital for effective recovery.

A \$200 million government package for Hawke's Bay includes \$70 million for a fully funded flood protection scheme in Wairoa. The project, a partnership between Regional and Wairoa District Councils, will address flood impacts, particularly in North Clyde affected by Cyclone Gabrielle.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|---|---|----------------|----------------|----------------|
| Provide reliable water networks | Residents (%) satisfied with the water supply | ≥80% | ≥80% | ≥80% |
| Water supply assets are managed prudently to ensure long-term financial sustainability | Median response time for urgent callouts | | | |
| | Wairoa / Frasertown (attendance time) | 1 hour | 1 hour | 1 hour |
| | Other areas (attendance time in hours) | 2 hours | 2 hours | 2 hours |
| | Wairoa / Frasertown (resolution time in hours) | 4 hours | 4 hours | 4 hours |
| | Other areas (resolution time in hours) | 5 hours | 5 hours | 5 hours |
| | Median response time for non-urgent callouts | | | |
| | Attendance time in days | 2 days | 2 days | 2 days |
| | Resolution time in working days | 3 working days | 3 working days | 3 working days |
| Water resources are used efficiently & sustainably | Average drinking water consumption (resident/day litres). | 450 litres | 450 litres | 450 litres |

Water Supply Projects currently in progress include:

- Tuai Water Treatment Plant -chlorine upgrade (reticulation disinfection) to meet the new legislative requirements.
- Māhanga Plant – A feasibility study is currently underway to help determine the future of the Māhanga Water Treatment Plant. Options being developed include fully upgrading or retirement of the plant.
- Identification of an alternative water supply/portable containerised treatment facility for Wairoa/Frasertown.
- Implement demand management through water metering of all connections and investigating use of

‘user pays’-based water charging to help reduce water demand.

- Continuing our replacement and renewals programme to increase resilience.

Climate Change

Climate change projections for our region indicate higher temperatures and altered rainfall patterns, with increased demand for water in hotter months. Collaborative efforts with iwi and hapū are essential for effective decision-making on climate change impacts.

| Levels of Service | Measure | Target 2025 | Target 2026 | Target 2027 |
|--|--|-------------|-------------|-------------|
| Water pressure and flow appropriate for its intended use | Number of complaints about water supply per 1000 connections: | | | |
| | drinking water clarity | 10 per 1000 | 10 per 1000 | 10 per 1000 |
| | drinking water taste | 10 per 1000 | 10 per 1000 | 10 per 1000 |
| | drinking water odour | 10 per 1000 | 10 per 1000 | 10 per 1000 |
| | drinking water pressure/flow | 20 per 1000 | 20 per 1000 | 20 per 1000 |
| | continuity of supply | 20 per 1000 | 20 per 1000 | 20 per 1000 |
| | responsive to issues | 10 per 1000 | 10 per 1000 | 10 per 1000 |
| | Percentage of real water loss from the local authority's networked reticulation system (calculated using minimum night flow) | 30% | 30% | 30% |

WHAT IT COSTS AND HOW IT'S FUNDED

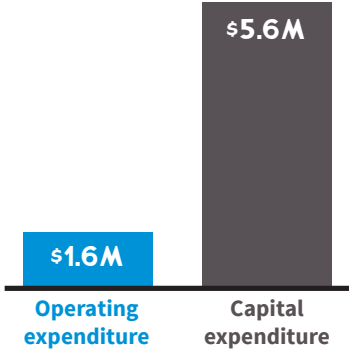
| | 2023/24 AP \$000 | 2024/25 LTP \$000 | 2025/26 LTP \$000 | 2026/27 LTP \$000 |
|--|------------------------|-------------------------|-------------------------|-------------------------|
| Sources of operating funding | | | | |
| General rates | 165 | 260 | 282 | 299 |
| Targeted rates | 1,481 | 2,342 | 2,537 | 2,694 |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | 365 | 331 | 344 | 354 |
| Internal charges and overheads recovered | - | - | - | - |
| Other operating funding | - | - | - | - |
| Total operating funding (A) | 2,010 | 2,933 | 3,163 | 3,347 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 1,190 | 1,572 | 1,561 | 1,544 |
| Internal Finance costs | - | 147 | 250 | 328 |
| Internal charges applied | 456 | 368 | 367 | 394 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 1,646 | 2,087 | 2,177 | 2,266 |
| Surplus (deficit) of operating funding (A - B) | 364 | 846 | 986 | 1,081 |
| Sources of capital funding | | | | |
| Subsidies for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase / (decrease) in debt | (364) | 2,337 | 1,696 | 1,729 |
| Gross sales proceeds from sale of assets | - | - | - | - |
| Total sources of capital funding (C) | (364) | 2,337 | 1,696 | 1,729 |
| Application of capital funding | | | | |
| Capital - growth | - | - | - | - |
| Capital - level of service | 11 | 245 | - | - |
| Capital - renewals | 1,072 | 5,353 | 3,645 | 3,428 |
| Increase / (decrease) in reserves | (1,082) | (2,415) | (963) | (618) |
| Increase / (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | - | 3,183 | 2,682 | 2,810 |
| Surplus (deficit) of capital funding (C-D) | (364) | (846) | (986) | (1,081) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Expenses for this activity include the following depreciation/amortisation charge | (935) | (1,222) | (1,314) | (1,365) |



WAI ĀWHĀ

STORMWATER

COST OVER 3 YEARS



WHAT WE DO

We maintain approximately 41km of stormwater pipes, 24km of channels and drains, and open drains with outlets across Wairoa, Tuai, and Māhia. Our goal is to ensure a compliant, efficient, and safe system that operates seamlessly every day, meeting public demand and fulfilling statutory obligations while caring for our community’s wellbeing across social, economic, environmental, and cultural aspects.

Key challenges in our stormwater management include addressing the impacts of climate change and adapting to changes in legislation. Additionally, managing the effects of growth in Māhia on limited stormwater infrastructure is an ongoing concern.

KEY DOCUMENTS AND LINKS

- Infrastructure Strategy
- Three Waters Activity Management Plan.
- Large Water User” policy
- Economic Development Strategy
- District Plan

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|--|---|-------------|-------------|-------------|
| Mitigate risk of flooding in urban areas | Number of flooding events in the district | ≤10 | ≤10 | ≤10 |
| | For each flooding event, number of habitable floors affected (per 1,000 properties) | ≤50 | ≤50 | ≤50 |
| To provide reliable stormwater networks | Residents (%) satisfied with stormwater network | ≥80% | ≥80% | ≥80% |
| | Number of complaints about stormwater system performance (per 1000 connections) | ≤50 | ≤50 | ≤50 |

One of our significant challenges is managing ageing infrastructure, with two-thirds of the network over 50 years old. Solutions involve targeted renewals and improvements for critical assets.

Addressing limited stormwater infrastructure in Māhia requires a system that progressively manages growth and environmental risk from runoff.

Key projects include piping open drains, often included in Waka Kotahi-supported road safety programmes. Due to water reforms, we anticipate needing to improve stormwater discharge quality.

For more details on assets, issues, options, and costs, refer to our Infrastructure Strategy.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|---|---|-------------|-------------|-------------|
| Stormwater disruption during natural disaster events is minimised | Median response time for emergency flooding event (attendance time in hours) | 1 hour | 1 hour | 1 hour |
| | Median response time for urgent flooding event (attendance time in hours) | 2 hours | 2 hours | 2 hours |
| Effects on the natural environment are minimised | Compliance with Council's resource consents for discharge from its stormwater system: | | | |
| | Abatement notices | 0 | 0 | 0 |
| | Infringement notices | 0 | 0 | 0 |
| | Enforcement orders | 0 | 0 | 0 |
| | Convictions | 0 | 0 | 0 |

WHAT IT COSTS AND HOW IT'S FUNDED

| | 2023/24 AP \$000 | 2024/25 LTP \$000 | 2025/26 LTP \$000 | 2026/27 LTP \$000 |
|--|------------------------|-------------------------|-------------------------|-------------------------|
| Sources of operating funding | | | | |
| General rates | 39 | 71 | 83 | 108 |
| Targeted rates | 349 | 637 | 744 | 969 |
| Subsidies and grants for operating purposes | 250 | - | - | - |
| Fees and charges | - | (15) | (16) | (16) |
| Internal charges and overheads recovered | - | - | - | - |
| Other operating funding | - | - | - | - |
| Total operating funding (A) | 638 | 693 | 811 | 1,061 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 407 | 249 | 249 | 351 |
| Internal Finance costs | - | 114 | 194 | 279 |
| Internal charges applied | 217 | 68 | 69 | 76 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 624 | 431 | 512 | 706 |
| Surplus (deficit) of operating funding (A - B) | 14 | 262 | 299 | 355 |
| Sources of capital funding | | | | |
| Subsidies for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase / (decrease) in debt | 351 | 1,125 | 1,776 | 1,794 |
| Gross sales proceeds from sale of assets | - | - | - | - |
| Total sources of capital funding (C) | 351 | 1,125 | 1,776 | 1,794 |
| Application of capital funding | | | | |
| Capital - growth | - | - | - | - |
| Capital - level of service | - | 511 | 1,571 | 1,614 |
| Capital - renewals | 418 | 965 | 588 | 603 |
| Increase / (decrease) in reserves | (53) | (89) | (84) | (68) |
| Increase / (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 365 | 1,387 | 2,075 | 2,150 |
| Surplus (deficit) of capital funding (C-D) | (14) | (262) | (299) | (355) |
| Funding balance ((A-B) + (C-D)) | | | | |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Expenses for this activity include the following depreciation/amortisation charge | (352) | (395) | (424) | (468) |



WAI PARU

WASTEWATER

WHAT WE DO

We manage and maintain wastewater systems across various areas, aiming for compliant and efficient services that prioritise safety for people and the environment. This activity supports public demand, statutory obligations, and our duty of care to the community, contributing to overall wellbeing in social, economic, environmental, and cultural aspects.

Key challenges in our wastewater management include navigating changes in legislation and addressing the impacts of climate change on network infrastructure. Additionally, maintaining service levels for critical assets and finding alternative discharge options for wastewater in Wairoa are pressing issues.

The community and iwi prefer transitioning to land discharges instead of discharging treated wastewater into the river. This aligns with the Government’s freshwater reforms, which aim to improve waterway cleanliness and may lead to higher discharge standards for wastewater.

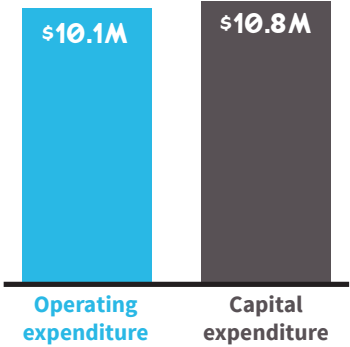
The Council’s commitment to future changes in wastewater treatment and discharge systems is driven by the resource consent process. However, these actions must align with community support and have funding from the Long-Term Plan or external sources.

Capital expenditure on reticulation improvements aims to reduce wastewater flows due to groundwater infiltration and stormwater inflows. This reduction will help treat wastewater consistently and to a higher standard,

ensuring compliance with discharge limits and improving irrigation feasibility.

New resource consents for river discharges are expected to accommodate higher flows during faster river periods, with irrigation helping manage summer wastewater flows. Treatment and storage options are also under consideration to enhance discharge quality, flow management, and compliance with national standards.

COST OVER 3 YEARS



KEY DOCUMENTS AND LINKS

- Infrastructure Strategy
- Three Waters Activity Management Plan
- Large Water User” policy
- Economic Development Strategy
- District Plan

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|---|---|--------------|--------------|--------------|
| Wastewater assets are managed prudently to ensure long-term financial sustainability for current and future generations. | Median response time for wastewater overflows | | | |
| | Wairoa / Frasertown (attendance time in hours) | 1 Hour | 1 Hour | 1 Hour |
| | Other areas (attendance time in hours) | 2 Hours | 2 Hours | 2 Hours |
| | Wairoa / Frasertown (resolution time in hours) | 4 Hours | 4 Hours | 4 Hours |
| | Other areas (resolution time in hours) | 5 Hours | 5 Hours | 5 Hours |
| Protection is provided to the community and the environment. | Compliance with Council's resource consents for discharge from its wastewater system: | | | |
| | Abatement notices | 0 | 0 | 0 |
| | Infringement notices | 0 | 0 | 0 |
| | Enforcement orders | 0 | 0 | 0 |
| | Convictions | 0 | 0 | 0 |
| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
| Mitigate risk of environmental and public health impacts | Dry weather wastewater overflows per 1000 connections | 10 | 10 | 10 |
| To provide safe and reliable wastewater service to customers | Number of complaints about wastewater system performance (per 1000 connections) | | | |
| | Sewage odour | 15 per 1,000 | 15 per 1,000 | 15 per 1,000 |
| | Sewerage system faults | 15 per 1,000 | 15 per 1,000 | 15 per 1,000 |
| | Sewerage system blockages | 15 per 1,000 | 15 per 1,000 | 15 per 1,000 |
| | Responses to issues with sewerage system | 15 per 1,000 | 15 per 1,000 | 15 per 1,000 |

WHAT IT COSTS AND HOW IT'S FUNDED

| | 2023/24 AP \$000 | 2024/25 LTP \$000 | 2025/26 LTP \$000 | 2026/27 LTP \$000 |
|--|------------------------|-------------------------|-------------------------|-------------------------|
| Sources of operating funding | | | | |
| General rates | 235 | 364 | 394 | 434 |
| Targeted rates | 2,212 | 3,277 | 3,544 | 3,903 |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | - | 25 | 26 | 27 |
| Internal charges and overheads recovered | - | - | - | - |
| Other operating funding | - | - | - | - |
| Total operating funding (A) | 2,447 | 3,666 | 3,964 | 4,363 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 1,489 | 2,226 | 2,294 | 2,340 |
| Internal Finance costs | - | 351 | 498 | 666 |
| Internal charges applied | 375 | 562 | 573 | 628 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 1,864 | 3,139 | 3,365 | 3,635 |
| Surplus (deficit) of operating funding (A - B) | 583 | 527 | 599 | 728 |
| Sources of capital funding | | | | |
| Subsidies for capital expenditure | 104 | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase / (decrease) in debt | (583) | 1,708 | 3,632 | 3,649 |
| Gross sales proceeds from sale of assets | - | - | - | - |
| Total sources of capital funding (C) | (479) | 1,708 | 3,632 | 3,649 |
| Application of capital funding | | | | |
| Capital - growth | - | - | - | - |
| Capital - level of service | 104 | - | - | - |
| Capital - renewals | 80 | 2,910 | 4,548 | 4,526 |
| Increase / (decrease) in reserves | (80) | (675) | (317) | (148) |
| Increase / (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 104 | 2,235 | 4,231 | 4,378 |
| Surplus (deficit) of capital funding (C-D) | (583) | (527) | (599) | (728) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Expenses for this activity include the following depreciation/amortisation charge | (902) | (790) | (867) | (989) |



WHAKAHAERE PARA

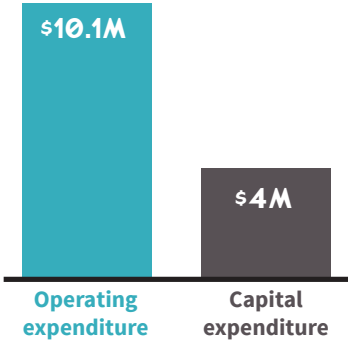
WASTE MANAGEMENT

WHAT WE DO

Our goal in waste management is to handle waste efficiently, minimise harmful effects, and improve resource use efficiency. We provide comprehensive waste management services, including facilities, kerbside collections, and education programmes aimed at safely managing solid waste disposal and reducing waste generation.

Our services encompass operating a landfill and recycling centre in Wairoa, managing five closed landfills, and overseeing domestic refuse collection and kerbside recycling throughout the region.

COST OVER 3 YEARS



KEY DOCUMENTS AND LINKS

- Infrastructure Strategy
- Economic Development Strategy
- District Plan
- Waste Management Activity Management Plan

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|---|---|-------------|-------------|-------------|
| Provide the Wairoa Landfill for safe waste disposal | Provide the Wairoa Landfill for safe waste disposal | 0 | 0 | 0 |

Our waste management efforts align with public demand, statutory obligations, and our duty of care to the community, contributing to the overall wellbeing of our district across social, economic, environmental, and cultural aspects.

Key challenges include addressing the aftermath of Cyclone Gabrielle and the June 26 2024 flooding event, and managing the nearing capacity of our landfill cell.

We’re currently evaluating options such as constructing a new landfill cell or transporting waste to an out-of-district landfill to address these issues effectively.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|---|--|-------------|-------------|-------------|
| Effects on the natural environment are minimised | Number of non-compliance events with the resource consent conditions for the Wairoa Landfill, per year | 0 | 0 | 0 |
| | Number of non-compliance events with the resource consent conditions for the closed landfill sites, per year | 0 | 0 | 0 |
| Council facilitates waste minimisation practices and promotes reduction of the amount of waste going to landfill | The amount of material diverted from landfill by the Wairoa community in tonnes (excludes green waste) | >75 tonnes | >75 tonnes | >75 tonnes |

Under our forward-looking Waste Management and Minimisation Plan, we've recently completed a Waste Assessment and are considering various options. These include introducing a new kerbside service that incorporates food scraps, upgrading the Fraser Street Transfer Station and Recycling Centre, and exploring options for future landfill operations.

Our Waste Management Focus Areas within this Long-Term Plan are:

- Determining the best replacement option for the close to capacity Fraser Street Landfill cell.

- Introducing a new kerbside refuse service that includes food scraps.
- Upgrading the Fraser Street Recycling Centre to enhance its capabilities.

These initiatives are aimed at improving waste management efficiency, reducing environmental impact, and meeting evolving regulatory standards.

There are also changes in kerbside recycling required by Central Government and an increase in disposal costs with the landfill levy reaching \$60 per tonne and ongoing commitments under the Emissions Trading Scheme.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|---|--|-------------|-------------|-------------|
| Provide safe and reliable refuse and recycling kerbside collection services and rural waste services | Number of times when minimum frequency of kerbside refuse and recycling service in Wairoa and Frasertown (fortnightly) is not met, per year | 0 | 0 | 0 |
| | Number of times when minimum frequency of collection from specified drop-off points from Māhia, Nuhaka and Mohaka (twice a month) is not met, per year | 0 | 0 | 0 |
| | Number of health and safety breaches by waste services contractors, per year | 0 | 0 | 0 |
| | Percentage of missed household refuse service requests responded to by 12 pm the next day (on validation) | 100% | 100% | 100% |

WHAT IT COSTS AND HOW IT'S FUNDED

| | 2023/24 AP \$000 | 2024/25 LTP \$000 | 2025/26 LTP \$000 | 2026/27 LTP \$000 |
|--|------------------------|-------------------------|-------------------------|-------------------------|
| Sources of operating funding | | | | |
| General rates | 175 | 135 | 275 | 357 |
| Targeted rates | 1,574 | 1,219 | 2,473 | 3,213 |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | 1,102 | 1,288 | 880 | 903 |
| Internal charges and overheads recovered | - | - | - | - |
| Other operating funding | - | - | - | - |
| Total operating funding (A) | 2,851 | 2,642 | 3,627 | 4,473 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 2,366 | 2,276 | 3,164 | 3,911 |
| Internal Finance costs | 35 | 122 | 180 | 178 |
| Internal charges applied | 267 | 198 | 203 | 217 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 2,668 | 2,596 | 3,546 | 4,305 |
| Surplus (deficit) of operating funding (A - B) | 183 | 46 | 80 | 167 |
| Sources of capital funding | | | | |
| Subsidies for capital expenditure | - | 1,657 | 119 | - |
| Development and financial contributions | - | - | - | - |
| Increase / (decrease) in debt | (63) | 1,701 | 401 | (167) |
| Gross sales proceeds from sale of assets | - | - | - | - |
| Total sources of capital funding (C) | (63) | 3,358 | 519 | (167) |
| Application of capital funding | | | | |
| Capital - growth | 20 | - | - | - |
| Capital - level of service | - | 3,403 | 944 | 36 |
| Capital - renewals | 100 | 20 | 20 | 10 |
| Increase / (decrease) in reserves | - | (20) | (365) | (46) |
| Increase / (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 120 | 3,403 | 600 | (0) |
| Surplus (deficit) of capital funding (C-D) | (183) | (46) | (80) | (167) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Expenses for this activity include the following depreciation/amortisation charge | (123) | (265) | (366) | (356) |

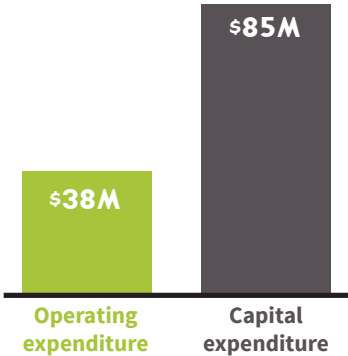


RANGA

TRANSPORT

Land Transport, Airport

COST OVER 3 YEARS



LAND TRANSPORT

WHAT WE DO

We oversee a substantial network of infrastructure, including roads, bridges, footpaths, carparks, traffic signs, and streetlights, spanning over 870 km. Our goal is to sustainably and efficiently maintain this network to meet daily demand and support public needs, statutory obligations, and community wellbeing across various domains.

Despite facing challenges such as potential reductions in subsidies and climate change impacts on infrastructure, we maintain a high Waka Kotahi Funding Assistance Rate of 75%. However, potential reductions in this rate may necessitate increased local funding to sustain service levels effectively.

We address key issues like network vulnerability to weather closures, lack of alternative routes, heavy traffic on rural roads due to land use changes, and ageing bridges with uncertain capacities. Our strategies involve proactive maintenance, coastal erosion protection, riverbank stabilisation, safety planning, improved data management, and targeted infrastructure upgrades to enhance road conditions and safety.

KEY DOCUMENTS AND LINKS

- Infrastructure Strategy
- Economic Development Strategy
- District Plan
- Transportation Activity Management Plan

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|--|--|---|---|---|
| The land transport network is designed and maintained to be safe | The change from the previous fiscal year in the number of fatalities and serious injury crashes on the local road network, expressed as a number | ≤0 | ≤0 | ≤0 |
| Road users will experience a fair ride quality on a well-maintained and managed sealed road network asset | Average Roughness – sealed roads which meet smooth road standards for ‘fair’ ride quality | Average NAASRA of the sealed road network <110 | Average NAASRA of the sealed road network <110 | Average NAASRA of the sealed road network <110 |
| | The average quality of ride on a sealed local road network, measured by Smooth Travel Exposure. | ≥ 90% of sealed network smoother than specified threshold | ≥ 90% of sealed network smoother than specified threshold | ≥ 90% of sealed network smoother than specified threshold |
| | The percentage of footpaths in average condition or better (measured against WDC condition standards) average condition or better (measured against WDC condition standards) | 95% | 95% | 95% |
| | Road users consider the land transport service to be “fairly good, very good or better” | >75% | >75% | >75% |
| The land transport network is managed in a manner that assists the economic development of the district | Percentage of network unavailable to Class 1 | <0.1% | <0.1% | <0.1% |
| | Percentage of network unavailable to 50 max | <15% | <15% | <15% |
| | Number of bridges not meeting HCV Class 1 requirements | ≤4 | ≤4 | ≤4 |
| Road assets are managed prudently to ensure long-term financial sustainability for current and future generations | The percentage of the sealed local road network that is resurfaced annually (by area). | 6% | 6% | 6% |
| | Response to service requests: Percentage of customer service requests responded to within 5 days | >90% | >90% | >90% |
| Council quickly restores access on key routes after natural event | Number of journeys impacted by unplanned events | 2% decrease on previous year | 2% decrease on previous year | 2% decrease on previous year |
| | Number of instances where road access is lost | Decreasing trend on previous year | Decreasing trend on previous year | Decreasing trend on previous year |
| | CSR complaints related to dust | Decreasing trend on previous year | Decreasing trend on previous year | Decreasing trend on previous year |
| | Percentage of programmed dust reduction initiatives completed annually | 100% | 100% | 100% |

AIRPORT
WHAT WE DO

Over the next three years, our airport focus is on strategic planning and policy development to ensure sustainable and efficient operations. This includes supporting commercial passenger services, light aircraft, and charter operations. We prioritise maintaining facilities for emergency aircraft and using the airport as an evacuation centre and transport hub during Civil Defence events.

We’ve secured government funding to extend the airport runway for larger planes, but further development is needed to meet community needs and address Civil Defence emergencies. This ongoing activity supports public demand and fulfils our duty of care to the community, contributing to overall wellbeing across social, economic, environmental, and cultural aspects.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|--|---|-------------|-------------|-------------|
| Airport Service supports healthcare by providing patient transport | Number of times when the airport is closed per year | 0 | 0 | 0 |
| Airport service is available for industry use | Number of times when the airport is closed per year | 0 | 0 | 0 |

WHAT IT COSTS AND HOW IT'S FUNDED

| | 2023/24 AP \$000 | 2024/25 LTP \$000 | 2025/26 LTP \$000 | 2026/27 LTP \$000 |
|--|------------------------|-------------------------|-------------------------|-------------------------|
| Sources of operating funding | | | | |
| General rates | 4,742 | 5,352 | 5,701 | 6,098 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | 5,943 | 12,223 | 6,897 | 7,204 |
| Fees and charges | 55 | 59 | 61 | 62 |
| Internal charges and overheads recovered | - | - | - | - |
| Other operating funding | - | - | - | - |
| Total operating funding (A) | 10,740 | 17,635 | 12,659 | 13,364 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 7,933 | 14,073 | 8,628 | 8,669 |
| Internal Finance costs | 183 | 148 | 239 | 314 |
| Internal charges applied | 1,655 | 1,939 | 1,959 | 2,121 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 9,771 | 16,160 | 10,826 | 11,104 |
| Surplus (deficit) of operating funding (A - B) | 969 | 1,475 | 1,833 | 2,260 |
| Sources of capital funding | | | | |
| Subsidies for capital expenditure | 18,693 | 27,309 | 32,412 | 15,164 |
| Development and financial contributions | - | - | - | - |
| Increase / (decrease) in debt | (469) | 1,578 | 1,729 | 1,539 |
| Gross sales proceeds from sale of assets | - | - | - | - |
| Total sources of capital funding (C) | 18,224 | 28,887 | 34,140 | 16,703 |
| Application of capital funding | | | | |
| Capital - growth | - | - | - | - |
| Capital - level of service | 3,893 | 5,414 | 6,419 | 5,137 |
| Capital - renewals | 16,937 | 25,403 | 29,891 | 13,586 |
| Increase / (decrease) in reserves | (1,637) | (455) | (336) | 239 |
| Increase / (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 19,193 | 30,362 | 35,974 | 18,963 |
| Surplus (deficit) of capital funding (C-D) | (969) | (1,475) | (1,833) | (2,260) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Expenses for this activity include the following depreciation/amortisation charge | (4,977) | (6,795) | (7,572) | (8,485) |

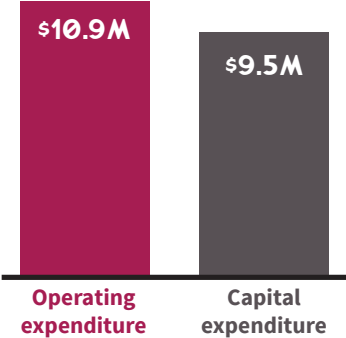


NGĀ TAPUTAPU HAPORI

COMMUNITY FACILITIES

Cemeteries, Parks and Reserves,
Library, Community Support

COST OVER 3 YEARS



CEMETERIES

WHAT WE DO

We maintain public cemeteries in Wairoa, Nuhaka, Frasertown, Ruakituri, and Mōrere to meet our community’s needs reliably, safely, and efficiently. The Wairoa cemetery, established in 1871, comprises the upper (very old and old) cemetery and the lower (new) cemetery, providing essential resting places for families and the community.

Our goal is to support public demand, fulfil statutory obligations, and ensure a duty of care to our community. While our cemeteries are in good condition, we face challenges related to affordability, sustainability, an ageing population base, and land availability for future needs.

To address these challenges, we focus on resilient grounds management through asset management, renewals, maintenance programmes, and business continuity plans. We’re undertaking a full review of the Wairoa cemetery

site and services in line with the Cemeteries Bylaw 2023, evaluating site design, development needs, and available resources.

KEY DOCUMENTS AND LINKS

- Open Spaces Activity Management Plan
- Economic Development Strategy
- Reserve management Plans
- District Plan
- Built Spaces Activity Management Plan

PARKS AND RESERVES

WHAT WE DO

We manage sports grounds, public gardens, parks, playgrounds, riverbank access, foreshore reserves, and public toilets, maintaining their safety and upkeep. This service supports public demand and fulfils our duty of care to the community, contributing to social, economic, environmental, and cultural wellbeing.

The Wairoa River Reserve has faced significant weather impacts in recent years, particularly after Cyclone Gabrielle and the June flooding event. Our focus has been on flood protection and enhancing resilience to climate, flood, and weather events in this area.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|-------------------------------------|---|-------------|-------------|-------------|
| Cemetery assets are well maintained | % of resident are satisfied with cemetery maintenance | 80% | 80% | 80% |

KNOWLEDGE AND RESOURCE HUB (LIBRARY)

WHAT WE DO

Our Knowledge and Resource Hub offers more than just a library—it’s a space for targeted learning, community support services, and social gatherings. We aim to create an environment rich in social, cultural, educational, and recreational activities for everyone.

We house an extensive collection of books and digital resources, providing lending, information, and digital services five and a half days per week. Our reading programmes and initiatives, including summer and

winter reading programmes, encourage local children to develop a love for reading.

Additionally, our Digital Hub offers community access to computers, digital technology, and various programmes to enhance the district’s digital connectivity and capability. Throughout the year, we engage with local schools and community groups, supporting and enriching their experiences through various initiatives.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|--|--|-------------|-------------------------------|-------------------------------|
| Library delivers positive and high-quality experiences | User Satisfaction with library services | ≥80% | ≥80% | ≥80% |
| | User Satisfaction with library collections | ≥80% | ≥80% | ≥80% |
| Library is accessible and well utilised by the community | Completion rate of programme attendees | ≥80% | ≥80% | ≥80% |
| | Number of physical visits to Library | 32,000 | 10% increase on previous year | 10% increase on previous year |

COMMUNITY SUPPORT

WHAT WE DO

We actively support and partner in the provision of recreational, health, cultural, and heritage activities, including initiatives at the Community Centre, Gaiety Theatre, and Wairoa Museum. These facilities serve as vital community resources, fostering local communities of interest and offering spaces for leisure and cultural enrichment.

The Community Centre features a large indoor stadium hosting various sports leagues and programmes for children, along with a fitness centre and indoor swimming pool. T

he centrally located Wairoa Museum is a purpose-built climate-controlled museum with galleries and interactive educational spaces providing a glimpse into the district’s rich history.

We empower community groups through grant funding, primarily through service contracts or advocacy. We collaborate with regional partners to monitor progress towards community outcomes and adjust funding based on changing demographics and demand. Customer surveys help assess satisfaction and quality of Council-supported facilities.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|---|---|---------------------------------|---------------------------------|---------------------------------|
| Community Centre is accessible and well utilised by community | Total visits to the Wairoa Community Centre | Visitor numbers ≥ previous year | Visitor numbers ≥ previous year | Visitor numbers ≥ previous year |
| | User satisfaction (%) Community Centre | ≥80% | ≥80% | ≥80% |
| Museum is accessible and well utilised by community | Total visits to the Wairoa Museum | Visitor numbers ≥ previous year | Visitor numbers ≥ previous year | Visitor numbers ≥ previous year |
| | User satisfaction (%) Wairoa Museum | ≥80% | ≥80% | ≥80% |

WHAT IT COSTS AND HOW IT'S FUNDED

| | 2023/24 AP \$000 | 2024/25 LTP \$000 | 2025/26 LTP \$000 | 2026/27 LTP \$000 |
|--|------------------------|-------------------------|-------------------------|-------------------------|
| Sources of operating funding | | | | |
| General rates | 3,732 | 3,561 | 3,911 | 4,086 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | 33 | 25 | 25 | 26 |
| Fees and charges | 76 | 191 | 195 | 199 |
| Internal charges and overheads recovered | - | - | - | - |
| Other operating funding | - | - | - | - |
| Total operating funding (A) | 3,841 | 3,777 | 4,131 | 4,311 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 2,573 | 2,881 | 2,956 | 3,020 |
| Internal Finance costs | 2 | 46 | 77 | 83 |
| Internal charges applied | 326 | 634 | 606 | 633 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 2,901 | 3,561 | 3,638 | 3,735 |
| Surplus (deficit) of operating funding (A - B) | 940 | 216 | 493 | 576 |
| Sources of capital funding | | | | |
| Subsidies for capital expenditure | 628 | 5,880 | 512 | 563 |
| Development and financial contributions | - | - | - | - |
| Increase / (decrease) in debt | (862) | 887 | 241 | 109 |
| Gross sales proceeds from sale of assets | - | - | - | - |
| Total sources of capital funding (C) | (234) | 6,767 | 753 | 671 |
| Application of capital funding | | | | |
| - to meet additional demand | 85 | - | - | - |
| - to improve the level of service | 20 | 2,163 | 921 | 896 |
| - to replace existing assets | 1,222 | 5,257 | 544 | 374 |
| Increase / (decrease) in reserves | (621) | (437) | (219) | (23) |
| Increase / (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 706 | 6,983 | 1,246 | 1,247 |
| Surplus (deficit) of capital funding (C-D) | (940) | (216) | (493) | (576) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Expenses for this activity include the following depreciation/amortisation charge | (220) | (209) | (458) | (529) |

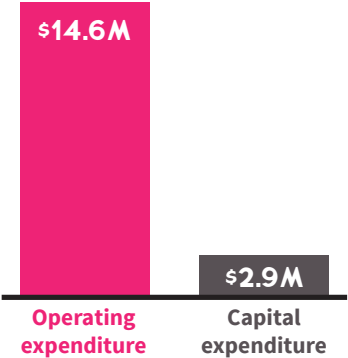


MAHERE ME WAETURE

PLANNING AND REGULATORY

Resource Planning, Environmental Health, Building Control, Liquor Control, Bylaw Compliance

COST OVER 3 YEARS



RESOURCE PLANNING

WHAT WE DO

We provide resource consents and planning services to support the sustainable management of natural resources, fulfilling public demand, statutory obligations, and community care. This service promotes the social, economic, and environmental wellbeing of our district, managing potential and actual adverse effects.

Under the Resource Management Act 1991, we maintain a District Plan to facilitate growth, subdivision, and development. Our District Plan review, initiated in 2015, was delayed by Resource Management Act reforms and Cyclone Gabrielle. Over the next few years, we will develop a next-generation District Plan aligned with the district’s recovery.

The review will focus on strengthening resilience against natural hazards and climate change while fostering economic growth and protecting the environment,

people, heritage, and cultural taonga for current and future generations.

KEY DOCUMENTS AND LINKS

- District Plan
- Economic Development Strategy
- Local Alcohol Policy

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|---|--|-------------|-------------|-------------|
| Provide an efficient, responsive, and compliant resource planning service | Resource consents (%) processed within statutory time frames | 100% | 100% | 100% |
| | Users (%) who rate resource consent service as good or very good | ≥80% | ≥80% | ≥80% |

ENVIRONMENTAL HEALTH

WHAT WE DO

We provide environmental health services to protect and improve public health through the registration, inspection, audit, and enforcement of food premises, offensive trades, hairdressers, campgrounds, funeral directors, noise control, and nuisances.

In the current economic environment, we anticipate an increase in home-based food production and online sales, leading to higher workloads for Environmental Health Officers due to the need for education, enforcement, and verification. Additionally, rising costs from the Ministry for Primary Industries (MPI) and potential new levies may result in more non-registered operators.

As we recover from the flood events, and aim to build resilience, we plan to enhance service levels and expand our Environmental Health team. There's also a rise in makeshift housing with poor sanitary conditions, which are challenging to address through enforcement alone.

Council's long-term focus is to promote a safe living environment through education, and the monitoring and enforcement of legislation, regulations, and bylaws.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|---|--|-------------|-------------|-------------|
| Provide an efficient, responsive and compliant environmental health service | Non-food premises registrations required under legislation completed (%) | 100% | 100% | 100% |
| | Noise control complaints responded to in accordance with legislation, regulations, and Council policy. | 90% | 90% | 90% |
| | Verification reporting to be completed within 10 days of verification as per Quality Manual. | 90% | 90% | 90% |

BUILDING CONTROL

WHAT WE DO

We provide building control services to ensure that new and existing buildings are compliant. We issue building consents and monitor commercial building warrants of fitness, residential swimming pools, and dangerous or unsanitary buildings.

Our goal is to maintain high building standards through the Building Act 2004. As a registered Building Consent Authority (BCA), we use the latest technology, including

drones and remote inspection capabilities, to streamline the consent process and improve safety and efficiency.

We ensure buildings are designed and constructed for safety and to support the health and well-being of their users. Additionally, we focus on managing the reinstatement of flood-affected properties and overseeing housing options for affected residents.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|---|---|-------------|-------------|-------------|
| Provide an efficient, responsive and compliant building control service | Building consents (%) processed within statutory time frames | 90% | 90% | 90% |
| | Certificates of acceptance (%) processed within statutory time frames | 90% | 90% | 90% |
| | Users (%) who rate building control service as good or very good | ≥80% | ≥80% | ≥80% |
| | Building Consent Authority (BCA) accreditation retention | Retain | Retain | Retain |

ALCOHOL LICENSING

WHAT WE DO

We handle alcohol licensing, monitoring, and enforcement services. Our Alcohol Licensing Inspectors evaluate applications independently and report to the Wairoa District Licensing Committee. They also ensure legislative compliance and collaborate with partner agencies like Police and Te Whatu Ora to minimise alcohol-related harm.

This service supports the overall wellbeing of our community across social, economic, environmental, and cultural aspects. Given recent flooding events, our focus includes addressing ongoing psychosocial impacts alongside our partner agencies.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|--|---|-------------|-------------|-------------|
| Provide an efficient, responsive, and compliant liquor control service | Management licenses (%) processed within 30 days | 100% | 100% | 100% |
| | Renewal and new licences (%) processed within statutory time frames | 100% | 100% | 100% |

BYLAW COMPLIANCE - COMPLIANCE - BYLAWS, DOG CONTROL AND STOCK CONTROL

WHAT WE DO

We manage general bylaw enforcement, responding to complaints regarding freedom camping, public safety, and dog control issues like stray, barking, and nuisance dogs, as well as dog attacks and rushing incidents. Additionally, we handle livestock control services, ensuring community safety by removing uncontained stock.

Under the Dog Control Act 1996, dogs must be registered, cared for, and kept under proper control within the district. Council is empowered to impound neglected and uncontrolled dogs to prevent harm to people and property.

Following Cyclone Gabrielle, Council took on animal welfare responsibilities for CDEM (Civil Defence Emergency Management), utilising vet facilities due to damage to the

dog pound. A new dog pound facility is planned to meet legislative standards and improve animal welfare.

The Stock Control activity addresses animal nuisances and maintains Council-owned stock paddocks. Severe weather events like Cyclone Gabrielle and the June 26 flooding impact stock control, necessitating technical rescues and fence repairs.

We enforce bylaws to maintain a safe environment, including the Freedom Camping bylaw during holiday seasons. Partnering with local iwi, we've implemented a Freedom Camping Ambassador initiative to monitor campsites and facilities.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|--|---|-------------|-------------|-------------|
| Provide an efficient, responsive and compliant dog and stock control service | Known dogs registered by 30 June each year | ≥75% | ≥75% | ≥75% |
| | Annual Report of Council's policy and dog control practices adopted by 30 August. | Achieved | Achieved | Achieved |

WHAT IT COSTS AND HOW IT'S FUNDED

| | 2023/24 AP \$000 | 2024/25 LTP \$000 | 2025/26 LTP \$000 | 2026/27 LTP \$000 |
|--|------------------------|-------------------------|-------------------------|-------------------------|
| Sources of operating funding | | | | |
| General rates | 1,048 | 3,073 | 3,236 | 3,484 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | - | 175 | 179 | 183 |
| Fees and charges | 1,303 | 1,329 | 1,248 | 1,274 |
| Internal charges and overheads recovered | - | 244 | 223 | 229 |
| Other operating funding | - | - | - | - |
| Total operating funding (A) | 2,351 | 4,821 | 4,887 | 5,171 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 2,555 | 2,617 | 2,607 | 2,611 |
| Internal Finance costs | - | (4) | 68 | 135 |
| Internal charges applied | 402 | 2,205 | 2,181 | 2,249 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 2,957 | 4,817 | 4,857 | 4,995 |
| Surplus (deficit) of operating funding (A - B) | (606) | 4 | 30 | 176 |
| Sources of capital funding | | | | |
| Subsidies for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase / (decrease) in debt | 606 | 150 | 2,483 | 166 |
| Gross sales proceeds from sale of assets | - | - | - | - |
| Total sources of capital funding (C) | 606 | 150 | 2,483 | 166 |
| Application of capital funding | | | | |
| Capital - growth | - | - | - | - |
| Capital - level of service | - | - | 1,228 | - |
| Capital - renewals | - | 180 | 1,412 | 250 |
| Increase / (decrease) in reserves | - | (26) | (127) | 92 |
| Increase / (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | - | 154 | 2,512 | 342 |
| Surplus (deficit) of capital funding (C-D) | 606 | (4) | (30) | (176) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Expenses for this activity include the following depreciation/amortisation charge | (81) | (41) | (64) | (196) |

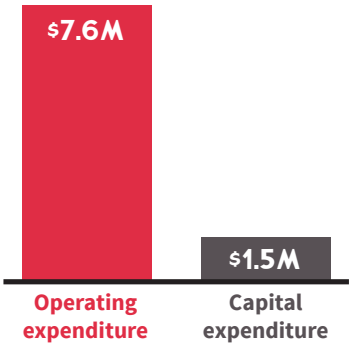


MANA WHAKATIPU ME KĀWANATANGA

LEADERSHIP AND GOVERNANCE

Community Representation, Māori Relationships, Economic Development

COST OVER 3 YEARS



COMMUNITY REPRESENTATION

WHAT WE DO

We provide district representation and governance, elections, community engagement, policy development, annual reporting, and long-term planning.

We support and encourage community participation in democracy to ensure effective representation and governance, and to help elected members serve the community effectively.

Our services include prompt advice on issues relevant to Māori and tangata whenua and support for community functions and ceremonies, promoting social, economic, environmental, and cultural wellbeing.

In 2018, Council introduced designated Māori representation for the 2019 and 2022 Local Government Elections by establishing Māori wards. The representation arrangements are reviewed every six years, with the last review in 2018.

The next review for the 2025 and 2028 elections will take place during 2024.

KEY DOCUMENTS AND LINKS

- Significance and Engagement Policy
- Long Term Plan 2024/27 Consultation Document
- Community Surveys
- Economic Development Plan

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|--|--|-------------|-------------|-------------|
| Elected Members are accessible and responsive to community | Residents (%) who know how to contact elected members | ≥85% | ≥85% | ≥85% |
| | Residents (%) satisfied with Mayor and Councillors | ≥85% | ≥85% | ≥85% |
| Council facilitates democratic decision-making, and community engagement opportunities | Meeting and committee agendas (%) made available to the public within statutory time frames | 100% | 100% | 100% |
| | Residents (%) who believe they have adequate opportunities to have their say in Council activities | ≥85% | ≥85% | ≥85% |
| | Residents (%) who state they are satisfied with how the Council makes decisions | ≥80% | ≥80% | ≥80% |

| | | | | |
|---|---|------|------|------|
| Council information is accessible and service compliant | Residents (%) who agree that Council information is easy to access (via website, libraries, social media etc) | ≥80% | ≥80% | ≥80% |
| | Official information requests (%) handled within legislative time frame | 100% | 100% | 100% |

MĀORI RELATIONSHIPS

WHAT WE DO

We foster relationships with Māori and promote participation in decision-making through the Māori Standing Committee, and we implement te reo Māori across Council activities.

We provide strategic and social policy advice to Council and management on matters impacting tangata whenua and the wider Māori community, ensuring well-informed decisions. This service supports the social, economic,

environmental, and cultural wellbeing of our people and district.

Council's Māori policy aims to maintain effective communication and consultation with Māori, providing a framework to develop relationships and achieve mutually beneficial outcomes for Wairoa. It ensures Māori views are incorporated into local government decision-making, policies, and procedures.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|---|---|-------------|-------------|-------------|
| Council supports and facilitates Māori participation in decision-making | The required number of nominations are received within established timeframes and appointments made to Council's Māori Standing Committee | Achieved | Achieved | Achieved |
| | The Māori Standing Committee meetings are scheduled and attended no less than bi-monthly | Achieved | Achieved | Achieved |

ECONOMIC DEVELOPMENT

WHAT WE DO

We provide district promotion, tourism services, and manage economic policy. We operate the Visitor Information Centre and implement the Economic Development Plan to foster a strong, diverse economy that enhances community values, resources, environment, and lifestyle.

We participate in the Government's regional growth programmes, including Hawke's Bay's Matariki Strategy and Tairāwhiti's Te Huarahi Hei Whai Oranga. This collaborative approach benefits Wairoa and showcases our unique contributions to regional development.

Our Economic Development Plan involves partnering with iwi, hapu, the business sector, government agencies, and other local authorities to support businesses and individuals in Wairoa. The aim is to grow jobs, increase household incomes, and elevate Hawke's Bay's economic performance.

The strategy focuses on helping existing businesses expand, attracting new businesses, promoting innovation, attracting skilled migrants, and planning major public projects. We have initiatives to boost employment, education, and promote Wairoa as a thriving business location.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|--|---|---------------------------------|---------------------------------|---------------------------------|
| Council supports progressive and collaborative economic development for the district | Actions in the Economic Development Plan and Action Plan completed (% of actions completed) | 80% | 80% | 80% |
| i-Site is accessible, well utilised by visitors and delivers positive experiences. | Total visits to the isite | Visitor numbers ≥ previous year | Visitor numbers ≥ previous year | Visitor numbers ≥ previous year |
| | User satisfaction (%) with isite | ≥80% | ≥80% | ≥80% |

WHAT IT COSTS AND HOW IT'S FUNDED

| | 2023/24 AP \$000 | 2024/25 LTP \$000 | 2025/26 LTP \$000 | 2026/27 LTP \$000 |
|--|------------------------|-------------------------|-------------------------|-------------------------|
| Sources of operating funding | | | | |
| General rates | 3,344 | 2,456 | 2,512 | 2,580 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | 450 | - | - | - |
| Fees and charges | 87 | 34 | 35 | 36 |
| Internal charges and overheads recovered | - | - | - | - |
| Other operating funding | - | - | - | - |
| Total operating funding (A) | 3,881 | 2,490 | 2,547 | 2,615 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 3,110 | 1,623 | 1,677 | 1,717 |
| Internal Finance costs | 4 | 5 | 4 | 3 |
| Internal charges applied | 1,914 | 840 | 835 | 865 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 5,028 | 2,468 | 2,516 | 2,584 |
| Surplus (deficit) of operating funding (A - B) | (1,147) | 22 | 31 | 31 |
| Sources of capital funding | | | | |
| Subsidies for capital expenditure | 3,003 | 1,450 | - | - |
| Development and financial contributions | - | - | - | - |
| Increase / (decrease) in debt | 2,050 | (22) | (22) | (22) |
| Gross sales proceeds from sale of assets | - | - | - | - |
| Total sources of capital funding (C) | 5,053 | 1,428 | (22) | (22) |
| Application of capital funding | | | | |
| Capital - growth | - | - | - | - |
| Capital - level of service | 10 | 1,450 | - | - |
| Capital - renewals | 3,907 | 205 | 133 | 104 |
| Increase / (decrease) in reserves | (11) | (205) | (124) | (95) |
| Increase / (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 3,906 | 1,450 | 9 | 9 |
| Surplus (deficit) of capital funding (C-D) | 1,147 | (22) | (31) | (31) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Expenses for this activity include the following depreciation/amortisation charge | (28) | (5) | (60) | (68) |

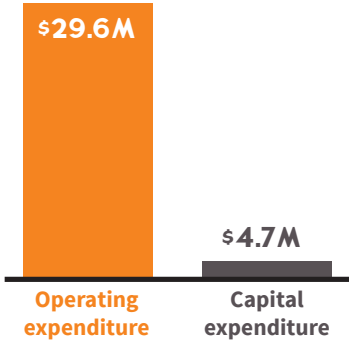


RANGAPŪ

CORPORATE SERVICES

Corporate Services, Property,
Corporate and Funds Management

COST OVER 3 YEARS



CORPORATE SERVICES

WHAT WE DO

We provide Council's corporate services, including customer support, finance, administration, IT, HR, records management, project support, legal compliance, and policy development.

These services support daily operations and long-term sustainability, meeting public demand, legal obligations, and community wellbeing across social, economic, environmental, and cultural aspects.

We prioritise technology to improve processes and decision-making, guided by our IT Strategic Plan for better collaboration, cost-effectiveness, and enhanced IT services.

KEY DOCUMENTS AND LINKS

- 2024-2027 Long Term Plan Consultation Document
- Community Surveys
- Economic Development Plan

PROPERTY

WHAT WE DO

We efficiently manage property services for public facilities like the Riverside Motor Camp, isite, community halls, pensioner housing, and commercial properties.

This supports public demand, statutory obligations, and community care, contributing to social, economic,

environmental, and cultural wellbeing.

Challenges include future-proofing properties like the Knowledge and Resource Hub (library) and housing Council archives to meet community needs.

| Levels of Service | Performance Measure | Target 2025 | Target 2026 | Target 2027 |
|---|--|-------------|-------------|-------------|
| Council buildings are compliant with legislative requirements | All Pensioner housing units are inspected 6 monthly | 100% | 100% | 100% |
| Provide prompt responses for service | Percentage of requests responded to within 3 days (including safety defects) | ≥80% | ≥80% | ≥80% |
| Council buildings are well maintained | Percentage of defects in Pensioner housing resolved within 24 hours | 100% | 100% | 100% |

FINANCE
WHAT WE DO

We manage Council's investments, cash, debt, equity, and property investments. Our treasury services provide low-cost funding for projects, emergencies, and daily operations. Without these services, higher fees and interest rates for overdrafts could lead to cashflow issues.

We negotiate loans, manage memberships with schemes like the Local Government Funding Agency (LGFA), and administer investments. This streamlines operations and mitigates financial risks. For instance, LGFA offers favourable interest rates, and careful planning reduces costs during loan rollovers and refinancing.

WHAT IT COSTS AND HOW IT'S FUNDED



| | 2023/24 AP \$000 | 2024/25 LTP \$000 | 2025/26 LTP \$000 | 2026/27 LTP \$000 |
|--|------------------------|-------------------------|-------------------------|-------------------------|
| Sources of operating funding | | | | |
| General rates | (432) | (450) | 117 | 189 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | 239 | 190 | 195 | 199 |
| Internal charges and overheads recovered | 5,859 | 8,463 | 9,065 | 9,963 |
| Other operating funding | 1,263 | 1,563 | 1,089 | 1,111 |
| Total operating funding (A) | 6,929 | 9,767 | 10,465 | 11,462 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 5,814 | 7,414 | 7,297 | 7,692 |
| Finance costs | - | 865 | 1,460 | 1,939 |
| Internal finance costs | 615 | 166 | 172 | 165 |
| Internal charges applied | 244 | 799 | 811 | 852 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 6,673 | 9,244 | 9,741 | 10,648 |
| Surplus (deficit) of operating funding (A - B) | 256 | 523 | 724 | 814 |
| Sources of capital funding | | | | |
| Subsidies for capital expenditure | 276 | 1,775 | 650 | - |
| Development and financial contributions | - | - | - | - |
| Increase / (decrease) in debt | (256) | 235 | (14) | 53 |
| Gross sales proceeds from sale of assets | - | - | - | - |
| Total sources of capital funding (C) | 20 | 2,010 | 636 | 53 |
| Application of capital funding | | | | |
| Capital - growth | - | - | - | - |
| Capital - level of service | - | 2,175 | 107 | - |
| Capital - renewals | 971 | 849 | 1,237 | 749 |
| Increase / (decrease) in reserves | (695) | (491) | 16 | 118 |
| Increase / (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 276 | 2,533 | 1,360 | 867 |
| Surplus (deficit) of capital funding (C-D) | (256) | (523) | (724) | (814) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Expenses for this activity include the following depreciation/amortisation charge | (431) | (417) | (746) | (840) |



2024-2027 LONG-TERM PLAN

SECTION 3: OUR FINANCES



MATAPAE WHAI TIKANGA ME NGĀ TŪRARU

SIGNIFICANT FORECASTING ASSUMPTIONS AND RISKS

Council has made a number of assumptions that underlie the financial forecasts within this Long-Term Plan. These have been informed by a consideration of social, economic, environmental, and cultural issues on a national, regional, and local level that impact on Council’s planning, activities, and operations. These assumptions do not include statements of fact that fall within the decision-making discretion of Council or unlikely events about which assumptions are made.

Water reform Assumptions

Central Government Water Services Reforms are likely to be completed over the life of this plan. However, there is much uncertainty about what these reforms will entail. It is expected the Government will provide guidance on the approach to implementing these reforms and provide associated funding support.

Risk

High degree of uncertainty and potential for change regarding financial and infrastructure plans in the Local Waters Done Well space.

Likelihood
High

Financial materiality
High

Reasons and effect of uncertainty

Uncertainty exists regarding the scale and impact of financial and legislative compliance resulting from the Government’s Water Services reform.

Inflation Assumptions

Council’s financial information is based on costs and income adjusted for inflation. The forecasts of price level changes have been used to calculate costs and income for the next 10 years (see tables on right). These forecasts were updated in October 2023 and are used by Local Governments across the country. Where existing contracts contain cost fluctuation/ inflation provisions these have been applied where relevant.

Local Government Aggregate Cost Adjusters, cumulative change (since 2023)

| | Opex | Capex | Total |
|------|------|-------|-------|
| 2024 | 3.4 | 3.6 | 3.5 |
| 2025 | 6.2 | 6.4 | 6.3 |
| 2026 | 8.4 | 8.6 | 8.4 |
| 2027 | 10.8 | 11.0 | 10.9 |
| 2028 | 13.2 | 13.5 | 13.3 |
| 2029 | 15.6 | 16.0 | 15.7 |
| 2030 | 17.9 | 18.4 | 18.1 |
| 2031 | 20.3 | 20.8 | 20.4 |
| 2032 | 22.6 | 23.2 | 22.8 |
| 2033 | 25.0 | 25.6 | 25.2 |
| 2034 | 27.3 | 28.0 | 27.5 |

Source: Cost Adjusters 2023 Final Update. Taituara

Local government cost adjusters, cumulative change (since 2003)

| | Planning & Regulation | Roading | Transport | Community | Waste |
|------|-----------------------|---------|-----------|-----------|-------|
| 2024 | 3.2 | 3.8 | 3.4 | 3.5 | 3.7 |
| 2025 | 5.7 | 6.9 | 6.1 | 6.3 | 6.8 |
| 2026 | 7.9 | 9.0 | 8.3 | 8.4 | 9.0 |
| 2027 | 10.2 | 11.4 | 10.7 | 10.7 | 11.6 |
| 2028 | 12.5 | 14.0 | 13.2 | 13.1 | 14.2 |
| 2029 | 14.7 | 16.5 | 15.5 | 15.4 | 16.9 |
| 2030 | 16.9 | 18.9 | 17.9 | 17.7 | 19.5 |
| 2031 | 19.1 | 21.3 | 20.2 | 20.0 | 22.1 |
| 2032 | 21.3 | 23.8 | 22.6 | 22.3 | 24.7 |
| 2033 | 23.5 | 26.2 | 24.9 | 24.6 | 27.3 |
| 2034 | 25.7 | 28.7 | 27.3 | 26.8 | 29.9 |

Source: Cost Adjusters 2023 Final Update. Taituara

Risk

Actual inflation will be significantly different from the assumed inflation.

Likelihood

Medium

Financial materiality

Medium across the life of this plan

Reasons and effect of uncertainty

From experience, contract tender prices can vary materially from the Local Government Cost Index due to the remoteness of the district and the size of the contracts that the Council will seek to place. Council will seek to mitigate this by partnering locally and through collaborative procurement practices within the Hawke’s Bay region. Inflation is affected by external economic factors and given the current global peace instability it is expected that the Council’s costs will increase at the rate of inflation unless efficient gains can be made.

Climate change

Assumptions

Potential climate change effects are likely to impact on our infrastructure and affect Councils ability to deliver levels of service. Councils planning includes scenarios which factor in the occurrence of more frequent and intense weather events. These reach levels of significance within the period covered by Council's Infrastructure Strategy. Council's response to climate change helps it identify key assets at risk, recognise impacts in asset and financial modelling and prioritise funding for resilience. It will support Council to identify critical components of its networks and prioritises renewals so that the network can continue to operate.

Risk

More frequent and intense weather events create increased risk or damage to Council’s infrastructure and activities.

Likelihood

Medium-High

Financial materiality

High

Reasons and effect of uncertainty

Climate change predictions are that extreme weather events will become more frequent and intense. We have experienced the implications on Council’s infrastructure and activities and continue to rebuild from events of this type.

Future events will see increased risk to already fragile coastal roads and infrastructure from coastal erosion and inundation, increased storminess, and sea-level rise.

Flooding and heat are likely to impact roading networks in our district. Drought will result in water shortages, increased demand for irrigation and increased risk of fires. Council expects this may impact on the provision of safe drinking water and the disposal of wastewater and stormwater.

The effect of any natural disaster on Council’s financial

position is dependent on the scale, duration, and location of the event. Central government assistance and insurance contracts would reduce some of the financial risk.

Funding sources

Assumptions

Council’s sources of funds are as per the revenue and financing policy. Council will continue to receive external funding at current levels from government agencies and we will continue to apply for government funding through various channels.

Risk

Some revenue sources may not be achievable. The tightening of Central Government budgets may reduce or eliminate funding sources previously identified for various programmes.

Likelihood

Medium

Financial materiality

Medium

Reasons and effect of uncertainty

Council has undertaken a review of its revenue and funding policy and the rationales for its funding allocations. Fees and charges are based on levels regularly achieved and adjusted for specific initiatives or conditions. The Council’s rating system has been reviewed and consulted upon to deliver a system that is simpler, ensures appropriate distribution and is affordable for more ratepayers. Rates are consulted upon and controlled by prudent thresholds.

Council will continue to apply for central Government funding for various projects and programmes as and when required. As noted above there remains uncertainty around ongoing funding support for Water Services because of the Government's Local Waters Done Well reforms, as a result Council has taken a conservative view with regards to the likelihood of such funding being available in the future.

External borrowing sources

Assumptions

Council will continue to receive financing from an approved banking institution.

Risk

No access to external debt funding.

Likelihood

Low

Financial materiality

Medium

Reasons and effect of uncertainty

Council believes the likelihood of the withdrawal of bank funding is low, due to the good credit rating and relatively low risk it has as a public entity. As a member of the Local Government Funding Agency (LGFA), Council has an alternative source of debt funding. Council also has the ability to set rates at a level sufficient to cover its costs.

Rating Assumptions

The bases for calculating and allocating rates will be appropriate throughout the life of the LTP (Long-Term Plan).

Risk

Groups of ratepayers are significantly affected by changes to the rating system, rating revaluations, or changes to Council's activities.

Likelihood

High

Financial materiality

Medium

Reasons and effect of uncertainty

Council's rating system has been reviewed and consulted upon to deliver a system that is simpler, ensures appropriate distribution and is affordable for more ratepayers. Council has also undertaken a review of its revenue and funding policy and the rationales for its funding allocations. Rates are consulted upon and controlled by prudent thresholds. Property values could change significantly or only in certain areas of the district

Lives of significant assets

Assumptions

Council has estimated the useful lives of its significant assets, as detailed in the Statement of Accounting policies.

Risk

Assets will not last as long as forecast for various reasons and need to be replaced before funds are available.

Likelihood

Medium

Financial materiality

Medium

Reasons and effect of uncertainty

Council has an asset management planning and upgrade programme in place. Asset capacity and condition is monitored, with replacement works being planned in accordance with standard asset management practice. Council has growing concerns about the impact climate change and associated extreme weather events will have on the lifespan of its infrastructural assets.

Currency movements

Assumptions

The currency movements of exchange rates will not fluctuate significantly during the life of this plan.

Risk

Council's costs are adversely affected by foreign exchange movements.

Likelihood

Medium

Financial materiality

Medium

Reasons and effect of uncertainty

Council does not have direct exposure to currency movement in respect of significant assets or liabilities and is not aware of any material dependencies on overseas inputs within its major contracts. However, the Wairoa economy is underpinned by a strong primary sector with a substantial export component. Parts of the community that depend on these markets to thrive may be adversely affected by exchange rate movements which could, in turn, affect the demand and perceived affordability of Council services.

Consent renewals

Assumptions

Council bases its future projections on the expectation that consents will be renewed for its activities including wastewater, waste management, water supply and stormwater.

Risk

Approving bodies will fail to renew the consent renewals that Council requires to carry out its activities.

Likelihood

Medium

Financial materiality

High

Reasons and effect of uncertainty

Council has no reason to believe that any of the consents that it operates under will not be renewed but is concerned at the implications of potential changes to consent conditions or compliance resulting from the Local Waters Done Well review. Any failure to renew the consents could significantly affect the ability of the Council to provide an effective level of service.

New and replacement assets

Assumptions

The construction of new assets increases Council's levels of service, unless otherwise stated. The replacement of existing assets does not mean an increase in levels of service or capacity, unless stated. Programmes are completed on time and on budget.

Risk

The replacement of existing assets increases the levels of service due to technological changes or through the adoption of best practice. New assets do not meet the agreed levels of service or do not provide adequate capacity. Delays in the completion of major capital projects may delay completion of other projects.

Likelihood

Low-Medium

Financial materiality

Low-Medium

Reasons and effect of uncertainty

In most cases, increased levels of service are linked with the

construction of new assets. Council’s asset managers have already adopted best practice techniques. For most new assets there are relatively long project planning and design phases. Where possible, new assets are designed and constructed with future levels of service and capacity in mind.

An increase in private development at Māhia is likely to impact on the demand for future assets. Council regularly manages capital projects that are carried forward from previous periods. Projects with lower priority and that are less time sensitive may be delayed.

Various disruptive technologies, including social media, software-as-a-service, artificial intelligence, e-commerce, drones, and automation have implications for our operations. These can be harnessed to reduce costs and improve service delivery, however given the pace of change it is difficult to forecast exactly when and how technologies will progress, and to what end.

Capital works costs

Assumptions

On average, the costs of major capital works will not vary significantly from costs estimated at the concept stage and adjusted for inflation.

Risk

Some project costs are greater than the estimates, resulting in increased debt levels.

Likelihood

Medium

Financial materiality

High

Reasons and effect of uncertainty

Council has a high level of confidence regarding the costs of capital projects in the short term but less certainty in the longer term due to possible economic fluctuations, growth patterns, consent conditions etc.

The potential effects of this uncertainty on the financial statements would be difficult to estimate but may lead to a number of projects being deferred, cancelled or rescoped.

Land transport funding

Assumptions

Ratepayer contributions provide 25% of the funding towards the land transport system, and the Government’s subsidy is 75%.

Risk

A change to the Government’s subsidy rate, and variation in criteria for inclusion in the subsidised works programme.

Likelihood

Medium

Financial materiality

Medium

Reasons and effect of uncertainty

The funding assistance rate from Waka Kotahi is confirmed for 2021-2024. However, funding priorities may change depending on the administration of the Land Transport Management Act 2003.

Household changes

Assumptions

The population of the district will increase moderately during the life of this plan. The number of households will increase moderately. Growth in the district is expected to be in Māhia, with an increase in retirees to the area or those returning home.

Risk

Population change will be higher than protected, putting increased pressure on the Council to provide additional infrastructure and services. Alternatively, the population could decline, increasing the residual burden on ratepayers.

Likelihood

Low

Financial materiality

Low

Reasons and effect of uncertainty

Census 2023 results have shown the population of the Wairoa District to have grown by around 6% since the last census. We have seen growth across all age groups with most growth in the 0–10-year age groups. The Council will seek to understand the future impacts of development on its infrastructure. This will help us to better model the potential financial impacts and prioritise funding accordingly.

Population projects are based on demographic assumptions that do not change quickly and a continuation of the annual average level of population growth in the district. Existing infrastructure and levels of service will still require investment even if the population is static or declining.

Ageing households

Assumptions

The population of the district aged 65 and over is expected to increase during the life of this plan. The number of single-person households will also increase. Declines in the population aged 40-64 and two-parent families are expected.

Risk

There will be a decline in the affordability/ability to pay, with more people on fixed incomes and potentially lower household incomes.

Likelihood

High

Financial materiality

Medium

Reasons and effect of uncertainty

Without intervention it is inevitable that increasing costs of the Council’s activities will become an increasing proportion of

fixed household income. Council’s review of its rating system and economic development initiatives seek to alleviate this. An ageing demographic may require an adaptation of public services and infrastructure to meet the needs of an older community.

Council policy

Assumptions

There will be no significant changes to Council policy during the life of this plan.

Risk

New legislation is enacted that requires a significant policy response from Council. Election of a new Council in 2025 with different objectives to the current Council.

Likelihood

Low

Financial materiality

Low

Reasons and effect of uncertainty

Changes to Council policy to deal with new requirements are part of normal business. Any significant change would be assessed in terms of the impact on the Council’s financial position. Council’s Significance and Engagement Policy, and its Māori Policy remain unchanged. The Local Government Act 2002 ensures that changes in policy follow due process, including consultation with the public.

Governance

Assumptions

The structure of the Council’s elected representation remains unchanged during the life of this plan.

Risk

Applications will be made to the Council for a representation review.

Likelihood

Medium

Financial materiality

Low

Reasons and effect of uncertainty

The Māori Ward will remain in place for the next election in 2025. Council is required to complete a review of its governance structure in 2024.

Contracts

Assumptions

There are no significant variations in terms of price from the retendering of operational and maintenance contracts and renewal of service level agreements, other than those variations noted in this plan.

Risk

A significant variation in price from retendering contracts and renewal of service level agreements.

Likelihood

Medium

Financial materiality

Medium-high

Reasons and effect of uncertainty

Council has been able to manage contracts within a narrow range of cost variation. If contract prices were to increase significantly, Council would need to review the amount of work programmed and undertaken. Adjustments for known and projected increases in contracts have been included. For more information, refer to Assumptions about Inflation.

External factors

Assumptions

Apart from the Government’s Local Waters Done Well reform and Resource Management Act reforms, there are no unexpected changes to legislation or other external factors that will impact on the nature of services provided by the Council.

Risk

There are unexpected changes that alter the services provided by Council.

Likelihood

Medium

Financial materiality

Low

Reasons and effect of uncertainty

Most changes to legislation are programmed and known about in advance. Only in extraordinary circumstances (such as public outcry over a particular incident) would unexpected changes to legislation be prompted. Central government is likely to share part of any cost associated with major legislative change.



MATAPAE PŪTEA

**FINANCIAL FORECAST
STATEMENTS**

TE MATAPAE AHIPŪTEA WHIWHI ME UTU WHAKAHAERE

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Prospective Statement of Comprehensive Revenue and Expense for the 3 years ended 2027

| | AP 2024 \$000 | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
|---|---------------------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Rates | 18,664 | 22,297 | 25,811 | 28,422 |
| Subsidies and grants | 29,380 | 50,494 | 40,793 | 23,139 |
| Fees and charges | 3,227 | 3,432 | 2,969 | 3,037 |
| Investment revenue | 1,183 | 1,483 | 1,007 | 1,027 |
| Petrol tax | 80 | 80 | 82 | 84 |
| Total revenue | 52,534 | 77,786 | 70,660 | 55,709 |
| Expense | | | | |
| Water Supply | 2,581 | 3,309 | 3,492 | 3,631 |
| Wastewater | 2,756 | 3,929 | 4,232 | 4,624 |
| Stormwater | 976 | 826 | 937 | 1,174 |
| Transport | 14,731 | 22,955 | 18,397 | 19,588 |
| Solid waste | 2,791 | 2,861 | 3,913 | 4,662 |
| Community facilities | 3,256 | 3,770 | 4,096 | 4,264 |
| Planning and regulatory | 3,038 | 4,614 | 4,698 | 4,920 |
| Leadership and governance | 4,943 | 2,472 | 2,555 | 2,628 |
| Corporate | 1,245 | 1,197 | 1,422 | 1,525 |
| Total expense | 36,317 | 45,935 | 43,741 | 47,016 |
| Net Surplus (deficit) on operations | 16,217 | 31,852 | 26,919 | 8,694 |
| Subvention income | - | - | - | - |
| Net Surplus (deficit) for the period | 16,217 | 31,852 | 26,919 | 8,694 |
| Other comprehensive revenue and expense | | | | |
| Fair value movement property plant and equipment | - | - | - | 29,350 |
| Total Comprehensive revenue and expense for the period | 16,217 | 31,852 | 26,919 | 38,043 |

TE MATAPAE TŪ AHUPŪTEA

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

for the 3 years ended 2027

| | AP 2024 \$000 | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
|--------------------------------------|---------------------|----------------------|----------------------|----------------------|
| Current assets | | | | |
| Cash and cash equivalents | 1,379 | 8,392 | 5,872 | 5,322 |
| Trade and other receivables | 6,624 | 13,547 | 13,547 | 13,547 |
| Inventory | 100 | 84 | 84 | 84 |
| Available for sale assets | - | 41 | 41 | 41 |
| Financial assets at fair value | 1,025 | 1,065 | 1,065 | 1,065 |
| Total current assets | 9,128 | 23,129 | 20,609 | 20,059 |
| Non current assets | | | | |
| Biological assets | 115 | 115 | 115 | 115 |
| Intangible assets | 12 | 719 | 757 | 791 |
| Investment property | 369 | 405 | 405 | 405 |
| Investments in subsidiary | 1,250 | 1,250 | 1,250 | 1,250 |
| Property plant and equipment | 312,567 | 457,185 | 501,777 | 571,006 |
| Work in progress | 28,851 | 56,502 | 53,233 | 31,389 |
| Loan to Subsidiary | - | 1,036 | 1,036 | 1,036 |
| Financial assets at fair value | 1,498 | - | - | - |
| Total non-current assets | 344,662 | 517,212 | 558,573 | 605,993 |
| Current liabilities | | | | |
| Trade payables | 7,990 | 14,495 | 14,495 | 14,495 |
| Employee benefit liabilities | - | 860 | 860 | 860 |
| Contract retentions | - | 1,110 | 1,110 | 1,110 |
| Borrowings | 1,500 | - | - | - |
| Total current liabilities | 9,490 | 16,465 | 16,465 | 16,465 |
| Non-current liabilities | | | | |
| Trade payables | 5,214 | - | - | - |
| Borrowings | 11,685 | 20,583 | 32,505 | 41,356 |
| Landfill aftercare | 1,205 | 1,378 | 1,378 | 1,378 |
| Total non-current liabilities | 18,104 | 21,961 | 33,883 | 42,734 |
| Net assets | 326,196 | 501,915 | 528,834 | 566,853 |
| Represented by | | | | |
| Equity | 326,196 | 501,915 | 528,834 | 566,853 |

TE MATAPAE MANA TAURITE

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

for the 3 years ended 2027

| | AP 2024 \$000 | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
|---|---------------------|----------------------|----------------------|----------------------|
| Total equity opening balance | 309,979 | 470,063 | 501,915 | 528,810 |
| Total Comprehensive revenue and expense for the period | 16,217 | 31,852 | 26,919 | 38,043 |
| | | | | |
| Total equity Closing balance | 326,196 | 501,915 | 528,834 | 566,853 |
| Components of equity | | | | |
| Ratepayer's equity | | | | |
| Opening balance | 165,664 | 177,547 | 214,212 | 243,627 |
| Net Surplus (deficit) for the period | 16,217 | 31,852 | 26,919 | 38,043 |
| Transfers special fund reserves | (910) | 4,814 | 2,520 | 549 |
| Transfers revaluation reserves | - | - | - | (29,350) |
| Closing Ratepayers equity | 180,971 | 214,213 | 243,652 | 252,871 |
| Special funds | | | | |
| Opening balance | 19,704 | 25,000 | 20,187 | 17,666 |
| Transfers ratepayers equity | 910 | (4,814) | (2,520) | (549) |
| Closing Special fund reserves | 20,614 | 20,187 | 17,666 | 17,117 |
| Revaluation reserves | | | | |
| Opening balance | 124,611 | 267,516 | 267,516 | 267,516 |
| Revaluation recognised in other comprehensive revenue and expense | - | - | - | 29,350 |
| Revaluation reserves Closing balance | 124,611 | 267,516 | 267,516 | 296,866 |
| | | | | |
| Total equity Closing balance | 326,196 | 501,915 | 528,834 | 566,853 |

TE MATAPAE KAPEWHITI

PROSPECTIVE STATEMENT OF CASH FLOWS

for the 3 years ended 2027

| | AP 2024 \$000 | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
|--|---------------------|----------------------|----------------------|----------------------|
| Cash flows from operating activities | | | | |
| Receipts from rates | 18,559 | 22,297 | 25,811 | 28,422 |
| Other revenue received | 30,320 | 4,893 | 3,952 | 4,041 |
| Subsidies and grants received | - | 50,494 | 40,793 | 23,139 |
| Interest received | 1,183 | 103 | 105 | 107 |
| Payments to suppliers and employees | (36,483) | (34,931) | (30,434) | (31,855) |
| Finance costs | (358) | (865) | (1,460) | (1,939) |
| Net cash flow from operating activities | 13,221 | 41,990 | 38,767 | 21,916 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | (19,337) | (56,502) | (53,209) | (31,316) |
| Net cash flow from investing activities | (19,337) | (56,502) | (53,209) | (31,316) |
| Cash flows from financing activities | | | | |
| Drawdown / (repayment) of borrowings | 3,186 | 9,698 | 11,922 | 8,851 |
| Net cash flow from financing activities | 3,186 | 9,698 | 11,922 | 8,851 |
| Net (decrease) / increase in cash equivalents | (2,930) | (4,814) | (2,520) | (549) |
| Cash and Cash Equivalents and the beginning of the year | 4,309 | 13,206 | 8,392 | 5,872 |
| Cash and Cash Equivalents and the end of the year | 1,379 | 8,392 | 5,872 | 5,322 |
| Made up of | | | | |
| Cash and Cash Equivalents | 1,379 | 8,392 | 5,872 | 5,322 |
| Cash and cash equivalents at end of year | 1,379 | 8,392 | 5,872 | 5,322 |

TE MATAPAE PŪTEA PENAPENA

PROSPECTIVE STATEMENT OF MOVEMENT IN SPECIAL FUNDS AND RESERVES

| | Opening Balance 1 July 2024 \$000 | Transfer Out \$000 | Transfer In \$000 | Closing Balance 30 June 2027 \$000 |
|---|---|-----------------------|----------------------|--|
| Reserves held for emergency purposes | | | | |
| Disaster recovery fund | 849 | - | - | 849 |
| Reserves held for asset purchases | | | | |
| Infrastructure renewals | 14,991 | 9,419 | -16,030 | 8,381 |
| Library books | 203 | 264 | -155 | 312 |
| Recreational assets | 309 | 774 | -1,373 | -291 |
| IT equipment | 670 | 515 | -558 | 627 |
| Operational assets | 1,937 | 1,945 | -2,619 | 1,263 |
| Pensioner housing | 233 | 139 | -204 | 168 |
| Special funds | | | | |
| Tuai reserve fund | 150 | - | - | 150 |
| Wairoa urban fund | 303 | - | - | 303 |
| General purpose reserve | 618 | - | - | 618 |
| District development fund | 282 | - | - | 282 |
| Retirement & restructuring reserve | 114 | - | - | 114 |
| Financing Reserve | | | | |
| Loan repayment | 4,342 | - | - | 4,342 |
| Grand total | 25,000 | 13,056 | -20,939 | 17,117 |

TE MATAPAE TE MAHERE PŪTEA HUA

PROSPECTIVE CAPITAL PLAN

for the 3 years ended 2027

| Water Supply | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
|---|----------------------|----------------------|----------------------|
| Level of service | | | |
| Install Chlorination & Monitoring Tuai Water Supply | 215 | - | - |
| Current flood doors are not tall enough | 30 | - | - |
| Total | 245 | - | - |
| Renewals | | | |
| Future Capital Requirements | 58 | - | - |
| Wairoa Pipelines Renewals | 3,065 | 3,188 | 3,321 |
| Wairoa Meters - Renewals | 100 | 104 | - |
| Marine Parade Replacement Main | 1,900 | - | - |
| Valve Replacements | 80 | 83 | 85 |
| Wairoa Reservoirs - Renewals | 100 | 104 | - |
| Renewal Expenditure | 20 | 21 | 21 |
| Replacement Scada Hp Mini I7 Desktop | - | 3 | - |
| Boundary Valves Pump Station | - | 65 | - |
| Safety Improvement | 11 | 11 | - |
| Mahanga Tank And Pump Repairs | 5 | 5 | - |
| Purchase Vehicle | - | 61 | - |
| Tuai Starlink For Reservoirs | 15 | - | - |
| Total | 5,353 | 3,645 | 3,428 |

| Stormwater | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
|--|----------------------|----------------------|----------------------|
| Level of service | | | |
| New - Littatrap Installation | 11 | 11 | 12 |
| New - Improvements - Resilience And Capacity | 500 | 1,560 | 1,602 |
| Total | 511 | 1,571 | 1,614 |
| Renewals | | | |
| Piping Open Drains - Wairoa | 400 | - | - |
| Wairoa Pipelines Renewals | 500 | 520 | 534 |
| CCTV | 65 | 68 | 69 |
| Total | 965 | 588 | 603 |

| Wastewater | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
|--|----------------------|----------------------|----------------------|
| Renewals | | | |
| Mahia Beach Sewerage System | 1,350 | 1,154 | 1,068 |
| SG7000. Wairoa Reticulation Renewals | 340 | 342 | 340 |
| Wairoa Reticulation | 300 | 1,300 | 1,655 |
| Telemetry Base Sets Wairoa | 150 | - | - |
| Consent | 30 | 5 | - |
| Step Filter | - | - | 11 |
| Storage - Lowe Environmental | 50 | 1,352 | 1,100 |
| Renewal Pump Stations | 690 | 333 | 352 |
| Purchase Of Vehicles | - | 61 | - |
| Total | 2,910 | 4,548 | 4,526 |
| Waste Management | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
| Level of service | | | |
| Recycling Centre Upgrade | 2,546 | - | - |
| Recycling Centre Mahia | - | 153 | - |
| Roadside Bins | - | 430 | - |
| Kerbside Expansion (Bins Purchase & Roll-Out) | 857 | 51 | - |
| Landfill Closure | - | 310 | 36 |
| Total | 3,403 | 944 | 36 |
| Renewals | | | |
| COVER WAIROA LANDFILL Capping | 10 | 10 | - |
| Effluent System | 10 | 10 | 10 |
| Total | 20 | 20 | 10 |
| Transport | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
| Level of service | | | |
| Purchase Of Software Licences | 5 | 2 | 5 |
| Security Installation (Gate & Fence) | 115 | - | - |
| Wairo Airport Bird Control | 35 | - | - |
| Terminal Building Purchase And Part Renewal | - | 870 | - |
| Electrical Supply Resilience | - | 87 | 68 |
| Aero Club Lounge/ Hanger | 400 | - | - |
| Footpaths New Construction General | 57 | 59 | 62 |
| Road Pavement Improvements (Low Cost Low Risk) | 536 | 561 | 529 |
| Bridge Improvements (Low Cost Low Risk) | 725 | 660 | 460 |
| Drainage Improvements (Low Cost Low Risk) | 525 | 1,430 | 1,495 |
| Road Safety Improvements (Low Cost Low Risk) | 1,365 | 1,650 | 1,645 |
| New Footpaths (Low Cost Low Risk) | 179 | 187 | 196 |
| Resilience Improvements (Low Cost Low Risk) | 1,076 | 468 | 362 |
| Professional Services (Low Cost Low Risk) | 214 | 253 | 115 |
| Road 38 Minor Improvements | 184 | 193 | 201 |
| Renewal | 25,403 | 29,891 | 13,586 |
| Total | 5,414 | 6,419 | 5,137 |

| Transport | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
|---|----------------------|----------------------|----------------------|
| Renewals | | | |
| Purchase Of Surveying Equipment | - | - | - |
| Purchase Office Furniture | - | 2 | - |
| Purchase Computer Equipment | 5 | 5 | 5 |
| Renewal Maintenance | 17 | 19 | 20 |
| Walkway James Carroll Expenses | 20 | - | - |
| Marine Parade Upgrade | 105 | 113 | 120 |
| Purchase Of Vehicles | 105 | 123 | 110 |
| Pavement Rehabilitation | 710 | 744 | 777 |
| Blacks Beach Blowhole Realignment | 2,051 | 6,100 | - |
| Sealed Road Resurfacing | 2,089 | 2,438 | 2,524 |
| Drainage Renewals | 935 | 980 | 1,024 |
| Structures Component Replace | 1,032 | 1,081 | 1,131 |
| Structure Replacement (Wc216) | 335 | 746 | 36 |
| Traffic Services Renewals | 192 | 202 | 211 |
| Te Reinga Bridge | 6,500 | 6,500 | - |
| Emergency Works_nov 23 Weather Event Capex | 1,000 | 1,000 | - |
| Emergency Works_june 23 Weather Event Capex | 2,416 | 2,416 | - |
| Emergency Works_cyclone Gabby_capex | 4,059 | 4,059 | 4,059 |
| Heavy Metal Buildups | 1,138 | 1,190 | 1,423 |
| Emergency Works March 22 Reinst Renewal | 2,000 | 2,000 | 2,000 |
| Road 38 Unsealed Rd Metalling | 63 | 66 | 69 |
| Road 38 Sealed Rd Resurfacing | 15 | 50 | 15 |
| Road 38 Drainage Renewals | 53 | 55 | 58 |
| Road 38-Traffic Svces Renewal | 5 | 6 | 6 |
| Road 38 Emergency Reinst - New | 558 | - | - |
| Total | 25,403 | 29,891 | 13,586 |

| Community Facilities | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
|--|----------------------|----------------------|----------------------|
| Level of service | | | |
| Installation of Fences and Barriers | 40 | - | - |
| Access Road Extension - Current Road | - | - | 16 |
| CCTV & Security | - | 26 | 10 |
| Solar Power | 30 | - | - |
| Building Resilience Solar | 150 | - | - |
| Air Con | 6 | - | - |
| LIBRARY OFFICE AIR CONDITIONING | 32 | - | - |
| Mahia Recreational Spaces | 410 | - | - |
| Tuai Destination Playground | 300 | - | - |
| PUBLIC SPACE ENHANCEMENT | 15 | 15 | 16 |
| PICNIC TABLES | 40 | 20 | 21 |
| Basketball Court Community Centre | - | - | 135 |
| Mountain bike Park Improvements and Cycleway | 40 | - | 42 |
| CCTV Installation | 80 | 41 | 42 |
| Frasertown Recreation Reserve Development | 450 | 153 | 73 |
| Recovery 24 - Marine Parade Resilience Project | 50 | 51 | - |
| Recovery 24 - Retreat - Feasibility Study and Relocation | - | 82 | - |
| Recovery 24 - Climate Change - Resilience (HBRC) | 500 | 512 | 521 |
| RAMM - Asset Inventory Data | 20 | 20 | 21 |
| Total | 2,163 | 921 | 896 |
| Renewals | | | |
| Future Capital Requirements | 25 | - | - |
| CapEx - pathways | 6 | 6 | 6 |
| Boundary Fences Replacement | 25 | 26 | 16 |
| Reserve Trees Removal - Landscape Succession | - | 26 | 26 |
| Air Conditioners - Replacement | 28 | - | - |
| Security - Replacement | - | 11 | - |
| Fridges and Chiller - Replacement | - | - | 6 |
| Book Purchases | 48 | 51 | 55 |
| Building refit | 4,500 | - | - |
| Toilet Renewals | 50 | 51 | 52 |
| PLAYGROUND RENEWALS | 500 | 189 | 172 |
| SKATE PARK UPGRADE | - | 123 | - |
| Lighthouse Renovations | - | 36 | 15 |
| Recovery 24 - Toilets Reinstatement | 50 | - | - |
| Recovery 24 - Replacement of Reserves Furniture | 25 | 26 | 26 |
| Total | 5,257 | 544 | 374 |

| Planning and Regulatory | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
|----------------------------------|----------------------|----------------------|----------------------|
| Level of service | | | |
| CD Upgrades | - | 1,228 | - |
| Total | - | 1,228 | - |
| Renewals | | | |
| Pound Renewal | 120 | 1,228 | 188 |
| New Vehicle 4x4 Ute | - | 123 | - |
| Purchase of Vehicles | - | - | - |
| Purchase Vehicles | 60 | 61 | 63 |
| Purchase of Vehicle for Planning | - | - | - |
| Total | 180 | 1,412 | 250 |

| Leadership and Governance | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
|-----------------------------|----------------------|----------------------|----------------------|
| Level of service | | | |
| New Build Winters Building | 1,450 | - | - |
| Total | 1,450 | - | - |
| Renewals | | | |
| Marine Parade – Shop/Awning | 100 | 102 | 104 |
| Refurbish - Exit of iSite | 60 | 31 | - |
| Purchase of Vehicles | 45 | - | - |
| Total | 205 | 133 | 104 |

| Leadership and Governance | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
|---------------------------------|----------------------|----------------------|----------------------|
| Level of service | | | |
| Lighting and Solar | 250 | - | - |
| New Storage Facility | 350 | - | - |
| Resilience for CDEM Hub Project | 150 | - | - |
| Resilience Solar | 1,275 | 77 | - |
| Climate Change Assessment | 30 | 31 | - |
| Warranty Extension for Server | 120 | - | - |
| Total | 2,175 | 107 | - |

| Leadership and Governance | LTP 2025 \$000 | LTP 2026 \$000 | LTP 2027 \$000 |
|---|----------------------|----------------------|----------------------|
| Renewals | | | |
| Future Capital Requirements | 50 | 51 | 52 |
| Centre Remedial Works | - | 102 | 105 |
| Annual Pool filtration maintenance | 9 | 9 | 10 |
| Renewals Pool | 25 | 26 | 26 |
| Replacement Gym Equipment | 10 | - | - |
| Stadium Floor Refurbishment | 100 | - | - |
| Renovation (Locks, hinges, and fittings) | 100 | - | - |
| Guttering | - | 164 | - |
| Building Renovation (incl. Roofing) | - | 409 | - |
| Campground upgrades | - | 6 | - |
| House Roof Replacement and External Paint | - | 18 | 7 |
| Fence Renewal | 25 | - | 26 |
| Backpackers Cabin - Replacement | - | - | - |
| Purchase Old County Building | 24 | - | - |
| Boundary Fences | - | 18 | 13 |
| Driveway and Paths | 9 | - | - |
| Purchase Computer Hardware | 20 | 10 | 33 |
| Replacement Laptops | 43 | 44 | 44 |
| DJI 4 Drone | 8 | - | - |
| Office Upgrade & Development | 50 | - | - |
| Air Conditioners | 10 | 5 | 5 |
| Doors, Windows and Interior | 24 | - | - |
| War Memorial Hall Improvements | 5 | 5 | 5 |
| AIR CONDITIONER COMPUTER ROOM | 16 | 16 | 17 |
| Renex Roof | 42 | - | - |
| Development Office Space | 20 | 205 | 104 |
| Seismic Assessments and Strengthening | 60 | 133 | 240 |
| RAMM Condition Assessment | 60 | 15 | 16 |
| PURCHASE NEW ADMIN VEHICLE | 45 | - | 47 |
| Motor Vehicle Expenses (Replace KZC903) | 45 | - | - |
| Archives Building Fitout | 50 | - | - |
| Total | 849 | 1,237 | 749 |



NGĀ KAUPAPA HERE MŌ TE KAUTE

STATEMENT OF ACCOUNTING POLICIES

Notes to the Financial Statements for the
3 years to 30 June 2027

STATEMENT OF ACCOUNTING POLICIES

Reporting entity

Wairoa District Council (the “Council”) is a territorial local authority governed by the Local Government Act 2002. The Council group consists of Wairoa District Council and its 100% owned subsidiary, Quality Roding and Services (Wairoa) Limited (QRS Ltd).

The Council's main objective is to provide goods or services for community or social benefits rather than making a financial return. The Council's principal activities are outlined within this Long-Term Plan (LTP). As a defined public entity under the Public Audit Act 2001, for financial reporting, the Council is audited by the Auditor General and classed as a Public Sector Public Benefit Entity.

The forecast statements of the long-term council community plan have been prepared in accordance with generally accepted accounting practice.

These forecast financial statements are for Wairoa District Council (the Council) as a separate legal entity. Consolidated forecast financial statements comprising the Council and its controlled entity have not been prepared.

Basis Of Preparation

Statement Of Compliance

The forecast financial statements have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply generally accepted accounting practice in New Zealand (NZ GAAP). The prospective financial statements have been prepared to comply with Public Benefit Entity Accounting Standards (PBE Standards) for a Tier 1 entity*.

The reporting period for these forecast financial statements is the 3-year period ending 30 June 2027.

The prospective financial statements were authorised for issue by Council on 8 August 2024 and are expected to be updated by 30 June 2025.

The Council and management of Council accept responsibility for preparing the prospective financial statements, including the appropriateness of the assumptions underlying prospective financial statements and all other required disclosures. No actual results have been incorporated within the prospective financial statements.

The purpose for which the prospective financial statements have been prepared is to enable the public to participate in the decision-making processes as to the services to be provided by Council over the financial years from 2024/25 to 2026-27, to provide a broad accountability mechanism for Council to the community, and to comply

with the reporting requirements of the Local Government Act 2002 in presenting the LTP.

The information contained within these prospective financial statements may not be suitable for use in another capacity. For further information, see the significant forecasting assumptions contained in the LTP.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The impact of this change is minimal.

The forecast financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated. The accounting policies set out below have been applied consistently to all periods presented in these forecast financial statements.

Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets and liabilities as identified in this summary of significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property and non-current assets classified as held for sale the fair value is determined by reference to market value. Property, plant and equipment, which is revalued every 3 years, is recorded at Optimised Depreciated Replacement Cost.

The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction. Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value.

The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate. The inflation rates used and the discount rate for forecasting the long-term cost of borrowing are as per the “Significant forecasting assumptions”. The preparation of prospective financial statements in conformity with PBE Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses.

The financial information was prepared based on best estimate assumptions as the future events the Council expects to take place. The council has considered factors that may lead to a material difference between information in the forecast financial statements and actual results.

These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this LTP. Actual results are likely to vary from the information presented, and the variations may be material.

Accounting Policies

The following accounting policies, which materially affect the measurement of results and financial position, have been applied.

Judgements And Estimates

Preparing forecast financial statements using PBE accounting standards requires judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy.

The estimates and assumptions are based on historical experience and other factors believed to be reasonable under the circumstances. Later results may differ from these estimates and may be material.

The estimates and assumptions are reviewed ongoingly, and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, certain fair value calculations and provisions.

Revenue

Revenue comprises rates, revenue from operating activities, contracting services, investment revenue, subsidies, petrol tax and fees and charges and is measured at the fair value of consideration received or receivable. Revenue may be derived from either exchange or non-exchange transactions.

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Exchange Transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Exchange revenue received by the Council can be summarised into the following areas:

- **Rates Revenue from Water by Meter**

Water rates by meter are regulated in the same way as other rates and are taxes that use a specific charging mechanism to collect the rate. However, as the water rates are primarily charged on a per unit of consumption basis, water rates by meter are considered to be more in the nature of an exchange transaction. Water meter revenue is based on actual usage charged at the time of use.

- **Provision of Services**

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the balance date, based on the actual service provided as a percentage of the total services to be provided.

- **Sale of Goods**

Sales of goods are recognised when a product is sold to the customer and all risks and rewards of ownership have transferred to the customer.

- **Construction Contracts**

Revenue on construction contracts is recognised progressively over the period of each contract. The amount included in the statement of comprehensive revenue and expenditure, and the value of the contract assets or liabilities are established by assessment of the individual contracts considering the proportion of work completed, cost analysis and estimated final results.

When the contract income cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

- **Interest Revenue**

Interest revenue is recognised on an accrual basis with movements in fair value profits and losses disclosed in the overall income statement as interest on investments.

- **Dividend Revenue**

Dividend revenue is recognised when the right to receive payment is established, which is generally when shareholders approve the dividend.

- **Investment property lease rentals**

Lease rentals (net of any incentives given) are classified as exchange revenue and recognised on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which benefits derived from the leased asset is diminished.

Non-Exchange Transactions

Non-exchange transactions arise when the Group receives value from another entity without directly giving approximately equal value in exchange. Revenue received from a non-exchange transaction cannot be deferred unless there is both a performance obligation and a return obligation attached to it. For example, where grant or subsidy funding is received without performance obligation then revenue is recognised when receivable.

Where a performance obligation exists, revenue is recognised upon satisfactory completion of the performance. Most of the services that the Council provides for a fee are subsidised by rates and therefore do not constitute an approximately equal exchange. Accordingly, most of the Council's revenue is categorised as non-exchange. Revenue from non-exchange transactions received by Group can be summarised as:

- **Rates Revenue**

Rates are set annually by a resolution from Council and relate to a fiscal year. All ratepayers are invoiced quarterly

within the fiscal year to which the rates have been set. Rates revenue is recognised in full as at the date when rate assessment notices are sent to the ratepayers. Rates are a tax as they are payable under the Local Government Ratings Act 2002 and are therefore defined as non-exchange.

- **Government Subsidies and Grants**

Council receives government grants from NZ Transport Agency, which subsidises part of Council's costs in providing the local roading infrastructure services along with other subsidies and grants from Government agencies. Grants and subsidies are recognised as revenue immediately except to the extent a liability is also recognised in respect of the same grant or subsidy. A liability is recognised when the grant or subsidy received are subject to a condition such that the Council has the obligation to return those funds received in the event that the conditions attached to them are breached.

As the Council satisfies the conditions, the carrying amount of the liability is reduced and an equal amount is recognised as revenue. Reimbursements (eg NZ Transport Agency roading claim payments) are recognised upon entitlement, which is when conditions relating to the eligible expenditure have been fulfilled.

- **Vested Assets**

Where a physical asset is acquired for zero or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.

- **Fees and Charges for provision of services**

Non-exchange revenue from the rendering of services consists of services in activities where Council subsidise the activity. Such revenue is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total service to be provided, only when there are conditions attached that require the funds to be returned if performance does not occur. Where no conditions are attached revenue is recognised when receivable.

Expenses

Specific accounting policies for major categories of expenditure are outlined below:

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when

a successful applicant has been notified of the Council's decision.

- **Depreciation and amortisation**

Depreciation of property, plant and equipment and amortisation of intangible assets are charged on a straight-line basis over the estimated useful life of the associated assets.

Taxation

The Council, as a local authority, is only liable for income tax on the surplus or deficit for the year derived from any Council controlled trading organisations and comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

Financial Assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at each reporting date.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Purchases and sales of financial assets are recognised on trade- date, the date on which Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Financial Assets at Fair Value Through Surplus or Deficit

Financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Included in this category are short-term investments, which are valued at fair value. After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of comprehensive revenue and expenditure.

Financial Assets At Amortised Cost

Financial Assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. Council's Financial Assets at amortised cost comprise cash and cash equivalents, trade and other receivables and loans and deposits.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity dates of 3 months or less.

Trade and Other Receivables

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method less an allowance for any uncollectable amounts. An allowance for uncollectable receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that they will enter bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the debtor is impaired. When the receivable is uncollectible, it is written off against the provision account for receivables.

Loans and deposits

Loans and deposits include loans to other entities (including subsidiaries and associates), and bank deposits with maturity dates of more than 3 months.

Available For Sale Financial Assets

Available-for-sale (AFS) financial assets are non-derivatives either designated as available for sale or not designated in any other categories. After initial

measurement, AFS financial assets are re-measured at fair value with unrealised gains or losses recognised in other comprehensive revenue and expense and accumulated in the AFS reserve in equity until:

The investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income or

The investment is determined to be impaired when the cumulative loss is reclassified from the AFS reserve to the statement of comprehensive revenue and expenditure in finance costs.

Interest earned whilst holding AFS financial assets is reported as interest income using the effective interest rate method.

Held to Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Council has the positive intention and ability to hold them to maturity.

After initial measurement, held to maturity investments are measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral to the effective interest rate.

The effective interest rate amortisation is included as finance income in the statement of comprehensive revenue and expenditure. Losses arising from impairment are recognised in the statement of comprehensive revenue and expenditure as finance costs.

Inventories

Raw materials are held at purchase cost first in first out. Finished goods are stated at the lower of cost and net realisable value with costs assigned based on weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investment Properties

Investment properties are properties that are held primarily to earn rental revenue or for capital growth or both. Investment properties exclude those properties held for strategic purposes or to provide a social service. This includes properties that generate cash inflows as the rental revenue is incidental to the purpose for holding the property. Such properties include the Council's social housing assets, which are held within operational assets in property, plant and equipment.

Investment property is measured initially at its cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition

criteria are met and excludes the costs of day-to-day maintenance of an investment property.

After initial recognition, the Council measures all investment property at cost less accumulated depreciation. Depreciation is provided on a straight-line basis on all investment property other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Investments

Investment income in the form of interest is recognised on an accrual basis with investments being market valued at balance date. Shares held as long-term investments are valued at the lower of cost or net realisable value. Dividends are recognised as they are received. Land and buildings held for investment purposes are re-valued annually to market values by independent registered valuers (Telfer Young) at each balance date.

Forestry woodlots are re-valued annually to market values by independent registered valuers (Ruru & Willis) at each balance date. Local Authority stocks are valued annually (First NZ Securities Ltd) at net realisable market values. Any gains/losses on revaluation are taken direct to a revaluation reserve. Where no reserve exists, any decrease in valuation is recognised in the statement of financial performance. There is no depreciation on investment properties.

Property Plant and Equipment

Property, plant, and equipment is shown at cost or valuation, less accumulated depreciation, and impairment losses. Property, plant, and equipment consist of:

- **Operational Assets**

These include land, buildings, the landfill post-closure asset, library books, plant and equipment and motor vehicles.

- **Infrastructure Assets**

Infrastructure assets are the fixed utility systems owned by Council. Each asset class includes all items required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

- **Intangible Assets**

These include software and trademarks.

- **Restricted Assets**

Restricted assets are parks and reserves owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Recognition

Expenditure is capitalised as property, plant, and equipment when it creates a new asset or increases the economic benefits of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Property, plant and equipment is recognised initially at cost, unless acquired for zero or nominal cost (eg vested assets), in which case the asset is recognised as fair value at the date of transfer. The initial cost of property, plant and equipment includes the purchase consideration (or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose.

Subsequent expenditure that extends or expands the asset's service potential is capitalised. Borrowing costs incurred during the construction of property, plant and equipment are not capitalised. After initial recognition, certain classes of property, plant and equipment are revalued to fair value. Where there is no active market for an asset, fair value is determined by depreciated replacement cost. Specific measurement policies for categories of property, plant and equipment are shown below.

Revaluations

The result of any revaluation of the Council's property, plant and equipment is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is included in the surplus or deficit.

Any subsequent increase on revaluation that offsets a previous decrease in value recognised within surplus or deficit will be recognised firstly, within surplus or deficit up to the amount previously expensed, with any remaining increase recognised within other comprehensive revenue and expense and in the revaluation reserve for that class of property, plant and equipment. Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount.

While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example, where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments.

Impairment

The Council's assets are defined as cash generating if the primary purpose of the asset is to provide a commercial return. Non-cash generating assets are assets other than cash generating assets. The Council's assets are reviewed at least annually to determine if there is any indication of impairment.

Where an asset, or class of assets, recoverable amount is less than its carrying amount it will be reported at its recoverable amount and an impairment loss will be

recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. A non-cash generating asset's value in use is the present value of the asset's remaining service potential.

Losses resulting from impairment are reported within comprehensive revenue and expense, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Work in Progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.

Depreciation

Assets are depreciated as stated in our Annual Report 2022/2023 which is as follows:

- All depreciable assets are depreciated on a straight-line basis at rates estimated to write off cost over the expected useful economic life.

The expected useful lives (life in years) of major classes of assets are estimated as follows:

| FIXED ASSETS | |
|-------------------------------|---------------------------|
| Asset Type | Estimated Life (in years) |
| Buildings | 30-40 |
| Furniture and Fittings | 5-10 |
| Plant, Equipment and Vehicles | 4-10 |
| Library Collections | 2-10 |
| Computer Equipment | 4-5 |
| Computer Software | 3 |
| Other Improvements | 10-50 |
| SEWERAGE ASSETS | |
| Asset Type | Estimated Life (in years) |
| Structures | 50 |
| Oxidation ponds | 40 |
| Pipes | 80-120 |
| Manholes | 80 |
| Pump | 10-35 |
| Plant | 10-35 |
| Resource Consents | 25 |

| STORMWATER ASSETS | |
|----------------------|---------------------------|
| Asset Type | Life (in years) |
| Reticulation piping | 50-100 |
| Culverts | 50-120 |
| Manholes / Sumps | 50-100 |
| Open Drains | Not Depreciated |
| WATER SUPPLY ASSETS | |
| Asset Type | Estimated Life (in years) |
| Structures | 50 |
| Pumps | 15-35 |
| Reticulation piping | 60-120 |
| Meters | 20 |
| Hydrants | 40 |
| Resource Consents | 20-25 |
| Reservoirs | 80-100 |
| ROADS | |
| Asset Type | Estimated Life (in years) |
| Top Surface (seal) | 14 |
| Basecourse | 100-120 |
| Formation | Not Depreciated |
| Bridges | 20-80 |
| Footpaths | 15-40 |
| Kerbs | 50 |
| Streetlights (Poles) | 50 |

Revaluation Frequency

The council accounts for revaluations of property, plant, and equipment on a class of asset basis. Bridges, Roads, Wastewater, Stormwater and Water Supply assets are revalued every 3 years. Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Revenue and Expense.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expense will be recognised first in the Statement of Comprehensive Revenue and Expense up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Infrastructural Asset Classes: Roads and bridges

Roading assets are revalued at fair value determined on a depreciated replacement cost basis and reviewed by an independent valuer. The most recent valuation was performed by WSP Global Inc (WSP) as of 30 June 2023.

Infrastructural Asset Classes: Water, Sewerage and Stormwater Systems

Water, wastewater and stormwater infrastructure assets are revalued at fair value using the optimised depreciated replacement cost method. The most recent valuation was performed by WSP as of 30 June 2023.

Operational and Restricted Land and Buildings

Operational and restricted land and buildings are held at deemed cost and are not revalued.

Land Under Roads

Land under roads is based on cost less impairment.

Unformed or Paper Roads

An unformed or paper road is a term for a road legally established and recorded in survey plans but not formed, and ownership of the land associated with the paper road resides with Council. The council does not recognise land under unformed paper roads in the statement of financial position because there is no service potential from many paper roads.

The public good of having access routes is difficult to value. In addition, there is a limited market for sale to the surrounding or adjacent property owner and cannot be measured reliably because of the small individual area of many paper roads to those adjacent or surrounding properties, and the high cost of sale.

Intangible Assets

Intangible assets comprise computer software and trademarks. They are recorded at a cost less than any subsequent amortisation and impairment losses.

Computer software has a finite economic life and amortisation is charged to surplus or deficit on a straight-line basis over the estimated useful life of the asset. Trademarks are not amortised but tested annually for impairment.

Biological Assets - Forestry

The Council's biological assets consist of forestry. Forestry assets are independently valued triennially at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and environmental, operational and market restrictions.

Gains or losses arising from the initial recognition of biological assets at fair value less estimated sale costs and from a change in fair value less estimated point of sale costs are recognised in the statement of comprehensive revenue and expense. The costs to maintain forestry assets are included in the statement of comprehensive revenue and expense.

Creditors And Other Payables

Trade and other payables are measured by amortised cost using the effective interest method. Trade payables are usually paid within 30 days of recognition. Due to their short-term nature, they are not discounted.

Employee Benefits

Short-Term Employee Entitlements

Employee benefits, which the Group expects to be settled within 12 months of the balance date, are measured at nominal values based on accrued entitlements at current rates of pay. A provision for employee benefit liabilities is recognised as a liability when benefits are earned but not paid.

This provision includes salaries and wages accrued up to balance date, holiday leave earned, but not yet taken at balance date, retirement and long service leave entitlements expected to be settled within 12 months). Holiday leave includes annual leave, long service leave, statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis in accordance with section 21(2) of the Holidays Act 2003.

Long-Term Employee Entitlements

Retirement gratuities are calculated on an actuarial basis based on the future entitlements accruing to employees, after considering years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and other contractual entitlement information.

Defined contribution pension plan obligations are recognised as an expense in the statement of comprehensive revenue and expenditure as incurred.

Provisions

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) because of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation.

Landfill Post-Closure Costs

The council has a resource consent issued by the Hawke's Bay Regional Council to operate the Wairoa landfill. Under this resource consent the Council has a legal obligation to provide ongoing maintenance and monitoring of the Wairoa landfill site until 2031. The Council has provided for aftercare of the Wairoa landfill where such a liability exists.

The management of the landfill will influence the timing of recognition of some liabilities. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The cash outflows

for landfill post-closure are expected to occur within the next 25 years. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises, which is when each stage of the landfill is commissioned, and refuse begins to accumulate.

The provision is measured based on the present value of future cash flows expected to be incurred, considering future events including known changes to legal requirements and known improvements in technology.

The provision includes all costs associated with landfill post-closure including final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; completing facilities for monitoring and recovery of gas. Amounts provided for landfill post-closure are capitalised to the landfill assets. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

Borrowing

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into several components to enable clearer identification of the specified uses of equity within the Council.

The components of equity are:

- Ratepayer's equity
- Revaluation reserves
- Special fund reserves

Special Funds And Council Created Reserves

Special fund reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Cost Allocation

Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

Direct costs, which can be traced directly to a specific significant activity, are expensed directly to the relevant activity.

Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These indirect costs are allocated as overheads across all activities.

Forecast Statement of Cash Flows

Cash and cash equivalents for the purposes of the forecast cashflow statement comprise bank balances, cash on hand and short-term deposits with a maturity of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating activities include cash received from all non-financial revenue sources of the Council and the Group and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets and investment revenue. Financing activities relate to activities that change the equity and debt capital structure of the Council and Group and financing costs.

Related Parties

Related parties arise where one entity can affect the financial and operating policies of another through the presence of control or significant influence. Related parties include members of the Group and key management personnel.

Key management personnel include the Mayor and Councillors as Directors, the Chief Executive and all members of the Executive Leadership Team being key advisors to the Directors and Chief Executive. The Mayor and Councillors are considered Directors as they occupy the position of a member of the governing body of the Council reporting entity.

Directors' remuneration comprises any money, consideration or benefit received or receivable or otherwise made available, directly, or indirectly, to a director during the reporting period. Directors' remuneration does not include reimbursement of authorised work expenses or the provision of work-related equipment such as mobile phones and laptops.

Critical Accounting Estimates And Assumptions

In preparing these financial statements Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below:

- **Discount and inflation rates**

The inflation rates used and the discount rate for forecasting the long-term cost of borrowing are as per the "Significant forecasting assumptions."

- **Overdue Receivables Provision**

The appropriate note discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding impairment provision for overdue receivables.

- **Landfill Aftercare Provision**

The appropriate note discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

- **Infrastructural Assets**

There are several assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructural assets. These include:

- a) the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- b) estimating any obsolescence or surplus capacity of an asset; and estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under-estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense.

To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on experience.

Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates. Experienced independent valuers are used in performing or reviewing the Council's infrastructural asset revaluations.

Critical Judgements In Applying Council's Accounting Policies

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ending 30 June 2027.

- **Classification of Property**

Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the Council's housing policy and as such are accounted for as property, plant and equipment.

- **Classification of Costs**

Judgement is used over the classification of costs between capital and maintenance. Items are reviewed regularly to ensure the cost allocation is reasonable.

Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements (PBE FRS 42)

The Council has complied with PBE FRS 42 in the preparation of these forecast financial statements.

1. Description of the nature of the entity's current operation and its principal activities

The Council is a territorial local authority, as defined in the Local Government Act 2002. The Council's principal activities are outlined within this LTP.

2. Purpose for which the forecast financial statements are prepared

It is a requirement of the Local Government Act 2002 to present forecast financial statements that span 10 years and include them within the LTP.

This provides an opportunity for ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cashflows of Council. Forecast financial statements are revised annually to reflect updated assumptions and costs.

3. Basis for assumptions, risks and uncertainties

The financial information has been prepared on the basis of best estimate assumptions as the future events which the Council expects to take place. The Council has considered factors that may lead to a material difference between information in the forecast financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this LTP.

4. Cautionary note

The financial information is forecast. The forecast financial statements are prepared based on best estimates available at the time of preparing the accounts. The actual results achieved for any fiscal year is also likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period.

The Council is responsible for the forecast financial statements presented, including the assumptions underlying forecast financial statements and all other disclosures. The LTP is a forecast and as such contains no actual operating results.



MATAPAE PŪTEA

**FINANCIAL PRUDENCE
BENCHMARKS**

FINANCIAL PRUDENCE

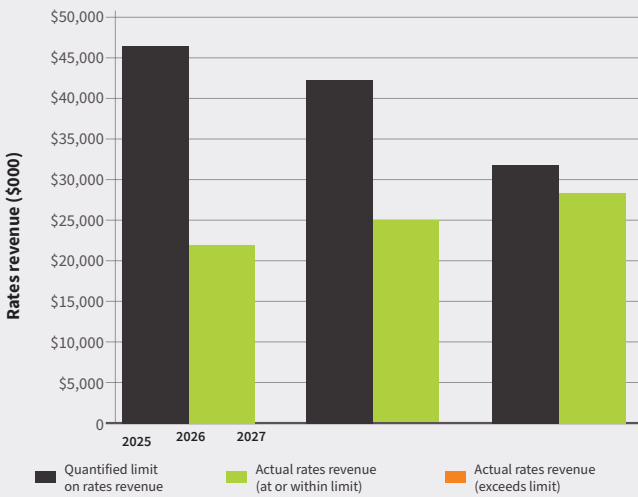
The purpose of the Long-Term Plan Disclosure Statement for period commencing 1 July 2024 is: To disclose Wairoa District Council’s planned financial performance in relation to various benchmarks, to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its Long-Term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014.

RATES AFFORDABILITY BENCHMARK

Council meets the rates affordability benchmark if its actual rates income equals or is less than its quantified limit on rates, and its actual rates increases are equal to or less than the quantified limit on rates increases.

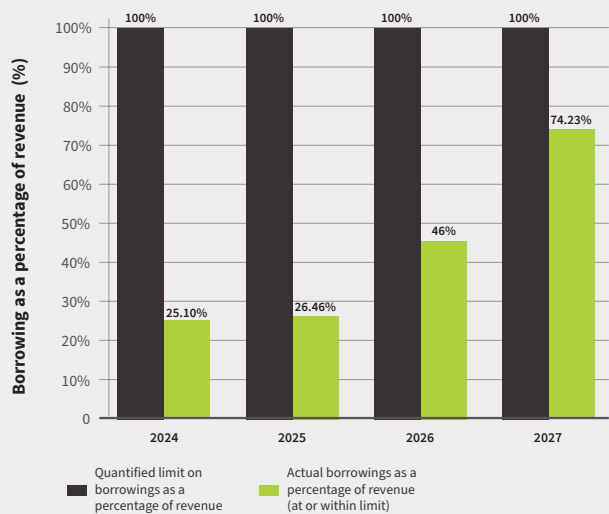
Rates (Income) Affordability
The following graphs compare the Council’s actual rates income with a quantified limit on rates contained in the financial strategy included in the Council’s Long-Term Plan. The Council has two measures for rates (income) affordability, and these are set out below.



Rates Revenue

Total rates (including capital contribution rates) shall not exceed 60% of total cash revenue.

DEBT AFFORDABILITY BENCHMARK



The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The quantified limit is gross debt as a percentage of income.

Borrowings as Percentage of Revenue
This graph compares Council’s borrowings with a quantified limit contained in the financial strategy.

Total borrowings will not exceed annual revenue.

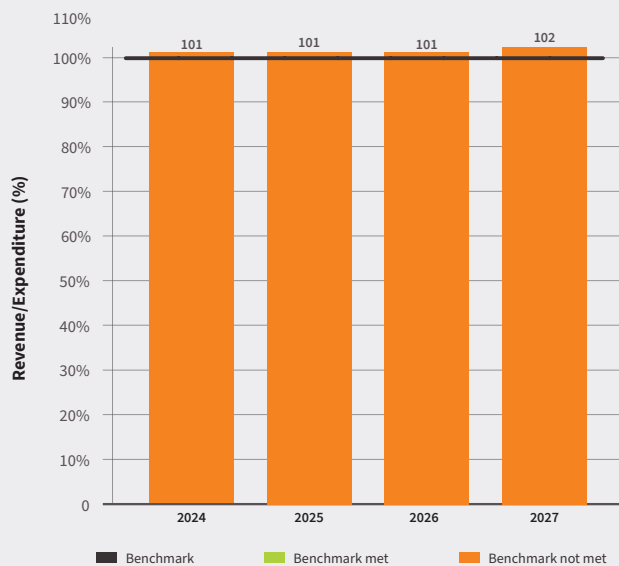
BALANCED BUDGET BENCHMARK

The Local Government Act 2002 (LGA) requires Councils to budget each year for operating revenue at a level sufficient to meet the operating expenses budgeted for that year. This is known as the “balanced budget” requirement. The LGA allows Councils to budget for a deficit, if it resolves that it is financially prudent to do so.

Council acknowledges that it runs deficits from a balanced budget perspective because it does not fully rate fund depreciation. For this reason, Council has defined its balanced budget target as the definition outlined in the Local Government (Financial Reporting and Prudence) Regulations 2014.

This definition has been modified to exclude costs and gains from asset sales and the Waka Kotahi capital subsidies from the calculation of revenue, offset by the depreciation not funded.

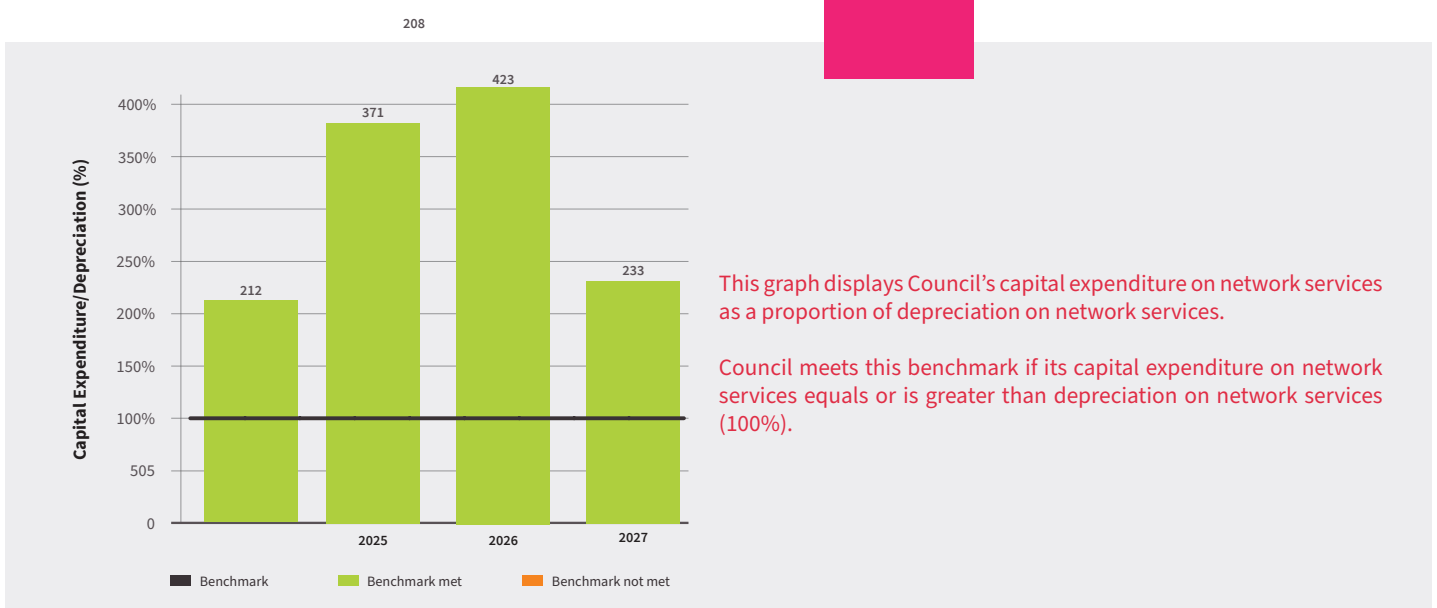
If the capital subsidies and full depreciation were included, then the budget would be balanced in all years. Using the modified definition, Council expects to show a balanced budget by 2025, through increased efficiencies and increasing rate funding for depreciation of assets that Council pays to replace.



This graph displays Council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment, costs and gains from asset sales and the Waka Kotahi capital subsidies) as a proportion of operating expenses (excluding losses on derivative financial instruments, depreciation not funded and revaluations of property, plant or equipment).

Council meets this benchmark if its revenue equals or is greater than its operating expenses (100%)

ESSENTIAL SERVICES BENCHMARK



DEBT SERVICING BENCHMARK





MAHERE PŪTEA

BALANCED BUDGET

BALANCED BUDGET

Wairoa District Council is required to produce a balanced budget each year under section 100(1) of the Local Government Act 2002. This means the projected operating revenues must be enough to cover the projected operating expenses for that year.

However, under section 100(2), the Council can set a different level of projected operating revenues if it believes it is financially prudent. This decision must consider:

- The estimated costs to achieve and maintain the expected levels of service as outlined in the Long-Term Plan, include maintaining the service capacity and integrity of assets over their useful life.
- The projected revenue available to cover these costs.
- The fair allocation of funding responsibilities for the provision and maintenance of assets and facilities throughout their useful life.
- The funding and financial policies adopted under section 102.

Additionally, section 101(1) requires the Council to manage its finances prudently, promoting the current and future interests of the community. This includes ensuring funding needs are met from appropriate sources, considering the distribution of benefits, timing of benefits, costs and benefits of funding activities, and the community outcomes promoted by the activities.

The Council must also consider the social, economic, environmental, and cultural wellbeing of the community.

The Local Government Act allows the Council to budget for a deficit if it is deemed financially prudent. The Council often runs deficits from a balanced budget perspective because it does not fully fund depreciation through rates.

Therefore, it defines its balanced budget target using the Local Government (Financial Reporting and Prudence) Regulations 2014 but excludes costs and gains from asset sales and Waka Kotahi capital subsidies from revenue calculations, offset by the unfunded depreciation.

If capital subsidies and full depreciation were included, the budget would be balanced every year. **With the modified definition, the Council expects to show a balanced budget by 2025 through increased efficiencies and higher rate funding for asset depreciation.**

The Council has complied with section 100(1) by setting each year's projected operating revenues at a level sufficient to meet the projected operating expenses, accounting for the following adjustments to the forecast net surplus.

Over the three years of this Long-Term Plan, the Council forecasts an accumulated net surplus of \$69 million, consisting of \$87.5 million in non-operating revenue items and \$42 million in expenses not funded by operating cash flows.

Items Creating A Surplus

Capital Subsidies

This revenue is included in the forecast net surplus but is used to pay for capital expenditure. It relates primarily to funding received from Waka Kotahi for roading renewals and enhancements, and in the first year of the plan includes \$5 million relating to capital subsidies from DIA (Department of Internal Affairs) for the Three Waters Reform Review Stimulus Package.

Over the three years of this plan Capital Subsidies total \$81 million, which is almost double the total forecast net surpluses of \$44 million.

Proceeds from sale of assets

This revenue is the expected return at auction of the sale of motor vehicles that reach the end of their serviceable lives. The proceeds will be used to contribute to the cost of replacement vehicles, supplementing accumulated depreciation reserves.

Rating for loan repayments

Loan repayments, unlike interest expenses, are not considered operating expenses. Therefore, the funds collected through rates to cover loan repayments are reported as part of the net surplus.

According to the Council's financial strategy, loans will be used for new assets when there are insufficient reserves and subsidies. Instead of rating for depreciation, the Council will rate for the loan amounts over the lifespan of the corresponding assets. This ensures there is enough money to repay the loans when they become due.

Items Creating A Deficit

Depreciation not rated

Council will not rate for depreciation where external funds for asset renewals are available. This relates to the Capital Subsidies and Rating for Loan Repayments sections above. In effect these items net off but the amounts each year will differ due to the long-term nature of the expenditure.

Consequently, Council does not rate for 80% of depreciation on roads and bridges and has reduced the amount it will rate for depreciation on Three Waters assets by:

- 15% due to the investment from the Three Waters Reform Review Stimulus Package.
- As a matter of policy Council does not rate for \$3.4 million of depreciation on the following:
- the Community Centre because the original asset was funded by borrowing.
- the Māhia and Ōpoutama wastewater schemes because the amount that Council borrowed for the original assets is being recovered through lump sum payments and targeted rates.
- Property assets that are used for residential, recreational, or communal purposes because the fee

revenue and/or maintenance budgets is expected to be sufficient to cover ongoing renewals.

In addition to these items, Council has reviewed its capital works forecasts and decided to reduce the amount it will rate for depreciation in the first three years of the plan.

This is an affordability measure that reduces the rates increase to the minimum amount required to maintain a balanced budget. The total adjustment over the three-year period is \$1.8 million and is explained in the Financial Strategy.

Provisions

Council has included nominal amounts in its financial forecasts for increases in provisions for landfill aftercare and bad debts. These are estimates of uncertain future events and do not relate to day-to-day cash flows.

They are correctly reflected as expenses but without associated revenue. The total amount of these over 10 years is \$3 million.

Expenses and operating projects funded from reserves and loans

A small number of operating items will be funded from reserves and loans because they are long-term projects, or because a future cash inflow is anticipated. The largest of these is the Council’s contribution to the combined regional plan, which will supersede the District Plan review following Resource Management Act reforms. These items total \$1.3 million over the life of this plan.

After adjusting for all of these items, Council has adopted a budget that will deliver, on average, a funding surplus of \$45,000 per year, and thus a balanced budget.



WHAKAAWEAWE PŪTEA

(Kaunihera Katoa)

FUNDING IMPACT STATEMENT

(Whole of Council)

WHOLE OF COUNCIL

Funding Impact Statement - Whole of Council For the 3 Years to 30 June 2027

| | 2023/24 AP \$000 | 2024/25 LTP \$000 | 2025/26 LTP \$000 | 2026/27 LTP \$000 |
|--|------------------------|-------------------------|-------------------------|-------------------------|
| Sources of operating funding | | | | |
| General rates | 13,049 | 14,823 | 16,512 | 17,643 |
| Targeted rates | 5,616 | 7,475 | 9,298 | 10,779 |
| Subsidies and grants for operating purposes | 6,676 | 12,423 | 7,101 | 7,413 |
| Fees and charges | 3,227 | 3,432 | 2,969 | 3,037 |
| Interest and dividends from investments | 1,183 | 1,353 | 873 | 891 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 80 | 210 | 215 | 220 |
| Total operating funding (A) | 29,831 | 39,716 | 36,969 | 39,983 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 27,437 | 34,931 | 30,434 | 31,855 |
| Finance costs | 839 | 865 | 1,460 | 1,939 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 28,276 | 35,796 | 31,894 | 33,794 |
| Surplus (deficit) of operating funding (A - B) | 1,555 | 3,920 | 5,075 | 6,189 |
| Sources of capital funding | | | | |
| Subsidies for capital expenditure | 22,704 | 38,071 | 33,691 | 15,727 |
| Development and financial contributions | - | - | - | - |
| Increase / (decrease) in debt | 409 | 9,698 | 11,922 | 8,851 |
| Gross sales proceeds from sale of assets | - | - | - | - |
| Total sources of capital funding (C) | 23,113 | 47,769 | 45,613 | 24,577 |
| Application of capital funding | | | | |
| Capital - growth | 105 | - | - | - |
| Capital - level of service | 4,035 | 15,360 | 11,191 | 7,683 |
| Capital - renewals | 24,706 | 41,142 | 42,018 | 23,633 |
| Increase / (decrease) in reserves | (4,178) | (4,814) | (2,520) | (549) |
| Increase / (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 24,668 | 51,688 | 50,689 | 30,767 |
| Surplus (deficit) of capital funding (C-D) | (1,555) | (3,920) | (5,075) | (6,189) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Expenses for this activity include the following depreciation/amortisation charge | (7,618) | (10,138) | (11,872) | (13,295) |



TE TAUĀKĪ WHAKAAWEAWE PŪTEA TĀKE

RATING FUNDING IMPACT STATEMENT

RATING FUNDING IMPACT STATEMENT

The Local Government (Rating) Act 2002 (“Rating Act”) and the Local Government Act 2002 require the following information to be identified in Council’s Funding Impact Statement.

- The basis for setting the general rate, i.e. land, annual or capital value (Rating Act, section 13).
- Any category or categories that will be used for setting the general rate differentially (Rating Act, section 14).
- The activity or activities for which a targeted rate will be set (Rating Act, section 16).
- The category or categories that will be used to establish rateable land for a targeted rate (Rating Act, section 17).
- For each category, any factor that will be used to calculate liability for a targeted rate (Rating Act, section 18).
- Council’s intention to set a targeted rate for the quantity of water supplied (Rating Act, section 19).
- If the targeted rate is set differentially, the total revenue sought from each category of rateable land or the relationship between the rates set on rateable land for each category (Local Government Act 2002, Sch 10, cl 15(4)(d)).
- Whether lump sum contributions will be invited in respect of the targeted rate (Local Government Act 2002, Sch 10, cl 15(4) (e)).
- Examples of the impact of the general rate and targeted rate rating proposals on the rates assessed on different categories of rateable land with a range of property values for the first year of the plan (Local Government Act 2002, Sch 10, cl 15(5)).

Differential rating factors

The Local Government (Rating) Act 2002 provides for rates being charged at different rates in the dollar for different categories of rateable land. The categories must be defined using the matters in Schedule 2 of the Rating Act.

Council can use these provisions to set rates on a differential basis, with the different categories defined based on such matters as the rateable value of land, the uses of land within the district, and the differing provision and consumption of Council services relative to other categories of ratepayers in the district.

Council will utilise a General Rate assessed on the Capital Value of rateable land, applying Differential Factors to rating categories defined based on land use. Council will also utilise a Uniform Annual General Charge (UAGC) which will be assessed as a fixed amount per Separately Used or Inhabited Part (SUIP) of a Rating Unit.

The Land Use Categories for Rating Purposes and the differential factors to be applied to the General Rate (Capital Value) for the year commencing 1 July 2024 are detailed in the table below.

Targeted rates assessed on a fixed amount per Rating Unit, SUIP or connection will be applied for water utilities and waste management and where applicable will be assessed by location. Water by meter rates will apply where metered water is supplied.



DIFFERENTIAL CATEGORIES

For the year from 1 July 2024 to 30 June 2025 the following land use Categories and Differential Factors will apply to the General Rate assessed by Capital Value.

| Category | Differential Factor |
|--|---------------------|
| Commercial | 2.50 |
| Forestry | 7.50 |
| Residential A: Capital Value less than \$400,000 | 1.05 |
| Residential B: Capital Value greater than or equal to \$400,000 and less than \$600,000 | 1.00 |
| Residential C: Capital Value greater than or equal to \$600,000 | 0.90 |
| Rural | 0.80 |

Rates per unit in the following paragraphs are per \$000's of rateable value unless otherwise stated. Amounts shown are inclusive of GST at 15%




General rate

Council will assess a general rate based on the capital value of all rateable land in the district, set differentially according to the use to which the land is put and the capital value of the land.

The rates (per dollars (\$000's) of capital value) for 2024/2025 are:

| Differential Category | Rate per \$1,000 of Capital Value (incl. GST) \$ | Revenue Generated (incl. GST) \$ |
|--|---|-------------------------------------|
| Commercial | \$6.8827 | \$1,339,220 |
| Forestry | \$20.6482 | \$5,129,519 |
| Residential A: Capital Value less than \$700,000 | \$2.8907 | \$2,529,291 |
| Residential B: Capital Value greater than or equal to \$700,000 and less than \$1,000,000 | \$2.7531 | \$558,261 |
| Residential C: Capital Value greater than or equal to \$1,000,000 | \$2.4778 | \$342,048 |
| Rural | \$2.2025 | \$5,138,511 |

The general rate will raise \$ 15,036,850 (including GST) in 2024/2025. Revenue from the General Rate will be used to fund the following groups of activities.

| Group of Activities | Revenue Generated (incl. GST) \$ |
|--|----------------------------------|
|  Water Supply | \$858,147 |
|  Stormwater | \$81,410 |
|  Wastewater | \$418,700 |
|  Waste Management | \$155,722 |
|  Transport | \$6,155,181 |
|  Community Facilities | \$3,190,241 |
|  Planning & Regulatory | \$3,339,679 |
|  Leadership & Governance | \$2,197,238 |
|  Corporate Services | -\$1,359,467 |

Uniform annual general charge

Council will assess a Uniform Annual General Charge (UAGC) as a fixed amount per separately used or inhabited part of a rating unit within the district. The total amount of the UAGC is determined by the rates allocated to specific activities.

Certain activities are funded partially by the UAGC and partially by the General Rate assessed by Capital Value. In doing so, the Council seeks to establish an appropriate allocation such that all ratepayers make a minimum contribution to these activities that are provided to benefit the whole community. These activities and the amount to be rated via the UAGC in 2024/2025 (total \$2,311,625) are detailed in the table below:

| Activity | Proportion Allocated through UAGC % | Revenue Generated (incl. GST) \$ |
|--|--|-------------------------------------|
| Commercial property | 50 | 15,488 |
| Enterprise Building | 50 | 6,577 |
| Council administration & democracy services | 50 | 631,417 |
| Māori relationships | 50 | 135,502 |
| Visitor information centre | 15 | 69,521 |
| Economic development | 15 | 124,023 |
| Gaiety Theatre | 15 | 24,648 |
| Digital Hub | 15 | 39,745 |
| Community Centre | 50 | 234,284 |
| Community support | 25 | 168,584 |
| Library | 50 | 559,500 |

Targeted rate: water supply (fixed charge)

Council will assess a targeted rate to fund water supply, set differentially according to where land is situated and the provision, or availability to the land of a service provided by, or on behalf of Council as a fixed amount per separately used or inhabited part of a rating unit. These amounts represent 90% of the total amount for water supply to be funded by rates. The remaining 10% is allocated to the General Rate, assessed by Capital Value. This allocation reflects that while there is primarily a private benefit derived from this activity, there is benefit to the whole community in providing clean safe drinking water.

| Differential Category | Basis for Liability | Charge (incl. GST) \$ | Revenue Generated (incl. GST) \$ |
|---|--|-----------------------------|--|
| 1. Wairoa township/Wairoa ward supply area (Including Frasertown and Wairoa Environs): connected. <i>Water charge Wairoa</i> <i>Frasertown water supply</i> <i>Peri urban water supply</i> | Per separately used or inhabited part of a rating unit | \$1,069.7 | \$2,236,739 |
| 2. Wairoa township supply area (including Frasertown and Wairoa Environs): not connected but available <i>Being a property to which water can be supplied but is not supplied (being a property within 100 metres of any part of the water reticulation system)</i> | | \$534.8 | \$56,694 |
| 3. Māhanga supply area (Māhanga water supply): connected | | \$768.4 | \$48,412 |
| 4. Māhanga supply area: not connected but available <i>Being a property to which water can be supplied but is not supplied (being a property within 100 metres of any part of the water reticulation system)</i> | | \$384.0 | \$384 |
| 5. Tuai supply area: connected | | \$848.6 | \$48,372 |
| 6. Tuai supply area: not connected but available <i>Being a property to which water can be supplied but is not supplied (being a property within 100 metres of any part of the water reticulation system)</i> | | \$424.3 | \$424.3 |

The water supply (fixed amount) targeted rate will raise \$2,391,025 in the year ending 30 June 2025. The water supply rates will be used to fund the water supply activities in the Wairoa Township, Frasertown and Wairoa Environs, Māhanga, and Tuai.

Targeted rate: water supply (water meter)

The council will assess a targeted rate to fund water supply, based on the volume of water consumed or supplied, for all rating units fitted with a meter and metered exclusively for ordinary supply or metered for extraordinary supply.

The rates for 2024/2025 are:

| Area | Basis for Liability | Charge per m ³ (incl. GST) \$ |
|--|--|--|
| 1. Wairoa township reticulation area | Per cubic metre of water consumed or supplied The water supply metered rates will be used to fund the water supply activities in the Wairoa Township, Frasertown and Wairoa Environs, Māhanga and Tuai. | 1.05 |
| 2. Wairoa Environs area (not including rating units in 1, 3 and 4) | | 1.05 |
| 3. Frasertown reticulation area | | 1.05 |
| 4. Tuai reticulation area | | 1.05 |
| 5. Land used for meat processing in Wairoa | | 0.40755 |

Targeted rate: sewerage disposal

Council will assess a targeted rate in respect of sewerage disposal, set differentially according to where land is situated and the provision, or availability to the land of a service provided by, or on behalf of, Council.

The rates for 2024/2025 are:

| Differential Category ¹ | Basis for Liability | Charge (incl. GST) \$ | Revenue Generated (incl. GST) \$ |
|---|--|-----------------------------|---|
| 1. Wairoa ward (not temporary accommodation businesses): connected | Per water closet or urinal connected (for up to the first five) | \$1,234.3 | \$2,741,074 |
| 2. Wairoa ward (not temporary accommodation businesses): connected | Per water closet or urinal connected (for six to up to and including 15) | \$864.1 | |
| 3. Wairoa ward (not temporary accommodation businesses): connected | Per water closet or urinal connected (for 16 or more) | \$617.1 | |
| 4. Wairoa ward (temporary accommodation businesses): connected | Per water closet or urinal connected (for up to the first five) | \$1,234.3 | |
| 5. Wairoa ward (temporary accommodation businesses): connected | Per water closet or urinal connected (for six or more) | \$864.1 | |
| 6. Wairoa ward: not connected but available <i>Where a property is situated within 30 metres of a public sewerage drain to which it is capable of being connected, either directly or through a public drain</i> | Per rating unit | \$617.1 | |
| 7. Tuai village: connected ¹ | Per water closet or urinal connected | \$1,234.3 | \$71,589 |
| 8. Tuai village: not connected but available <i>Where a property is situated within 30 metres of a public sewerage drain to which it is capable of being connected, either directly or through a public drain.</i> | Per rating unit | \$617.1 | \$617.1 |

| | | | |
|---|--|-----------|-----------|
| 9. Māhia: connected <i>or required to be connected under the Trade Waste and Wastewater bylaw 2012</i> | Per number or nature of connections from the land within each rating unit to the reticulation system | \$1,234.3 | \$594,311 |
| 10. Māhia: not connected <i>or required to be connected under the Trade Waste and Wastewater bylaw 2012 where a property is situated within 30 metres of a public sewerage system to which it is capable of being connected, either directly or through a public drain.</i> | Per rating unit | \$617.1 | \$13,577 |
| 11. Ōpoutama and Blue Bay: connected <i>or required to be connected under the Trade Waste and Wastewater bylaw 2012</i> | Per number or nature of connections from the land within each rating unit to the reticulation system | \$1,234.3 | \$24,686 |
| 12. Ōpoutama and Blue Bay: not connected <i>or required to be connected under the Trade Waste and Wastewater bylaw 2012 where a property is situated within 30 metres of a public sewerage system to which it is capable of being connected, either directly or through a public drain.</i> | Per rating unit | \$617.1 | \$24,983 |
| 13. Rural wastewater <i>All land that is not connected or able to connect to Council wastewater reticulation, but to which a council operated wastewater treatment facility is available. This rate funds the treatment of wastewater from septic tanks.</i> | Per separately used inhabited part of a rating unit described as 'Flat, Dwelling, Bach, Cottage, Cafeteria, Accommodation, Building, Cabin, Camping Ground, Tavern, Hall, Office, Hotel, Sleepout, Orchard or Shop' in Councils Rating Information Database. | \$154.9 | \$301,464 |

The sewerage disposal targeted rate will raise \$3,768,302 (including GST) in the year ending 30 June 2025. These amounts represent 90% of the total amount for the wastewater activity to be funded by rates. The remaining 10% is allocated to the General Rate, assessed by Capital Value. This allocation reflects that while there is primarily a private benefit derived from this activity, there is benefit to the whole community in ensuring wastewater is managed safely throughout the district.

Targeted rate: wastewater schemes

Council will assess a targeted rate pursuant to the provision or availability to the land of a service provided by, or on behalf of, the local authority by the Māhia and Ōpoutama wastewater schemes.

The rates for 2024/2025 are:

| Differential Category | Basis for Liability | Revenue Generated (incl. GST) \$ |
|---|---|-------------------------------------|
| 1. Māhia wastewater scheme <i>Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 10 years.</i> | The extent of provision of the services provided by the Māhia Wastewater Scheme includes the infrastructure, connection costs (if any), and finance costs, relating to that property. | - |
| 2. Māhia wastewater scheme <i>Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 20 years.</i> | | \$122,21 |
| 3. Māhia wastewater scheme <i>Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 30 years.</i> | | \$6,411 |

| | | |
|--|--|----------|
| 4. Ōpoutama wastewater scheme <i>Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 10 years.</i> | The extent of provision of the services provided by the Ōpoutama Wastewater Scheme includes the infrastructure costs, connection costs (if any), and finance costs, relating to that property. | - |
| 5. Ōpoutama wastewater scheme <i>Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 20 years.</i> | | \$11,143 |
| 6. Ōpoutama wastewater scheme <i>Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 30 years.</i> | | \$3,821 |

Targeted rate: waste management

Council will assess a targeted rate in respect of waste management, set differentially according to where land is situated and the provision, or availability to the land of a service provided by, or on behalf of, Council. The rate is set as a fixed amount per separately used or inhabited part of a rating unit in the Wairoa township area and the Wairoa rural area.

The rates for 2024/2025 are:

| Differential Category | Basis for Liability | Charge (incl. GST) \$ | Revenue Generated (incl. GST) \$ |
|--------------------------------|--|-----------------------------|--|
| 1. Wairoa township area | Per separately used or inhabited part of a rating unit | \$302.6 | \$588,629 |
| 2. Rural areas | | \$253.0 | \$812,868 |

The waste management targeted rate will raise \$1,401,497 (incl. GST) the year ending 30 June 2025. The waste management rate will be used to fund the waste management activity. These amounts represent 90% of the total amount for the waste management activity to be funded by rates. The remaining 10% is allocated to the General Rate, assessed by Capital Value. This allocation reflects that while there is primarily a private benefit derived from this activity, there is benefit to the whole community in ensuring rubbish is managed safely throughout the district.

Targeted rate: drainage

Council will assess a targeted rate in respect of drainage set differentially according to where land is situated and the provision, or availability to the land of a service provided by, or on behalf of, Council. The rate is set as a fixed amount per separately used or inhabited part of a rating unit in the Wairoa Urban and the Māhia township areas.

The rates for 2024/2025 are:

| Differential Category | Basis for Liability | Charge (incl. GST) \$ | Revenue Generated (incl. GST) \$ |
|--------------------------------|--|-----------------------------|--|
| 1. Wairoa township area | Per separately used or inhabited part of a rating unit | \$340.2 | \$622,781 |
| 2. Māhia township area | | \$231.1 | \$109,903 |

The drainage targeted rate will raise \$732,683 (including GST) in the year ending 30 June 2025. These amounts represent 90% of the total amount for the stormwater activity to be funded by rates. The remaining 10% is allocated to the General Rate, assessed by Capital Value. This allocation reflects that while there is primarily a private benefit derived from this activity, there is benefit to the whole community in ensuring stormwater is managed safely throughout the district.

Definition of separately used or inhabited part of a rating unit

A fixed amount charged to each separately used or inhabited part of a rating unit.

A separately used or inhabited part of a rating unit (SUIP) includes any part of a rating unit used for a different purpose or inhabited by any person, other than the ratepayer or member of the ratepayer's household, having a right to use or inhabit that portion by virtue of a tenancy, lease, licence or other agreement.

Interpretation rules that form part of the definition of 'separately used or inhabited part':

- a) Each separate shop or business activity on a rating unit is a separate use. (See Guidance Note 1).
- b) Each dwelling, flat, or additional rentable unit (attached or not attached) on a residential property which is let (or capable of being let) for a substantial part of the year to persons other than immediate family members is a separately inhabited part of a property. (See Guidance Note 2.)
- c) Each residential rating unit which has, in addition to a family dwelling unit, one or more non-residential uses (i.e. home occupation units) will be considered a SUIP. (See Guidance Note 3.)
- d) Each non-residential activity which has, in addition to its business or commercial function, co-sited residential units which are not a prerequisite part of the business or commercial function, will be considered a SUIP. (See Guidance Note 4.)
- e) Individually tenanted flats, including retirement units, apartments, and town houses (attached or not attached) or multiple dwellings on Māori freehold land are SUIPs (Separately Used or Inhabited Part). (See Guidance Note 5.)
- f) Each title on a multiple-managed forestry holding (that is, where the forest is broken into several individual small titles) is a separately used part except when one or more titles are adjacent and under the same ownership, in which case the rules of contiguity apply.
- g) Each block of land for which a separate title has been issued is liable to pay a UAGC, even if that land is vacant. NOTE: Two or more adjacent blocks of vacant land are not eligible for remission under "contiguity" (S.20 of LG(R)A 02) because they are not "used for the same purpose" (i.e., they are not used at all).
- h) Each dwelling, flat, or additional rentable unit (attached or not attached) on a pastoral, horticultural or forestry property which is let (or capable of being let) for a substantial part of the year to persons other than immediate family members is a separately inhabited part of a property. (See Guidance Note 6.)
- i) A substantial part of the year is three months or more (this total period may be fragmented and may occur at any part of the rating year).
- j) Each dwelling on a lifestyle block whether tenanted or not is considered a SUIP.

Guidance notes

The following notes are not rules but are intended to aid officers in the interpretation of the rules.

1. Commercial Properties

- A single building on one title with 24 separate 'shops' would have 24 SUIPs.
- A motel with an attached dwelling would have one SUIP.
- This is because the attached dwelling is essential to the running of the motel. This is similar to a pastoral property with one dwelling (See rule D above)
- A motel with an attached restaurant which is available to the wider public has two separately used parts and would have two SUIPs. Likewise, a motel with an attached conference facility would have an additional SUIP.
- A business which makes part of its income through leasing part of its space to semi-passive uses such as billboards, or money machines, is not regarded as having a SUIP.

2. Residential Properties

- Rating units containing more than one "flat" (as per the valuation record administered by Council's Valuation Service Provider, Quotable Value Limited) will in general be regarded as having more than one SUIP. Sleep-outs and granny flats will not be considered as additional SUIPs.
- If parts of a rating unit are used only for family members or for others for short periods, the Council will not regard them as SUIPs (Separately Used or Inhabited Part) (provided proof of their use, including a signed declaration from the property owner is provided). Evidence of actively advertisement of the flats for accommodation will generally mean that the Council considers the flat is a SUIP.

3. Residential with Non-Residential Part

- A residence with a separately accessible "office" (which may be used for surveyor, architect, or medical services) will be considered to have an additional SUIP. This is because it generates additional use of roads, services, planning resources and democratic processes.
- A residence with a "Home Occupation" (commonly called a "hobby business") will not be considered as having an additional SUIP unless the intensity of operation is high. For example, a resident who occasionally manufactures boat trailers in his garage on the weekends would not qualify, but someone who works for most of the week panel beating or painting, particularly if the activity is accompanied by advertising, would likely be considered as having an additional SUIP.
- A residential property, part of which is used continually for storage of large industrial machinery, has an additional SUIP.

4. Non-Residential Activity with Co-sited Dwelling

- A fish and chip shop, with a separately used flat above which can be accessed without passing through the shop, has an additional SUIP.
- A dairy which has the operator's integral dwelling attached, would not be considered a SUIP because the home is an integral part of the operation of the dairy similar to a pastoral property or motel.
- Certain Government agencies, churches, marae, and the like are automatically rate exempt (except for service charges such as water and wastewater).
- They may be charged rates and additional UAGCs for each separately used or inhabited part of the rating unit, however, if these organisations undertake accommodation or business activities which are not related to their core function.

5. Individually Tenanted Flats

- Each flat, apartment, or retirement or disability home, and each property under a "licence to occupy,"

is a separately used or inhabited part of a rating unit. This is regardless of the number of people who may be living in the unit.

6. Pastoral Properties

- Each dwelling, tenanted or untenanted, is a separately used or inhabited part of a rating unit.
- Shearer's quarters that are untenanted, and used as a shearer's quarters, will not be treated as a separately used or inhabited part of a rating unit. Shearer's quarters which are tenanted will be a separately used or inhabited part of a rating unit.
- A pastoral property with one dwelling would only have one SUIP. This is because the attached dwelling is essential to the running of the pastoral property.
- Untenanted farm dwellings and cottages in addition to the main 'farmhouse' will be considered additional SUIPs.

RATING BASE

The total projected rateable units within the district at the end of the fiscal year 2024/25 is 6,865. This is projected to

increase at an average of 10 rating units per year over the 3 years of this Long-Term Plan.

Forecast (rateable) rating units

| | 2024/25 | 2025/26 | 2026/27 |
|--------------|---------|---------|---------|
| Rating units | 6,865 | 6,875 | 6,885 |

Indicative ratings samples

| Property Type | Rated CV | Actual Rates 2023/24 | Forecast Rates 2024/25 | Movement | Change (%) (+/-) |
|---------------|-------------|----------------------|------------------------|----------|------------------|
| Commercial | \$180,000 | \$3,332 | \$5,411 | \$2,079 | 62% |
| Commercial | \$670,000 | \$7,460 | \$8,420 | \$960 | 13% |
| Forestry | \$700,000 | \$13,209 | \$19,208 | \$5,999 | 45% |
| Forestry | \$1,400,000 | \$25,564 | \$28,567 | \$3,000 | 12% |
| Residential A | \$180,000 | \$3,133 | \$3,396 | \$263 | 8% |
| Residential A | \$320,000 | \$3,064 | \$3,777 | \$713 | 23% |
| Residential A | \$650,000 | \$3,291 | \$3,779 | \$488 | 15% |
| Residential B | \$830,000 | \$3,411 | \$3,929 | \$518 | 15% |
| Residential B | \$900,000 | \$3,930 | \$4,609 | \$679 | 17% |
| Residential B | \$940,000 | \$4,025 | \$4,718 | \$693 | 17% |
| Residential C | \$1,050,000 | \$4,036 | \$4,731 | \$695 | 17% |
| Residential C | \$1,200,000 | \$4,354 | \$5,098 | \$744 | 17% |
| Residential C | \$1,680,000 | \$5,371 | \$6,269 | \$898 | 17% |
| Rural | \$400,000 | \$3,441 | \$4,351 | \$910 | 26% |
| Rural | \$4,380,000 | \$10,946 | \$12,179 | \$1,233 | 11% |
| Rural | \$11,800,00 | \$25,920 | \$29,002 | \$3,082 | 12% |



2024-2027 LONG-TERM PLAN

SECTION 4: OUR POLICIES



Note: The policies in this section are policy summaries. The full summary can be found at wairoadc.govt.nz/documents-and-forms



TE KAUPAPA HERE MŌ TE PŪTEA WHIWHI

REVENUE AND FINANCING POLICY

Purpose and Scope

The policy outlines the funding sources for the Council’s operating and capital expenditure as per the Local Government Act 2002 (LGA). It demonstrates compliance with section 101(3) of the LGA by considering factors such as legal, social, competition, affordability, impact of change, efficiency, equity, cost, intergenerational equity, transparency, accountability, business, strategic alignment, and benefit.

Funding decisions involve balancing multiple factors to determine the most appropriate funding sources. These include but are not limited to: Legislative requirements, social needs, the competitive environment, affordability, cost and projected benefits.

Policy

Funding Sources for Operating Expenses

- The Council's sources of funding for its operating costs include daily expenditures, asset depreciation, borrowing interest, and overheads.
- The funding of each activity must be considered individually. Some activities may be best funded by user charges, such as building consents, others with targeted rates, such as water, and others from the general rate, such as roading.

User Charges

- User charges apply to services benefiting individuals or groups and include various fees such as service charges, permits, fines, and retail sales.
- Service pricing is based on factors such as the cost-of-service provision, user benefit, demand impact, market pricing, rates subsidies, collection efficiency, affordability, and statutory limits.
- User charges are limited by legislation and should ideally match the cost of providing the service.
- Commercially sold goods or services should be charged at market prices.
- Fees and charges are reviewed annually and listed on the Council’s website.
- Revenue from user charges is allocated to the generating activity.

Grants, Sponsorship, Subsidies, and Other Income

Other income types available to the Council include grants, sponsorship, subsidies, and are used where available, with predictable types (such as Waka Kotahi NZTA roading subsidies) budgeted for and unpredictable types (such as Provincial Growth Fund funding, civil defence activities and insurance claims) applied as they arise.

Investment Income and Proceeds from Asset Sales

The Council’s investment approach is documented in the Investment and Liability Management Policies, generating income from dividends, interest, and rents. Income from asset disposals goes to the activity that used the asset, with low-value items potentially funding operating costs.

Development Contributions, Financial Contributions, and Lump Sum Contributions

- These sources contribute minimally to operating costs.
- Lump sum contributions have been used for specific wastewater schemes and may be considered for future projects.
- Financial contributions are reserved for specified purposes and can include operating costs.

Reserve Funds

Council's Reserve funds are used for their designated purposes and may cover operating costs if aligned with the fund’s purpose.

Borrowing

The Council’s borrowing approach is in the Investment and Liability Management Policies. Operating costs are not funded by borrowing unless deemed prudent.

Rates

- Rates fund remaining operating expenses after exhausting other sources.
- The Council can establish general or targeted rates for operating costs.

Summary of sources of funding for capital costs by activity

- Council undertakes an activity-by-activity analysis to determine the revenue needs for each Council funded activity. This helps ensure the right levels of funding and most appropriate funding sources are identified.
- Whenever funding a capital project, Council will consider the available sources of funds, the Revenue and Financing Policy, and section 101(3) in applying the above guidelines to a capital project.

Overall funding consideration

The Council is required by section 101(3)(b) of the Local Government Act 2002 to consider “the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community”. This section allows that as a final measure, Council may modify the overall mix of funding that would otherwise apply after the initial s101(3)(a) analysis for each activity to be funded.

Rates

Council in some instances may fund activities using Rates funding, when making decisions to use Rates funding Council will:

1. Consider if other funding sources can be used to fund operating and capital costs.
2. how rates have been applied to activities in the Funding Needs Analysis; and/or
3. After being adjusted for the overall impact of allocation of liability.

General rates

The Council sets a general rate assessed on all ratable properties (rating units) based on the capital value of the property. A Uniform Annual General Charge (UAGC) will be set on each separately used or inhabited part (SUIP) of all rating units.

The Council has chosen to differentiate the General Rate into four rating categories, applying 6 rating differentials, based on the use to which the land is put. In respect of residential land, Council observes the provisions of s101(3)(b) of the LGA and the overall impact of the allocation of liability for revenue needs on the community.

In doing so it has determined that the application of 3 rating differentials to land categorised as residential for rating purposes is appropriate. The General Rate will be assessed on the capital value of the land.

The Council primarily uses valuation data (specified in the Rating Valuations Rules) to determine the allocation of rating units to differential rating categories. The full definitions can be found in the Rating Policy and the Funding Impact Statement and may change during the term of the Long-term Plan.

The Council recognises the regressive nature of fixed rates. Rates affordability is a matter the Council considers when setting the UAGC. Council’s remissions policies provide

for some adjustment to UAGCs for properties where appropriate. During the term of this Long-term Plan the Council may adjust the UAGC as part of its rate setting process in order to improve community wellbeing for current and/or future communities.

If the cost allocation from activities (as described in the Rating Policy) is amended, or an adjustment is made to the UAGC to improve community wellbeing, the amount removed from the UAGC will remain part of general rates.

Targeted rates

- Targeted rates are finalised when adopting the Funding Impact Statement in the Long-Term Plan or an Annual Plan. The Council may introduce new targeted rates, consistent with this policy, when setting rates in any year as documented in the respective year’s Funding Impact Statement and Rates Resolution. The Council’s requirement to consult is determined by s95A of the LGA.

The Council has chosen to have a small number of targeted rates and will provide transparency of how much a ratepayer’s rates is contributing to activities by using better communication tools than the rates invoice. Information on targeted rates is listed in the Rating Policy, Rates Resolutions and Funding Impact Statement for each year.

The Council consulted on changes to targeted rates in its 2020 rates review, the outcomes of which are reflected in this and other relevant policies.

Links to Other Policies

The Investment and Liability Management Policies restrict the use of asset sales proceeds.

The Rating Policy further clarifies funding requirements by documenting matters not included in this Revenue and Financing Policy. It includes definitions and, when applicable, maps for rating areas.

The Funding Impact Statement is included in each Long-term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10. This statement shows the results of the detailed rates calculation for each year.

Together the above documents form the necessary components to lawfully charge under the LGA for our revenue requirements. We must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

The above is a summary of Wairoa District Council’s Revenue and Financing Policy. The full policy can be found at: www.wairoadc.govt.nz/documents-and-forms



TE KAUPAPA HERE MŌ TE HIRANGA ME TE WHAKATŪTAKI

SIGNIFICANCE AND ENGAGEMENT POLICY SUMMARY

The Wairoa District Council's Significance and Engagement Policy outlines how the Council assesses the significance of its decisions, and the corresponding level of community engagement required. The key points are:

Purpose

This Significance and Engagement Policy (Policy) meets the requirements of the Local Government Act 2002 (LGA 2002). This policy helps both the Council, and the community identify how significant decisions are made and outlines when and how the community will be engaged in the decision-making process.

The policy exists to:

- **Manage Community Expectations:** Inform the community about how they can influence Council decisions.
- **Provide Guidance for Council:** Provide a tool for assessing decision significance and determining appropriate community engagement levels.

Objectives

The LGA 2002 states that one role of a Council is to enable democratic local decision-making and action by, and on behalf of, communities. This Policy explains how the Council will decide the level of significance that a matter has, the types of matters where the community will be involved in the decision-making process, and when the community can expect Council to decide on its behalf.

The Objectives of the policy are to:

- Establish a process to identify the significance of Council decisions.
- Detail how and when community engagement will occur based on the significance of the decision.

Criteria for Significance

Significance means the importance of an issue, proposal, decision, or matter, as assessed by the Council. Council will consider the following matters when assessing the degree of significance of proposals and decisions, and the appropriate level of engagement:

- **Criteria for Significance:** Council decisions are assessed based on their impact on the district, strategic assets, levels of service, financial implications, reversibility, community impact, and historical interest.
- **Assessment Process:** Staff initially assess the significance, and reports to the Council include these assessments.

Engagement Principles

The following principles guide how Council will engage with its community when making significant decisions:

- Genuine listening and consideration of community views
- Timely and clear communication
- Inclusivity and accessibility
- Responsiveness and cost-effectiveness
- Proportional Engagement: The level of engagement matches the significance of the decision.

Special Consultative Procedures

Some areas of the Councils work have legislative requirements to consult with the community in specific ways. Examples of this include:

- Major decisions: such as adopting/amending the Long-Term Plan, significant bylaws, transferring ownership of strategic assets, and changes to financial policies.
- Consultation Requirements: The Local Government Act 2002 and other legislation require consultation in certain situations, including using the Special Consultative Procedure for significant changes like amending the Long-Term Plan or significant bylaws.

Engagement Methods

The Significance and Engagement Policy provides methods on how the Council will engage with its community. Depending on the significance, methods range from advisory committees and public meetings to surveys and direct notifications.

Engagement with Māori

An important part of our Significance and Engagement Policy is how and when the Council engages with Māori. The policy acknowledges several principles of the Treaty of Waitangi, emphasising partnership, self-management, stewardship, and active protection of Māori interests.

Information Requirements

When engaging with the community, Council is expected to provide clear information about proposals, their impacts, and how feedback will be used. Inclusion of these requirements in this policy ensures they are always followed by Council.

Reasons Not to Engage

In some circumstances Council may choose not to engage with its community before making decisions. Some of these reasons are as follows:

- if the decision is not significant
- if views are already well understood
- if confidentiality is required
- if immediate action is needed.

Raising Concerns

This policy ensures the community can raise concerns with the Council's decision-making processes. The policy exists to ensure the Council's decision-making process is transparent, inclusive, and considers community input appropriately.

Statutory Compliance

The LGA 2002 and other legislation require Council to consult with the community in a range of circumstances. The LGA 2002 has also sets out principles to guide all consultation and prescribes specific consultative procedures, which must be followed in certain circumstances. At a minimum, Council will adhere to all legislative requirements.

The above is a summary of Wairoa District Council's Significance and Engagement Policy. The full policy can be found at: www.wairoadc.govt.nz/documents-and-forms



NEED TE REO VERSION

MĀORI ENGAGEMENT POLICY

The Wairoa District Council's Māori Engagement Policy outlines how the Council will foster beneficial relationships and effective engagement with Tangata Whenua. The key points are:

Purpose

The policy aims to:

- Create a framework for beneficial relationships and facilitate effective communications between tangata whenua and the Wairoa District Council.
- Incorporate Māori perspectives in Council decisions, policies, and procedures.
- Encourage Māori participation in Council activities.

Scope

The policy establishes processes for tangata whenua to contribute to the Council decision-making.
Policy Statement

Context

- Wairoa District has the highest proportion of Māori in the country.
- Section 81 of the Local Government Act 2002 requires Council to:
 - a) establish and maintain processes to provide opportunities for Māori to contribute to the decision- making processes of [Council]; and
 - b) consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of [Council], and
 - c) provide relevant information to Māori for the purposes of paragraphs (a) and (b).
- The Māori engagement policy outlines the collaborative approach of Council's decision-making processes that is within the spirit of Te Tiriti o Waitangi.

Working Together Principles

The following principles underpin how Council will interact and work with tangata whenua.

- **Tika:** Commitment to fairness and respect.
- **Pono:** Honest and informed decision-making.
- **Manaakitanga:** Respectful interactions.

- **Rangatiratanga:** Support for tangata whenua as mana whenua.
- **Kaitiakitanga:** Recognition of tangata whenua as guardians of natural resources.
- **Whakapapa:** Shared responsibility for the district.
- **Kete Mātauranga:** Acknowledgment of Māori expertise.
- **Kawenga:** Reciprocal obligation towards taonga (treasures).
- **Tiriti o Waitangi:** Commitment to Treaty principles.
- **Kotahitanga:** Respect for unity.
- **Whai Mōhiotanga:** Valuing cultural knowledge.
- **Te Reo Māori:** Promoting the use of Māori language.

Representation

The Policy puts in place mechanisms that provide individuals and groups authorised to speak for tangata whenua to participate in Council decision-making processes. These mechanisms consider all the Principles of Working Together and the diversity of tangata whenua in the district. Methods of representation include but are not limited to Māori wards on the Council, endorsements made by the Māori Standing Committee, and formal relationships with Post-Settlement Governance Entities and iwi entities.

Tangata Whenua Provision In Standing Orders Of Council

Section 29 of the Council's standing orders outlines 'Additional provisions for tangata whenua'. This section outlines the process for tangata whenua representatives in attending and speaking at meetings as part of their representation roles. These provisions are in addition to members of the public being able to speak/attend Council meetings as outlined in Section 14 (Public Forums) and Section 11.1 of standing orders (Meetings open to the public). These provisions apply at Council and committee meetings (including the Māori Standing Committee) as defined on pg 14 of the Council's standing orders.

Maori Standing Committee

The Māori Standing Committee is a committee of the Council. The Māori Standing Committee provides support and guidance on Council processes, especially on those

matters requiring a Māori perspective, as well as an advisory body for Council on matters requiring a Māori perspective. This includes the development and revision of Council policies and strategies.

Tangata whenua can take issues to their takiwā representative or the Māori Standing Committee,

who can then advocate for the tangata whenua to Council or to other bodies (if appropriate). Recommendations from the Māori Standing Committee will be communicated through a report from the Chair and will be given due consideration by the Council when making decisions that directly impact on Māori and on all matters that require the perspective of te Ao Māori.

All members of the Māori Standing Committee shall adhere to the Wairoa District Council Code of Conduct, which sets out the standards of behavior expected from committee members in the exercise of their duties.

Māori Wards

The Wairoa District Council held a referendum, as part of the 2016 Local Authority Elections, on whether it should introduce one or more Māori wards for at least its next two triennial elections.

Advocacy

A key role for the Māori Standing Committee is as an advocate for tangata whenua perspectives and issues to local, regional, and national bodies.

Pouahurea Māori – Māori Relationships Manager

The position of Pouahurea Māori/ Māori Relationships Manager has been established by the Council as a means of facilitating and enhancing Māori involvement in decision making. The purpose of the position is to provide advice to, and liaise with, the Council and its Committees, Council staff and the community in respect to their relationship with, and impact on, tangata whenua.

Monitoring & Review

The policy is reviewed annually by the Māori Standing Committee and formally every three years.

The above is a summary of Wairoa District Council's Māori Engagement Policy. The full policy can be found at: www.wairoadc.govt.nz/documents-and-forms.





2024-27 LONG-TERM PLAN

SECTION 5:

OUR INFRASTRUCTURE

EXECUTIVE SUMMARY

Long-term infrastructure planning

Wairoa district’s infrastructure is key to ensuring Wairoa District Council (Council) can provide the services our community needs and expects. This Infrastructure Strategy (the Strategy) ensures that we provide sustainable infrastructure supported services, by planning and forecasting expenditure for the long term. It guides long-term decisions holistically across the different infrastructure assets.

This Strategy has been developed to meet the requirements of the Local Government Act 2002 (LGA) section 101B by:

- Identifying the significant infrastructure issues over the next 10 years
- Identifying the principal options for managing those issues and the implications of those options.

We also use this Strategy to communicate the infrastructure requirements at a high level to internal and external decision makers, and key stakeholders.

Strategy timeframe

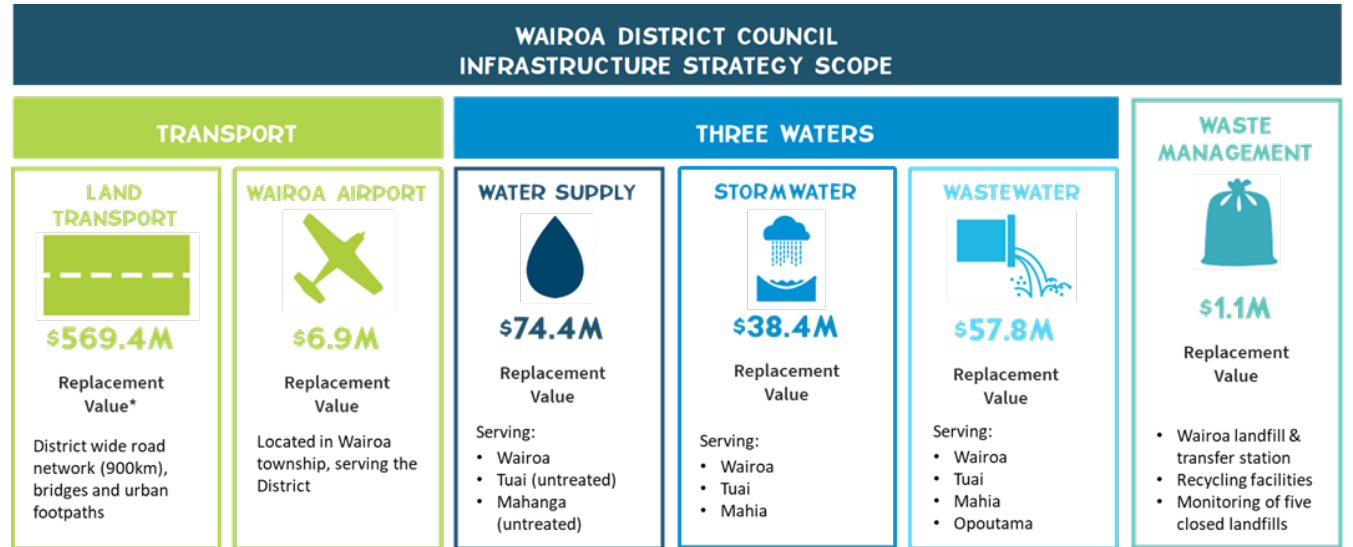
Due to the impacts of Cyclone Gabrielle in 2023 and other

weather events, the Government is allowing eight Councils, including Wairoa, to reduce their Long-Term Plan (LTP) forecasts to three years rather than the usual 10 years. Our efforts continue to focus on recovery, and particularly our financial planning for the next three years.

As a result, we have also reduced the focus of this Infrastructure Strategy from the usual 30-year planning horizon to forecast infrastructure investment needs over the next 10-years. We have, however, provided an outlook of the significant infrastructure issues we are facing and, where possible, any significant capital expenditure we may require in years 11-30. This Strategy will be reviewed and refined in 2027.

Infrastructure scope

The Strategy covers the critical infrastructure assets owned and operated by the Council as identified in the LGA, as well as other assets that are important to our community and require strategic decisions over the long term. Infrastructure assets within the scope of this strategy are grouped as follows:



*replacement value including impairment adjustment resulting from Cyclone Gabrielle

Partnering with others

Some services that impact our community are provided by others. Flood protection and control assets are the responsibility of the Hawke’s Bay Regional Council (HBRC), while State Highways are the responsibility of Waka Kotahi New Zealand Transport Agency (NZTA). We work with these organisations to advocate for our community and align infrastructure planning.

Improving our management approach

Since our last Infrastructure Strategy was published, we have made improvements to our management approaches across all our infrastructure asset portfolios. We have developed and documented core requirements to help us better:

- manage and use asset data and information to support our asset management decision-making
- assess and manage risk, including completing a climate change risk assessment
- prioritise investment decision-making
- develop activity management plans that balance level of service, cost, and risk.

We have ongoing improvement plans in place to continue improving our management approach and long-term investment decisions. This work will include aligning our infrastructure related data and information with other Council functions including regulatory planning and finances.

Planning for future trends affecting Wairoa

In developing this Strategy, Council has considered key trends that are likely to impact on the district and our communities over the next 30 years. We have focused on the following priority trends that are most likely to impact on the Wairoa District, and what these might mean for our infrastructure.



While we want to address all four future trends in our planning, climate change is already causing significant environmental, social, cultural, and economic impacts. The effects of extreme weather events, like our experience through Cyclone Gabrielle, will in future be accentuated by other climate impacts such as rising sea levels and changing patterns of precipitation. By understanding the potential impacts of climate change, Council can develop effective strategies to maintain infrastructure resilience and ensure long-term sustainability.

There are two core pathways for managing the impacts and risks of climate change:

- Mitigation focuses on actions that reduce greenhouse gas (GHG) emissions to limit further climate change
- Adaptation focuses on the process of adjusting to the actual and expected changes in the environment because of greenhouse gas emissions already released into the atmosphere and those that will be released in the future.

Climate change is a significant factor considered in Council’s decision-making processes, including infrastructure investment. Over the long-term Council expects climate trends to have a considerable influence on decision- making.







Even before Cyclone Gabrielle hit, we had identified the need to better understand the key climate change risks to our infrastructure assets. We had commenced an Initial Climate Change Risk Assessment of all of Council’s critical infrastructure assets to feed into future infrastructure planning. Understanding these risks allows us to develop effective strategies to maintain asset resilience, reduce the likelihood of asset failure, and ensure long-term sustainability.

Significant infrastructure issues

In preparing this strategy, Council has identified six key infrastructure challenges that will impact on our ability to deliver infrastructure services over the next 30 years:

- Challenge 1: Building Resilience
- Challenge 2: Affordability
- Challenge 3: Sustainable Economy
- Challenge 4: Changing priorities and legislation
- Challenge 5: Sustainable service delivery
- Challenge 6: Protecting our natural environment

Alongside these overarching infrastructure challenges, Council has identified the following key issues (or problem statements) for each of the infrastructure activities included in this Strategy.

| | ROADS & FOOTPATHS  | WAIROA AIRPORT  | WATER SUPPLY  | STORMWATER  | WASTEWATER  | WASTE MANAGEMENT  |
|---|---|---|---|--|---|---|
| CHALLENGE 1: BUILDING RESILIENCE | Road network vulnerable to damage from increasing climate change impacts resulting in isolated communities and economic disruption | Wairoa's isolated location and lack of specialist health services results in the need to access regional health services | Climate change impacts, particularly higher frequency / intensity of rainfall events results in increased pressure on existing infrastructure | | | |
| CHALLENGE 2: AFFORDABILITY | Shortage of suppliers, resources, people and skills in the Wairoa district results in service level and economic fluctuations | | Water reform, legislation and resource consent changes result in service provision which may be unaffordable to the community | | | Increasing costs & revenue constraints result in unaffordable levels of service for the community |
| CHALLENGE 3: SUSTAINABLE ECONOMY | Heavy vehicle traffic intensity and loading on rural roads results in pavement consumption and increased safety risk for users | Inadequate airport levels of service can result in disruption to economic development of the district | | | | |
| CHALLENGE 4: CHANGING PRIORITIES & LEGISLATION | | | Water reform, legislation and resource consent changes result in service provision which may be unaffordable to the community | | | Legislation changes to reduce waste result in non-compliance issues & limited waste options for the community |
| CHALLENGE 5: SUSTAINABLE SERVICE DELIVERY | Road network not keeping pace with diversity of need, alongside driver behaviours results in lack of transport mode options & increased safety risk for users | The location of the airport in a high flood zone and lack of safety measures results in vulnerability of the district in the case of an emergency | Wairoa River as the main water supply results in conflicts with cultural priorities & long term resilience issues | | | Resource capacity & capability constraints result in reliance on external providers & risk of non-compliance |
| CHALLENGE 6: PROTECTING OUR NATURAL ENVIRONMENT | | | | | Disposal of wastewater into Wairoa River results in conflicts with cultural priorities & consent requirements | Lack of education & convenience of service delivery results in more reliance on Wairoa landfill |

Strategic responses

We have identified a set of overarching strategic responses to address our challenges. As shown below, each response will help to address several challenges. We have developed specific options and responses developed for each activity to best address the activity specific problem statements. These are detailed further in this Strategy.

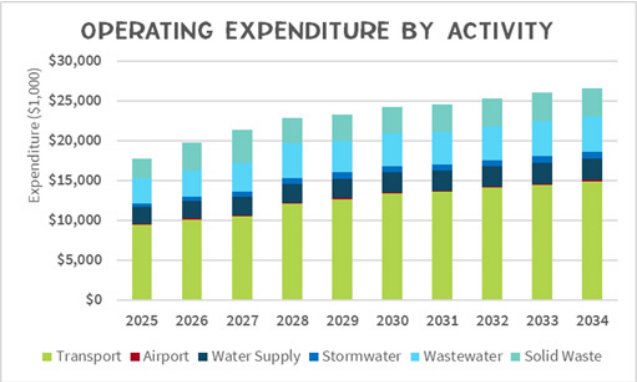
| | STRATEGIC RESPONSES | | | | | |
|---|------------------------------------|---|--|--|-------------------------|------------------------------|
| OUR SIGNIFICANT INFRASTRUCTURE CHALLENGES | Climate change adaptation planning | Integrate land use planning & infrastructure investment | Targeted renewals & improvements for critical infrastructure | Value for money infrastructure management approaches | Leveraging partnerships | Smart procurement & delivery |
| CHALLENGE 1: BUILDING RESILIENCE | ● | ● | ● | ● | ● | ● |
| CHALLENGE 2: AFFORDABILITY | | ● | ● | ● | ● | ● |
| CHALLENGE 3: SUSTAINABLE ECONOMY | ● | ● | | | ● | ● |
| CHALLENGE 4: CHANGING PRIORITIES & LEGISLATION | | | ● | | ● | |
| CHALLENGE 5: SUSTAINABLE SERVICE DELIVERY | ● | ● | ● | ● | ● | ● |
| CHALLENGE 6: PROTECTING OUR NATURAL ENVIRONMENT | ● | ● | | ● | | |

Financial summary

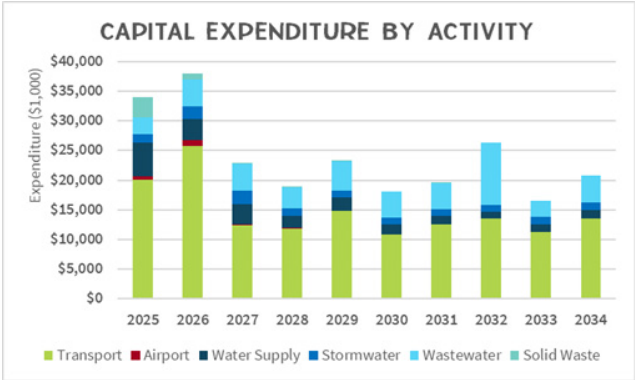
The total expected capital and operational expenditure for each infrastructure activity over the 10-year period 2025 to 2034 is:

| Infrastructure Activity | Operational Expenditure (\$M) | Capital Expenditure (\$M) |
|-------------------------|-------------------------------|---------------------------|
| Roads and footpaths | \$125.52 | \$146.84 |
| Wairoa Airport | \$1.36 | \$1.68 |
| Water Supply | \$24.30 | \$23.78 |
| Stormwater | \$7.22 | \$14.46 |
| Wastewater | \$39.94 | \$46.82 |
| Solid waste | \$33.86 | \$4.62 |
| Total | \$232.18 | \$238.20 |

The breakdown of expenditure for operations by activity over the 10-year period is summarised below. Operational expenditure accounts for 49% of the expenditure over the 10-year period.



The breakdown of expenditure for operations by activity over the 10-year period is summarised below. Note emergency works expenditure forecasts (for transport activity only) have not been included.



Funding

Council funds its infrastructure activities through a mixture of rates, subsidies, grants and other fees and charges, seeks central government funding, and potentially development contributions.

Most funding comes from rates, with land transport heavily subsidised by Waka Kotahi NZ Transport Agency (Waka Kotahi). Council also uses debt and reserves to spread the funding of large costs, especially capital expenditure, over the life of the asset.

Over the period of this Strategy, Council will be exploring alternative funding sources to maintain its current levels of service to the district.

INTRODUCTION

Purpose of the Infrastructure Strategy

Our infrastructure is key to us providing the services our community needs and expects. This Infrastructure Strategy (the Strategy) ensures that we provide sustainable infrastructure supported services, by planning and forecasting expenditure for the long term.

This Strategy has been developed to meet the requirements of the Local Government Act 2002 (LGA) section 101B by:

- Identifying the significant infrastructure issues over the next 30 years
- Identifying the principal options for managing those issues and the implications of those options.

To meet provisions of the Local Government Act 2002, the Strategy must outline how Council (the Council), in managing its infrastructure assets, will consider the need to:

- renew or replace existing assets
- respond to growth or decline in the demand for services reliant on those assets
- allow for planned increases or decreases in levels of service provided through those assets
- maintain or improve public health and environmental outcomes or mitigate adverse effects
- provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks.

The Strategy is intended to guide Council’s long-term decisions holistically across the different infrastructure assets as well as meeting the requirements of the Act. The Strategy communicates the infrastructure requirements at a high level to internal and external decision makers, and key stakeholders.

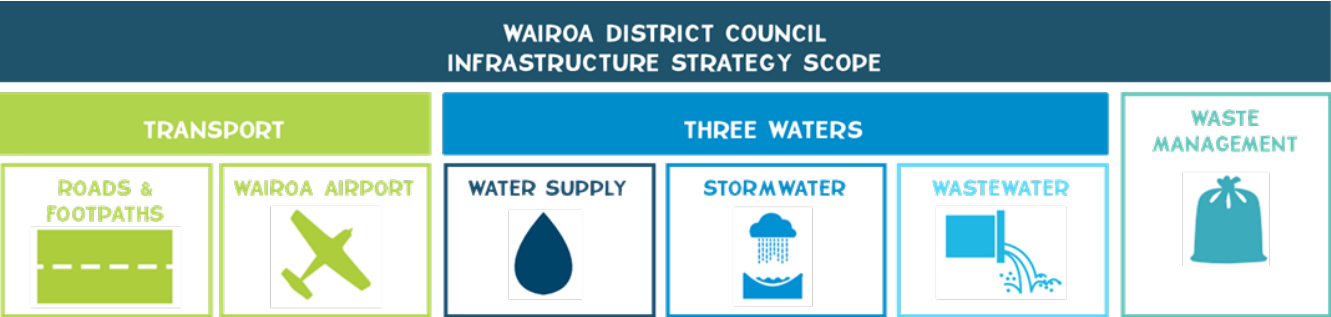
Strategy timeframe

Due to the impacts of Cyclone Gabrielle in 2023 and other weather events, the Government is allowing eight Councils, including Wairoa, to reduce their Long-Term Plan (LTP) forecasts to three years rather than the usual 10 years. Our efforts continue to focus on recovery, and particularly our financial planning for the next three years.

As a result, we have also reduced the focus of this Infrastructure Strategy from the usual 30-year planning horizon to forecast infrastructure investment needs over the next 10-years. We have, however provided an outlook of the significant infrastructure issues we are facing and, where possible, any significant capital expenditure we may require in years 11-30. This Strategy will be reviewed and refined in 2027.

Infrastructure scope

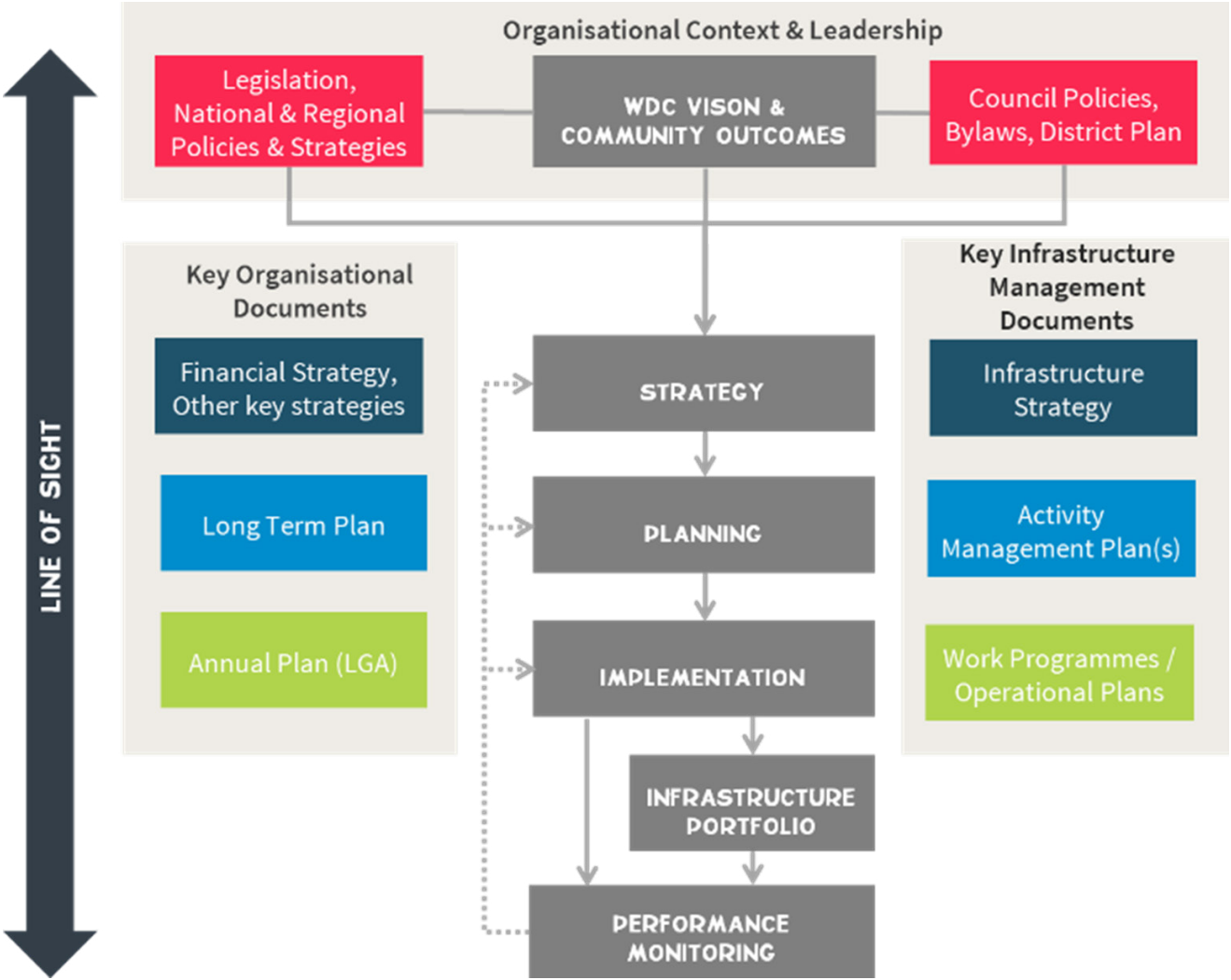
The Strategy covers the critical infrastructure assets owned and operated by the Council as identified in the LGA, as well as other assets that are important to our community and require strategic decisions over the next 30 years. Infrastructure assets in this strategy are grouped as follows:



Council has other infrastructure portfolios that have not been included in the Strategy including community facilities, buildings, parks, reserves, and cemeteries.

Planning context

This Strategy is a key strategic Council document that links to other core plans and strategies as shown (right).



STRATEGIC CONTEXT

Direction for infrastructure provision

Our mission, vision and community outcomes set the direction and guide us to manage our infrastructure to best deliver sustainable Levels of Service to support the wellbeing of our people and district. Our mission is our main job. Our vision is what we see as the best future for our district. Our community outcomes are the big goals that drive us to support the wellbeing of our people.

OUR MISSION

To support the Wairoa Community through decision-making that promotes the cultural, social, economic and environmental wellbeing of the district now and in the future.

OUR VISION

Desirable Lifestyles, Thriving Economy, Treasured Environments, Connected Communities.

COMMUNITY OUTCOMES


Social wellbeing


Economic Wellbeing


Cultural Wellbeing


Environmental Wellbeing

We want the Wairoa district to grow and prosper and to ensure that this growth is sustainable. To enable Wairoa to thrive we need intergenerational decision-making that aligns with our ngā pou e whā /community outcomes.

- Our future activities need to blend Council’s daily activities with our recovery and encompass:
- He Oranga Ōhanga – a thriving growing economy
 - He Oranga Hapori – a vibrant, healthy, and innovative community
 - He Oranga Taiao – a protected, restored and connected environment
 - He Oranga Tikanga – a culturally prosperous community

Our partnership approach

Partnership with Māori

Council acknowledges the inclusion and importance of mātauranga Māori in its infrastructure design and implementation processes. We are committed to meaningful engagement with Māori to achieve the best outcome for the community and the environment. Relationships with our Māori community remains paramount.

We are committed to ensure that Māori are given every opportunity to participate in the decision-making process for Council.

Comprehensive cultural advice is provided to Council and its committees, management, and staff to ensure the success of projects across the wider district – this includes supporting the Māori Standing Committee, attending multiple hui across the district and providing positive engagement for staff to increase their knowledge in cultural capability. The Council proactively advocates, on behalf of the Māori community, the principles of the Māori Policy, the Te Reo Māori Policy and any other relevant policy or by-law.

Other partnership opportunities

Working in partnership with others, including the Regional Recovery Agency, other local Councils, Waka Kotahi, and Hawke’s Bay Regional Council, is a key focus when we plan for our infrastructure. We want to take a system wide focus, that ensures holistic outcomes for our community.

Priorities that guide our decision- making

- This Strategy is guided by the following principles:
- Working together with our partners
 - Sustainable fiscal management that provides the right levels of service for current and future generations
 - Proactive provision and management of critical assets
 - Integrated provision of infrastructure
 - Making the best use of our existing investment
 - Robust asset management practices

Levels of service

We provide a wide range of services and activities to our community and visitors. Delivering these services and activities helps us look after the social, economic, environmental, and cultural wellbeing of our people and the district.

Levels of service refers to the standard or level at which these activities are provided. Levels of service for our infrastructure-based activities are defined in the Activity Management Plans for each activity, to meet legislative requirements and agreed to/accepted by the communities. Our Activity Management Plans test the affordability of delivering the customer outcomes agreed.

Our performance against levels of service is shown below. Our ability to meet our levels of service commitments has been significantly impacted over the last year by Cyclone Gabrielle and the June 2024 floods. This is particularly evident in our resilience and financial sustainability performance.

| LEVELS OF SERVICE | ROADS & FOOTPATHS | WAIROA AIRPORT | WATER SUPPLY | STORMWATER | WASTEWATER | WASTE MANAGEMENT |
|------------------------------|-------------------|----------------|--------------|------------|------------|------------------|
| SAFETY | ● | ● | ● | ● | ● | ● |
| RELIABILITY | ● | ● | ● | ● | ● | ● |
| AVAILABILITY | ● | ● | ● | ● | ● | ● |
| RESILIENCE | ● | ● | ● | ● | ● | ● |
| ENVIRONMENTAL SUSTAINABILITY | ● | ● | ● | ● | ● | ● |
| FINANCIAL SUSTAINABILITY | ● | ● | ● | ● | ● | ● |

How we manage our infrastructure

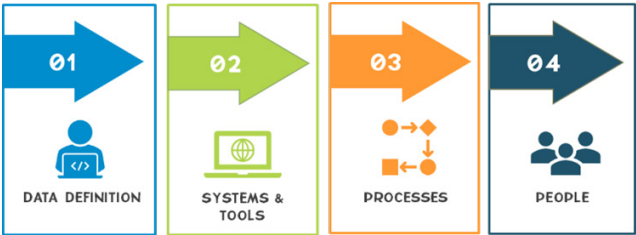
Council is committed to taking a consistent, strategic approach to asset management to achieve the desired outcomes and benefits for our communities and represent value for money.

In 2020, we had a review completed to understand how our approach to asset management aligned with good practice. Several gaps were identified, and an improvement plan put in place. Over the last three years, we have focused on priority improvement actions and are steadily improving our approach to managing our infrastructure.

Knowledge management

We understand that evidence-based decision-making, based on fit-for-purpose and current asset data, is critical to optimising costs and maximising the value our services bring to our communities.

To enable us to make good decisions about how to manage our infrastructure assets, have developed a consistent approach to four key knowledge management enablers:



The collection and management of asset data and information is a core function of asset management. This asset information is the foundation on which asset management processes and programmes are based and these require robust inventory, condition, and financial information to support informed decision-making.

Since our last Infrastructure Strategy was published, we have made improvements to our data management approach across all our infrastructure asset portfolios. We have documented core requirements for how staff are to manage and use asset data and information to support our asset management decision-making.

We have ongoing improvement plans in place to continue developing quality data to support our long-term investment decisions. This work will include aligning our infrastructure related data and information with other Council functions including regulatory planning and finances. We currently have gaps in information around community development that enable to Council give certainty of what years 11-30 look like across the infrastructure classes.

Risk management

Council uses risk management practices to recognise and manage the risks that have the greatest potential to affect Council’s community outcomes. Our risk management process is based on the international standard for risk management, ISO 31000. It allows us to manage risks at all levels of the organisation as shown below.

| RISK LEVELS | DESCRIPTION |
|---|---|
| CORPORATE RISK Organisational level risks | Highest level covers risks for the entire organisation, including strategies & business decisions |
| SERVICE RISK Activity or asset-portfolio level risks | Considers risks from all perspectives that impact Council's ability to deliver the service to customers |
| OPERATIONAL RISK Operational or asset-specific level risks | Risks associated specifically with the failure of assets or components required to deliver the service |

An Initial Climate Change Risk Assessment has been completed for all of Council’s critical infrastructure assets. This has highlighted which assets are most at risk of being impacted by future changes in climate. We have used this risk assessment to inform long-term decision making in this Strategy. Further work is required to complete a more comprehensive adaption planning approach for climate change.

Lifecycle management

We need to ensure that we invest in maintaining, renewing, or replacing our existing asset infrastructure to preserve and extend their useful life.

Asset condition

We assess the condition of our assets using a variety of assessment techniques, depending on the type of asset and its criticality. We then equate the various assessment outputs to a consistent condition rating methodology. This allows us to report on condition consistently across all our infrastructure assets.

| Condition Rating | Condition Description | Intervention |
|------------------|---------------------------|---|
| 1 | Very Good Condition | None required |
| 2 | Good Condition | Minor defects only, programme proactive maintenance or monitor |
| 3 | Fair or Average Condition | Some defects, maintenance required to return to accepted level of service |
| 4 | Poor Condition | Substantial defects, consider renewal |
| 5 | Very Poor Condition | Approaching unserviceable, consider disposal or replacement |

Asset performance

We report the performance of assets in terms of their ability to support the Levels of Service we provide for each activity. This means the performance is reported against specific performance measures for each activity.

Maintaining Existing Assets

We operate and maintain assets to achieve the optimum use of the asset, and at the agreed service levels. Maintenance of an asset does not increase the asset’s service potential or keep it in its original condition. It slows down deterioration and delays when renewal or replacement is needed. In this Strategy, the maintenance of our existing assets is included in our Operational Expenditure (Opex) costs.

Renewals

Renewals are defined as major work which restores, rehabilitates, replaces, or renews an existing asset to its original condition/function. We programme renewals to

ensure the reliability of an asset is maintained by replacing it to its original capacity with an extended life. To ensure a balanced budget under the LGA 2002, asset depreciation is used to fund renewals.

Assets identified for renewal are typically:

- Near or beyond the end of their expected life and are no longer economic to maintain
- Have known condition and/or performance deficiencies
- Have both known deficiencies and are of a critical nature.

Renewals will be targeted towards critical assets.

Capital expenditure

In this Strategy, Capital expenditure (Capex) is split by type:

- **Renewal:** as outlined above, this includes replacing or extending the life of our existing assets.
- **Level of service:** this includes projects that help us improve the level of service that we provide to the community.
- **Growth:** this includes projects that allow us to provide additional capacity for a growing or changing community.

Investment decision-making

In 2020, we developed an investment decision-making approach that could be applied consistently across all infrastructure activities. Included in this approach is a Projects Prioritisation process and Multi Criteria Analysis (MCA) assessment tool. It uses a standard set of criteria, and a weighting/scoring system to evaluate all Council projects and prioritise them consistently. We use this tool for prioritising capital expenditure projects in the short to medium term.

Improving our management approach

Following our asset management maturity review completed in 2023, we have recognised key improvements made over the last three years and the key areas that should be prioritised for further improvement. These improvement initiatives have been incorporated into our Improvement Plans for each infrastructure-based activity as well as organisational level asset management practices.

Limitations and assumptions

In developing this Strategy, there are several assumptions Council has had to make. This has flow on effects on the identification of challenges and how Council can best respond. Key assumptions and areas of uncertainty made as part of this planning process and their likely consequences or impact are included below.

| Limitation/assumption | Impact | Risk Level | Uncertainty Level |
|---|--------|------------|-------------------|
| Climate change: We are already being impacted by the effects of climate change, but there is uncertainty around the full extent of future impacts and consequences for our communities. We have completed an initial climate change risk assessment providing high level risk impacts for our infrastructure assets. NIWA has also recently released (June 2024) new NZ climate change projections and data that will help us with future scenario planning. | HIGH | HIGH | HIGH |
| Resource management planning: Changes by the coalition government to previous resource management reform has impacted on our ability to plan for the future of our district. Our current District Plan needs updating, and we need to develop clear policy and spatial planning to provide a more robust view of how our future district will look. This needs to account for the future mega trends identified in this Strategy. | HIGH | HIGH | HIGH |
| Delivery costs: Project estimates are based on the best available scope, asset, and market information available at the time of planning. Rising inflationary costs to manage our infrastructure have been included based on industry forecasts, as outlined in our financial policies and strategy. However, there is still a significant amount of uncertainty in our future delivery cost forecast. | HIGH | HIGH | HIGH |
| Scope of infrastructure managed by Council: Regional initiatives being reviewed as part of the revised Water Services Policy and Legislation focused on Local Water Done Well. While this provides uncertainty to our long-term planning for three waters infrastructure, we expect there will be some form of regional approach to future water service provision within the Strategy period. | HIGH | HIGH | MEDIUM |
| Compliance: Changing resource consent compliance and monitoring requirements are likely to become more restrictive increasing compliance costs. | HIGH | HIGH | MEDIUM |
| Funding provisions: Key external funding subsidies are critical to ensuring the affordability of our infrastructure-based services to our ratepayers. We have assumed that funding from Waka Kotahi will continue at the current Financial Assistance Rate of 75% for roading and footpath activity. | HIGH | MEDIUM | MEDIUM |
| Data reliability: Over the last three years we have been working to improve the quality and reliability of our infrastructure data so we can make better, evidence-based decisions. However, we have some gaps in our data relating to the condition of our assets. Asset renewal forecasts are based on the condition and the remaining life of infrastructure assets. Further improvements to our asset data collection and condition assessment procedures are being developed and implemented to provide greater certainty for our longer-term renewal forecasts. | MEDIUM | MEDIUM | MEDIUM |
| Changes in demand for services/levels of service: Impact of levels of service changes on asset requirements or operating expenditure. | MEDIUM | MEDIUM | LOW |
| Asset lifecycles: Most of the significant assets will continue to be reviewed every three years. Assets will be replaced at the end of their useful life. | MEDIUM | MEDIUM | LOW |
| Growth: Census 2023 results show the district's population is expected to increase slightly fr with growth will primarily occur in Māhia. This means the rating base remains constant or slightly increasing. | MEDIUM | LOW | LOW |

PLANNING FOR FUTURE TRENDS AFFECTING WAIROA

In developing this Strategy, Council has considered key trends that are likely to impact on the district and our communities over the next 30 years. We have focused on the following priority trends that are most likely to impact on Wairoa District, and what these might mean for our infrastructure.



Climate change

While we want to address all four future trends in our planning, climate change is already causing significant environmental, social, cultural, and economic impacts. The effects of extreme weather events, like our experience through Cyclone Gabrielle, will in future be accentuated by other climate impacts such as rising sea levels and changing patterns of precipitation. By understanding the potential impacts of climate change Council can develop effective strategies to maintain infrastructure resilience and ensure long-term sustainability.

- There are two core pathways for managing the impacts and risks of climate change:
- Mitigation** focuses on actions that reduce greenhouse gas (GHG) emissions to limit further climate change
 - Adaptation** focuses on the process of adjusting to the actual and expected changes in the environment because of greenhouse gas emissions already released into the atmosphere and those that will be released in the future.

Climate change is a significant factor considered in Council’s decision-making processes, including infrastructure investment. Over the next 30 years Council expects the following climate trends to influence decision-making:

| Priority Trends | Impact for Wairoa |
|---------------------------------|--|
| Storm Intensity & Frequency | <p>Cyclone Gabrielle and the June 2024 floods are a very recent reminder of the exposure and vulnerability of our communities to climate change hazards. Wairoa has had several significant storm events in recent years, which had already impacted on our communities and infrastructure.</p> <p>Wairoa township is located on the banks of the Wairoa River. The short, steep catchment, made up of shallow soils underlain by impermeable mudstone sub-strata further increases the risk of flooding, with the following impacts:</p> <ul style="list-style-type: none">Increased spending on flood protection, flood damage repairs and drainage improvementsRepeated damage to housing, community amenities and businessesInsurance coverage will be more difficult to get |
| Sea level rise/ coastal erosion | <p>By 2050, sea level rise will be 20-30cm in New Zealand regardless of GHG emission levels¹.</p> <p>The Wairoa district has exposed coastline, particularly around our urban communities of Māhia and Wairoa. Along with rising sea levels areas of the coastline are subsiding into the sea. This will exaggerate the coastal impacts associated with rising sea levels.</p> <p>Impacts of coastal erosion are already impacting our roads across the district. Many of our communities, in particular Māori cultural heritage sites such as marae (meeting places) and urupa (burial sites), are at risk of rising sea levels. In the future, insurance may be difficult to obtain for these areas, forcing retreat of communities and infrastructure.</p> |
| Decarbonisation | <p>Agriculture contributes 50% of New Zealand’s GHG emissions². Agriculture is a key contributor to Wairoa’s economy, but with increased pressure on agriculture industries that produce methane, land-use change from agriculture to forestry may increase.</p> |

Society

Society is changing. Across New Zealand, urban area populations are growing, but for rural districts like Wairoa, there is less growth, and the average age is increasing. The pressures on rural communities are increasing and this in turn is impacting mental health. By planning for these anticipated changes, Council can meet the future demand on infrastructure while supporting social wellbeing.

Over the next 30 years Council expects the following societal trends to influence decision-making:

| Priority Trends | Impact for Wairoa |
|---------------------|---|
| Changing population | Significant population growth is not projected for the Wairoa district, but changes in the split between urban and rural populations is likely. With this comes differing requirements for services across the district, often with competing demands. |
| | For urban areas, it is anticipated to be in Significant population growth is not projected for the Wairoa district, but changes in the split between urban and rural populations is likely. With this comes differing requirements for services across the district, often with competing demands. |
| | For urban areas, it is anticipated to be in Māhia with an increase in people retiring to the area, or people who whakapapa to the area returning home, or people building holiday homes. However, the area is particularly exposed to climate change with ongoing coastal erosion impacting on access roads. In the future it is expected there will be increased pressure on key services in the area. |
| Ageing population | With the changing population comes pressure on housing. There was already a shortage of housing in Wairoa before Cyclone Gabrielle and the June flooding hit, and these events exacerbated the situation. The lack of housing options results in worsening housing affordability, reducing living standards and increasing pressure on social services. |
| | Statistics NZ projects one in four people in the Wairoa District will be 65+ by 2048 (higher than the mean). It is projected that average life expectancy will continue to rise while birth rates decrease (or plateau). To support this ageing population, Wairoa will need more multi-generational homes. To date, Wairoa has no purpose-built housing options for kaumātua. There will also need to be healthcare services available for elderly. Wairoa currently has no aged care facility. |

| Priority Trends | Impact for Wairoa |
|-----------------|---|
| Mental Health | Mental wellbeing has been declining, for people with disabilities, low incomes, and single parents. For Wairoa, the psychosocial impacts of Cyclone Gabrielle and the June flooding are expected to have prolonged effects for the community with heightened levels of anxiety across the motu. |

Technology

Technology is changing how we live and work. People are becoming more digitally connected, more business is being done online and smart data use is playing a bigger role in informing decision making.

For Wairoa, the changing face of technology brings with it opportunities such as, people relocating while still being able to work remotely, improving productivity, and better data to support decision making. However, widespread adoption of technology is also accompanied by increased cyber security risks and jobs at risk of replacement from automation. Understanding these trends is important for our infrastructure planning and digitally upskilling the future workforce.

Over the next 10 years Council expects the following technology trends to influence decision making:

| Priority Trends | Impact for Wairoa |
|-------------------------|---|
| Smarter use of Data | Understanding the local context and Impacts of Cyclone Gabrielle from collected data is helping Wairoa to prioritise and plan its recovery. |
| | Available data obtained through the Recovery Hub and by other partner organisations, such as HBRC and Waka Kotahi, will allow Wairoa to understand and meet the needs of flood affected community and whānau members. |
| | Priority will be given to the development of a flood warning system based on live video, telemetry data and text warning to build resilience for Wairoa's primary sector and rural community. |
| Remote service delivery | A key priority for Wairoa will be attracting staff to the area to provide sufficient resource for recovery work. While remote and flexible working are not suited to everyone, this option of working may make it easier and more appealing for families to relocate to Wairoa. |
| | Remote practices may also allow a shift of some service offerings, such as, online health services. However, for equitable access to online services, digital connectivity will need to be improved. |

Resources

Wairoa is an isolated part of the country and future availability of key resources is critically important to the prosperity of Wairoa. Prior to Cyclone Gabrielle, there were already challenges around key resources including water, energy, and workforce. The impacts of the cyclone have highlighted Wairoa’s vulnerability to changing resource availability. It will be critical that Council work in partnership with Māori to ensure resource management aligns with Te Ao Māori.

Over the next 10 years Council expects the following resource trends to influence decision-making:

| Priority Trends | Impact for Wairoa |
|----------------------|--|
| Circular economy | <p>There is growing demand for local, environmentally friendly waste management solutions. To reduce demands on the landfill, opportunities to reduce waste generation is a high priority.</p> <p>Wairoa has set a goal to increase the amount of material diverted from landfill. There are also efforts to educate the community on zero waste and product stewardship.</p> <p>Government is planning to make food scraps collection services available to households in all urban areas by 2030. Wairoa will need funding support to implement kerbside collection, which can be applied for through the Waste Minimisation Fund. Funding for organic waste processing facilities and resource recovery infrastructure can also be applied for through the Waste Minimisation Fund.</p> |
| Workforce capability | <p>Ageing population along with plateauing numbers of graduates is going to affect Wairoa’s supply of highly skilled workers.</p> <p>A shortfall of construction workers may increase the challenge of recovering from Cyclone Gabrielle for Wairoa. However, there is an opportunity to re-skill and up-skill members of the community whose jobs may be at risk of automation in construction, as well as technology use.</p> |
| Water management | <p>Traditional water management may be at odds with Te Ao (worldview) Māori which views water as a taonga (treasure).</p> <p>Investment in water infrastructure will need to consider future climate change risks and involve working in partnership with mana whenua, as stated under Te Mana o te Wai. Investment is also required over the next 30 years to reduce the vulnerability of ageing infrastructure and to meet future demand.</p> |

| Priority Trends | Impact for Wairoa |
|-------------------------|--|
| Biodiversity management | <p>As Wairoa recovers there has been a focus on restoring access for farming and horticultural activities. There is also some uncertainty around urban recovery and areas most at risk of future flooding. As both the rural and urban communities recover, infrastructure planning needs to take biodiversity into account to reduce further loss of species and degradation of ecosystems.</p> <p>Council is also responsible for protecting, maintaining and restoring indigenous biodiversity under the National Policy Statement for Indigenous Biodiversity.</p> |

PLANNING FOR FUTURE TRENDS AFFECTING WAIROA

Council has identified six key infrastructure challenges that will impact on our ability to deliver infrastructure services over the next 10 years.

| OUR SIGNIFICANT INFRASTRUCTURE CHALLENGES |
|---|
| CHALLENGE 1: BUILDING RESILIENCE |
| CHALLENGE 2: AFFORDABILITY |
| CHALLENGE 3: SUSTAINABLE ECONOMY |
| CHALLENGE 4: CHANGING PRIORITIES & LEGISLATION |
| CHALLENGE 5: SUSTAINABLE SERVICE DELIVERY |
| CHALLENGE 6: PROTECTING OUR NATURAL ENVIRONMENT |

Challenge 1: Building resilience

Climate change and natural hazards are putting our communities and infrastructure at risk. We need to develop an approach to adaption that will shape the future of affected communities and guide investment in and provision of infrastructure.

Cyclone Gabrielle impacts

This challenge has been very evident over the last 18 months since Cyclone Gabrielle in February 2023. Like the rest of Hawke’s Bay, the Wairoa district was significantly impacted by the cyclone as the Wairoa River breached its stop banks and had hundreds of people evacuated their homes. The district was completely cut off by road with all state highways severely damaged. State Highway to the south was closed for three months. Food, water, and fuel were limited after the cyclone and all communications were down.

Key impacts from this event included:
Wairoa’s land transport network was severely impacted isolating whānau and making it difficult for communities to connect and access services, including:

- All state highways in and out of the Wairoa district closed
- 4 local road bridges destroyed requiring full replacement
- 13 local road bridges significantly damaged requiring repairs
- 44 land slips impacting road accessibility
- 50 dropouts impacting road accessibility and stability
- 50 other sites damaged, due to flooding, silt/debris, etc.These disruptions along the roading network required access to goods and services via air transport,

highlighting Wairoa Airport’s critical role for the future. Wairoa’s three waters networks were impacted highlighting vulnerabilities and the lack of resilience to significant weather events, including:

- Power and communications outages at water and wastewater treatment plants impacted the ability of staff and suppliers to remotely monitor and manage treatment plants, as well as causing disruption to treatment and supply of safe drinking water.
- All three waters systems were overwhelmed by large volumes of stormwater, silt, and debris. This has caused damage to our already vulnerable critical assets and components.
- Wairoa Riverbanks have experienced significant erosion and deposition along the entire length of the river.

Solid waste generated by the cyclone, resulted in significant additional volumes of refuse to landfill than Wairoa would normally deal with. We had already identified sustainability issues with the long-term viability of our landfill service, and the impacts of the cyclone have further exacerbated this.

As part of our recovery, we have been developing our Wairoa District Recovery Plan. Key aspects of this plan have been incorporated into our short to medium-term infrastructure investment.

Risk-based levels of service

Extreme weather events and patterns will continue to impact our infrastructure and Council’s ability to deliver services to the levels needed by the community. More frequent and intense weather events will continue to create increased risk and damage to the Council’s infrastructure and activities.

Our planning helps us identify key risk areas, recognise impacts in asset and financial modelling, and prioritise funding for resilience. We will identify critical components of our networks and prioritise renewals and resilience related infrastructure improvements.

Climate change risk

Even before Cyclone Gabrielle hit, we had identified the need to better understand the key climate change risks to our infrastructure assets and had begun an Initial Climate Change Risk Assessment of all of Council’s critical infrastructure assets to feed into future infrastructure planning. Understanding these risks allows us to develop effective strategies to maintain asset resilience, reduce the likelihood of asset failure, and ensure long-term sustainability. The table below summarises the risk assessed for critical infrastructure assets because of key climate projections and impacts.

| Response | Impact | Risk Level |
|----------------------------------|---|-----------------|
| Changes in precipitation | Extreme rainfall events are already causing issues for several of the assets assessed. This will continue to get worse with the expected increase in frequency of rainfall. | High to Extreme |
| Increase in Sea Level Rise (SLR) | The increasing SLR increases risk of those assets located near the coast. Ōpoutama and Māhia, and most of the critical connecting roads along the coastline, are at high risk. | High to Extreme |
| Increases in temperatures | The projected increase in temperature is expected to have minimal impact on the majority of assessed assets. The exception is wastewater treatment plants, where increased temperature may cause higher algae and bacterial growth. | High |

Challenge 2: Affordability

To keep providing the levels of service our community expects we need to make a significant investment in our infrastructure. Even before the impacts of Cyclone Gabrielle, this was becoming increasingly difficult as our infrastructure gets older and changes to legislation and regulations increase costs.

Ability to pay

While Council aims to deliver its services in an affordable way, we face challenges in spreading the cost over a small number of ratepayers. We also face significantly higher ability to pay challenges than for the Hawke's Bay region as a whole and nationally, in terms of the demographic, economic and income factors and deprivation index. The average standard of living (or GDP per capita or per person) in the district is 81% of the Hawke's Bay level and 63% of the national level.

With a small rating base and higher ability to pay challenges, Council needs to think more broadly about how to fund its infrastructure programme. This challenges Council to look for alternative funding sources.

Understanding what Council can afford to pay is critical and may require Council to consider potential changes to levels of service in the future. Over the life of this strategy Council needs to understand the funding options available, including recovery funding for Cyclone Gabrielle, Waka Kotahi subsidies, other grants and subsidies, user fees and charges, potential development contributions, and partnerships to deliver services to the district. Alternative funding sources will enable Council to reduce the fiscal impact of increased infrastructure costs to our ratepayers.

Ageing infrastructure

Much of our community's infrastructure assets were developed at the same time, after World War II. This means that a lot of our infrastructure assets are reaching the end of their useful lives at the same time. This is particularly the case for our longer life assets, such as three waters assets and bridges. The condition of these assets is deteriorating, and it is becoming harder to keep up with the amount of renewal work required to replace failing or at-risk assets.

Inflation cost pressures

The costs of keeping our infrastructure maintained, renewed, and meeting our levels of service requirements is continuing to increase. Costs are rising for many reasons including:

- Labour cost increases
- Materials and logistic cost increases
- Legislative changes, including minimum wage
- Other pressures, including cyclone impacts on availability of labour and materials

Taken together, the various increases across the board mean that funds previously allocated for future projects in previous planning rounds will not stretch as far today. This means we need to undertake the arduous task of determining the prioritisation of projects to be delivered within a smaller envelope.

This issue is accentuated for Wairoa because of the remoteness of our district and limited options for supply of resources. As noted in Waka Kotahi Investment Audit Report (2021):

"In terms of the maintenance expenditure, Wairoa District Council has the second highest cost per kilometre when compared with the approved organisations in the rural districts peer group, for the 2018 – 2021 NLTP (National Land Transport Programme) period."

Challenge 3: Sustainable economy

While increased economic development is needed and desired in our district, servicing the whole district is becoming increasingly challenging. Competing priorities between enhancing the urban economy and connecting rural communities, mean expectations around service levels are difficult to meet. Changes in land use continues to put additional pressure on our infrastructure.

Enhancing the urban economy

Both Wairoa township and Māhia are key urban economy hubs for the Wairoa district. Council needs to support economic development in these areas to ensure the long-term viability of these communities. However, this development has an impact on the capacity of our existing infrastructure and comes with service level expectations which Council may not be able to meet.

Wairoa Township Development: The cyclone and June flooding events significantly impacted the Wairoa township and our ability to support economic development. A key economic hub for the town is the river-facing Marine Parade with three waters infrastructure along the Wairoa River affected. The cyclone and flooding also exacerbated the lack of housing options. We need to be able to improve the capacity of our infrastructure to attract new people and businesses to the area and in turn enhance the economy.

Servicing Māhia: Growth in the district is anticipated to be in Māhia with an increase in people retiring to the area, people that whakapapa to the area returning home, or people building holiday homes. There is also significant population swell at Māhia over the holiday periods. The population of Māhia can fluctuate from less than 1,000 permanent

residents to over 15,000 people during peak periods. Shock loading on Council's infrastructure is challenging as design capacities are breached. Council will need to invest in Māhia's stormwater and wastewater infrastructure to ensure capacity is available.

Connecting rural communities

The rural parts of our district provide the backbone for our economy. Our land transport network is key to keeping our rural communities connected, both to our urban areas and to the wider district. Accessibility is important to our rural economy to ensure producers get their product to town, the Ports of Napier and Gisborne and other destinations. As a district we have been successful in supporting rural economic development, including the development of Rocket Lab at Māhia Peninsula. The challenge we have is supporting rural economic growth, while managing ongoing accessibility challenges.

Land use changes

Much of the cyclone recovery assumes no changes to infrastructure demand and use. However, changes to land categorisation and land use activities (e.g. potential decisions around climate change adaptation) may impact infrastructure demand, so needs to be considered as part of our longer-term Strategy for infrastructure provision. At this stage, we do not have a good understanding of the impacts on long-term land use changes.

To date, a significant land use change has been the conversion of pastoral land to forestry. Forestry harvesting has put considerable strain on our rural road network. The impacts of the cyclone cast an uncertainty on further land conversion, however even with the current land use, forestry harvesting is predicted to have a significant impact on infrastructure over the course of this Strategy.

Land use changes from pastoral to fruit have also been occurring, and there has been an expectation that wider horticultural use may continue. However, with the impacts of the cyclone on State Highway connections, we are likely to see less land conversion in the short to medium term due to costs to get the produce to market.

Any changes to land use, increased community expectation around road sealing and the need for ongoing maintenance from regular heavy vehicle use has significant cost implications.

Challenge 4: Changing priorities and legislation

There are significant changes to legislation that are either planned or underway that will impact the delivery of infrastructure in the district. Change is continuing to occur because of the changing government, and it is important that we focus on making our infrastructure plans and management approach agile to respond to these changes.

Central Government priorities

Central Government changes are impacting the role and responsibilities of local government. With the change of government, previous legislation is now being repealed and new priorities for infrastructure are being developed.

Key uncertainties include:

Resource management reform: The new government has repealed the Spatial Planning Act and Natural and Built Environment Act and has committed to further reform to the Resource Management Act.

Water Services reform: The new government has announced the repeal of the previous government's three waters reform. Water Services Policy and Legislation is now focused on Local Water Done Well. There are regional initiatives being reviewed as part of the revised legislation. Therefore, for the period of this Strategy, we expect there will be some form of regional approach to future water service provision.

Until more certainty is given, Council will need ongoing funding support as it repairs, restores, and rebuilds resilience into its three waters infrastructure following the impact of Cyclone Gabrielle and the June flooding.

Infrastructure reform: The new government plans to establish a National Infrastructure Agency to coordinate government funding, connect domestic and offshore investors with New Zealand infrastructure, and improve funding, procurement, and delivery.

Solid waste reform: Government is planning to update the waste legislation to standardise waste management practices, set national waste standards and improve the availability, quality, and consistency of waste data. The new legislation is anticipated to be enacted in 2024 and will replace the Waste Minimisation Act 2008 and Litter Act 1979.

Government Policy Statement (GPS) on Land Transport: The GPS outlines the Government's strategy for investing in the land transport system and sets out the priorities for the following 10-year period. The GPS 2024 has been released. It provides more focus on maintaining existing infrastructure. There is no development of new infrastructure that will service the Wairoa district.

Zero Carbon Act

The Climate Change Response (Zero Carbon) Amendment Act includes a target of reducing emissions of biogenic methane within the range of 24 to 47% below 2017 levels by 2050, and an interim target of 10% by 2030. It also has a target of reducing net emissions of all other greenhouse gases to zero by 2050. The Act does not explicitly exclude any activities such as methane produced at wastewater treatment plants. It will also impact the solid waste asset portfolio with increasing Emissions Trading Scheme costs and to a lesser degree transport costs used to collect and cart to landfills.

Solid Waste

There are several changes impacting our ability to provide waste management services to our communities:

Waste Levy: From 1 July 2021, the Government introduced progressively increasing levy rates for landfills. The levy rate has also been expanded to cover construction and demolition waste.

Recycling changes: Materials collected from households for recycling will be standardised across Aotearoa from 2024.

This requires Council to provide kerbside recycling services for urban areas by 2027. As part of Government's focus to divert household waste from landfill, Council will need to meet an increasing minimum standard for household waste (recycling and food waste) diverted from landfill. Funding has been granted to Council to support its transition to the new system.

Emissions Reduction Plan (ERP): Under the ERP, the priority for the Waste Sector is a reduction of organic waste and diversion from landfill for households and businesses. This will impact Council by requiring the provision of kerbside collection of organic waste for households from 2030. Investment in organic waste processing facilities or transport costs to collect and take organic waste to these facilities will also impact Council. The Emissions Reduction Plan also includes a commitment to require all municipal (Class 1) facilities to have a landfill gas capture system in place by the end of 2026, which means capture systems will need to be installed.

Emissions Trading Scheme: The New Zealand Emissions Trading Scheme (NZ ETS (Emissions Trading Scheme)) is the Government's main tool for reducing greenhouse gas emissions to meet its international obligations and domestic targets. Under this scheme, waste disposal facilities are required to report and surrender NZ units corresponding to the amount of emissions emitted (primarily biogenic methane).

Challenge 5: Sustainable delivery

Having the resources to deliver key infrastructure services is becoming an increasingly large challenge. A shortage of suppliers, supply chain costs, resource constraints (e.g. aggregate extraction restrictions) and lack of skilled workers impact on our ability to deliver infrastructure services.

Capacity of the market to deliver

This is an overarching issue for Wairoa that also contributes other problems. Historically, the district was not successful in attracting and maintaining a skilled workforce. Council has struggled to attract suppliers to tender for term maintenance contracts, restricting the ability for price tensioning and value for money outcomes.

One of the historical issues has been the limited pipeline of work (comparative to the surrounding region), providing less opportunity for a sustainable and competitive market in the district. We expect this will continue to be a longer-term problem for Wairoa, without a concerted effort to continue to develop our local market.

However, with the ongoing recovery work required in the district, this is not an issue in the short to medium term. The challenge now lies in the fact that the wider regional Cyclone impacts and recovery work across the East Coast, is putting considerable pressure on the whole contracting market. All road controlling authorities are struggling to complete immediate priorities due to the significant supply chain constraints.

Construction materials availability

Council faces challenges around the availability and cost of locally sourced, quality construction materials for infrastructure maintenance and construction work.

This is a significant issue in terms of aggregate supply. The lack of suitable hard rock quarries in the district places considerable pressure on river sources, which are facing increased restrictions by the Hawke's Bay Regional Council's consenting requirements. This means that supply of construction materials is often from outside the district, increasing the costs of construction.

Challenge 6: Protecting our natural environment

Ensuring we are looking after our natural environment is a key focus and challenge going forward. We need to work together with our communities to ensure we meet our environmental compliance requirements.

Solid Waste Management now and into the future

A key focus area for protecting our environment is managing our solid waste now and into the future. Our current landfill cell is nearing the end of its usable life, so we have been reviewing alternative options for the future. Cyclone Gabrielle and subsequent flooding events have exacerbated the situation, with a significant amount of flood-damaged property and items taken to the landfill.

We will need a community-wide approach with a shift in focus to waste minimisation rather than waste management. We need people to take responsibility for their own waste generation and actively be better kaitiaki. If everyone tries to reduce their waste, it will result in less waste to manage and, therefore, lower costs while protecting our natural environment.

Looking after our environment

Some of our infrastructure activities have specific resource consent requirements to ensure we provide appropriate infrastructure and monitor environmental impacts. This is particularly important for our three waters activities and solid waste management.

As resource consents come up for renewal, it is likely that consent conditions will require higher design standards, management, and monitoring than the existing consents. This means we not only need to allocate funding and resourcing to secure new resource consents, but also to implement new consent conditions.

RESPONDING TO OUR CHALLENGES

We have identified a set of overarching strategic responses to address our challenges. As shown below, each response will help to address several challenges.

| OUR SIGNIFICANT INFRASTRUCTURE CHALLENGES | STRATEGIC RESPONSES | | | | | |
|---|------------------------------------|---|--|--|-------------------------|------------------------------|
| | Climate change adaptation planning | Integrate land use planning & infrastructure investment | Targeted renewals & improvements for critical infrastructure | Value for money infrastructure management approaches | Leveraging partnerships | Smart procurement & delivery |
| CHALLENGE 1: BUILDING RESILIENCE | ● | ● | ● | ● | ● | ● |
| CHALLENGE 2: AFFORDABILITY | | ● | ● | ● | ● | ● |
| CHALLENGE 3: SUSTAINABLE ECONOMY | ● | ● | | | ● | ● |
| CHALLENGE 4: CHANGING PRIORITIES & LEGISLATION | | | ● | | ● | |
| CHALLENGE 5: SUSTAINABLE SERVICE DELIVERY | ● | ● | ● | ● | ● | ● |
| CHALLENGE 6: PROTECTING OUR NATURAL ENVIRONMENT | ● | ● | | ● | | |

Climate adaptation planning

We need to develop an approach to adaptation that will shape the future of affected communities and guide investment in and provision of infrastructure. We are working in conjunction with Hawke's Bay Regional Council, to start this approach, through flood modelling and review of flood protection options for Wairoa.

Development of a climate adaptation strategy/framework will help make tough decisions, so we can build resilience and better incorporate climate change in future management and investment in infrastructure assets.

This approach will focus on:

- Planning (Year 1)
- Adaptation of existing infrastructure where applicable (Year 3-10)
- Potential for managed retreat in future (Year 11-30)

Some specific focuses include:

- **Transport infrastructure (airport):** Our airport is a key alternative transport option to our roading network. We need to make this more resilient and improve capacity by lengthening the runway to take larger aircraft
- **Transport infrastructure (roads):** Māhia connection - Blowhole, Waikokopu
- **Wastewater network additions:** North Clyde and bottom of Kopu Road.

Integrate land use planning and infrastructure investment

We want to be proactive about growth, developing a new view of how our future district will look. This will include

developing clear policy and planning. To do this we will consider:

- **Hazard risk areas:** Where development should not intensify, and where it should be directed away from, to avoid natural hazards such as flooding. We will use hazard information from various sources including HBRC's recent flood plain modelling and management review.
- **Demand projections:** A projection of housing need, and analysis of available capacity (vacant lots), within and outside of risk areas.
- **Land use controls:** Review the different controls we can use where risk and consequence justify land use controls to avoid intensification or set building consent requirements.
- **Development options:** Review options for development of lower risk areas and or identify retreat options. Alongside this we will need to determine how best to roll out infrastructure renewals and upgrades.
- **Developer contribution support:** Ensure Council policy around developer contributions aligns with other planning considerations.

Having this plan in place will help us:

- Avoid developing in areas of high risk
- Avoid developing in areas of that significantly impact our natural environment
- Provide certainty to our community around future service provision
- Support economic development
- Allow for potential take up of existing infrastructure capacity to be better understood, planned, and budgeted for.

Targeted renewals and improvements for critical infrastructure

Because of the large portfolio of infrastructure assets we have, we must take a risk-based approach to renewing and improving them. We do this by having a consistent way of assessing and prioritising our critical infrastructure. To do this we consider:

Contingency planning: Develop improved contingency plans and work programmes to manage risk across the network.

Compliance and criticality: Complete required upgrades and maintenance to ensure compliance with new legislation.

Urban Development: A lot of our key assets service our urban communities. Development of critical infrastructure for the likes of our Wairoa and Māhia communities will support further economic opportunities. We will work collaboratively with industry, tourism providers and Rocket Lab to understand their ongoing requirements for access and provision of other infrastructure services.

Infrastructure management approaches

Data & information improvements: Invest in condition assessments of our assets, particularly older networks. Where possible we will use technology advancements to assist (e.g. use of drones). Data will then be used in optimised decision-making based to ensure appropriate renewals programmes.

Rationalising assets & services: We need to review whether we need all our current assets to deliver the core services our future generations will want. We may be able to sell or decommission assets that are expensive to operate, but only used by a few people, or may be made redundant by changes in technology. We will look at developing a clear Disposal Strategy.

Compliance management: Ensuring we meet compliance requirements for our assets and services is a critical part of the service Council provides. Requirements to prepare and renew resource consents are likely to increase (e.g. environmental impact assessments). New consent conditions will also likely increase requiring more monitoring increasing the overall operational costs to provide service. So, we need to allocate funding and resourcing for securing new resource consents and monitoring of conditions.

Leveraging partnerships

Regional collaboration approaches: Council continues to collaborate with Hawke's Bay Councils on key changes that affect us all. This is particularly important in the case of water services reform. In future we will also look for opportunities to share services, where there is benefit to our communities in terms of service levels and affordability.

Partnership with Māori: We are already engaging with our Māori partners and communities to make sure we are meeting their needs. For example, the Body Representing Māori (BRM) embodies a strong partnership between Māori and Council, which was formed as part of the Wairoa Wastewater Treatment Plant consent. This group is made up

of six members, four representing Tātau Tātau o Te Wairoa and two representing Ngāti Kahungunu Iwi Incorporated. The BRM's role is to advise and help prepare the Mauri Monitoring Protocols as well as help to form the Māori Wastewater Working Party (MWWP). We will continue to work on these partnership initiatives to determine the best focuses for future management and investment in infrastructure.

Leverage wider collaboration opportunities: Including central government, Waka Kotahi, and Hawke's Bay Regional Council (HBRC), to deliver for the community. This provides the opportunity to reduce the fiscal impact through grants, shared services, or partnerships. Waka Kotahi is a key contributor to funding our local roads investment and emergency/recovery works.

Cyclone recovery funding: The magnitude of work to restore Wairoa's infrastructure requires significant external funding - it is not affordable for the district's ratepayers. As part of our recovery planning, we have signalled to external agencies and the NZ Government that we can fund some recovery activities but will still require major external financial support.

Development contributions: We are reviewing how developers contribute to funding the development of new infrastructure. As we look to reshape the assets and services we provide in the future, we need to make sure those benefiting from this work are also contributing.

Smart procurement & delivery

We need to work hard to make sure we are paying the right amount of money to deliver the services we provide. We rely on external suppliers for asset management and physical works capabilities and resources. To ensure we get value for money we will consider:

Procurement Review: We have completed a review of sealed and unsealed maintenance service delivery in 2023. This will inform procurement of the new term maintenance contracts.

Programming: Improving our future works programmes will enable early supplier engagement, with the potential to identify future efficiencies through flexibility of programmes.

Local Procurement: With a focus on increasing the capability of smaller local suppliers and contractors, we can ensure more availability of resources to complete our work programmes. We are also supporting the local economy by using local providers.

Broader outcomes: Identify and implement cost effective opportunities for broader outcomes to be delivered as part of large contracts, with a specific focus of local employment and workforce development.

INFRASTRUCTURE ASSET CLASS PLANS AND OPTIONS

Land transport

Activity overview

Wairoa has a large roading network to provide access for our communities and landowners. 90% of our district’s road network is rural and 64% of the network is unsealed. Providing a robust road network is key to the district’s economy.

The Waka Kotahi subsidy for roading (the Financial Assistance Rate or FAR) is a critical factor in the delivery of Council’s land transport (roads and footpaths) activity. The base FAR provided by Waka Kotahi is 75%. The remaining 25% is funded through local rates. If this subsidy were no longer available at this rate, there would be a significant impact on rates and levels of service.

| Assets | Description |
|--------------------------|--|
| Road Pavements | Total length of 869km, 323km of which is sealed roads. Other roads are all unsealed. |
| Structures | 178 bridges and 448 retaining structures |
| Cycling & Walking assets | 54km of shared footpaths and 7.4km cycleways |
| Other assets | Numerous drainage and furniture (guardrails, signs, lighting etc) and parking assets |

Network resilience

Even before Cyclone Gabrielle hit, resilience had been identified as the key issue for Wairoa. The Cyclone was the latest in our history of storm events causing flooding, slips and dropouts on the road network. This time the impact has been severe and widespread. The resilience of the road network is exacerbated by the geology and poor soil in some areas of the network, resulting in erosion and sediment risks.

To ensure communities remain connected and to unlock the potential of Wairoa’s land, providing a resilient network is critical. Specific impacts of road resilience include Lifeline Routes. These are critical routes where failure will have significant impact on communities’ access to health, education, and economic opportunities. At the peak of the Cyclone Gabrielle event there were up to 30 roads closed which caused 227 km or 26% of the network to be inaccessible. Six months later, in August 2023, there were still 14 roads closed or severely affected. Road damage ranges from washouts, bridge damage, major slips, tree fall, etc.

Rural network demand

Rural land use in our district primarily includes agriculture, horticulture, and forestry. Much of the product from farms needs to be transported out of the district, particularly forestry products to the ports at Napier or Gisborne. Forecast predictions based on maturing age of forests in the Hawke’s Bay Region indicate demand on some roads will increase from their current heavy vehicle movements.

Ongoing increases to heavy vehicle volumes on the local road network, largely because of these primary sector activities, puts pressure on our rural network. The Wairoa district has seen a significant growth in the High Productivity Motor Vehicle (HPMV) permits since 2020. These increases in heavy

traffic cause our roads to deteriorate more and increase the safety risks for other road users. This requires additional, and often unplanned, investment to mitigate.

Safety

Safety on our district’s roads is a key concern. The Waka Kotahi New Zealand Transport Agency ‘Communities at Risk Register 2023’ highlights personal risk to road users. Wairoa District Council has the highest overall personal risk in the country. Wairoa District Council has the highest personal risk ranking in the ‘Open road loss of control and/or head on’ and ‘Motorcyclist involved’ crash categories.

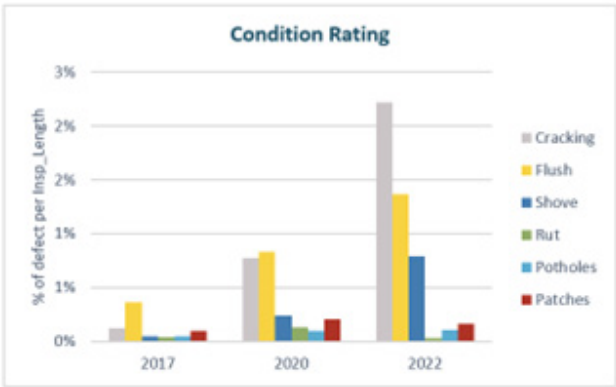
Large vehicles, including HPMVs increase safety risks. 54% of Council roads have a width of 5m or less, insufficient for a log truck and another vehicle to safely pass.

Assets condition

Condition for our key asset groups is outlined below. However, most of our condition assessments were last completed prior to Cyclone Gabrielle, and do not reflect any impacts since this time.

Pavements

Visual Condition Rating on our network is completed every three years, with the most recent rating survey completed in September 2022. Key trends in condition rating results over the last three surveys are shown below. All the faults have increased, with a significant increase in cracking, flushing, and shoving.

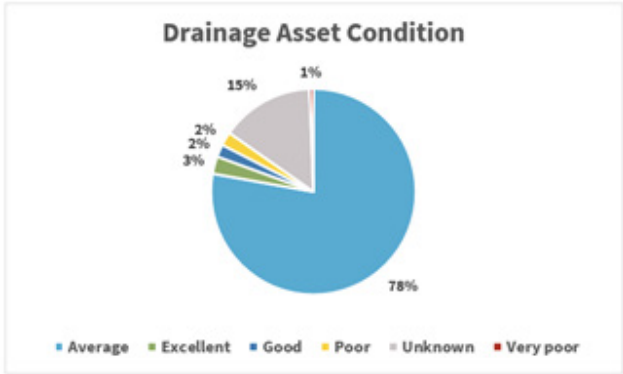


Bridges

Most of the bridges (approx. 80%) are between 50 and 85 years old, and still have 15 or more years remaining useful life. However, over the next 30 years approximately 59 structures will reach the end of their (theoretical) remaining useful life. Asset condition is regularly assessed with inspections.

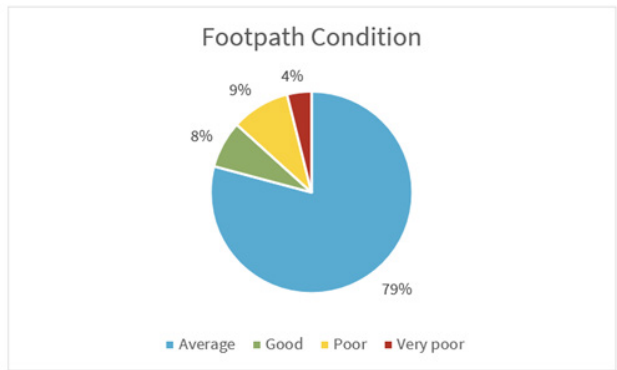
Drainage

The drainage structures vary throughout the district. Assets include culverts, surface water drainage and other below ground assets, such as sumps and subsoil drains. Visual condition rating surveys are completed for surface water drainage. But condition of culverts and other underground drainage structures is not as well understood. As of 2023, the condition of drainage assets is as shown below.



Footpaths

A full network visual condition inspection was undertaken in 2019. Since then, we have completed further updates to some of our condition records. The condition of the footpaths in 2023 is shown below. 87% of Council’s footpaths are in average or better condition, with 13% of the network being assessed as having poor or very poor condition.



Service performance

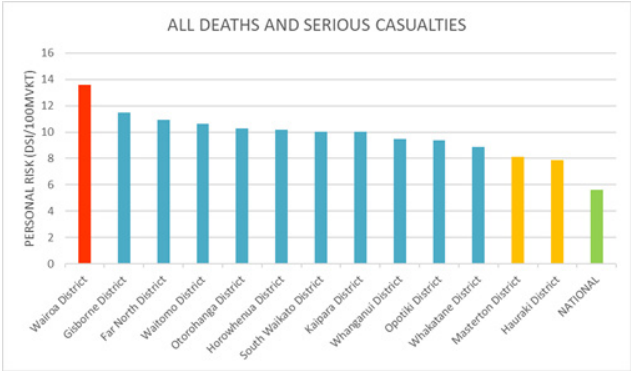
Service performance included in this section are reflective of the service provided in the year ending June 2023.

Safety

We aim to design and maintain a safe land transport network. The safety performance against our defined performance measures and target is:

| Measure | Result compared to target |
|---|---------------------------|
| The change from the previous fiscal year in the number of fatalities and serious injury crashes on the local road network | Above target threshold |

While we meet the safety performance target, Wairoa’s road network is currently performing below other Councils with similar networks in terms of safety as shown below.



The top crash roads on our network are Nuhaka-Ōpoutama Road and Māhia East Coast Road.

Reliability

We aim to maintain a fit-for-purpose land transport network. The overall performance of the network against our defined performance measures and targets is shown below.

| Measure | Result compared to target |
|--|----------------------------|
| The average quality of ride on a sealed local road network | Above target threshold |
| The percentage of footpaths in average condition or better | Below target threshold |
| The percentage of residents “very satisfied” or “satisfied” with the standard of maintenance of unsealed roads | Significantly below target |
| The percentage of residents “very satisfied” or “satisfied” with the standard of maintenance of sealed roads in the district | Significantly below target |

Availability

We aim to manage our land transport network in a manner that assists the economic development of the district. A key requirement is that Council’s bridge network is accessible to heavy vehicles that support the district’s economy. The bridge performance against our defined performance measures and target is:

| Measure | Result compared to target |
|---|---------------------------|
| The number of bridges not meeting Heavy Commercial Vehicle Class 1 requirements | Below target threshold |

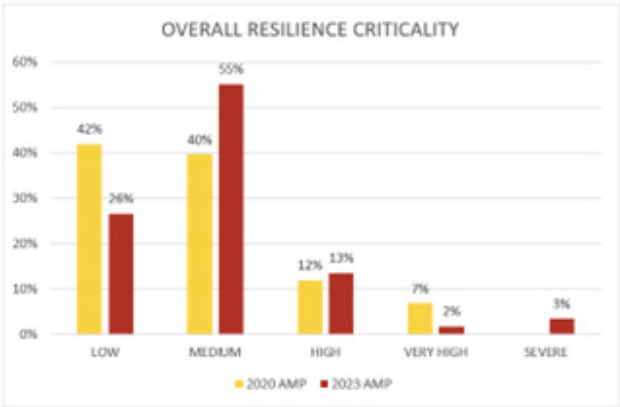
Most of our bridge network (80%) is single lane. Council has identified that single lane bridges, particularly with poor approach alignment, are a problem for oversized dimension loads. This may increase the frequency that structural damage occurs to the bridge.

Resilience

We aim to provide a land transport network that is resilient to unplanned events. Obviously, Cyclone Gabrielle, as well as other previous storm events, have significantly impacted network resilience performance:

| Measure | Result compared to target |
|---|--------------------------------------|
| The change from the previous fiscal year in the number of journeys impacted by unplanned events | Significantly below target threshold |
| The change from the previous fiscal year in the number of instances where road access is lost | Significantly below target threshold |

Bridge availability has a significant impact on the overall resilience of the network. There are six severely critical, and 17 very highly critical structures in the network. Criticality considers route criticality, structure capacity, structure resilience and condition.



Environmental sustainability

We aim to minimise the effects of land transport activities on the natural environment. We have a new performance measure and target for compliance for 2023/24 but have not yet measured performance.

| Measure | Result compared to target |
|--|---------------------------|
| The number of abatement notices, infringement notices, enforcement orders or convictions received because of Council’s land transport activities | Above target threshold |

Financial sustainability

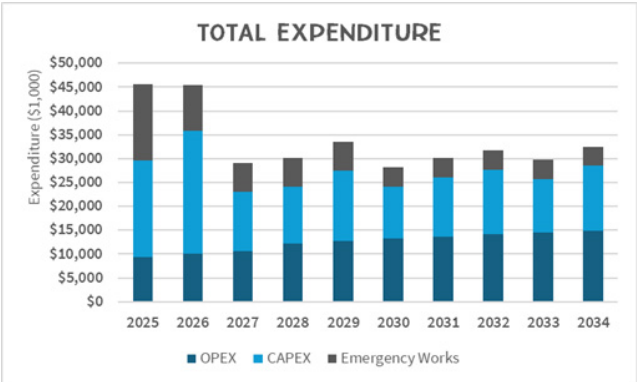
We aim to manage road assets prudently to ensure long-term financial sustainability for current and future generations. Performance against our defined performance measures and target is:

| Measure | Result compared to target |
|--|---------------------------|
| The percentage of the sealed local road network that is resurfaced annually. | Above target threshold |

Expenditure forecasts

The forecast expenditure to provide the land transport activity to the Wairoa Community over the next 10 years

is \$272 million, excluding emergency works. Operational expenditure represents 46% of the 10-year forecast total. The forecast expenditure for emergency works over the next 10 years is an additional \$64 million.



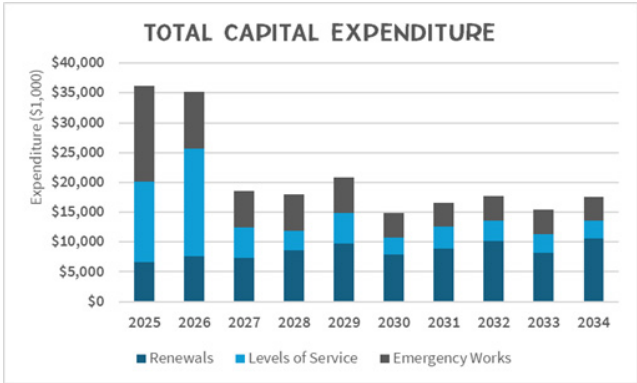
Forecast Expenditure is based on the following assumptions:

- The Funding Assistance Rate will remain at 75%
- Levels of service will remain the same
- The access route to Māhia will need to be improved to ensure resilience of the route, otherwise alternative access may need to be investigated and constructed.

Capital expenditure

Capital expenditure is focused on the following areas:

- **Renewal:** Ongoing renewal of all assets including resurfacing, pavement rehabilitation, structures renewal and other assets renewal.
- **Increased level of service:** Resilience works including Māhia Resilience, Te Reinga Bridge replacement and other road improvements
- **Growth:** No growth-related capital expenditure is forecast for the next 10 years.



The graph above also denotes our current forecast of emergency works investment required in response to Cyclone Gabrielle and other significant weather events that have occurred in the last two years.

Funding this activity

Council funds its roads and footpaths services through:

- Waka Kotahi subsidies (FAR)
- Targeted rate based on land value
- Fees and charges for road corridor access applications
- Other funding sources.

Significant infrastructure issues and key responses

The significant issues and key responses for the next 10 years is summarised below.

| Significant issue | Strategic response | Key initiatives to address significant issues | Opex / Capex | Timeframe | Cost Implications |
|------------------------------|---|--|--------------|-----------|-------------------|
| Building resilience | Climate change adaptation planning | Māhia Resilience: Route between Nuhaka and Ōpoutama has been compromised by erosion. This work will include retreat of the road around the Blowhole dropout, and then coastal erosion protection to reduce the risk of further dropouts. | Capex | 2025-2026 | \$8.15M |
| | | Targeted Improvements: Improvements we can make to our roading network to make them more resilient to natural hazards and the effects of climate change. This work will focus on stabilising key routes including drainage improvements, bridge improvements (scour protection and seismic strengthening), retaining wall management and other resilience improvements. | Capex | 2025-2034 | \$27.4M |
| | | Emergency Response Plans & Detour Routes: To improve the resilience level of service delivery, Emergency Response Plans need to be developed. Draft plans are currently underway. The plan will cover the effects of moderate and significant events on vulnerable and critical assets. | Opex | | |
| Affordability | Smart Procurement & Delivery | Procurement review: The two main road maintenance contracts (sealed and unsealed) are extended through to 2025 and 2026, respectively. A formal review will be undertaken at least 18 months prior to the next procurement round commencing. | Opex | | |
| Sustainable economy | Integrated land use planning & infrastructure investment | Te Reinga Bridge replacement: Connecting rural communities by maintaining rural access and facilitating heavy vehicle movements for landowners (e.g. farmers, forestry). | Capex | 2025-2026 | \$13M |
| | | HPMV pre-approved routes: With continued assessment and strengthening programmes on going in the region, pre-approved routes will simplify the permit process and offer financial savings in the future. | Opex | | |
| | Targeted renewals & improvement for critical infrastructure | Safety Improvements: Improvements we can make to our roading network to make them more resilient to natural hazards and the effects of climate change. This work will focus on stabilising key routes and bridges. | Capex | 2025-2034 | \$7.7M |
| | | New Footpaths: construction of footpaths to enhance walking options and improve safety for pedestrians | Capex | 2025-2034 | \$2.9M |
| Sustainable service delivery | Targeted renewals & improvement for critical infrastructure | Targeted Renewals: Capital Renewals expenditure increases the life of an existing asset with no increase in service level. It replaces existing deteriorated assets or components of assets to restore their remaining life and service potential. | Capex | 2025-2034 | \$85.7M |
| | Value for money infrastructure management approaches | Asset management improvements: Development of clear policy and strategy for asset management, including review of investment decision-making processes | Opex | | |
| | | Aggregate Sustainability Investigations: Continue to engage with HBRC, Ngati Pahauwera, and contractors to understand and manage risks related to aggregate supply | Opex | | |
| | | Collate data for critical assets: Data collection plan to be established to better understand asset inventory, condition, age and for reporting against new level of service performance measures, where data is not currently being collected. Develop and implement a condition monitoring programme for critical assets including drainage assets and retaining walls. | Opex | | |
| | | Road Maintenance Programming: Work with the road maintenance contractors to agree a process for improving the sealed pavement maintenance treatment selection, and construction quality requirements using a shared risk approach | Opex | | |

WAIROA AIRPORT

Activity overview

The Wairoa Airport provides an important alternative transport link for Wairoa. The airport is primarily used by private light aircraft, charter flights and helicopters, with the recent addition of SunAir operating regular commercial flights connecting Napier-Wairoa-Gisborne. The airport is particularly important for supporting Wairoa’s health and emergency services options. Medical specialists and Air Ambulance operations utilise the airport to transport health professionals and patients from Wairoa to the Hawke’s Bay Regional Hospital in Hastings.

The strategic importance of the airport was highlighted during Cyclone Gabrielle. The airport was the only way of transporting people and resources in and out of the district, with State Highways closed. It is important to recognise the airport as a critical infrastructure asset and as a lifeline for emergency services.

Council has secured central government funding to extend the airport’s existing 910m long runway, to accommodate larger planes. Other assets include taxiway and aprons, runway edge lighting, and perimeter fencing.

Council operates the airport as the controlling authority in accordance with Civil Aviation Authority guidelines. Council leases the terminal building from the Wairoa Aero Club.

Funding of the airport service is made up of a combination of user charges, general rates, land leases and third-party grants (e.g. government funding). Council has made improvements in its data gathering on the number of flights in and out of the airport, and increased reporting has resulted in increased landing fees being taken. Regardless of this, Council must maintain the airport to an adequate standard to enable it to be used by emergency services and to meet legislative requirements.

Assets condition

Condition assessments of the various components of the airport (including both land and onsite improvements) are based on visual assessments and age of assets only.

The current condition of key airport assets is:

| Asset | Condition |
|------------------------|----------------------------|
| Sealed Runway | Very Good |
| Other Sealed Areas | Good |
| Buildings | Poor |
| Edge Lighting | Good |
| Runway & Taxi Markings | Average |
| Fencing | Varies – Good to Very Poor |
| Windsocks | Very Good |

Over the duration of this strategy, the development and implementation of a condition monitoring programme will become part of a higher level of management at the airport.

Service performance

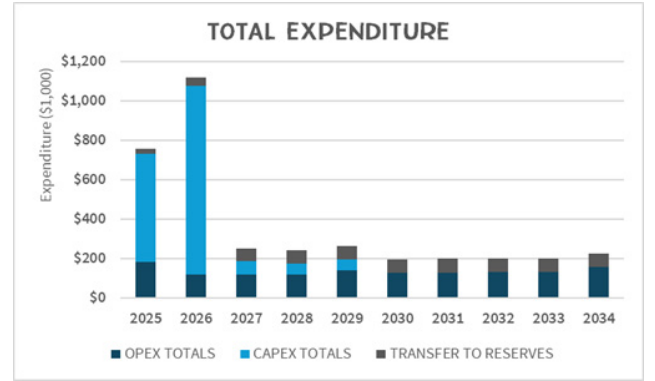
The performance of the airport activity is based on the availability of the airport to users. The overall performance of the airport against our defined performance measures and targets is:

| Measure | Result compared to target |
|---|---------------------------|
| Number of times when the airport is closed (not available to be used), per year | Below target threshold |

The gaps in service performance for 2023 were caused by the impact of Cyclone Gabrielle. The sealed areas of the airport received minimal water damage, which included the lifting of a 4m2 section of seal due to underground stormwater pipe pressure. The airstrip usage was restricted for three days whilst repairs were completed. Emergency medical flights were still able to be catered for.

Expenditure forecasts

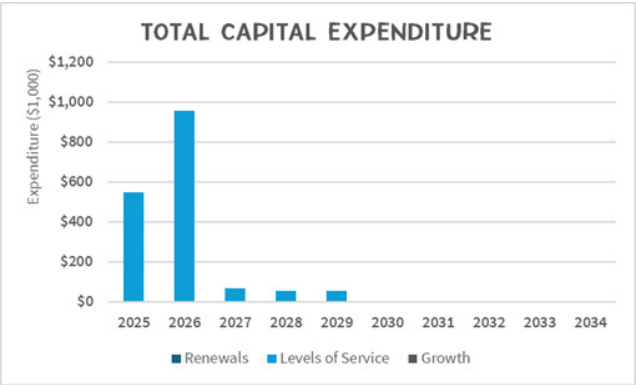
The forecast expenditure to provide the Wairoa Airport service to the Wairoa Community over the next 10 years is \$3.7 million. Operational expenditure represents 45% of the 10-year forecast total.



Capital expenditure

Capital expenditure is focused on the following areas:

- **Renewal:** No significant renewals capital expenditure is forecast over the next 10 years
- **Increased level of service:** Improvements to the terminal building, security, and resilience of the airport
- **Growth:** No growth-related capital expenditure is forecast for the next 10 years.



Funding this activity

Council funds its airport activity services through:

- General rates based on land value
- User pays based on landing, facility, and other airport fees – accurate landing data will result in more accurate charging to users' charges
- Rent from farmland
- Subsidies from other parties for some capital projects

Significant infrastructure issues and key responses

The significant issues and key responses for the Airport activity for the next 10 years is summarised below.

| Significant issue | Strategic response | Key initiatives to address significant issues | Opex / Capex | Timeframe | Cost Implications |
|-----------------------------------|--|---|--------------|-----------|---------------------------|
| Building resilience | Climate change adaptation planning | Runway extension: 350m runway extension to facilitate landing of larger planes and the Skyline Jet Air Ambulance. External funding from Kānoa, regional investment for the runway extension project. | Capex | 2025-2028 | \$1.2M (External funding) |
| | | Electrical supply upgrade: Installing backup generators and solar panels for power, upgrading the electrical system. | Capex | 2025-2027 | \$0.15M |
| | | Stormwater drainage upgrade: Ensure airport is included in future flood protection and stormwater drainage upgrades, currently on outer perimeter of Awatere Stream Scheme | Capex | 2027-2029 | \$0.11M |
| | Leveraging partnerships | Partnering with government: to get airport recognised as critical lifeline infrastructure, which will open avenues to funding and future development of the airport. | Opex | | |
| Affordability | Smart procurement & delivery | Funding mechanisms: Reassess fee structure for landing fees and commercial flights. | Opex | | |
| Changing priorities & legislation | Infrastructure management approaches | Compliance Management: Staff training on legislation, compliance, and management of the airport, with input from external consultant. | Opex | | |
| Sustainable service delivery | Integrate land use planning & infrastructure investment | Airport Management Plan Development: a specific Airport Management Plan is being developed to ensure the airport operates efficiently and meets compliance standards. | Opex | | |
| | Value for money infrastructure management approaches | Asset Condition Assessments: A condition assessment programme will be developed and implemented to inform and update the forward works programme. | Opex | | |
| | | Maintenance Programme Development: Develop proactive process for regularly programming maintenance to ensure airport remains accessible for local farmers and helicopters as required. | Opex | | |
| | Targeted renewals & improvements for critical infrastructure | Security Installation: Installing security gates and fences | Capex | 2024/25 | \$0.12M |
| | | Aero Club Lounge/Hanger: Development of hanger and lounge area to enhance service to users | Capex | 2024/25 | \$0.4M |
| | | Terminal Upgrade: Purchase 120m2 airport building and upgrade building to suitable standard. | Capex | 2025/26 | \$0.87M |
| Protecting environment | Infrastructure management approaches: compliance management | Airport bird control: Development of bird control programme to ensure protection and safety of users | Capex | 2024/25 | \$0.04M |

WATER SUPPLY

Activity overview

We produce 2.9 million litres of drinking water per day from our water supply systems in Wairoa, Frasertown, Tuai and Māhanga. We maintain a compliant and efficient service that is safe for people and the environment, all day, every day.

Outside of these reticulated areas, communities rely on self-serviced water supplies, through private water tanks.

Our water supply assets are split into two key groupings:

- Water treatment assets: these are assets we use to source, treat and store water for supply
- Water supply reticulation assets: these are the pipes that carry water from the treatment plant or source to the community.

Water treatment assets

| Assets | Description |
|------------------------------------|--|
| Wairoa Water Treatment Plant (WTP) | Draws raw water from the Waiau River and pumped to Frasertown and treated. |
| Other Wairoa Supply assets | Three reservoirs at Wairoa Boundary (total capacity 3000m3) and one pump station Three reservoirs at Tawhara (total capacity 5780m3) One reservoir at Frasertown (capacity 13m3) |
| Tuai | Water supply sourced from the Waimako spring and is untreated. Approx 59 connections Three reservoirs (each with capacity of 13m3) |
| Māhanga | Water supply comes from a shallow bore located in farmland and is untreated. Approx 61 connections One reservoir (capacity 13m3) and one pump station |

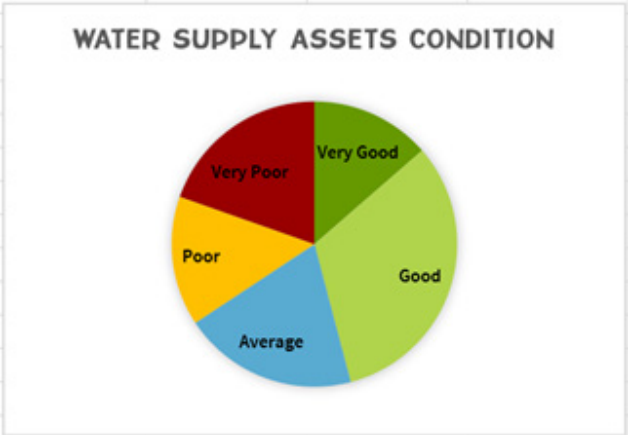
Water supply reticulation assets

| Assets | Description |
|--------------------|---|
| Wairoa/ Frasertown | The trunk main is a low-pressure pipeline, approximately 6.7km long that connects the WTP with the Boundary Reservoirs in Wairoa, which is then distributed to Wairoa and the AFFCO meat works. Wairoa - 76.7km of reticulation Frasertown - 5.4km Wairoa peri- urban - 18km |
| Tuai | 6km of reticulation |
| Māhanga | 1km of reticulation |

Because the district’s population is not predicted to increase significantly, and the existing capacity is above current use, Council does not anticipate any capacity issues for its water treatment plants. However, because of Cyclone Gabrielle, compliance requirements and climate change risks outcomes, there is a need to invest in our current assets to build resilience.

Assets condition

Most of the water supply network (almost 80%) is between 30 and 60 years old so about midway through its asset life, with 35% of the reticulation pipes in Poor or Very Poor condition.



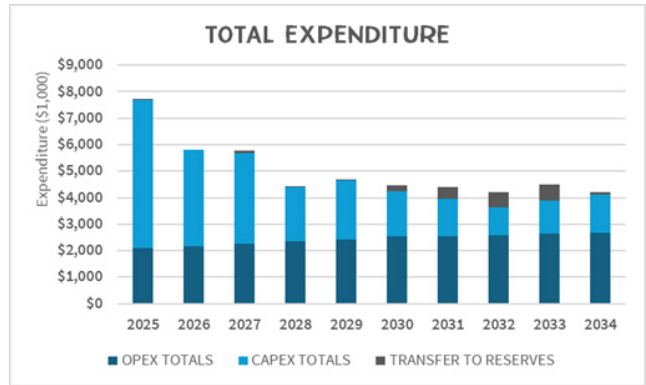
Service performance

Service performance of Council’s water supply network is assessed in terms of compliance with drinking water standards, water loss and water quality is:

| Measure | Result compared to target |
|--|---------------------------|
| DIA (Department of Internal Affairs) Mandatory Non-Financial Performance Measure 1: Safety of Drinking Water | Compliant |
| Residents satisfied with the water supply | Below target threshold |
| DIA (Department of Internal Affairs) Mandatory Non-Financial Performance Measure 4: Customer Satisfaction | Above threshold target |
| DIA (Department of Internal Affairs) Mandatory Non-Financial Performance Measure 2: Maintenance of the Reticulation Network – Water Loss | Below threshold target |
| DIA (Department of Internal Affairs) Mandatory Non-Financial Performance Measure 3: Fault Response Times | Below threshold target |
| DIA (Department of Internal Affairs) Mandatory Non-Financial Performance Measure 5: Demand Management | Below threshold target |

Expenditure forecasts

The forecast expenditure to provide stormwater service to the Wairoa Community over the next 10 years is \$50.3 million. Operational expenditure represents 51% of the 10-year forecast total.

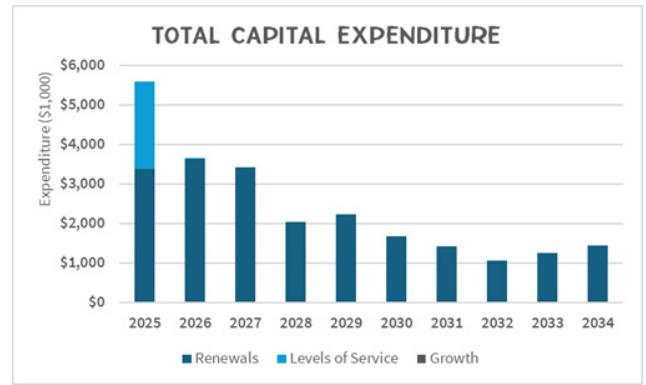


- Forecast expenditure is based on the following assumptions:
- Capacity exists in the network to accommodate any growth
 - Levels of service will primarily remain the same
 - Legislative and regulatory changes will require water treatment process changes, although the extent of the impact on investment is uncertain

Capital Expenditure

Capital expenditure is focused on the following areas:

- **Renewal:** underground assets and pipeline renewals, reservoir renewals and other water treatment asset renewals
- **Increased level of service:** Marine Parade replacement main in 2025
- **Growth:** No growth-related capital expenditure is forecast for the next 10 years.



Signalling longer-term capital investment needs

Within the longer term out to 30 years, there is expected to be significant capital investment required to complete ongoing renewal of the existing reticulation network and reservoirs.

The total indicative capital investment likely to be required to complete these initiatives is estimated to be more than \$30 Million over the 20-year period from 2034 to 2054.

Funding this activity

Council funds its water supply activity through:

- Targeted water rate (fixed charge) and volume charge (where meters are installed)
- Fees and charges from bulk water carriers.

Significant infrastructure issues and key responses

The significant issues and key responses for the Water Supply activity for the next 10 years is summarised below.

| Significant issue | Strategic response | Key initiatives to address significant issues | Opex / Capex | Timeframe | Cost Implications |
|-----------------------------------|---|--|--------------|-----------|-------------------|
| Building resilience | Climate change adaptation planning | Resilient Communications Link: installation of resilient communication links with our pumpstations and treatment plants to enable better management during natural disasters. | Capex | 2025 | \$0.15M |
| Affordability | Value for money infrastructure management approaches | Leakage Management: Continue with existing leakage management, including detection using drones consistent with good industry practice | Opex | | |
| Changing priorities & legislation | Leveraging partnerships | Collaborative regional approach to Local Water Done Well: Council continues to collaborate with Hawke's Bay Councils as we assess options for future water services provision. | Opex | | |
| | Value for money infrastructure management approaches | Tuai Water compliance upgrades: install chlorination and monitoring at Tuai Water Supply | Capex | 2025 | \$0.21M |
| Sustainable service delivery | Targeted renewal & improvements for critical infrastructure | Marine Parade reticulation upgrades: These assets require upgrade to ensure safe water supply to continue to the Wairoa township. | Capex | 2025 | \$1.9M |
| | | Reticulation network and reservoir renewals: Work has been re-prioritised to meet increased compliance requirements. Planning and costing of forward works includes these increased requirements. | Capex | 2025-2034 | \$21.1M |
| | | Water treatment plant renewals: Ongoing renewals to ensure critical components at treatment plant are kept in good working order | Capex | 2025-2034 | \$0.43M |
| | Value for money infrastructure management approaches | Collate data for critical assets: Invest in condition assessments of our assets, particularly older networks. | Opex | | |
| Protecting environment | Value for money infrastructure management approaches | Proactive planning for consent renewal: Two resource consents need renewing during the 10-year planning period. Requirements to prepare each resource consent are likely to increase (e.g. environmental impact assessments). New consent conditions will increase requiring more monitoring increasing the overall operational costs to provide service. | Opex | | |

STORMWATER

Activity overview

We maintain networks of stormwater pipes, open drains, and outlets in the Wairoa, Tuai and Māhia areas, ensuring a compliant and efficient system that is safe for people and the environment, all day, every day.

Stormwater systems in urban areas are provided to manage runoff of rainwater, by balancing maintaining and enhancing natural watercourses and underground piped assets. Council is required to manage the effects of collecting and treating stormwater runoff to minimise the impact on the receiving environment. Stormwater assets in the other areas are primarily rural roading open drains.

Stormwater assets

| Assets | Description |
|--------|--|
| Wairoa | Approximately 41.86km of stormwater reticulation assets, including pipes, culverts, channels, urban open drains, manholes, sumps, and inlet structures |

Flood protection

Cyclone Gabrielle, the June flooding and subsequent storm events have been a significant reminder of the exposure of the Wairoa township and other areas to significant flooding. Wairoa district has many low-lying areas and there are few measures in place to protect our communities.

Council has submitted a request to the Hawke’s Bay Regional Council (HBRC) to be included in the new flood protection scheme, particularly for Wairoa township and surrounding areas. Flood modelling and protection options are currently being analysed by HBRC. The outcomes of this review will impact on our future infrastructure investment planning.

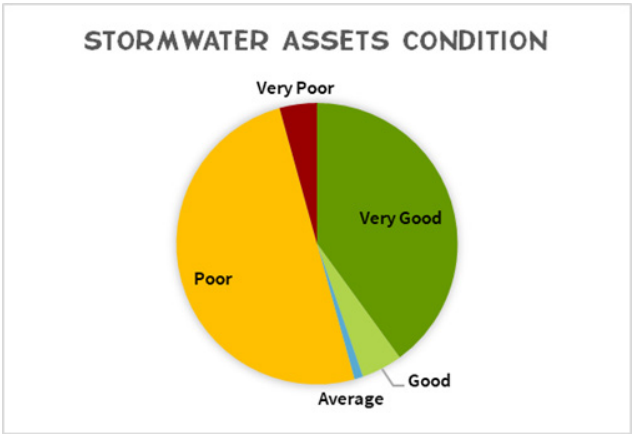
There is limited formal stormwater infrastructure in Māhia, where growth is anticipated. The existing stormwater assets are private. It is likely that Council will need to further invest in its stormwater infrastructure for Māhia to cope with increased scale and severity of rain events.

Resource consents

Council is preparing a global resource consent application to address all public stormwater systems in the Wairoa township. Subject to the duration of this consent, it may need to be renewed over the life of this Strategy. Through this process there is the likelihood that the quality of stormwater being discharged into the environment will need to be improved.

Assets condition

We currently determine the condition of our stormwater assets based on their age. About two thirds of the stormwater network assets are more than 50 years old and are reaching the end of their useful life. This means approximately 50% of reticulation pipes are assumed to be in poor condition.



While considerable progress has been made to determine condition through desktop analysis, further validation of the condition will be completed through formal survey as part of the asset management improvement programme.

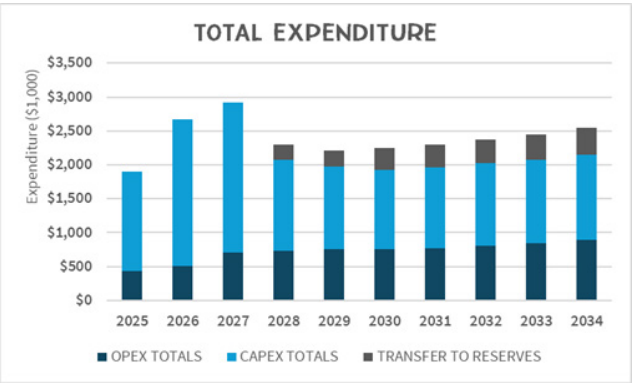
Service performance

Cyclone Gabrielle had a significant impact on our ability to meet our performance targets over the last year as follows:

| Measure | Result compared to target |
|---|--------------------------------------|
| DIA (Department of Internal Affairs) Mandatory Non-Financial Performance Measure 1: System Adequacy – mitigating flood risk | Above threshold target |
| Council Performance Measure: Residents satisfied with stormwater network | Significantly below threshold target |
| DIA Mandatory Non-Financial Performance Measure 3: Response Times | Significantly below threshold target |
| DIA Mandatory Non-Financial Performance Measure 2: Discharge Compliance | No consent - application underway |

Expenditure forecasts

The forecast expenditure to provide stormwater service to the Wairoa Community over the next 10 years is \$21.7 million. Operational expenditure represents 33% of the ten-year forecast total.



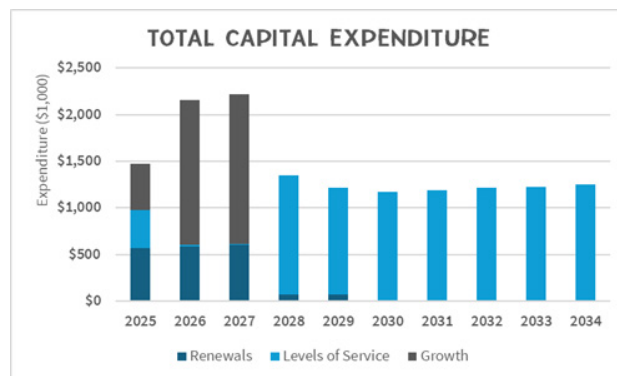
The following limitations apply to expenditure forecasting:

- HBRC flood protection options assessment is still being progressed and the impact on future stormwater investment needs is uncertain
- Global stormwater consent yet to be approved and resulting compliance and monitoring costs are yet to be confirmed
- Legislative and regulatory changes may result in increased costs for managing stormwater treatment
- Future modelling will clarify future impacts of climate change.

Capital Expenditure

Capital expenditure is focused on the following areas:

- **Renewal:** CCTV investigations to understand condition of underground assets and pipeline renewals
- **Increased level of service:** Piping open drains
- **Growth:** Resilience and capacity improvements, Master Planning, and stormwater modelling



Funding this activity

Council funds its stormwater services through:

- Targeted drainage rate on a uniform basis in Wairoa urban area and Māhia township area
- Rural roads drains are included in the road assets.

Significant infrastructure issues and key responses

The significant issues and key responses for the Stormwater activity for the next 10 years is summarised below.

| Significant issue | Strategic response | Key initiatives to address significant issues | Opex / Capex | Timeframe | Cost Implications |
|-----------------------------------|--|--|--------------|-----------|-------------------|
| Building resilience | Climate adaptation planning | Resilience and Capacity Improvements, Master Planning and Stormwater Modelling: Upgrade infrastructure to cope with climate change impacts on source, including increasing capacity of pipes to cope with projected climatic variations as they are replaced, or new infrastructure is installed. | Capex | 2025-2028 | \$3.66M |
| Changing priorities & legislation | Leveraging partnerships | Collaborative Regional approach to Local Waters Done Well: Council continues to collaborate with Hawke's Bay Councils as we assess options for future water services provision. | Opex | | |
| Sustainable service delivery | Targeted renewals & improvements for critical infrastructure | CCTV inspection of underground network assets: Condition of underground stormwater assets can be assessed using CCTV inspections which will inform future maintenance and renewals programming. | Capex | 2025-2030 | \$0.35M |
| | | Pipeline renewals: Renewal of existing stormwater drainage assets coming to the end of life. | Capex | 2025-2028 | \$1.55M |
| | | Piping Open Drains: By piping open drains, less debris can enter the stormwater system and the risks of blockage will be decreased while lifespan of the asset increases. | Capex | 2025-2034 | \$8.8m |
| Protecting environment | Value for money infrastructure management approaches | Global resource consent application: Council is preparing a global resource consent application to address all public stormwater systems in Wairoa township. | Opex | | |
| | | Litter Trap Installation | Capex | 2025-2033 | \$0.1M |

WASTEWATER

Activity overview

We operate and maintain wastewater systems in the Wairoa, Tuai, Māhia and Ōpoutama areas, aiming to ensure a compliant and efficient wastewater service that is safe for people and the environment, all day, every day.

The wastewater activity focuses on protecting public and environmental health by collecting and treating wastewater prior to its discharge into receiving environments.

Wastewater treatment assets

| Assets | Description |
|----------|---|
| Wairoa | Wastewater treatment plant (WWTP) discharging into river estuary (approx. 1,724 connections) |
| | Five pump stations lift the sewage into a gravity sewer trunk main feeding into the treatment plant |
| Tuai | Wastewater treatment system (approx. 60 connections) |
| Ōpoutama | Treatment plant discharging to ground soakage (approx. 107 connections) |
| Māhia | Māhia township wastewater scheme with three treatment ponds (approx. 436 connections) |
| | Irrigation system over 14km ² of plantation |

Wastewater reticulation assets

| Assets | Description |
|---------------------|--|
| Wairoa / Frasertown | 36.9km of reticulation |
| Tuai | 4.5km of reticulation, including separate reticulation systems for grey water and sewage |
| Ōpoutama | 5km of reticulation |
| Māhia | 11.3km of reticulation |

Resource consent challenges

Resource consents are required for discharging contaminants from Wastewater Treatment Plants (WWTPs) into rivers or land applications. All consents will expire between 2034 and 2036. Council is uncertain as to the conditions of new consents, and the costs to comply and monitor those conditions, however it is expected that these will increase over time.

Partnership with Māori

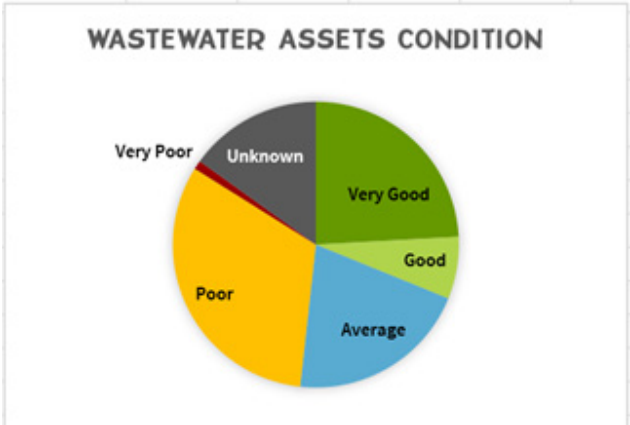
The Body Representing Māori (BRM) embodies a strong partnership between Māori and Council, which was formed as part of the WWTP consent. This group is made up of six members, four representing Tātau Tātau o Te Wairoa and two representing Ngāti Kahungunu Iwi Incorporated. The BRM’s role is to advise and help prepare the Mauri Monitoring Protocols as well as help to form the Māori Wastewater Working Party (MWWP).

The MWWP’s role is to assist with decisionmaking around the review, operation and management of the Wairoa wastewater discharges. As well as identify and discuss opportunities to integrate tikanga Māori into implementation of the Consented Activities and to recommend changes.

Asset condition

About half of the wastewater reticulation network is greater than 50 years old so it is towards the end of its asset life. There is a peak of approximately 14km of pipeline coming to the end of its useful life in 2032, which correlates with the age of the pipe network.

About two thirds of the wastewater reticulation network is in average to good asset condition, with 33% of the reticulation pipes in Poor or Very Poor condition. 15% of the reticulation assets have unknown condition.



Condition of other above ground assets, such as pump stations and treatment plant assets, is assessed on a case-by-case basis. An assessment of wastewater pump stations completed in November 2020, indicated that one of the five pump stations inspected was in poor overall condition, while all pump stations had some components in poor to very poor condition. Further condition assessments of above ground assets are scheduled as future improvement items.

Some of the pump stations were impacted by Cyclone Gabrielle as they are located adjacent to the Wairoa River. We have capital renewals works planned for 2025 to 2027 to address these issues.

Service performance

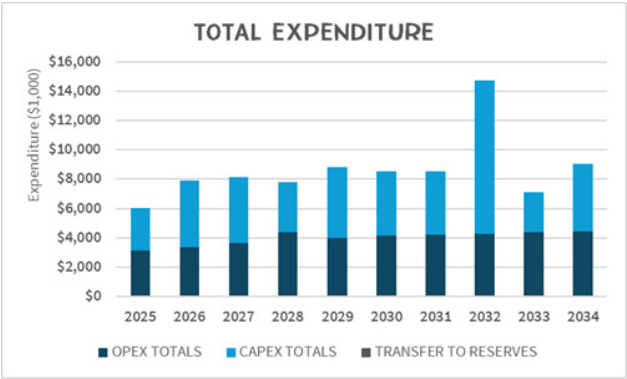
Asset performance of Council’s wastewater network is assessed in terms of unconsented discharge of sewerage and inflow and infiltration as follows:

| Measure | Result compared to target |
|--|---------------------------|
| DIA Mandatory Non-Financial Performance Measure 1: System Adequacy – dry weather overflows | Compliant |
| DIA Mandatory Non-Financial Performance Measure 4: Customer Satisfaction (complaints) | Below threshold target |

| Measure | Result compared to target |
|---|---------------------------|
| DIA Mandatory Non-Financial Performance Measure 2: Discharge Compliance | Compliant |
| DIA Mandatory Non-Financial Performance Measure 3: Fault Response Times | Below threshold target |

Expenditure forecasts

The forecast expenditure to provide wastewater service to the Wairoa Community over the next 10 years is \$86.8 million. Operational expenditure represents 46% of the ten-year forecast total.

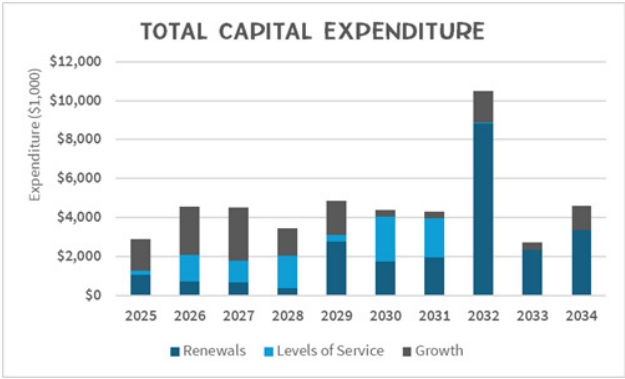


- Forecast Expenditure is based on the following assumptions:
- Consent compliance costs will be higher
 - Capacity exists in the network to accommodate limited growth
 - Levels of service will remain the same
 - Legislative and regulatory changes will require wastewater treatment process changes

Capital Expenditure

- Capital expenditure is focused on the following areas:
- **Renewal:** underground assets and pipeline renewals, pump station renewals
 - **Increased level of service:** Wairoa WWTP storage and irrigation expansion work

- **Growth:** Wastewater network extension within Wairoa and Māhia



Signalling longer term capital investment needs

- Within the longer term out to 30 years, there is expected to be significant capital investment required to complete the following:
- Disposal of wastewater treatment plant discharge to land (rather than into the Wairoa River)
 - Ongoing renewal of the existing reticulation network
 - Upgrade and resilience work to be completed for all pump stations (this may include relocating them to less exposed locations)
 - Upgrade works for all wastewater treatment plants.

The total indicative capital investment likely to be required to complete these initiatives is estimated to be more than \$100 Million over the 20-year period from 2034 to 2054.

Funding this activity

- Council funds its wastewater services through:
- Targeted rate for sewerage disposal based on a per pan charge
 - Trade waste fees and charges.

Significant infrastructure issues and key responses

The significant issues and key responses for the wastewater activity for the next 10 years is summarised below.

| Significant issue | Strategic response | Key initiatives to address significant issues | Opex / Capex | Timeframe | Cost Implications |
|-----------------------------------|---|---|--------------|---------------------|-------------------|
| Building resilience | Climate change adaptation planning | Resilience work for Pump Stations: All our pump stations are exposed to climate change impacts and had some form of damage during Cyclone Gabrielle. Work will be completed to renew and protect pump station assets. | Capex | 2025-2027 | \$1.38M |
| | | Resilient Communications Link: Installation of resilient communication links with our pump stations and treatment plants to enable better management during natural disasters. | Capex | 2025 | \$0.15M |
| Sustainable economy | Integrated land use planning & infrastructure investment | Wairoa reticulation network extension: Development of reticulation network to align with housing development requirements. | Capex | 2025-2029 | \$6.8M |
| Changing priorities & legislation | Leveraging partnerships | Collaborative regional approach to Local Waters Done Well: Council continues to collaborate with Hawke's Bay Councils as we assess options for future water services provision. | Opex | 2025-2034 | |
| Sustainable service delivery | Targeted renewals & improvement for critical infrastructure | Reticulation renewals: Renewal of existing wastewater reticulation assets coming to the end of life. This includes both the Wairoa and Tuai reticulation networks. | Capex | 2025-2034 | \$15.5M |
| | | Wairoa wastewater treatment renewals: Wastewater treatment plant component renewals, including access provision | Capex | 2025-2034 | \$1.7M |
| | | Tuai wastewater treatment renewals: Wastewater treatment plant component renewals, including access provision. | Capex | 2030-2034 | \$4.86M |
| | | Māhia Beach Sewage system: Sewage System upgrades | Capex | 2025-2034 | \$7.1M |
| | Value for money infrastructure management approaches | Collate data for critical assets: Invest in condition assessments of our assets, particularly older networks. | Opex | | |
| Protecting environment | Integrated land use & infrastructure investment | Water Storage and Irrigation Expansion: Community and iwi do not want the wastewater discharged into the river. Alongside this desire, legislative changes are likely to lead to higher discharge standards for treated wastewater, and greater treatment of stormwater. The intention is to transition over time to land discharges (irrigation) which will also require storage ponds to be built for holding treated wastewater during winter so it can be irrigated in summer or discharged to the river when it is flowing faster. Over the next 10 years we will develop storage facilities. | Capex | 2025-2032 (Storage) | \$8.9M |
| | Value for money infrastructure management approaches | Resource consent management and renewal: Consent monitoring and management of requirements and planning for consent renewal | Capex | 2025-2034 | \$0.36M |

SOLID WASTE

Activity overview

We provide waste management facilities and ensure refuse can be disposed of in a controlled manner. We operate a large open landfill and recycling centre in Wairoa, open to the public four days a week, 6 hours per day to take domestic and commercial refuse. We monitor and manage five closed landfills.

Council also manages litter and domestic refuse collection and recycling. Kerbside collection services for waste are currently provided for Wairoa and most rural settlements on a user pays/bags basis. Wairoa is the only town to receive a kerbside recycling service with drop off points for recycling in Tuai and Raupunga.

Solid Waste Assets

| Assets | Description |
|------------------------------------|---|
| Wairoa Landfill & Recycling Centre | The Wairoa Landfill consists of cells for waste, access road, buildings and other structures, drainage system, weighbridge, and compactor. |
| Closed Landfills | There are five closed landfills holding consents in the district, there are: <ul style="list-style-type: none">• Frasertown• Māhia• Nuhaka• Raupunga• Ruakituri |
| Other assets | Public litter bins in Wairoa and Māhia |

Wairoa Landfill sustainability

Council’s waste management and minimisation goal is to manage waste in a cost-effective way that reduces harmful effects and improves efficiency of resource use. While Council is committed to its waste goals, its diversion targets do not help the financial viability of the landfill, which has been marginal in recent years.

It is becoming increasingly challenging to manage the Wairoa Landfill capacity and service in the aftermath of Cyclone Gabrielle, the June 2024 flooding and other storm events.

Prior to Cyclone Gabrielle, the Wairoa Landfill had a filling rate of 4,000-4,300 m3 per year (accounting for waste and capping volume). In March 2023, 9,666 tonnes of waste from the cyclone were dumped (over and above standard waste volumes). This includes 8,402 tonnes of silt. This material has been utilised as landfill cover where appropriate. Based on these volumes, the current landfill will be at capacity within the next 2-3 years.

As Council is deciding on the future of Wairoa’s solid waste disposal two different investment programmes have been considered:

- Option 1 is the construction of a new cell within Wairoa landfill site
- Option 2 is to close the existing landfill cell and transition to a transfer station only model with waste being disposed at Ōmarunui landfill (Hawke’s Bay).

Option 2 is the preferred option and has been reflected in the financial forecasts in this Strategy.

The council is engaging with iwi and the community around this decision and is also having conversations with the Ōmarunui Joint Committee to discuss the possibility of receiving waste from the Wairoa district.

Solid waste legislation

The Waste Minimisation Act (WMA) 2008 sets out the overarching legislation for solid waste management in New Zealand, which is implemented in Wairoa through its Waste Minimisation and Management Plan and solid waste activities.

The Emissions Reduction Plan (ERP) 2022, sets a priority focus for the waste sector to reduce methane emissions from landfill. With a target that all municipal landfill sites include landfill gas management by 2026

Te rautaki para – The New Zealand Waste Strategy (NZWS) 2023, provides new targets and direction for local councils, including the move to standardise the materials collected for recycling and recommended introduction of separate kerbside food waste collections by 2027. Council is considering how it can meet these objectives, with the potential introduction of an expanded kerbside collection service along with upgrades to its waste infrastructure and the potential processing of organics.

The New Zealand Waste Disposal Levy is applied to all waste when disposed to landfill and provides a significant revenue stream for waste minimisation, including directly funding Council’s waste minimisation efforts and through a contestable fund (Waste Minimisation Fund). In May the Government introduced new legislation which would see the current rate of \$60/tonne for class 1 landfills increase by \$5/ year to \$75/tonne in July 2027. This will see an increase in waste disposal costs being passed onto our community.

Asset condition

All waste management assets are adequate for current use. Based on visual inspections the buildings in the portfolio are in acceptable condition.

However, over the last few years there have been two infringements at the Wairoa Landfill for the leachate system. During high rainfall events, stormwater overtops the containment bund between the landfill and the stormwater pond, resulting in additional stormwater entering the leachate system.

Service performance

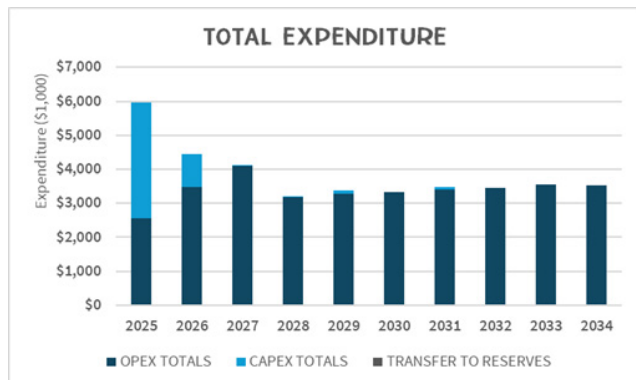
The performance of the Wairoa landfill and general waste collections has been impacted by Cyclone Gabrielle and the June 2024 floods as follows:

| Measure | Result compared to target |
|--|---------------------------|
| Number of times when minimum frequency of kerbside refuse and recycling service in Wairoa & Frasertown is not met, per year | Above threshold target |
| Number of times when minimum frequency of collection from specified drop-off points from Māhia, Nuhaka and Mohaka is not met, per year | Above threshold target |
| Number of health and safety breaches by waste services contractors, per year | Meets target |
| Percentage of missed household refuse service requests responded to by 12 pm the next day | Meets target |
| Council will operate and maintain the Wairoa landfill for the disposal of domestic and commercial refuse, being open for the public | Below threshold target |
| Number of non-compliance events with the resource consent conditions for the Wairoa Landfill, per year | Compliant |
| Number of non-compliance events with the resource consent conditions for the closed landfill sites, per year | Compliant |
| The amount of material diverted from landfill by the Wairoa community in tonnes (target excludes green waste) | Above threshold target |

The performance of the five closed landfills is not currently completely meeting consent conditions. Consent monitoring improvements have been made to ensure all consent conditions are complied with in future.

Expenditure forecasts

The forecast expenditure to provide solid waste service to the Wairoa Community over the next 10 years is \$38.5 million. Operational expenditure represents 88% of the ten-year forecast total.



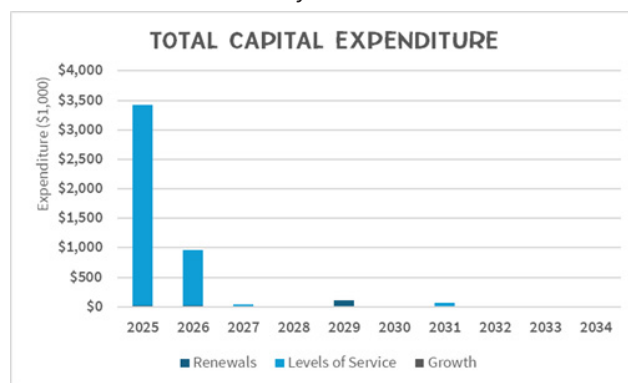
Forecast expenditure is based on the following assumptions:

- Changes to the Emissions Trading Scheme are anticipated soon that are likely to have a subsequent increase in landfill disposal costs
- Based on the Ministry for Environment announcement, landfill levy costs for landfill service will increase
- Capacity of existing landfill from recent surveys indicates there is 2-3 years life remaining in the existing cell based on current fill rates.

Capital Expenditure

Capital expenditure is focused on the following areas:

- **Renewal:** Wairoa landfill cover fill and effluent system requirements
- **Increased level of service:** Wairoa recycling centre upgrade, landfill closure and expanding kerbside collection to include food & organics separation and new bins.
- **Growth:** No growth-related capital expenditure is forecast for the next 10 years.



Funding this activity

Council currently funds its solid waste services through:

- Targeted waste management rate charged on a uniform basis
- User charges (landfill weighbridge)
- User pays (bags).

Significant infrastructure issues and key responses

The significant issues and key responses for the Solid Waste activity for the next 10 years is summarised below.

| Significant issue | Strategic response | Key initiatives to address significant issues | Opex / Capex | Timeframe | Cost Implications |
|-----------------------------------|--|---|--------------|-----------|-------------------|
| Affordability | Leveraging partnerships | Transport waste out of district (Option 2): Close Wairoa Landfill and send waste to Ōmarunui landfill (Hastings/Napier landfill). This option will still require the upgrade of the Wairoa landfill site transfer facilities (see below). | Opex | | |
| | Smart procurement & delivery | Assess resourcing requirements and partner with specialist providers: Assess requirements and recognise value of existing partnerships while developing internal staff and taking a collaborative approach. | Opex | | |
| Changing priorities & legislation | Leveraging partnerships | New kerbside collection system: Expanding kerbside collection to include food and organics separation and provision of new kerbside bins and crates. | Capex | 2025-2026 | \$0.98M |
| | Smart procurement & delivery | \$100k MfE (Ministry for the Environment) funding for feasibility study started December 2023 to explore different options and costs. | | | |
| Sustainable service delivery | Targeted renewals & improvements for critical infrastructure | Wairoa Transfer Station Upgrade: Upgrading Transfer Station to process kerbside collection and facilitate emergency storage of waste in case roads are closed (If we choose the Ōmarunui option). Council is in the process of a funding application for the transfer station upgrade (potentially 75% funded by MfE (Ministry for the Environment)) | Capex | 2025 | \$2.55M |
| Protecting environment | Value for money infrastructure management approaches | Waste reduction initiatives: Update Waste Minimisation Management Plan and ensure community are educated on how and why they need to reduce waste. | Opex | | |
| | | Wairoa Landfill compliance: Meeting consent requirements to protect our environment through ensuring appropriate cover for landfill and management of the effluent system. | | 2025-2029 | \$0.17M |
| | | Monitoring of closed landfills: We have five closed landfills that have resource consents which will expire during the term of this Strategy. These consents will require renewal in the next 10 years. | Opex | | |

FINANCIAL SUMMARY FOR LIKELY SCENARIO INFRASTRUCTURE INVESTMENT

The Strategy is aligned with Council’s Financial Strategy which sets out financial objectives that align with the updated Revenue and Financing Policy.

Summary of key financial assumptions

The following financial assumptions have been made in the development of this Strategy:

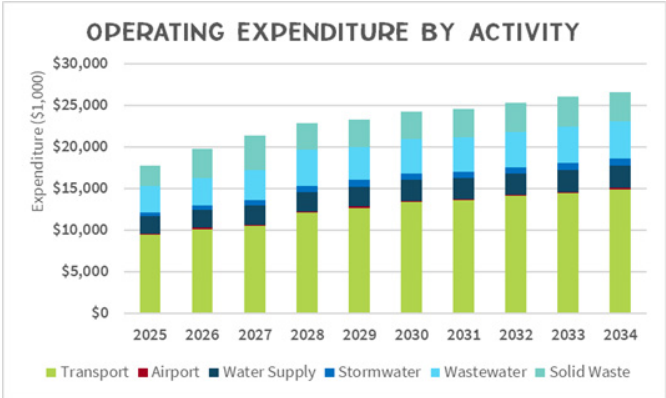
- In our financial forecasts we have applied the nationally recognised inflation rates provided by Business and Economic Research Ltd (BERL) based on their assessment of a ‘mid-scenario’.
- Where possible for the year ended 30 June 2024, we have applied known contract rates. Prices rarely decrease and in the public sector they often go up more than normal. In Wairoa we have the added challenge of remoteness and size, making the local market less competitive due to the small number of suppliers. Noting the inflation rates applied are averages across the entire country, the Wairoa experience may be quite different.
- The forecast expenditure is based on need, however any cuts in funding made by our funding partner Waka Kotahi will have a significant impact on the programme of work outlined in this Strategy.
- An allowance has been made for emergency works for land transport. The Waka Kotahi subsidy for such work is generally higher than 75%. All emergency works funding applications will be considered by Waka Kotahi on a case-by-case basis.
- Council has adopted a funding approach that it considers prudent and sustainable. In most cases our expenditure forecasts do not include an allowance for depreciation (via a transfer to reserves). We will not expense depreciation where other funding sources are available.

Financial forecasts

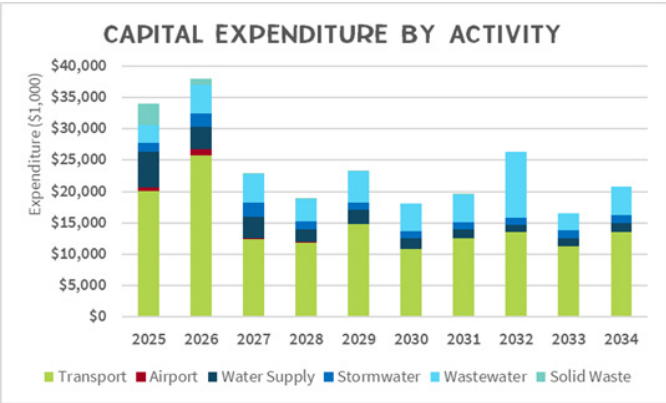
The total expected capital and operational expenditure for each infrastructure activity over the 10-year period 2025 to 2034 is:

| Infrastructure Activity | Operational Expenditure (\$M) | Capital Expenditure (\$M) |
|-------------------------|-------------------------------|---------------------------|
| Roads and footpaths | \$125.52 | \$146.84 |
| Wairoa Airport | \$1.36 | \$1.68 |
| Water Supply | \$24.30 | \$23.78 |
| Stormwater | \$7.22 | \$14.46 |
| Wastewater | \$39.94 | \$46.82 |
| Solid waste | \$33.86 | \$4.62 |
| Total | \$232.18 | \$238.20 |

The breakdown of expenditure for operations by activity over the 10-year period is summarised below. Operational expenditure accounts for 49% of the expenditure over the 10-year period.



The breakdown of expenditure for operations by activity over the 10-year period is summarised below. Note emergency works expenditure forecasts (for transport activity only) have not been included.



Funding

Council funds its infrastructure activities through a mixture of rates, subsidies, grants and other fees and charges, seeks central government funding, and potentially development contributions.

Most funding comes from rates, with land transport heavily subsidised by Waka Kotahi NZ Transport Agency (Waka Kotahi). Council also uses debt and reserves to spread the funding of large costs, especially capital expenditure, over the life of the asset.

Over the period of this Strategy, Council will be exploring alternative funding sources to maintain its current levels of service to the district.

Key decisions we expect to make

Council will need to make several key decisions over the duration of our Strategy. Some of these decisions will be significant to the district and some will not. Key decisions that will need to be made by elected members over the next 10 years are:

| Activity | Decision | Timing |
|----------------|---|---------------|
| Land Transport | Determine how funding will be secured to ensure resilient access route for Māhia Peninsula. | Next 3 years |
| | Future investment in very low volume roads. We need to consider options to ensure sustainability for wider rate payers. This may include options for decommissioning or reduced level of service. | Next 10 years |
| Water Supply | Council considers a regional approach to the delivery of the three waters activities to be the most significant decision we will have to make, subject to the new government's Local Water Done Well legislation. | Next year |
| | Identification of an alternative water source to avoid reliance on the Wairoa River | Next 10 years |
| | Development of water network to align climate adaptation needs. | Next 3 years |
| | Upgrades to Māhanga water treatment to meet water safety requirements | Next 3 years |

| Activity | Decision | Timing |
|----------------|--|------------------|
| Wastewater | Community and iwi do not want the treated wastewater discharged into the river. Legislative changes are also likely to lead to higher discharge standards. Council needs to confirm the intention is to transition over time to land discharges (irrigation) which will also require storage ponds to be built for holding treated wastewater. | Next 10 years |
| | Development of water network to align climate adaptation and urban development and urban development needs. | Next 3 years |
| Stormwater | Development of water network to align climate adaptation needs. | Next 3 years |
| Solid Waste | Confirm option for landfill service: transport waste outside the district or develop new cell. If a new landfill is to be constructed ahead of capacity running out at the existing site, secure a new consent prior to expiry of the existing consent. | Next 3 years |
| All activities | Integrate land use planning and infrastructure investment work feeding into decisions on key infrastructure impacts. | Next 10-30 years |
| | Integrate land use planning and infrastructure investment work feeding into decisions on key infrastructure impacts. | Next 10-30 years |
| | New Development Contributions Policy being developed | Next 3 years |

AUDIT REPORT

On September 4th, 2023, the Governor General issued an Order in Council amending Section 93 of the Local Government Act 2002 for Councils significantly affected by Cyclone Gabrielle and similar weather events.

This Order:

- Replaces the 10-year long-term plan requirement with a 3-year recovery-focused plan for impacted Councils.
- Waives the audit requirement for these Councils' long-term plans.



6 PUBLIC EXCLUDED ITEMS**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

| General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48 for the passing of this resolution |
|--|---|--|
| 6.1 - Infrastructure Strategy and Activity Management Plans | <p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> | s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7 |