

2.

Whakamōhio to mātou Mahere Informing our planning



2.

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Informing our planning

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This chapter sets out our approach to promoting social, cultural, environmental and economic wellbeing for our communities. It also includes how we develop Māori capacity to contribute to decision-making, and our Financial and Infrastructure Strategies.





Section 2

Informing our planning

Ngā Whakaarotau Rautaki

Strategic Priorities

Community is at the centre of everything Council does.

The purpose of local government is to promote the economic, social, cultural and environmental wellbeing of its communities, both now and in the future.

We developed this strategic framework to reflect our local aspirations and priorities for the wellbeing of our community.

It's important to have this direction in place. It helps us to stay accountable, track our progress, and prioritise funding and resources to where it is needed the most. It also makes it all about us and keeps it local. This is about what we value the most based on our local characteristics and communities.

Strategic Framework

The strategic framework is made up of our community outcomes, strategic priorities and activity plans for each area of Council's operations.

Community Outcomes

What we all want for our District

Strategic Priorities

What Council will focus on for the next 3 - 10 years

Activity Plans

What we do at an activity level to achieve our outcomes and priorities

Our Community Outcomes

Community outcomes represent what our community has told us they want for the future of the Western Bay of Plenty District, based on community conversations held over the last 10 - 20 years. This was previously called the Council vision.

Our community outcomes are what we collectively aim to achieve to promote the social, economic, environmental, and cultural well-being of our district now and for the future:

- We can all enjoy a healthy and safe lifestyle.
- Our communities are vibrant and welcoming to all.
- Leaders are effective, informed and inclusive.
- Our environment is clean, green and valued.
- Our economy is thriving.
- We have authentic Te Tiriti based relationships with tangata whenua.

There are lots of different people and organisations responsible for achieving these outcomes, and Council is just one of them. The community outcomes are enduring in that they are things that we will collectively work towards achieving over time.

Our Strategic Priorities

This is what we consider to be the most important issues facing our community, and are a key focus of our 2024-2034 Long Term Plan and other work we do.

- Enabling housing.
- Empowering communities.
- Growing authentic Te Tiriti based relationships.
- Providing well maintained, resilient and efficient infrastructure.
- Responding to climate change.

We can't do this alone. We need to work in partnership with tangata whenua and a range of organisations including Central Government, local authorities and community groups.

There is no hierarchy to these priorities; they are all important to each other, to an extent, with some consistent themes running across each one; such as community resilience.

The Financial Strategy is the key document we use to ensure these strategic priorities are achieved in an affordable way for our community.

We have developed a plan for each strategic priority to provide clarity on what we want to achieve, what Council's role is in this and what we are doing to make things happen.

Enabling Housing

Why this is a priority

Housing affects people's wellbeing in many ways. High mortgages and rents put households under financial pressure. Not having secure housing means households face disruptions if they have to move - affecting schooling, ability to get to work and being connected to a network of family and friends. A lack of supply of good quality housing means people accept living in cold and damp places that can affect their health.

Housing was already a major challenge in the District. Contrary to what may have been expected, COVID-19 accelerated housing demand where there was already a lack of supply, leading to house prices and rents continuing to rise to new highs. Sustained population growth is keeping up the pressure on the market.

As people are priced out of the private market, demand increases for social housing. Both the social housing register (people with very high housing needs who are on the waiting list for social housing) and emergency housing special needs grants have steadily increased over the last three years.

The housing sector is also a significant part of our local economy. Construction is the largest industry in Western Bay by GDP (contributing almost 10%) and by employment with rental, hiring and real estate services the fourth largest by GDP (contributing almost 8%). While not all construction activity is directly related to residential development, it is possible a downturn in house building activity (due to a lack of developable land) could have a significant impact on the Western Bay's economy.

Council is working closely with Tauranga City Council, Bay of Plenty Regional Council, Tangata Whenua and Central Government (in particular the Ministry of Housing and Urban Development and Kainga Ora) on these housing challenges.

What we want to achieve

Housing that is affordable, accessible, habitable with security of tenure, and appropriate to our life stages and differing needs.

What we see our role being

- Leader - The lead agency for facilitating local housing strategies and action plans to deliver local housing outcomes.
- Enabler - Providing opportunities for housing through land use zoning, infrastructure to support housing development, accessing Central Government funding and streamlining the consent process.
- Provider - Specific housing projects delivered that align with community needs identified in local housing plans, and making use of opportunities Council can provide with its elder housing portfolio.



What are we doing in terms of systems, planning and processes

- Since 2001, Council has been involved in the SmartGrowth partnership with Tauranga City Council, Bay of Plenty Regional Council, Tangata Whenua and central government agencies. The SmartGrowth Strategy sets out the growth plan for the subregion and the shared vision for a live, work play and learn community.
- Council is part of the development of the development of a sub-regional housing systems plan. The purpose of this plan is to set out the strategies needed to address housing needs from emergency and social housing through to affordable rental, through to private market housing. A network is in place to coordinate opportunities to deliver on these strategies, including central government agencies, tangata whenua representatives, and local community housing providers.
- Planning tools such as the District Plan, spatial plans and structure plans are key to enabling growth. They help to provide a comprehensive approach to how growth might be accommodated and what is required for our communities. Plan Change 92 Ōmokoroa and Te Puke Enabling Housing Supply means more houses can be built in existing residential areas with access to infrastructure that is already in place.
- Structure plans in key growth areas provide an overview of what needs to be delivered on the ground for planned growth such as roads, walkways, reserves, wastewater, water connections and stormwater services.
- The Te Puke Spatial Plan underway in 2024 will help Council and the community to understand what the

population growth of the town and wider area is likely to be over the next 30 years, and what land and infrastructure might be needed for housing and business development to support that population.

- Council is working directly with iwi authorities, hapū and Māori land trusts that have suitable land and aspirations for housing development. Council's role is to facilitate access to development planning, feasibility assessments and infrastructure funding to enable development of Papakāinga. Council is also reviewing its district plan provisions for Papakāinga to ensure they are fit for purpose.
- Council has a dedicated project structure and staff resources in place for housing including an operational project team focused on identifying time savings in the consenting process, removing barriers, and assisting people with the process.



Photo by Peter Drix capturing a seagull at Waihi Beach.

What are we doing in terms of people and places ('on the ground' actions)

- Provision of elder housing to provide much needed affordable accommodation for older people in the district who have limited financial means.
- Development of Local Housing Action Plans with the community.
- Committed funding to the Katikati elder housing development.
- Part of the Te Arawa collective working on development plans for housing on Māori land. Committed funding to support this programme of work.
- Committed funding to support three communities with the highest priority housing needs, to develop marae based housing development plans.
- Part of 20 Degrees which is a collaborative healthy housing programme in the Bay of Plenty, dedicated to helping our community and our whānau achieve warmer, drier and healthier homes that can reach 20°C on a cold winters night.
- Infrastructure provision to provide capacity for housing development.

Empowering Communities

Why this is a priority

Recognising that communities are best placed to achieve their own aspirations; Council needs to structure the way we work and deliver our services in the best possible way to contribute to the communities aspirations.

What we want to achieve

Empowering communities to grow stronger, embracing their differences and building on their strengths across the four wellbeings. In doing this we:

- Understand that some communities might be starting further behind others, and we may need to provide extra support and resources so they can advance (Oritetanga – equal opportunity), and
- Recognise that good relationships are the key to success in any project or initiative (Whakawhanaungatanga – relationships).

What we see our role being

Enabler - Identifying the best ways for Council to support communities with their endeavours. This could be through a variety of roles including provider of infrastructure, funding support, facilitation, connections and advocacy to name a few.

What are we already doing in terms of systems, planning and processes

- Partnerships and relationships with funders and key regional/district organisations.
- Partnerships and relationships with key local organisations who are working to improve economic, social, cultural, and environmental wellbeing.
- Using place-based planning and Tō wāhi local priorities to set priorities for council service and infrastructure delivery.
- Support with place based planning.
- Determining what is required for our organisational systems to better support community led outcomes e.g. role of Council in implementation of community plans.
- Levels of service in place to determine social infrastructure requirements for our community.
- Setting and collecting the community hall targeted rate and assisting community hall committees including coordinating building condition assessments.

What are we already doing in terms of people and places ('on the ground' action)

- Tō wāhi place-based engagement to understand local community priorities.
- Mayors Taskforce for Jobs.
- Funding for implementation of local priorities.
- Community relationships and connections.
- Events delivery.
- Welcoming Communities programme.

- Safer Communities programme and crime prevention initiatives such as CCTV cameras.
- Community Matching Fund and Facilities in the Community Fund.
- Service Delivery Contracts with local organisations who are best placed to deliver in their community, across the four wellbeings and with specific deliverables to improve social cohesion, economic development, arts and culture and natural environment activities.
- Specific support for volunteer organisations operating and delivering on council land so they can successfully navigate council processes e.g. for events delivery, for community planting and pest control projects in reserves.
- Provision of social infrastructure such as libraries, swimming pools and parks to support existing and future communities.



Growing authentic Te Tiriti based relationships

Why this is a priority

We recognise the importance and special place of Tangata Whenua within our communities and the need to have effective, enduring and trusted partnerships with iwi, hapū and whānau. Additionally the Local Government Act requires us to develop the capacity of Māori to take part in local government decision-making processes. Equally, we acknowledge the journey that is required to develop positive and purposeful relationships with Tangata Whenua that can sustain us into the future.

What we want to achieve

We need to understand what this means for us and how we can best work with Māori to achieve an authentic Te Tiriti based relationship.

What we see our role being

Council is committed to the importance of this kaupapa, and need to determine how we give effect to it. Continue to work with iwi and hapū to review and improve our systems and processes to ensure that these provide for their aspirations.

What are we already doing in terms of systems, planning and processes

- Tangata Whenua Partnership Forums - Te lhu o te Waka o Te Arawa and Te Kahui Mana Whenua o Tauranga Moana with Mauri Ora and Te Ara Mua o te Kāhui Mana Whenua o Tauranga Moana setting the respective work programmes for these forums.
- Relationship agreements with iwi and hapū. Two are currently in place with a number in train. All reflect the same desire from iwi and hapū to have a close working relationship with Council and to be clear about what this looks like in practice.
- Te Keteparaha Mo Nga Papakāinga - Māori Housing Toolkit to assist Māori to develop papakainga proposals on multiple owned Māori land.
- Support for Papakainga housing development.
- Supporting tangata whenua to engage and input into policy development and projects.
- A dedicated Kaupapa Māori Team to improve the confidence and capability to engage with each other in an effective and valued way.
- He Rauru - a kaupapa Māori framework that will drive organisational capacity and capability to deliver on our work in partnership with Tangata Whenua.
- He Rangapū - Tangata Whenua Partnership Protocols have been developed to assist staff in engaging with Tangata Whenua
- Rates Remission on Māori Freehold Land Policy.
- Financial Contribution reductions for Papakainga developments subject to criteria.

What are we already doing in terms of people and places ('on the ground' action)

- Funding support to assist with Marae sustainability.
- Funding and support for iwi and hapū management plan development and implementation
- Relationships and ongoing engagement in the work we do.
- Building staff and political capacity and understanding of Māori e.g. He Rauru Māori (The Kaupapa Māori Framework for Western Bay of Plenty District Council), Treaty training, The Wall Walk.



Providing well maintained, resilient and efficient infrastructure

Why this is a priority

The infrastructure in our communities underpins much of our wellbeing – social, economic, environmental and cultural. The decisions we make as a community on infrastructure investment have a huge influence on shaping the future of our District.

Infrastructure is a core part of what Council provides to the community. Council spends on average \$97 million (capital expenditure) every year on infrastructure and looks after over \$1.8 billion worth of assets. It is not possible to do everything, and choices are made on how Council will manage infrastructure investment.

What we want to achieve

Infrastructure that responds to community needs, is fit for purpose and future proofed.

What we see our role being

- Provider – stormwater, water supply and wastewater, transportation, solid waste, recreation and open space, cemeteries, community infrastructure (libraries and service centres, land and support for community halls, community buildings).
- Manage assets with an aim to minimise whole of life cost while providing agreed levels of service.
- Review of Transport Activity. Council is in the process of signing up new roading service provider(s), seeking to work closer with local suppliers and businesses to deliver high-quality roading services that meet the needs and expectations of the community.

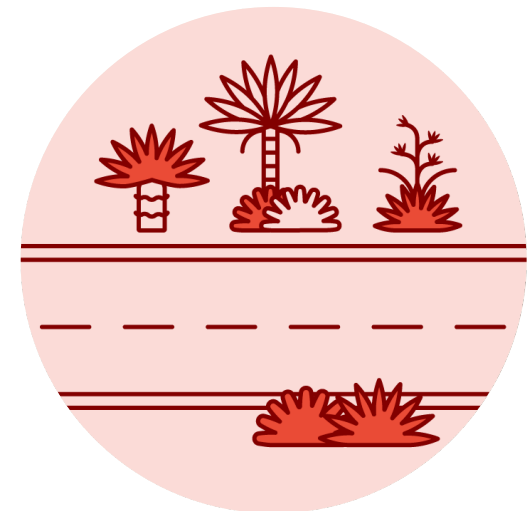
- Exposure and risk assessments for our assets.
- Regular condition assessments, renewals and upgrades are undertaken to ensure infrastructure continues to meet the needs of our community.
- Joint transport planning with Tauranga City Council and Bay of Plenty Regional Council.
- Asset revaluations.

What are we already doing in terms of systems, planning and processes

- The Infrastructure Strategy provides a comprehensive overview of the infrastructure services Council will deliver to the community over the next 30 years, and the considerations, opportunities and challenges we will face in doing this.
- A Strategic Asset Management Plan outlines overall asset management objectives and principles. It demonstrates an organisational approach to the coordination of asset management outcomes across asset portfolios.
- Activity Asset Management Plans have been prepared based on standard industry practice and are used to forecast expenditure needed to operate, maintain and renew assets.
- Development of Structure Plans for growth areas.
- Accessing funding to support infrastructure delivery.
- Using the Financial Strategy to balance what we need to do from an affordability perspective.
- Financial contributions so that growth pays for growth infrastructure.

What are we already doing in terms of people and places ('on the ground' action)

- The Long Term Plan determines where, when and what infrastructure we provide and maintain.
- Wastewater Treatment Plant advisory and alternative options groups.
- Travel Safe.



Responding to climate change

Why this is a priority

As a result of climate change, the Western Bay of Plenty can expect to see more hot days, milder autumns and winters, wetter winters, decreasing summer rainfall but with heavier downpours, fewer cold nights and frosts and rising sea levels.

We know climate change will impact on our business; however, the exact nature, extent and timing of the impacts is difficult to predict. The major chronic impacts of climate change are expected outside of the 10-year planning period. However, failure to respond now, and ensure a level of preparedness for future impacts, may lead to greater challenges and costs in later years.

What we want to achieve

To work with communities to build understanding and knowledge and decide together how to respond. We know climate change will have significant social, economic, environmental and cultural consequences. But when and how these changes will affect us is difficult to predict and plan for.

We want to build community resilience across all our strategic priorities, so that the community is in a better position to adapt and manage the impacts of any changes.

What we see our role being

- Leader – as a large organisation in the district, demonstrate our approach to organisational greenhouse gas emissions reduction, and wider climate change mitigation and adaptation actions.

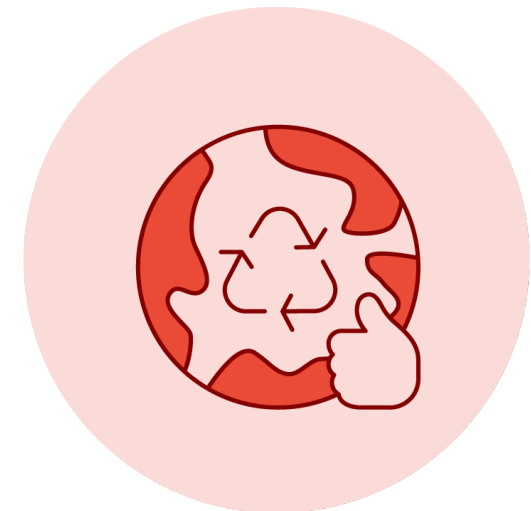
- Empowering communities - work with the community to build understanding and knowledge.
- Enabler - be agile and responsive to climate change impacts in our community.
- Emergency preparedness and Civil Defence.
- Building in climate change considerations as part of project design as a business as usual or standard practice on how we do things.

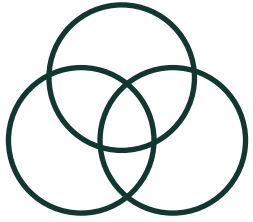
What are we already doing in terms of systems, planning and processes

- Strategic assumption on climate change to inform our planning.
- Incorporation of climate change as a key challenge in our Infrastructure Strategy and Asset Management Plans.
- Providing capacity in our budgets to respond to unforeseen events.
- Measuring our operational emissions and setting corporate emission reduction targets for Council to assist with climate change mitigation.
- Infrastructure exposure and risk assessments for our assets (see Figure 1 on the following page) to inform climate change adaptation actions as a next step.
- Sub-regional collaboration through our Natural Hazards Programme with Tauranga City and Bay of Plenty Regional Council, which includes looking at different scenarios for climate change, the impacts of these scenarios and how they will affect natural hazards.

What are we already doing in terms of people and places ('on the ground' action)

- Support development of local climate change action plans.
- Immediate and ongoing response to local extreme events such as the recent flooding in Waihi Beach, in collaboration with local response networks.
- Deliver services in a way that supports people and businesses to make choices that reduce emissions e.g. accessible walking and cycling networks.
- Funding for coastal erosion protection in accordance with our Coastal Erosion Response Policy.





Climate change adaptation

Managing the risks of climate change impacts

To manage the risks, we need to think about:

- Where we build
- How we build
- What can be done with existing infrastructure to protect it, or make it more resilient through upgrades.

It's hard to know when changes may need to be made and what needs to happen first. But a step-by-step guide is:

Understand the science and the hazards. We already have a lot of this information.

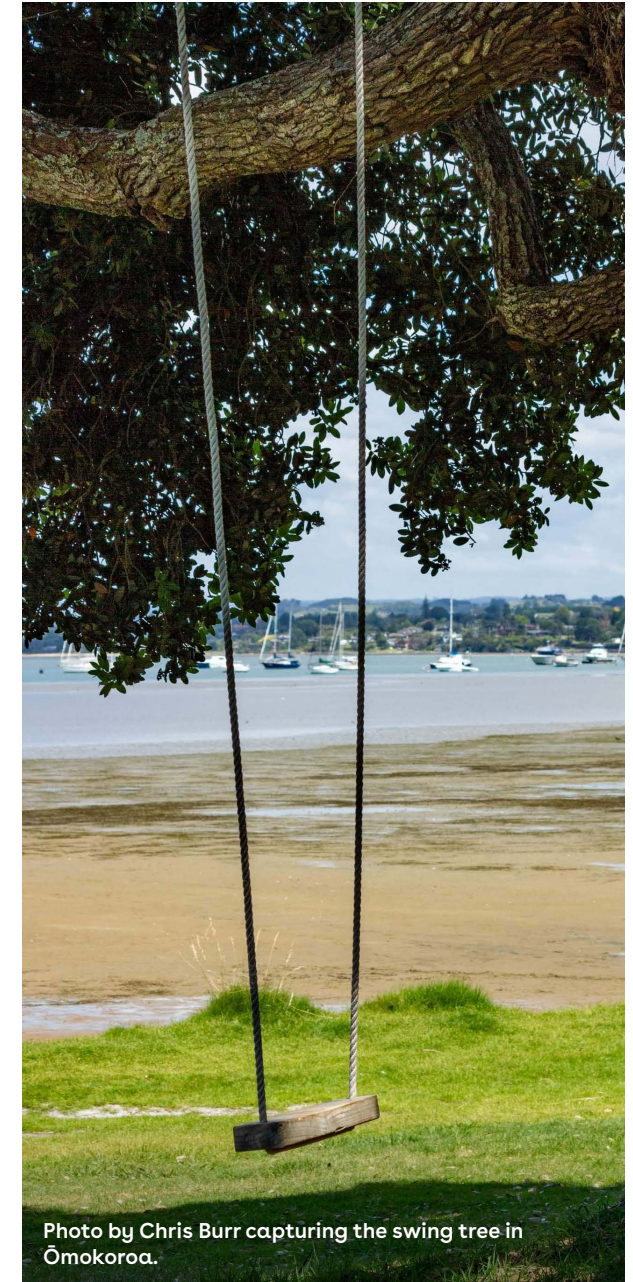


Photo by Chris Burr capturing the swing tree in Ōmokoroa.



Council staff preparing for a working bee competition where community groups, schools, clubs and not-for-profits could enter the competition to put WBOPDC staff to work for a day.



Section 2 Informing our planning

Rautaki Whakapae mō te Mahere Rae Roa
2024-2034

Strategic Assumptions for the Long Term Plan 2024-2034

The Strategic Assumptions are the Council's 'best guess' at how the future may look. They form the basis for planning and are developed from a wide range of sources.

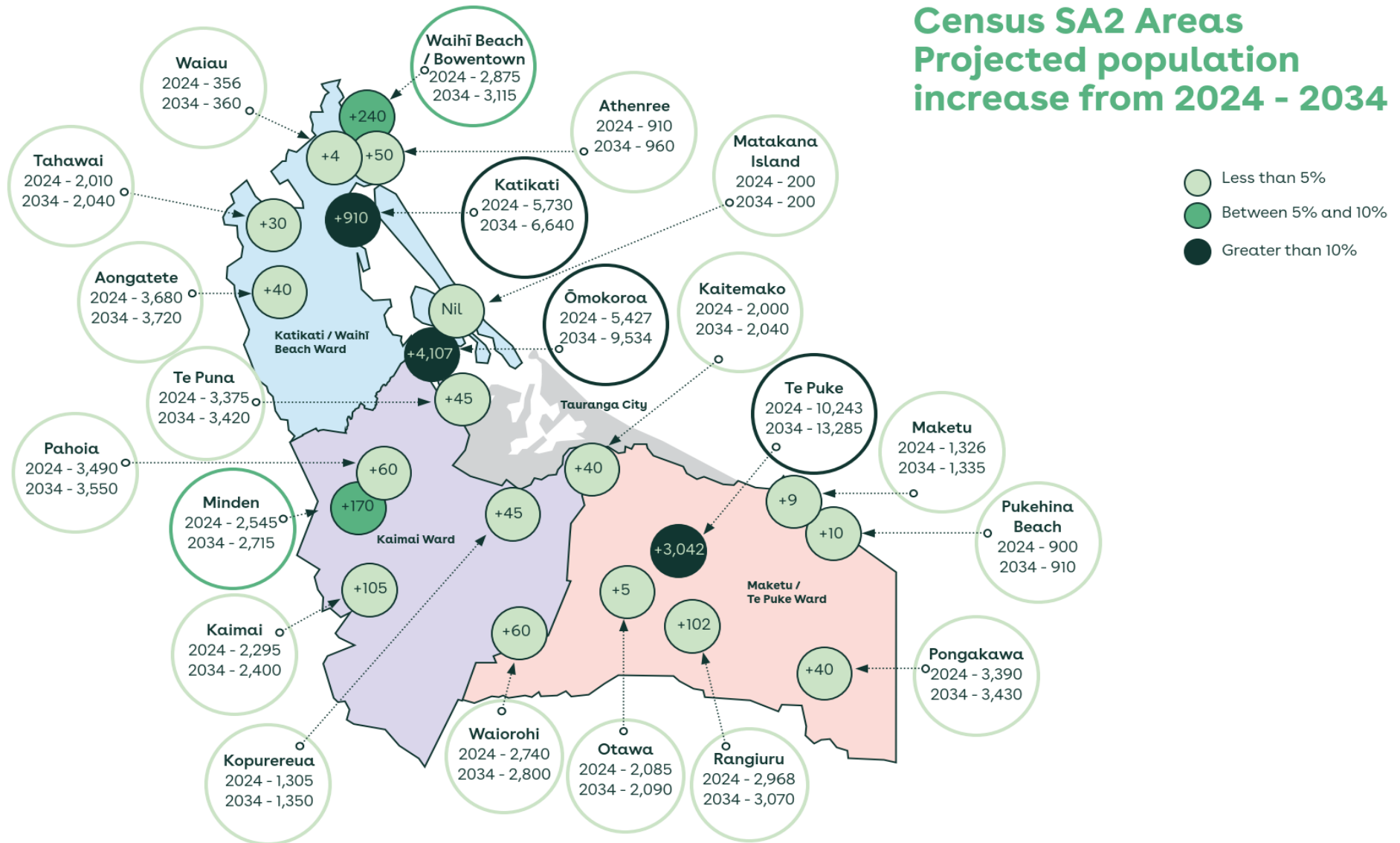
Strategic Assumptions

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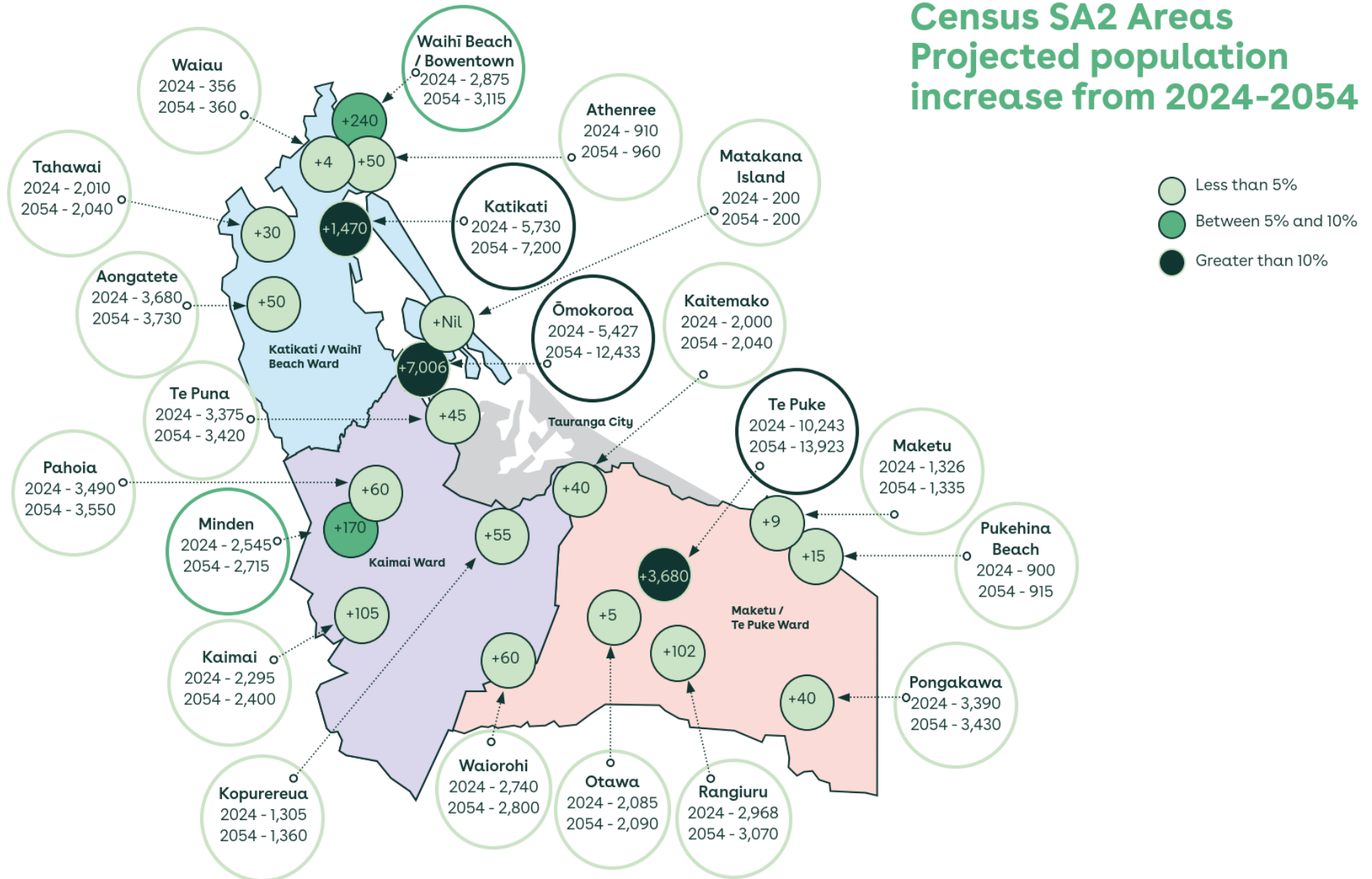
1. Population Growth

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>Our District will continue to attract new residents and our population will grow.</p> <p>Growth won't be uniform across the District but will be primarily centered around our urban areas.</p> <p>We expect to see:</p> <ul style="list-style-type: none"> • Ōmokoroa and Te Puke continuing to grow as an outcome of Plan Change 92 and implementation of medium density rules required by Central Government. • The potential for new development areas on the eastern side of the District in the medium to longer term to meet increasing housing demand. 	<p>Growth affects the number of rateable properties in the District and the expected demand for services and infrastructure.</p> <p>Growth has a lot of benefits but also creates challenges for the delivery of services and funding infrastructure work.</p>	<p>High</p> <p>Based on national assumptions and regional economic projections, we expect sustained growth over the next three years. However, current projections are based on 2018 Census data as the 2023 Census data is not available for this LTP planning period.</p> <p>Growth becomes more difficult to predict over longer time periods because unforeseen events can alter migration, settlement patterns or resource limitations.</p>	<p>High</p> <p>If population growth is faster than expected and the number of rateable properties is under estimated the consequences are:</p> <ul style="list-style-type: none"> • Income growing faster than expected. • Higher demand for Council services. • Financial contributions being set too high. <p>Council would respond by bringing forward future expenditure and adjusting financial contributions the following year.</p> <p>If population growth is lower than expected, the consequences are:</p> <ul style="list-style-type: none"> • Over-investment in infrastructure and unused capacity. • Income from rates and financial contributions falling short of budget. • Meaning debt is repaid more slowly and interest costs increase. • Financial contributions being set too low for that financial year. <p>Council would respond by funding the shortfall through rates or increasing debt, or by deferring expenditure. Council is well within its prescribed debt limits with borrowing headroom to raise more debt if required.</p>	<p>Council plans for growth in collaboration with TCC, BOPRC, Iwi and Waka Kotahi through SmartGrowth (including the UFTI initiative).</p> <p>Council re-forecasts growth projections each year through the annual plan to ensure infrastructure provision and service delivery are aligned to growth, and monitors actual consent numbers throughout the year. The timing of growth-related projects is managed to provide infrastructure 'just in time'.</p> <p>Enabling housing that is affordable, accessible, habitable with security of tenure, and appropriate to our life stages and differing needs is one of Council's top five strategic priorities. Growth and financial sustainability are identified as a top risk in Council's Strategic Risk Register.</p> <p>The risk appetite is low-medium and will need to be balanced with the delivery and achievement of the planned growth outcomes.</p> <p>Council is progressing further investigations on the options available for funding growth-related infrastructure.</p>
Year end 30 June	New lots (average annual increase)	Growth rate (annual average increase)	Total dwellings	District Population
2024	301	1.23%	24,568	59,850
2029	324	1.22%	26,496	65,021
2034	160	0.57%	27,998	68,964
2039	120	0.42%	28,876	71,070
2044	90	0.30%	29,520	72,366
2049	10	0.03%	29,784	72,726
2054	10	0.03%	29,928	73,086

Census SA2 Areas Projected population increase from 2024 - 2034



Census SA2 Areas Projected population increase from 2024-2054



2. Climate Change

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>As a result of climate change the Western Bay of Plenty can expect to see:</p> <ul style="list-style-type: none"> • More hot days (temperatures 25 degrees or more). • Milder autumns and winters. • Wetter winters. • Decreasing summer rainfall with heavier downpours. • Fewer cold nights and frosts. • Rising sea levels (0.52m above MVD 1953 at 2070). <p>Overall, there will be more extreme weather and storm events (potentially three times more frequent) and increased risk from natural hazards such as coastal erosion and inundation.</p>	<p>Council's business must respond to climate change now to ensure a level of preparedness for future impacts. Failure to respond will lead to significant future challenges and costs across all our wellbeings.</p> <p>For example, the local economy may be negatively impacted by climate change, particularly through changes to growing conditions and susceptibility to new pests.</p> <p>Council will have to meet additional reporting requirements. The Emissions Reduction Plan (under the Zero Carbon Act) has implications on activities of Council including the need to report on and take actions to move towards zero carbon by 2050. The proposed Climate Change Adaptation Act will also have significant implications for Council.</p> <p>Coastal properties and flood plain residents are likely to be impacted by insurance retreat within the period covered by the LTP. Council may also be impacted by this if insurers consider that the risks of erosion and inundation of Council owned assets is increasing. The expectations for this are intended to be addressed in the Climate Change Adaptation Act.</p>	<p>Moderate</p> <p>We know climate change will impact on our business; however, the exact nature, extent and timing of the impacts is difficult to predict.</p> <p>The major chronic impacts of climate change are expected outside of the 10-year planning period.</p>	<p>High</p> <p>If the impacts of climate change are felt more change within the 10 years, the likely consequences are:</p> <ul style="list-style-type: none"> • Impacts on Council assets located in coastal or alluvial environments. • Unbudgeted maintenance and / or capital costs due to damage to assets. • Added complexity in regulatory processes and risk profile of Council including reputational and legal risk. 	<p>Responding to climate change is one of Council's top five strategic priorities. Council's role is as a leader in terms of organisational responses, collaborator through building understanding and knowledge with the community and enabler by being agile and responsive to climate change impacts.</p> <p>Climate change is identified as a top risk in Council's Strategic Risk Register. The risk appetite is medium. Council recognises the importance of an increasing focus on climate change risks, monitoring and assessment of impacts.</p> <p>Council will focus on understanding the level of risk to our assets and beginning to develop options for reducing this risk.</p> <p>Council will plan using RCP8.5, however individual projects will undertake their own modelling as appropriate.</p> <p>Science is constantly improving. There is a need to make decisions on the best science available at the time, but things will change therefore we need to regularly reassess and update with each IPCC report (every 5- 6 years).</p> <p>Council's Coastal Erosion Responses Policy provides a decision-making framework to address impacts on Council-owned assets on the coast. \$200,000 per annum has been budgeted for coastal erosion works.</p> <p>Council has modelled harbour inundation scenarios, alongside BOPRC and TCC, through the Natural Hazards Charter.</p>

3. Demographics

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>The make up of our communities will change. As a District we will become older and more diverse. There will be variation between communities as people move and places grow. For example, Te Puke’s average age dropped in the last census.</p> <p>We expect to see:</p> <ul style="list-style-type: none"> • More younger people living in Te Puke. • More older people living in Katikati. • Ōmokoroa population changing (ageing, more families) as new growth areas get developed and new facilities and services are provided for such as schools. 	<p>Increasing cooperation between central and local government to understand and deliver healthy environments for residents.</p> <p>Changing household occupancy (ageing population and single occupancy balanced against cultural norms of multiple generations in one house).</p> <p>Impacts on the District’s labour force.</p> <p>Changing methods of engagement to involve different communities and create welcoming, tolerant communities.</p> <p>Continued cultural awareness practices in communities and workplaces.</p> <p>Changing use of infrastructure and changing recreation and leisure patterns.</p>	<p>Moderate</p> <p>Changes such as the ageing population are clear as they are determined by the make up of the existing population and our current birth rate.</p> <p>Immigration is more difficult to predict. The impacts of this have been addressed under the population growth assumption.</p> <p>Demographic data still based on 2018 Census (5 + years ago) and won’t completely align with updated growth assumptions.</p>	<p>Low</p> <p>An over-estimation or under-estimation of this assumption will not have a material impact – as any major impacts would be felt in population growth changes (addressed under the population growth assumption).</p>	<p>We monitor population demographics through SmartGrowth, using census data and NIDEA projections.</p> <p>Our community engagement guidelines and community profiles work assist us to work with communities and understand and respond to their changing needs.</p> <p>We are actively involved in providing support to newcomers to the district and assisting local communities that have a high number of international migrants.</p> <p>Our strategies and plans are reviewed to ensure we keep pace with changing trends and demands.</p>

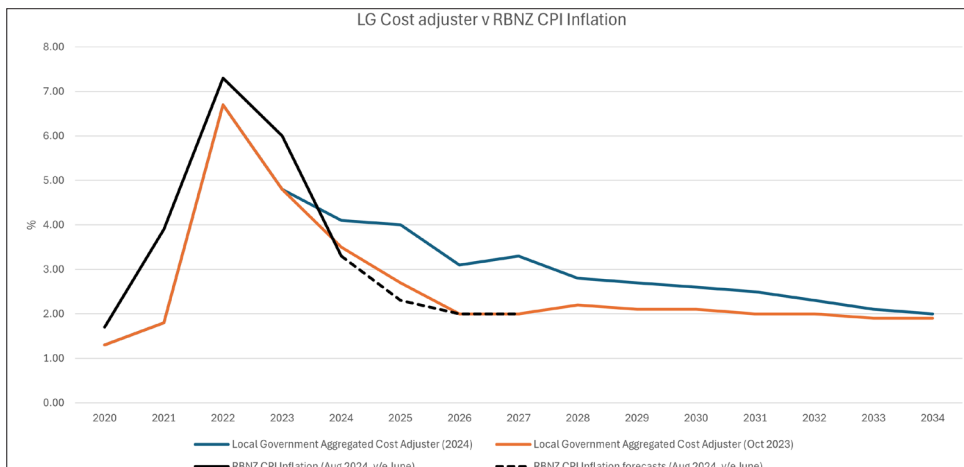
4. Inflation

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>Costs are assumed to increase due to inflation.</p> <p>From year two of the LTP, Council uses Business and Economic Research Limited (BERL) inflation adjustors as the basis for forecasting inflation impacts on our activities. Relevant BERL inflation adjustors have been applied to our activities and services. Inflation starts to decrease over the next two years, with a slow down in inflation as the government looks to achieve its longer term objectives of 2-3%.</p> <p>An inflation assumption of 2% has been used for the remaining 20 years of the Infrastructure Strategy.</p>	<p>Inflation rates impact the expected costs of our services in the future.</p> <p>These vary by activity as the type of goods purchased differ. A period of very high inflation rates has resulted in higher project costs both now and in the longer term pushing up overall debt requirements.</p>	<p>Moderate</p> <p>Council uses BERL inflation adjustors in line with most of the local government sector.</p>	<p>High</p> <p>If inflation is underestimated and actual cost increases are materially higher than forecast, budgets may be too low to complete the work scheduled for the year. In such cases the work would be re-scheduled.</p> <p>If inflation is less than forecast, some work may be brought forward, or surplus revenue held over the following year.</p>	<p>Inflation assumptions are reviewed each year as part of the annual budgeting process.</p>

Inflation Sensitivity Analysis +/-0.5%

	2024/25	2025/26	2026/27
Operating Revenue	195,856	218,614	200,123
Inflation 0.5% Less than LTP	0	-1,015	-1,1812
Inflation 0.5% More than LTP	0	1,015	1,812
Operating Expenditure	140,326	153,756	164,923
Inflation 0.5% Less than LTP	0	-728	-1,524
Inflation 0.5% More than LTP	0	728	1,524
Operating Surplus	55,530	64,858	35,200
Inflation 0.5% Less than LTP	0	-286	-288
Inflation 0.5% More than LTP	0	286	288
Capital Expenditure	126,233	155,321	126,793
Inflation 0.5% Less than LTP	0	-706	-560
Inflation 0.5% More than LTP	0	706	560

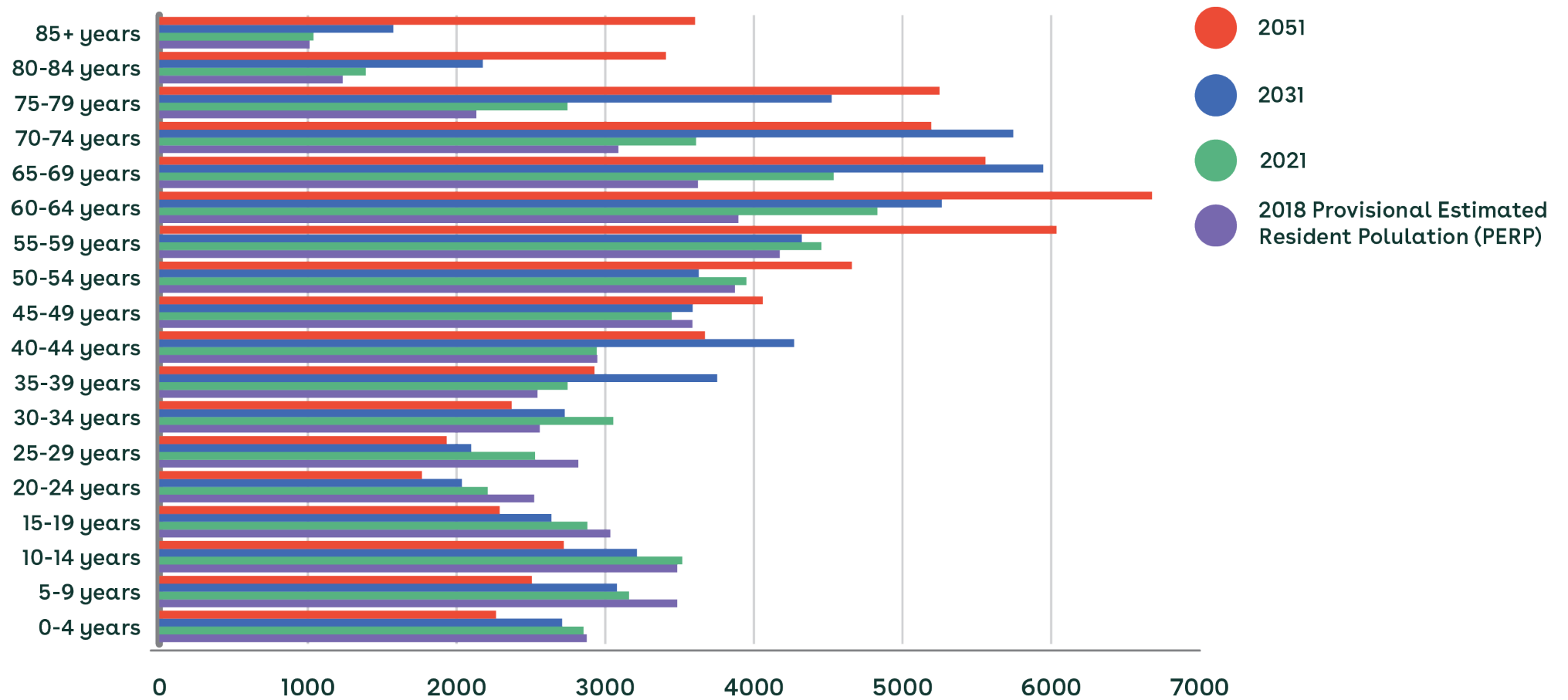
Council is able to identify any local specific cost changes as inflation is included in financial forecasts and Council can therefore reprioritise the work programme if required to maintain consistency in levels of service. This is based on the inflation rates for the periods from the beginning of 2024/25 taken from the Local Government Cost Index (LGCI) prepared by BERL Economics as at October 2023. BERL has since provided a 2024 interim update to the cost adjustors. Council has reviewed these updated cost adjustors alongside August 2024 Reserve Bank (RBNZ) CPI inflation forecasts, to ensure assumptions did not materially impact the 10 years of the Long Term Plan. The 2024 August monetary policy statement has also recognised that inflation fell considerably in the 2024 June quarter. It was noted that recent indicators give confidence that inflation will return to the 1% to 3% target within a reasonable time frame. This data has been mapped on the graph below, showing this latest available information from the RBNZ provides confidence that the assumptions used in the LTP by council are reasonable. A sensitivity analysis has been undertaken to demonstrate what the possible revenue / expenditure impact might be if the inflation is different to the assumptions used.



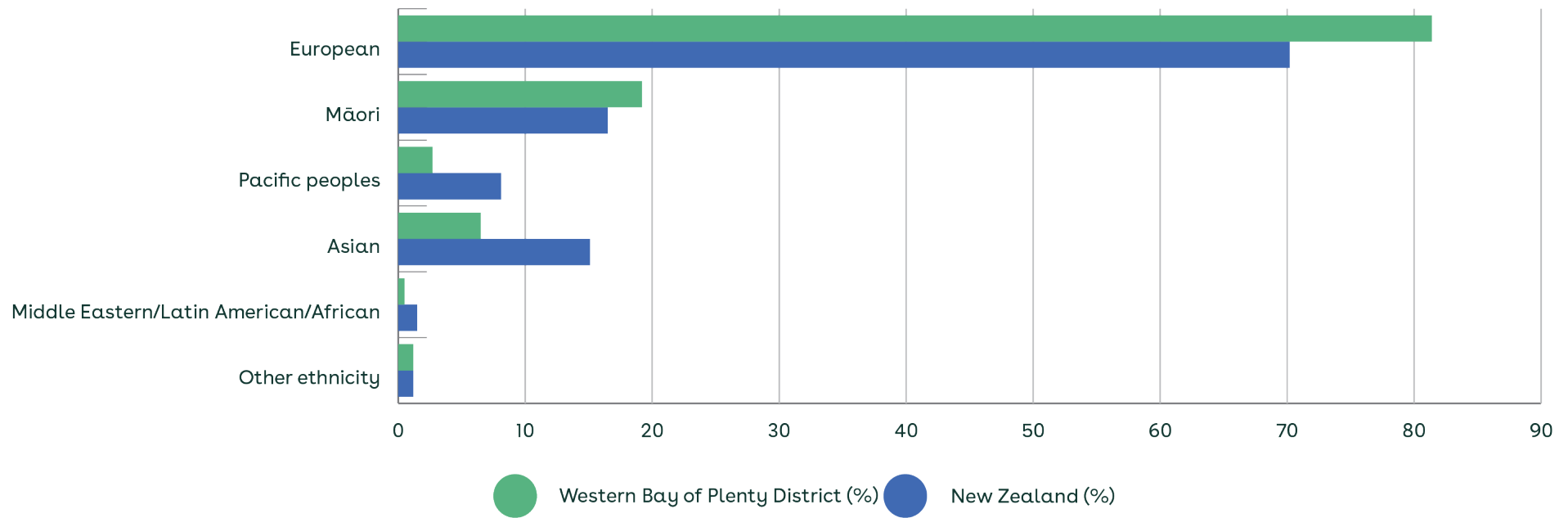
Inflation rate assumptions over 10 years

Year	Planning & Regulation	Roading	Transport	Community	Water & Environment	Salary & Wage rates - Local Govt Sector	Average
2026	2.20	2.10	2.20	2.10	2.70	2.40	2.28
2027	2.40	2.40	2.40	2.30	3.00	2.20	2.45
2028	2.30	2.60	2.50	2.40	3.00	2.20	2.50
2029	2.30	2.50	2.30	2.30	2.90	2.30	2.43
2030	2.20	2.40	2.40	2.30	2.80	2.20	2.38
2031	2.20	2.40	2.30	2.30	2.80	2.20	2.37
2032	2.30	2.50	2.40	2.30	2.70	2.30	2.42
2033	2.20	2.40	2.30	2.30	2.80	2.20	2.37
2034	2.20	2.50	2.40	2.20	2.70	2.20	2.37

Long Term Plan Age Projections 2021 - 2051



Ethnic groups for people in Western Bay of Plenty and New Zealand (2018 Census)



5. Interest Rates

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
Interest rates as a result of inflation remain high fluctuating between 5% and 6% over the LTP period. With an increased debt profile, these costs flow through to future years principal and interest repayments.	Interest rates govern the cost of borrowing. While borrowing is beneficial in spreading the cost of infrastructure across all generations that benefit from it, fluctuating interest rates can impact how much we pay.	<p>Moderate</p> <p>Council has a reasonable level of confidence in these assumptions, which are based on cost, market information and hedges on existing borrowings through interest rate swaps, in conjunction with advice Treasury experts.</p>	<p>High</p> <p>If interest rate assumptions were too low, it would result in borrowing costs being higher than forecast. If interest rate assumptions were too high, borrowing costs would be lower than forecast. A 0.5% movement on \$150m of debt equates to a \$750k movement in interest expense.</p>	Interest rate assumptions are reviewed each year as part of the annual budgeting process.

Interest rate assumptions over 10 years

Year	Interest rate including margin
2025	6.020%
2026	5.060%
2027	5.029%
2028	5.094%
2029	5.242%
2030	5.389%
2031	5.507%
2032	5.624%
2033	5.694%
2034	5.726%

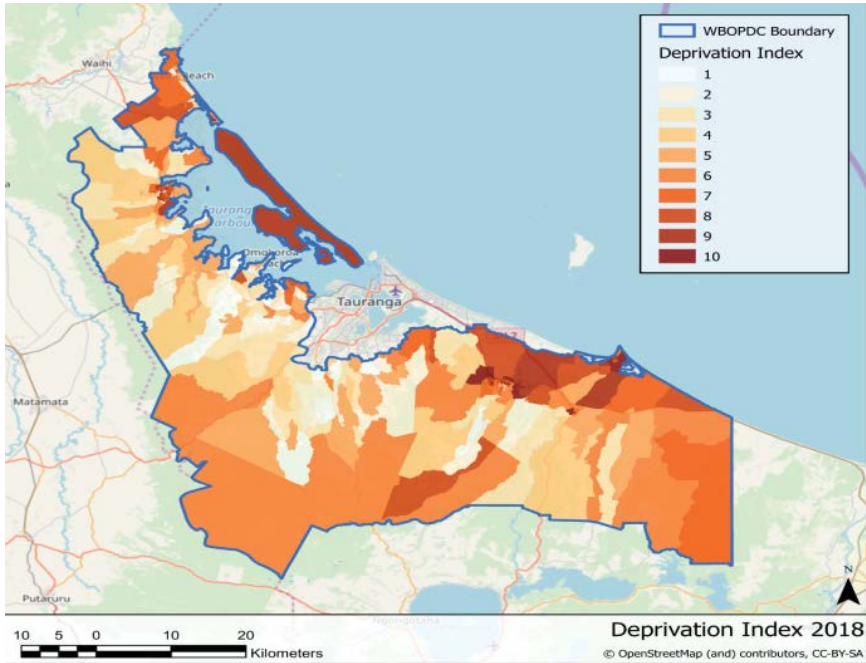
6. Technology

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>The rate of change and innovation in technology will see continued digital disruption that is transformational and impacting on the way we live, requiring Council to be future ready.</p> <p>We expect to see:</p> <ul style="list-style-type: none"> • Better internet and mobile connectivity throughout our District, including broadband and satellite in rural areas and, fibre in all urban areas. • Public demand for open data and transparent information. • More empowered individuals wanting to co-design solutions to problems. • Smart communities and customers seeking information and services 'on demand', 'digital by default' and increasing requirements to provide 'real time' information • The increased use of data and analytics to enable data driven decision making where data insights inform our asset management planning, policies, practices and services. • Emerging technologies (for example, Internet of things; Artificial Intelligence; Software as a Service and Platforms as a Service cloud options) are changing the way we manage data, evaluate and provide systems, networks and deliver services. • Increasing pressure on our networks from cyber attacks requiring ongoing and up to date risk mitigation. 	<p>Advances in data and analytics should improve capacity, performance, and reliability of infrastructure, shifting design from meeting peak demand to ways of smoothing out the peaks. This should enable us to get more out of our existing infrastructure.</p> <p>Customer services and how we engage with our customers and communities will change.</p> <p>Increasing connectivity between energy, transportation, and technology, driving infrastructure investment decisions.</p> <p>There will be increased opportunities to deliver demand management and non-asset solutions as better information is available.</p> <p>Greater opportunity for shared platform offerings.</p> <p>Decisions will need to be made on where funding is best allocated – resilience, renewals, Business as Usual or new projects.</p>	<p>Low for years 1 - 3.</p> <p>High for years 4 - 10.</p> <p>We know changes will happen, but we don't know exactly when or how disruptive those changes will be.</p>	<p>Moderate</p> <p>Technology will have an impact but not on all areas of Council's operations, although that is likely to change over time as more services use technology to improve the way they are delivered.</p>	<p>Council has budgeted for continued investment into our information technology to better support our operations and improve customer experience.</p> <p>The shift to "as a service" cloud offerings will reduce capital expenditure in IT infrastructure and provide resilience in networks, systems and data.</p> <p>We also have a corporate project to look at making the organisation increasingly future ready.</p> <p>Council has budget to contribute to funding to replace council's ERP system nearing end of life.</p> <p>Council invests in technology in walking and cycling, roading, reserves and CCTV to better understand and maintain the assets.</p>

7.

Social

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>Equality and equity will continue to be issues.</p> <p>We have greater income and wealth imbalances than in the past.</p> <p>Some communities have reduced access to services and less ability to pay for services. We expect this imbalance to remain.</p> <p>People in more deprived areas are more vulnerable to environmental risks.</p> <p>Refer Index of Deprivation at the end of this table that gives an indication of socio-economic deprivation based on 2018 Census.</p>	<p>There will be increased demand placed on social services, community support organisations, and relief funds.</p> <p>Council may need to tailor solutions and investment for some communities, to ensure people are receiving the services they need.</p> <p>These may be geographic communities, or parts of the population (e.g. older people).</p>	<p>Moderate</p> <p>We expect the imbalance between communities to remain, or to change only slightly.</p>	<p>Low</p> <p>Should the pattern of social-economic wellbeing change radically across our District, Council may have to postpone, amend or add new projects to the work programme. Changes would generally be gradual and as such the overall impact would be low.</p>	<p>Council actively seeks community input into decision making. Community led outcomes and housing are two of Council’s five strategic priorities.</p> <p>Consideration of social wellbeing and needs through Council projects and plans.</p> <p>Council will continue to build on its strong relationships with community groups and organisations.</p> <p>Monitoring of the social deprivation index through the LTP cycle. Recognising that this is based on nine Census variables and that a community may not consider this data accurately reflects their local community characteristics.</p>



8. Economic

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>The Western Bay economy has grown over the last few years with the District cushioned from some of the impacts of COVID-19 due to our diverse economy, strong rural sector (especially horticulture) and low reliance on international tourists.</p> <p>On the back of strong and continued population growth, the Western Bay of Plenty's economy is reasonably resilient and is projected to continue to grow above the national average.</p> <p>We expect to see:</p> <ul style="list-style-type: none"> Greater business focus on low waste, low emissions business practice and understanding and responding to impacts of climate change. Continued growth in the kiwifruit industry however growth in the avocado and tourism industries is less certain. Growth in the construction sector particularly with current and future development plans in Ōmokoroa, Rangiora and Te Puke. 	<p>Forecast reduction in frost days for kiwifruit industry may require development of different varieties or other innovative responses.</p> <p>Continued economic growth will require provision of business land.</p> <p>Demands for freight movement will need consideration in transport network planning.</p> <p>Potential for greater consumer demand for locally produced goods and services.</p> <p>Growth in tourism means targeted infrastructure investment may be needed (such as toilets in rest areas, upgraded walking tracks). This will require cooperation with central government agencies. There may be increased pressure on the natural environment from increased use.</p> <p>The demands on the capacity of industry to deliver infrastructure projects may mean increased competition, leading to increased prices and possibly time delays.</p> <p>The Reserve Bank Governor recommended all, including government, to spend sensibly or risk even higher inflation. The impact on our District and community may be significant.</p>	<p>High</p> <p>Forecasts align with national forecasts and District trends for economic growth, however there are still uncertainties about the ongoing impacts of high inflation and interest rates.</p>	<p>Moderate</p> <p>The level of economic activity and growth in the District can directly impact ratepayers' ability to pay, while also influencing the level of financial contributions collected as development occurs or the level of demand placed on infrastructure.</p>	<p>Continual monitoring of the situation and 'just in time' infrastructure will aid in mitigating some of these issues. Council will continually monitor the District's economic situation and may revise any plans, with consultation through its Annual Planning process.</p> <p>Council's review of its Economic Activity Plan in 2023/2024 clearly outline's Council's role in economic development, funding required to support this, partnership opportunities and the outcomes we expect to see in our District.</p> <p>Council will continue to provide funding for key organisations that assist in advancing economic development opportunities for the District.</p> <p>There are competing drivers between those on limited and government funded incomes and those that are well off as to what is affordable and important. Council's challenge is to find an appropriate balance in its budget and rate setting processes through the Annual Plan and Long Term Plan.</p>

9. Environment

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>Environmental sustainability will continue to be a priority for Council and play an increasingly important role in decision making.</p> <p>We expect to see:</p> <ul style="list-style-type: none"> • Impacts on the renewal of resource consents (cost, timing, approval) as environmental standards have increased. • Increasing expectations of waste minimisations activities from our community. • An increased focus on the management and use of harbour and coastal margins due to climate change. • An increased focus on the whole supply chain and circular economy. 	<p>A business as usual approach to asset renewals and capital projects is likely to be insufficient to address new requirements.</p> <p>Changes are likely to come with higher capital and operational costs. These may be offset through joint funding of capital projects with central government agencies and other local authorities or through working in partnership with mana whenua and the community.</p>	<p>Moderate to High</p> <p>Work already underway in many areas to respond to environmental challenges.</p> <p>Unknown implications of new legislation and funding priorities under the new government.</p>	<p>High</p> <p>An increase in expectations or requirements may have significant impact on current operations or capital projects.</p>	<p>Council's Waste Management and Minimisation Plan emphasises the need for waste reduction.</p> <p>Regulatory Change is identified as a top risk in Council's Strategic Risk Register. The risk appetite is high which reflects a limited ability to control the changes being introduced and Council's aim to engage early to support sector advocacy and work closely with government agencies to understand the planned changes and impacts.</p> <p>Responding to climate change is one of Council's top five strategic priorities. We want to build community resilience across all our strategic priorities, so that the community is in a better position to adapt and manage the impacts of any changes.</p>

10. Community Expectations

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>Our communities continue to have higher expectations for delivery of Council services.</p> <p>We expect to see:</p> <ul style="list-style-type: none"> Continued demands to not only maintain, but also improve levels of service across all of Council's business (with increased associated costs). Continued demands from the community to keep rates as low as possible. Continued requirements of increased environmental standards and environmental sustainability. Demands for social sustainability and investment. 	<p>Council will need to continue to find innovative ways to fund service delivery, other than through rates.</p> <p>There will be tension between differing expectations between different groups.</p> <p>The key principle of 'growth pays for growth' needs to be balanced against the uncertainties of when population growth will occur and how Council can then fund growth-related infrastructure projects where these are required in advance of growth occurring.</p> <p>There is a growing community desire for a buy local model for the delivery of some services and projects vs. the current bundled approach.</p> <p>Community expectations can often lead to a change in our levels of service.</p> <p>Parts of the community have a greater expectation to be involved in detailed planning and design of projects.</p>	<p>Low</p> <p>Community expectations are frequently communicated with Council through our various relationships and community engagement approaches.</p>	<p>Low</p> <p>Level of service changes are often undertaken incrementally and subsequent projects often reassessed and possibly open to further consultation.</p>	<p>Council actively seeks community input into decision making. Empowering communities is one of Council's five strategic priorities. Recognising that communities are best placed to achieve their own aspirations; Council needs to structure the way we work and deliver our services in the best possible way to contribute to the communities aspirations.</p> <p>Relationships with key stakeholders (including the community) is identified as a top risk in Council's Strategic Risk Register. The risk appetite is low. Council aims to have an increased engagement with the community to understand, identify, manage and deliver on their expectations and develop a strong relationship.</p> <p>The review of delivery models for roading maintenance seeks to improve levels of service to the community and potentially develop a more locally led approach to this significant investment activity of council.</p>

11. Political

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>There will be increased collaboration.</p> <p>Working with other organisations can deliver multiple benefits and thinking 'outside the square'.</p> <p>We expect to see:</p> <ul style="list-style-type: none"> • Continued emphasis on partnerships across the community and organisations, and shared service models. • Increasing public demand for different models of services delivery and community input. • More legislative changes that will impact on the way Council does business. • An increased desire for localism and local decision making and delegation of decisions. 	<p>Council will need to be flexible to respond to this changing environment.</p> <p>It's important we maintain collaborative arrangements and look to build capability, as there will be an increased need for this approach in the future and resources will get stretched even further.</p>	<p>Low</p> <p>This is an observed trend that has been experienced and observed over several years.</p>	<p>Low</p> <p>Observed trend indicate incremental change as an outcome of increased collaboration.</p>	<p>Collaboration is regularly considered as we deliver on our strategic priorities and strategic direction and undertake continuous improvement of our business activities.</p> <p>Council will continue to actively collaborate where benefits can be made for the District. This may occur with other neighbouring councils through joint contract procurement sub-regionally such as through BOPLASS or SmartGrowth, or at a sector level with other provincial and rural councils. Active involvement and communication are key for Council to participate in collaboration and partnership processes.</p> <p>Partnerships with Iwi and Mana Whenua and Relationships with key stakeholders are identified as top risks in Council's Strategic Risk Register. Council aims to prioritise, build on and improve these partnerships and relationships which can often be achieved through collaboration opportunities.</p>

12. Community Participation

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>Communities want to engage with councils in different ways. They want to be actively involved in decision making. At the same time, they are 'time-poor' and it's challenging to get the right level of engagement.</p> <p>This extends through to delegation of operational management and delivery to the community - and the potential to have a local person do the work.</p>	<p>Council will need to continuously evolve the way we engage our communities and be inclusive of all members of our communities.</p> <p>We will need to rethink our traditional project management and delivery structures so that communities can have a greater role in what we do.</p>	<p>Low</p> <p>This reflects Council's approach to actively encouraging community participation.</p>	<p>Low</p> <p>Observed trend indicate incremental change as an outcome of community participation initiatives..</p>	<p>Council actively seeks community input into decision making. Empowering communities is one of Council's five strategic priorities. Recognising that communities are best placed to achieve their own aspirations; Council needs to structure the way we work and deliver our services in the best possible way to contribute to the communities aspirations.</p> <p>Community sentiment is identified as a top risk in Council's Strategic Risk Register. The risk appetite is low.</p> <p>Council will continue to actively engage with our communities through a variety of means.</p> <p>Relationships with key stakeholders (including the community) is identified as a top risk in Council's Strategic Risk Register. The risk appetite is low. Council aims to have an increased engagement with the community to understand, identify, manage and delivery on their expectations and develop a strong relationship.</p>

13. Tangata Whenua

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>Council seeks to consciously build upon the key relationship with Māori which is important to deliver on Council's strategic direction and Long Term Plan.</p> <p>Partnerships with Māori will continue to increase in importance and offer new opportunities for collaboration and partnership.</p>	<p>Council will need to balance key relationships with wider community plans and expectations.</p> <p>If Council doesn't deliver on its commitments, Treaty principles and obligations, this may impact on the ability to maintain a trusted relationship with Māori.</p> <p>Council may need to change the way it manages its assets to provide for greater iwi involvement.</p> <p>Council is a member of joint governance authorities set up to co-govern specific areas of importance (e.g. Tauranga Moana and the Kaituna River). Further co-governance structures are likely to be set up in the future.</p> <p>Treaty Settlements will provide iwi organisations with the power to invest in economic and social development projects which will ultimately benefit all our community.</p>	<p>Low</p> <p>Council has prioritised the importance of Māori relationships, and this is starting to be reflected in partnerships and planning/project approaches.</p>	<p>Low</p> <p>Council continues to build and maintain relationships with Māori.</p>	<p>Growing authentic Te Tiriti based partnerships is one of Council's top five strategic priorities. Council is committed to the importance of this kaupapa, and how we give effect to it. A good example of this in practice is He Rauru – a kaupapa Māori framework that will drive organisational capacity and capability to deliver on our work in partnership with Tangata Whenua.</p> <p>Partnerships with Iwi and Māori stakeholders is identified as a top risk in Council's Strategic Risk Register. The risk appetite is high.</p>

14. Legislative

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>We expect to see continued focus on the way Council delivers its core services and provides infrastructure for growth.</p> <p>Legislative change will continue along with changes to strategic and funding priorities as recently evidenced in the draft Government Policy Statement Land Transport 2024 and Local Water Done Well framework.</p> <p>There is a need for further detail on these changes to understand implications to Council and our District over the LTP planning period.</p> <p>Council will continue to plan on a business as usual approach to service delivery for stormwater, wastewater and water activities.</p>	<p>Council will need to keep abreast of proposed changes, to ensure we are ready to adapt to any mandated change at the national level.</p> <p>This will place demand on time and resources of Council.</p> <p>Costs associated with the impact of legislative changes are unlikely to be recovered from Central Government and may be substantial.</p> <p>Individual activities of Council may need to make specific assumptions.</p> <p>Levels of service expected through legislative change may be greater than what is currently delivered and funded.</p> <p>Council continues to fund and operate delivery of stormwater, wastewater and water activities to the community in accordance with agreed levels of service.</p>	<p>High</p> <p>Legislative change and national direction is highly dependent on the political direction and priorities at the time.</p>	<p>High</p> <p>Some changes to the delivery of services could significantly alter how Council functions, however, the generally lengthy development process of legislation and implementation phases may allow for suitable planning for transition and implementation.</p> <p>Changes could significantly impact Council's financial position, depending on how this is structured. This could impact the Council's levels of debt, forecast capital and operational expenditure and income. The actual impact can not be quantified at this point.</p>	<p>Continue to watch and input into legislative developments, to ensure a Western Bay of Plenty voice is heard and Council is prepared for change.</p> <p>Council continues to operate a business as usual approach to service delivery until more information is available regarding implementation implications and timing.</p> <p>Central government reforms is identified as a top risk in Council's Strategic Risk Register. The risk appetite is high which reflects a limited ability to control the changes being introduced and Council's aim to engage early to support sector advocacy and work closely with government agencies to understand the planned changes and impacts.</p>

15. Resilience

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>Council's focus is on building resilience and business continuity to minimise the impact of disruptive events.</p> <p>Disruptive events have significant potential to cause shocks to international, national and local systems. Implications for the District are wide ranging depending on the type of event.</p> <p>Disruptive events include things that occur at a global level such as COVID-19 through to natural events that occur at a local level such as cyclones, earthquakes and tsunami which are a serious but low probability risk to the District.</p> <p>We assume that our key services will continue, and that projects and works will be completed to time, as planned in the LTP, and there will be no significant delays caused directly or indirectly by disruptive events.</p>	<p>Implications for the District are wide ranging and depend on the type of event and scale of disruption that occurs. In some situations, the implications may also depend on the national and international responses to the event that occurs.</p> <p>Council failure to respond and have appropriate plans in place may have a potential impact on the ability to provide its services and have a continued impact on its operations.</p> <p>There will be a greater assessment of the resilience of the Lifeline networks and how to keep them operating in times of natural disaster.</p> <p>An ongoing impact from COVID-19 is supply chain issues, and the cost of materials and labour are impacting the ability to deliver the capex programme and to maintain levels of service.</p>	<p>High</p> <p>The future situation is uncertain and very difficult to predict.</p>	<p>High</p> <p>Implications for Council's growth and financial models and work programmes could be extensive. Council will have to be flexible in its response.</p>	<p>Significant External Events is identified as a top risk in Council's Strategic Risk Register with a medium risk appetite. Council recognises that continued operation of critical Council activities, movement of resources and successful implementation of business continuity or crisis management plans are crucial to effectively support the community and ensure community wellbeing when impacted by a disruptive event.</p> <p>Council's focus is on building resilience and aims to engage early to support sector advocacy and work closely with the community and government agencies to understand the impacts at the time of the event and on an ongoing basis. Council is starting to work with the community to develop post disaster recovery plans based on various scenarios.</p> <p>Council needs to maintain a self insurance disaster recovery fund to be able to respond in and event and fund the recovery. Decisions outside the traditional Council responsibilities will be required.</p>

16. Land Use

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>How land is used in the District will change.</p> <p>We recognise proposed changes to legislation seek to accelerate the supply of housing.</p> <p>We recognise the National Policy Statement for Highly Productive Land may impact how our rural land is protected.</p> <p>We expect to see a physical expansion and increased intensification of urban areas. This will generally be in line with the District Plan (including Plan Change 92) and the new SmartGrowth Joint Spatial Plan (incorporating the Urban Form and Transport Initiative (UFTI). This may see an increase in impervious surfaces in urban areas.</p> <p>The current review of the SmartGrowth Strategy will determine the urban settlement pattern for the sub-region and priorities for development.</p> <p>We will also expect to see continued conversion of dairy land to horticulture over the next 10 years.</p>	<p>Council will have to ensure that services are appropriately sized to accommodate growth and service any growth areas. Similarly, increased horticulture development may have implications for roading.</p> <p>The Infrastructure Acceleration Fund (HAF) with Kainga Ora and Waka Kotahi for the Ōmokoroa SH2 intersection will unlock housing delivery in Ōmokoroa by providing a safe intersection.</p> <p>The Rangiuru Business Park (RBP) is under development and the first sites will be available for occupation 2025. RBP will deliver 148ha of industrial land with an expectation that a reasonable percentage will be associated with the horticultural sector.</p> <p>Sectors of the community oppose housing intensification in existing urban areas.</p>	<p>Low</p> <p>Growth areas are sufficiently well signalled through the District Plan and SmartGrowth.</p> <p>The development of a new settlement pattern will require a political process, community engagement and a high level of technical scrutiny to ensure it is viable.</p> <p>Horticulture growth is currently occurring and has been well signalled by industry.</p>	<p>Moderate</p> <p>Land use changes have direct implications for the design of our services. If this occurs in unexpected areas, or does not occur as planned, then there may be financial implications.</p> <p>Council is a lead investor and is at risk of market down turns which reduces the payment of financial contributions.</p> <p>Investment delays by infrastructure providers could affect timing of development e.g. Waka Kotahi and Takitimu North Link Stage 2.</p>	<p>Council will maintain input into SmartGrowth and Urban Form and Transport Initiative (UFTI).</p> <p>Council has commenced a review of the District Plan.</p>

17. External Funding for Projects

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>Council and the community often rely on external funding sources to help deliver projects.</p> <p>There will be pressure on funding available from other sectors and some projects will be contingent on this.</p> <p>Where Council is contributing, this is included in the LTP. Otherwise, it is assumed the projects will be delivered with external funding and that any ongoing costs to Council are included in the budgets.</p> <p>Council can access Central Government funds in some situations to assist with delivery of projects. It is assumed these projects will not be delivered unless there is certainty of funds from Central Government. The level and basis of funding available in the LTP period is uncertain.</p> <p>The Infrastructure Acceleration Fund agreement between Council and Kainga Ora for Ōmokoroa</p> <p>Structure Plan Stage 3 and the Tranche One Three Waters Better of Funding has secured significant funding for key projects. This amounts to \$38million and \$5million respectively. Expenditure is to be spread over several years.</p> <p>The quantum of Waka Kotahi funding was confirmed on 3 September 2024. The 51% subsidy assumption remains however the amount of funding has been reduced and the priorities for funding have changed. Council has adjusted to this late change by continuing to commit council's funding share of projects (as included and consulted on in the draft LTP) and endeavouring to achieve efficiencies and a reprioritised programme of delivery within a reduced funding envelope.</p> <p>Funding available for waste minimisation initiatives is assumed to remain at current levels.</p>	<p>Some projects will only be progressed with sufficient external funding.</p> <p>Recent history indicates that Council has been successful (either directly or in partnership) with most funding applications. This sometimes enables projects to be brought forward or enhanced.</p>	<p>High</p> <p>The level of uncertainty for this assumption is high. It is difficult to predict whether community groups and Council will be successful in obtaining external funding for projects. The level of funding may vary from our assumptions.</p>	<p>Moderate</p> <p>If the project is unable to secure funds, then Council may be approached to meet any shortfall. If this is the case, this request will be considered through the annual budget process. If the project does not proceed, Council will remove the funding contribution (if applicable) from the budget.</p>	<p>Council will continue to talk with partnering agencies regarding funding availability.</p> <p>Council will continue to plan ahead and remain agile to respond to Central Government funding opportunities.</p> <p>For the transportation activity, further analysis in 2024/2025 will confirm options for a potential change to status quo in terms of projects, levels of service and funding given the Waka Kotahi funding changes. This will be discussed in the 2025/2026 annual plan process or via an LTPA if required.</p>

18. Asset Lifecycles

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>Asset lifecycles will align with those forecast and used as the basis of depreciation (not all funded). It is assumed that assets will be replaced at the end of their useful life. Please refer to the depreciation section of Council's Significant Accounting Policies.</p>	<p>Asset life cycles drive our renewals and maintenance schedules.</p>	<p>Low</p> <p>Asset condition is monitored to ensure that maintenance or replacement is optimised.</p>	<p>Low</p> <p>Some asset classes have very young infrastructure (they have a long time until their theoretical end of life). As such the likelihood of significant levels of failures or early replacement is muted for Council.</p>	<p>Council will continue to maintain its asset management processes and plan accordingly.</p>

19. Capital Delivery

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>Council will deliver and fund 80% of its planned capital works programme expenditure in 2024/2025, 90% in 2025/2026 and 100% in 2026/2027.</p> <p>This enables time for a new project management structure to be effectively deployed and operating.</p>	<p>The planned capital works programme is larger than previously. There are risks outside of Council's control that can impact on the ability to deliver regardless of the size of the programme.</p> <p>Risks outside of Council's control include availability of contractors, supply chain disruptions, legislative change, resource consent delays and further project investigation exposing unanticipated issues.</p> <p>Over the life of the 2024-2034 LTP, we are expecting \$39.1m will not be delivered, however it will be addressed outside the 10 year period of the LTP. These are all growth projects that are expected to be delivered over the next 30 years.</p>	<p>High</p> <p>Given the extent of external factors that are outside of council control, there will always be a moderate to high level of uncertainty associated with this assumption despite the best endeavours to improve the delivery model.</p>	<p>Moderate</p> <p>Higher levels of forward planning, project monitoring and risk identification will seek to minimise the impact of any changes to this assumption, and annual plan processes can be used to respond to any budget changes required as an outcome of this.</p>	<p>Council is implementing changes to the delivery model for the capital programme with the aim to achieve projects that are delivered on time and within budget. This includes project steering groups for all major projects and comprehensive risk management plans.</p>



Section 2 Informing our planning

Rautaki Tahua

Financial Strategy

The Financial Strategy describes how we plan to finance our activities in a way that is sustainable over the long term and promotes community wellbeing. This provides the framework for delivery of the Long Term Plan 2024-2034 (LTP) and the 30-year Infrastructure Strategy. Debt and rates limits are tools that enable us to deliver projects and services through providing the financial resources, while also making sure that the costs are controlled and spread prudently. Prioritisation is the key to ensuring the community has the services it expects to have, in a way that balances affordability with delivery.

Financial Strategy

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The main story

We understand that times are tough, and we know that the cost of living crisis and other post-COVID economic and social factors are affecting our community in different ways. Council is not immune to this. However, we are fortunate to have a diverse economy and thriving communities across our district, which means we are well placed to successfully respond to current economic conditions.

There has been significant investment in infrastructure over the last 20+ years and we continue to grow, with new businesses and residents making the Western Bay of Plenty District home.

Council is committed to continuing to support community wellbeing, and this Long Term Plan (LTP) doesn't compromise our ability to do this. Our organisation is set up to support delivery on our strategic priorities. These are:

- Enabling housing
- Empowering communities
- Growing authentic Te Tiriti based relationships
- Providing resilient, well-maintained and efficient infrastructure
- Responding to climate change

Our focus from now through the next 10 years is on prioritising investment and resources towards delivering on these strategic priorities.

In this LTP, some difficult decisions have been made to balance the impact of things outside of our control, like increased inflation and interest rates, with the things that we can control, like our rates and debt levels. This means taking a close examination of how and when we deliver projects and services to our community over

the next ten years. Current economic forecasts are indicating a more positive outlook, but the exact timing and impact are uncertain, so we are mindful of this in our long term planning.

This 'main story' provides an overview of our proposed approach to the financial situation for this LTP. It's extremely important to us that as many people as possible understand our proposed approach and the reasons for it.

Where have we come from

When Western Bay of Plenty District Council was created in 1989 it had few financial reserves or investments and inadequate infrastructure to service its fast growing communities. Since then, Council has committed significant investment in infrastructure, including improving the quality of water supplies, establishing wastewater schemes, sealing roads and improving stormwater networks. Debt was used to pay for this infrastructure as a fair way of spreading the cost between current and future ratepayers.

From around 2013, a concerted effort to reduce debt and growth related debt interest, coupled with sound management of the capital works programme reduced debt from \$144 million in 2015 to \$75 million in 2021. This created a more manageable financial situation for the future. Implementing a cap on rates increases of 4% per

annum (including growth and inflation) in previous LTP's has for the most part been a successful way to balance delivery of services with the community's ability to pay. We have some large infrastructure projects planned over the next ten years and we can accommodate the additional debt required for these projects annum (including growth and inflation) in previous LTP's has for the most part been a successful way to balance delivery of services with the community's ability to pay. We have some large infrastructure projects planned over the next ten years and we can accommodate the additional debt required for these projects.



Photo by Marcia Martin capturing a manū competition at Matakana Island.

We have grown from a population of 30,000 in 1991 to nearly 60,000 people in 2024 and have steadily progressed development of infrastructure to support this growth. However high debt levels were a consequence of this investment and the impact of the global financial crisis reduced revenue from growth required to pay for this debt.

Our biggest financial challenges

In recent times New Zealand has seen significant increases in inflation. Interest rates have risen in an effort to combat high inflation. Rapidly rising inflation and interest rate costs, like for individual households, are things that Councils cannot control. We too are experiencing significant cost increases in contracts for the core services that we provide to our community and in the cost of borrowing money to pay for these core services. These economic conditions have compounded since 2022 when inflation and interest rates rose significantly beyond what was anticipated in 2021 when Council adopted its last Long Term Plan. Local Government New Zealand (LGNZ) recently published some helpful research for the sector which highlighted cost increases of 30% for some asset categories.

Locally the flow on effect of these increases has hit us hard. Contract prices have increased substantially, particularly for roading which has been challenging for all councils. Costs have increased across all areas of Council, so affordability has been a significant consideration for this LTP. Interest costs for Council are linked to the Standard and Poors rating (through the Local Government Funding Agency). Many councils (including Western Bay of Plenty District Council) were given an outlook downgrade in their February 2024 rating. This is due to the repeal of the Three Waters Bill and councils still having full control of these activities (water supply, wastewater and stormwater) including the debt associated with them. For the purposes of this LTP, we have applied the assumption of the downgrade to our forecasted interest costs, which increases our overall rate requirement.

The Western Bay continues to be an attractive place to live. We have grown over the years and we are forecast to keep growing. In 2024, the estimated population of the Western Bay of Plenty District is nearly 60,000. This is projected to grow to 73,000 in 2054, bringing another 13,000 people to our district. While a growing population creates incredible opportunities including increased prosperity, the economic investment, community vibrancy and diversity, it also presents challenges. Our overall capital programme, of which 28% is growth related, impacts our overall debt levels

in this LTP (16% of the loan funded projects are growth related). New areas require investment in wastewater, water supply and stormwater infrastructure, roads and footpaths, reserves and community facilities. Key projects to enable growth include the Te Puke Wastewater Treatment Plant (Council share \$38m), Rangiuru Business Park and Ōmokoroa roading (\$131m) to unlock land for housing, commercial and industrial purposes.

While significant investment over the last 5-6 years has helped, there are still costs associated with growth (and with resource consent compliance for some of this infrastructure such as wastewater treatment plants). The “growth pays for growth” principle applies; however, this is not always the practical reality. Council is progressing further investigations on the options available for funding growth-related infrastructure.

The 2023 central government election has meant reform programmes across three waters, resource management and the future for local government review are not progressing as alternative approaches are being considered. There is still uncertainty while these changes are being worked through. Approximately 80% of our debt relates to wastewater, water and stormwater. It’s difficult to plan for the unknown, so assumptions are used to forecast what the future could look like and what this might mean for our community, for Council and our Financial Strategy.

What have we done

Ultimately, the decisions we make on the things we can control, have an impact on the services you receive in your community.

In preparing this LTP, we considered different scenarios to respond to and balance the challenges of affordability, growth, community expectations, sustainable asset management and levels of service.

We have gone through all aspects of our organisation in significant detail and:

- Challenged and considered the affordability and deliverability of the capital programme that delivers new and upgraded assets to the community.
- Applied a ranking to projects based on strategic priorities, community expectations, asset management requirements and compliance considerations.
- Reviewed growth uptake and looked at when the most suitable timing for capital investment would be.
- Reviewed projects that are needed because of population growth to ensure that the principle of ‘growth pays for growth’ is being applied and costs are appropriately apportioned.
- Reviewed non rates income opportunities e.g. user fees and charges.
- Reviewed all operational expenditure line by line, activity by activity, and checked against spend over the last three years.
- Looked at different ways of funding things like town centre developments, community roading projects and community/recreation facility proposals.
- Reviewed contracts and arrangements, for example the contract to build and maintain roads to seek financial and service delivery efficiencies and focus on local needs.

We have delayed some projects and operational spend to reduce and spread rates increases over time. These were not easy decisions but were deemed necessary to provide a better balance against affordability in the short term.



In addition, we have used financial levers including:

- Increasing our debt limit from 180% to 200% (based on our net debt to revenue ratio). This is below the 280% limit set by the Local Government Funding Agency. This is a sensible approach given increased debt largely due to inflation and interest rate increases, and to allow some headroom to respond to unplanned events and emergency situations should this be required.
- Adding inflation to our rates increase limits in case of future significant inflationary pressures (previously inflation was included in the rates cap Council set for itself). We use Local Government Cost Index (LGCI) as the most representative measure of the change in the cost of goods and services purchased by Council over time.
- Pushing out some capital projects to smooth rates requirements.

What we're maintaining

- The levels of service we provide to our people and communities - but we are seeking community feedback on the timing of projects that deliver on our levels of service.
- The way we look after our assets and manage risk, but we are looking to extend our asset replacement approach where possible to get the most out of existing pipes, roads etc.
- A commitment to delivering our strategic priorities over the 10 year period, as they reflect the key issues our community have told us are important to them.

Where we have landed

The average rates increase is proposed to be 13.47% in 2024/2025, and 10.13% in 2025/2026 and remaining years between 6.91% and 9.86%. This excludes metered water and penalties. This sits within the rates affordability benchmark limit which is equal to the average LGCI of the 10 years of the LTP of 2.49% plus 6.5%

Due to a period of increased interest and inflation rates, and significant investment in infrastructure projects required to provide capacity for growth and replace/upgrade existing assets, our debt increases over the LTP to peak at \$387 million in 2030.

The LTP approach has resulted in:

- Projects being pushed out to later years such as the Te Puke swimming pool development which has moved from delivery in 2026 in the last LTP to 2030 in this LTP (\$16.8 million).
- Projects being moved outside the ten year budget such as the Northern Harbour boat ramp (\$5.5 million).
- Project costs and scope being reduced such as our budget for development of walkways and cycleways which we have reduced from \$18m to \$6.5m to find some savings and to recognise that council has made significant progress in development of this network over the last five years.
- New projects included where there is an existing commitment in place such as new playground for Kiokio Reserve in Maketu (\$188,000 in 2027).
- New projects not being included as not a funding priority such as district wide floodlights for sports fields (\$75,000 per annum).
- Maximising value from external funding through the Local Government Funding Agency and a strong credit rating.

We have done what we can to reduce financial impacts while continuing to deliver services, provide for growth and look after our assets, but the rates increases, and debt levels are still high compared to previous LTPs.

You will still see things happening in your community, but just not as much as we would have liked to do, particularly for things that are not directly aligned to our strategic priorities or a defined level of service. These projects and activities we think can be pushed out, as the risks of not doing them now are low.

The rest of the Financial Strategy

We provide further details on our:

- Financial assumptions
- Proposed rates increases and rates limits
- Proposed debt profile and debt limits
- Proposed capital and operational expenditure

Then we have detail on prudent management of our finances, how we respond to the unexpected, financial policies and investment holdings.

September 2024 Waka Kotahi funding update

The transportation budget in the draft 2024-2034 LTP included an assumption that a Waka Kotahi funding subsidy of 51% is provided and that the requested amount of Waka Kotahi funding is available for various transportation activities. Council funding via rates and loans and the Waka Kotahi subsidy are key funding sources used to deliver our transportation programme of capital projects, levels of service, renewals and roading improvements.

On 3 September 2024 we received certainty from Waka Kotahi on the funding subsidy, amount provided and funding priorities for 2024-2027. This is set in accordance with the Government Policy Statement on land transport 2024. The amount approved is less than what we requested, and the priorities have changed.

Over the first three years of the LTP, we received 61% of the funding requested from Waka Kotahi for our capital and operational programme. We did not receive any funding towards our improvement projects (of which we requested \$10 million) as this did not meet the threshold for this funding subsidy.

This is a significant change that has been received too late in the LTP process to enable significant rework of budgets and further meaningful community consultation. We need to be transparent with our community so they can fully understand the impact of these changes now and on an ongoing basis. Detailed analysis will take time. It's not something that can be rushed given the importance of this core infrastructure to our community and economy.

Our course of action for the 2024-2034 LTP in response to this funding change for transportation is as follows:

- Continue to fund Council's share of the transportation activity work programme.
- Endeavour to maintain agreed levels of service through further efficiencies and improvements to our delivery approach.
- In 2024/2025, commence detailed analysis of implications and options based on the Waka Kotahi funding changes.
- In 2025/2026, discuss options and potential level of service changes with the community.
- Continue to respond to future central government funding opportunities as they arise.
- Revise our external funding assumption to reflect this change in funding amount (noting that the 51% remains the same).

The financial graphs throughout this strategy and the LTP do not reflect the implications of the reduced Waka Kotahi funding due to this information being received so late in the process leaving insufficient time to completely rework the budget to accommodate this change.

The financials continue to include Council's share of the transportation activity funding as consulted on with the community in May/June 2024 (subject to any changes through the deliberations process). Therefore the rates portion does not change as an outcome of the reduced Waka Kotahi funding.

Where we are heading

In the medium to longer term, we anticipate that the economy will improve (based on assumptions e.g. reducing inflation). We are fortunate to have a diverse economy and strong rural sector that was cushioned from some of the impacts of COVID-19. We expect to see continued population growth due to the district's natural appeal and attraction to internal migrants. We expect continued economic growth in terms of jobs and output.

While Council has a principle that growth pays for growth, we use financial contributions to pay down debt relating to growth projects. Over time project costs may be higher than initially budgeted for, and assumptions such as inflation, interest costs and the rate of growth may also differ. This could mean that the Financial Contributions that we receive falls short of what is required to cover the growth-related debt. Traditionally we have only focused on scheme debt, but our desire to manage this differently moving forward has resulted in a 25-year historical review of all projects. This deep dive review is showing that we do potentially have some residual unfunded growth debt. Once this full review has been completed, we will consult with the community on how we fund this balance either through an Annual Plan or Long Term Plan process.

We recognise that decisions made today may create issues down the track, but we have sought to reduce any 'bow wave' of projects in future LTP's, reduced reserve funding for the unexpected and decreasing community satisfaction with levels of service as there are less things being done in our community or things take longer to happen (for example, expectations regarding implementation of Council's Walking and Cycling Action Plan).

Climate change is a strategic priority for Council, and we continue to focus on building resilience as our risk profile has increased, particularly for our coastal communities.

We are committed to moving our district forward and delivering on our strategic priorities. As an organisation we are committed to continuing to explore ways we can do things more efficiently and effectively in the future, including the potential for in-house contracts and enhancing our project management approach for capital project delivery.

Financial Assumptions

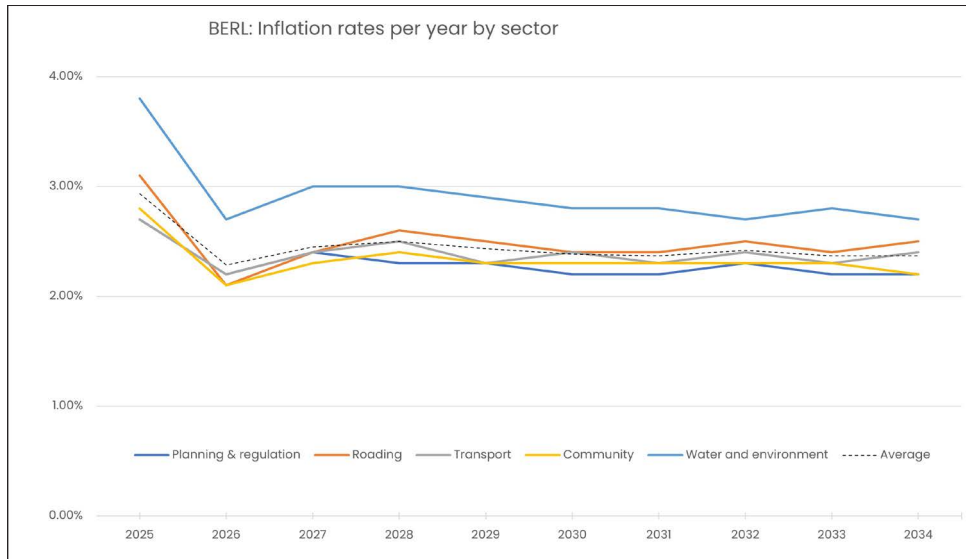


Figure 1: BERL Inflation Rates per Sector

Inflation

Inflation continues to be both a challenge and an unknown over the coming few years. The local government sector uses Business and Economic Research Limited (BERL) inflation adjustors (Figure 1) as the basis for forecasting inflation impacts on our activities.

We have applied the relevant BERL inflation adjustors to our activities and services. We see inflation starting to decrease over the next two years, with a slow down in inflation as the government looks to achieve its longer term objectives of 2-3%. The accumulation of inflation and interest rate increases from the last 2-3 years result in higher project costs now and in the longer term pushing up our overall debt requirements.

We understand that business and economic forecasts fluctuate as the economy itself shifts with time. We have reviewed our assumptions throughout this LTP process and consider that these assumptions remain valid at this time.

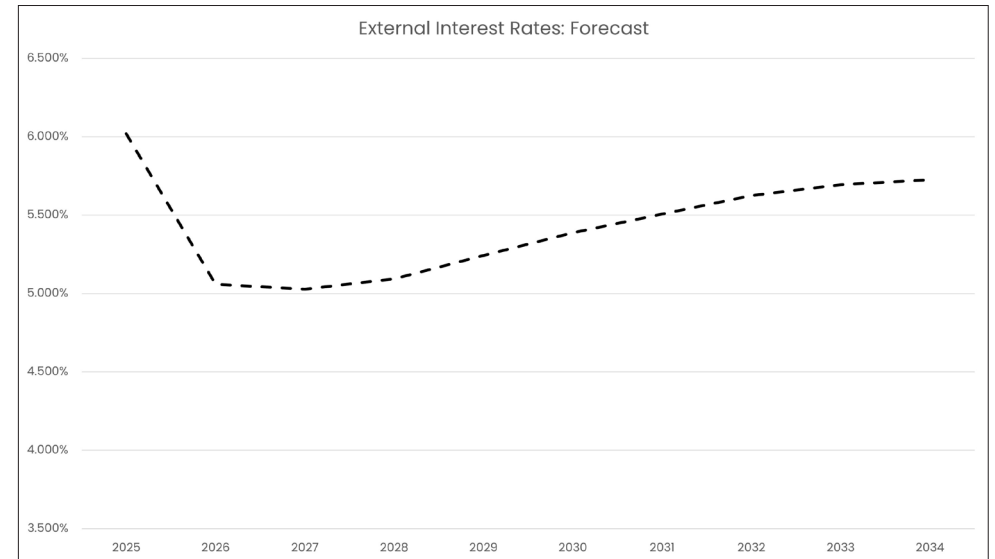


Figure 2: Bancorp External Interest Rate Forecast

Interest Rates

Standard and Poors has acknowledged that rising infrastructure budgets and responsibilities are increasingly weighing on the finances of the local government sector and that further policy uncertainty is elevated.

Council received a rating outlook downgrade from AA stable to AA negative in February 2024. Our interest rate costs are driven from the Standard and Poors rating and a downgrade means Council will pay a higher interest rate on our debt. Updated interest rates include the impact of the credit rating downgrade for this LTP. Of the 23 councils with Standard and Poors, 17 received a downgrade.

Interest rates as a result of inflation remain high over this LTP (Figure 2). As a result we anticipate experiencing interest costs over \$20m in the later years of the LTP, but we will remain within Council's policy limit threshold of 20% (finances costs against rates income).

Proposed rates over the next 10 years

It is important that we can achieve the community’s aspirations in a fiscally responsible way, through balancing delivery of services that people want, with the community’s ability to pay for these services. The planned average rates increase across the district is included in Figure 3.

- It's planned rates income equals or is less than each quantified limit on rates,
- It's planned rates increases are equal or less than each quantified limit on rates increases.

We’ve set rates increase limit in the Financial Strategy that is equal to the average LGCI of the 10 years of the LTP of 2.49% plus 6.5%. The first three years exceed the average LGCI of the LTP of 2.49% plus 6.5%, however they remain within the strategy as the limit is set on an average over 10 years.

The current measure used to describe rates affordability is the Rates Affordability Benchmark (Figure 4). The Financial Strategy sets in place the limits that this benchmark is assessed against. Council meets the rate affordability benchmark if:

Consultation on the LTP helps assess the community’s willingness to pay the rate increases (to achieve the delivery of services). Then Council determines the appropriate level of increase that ratepayers could absorb. Rates income is limited to a maximum of 80% of total revenue, with the balance derived from other sources. Council is required to include a disclosure statement in the Annual Report on the financial performance of these benchmarks.

Council is required to ensure that its planned income for the year is matched against its planned expenditure for that year (i.e. achieving a balanced budget). We have been able to achieve this across the full ten years of the LTP as shown in Figure 5.

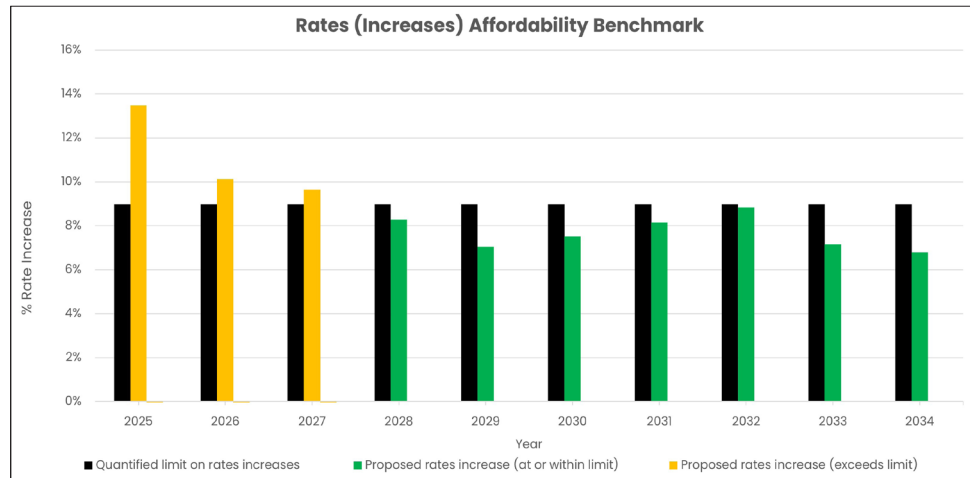


Figure 3: Rates increases 2024 - 2034

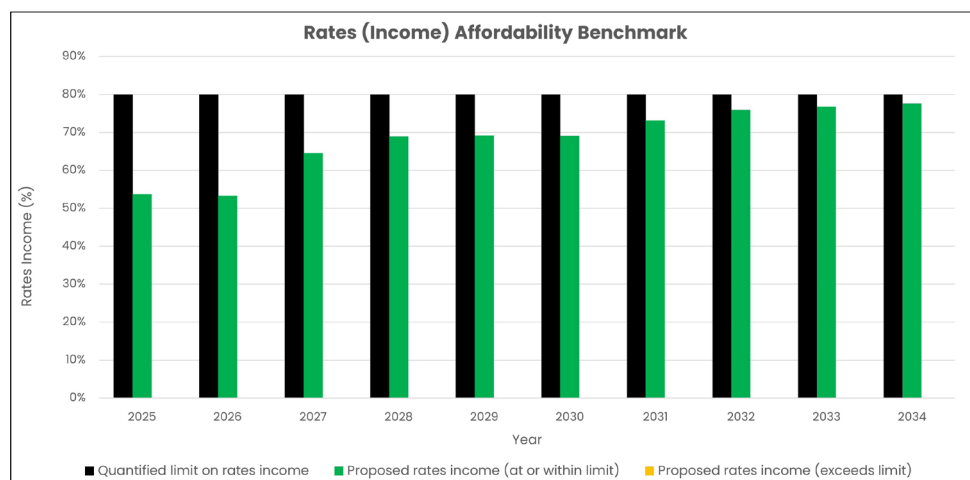


Figure 4: Maximum Rates Income Limit

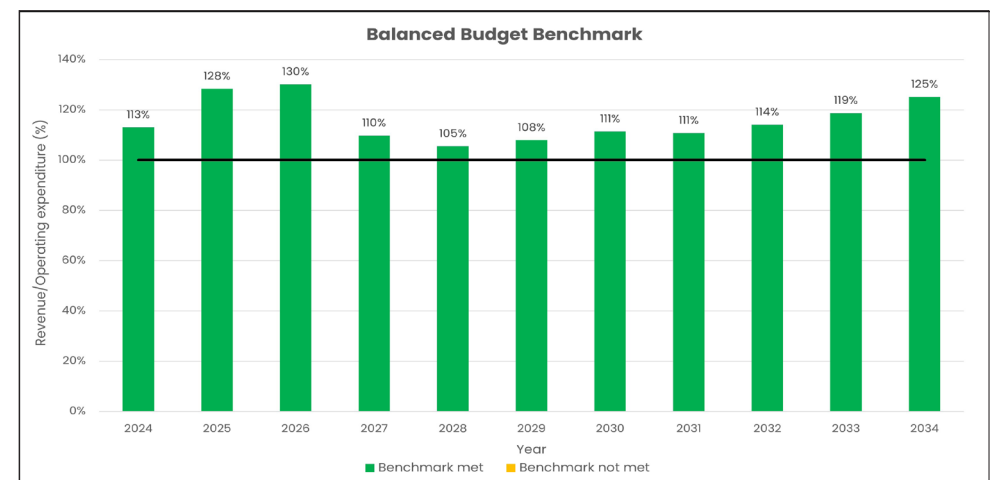


Figure 5: Balanced Budget Benchmark

Planned debt over the next 10 years

Debt spreads the costs of an asset across its lifetime, meaning that all those that benefit from it contribute - today's communities and tomorrow's communities paying their share. This is key to intergenerational wellbeing. Debt affordability benchmarks are set through quantified limits on borrowing.

In this Financial Strategy, Council has increased the debt limit from 180% to 200% (based on net debt to revenue). This is a prudent approach given that our forecast debt profile over the term of this LTP anticipates the significant impact of inflation and interest rate changes, while at the same time allowing some headroom to respond to unplanned events and emergency events, should this be required (Figure 6).

Our loan funding is sourced from the Local Government Funding Agency (LGFA)¹. Loans are sourced based on our Standard and Poors rating as discussed in the interest rate assumption section of this strategy.

Debt levels are projected to peak in 2030 (Figure 7) largely due to key infrastructure projects being delivered, such as the Te Puke Wastewater Treatment Plant and the Katikati outfall upgrade, the reasons for which are reflected in our Infrastructure Strategy and Wastewater Asset Management Plan.

Our debt profiles and length of loans are determined by the anticipated life of an asset. For example, the loan term for most roading projects is 10 years, 50 years for most buildings and 25 years for most other infrastructure categories. As debt is fully repaid, this provides the capacity to take on loans relating to renewals.

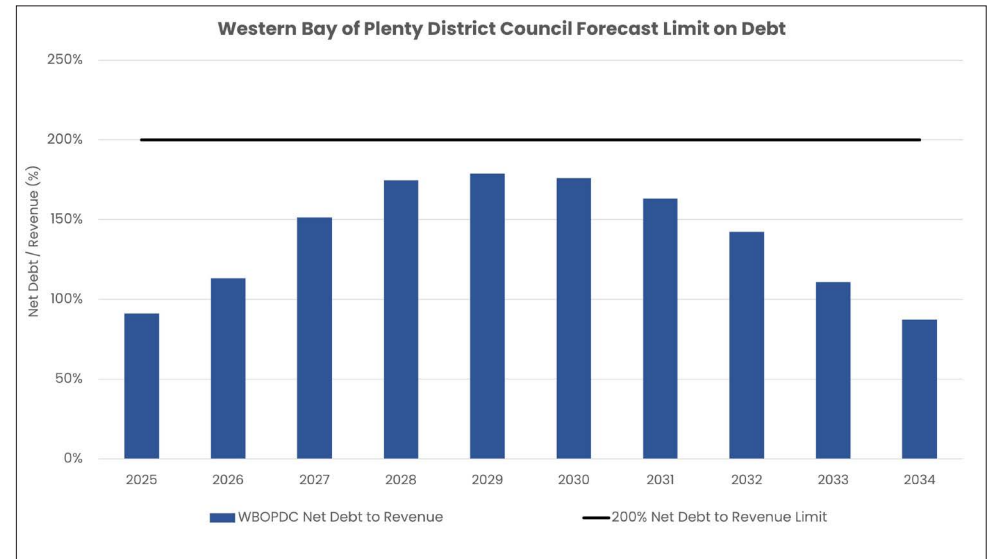


Figure 6: Debt levels and limits 2024 - 2034 (net debt to revenue percentage)

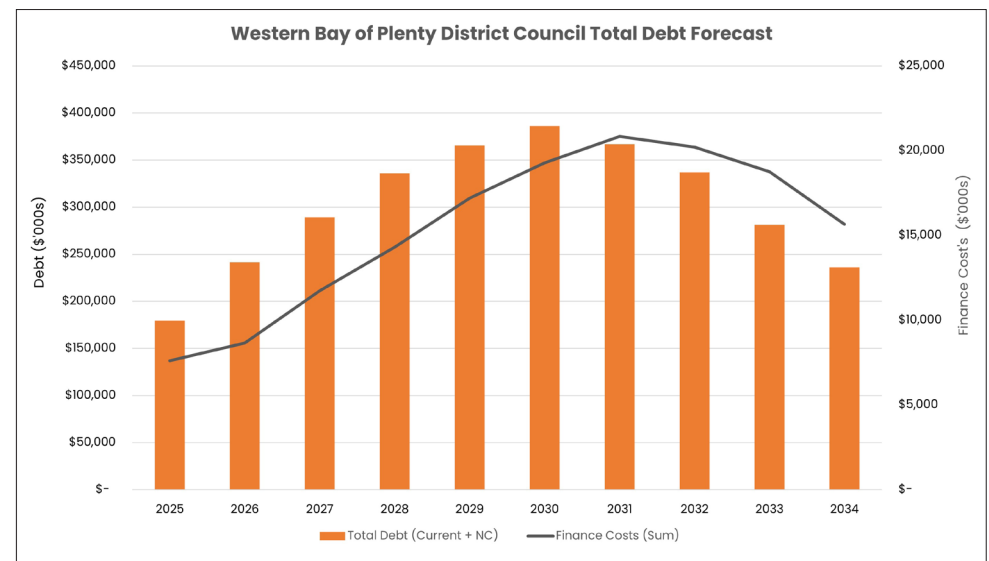


Figure 7: Debt levels and limits 2024 - 2034 (total forecast)

¹ The Local Government Funding Agency currently sets a limit of net debt at 300% for local authority borrowers.

How the money will be spent

Figure 8 shows the Council capital expenditure from 2024-2034 broken into growth, levels of service and renewals. This highlights the importance of having sufficient funding in place for the renewal of assets when required. The capital (and associated operational) expenditure enables Council to continue to maintain and deliver on existing levels of service over time, and to meet additional demands for services within the rates and debt limits. Transportation and wastewater activities have the largest levels of expenditure over the LTP period.

As a Council we are focused on delivering our Capital Programme. There are many constraints relating to the timing of the delivery of our capital projects including the availability of contractors, resourcing, and consent requirements. We are working through how we mitigate some of these challenges, and making improvements to this by working with longer lead times to ensure that our planned financial spend aligns with physical delivery. For this reason, and for cash flow and financial purposes, for this LTP we are assuming 80% delivery in year 1, 90% delivery in year 2 and full delivery by year 3 to demonstrate the effectiveness of the project management changes we will implement. Over the life of the LTP we are expecting \$39.1m will not be delivered, however it will be addressed outside the 10 year period of the Long Term Plan. These are all growth projects that are expected to be delivered over the next 30 years.

Figure 10 shows our operating expenditure covering the day to day costs of delivering services over the LTP (and includes interest, depreciation and overheads).

Figure 11 provides a breakdown of the key sources of revenue received by Council.

For a further breakdown of the infrastructure expenditure components of these graphs, please refer to the Infrastructure Strategy.

Further funding considerations

A 51% Funding Assistance Rate (FAR) assumption remains for the transportation activity and Waka Kotahi subsidy. However the September 2024 confirmation of Waka Kotahi funding has resulted in only 61% of the funding being approved for the capital and operational programme that is eligible for subsidies, and no funding subsidy for the improvement programme. Council will continue to fund our share of these projects and aim to achieve efficiencies to continue to invest in our district network priorities within a reduced funding envelope.

Council has commenced a comprehensive review of the growth related funding for infrastructure. This includes a review of our approach to financial contributions.

Rangiuru Business Park (RBP) - Quayside Ltd provides all the infrastructure within the park itself. Council's role is provision of water and sourcing new bores for additional water supply which will also provide additional capacity for growth in Te Puke. The portion of costs attributable to the RBP development are funded from Quayside Ltd.

We also have self funding activities like elder housing which means we don't need to draw down on rates to operate and maintain elder housing. Instead, we fund it from the rental income from these properties and external funding where possible.

How we are delivering on our strategic priorities

Tracking LTP investment against our strategic priorities highlights the different roles Council has across these priorities (Figure 9). Council is a lead provider of infrastructure in the district, and this comes at a significant cost. For other priorities such as housing and empowering communities Council is an enabler, with funding that helps to support communities to achieve their aspirations. Climate change costs are integrated across these priorities, with direct funding largely relating to projects that increase our understanding of the impacts of climate change on our assets and communities.



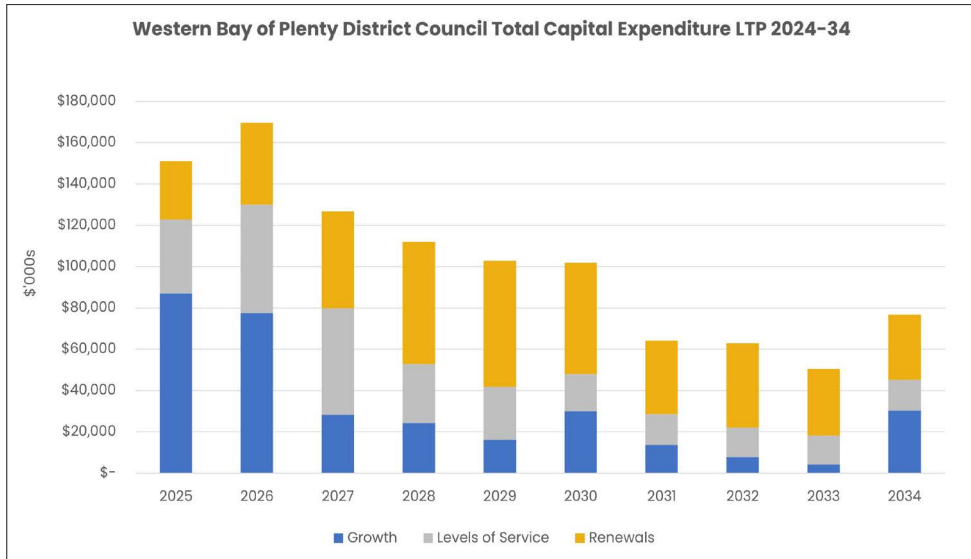


Figure 8: Total Capital Expenditure 2024 - 2034 (growth, levels or service, renewals)

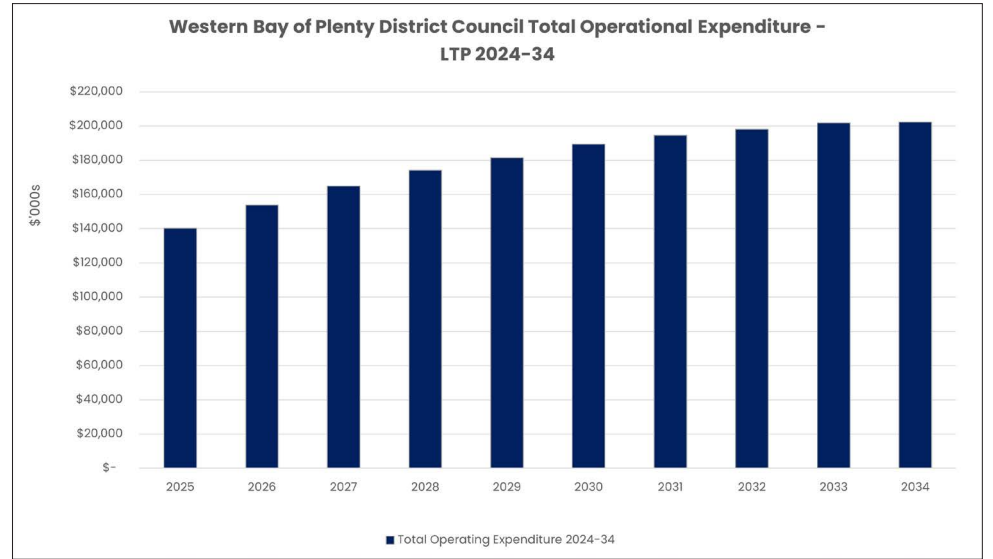


Figure 10: Total Operational Expenditure

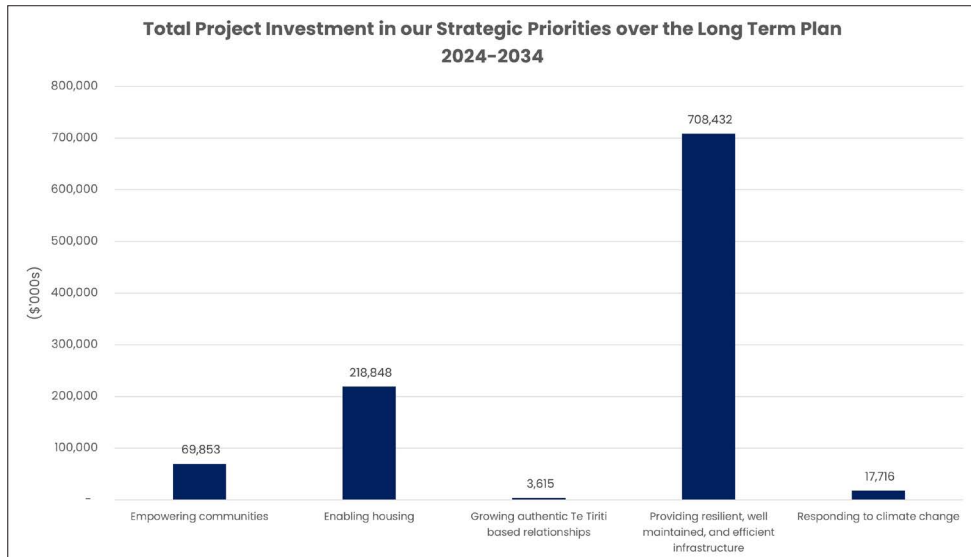


Figure 9: Total Project Investment in Strategic Priorities

Note: Graph aligns with the full project list and does not allow for the capital delivery assumption.

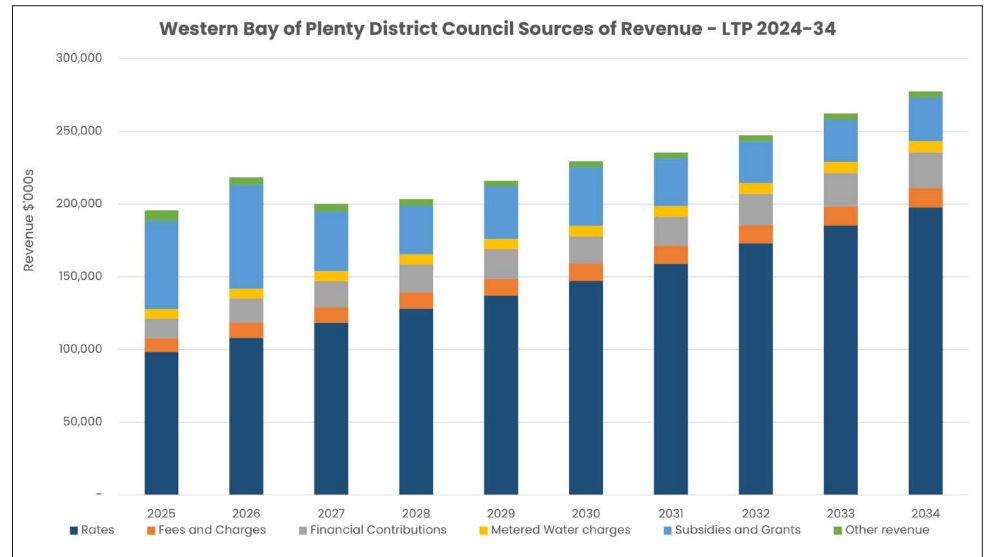


Figure 11: Sources of Revenue

Prudent management of our finances

This section outlines what we are doing to manage costs in a sustainable, fair, equitable and prudent way to ensure compliance with legislation, to be transparent and to provide the community understanding and confidence in our financial approach.

Funding growth

We fund growth-related infrastructure in a number of ways. Developers are charged financial contributions under the Resource Management Act 1991 (a 'growth pays for growth' principle where possible) and we use rates, targeted rates and user charges.

We plan to manage our spending so that the timing of infrastructure projects is matched to income from financial contributions. In some cases, such as park and reserve development, the projects can be undertaken in stages, timed to match revenue from growth as it occurs (i.e. the 'just in time' principle).

Difficulties arise with projects like wastewater schemes, which are typically designed for a large capacity, so they are financially viable. In such cases it is more difficult to match expenditure to income because it is not practical to construct the project in stages, so decisions are based on assumptions of growth for many years ahead. For example, our Ōmokoroa wastewater scheme was built to cater for an eventual projected population of over 12,000 residents in 2054 (3,504 people in 2018). If growth expectations are subsequently reduced, we have to find other funding sources to meet the interest and capital repayments on loans raised to pay for the development.

Use of debt

As we have no significant reserves, we rely on loans to finance infrastructure development, for example for wastewater schemes. By using loans (debt) to pay for assets with a long life, we can recover the cost from ratepayers over the life of the asset. In this way the cost is allocated fairly between current and future ratepayers, and better provides for intergenerational equity. The portion of interest and loan repayments relating to growth is generally funded through financial contributions, however in periods of low growth they may be funded from rates. The remaining interest and loan repayments are funded by annual rates or charges.

We acknowledge that the interest on loans increases the overall cost of services, but we believe that this disadvantage is offset by the advantages of a more equitable allocation. We need to ensure that future ratepayers pay their fair share of the cost of infrastructure developed for their eventual use, rather than costs being met only by current ratepayers.

The roading, sewerage, stormwater and potable water extensions and upgrades that we have invested in through loan funding have long lives and will continue to be used over the next 20-50 years.

For transportation infrastructure, we have traditionally used less debt to finance capital expenditure. Where the capital development programme is more evenly spread over time and the users of the service are less easy to identify individually, we have primarily used rates to finance capital expenditure with loans used to a lesser degree. In the 2024-2034 LTP Council consulted on and agreed to increase the differential from 2 to 4 for the roading rate for industrial/commercial/post-harvest activities to recognise the increased wear and tear from heavy vehicle use. A differential rate is used to ensure that every ratepayer makes a reasonable contribution to the rate burden.

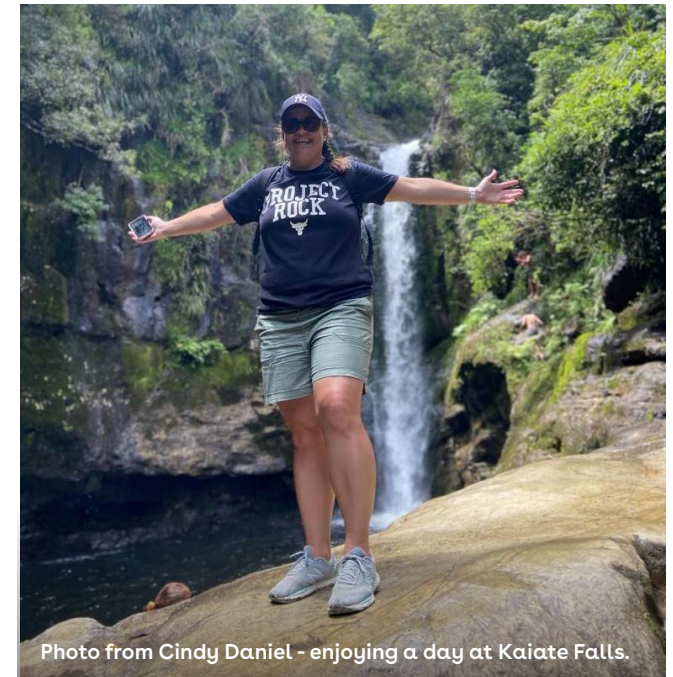


Photo from Cindy Daniel - enjoying a day at Kaiate Falls.

Funding renewals and replacement of assets

Prudent financial management requires organisations to plan for the replacement or renewal of their assets when they reach the end of their useful lives to maintain the service they provide. The intergenerational equity principle suggests that, ideally, today's ratepayers should pay for the 'asset-life' they are consuming, and likewise future generations should pay for their share of the asset's life. This provides for the intergenerational wellbeing of our communities.

There are three ways this can be achieved:

Approach	Details
<p>1. Pay as you go</p>	<p>Capital funded annually by rating existing ratepayers to cover the expenses incurred in that year.</p> <p>Suitable when capital expenditure is evenly spread over the years, so there is less risk that today's ratepayers are not paying their fair share when compared to future ratepayers.</p>
<p>2. Saving for asset replacement (charge rates over the life of the asset - spend later)</p>	<p>Ratepayers are rated annually to fund depreciation, which builds up in a reserve account to fund future replacements of assets.</p> <p>Unsuitable if ratepayers are already servicing debt incurred to acquire the existing asset. If debt was incurred, today's ratepayers would be paying twice for the asset, once through debt repayments and interest, and again through financing the depreciation.</p>
<p>3. Borrowing to fund asset replacement (spend now - charge rates over the life of the asset)</p>	<p>Ratepayers are rated annually to fund interest and capital repayments on loans matched to the life of the asset. The future replacement of the asset would be financed in the same way.</p> <p>Suitable if our overall level of debt can accommodate the required borrowing.</p>



We use a mix of these approaches to fund the replacement and renewal of our assets, choosing an approach that best suits each type of asset. We do not keep individual reserves to repay loans. We either fund loan repayments from rates, financial contributions and other income in the year repayments are due, or we refinance the loan.

Below is the approach we usually take for different asset types.

	Approach
Water, wastewater and stormwater reticulation, treatment plants and buildings, waste minimisation.	<ul style="list-style-type: none"> • Borrowing to fund asset replacement. • Pay as you go. • Central Government waste subsidies.
Computer systems, office furniture and equipment, motor vehicles, library books, cemetery, coastal marine, telemetry, District reserves (including Huharua Sub Regional Park and TECT Park), swimming pools.	<ul style="list-style-type: none"> • Saving for asset replacement.
Roads and bridges.	<ul style="list-style-type: none"> • Pay as you go. • Borrowing to fund asset replacement. • Central Government Waka Kotahi funding where possible.
Other buildings.	<ul style="list-style-type: none"> • Borrowing to fund asset replacement • Sale of council property - All sale of Council property to go through to property reserve account for future property purchases (or other purchases/spend at the discretion of Council). This means we don't need to put annual money away for this purpose. • We will continue to focus on sourcing funding from external sources for projects (e.g. Elder Housing) when these funds are available.

There is no legal requirement for councils to accumulate dedicated depreciation reserves, however the Local Government Act 2002 (LGA) requires councils to have a balanced budget, which means that revenue must be greater than operating expenditure (which includes depreciation). Council does not have a policy for funding depreciation and how that relates to capital expenditure, in particular capital expenditure to renew existing assets. However, in order for Council to focus on the long-term sustainability of the asset base and how it is maintained and renewed, the funding of depreciation is an integral part of creating intergenerational equity and ensuring that depreciation expenditure is put to good use. Where we are not fully funding our depreciation, we will look at debt to fund replacement assets.

As the balanced budget test is conducted at the local authority level it is considered acceptable and within the bounds of prudence to run an operating deficit on one activity and a surplus on another. This means that we are not required to retain revenue on an annual basis in dedicated depreciation reserves, if we can show through our Financial Strategy that future rates revenue is adequate to fund infrastructure renewals when they are needed.

Reliability of asset data that renewal forecasts are based on

Asset renewals are a big cost to Council but are necessary to look after our assets and get the most out of them. It's like taking your car for a regular service and WOF so that it keeps performing in a safe, reliable and efficient manner. Renewals are informed by the expected life of an asset and a regular assessment of the condition of an asset over time to see how well it's performing.

Assessment of overall asset condition data is reasonably complete and accurate, particularly in the transportation activity, due to the nature of the previous performance-based contract. Wastewater and stormwater assets are relatively young however recent issues with the Katikati outfall where sections of the pipe are failing much earlier than the design life indicate the need ensure we continue to monitor asset condition data. In some cases, such as reserves and community facilities, there is still data to be obtained and this is a focus moving forward to ensure asset condition data is captured as required. This information will improve future investment decisions.

Council has a good degree of confidence in the reliability of asset information, however regular analysis is undertaken to identify opportunities for improvement. One of the key tools is implementation of our asset management systems and resourcing to improve asset data and modelling, and to provide technical advice and support to managers. Recent work on exposure and risk assessments for the most at risk assets has increased our understanding on the resilience of our assets to climate change however further work is required as to how we respond to the outcomes of these assessments.

Long term financial information for some activities

From a long term planning perspective, there is good information in place for Three Waters and transport to determine a financial capital and operational programme of expenditure and highlight any forecast issues over a 30-year period as required by the Infrastructure Strategy. There are some unknowns around the delivery of our Three Water services in the future with the introduction of the new governments "Local Water Done Well" initiative. We will continue to reflect any changes as they become known.

Recreation and open space, solid waste and community facility activities currently only have robust financial information for the next 10 years to 2034. A review of the asset management plan framework and approach is underway in 2024 and will seek to align these activities with the 30-year approach taken for other activities.

Effect of changes in land use on service demand

Demand for infrastructure services (roads, water supply, wastewater, stormwater, reserves, facilities) increases where development occurs. Development may be subdivisions for housing, new commercial or industrial areas or intensification of existing development. For our District, growth is mainly driven by housing development.

Within the rural sector, land use changes could affect service demand, especially for water supply and roading. For example, if an area serviced by the water supply network changed from a dry land crop to a crop requiring irrigation there could be an increase in demand for water. Likewise, for roading, if the land use changed from forestry to lifestyle blocks, the pattern of road use would change.

The monitoring frameworks we have in place are important to understand actual growth and future growth projections for residential and other land use activities. The annual Development Trends report and our reporting requirements against the National Policy Statement on Urban Development are key ways that we can inform our infrastructure planning processes.

Current accounts

Council operates an internal borrowing system for funding infrastructure improvements as well as funding current accounts. Use of our current accounts is a way of smoothing out the peaks and managing our internal debt to provide an overall better outcome. The use of current accounts to smooth rates applies to the total rates collected by Council.

The Council has smoothed the planned growth in total rates required from the district over the 10 years of this LTP through our current accounts. This is a deliberate strategy to manage our expenditure within this plan.

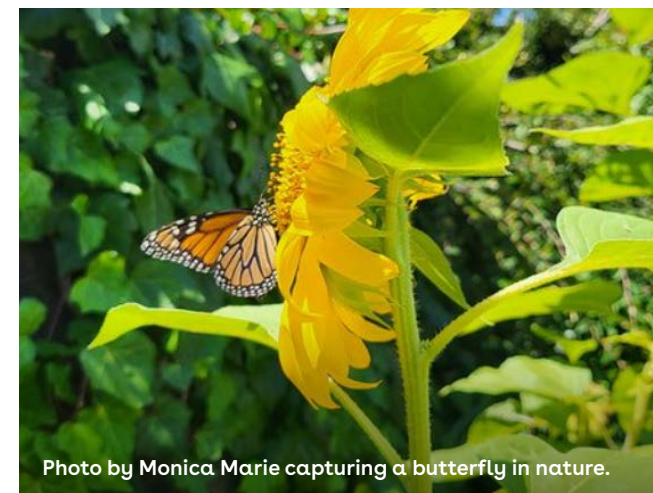


Photo by Monica Marie capturing a butterfly in nature.

How we will manage the unexpected

There may be unexpected situations that could affect our financial strategy. We need to consider what the implications might be of a change to our assumptions and how we might need to respond.

Lower than expected growth

Growth forecasts can be affected by external factors outside of our control, such as what happens in overseas financial markets, or how the world responds to a global pandemic. We have been conservative in our approach to ensure that, should growth not meet expectations, we will still be in a good position to cover the interest costs on our debt (although we may not be able to make repayments on the principal).

If growth is substantially less than forecast, the shortfall can be managed.

Our general approach would be to:

- Promote development in areas where there is existing capacity in infrastructure.
- Consider reductions in levels of service.
- Sell assets that are not essential to operations and are easiest to sell.
- Sell and lease back operational land.
- Seek Central Government assistance where practical.
- Avoid adding to our debt until levels of growth improve.

Council is reluctant to defer maintenance of assets or reduce maintenance standards, as this may end up being more costly in the long run. Borrowing to cover an income shortfall would be our last resort because this would make the problem worse in later years.

Our strategy to use rates to service our growth-related debt where appropriate, will be reviewed each year. We will look at growth rates and interest rates, to determine if a rates contribution is necessary. Any significant or material changes to the level of rates used to repay debt will be publicly consulted on through the Annual Plan process for that year.

Cost of debt and access to refinancing

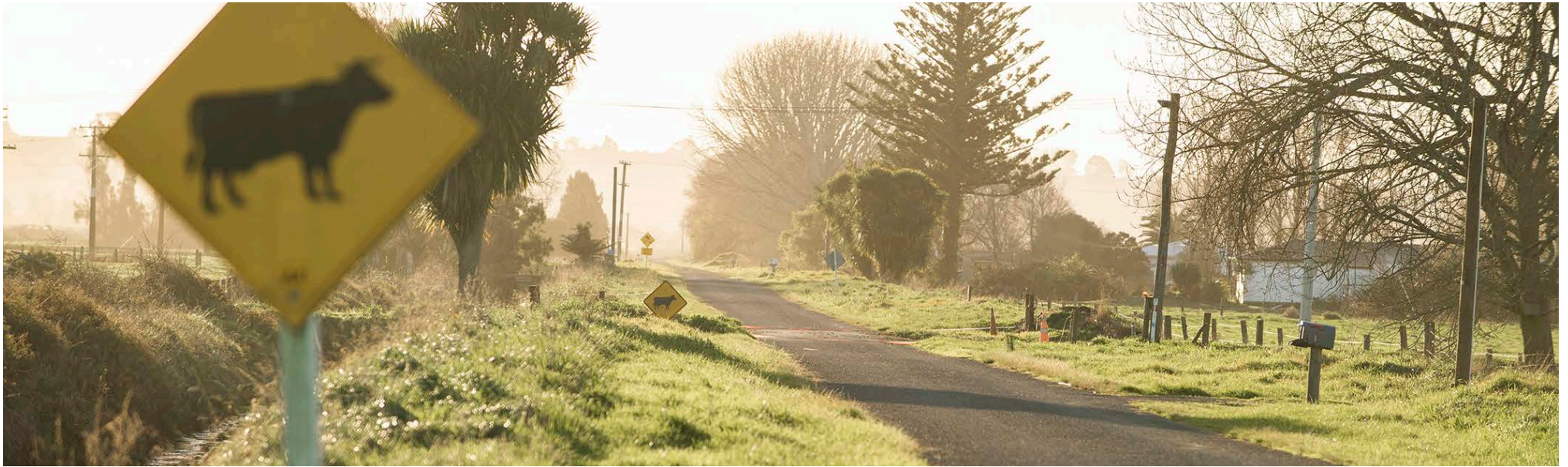
There is a risk that access to borrowing may become more difficult. When existing debt matures, refinancing may be harder to obtain, particularly if financial markets deteriorate due to ongoing global impacts. We considered what might happen if markets deteriorated and borrowing becomes difficult in New Zealand. While we believe this is unlikely, we have considered how we would respond. The situation would arise without notice and the severity of the immediate situation would depend on the maturity profile of our debt at the time. At the time of writing this strategy, the Local Government Funding Agency is well placed in its ability to access funds from the market, so access to finance is not considered a risk.

Courses of action could include:

- Seek Central Government assistance to meet immediate commitments.
- Raise income through an emergency rate increase.
- Aggressively sell land and other liquid assets.
- Postpone the start of all projects not already committed.



Photo by Samantha Lewis of family enjoying a local beach.



We considered how we might respond if there was a failure in major infrastructure that demanded significant unplanned expenditure. This might occur because of a natural disaster, accident or other event.

Contingency and disaster management

Council is part of the Bay of Plenty Lifelines Group which contributes to joint initiatives to reduce the vulnerability of utilities to hazards.

We have built up a Disaster Contingency Fund which currently sits at \$9.3m (30 June 2023) and have insurance that covers some of our assets. However, in the event of major infrastructure failure this amount would not cover the total cost of replacement or repair.

Our initial approach is to:

- Use financial investments to provide ready cash flow
- Use debt capacity to access borrowing
- Use insurance payouts where available
- Utilise the self-funding disaster contingency fund
- Seek Central Government assistance
- Sell assets not essential to operations that are easiest to sell.

In the longer term, our recovery strategy would be to increase rates to top-up reserves or to provide increased insurance cover on underground assets

Financial policies and investment holdings

Financial instruments

We hold financial investments such as term deposits, as part of managing our cash flow to finance expenditure on operations, for example to:

- Provide ready cash in the event of a natural disaster. This cash is intended to bridge the gap between the disaster and the reinstatement of normal income streams and assets.
- Invest amounts allocated to accumulated surplus, Council-created and restricted reserves, sinking funds and general reserves.
- Invest funds allocated for approved future expenditure, to implement strategic initiatives or to support inter-generational allocations.
- Invest proceeds from the sale of assets.
- Invest surplus cash and working capital funds.

Our main aim when investing is the protection of our investment so only creditworthy counterparties are acceptable. We also seek to:

- Maximise return on our investment.
- Ensure investments are liquid.
- Manage potential capital losses due to interest rate movements if investments need to be liquidated before maturity.

We also invest in interest rate swaps and forward foreign exchange contracts, for the purpose of managing the risks of movements in exchange rates and interest rates. These financial instruments are used as hedging tools rather than to earn a return on the investment.

Te Tumu investment

In 2007 Tauranga City Council and Western Bay of Plenty District Council jointly acquired a block of land in Pāpāmoa, referred to as Te Tumu. This land was purchased with the condition of providing the vendor the option to acquire it sometime between December 2016 and December 2026 by repaying the loan and interest to Tauranga City Council and Western Bay of Plenty District Council.

Our objective in purchasing the land was to ensure development of the land was consistent with SmartGrowth objectives. Neither council intended to be the developer of this land or retain ownership in the long-term.

In November 2020 Western Bay of Plenty District Council disposed of its interest in Te Tumu to Tauranga City Council, to allow Tauranga City Council to negotiate directly with the developer rather than through a tripartite agreement involving both councils. This disposal involved a loan agreement between Western Bay of Plenty District Council and Tauranga City Council. The \$13m loan will be paid to Western Bay of Plenty District Council in 2027 (Year 4 of the LTP) and be used to offset debt.

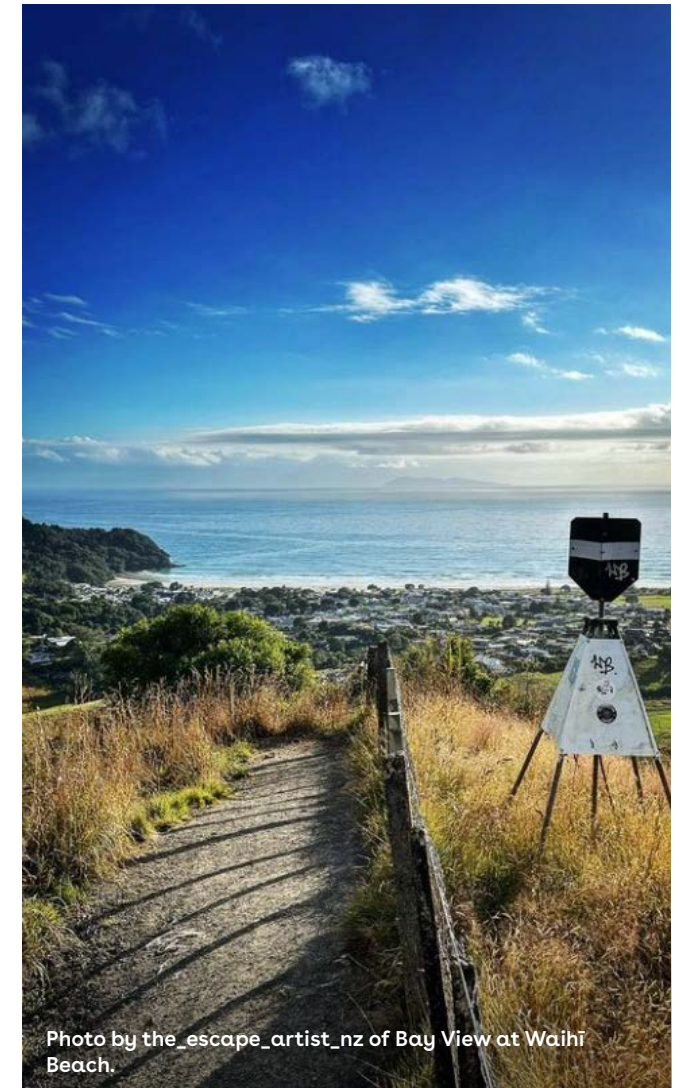


Photo by the_escape_artist_nz of Bay View at Waihi Beach.

Equity securities

We do not currently hold equity securities (shares) for the primary purpose of earning a return on our investment. There are no plans to invest in equity securities during the term of this plan. Below is a list of the companies in which we currently hold shares and details of the objective for holding the equity securities and a target rate of return.

Another option if times get tough is to sell shares in case of emergency.

Company	Objective of holding equity	Target rate of return
New Zealand Local Government Funding Authority (LGFA) – 8% shareholding.	To obtain a return on investment. To ensure that the LGFA has sufficient capital to become and remain viable so that it continues as a source of debt funding for us.	>0%
Bay of Plenty Local Authority Shared Services – 1/9th holding.	To provide the Bay of Plenty region councils with an umbrella vehicle to investigate, procure, develop and deliver shared services.	>0%
Co-Lab – Waikato Local Authority Shared Services holding – 1 share	To provide Council with shared services opportunities and efficiencies, and procurement panels	>0%
Western Bay of Plenty Tourism and Visitors' Trust – 50% holding.	To facilitate the establishment and governance of a regional tourism organisation, Tourism Bay of Plenty, which is a not-for-profit entity established to promote the economic welfare and development of the western Bay of Plenty region and its citizens through marketing, management and other activities that impact the region as a visitor and tourism destination.	>0%
NZ Local Government Insurance Company Limited (Civic Assurance) – 16,142 shares or 0.3% holding.	Civic Assurance is a mutual fund, so a prescribed number of shares is held proportionate to our interest in the fund.	>0%
Zespri Group Limited – 17,660 shares.	Shares were acquired as a result of purchasing of land under kiwifruit orchards. They are incidental to the main reason for buying the land, which is for future infrastructure development.	>0%
Seeka shares – 11,247 shares	Shares were acquired as a result of purchasing of land under kiwifruit orchards. They are incidental to the main reason for buying the land, which is for future infrastructure development.	>0%

Security for Council borrowing

Council's Treasury Policy guides its approach for borrowing and investments. Proposed changes to the policy have been minor for this LTP and have arisen as a result of increased levels of spend and alignment to appropriate delegations.

Our Treasury Policy includes the following statement regarding offering security for Council borrowing:

Council's borrowings and interest-rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. The utilisation of special funds and reserve funds and internal borrowing of special funds/reserve funds and other funds will be on an unsecured basis.

Under the Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Rating Act, excluding any rates collected by Council on behalf of any other local authority. The security offered by Council ranks equally or 'Pari Passu' with other lenders.

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

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

Council very rarely makes purchases in foreign exchange except for the occasional purchase of equipment or services. Our Treasury Policy precludes the use of foreign exchange risk management products, except to hedge significant commitments (i.e. those over \$100,000). As a result of its limited use of foreign exchange, Council has little direct risk of changes in currency exchange rates.

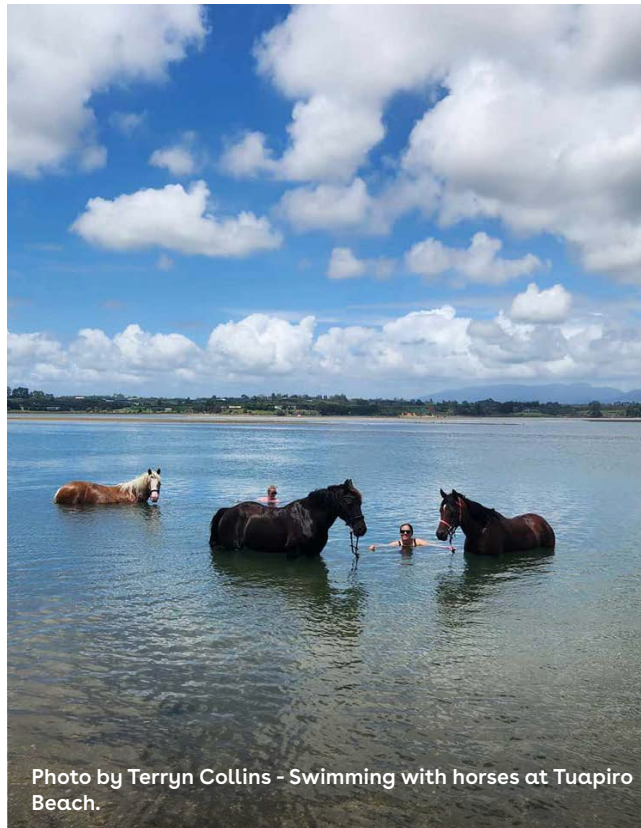
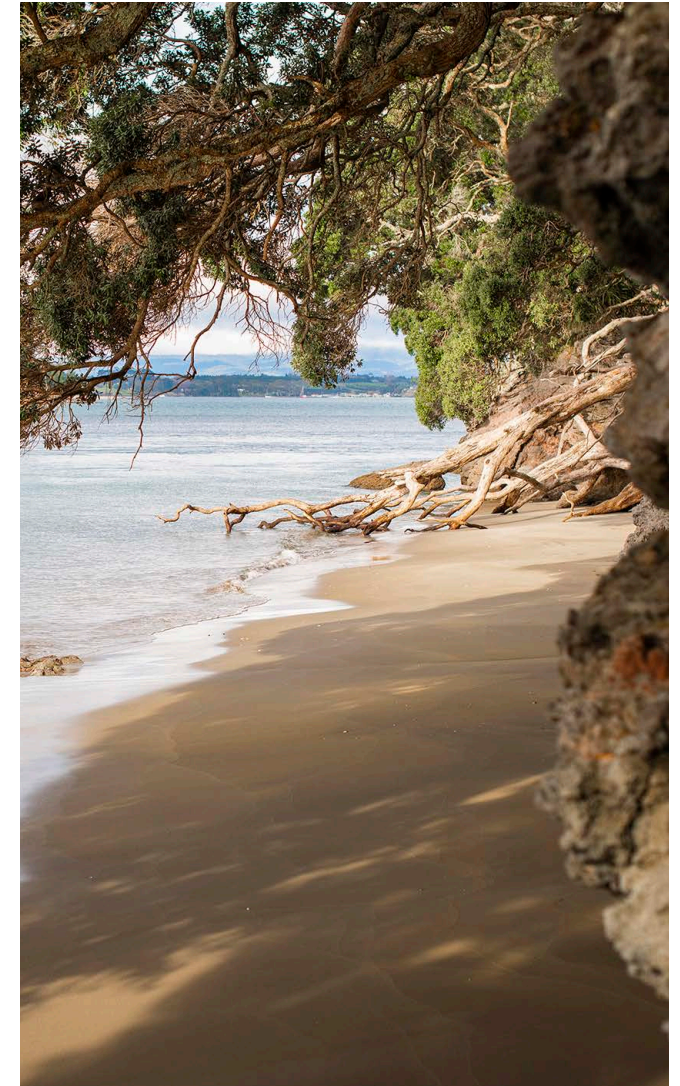
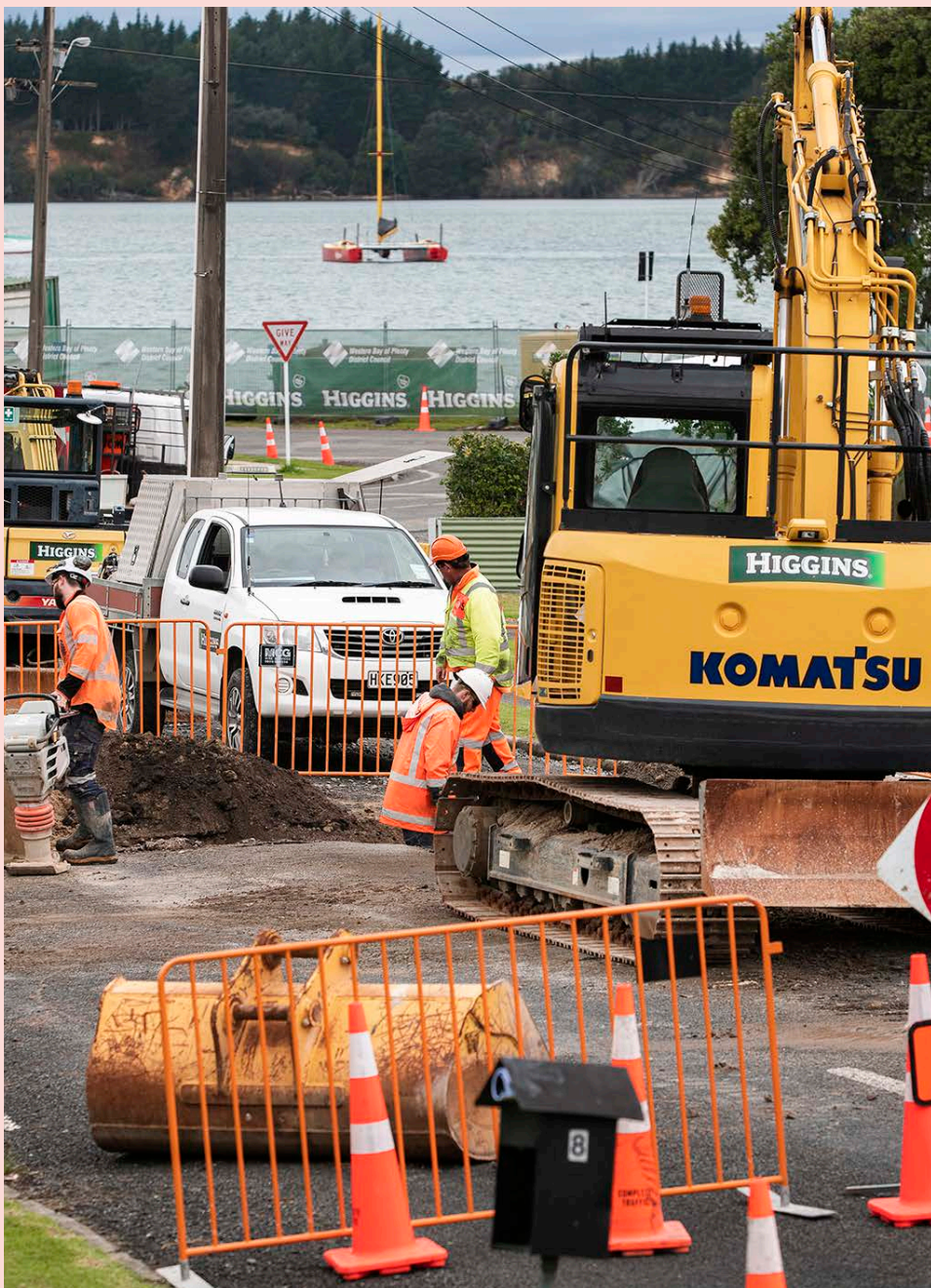


Photo by Terryn Collins - Swimming with horses at Tuapiro Beach.





Section 2 Informing our planning

Rautaki Hangahanga

Infrastructure Strategy

Infrastructure provides the foundation on which our District is built and supports most of what we do in our daily lives; the water we drink; the parks we plan in, the way we get to work and it doesn't end there! The decisions we make as a community on infrastructure investment have a huge influence on shaping the future of our District.

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Introduction

Infrastructure plays a crucial role in our lives and provides an important base for many of the activities we pursue; things like roads, water pipes, footpaths, playgrounds, libraries and swimming pools. It is key to our community outcomes and the ability to enjoy a healthy and safe lifestyle, have a thriving economy and a clean, green and valued environment.

The decisions we make on infrastructure have a big influence on shaping the future of our District. That is why Council identified 'providing resilient, well-maintained and efficient infrastructure' as a strategic priority for the 2024-2034 Long Term Plan (LTP).

We have lots of positives in place and opportunities to pursue. Compared to other parts of New Zealand, we are fortunate to have a good starting point. Our district has a diverse economy and thriving communities. There has been significant investment in infrastructure over the last 20+ years and we continue to grow.

In the 2024-2034 LTP, we have a perfect storm of political, social, environmental and economic pressures that we need to respond to. Council has made some hard decisions that balance our ability to achieve this strategic priority (resilient, well-maintained and efficient infrastructure), against a backdrop of significant financial challenges.

This strategy helps us to understand the short and longer term implications of these decisions. It provides a comprehensive overview of the infrastructure services Council will deliver to the community over the next 30 years, and the considerations, opportunities and challenges we will face in doing this. It is recognised that there is still a lot of uncertainty that could change our direction along the way, which is why our strategic assumptions are important.

Infrastructure is a core part of what Council provides to the community. In the 2024-2034 LTP, Council spends on average \$92million (capital expenditure) every year on infrastructure and looks after over \$1.8 billion worth of assets. It is not possible to do everything, and choices are made on how Council will manage infrastructure investment. The Financial Strategy helps to achieve the balance between the ability of the community to pay and the need to deliver important infrastructure services to the community.

The following types of infrastructure are included in this strategy:



Stormwater



Water Supply



Wastewater



Transportation



Solid Waste



Recreation and Open Spaces



Community Facilities
(including Elder Housing)

What we are working with

This section provides an overview of our District and provides context for the approach taken to infrastructure in this strategy.

The environment

Western Bay of Plenty District stretches from Waihi Beach in the north to Otamarakau in the south and covers 195,000 hectares of coastal, rural and urban areas. The diverse landscape combined with a favourable temperate climate, provides an area rich in resources including indigenous flora and fauna, highly versatile soils, rivers and harbours.

Almost half of the District is in forest and a further 40% is pastoral land. Less than 1% of the total area is urban and includes the towns of Waihi Beach, Katikati, Ōmokoroa, and Te Puke. Smaller rural settlements are located across the District. Along the Pacific Coast, Waihi Beach and Pukehina Beach have grown from being popular holiday places to places with a higher proportion of permanent residents.

The spread of settlements makes the delivery of infrastructure more expensive compared to a compact single settlement, like a city. The topography and soil types can also increase infrastructure costs, particularly for roading which often suffers from weather-related stormwater damage. Rules in the District Plan help to concentrate development in areas where infrastructure already exists or is planned to occur.

The types of natural hazards that could occur in the Bay of Plenty coastal and harbour areas include tsunamis, storm erosion and storm flooding. The major natural hazard risk in the District is flooding. Long term coastal erosion is evident in coastal settlements (Pukehina/Waihi Beach), seacliffs (Maketu), estuary margins (Little Waihi), and the shoreline of Tauranga Harbour (Ōmokoroa, Te Puna, Opureora) and along the open coast. Natural hazards in neighbouring areas also have the potential to cut off communities for a period of time.

Provision of resilient infrastructure is vital to future proof the district, and a key consideration in the provision of new and renewed assets.

Our people

In 1991 the District population was 30,000. The Western Bay of Plenty sub-region is one of the fastest growing areas in New Zealand and includes Tauranga City with an estimated 163,000 people and Western Bay of Plenty District with around 60,000 people (2024).

Most growth has come from migration within New Zealand, and it is expected that this will continue. The sub-region is known as a 'sunbelt' destination due to the temperate climate and coastal location, attracting a higher ratio of older people than the national average.

The District is projected to continue to grow to 73,000 by 2054 with another 13,000 people expected to join us over the next 30 years. Ōmokoroa followed by Waihi Beach, Katikati, and Te Puke accommodate most of the population and future growth.



Our economy

Economic strengths include highly productive soils, exceptional growing climate, a range of lifestyle opportunities and a manufacturing base with an export focus all next to New Zealand's largest export port.

Our economy is underpinned by agricultural and horticultural sectors. These primary sectors drive a multitude of professional businesses and service industries and employ a diverse labour force. Urban growth areas include land zoned for commercial and industrial purposes to support further business development occurring. Our economy is strongly intertwined with Tauranga which provides most of the sub-region's manufacturing and services.

Compared to other areas, our economy has been relatively cushioned from impacts of COVID-19, due to our diversity, strong rural sector (especially horticulture) and low reliance on international tourists.

Western Bay of Plenty district is part of the Golden Triangle (Auckland, Waikato, Bay of Plenty) and our economic growth is expected to be above the national average. Improving business resilience and sustainability will be a key challenge moving forward, along with supply chain, inflation and interest rate pressure, and difficulties in the attraction of talent and skills into the labour market.

Rangiuru Business Park located near Te Puke, and the Tauranga Eastern Link, provides capacity for commercial and industrial growth with around 150 hectares of land available.

The environment, soils and climate are not only attractive for agricultural production but also for people wanting a relaxed outdoor lifestyle. The District is close to the amenities of Tauranga, yet much of the area retains a rural and small-town atmosphere.

Our infrastructure

Between 1998 and 2008 the District grew rapidly with the population increasing by 18%. Council provided infrastructure for the growing community. Water and wastewater schemes were established predominately for development of urban areas, with water supply also supporting development of the primary sector in rural areas. During this period there were substantial government subsidies for these schemes which Council took advantage of.

Prior to the 2007 Global Financial Crisis, Council's approach to infrastructure was that 'growth pays for growth' and that new infrastructure was installed ahead of time to encourage growth. The slowing down of growth created a conflict between these approaches, substantially increasing debt to fund the shortfall of financial contributions received from growth. This prompted a change in approach, to a policy of 'just in time' infrastructure provision. Where practical, capital expenditure is committed where there is sufficient evidence to show that development will occur. This seeks to ensure that growth-related debt is repaid as growth occurs and that existing infrastructure is used to its full extent. This principle still applies today.

From 2015 to 2018, Council adopted a financial strategy of applying a rates contribution to service the interest payments on growth-related debt. Through the 2018-28 LTP the community supported Council reviewing each year the actual amount of rates applied to service the interest on growth related debt. From 2018 to 2021, the amount we put towards this was reduced, due to increased development activity and favourable interest rates. This approach, coupled with prudent management of the capital works programme, means our net debt¹ reduced from \$144 million in 2015 to \$75.5 million in 2020.

Council provides a significant amount of infrastructure and understands first hand the impact recent events have had on the ability of our infrastructure network to respond to the needs of our communities.

The age of our infrastructure assets is diverse across the different activities, with lifecycles that range from 3 years (for some technology-based equipment), to 80 plus years for some infrastructure assets. The age and the remaining useful life of some of our assets will place additional pressure on renewals funding. These funding pressures must be considered in conjunction with the funding requirements to maintain and/or increase service levels and/or create new assets in respond to growth and demand.

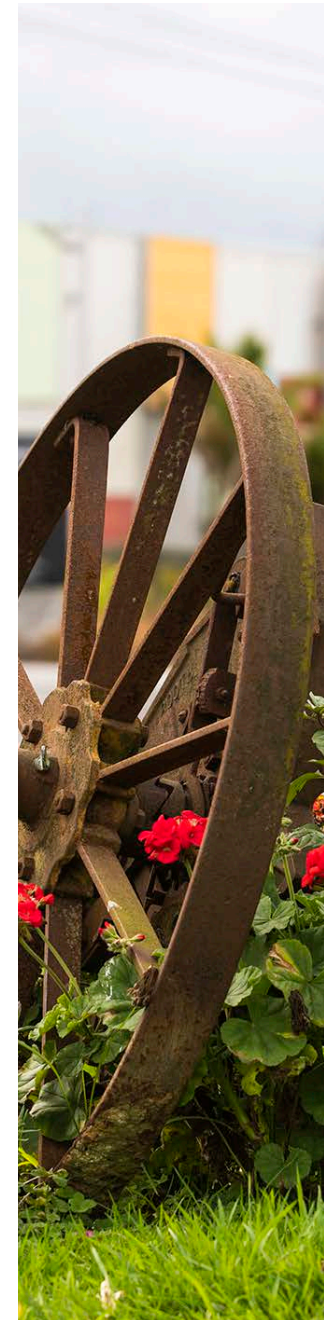
¹ Net debt is total borrowings less cash



Photo by Sarah Parker of her family taking a break and enjoying the view at Park Road, Katikati.

Key strategic issues for infrastructure

<p>Population growth</p> <p>For further information see pages 32, 33 and 34.</p>	<p>Our district continues to grow. Forward planning and a consistent approach to investment in growth areas over the last two decades means we are continuing to manage how and when growth occurs.</p> <p>A review of the 2024-2034 Structure Plan for district wide growth-related infrastructure projects has been conducted, detailing schedules, cost estimates, funding sources and construction timelines. The project schedules have been updated based on changes in land development timing, construction and design cost estimates and population growth forecasts. Over \$157 million investment (Council funding, growth funding and other agencies such as Waka Kotahi) is in the 2024-2034 LTP for growth related infrastructure in Ōmokoroa - roading, water, water supply, stormwater and reserves. Projects also provide for Te Puke growth including a replacement wastewater treatment plant, library and swimming pool.</p> <p>A decision to increase our net debt to revenue ratio from 180% to 200% recognises the significant investment in growth areas and the need for debt headroom should the unexpected occur.</p>
<p>Levels of service</p> <p>For further information see pages 45,47, 86, 87 and 88.</p>	<p>We continue to work towards achieving our levels of service with annual reporting helping to identify gaps and areas of focus for future LTP's and Annual Plan processes. We are seeking to absorb reduced funding from Waka Kotahi from 2024-2027 to ensure we continue to achieve our levels of service for transportation activities. Council's funding share will remain so that we continue to invest in our transport network.</p> <p>Key level of service focus areas are the maintenance of roads and stormwater levels of service. Improvements to contracts for road maintenance will seek to improve the level of service of our roads. A review of the stormwater levels of service will determine whether changes are required to better reflect community expectations for stormwater management. Decisions made through the 2024-2034 LTP have meant some projects that deliver on levels of service such as swimming pool and library development are moved out, helping spread the costs of investment in these facilities.</p>
<p>Legislative requirements</p> <p>For further information see pages 44, 46, 49, 81 and 86.</p>	<p>Legislative change continues to create uncertainty and impact infrastructure costs. Increased environmental standards mean significant increased costs to Council. For example, wastewater and water activities as we respond to Taumata Arowai and investment in UV and water treatment requirements and resource consent conditions requiring significant investment in the Te Puke wastewater treatment plant and replacement options for the Katikati outfall pipe. Changes to the strategic priorities within the Government Policy Statement for land transport (2024-2027) have significantly reduced funding subsidies for our transport activities.</p>
<p>Asset renewals</p> <p>For further information see pages 53, 89 and 92.</p>	<p>Our approach to renewals is just in time. Renewals continue across the 30 years with peaks in the water and wastewater activities to reflect water bore and reticulation renewals, the Te Puke wastewater treatment plant replacement and management of the Katikati wastewater outfall pipe.</p> <p>We recognise that reduced funding from Waka Kotahi from 2024-2027 means previously subsidised road maintenance, improvement and renewals activities will need to be achieved within a reduced funding envelope. Our transition and move to an efficient and agile contract that provides improved value for money will enable us to do more in this space than what we could via our previous contract which required a more conservative approach.</p>



How we are responding to challenges and opportunities

This section identifies the key challenges and opportunities that will impact the way we plan for and manage our infrastructure in the future.

We outline what we are doing to respond to each of these key challenges/opportunities with further detail provided later in the strategy.

1. The cost of providing infrastructure
2. Legislative change
3. Population growth
4. Climate change

1.

The cost of providing infrastructure

We have an ambitious work programme for capital investment that is required to respond to population growth. This includes the costs associated with designing infrastructure to ensure the effects of growth on our natural environment are managed. Overall, our capital programme has increased by 42% since the last LTP and includes new significant projects.

Issues include:

- Cost of living impacts.
- Increased cost of materials and labour due to high inflation.
- Increased cost of borrowing for projects.
- Availability of contractors.
- Disruption to supply chains.
- Legislative change (see below).
- Resource consent delays.
- Detailed project investigation exposing unanticipated issues.

Opportunities include:

- New ways of doing things to create efficiencies.
- The pace of change driven by technological advancements will continue to influence the way we provide our infrastructure, for example, demand for electric vehicle charging stations.
- Smarter infrastructure can improve the way services work and help create spaces that are better to live in (e.g. public safety, air quality, efficient car parking, smart streetlights, emptying bins, water management etc).

What we are doing about it:

- Using our Financial Strategy to apply an affordability lens.
- Using robust Asset Management Plan (AMP) approaches to develop scenarios, and risk profiles that enable us to understand where we can sweat assets (noting that our wastewater and stormwater assets are relatively young however we are experiencing some issues) and where we need to prioritise the renewal of critical assets.

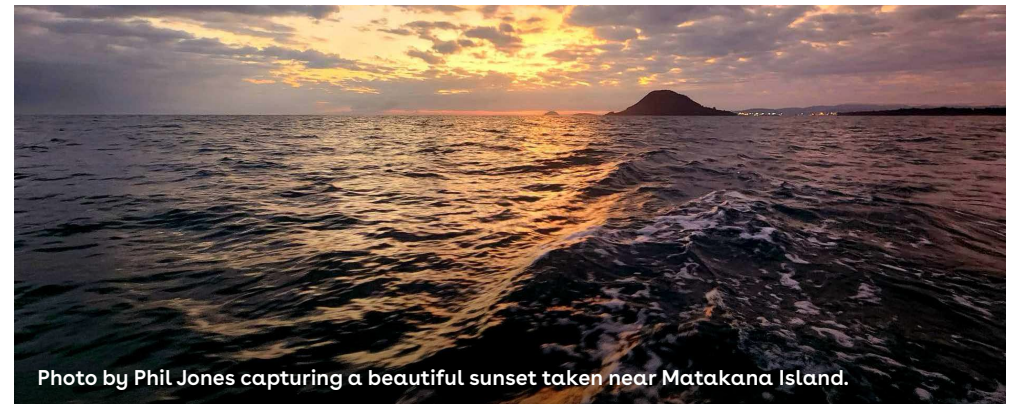


Photo by Phil Jones capturing a beautiful sunset taken near Matakana Island.

2.

Legislative change

The ongoing uncertainty of central government reform and legislative changes makes it difficult to plan ahead with clarity.

Issues include:

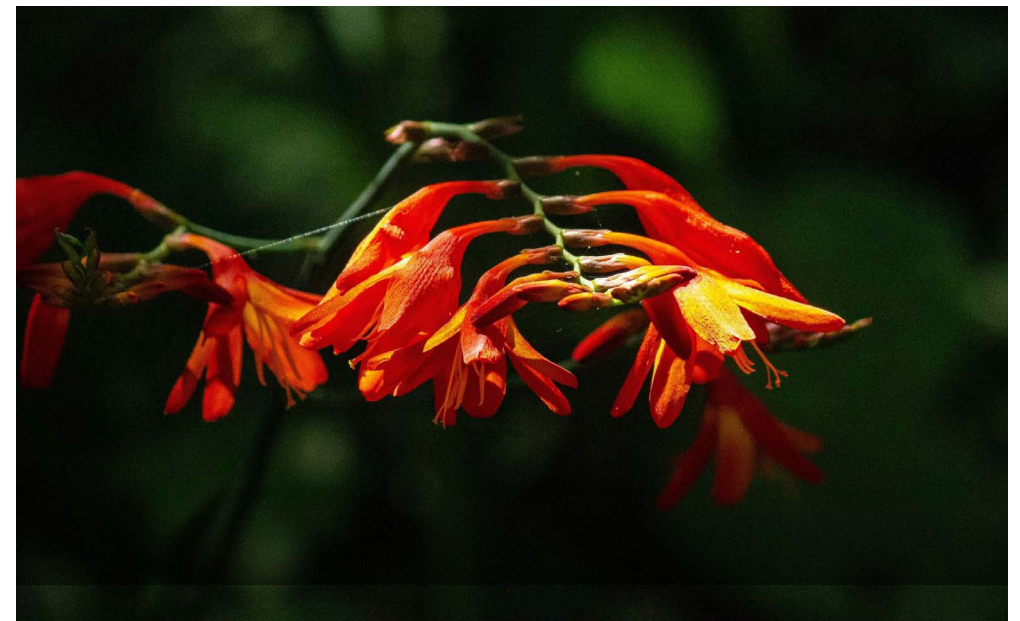
- A change in direction from three waters reform to implementing Local Water Done Well. In accordance with the Local Water Done Well framework, Council is assessing options for the delivery of water services. By August/September 2025 a Water service delivery plan will be in place and a decision made on a future delivery model (stand-alone or joint).
- The government has set out a three-year work programme to reform the resource management system. The Minister proposes three phases of reform, the first of which has been completed with the repeal of the Spatial Planning Act and Natural and Built Environment Act. Consultation has begun for Phase 2 changes including fast track consenting, changes to specific National Policy Statements and making it easier to build Granny Flats. The Minister has announced his intent to implement the Going for Housing Growth Policy, which is likely to require councils to make more land available for development, remove planning barriers and implement new funding and financing tools. At its core, it seeks to encourage councils to support housing growth. There will likely be challenges in servicing new areas for development with required infrastructure. As the proposed policy is yet to be implemented through legislation, it is difficult to anticipate the specific implications for our District. The first of new legislation for fast track consenting and National Policy Statements for biodiversity, highly productive land and freshwater management is expected later this year. Wider changes including an integrated national direction package and RMA replacement legislation is planned to be in place by 2026.
- Central government funding priorities have changed. The Government Policy Statement for land transport (GPS 2024) prioritises boosting economic growth and productivity, increasing resilience and maintenance, improving safety and focusing on value for money from transport expenditure. It also reintroduces the Roads of National Significance programme that was started under the previous National Government in 2009. Funding subsidies are no longer available for improvements and multi modal funding has been reduced to a third. Further to this, Government has chosen not to keep with inflation and market trends with regards to funding road maintenance and renewals.
- While new funding priorities have been signalled there is still uncertainty for waste minimisation activities.
- The time and resources required to adjust to changes impacts on the organisation.

Opportunities include:

- Potential for new funding and financing tools.

What we are doing about it:

- Council will continue to fund its share of previously subsidised transportation activities and invest in the network with a reduced funding envelope, seeking efficiencies wherever possible. Levels of service will be reviewed in 2025/2026 to determine our community's priorities within a changed government context.
- Making the best strategic assumptions we can with the information we have presently.
- Continuing to carefully monitor the path of proposed legislation and its implications for the LTP.
- Being flexible to change and ensuring we have the financial headroom to respond.



3.

Population and economic growth

We are a high growth district. Population growth brings benefits to the district but also creates challenges for the delivery of services and funding of infrastructure. Population projections help us plan the infrastructure required for growth. Most growth will be experienced in Ōmokoroa over the next ten years. Te Puke will continue to grow too. During this planning horizon, we will complete the Te Puke Spatial Plan and the Te Puke Wastewater Treatment Plant which will enable the capacity for further growth in this community. This growth is not limited to our district. Tauranga City will continue to experience significant growth over the next 30 years. Given the interconnectedness of our districts, growth planning is undertaken at a sub-regional level via SmartGrowth.

Issues include:

- Balancing the need to look after existing infrastructure assets with the need to provide new infrastructure to service growth areas. Consideration of asset needs, and potential deficits is important.
- The affordability and availability of housing is a significant issue for New Zealand and our district. This is exacerbated by population growth, as demand outstrips supply.
- Our primary industries are heavily reliant on having an efficient road network, (particularly for freight movement), and security of water supply. Tourism also relies on access to accommodation options and tourist destinations such as historic sites, coastal and harbour parks, and recreational experiences. Seasonal demand will continue. Horticultural workers and holidaymakers continue to create large seasonal increases in population, placing greater demand on infrastructure during this time.

Opportunities include:

- Growth brings significant benefits including increased prosperity, attracting investment, community vibrancy and diversity.
- Existing growth areas are at Waihi Beach, Katikati, Ōmokoroa and Te Puke. These towns have been growing since the 1980s and still have varied capacity for additional residential dwellings, and commercial/industrial development.
- The Rangiuru Business Park is underway with construction of the interchange with the Tauranga Eastern Link well advanced. Council has agreed to assist with the financing approach for this project, with costs also financed by Quayside Holdings Ltd.
- Future growth areas are determined through the Future Development Strategy (as part of the wider SmartGrowth Strategy). Investigations in the eastern and western corridor are underway to determine future development areas.
- Digital infrastructure planning needs to align with growth plans for our district to achieve economic transformation, digital equity and improve capabilities.

What we are doing about it:

- Council has identified the need to enable housing as one of our five strategic priorities. The focus is on working with others to ensure the provision of housing that is affordable, accessible and appropriate to the different needs within our community.
- SmartGrowth sets the strategic vision and direction for the growth and development of Tauranga City and the Western Bay of Plenty District. SmartGrowth is a collaboration between Western Bay of Plenty District Council, Bay of Plenty Regional Council (BOPRC), Tauranga City Council (TCC) and Tangata Whenua working in partnership with Central Government, businesses, education groups, industry and the community. It provides a shared pathway to guide us all toward a single vision - making the Western Bay a great place to live, learn, work and play.
- Planning tools such as spatial plans and structure plans are used in growth areas. They help to provide a comprehensive approach to how growth might be accommodated and what is required for our communities. They are a good tool for a community conversation as they provide a visual perspective of what an area might look in the future and set the expectation for the outcomes and actions required.
- Population projections and monitoring of uptake and development trends help keep track of what is occurring on the ground. That way we can adjust our investment accordingly, so we continue to enable growth and achieve a balance between providing infrastructure too far in advance and providing it 'just in time'.
- The Financial Strategy has been prepared to position Council's finances to allow for future investment as necessary to deliver on expected growth.
- Council has prioritised significant infrastructure investment to service existing growth areas over the last 5-6 years and will continue to do so. In the 2024-2034 LTP, this investment will help to service the Ōmokoroa Stage 3 structure plan area (between the railway and State Highway 2) and ongoing growth in Te Puke.
- A comprehensive review of financial contributions is underway in 2024. This will seek to ensure the approach we take to collecting contributions from development (or 'growth pays for growth') is easy to understand, consistent and equitable, well documented, with robust models in place to ensure continuity of approach.

4.

Climate change

Council must respond to climate change now to ensure a level of preparedness for future impacts. Failure to respond may lead to significant future challenges and costs.

Issues include:

- Providing increased capacity within the stormwater network, to cope with increased rainfall intensities and sea level rise.
- The location of roads close to the coast may require sea defences to protect from coastal erosion or may need to be relocated. Storm damage to roads and bridges from major events is an increasing concern.
- The potential for severe weather events and natural erosion to impact on waste and contamination overflows from our closed landfills.
- The future approach to the renewal, upgrade and provision of public land and infrastructure in coastal and harbour areas.
- Increased expenditure on operational responses and repairs due to the damage from storms increasing the need to provide sufficient debt headroom to be able to respond to unexpected events.
- Decline in resident satisfaction with roading and stormwater (based on the 2022-2023 Resident Survey) likely reflecting the impacts of Cyclone Gabrielle and other flooding events, on the roading network and in residential areas like Waihi Beach.

Opportunities include:

- Developing resilient infrastructure.
- Encouraging modal shift and transport choice.

What we are doing about it:

- Council has identified climate change as one of our five strategic priorities. The focus is on working with communities to build understanding and deciding together how to respond. We want to build community resilience across all our strategic priorities, so the community is in a better position to adapt and manage impacts of any changes.
- We are measuring our operational emissions and setting corporate emission reduction targets to assist with climate change mitigation.
- Better understanding the level of risk to our assets and beginning to develop options for reducing this risk. Infrastructure exposure and risk assessments have been developed for some of our most susceptible assets to inform climate change adaptation actions as a next step. Continuing to grow understanding of how climate change may impact our communities and infrastructure assets is key to our climate change response.
- Supporting development of local climate change action plans and providing support in response to local extreme events such as the recent Waihi Beach flooding, in collaboration with local response networks.
- Our next focus is to identify potential adaptation actions. To manage risks we need to think about where we build, how we build and what can be done with existing infrastructure to protect it or make it more resilient through upgrades. Local adaptation planning is a way for communities to work together to reduce the risks posed by natural hazards. It is possible that Council will need to consider this in the future in areas that are already susceptible to flooding and erosion, such as parts of Waihi Beach, Ongare Point, Te Puna West, Maketu, Te Rereatukahia and Omokoroa. We may need to consider a DAPP¹ approach for our high risk assets and areas.

¹ Dynamic Adaptive Pathways - works to establish potential scenarios - what the options are and identifying points when you decide to change track. Ideally four options - starting with lowest cost option and then trigger points for when you change.

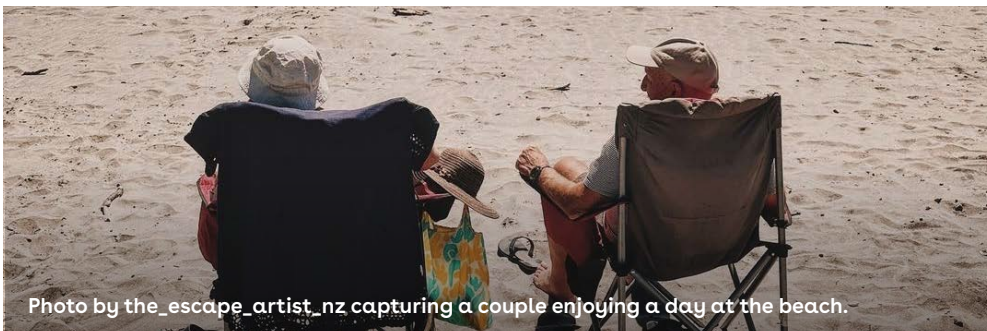


Photo by the_escape_artist_nz capturing a couple enjoying a day at the beach.

What we want to achieve

Infrastructure sits across all the strategic priorities. It is needed to enable housing to occur, it can help our communities thrive, Council facilitates and partners with Māori to identify infrastructure requirements that achieve their aspirations, and resilience of infrastructure is key to responding to climate change.

Our community outcomes are what we collectively aim to achieve to promote the social, economic, environmental, and cultural well-being of our district now and for the future:

- We can all enjoy a healthy and safe lifestyle.
- Our communities are vibrant and welcoming to all.
- Leaders are effective, informed and inclusive.
- Our environment is clean, green and valued.
- Our economy is thriving.
- We have authentic Te Tiriti based relationships with Tangata Whenua.

Our strategic priorities are what we consider to be the most important issues facing our community, and are a key focus of our 2024-2034 Long Term Plan and other work we do:

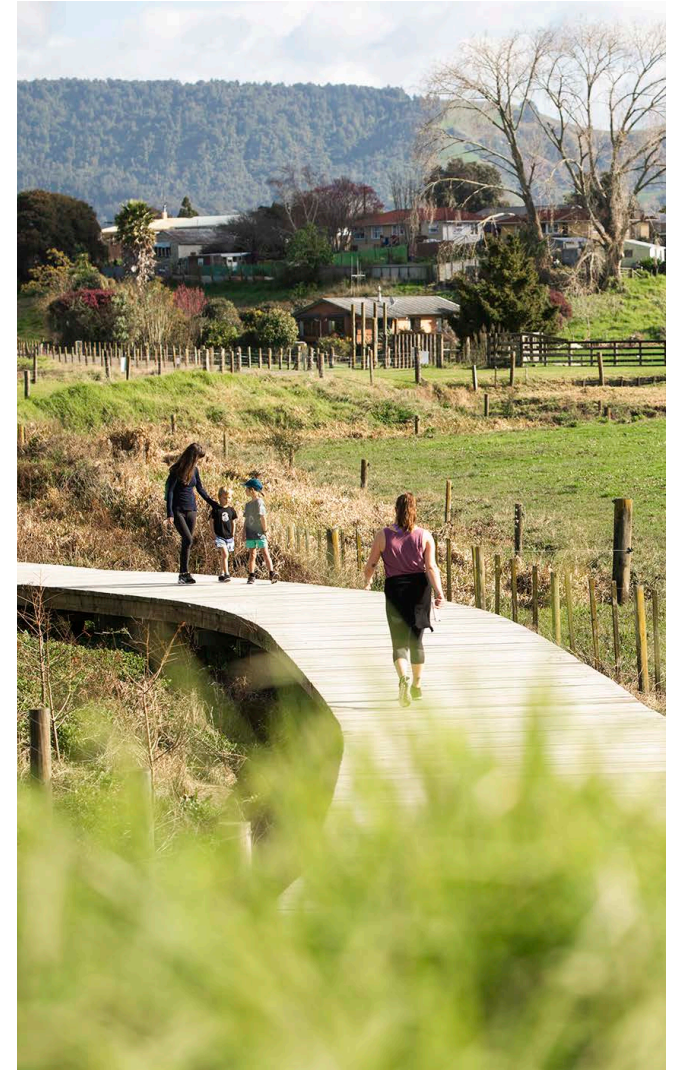
- Enabling housing.
- Empowering communities.
- Growing authentic Te Tiriti based relationships.
- Providing well maintained, resilient and efficient infrastructure.
- Responding to climate change.

The focus of this strategy is to demonstrate how we will give effect to our strategic priority 'providing resilient, well-maintained and efficient infrastructure' so we can continue to meet the needs of our communities and enable further growth to occur.

- Resilient means knowledge of our assets, understanding asset risk, exposure, identifying critical assets, incorporating resilience into our approach to renewals, upgrades and new assets, and for this to become business as usual (BAU) thinking.
- Well-maintained means sufficient renewals funding, good asset knowledge, ongoing renewal and upgrade programmes.

We can't do this alone. We need to work in partnership with tangata whenua and a range of organisations including Central Government, local authorities and community groups. SmartGrowth is a good example of where this collaboration already exists.

Efficient means integrated, streamlined, do it once do it right, systems and processes that encourage efficiencies in everything we do.



What this means for our infrastructure approach

Our goals for infrastructure planning, provision and management over the next 30 years are outlined below.

Goal	What we will do	Financial considerations
<p>1. Maintain the infrastructure and services we provide as efficiently and effectively as possible.</p>	<p>Regular condition assessments, renewals and upgrades to ensure infrastructure meets the needs of our community and we get the most out of our assets.</p> <p>Continue with a 'just in time' approach to the renewal and replacement of assets.</p> <p>Review of the AMP framework to implement a more consistent and streamlined approach to AMP development.</p> <p>Prioritise improvement of long term asset information for reserves and community facilities.</p> <p>Resilience is a key component of our asset management process. This includes understanding asset resilience, and implementing improvements when renewing, upgrading and developing assets.</p>	<p>Enduring programme of renewal and operational expenditure, guided by AMPs. Loan fund renewals when required to ensure intergenerational equity.</p> <p>Optimise use of infrastructure and streamline operational costs.</p>
<p>2. Provide the infrastructure required to support a growing community.</p>	<p>Continue to invest in the development of growth areas, recognising the benefits of growth to our community.</p> <p>Continue with a 'just in time' approach to the provision of growth infrastructure.</p> <p>Regular monitoring of growth uptake and development trends to better align infrastructure investment with growth patterns.</p> <p>Comprehensive review of our growth funding approach (financial contributions) to ensure growth pays for growth in a fair and equitable manner.</p> <p>Develop spatial plans and structure plans for growth areas to provide a comprehensive plan that identifies infrastructure requirements.</p> <p>Improve Council's project management structure and delivery model to ensure greater oversight and risk identification of projects, and sufficient pre-planning so that projects are delivered on time.</p>	<p>Debt limits provide capacity for growth funded capital expenditure to occur.</p> <p>Just in time approach provides greater certainty of growth funding revenue.</p> <p>Manage debt profile within identified debt limits.</p>
<p>3. Identify and plan for potential changes to levels of service in the future.</p>	<p>Anticipated level of service reviews are included in the significant infrastructure decisions. Funding subsidies from central government, particularly for transportation activities impact our ability to achieve our levels of service. We need to adjust to changes in central government priorities in the short term, and understand the longer term implications of this.</p>	<p>Flexibility in Financial Strategy debt and rates limits to adjust to a potential increase or decrease of costs with a change in levels of service.</p>
<p>4. Continually improve our knowledge of infrastructure, particularly in terms of asset condition, performance, asset efficiency and the impact of technology.</p>	<p>Improve asset condition information. The more we understand our assets the better informed we are on the risks and trade offs of investment decisions particularly when challenged with affordability issues.</p> <p>It's important that Council keeps pace with the changing world of infrastructure and technology and applies this thinking to future planning and investment decisions.</p>	<p>Flexibility in Financial Strategy to adjust to a potential increase or decrease of costs with a change in approach.</p>

Significant infrastructure decisions

Significant infrastructure decisions are those which are likely to cost a lot, have an impact across several infrastructure activities, and/or have the potential to be a big change to the current approach and levels of service.

We deliver infrastructure to support our community wellbeing, with all our projects providing a range of benefits across the four aspects of community wellbeing - social, cultural, economic and environmental. Below are the significant infrastructure decisions that require Council direction over the next 10-30 years.

	Topic	Why	2024 - 2034 LTP Funding	Approach or options	Implications
1.	Council's response to Local Water Done Well	<ul style="list-style-type: none"> Stormwater, water and wastewater are significant investment activities of Council. Government's Local Water Done Well framework is being used to determine the future delivery approach. 	<ul style="list-style-type: none"> Over \$365 million investment for stormwater, water and wastewater capital and operational projects. 	<ul style="list-style-type: none"> Assessing options for delivery Development of water services plan Decision on stand alone or joint delivery options made by August/September 2025. 	<ul style="list-style-type: none"> Impact on staff resources to gather information and respond, to inform decision-making processes.
2.	Addressing issues with pavement deterioration	<ul style="list-style-type: none"> Transportation (roading, footpaths etc) is a significant investment activity of Council. Significant increases in costs of delivering this activity. The state of pavement assets has deteriorated over time. Opportunity to localise delivery as maintenance contract requires renewal. Reliance on Waka Kotahi funding subsidy (via the Funding Assistance Rate). 	<ul style="list-style-type: none"> Significant investment in capital and operational roading and transport related projects. This includes subsidised and unsubsidised projects. Council will continue with its share of funding for these projects in 2024-2027 recognising a reduced funding envelope from Waka Kotahi. 	<ul style="list-style-type: none"> Continue with Council's funding portion of subsidised activities to maintain LOS and reduce pavement deterioration. Absorb reduced funding from Waka Kotahi through seeking delivery efficiencies. OR Remove unsubsidised transport projects and reduce LOS and maintenance programme. 	<ul style="list-style-type: none"> Determines Council's approach and investment on road maintenance.
3.	Transportation levels of service review	<ul style="list-style-type: none"> Transportation (roading, footpaths etc) is a significant investment activity of Council. Significant increases in costs of delivering this activity. Reliance on Waka Kotahi funding subsidy (via the Funding Assistance Rate) with a reduced funding envelope provided and changed priorities for 2024-2027. We need to fully understand the financial implications of this, options, the risk of any change to status quo and our current levels of service. 	<ul style="list-style-type: none"> As above. 	<ul style="list-style-type: none"> In 2024/2025, commence detailed analysis based on the Waka Kotahi funding changes. In 2025/2026, discuss options and potential level of service changes with the community. 	<ul style="list-style-type: none"> Impact on investment and delivery approach in future LTPs.

	Topic	Why	2024 - 2034 LTP Funding	Approach or options	Implications
4.	Ōmokoroa infrastructure investment for growth	<ul style="list-style-type: none"> Significant investment required in the highest growth area in the district. 	<ul style="list-style-type: none"> Over \$157 million investment (Council funding, growth funding and other agencies) over 10 year period in growth related infrastructure for Ōmokoroa -roading, water, water supply, stormwater and reserves. 	<ul style="list-style-type: none"> Council will continue to align the programme with growth patterns and implement a just in time approach where feasible. Other options that are not viable include adopting a lead or lag approach to infrastructure provision or stopping infrastructure investment. 	<ul style="list-style-type: none"> Balance between enabling growth in a timely manner and reducing financial risk to council if growth was to slow down. Other options impact the ability for growth to occur in a managed and financially sustainable way and are therefore discounted.
5.	Katikati wastewater outfall	<ul style="list-style-type: none"> Sections of the pipe are failing much earlier than the pipe design life. Investigation work in first 3 years. Consent expires in 12 years. Additional funding to 'manage' breaks in the pipe until a longer term solution is found. 	<ul style="list-style-type: none"> \$68 million with majority of costs in 2028/2029 onwards. Funding for potential breaks in the pipe until a solution is implemented. Higher maintenance to 2030 then decreases. Average over 10 years - \$740,000 per annum. 	<ul style="list-style-type: none"> Options will be determined via the investigation and feasibility process from 2024-2027. Decision (based on investigation outcomes) to be made in the 2027-2037 LTP. 	<ul style="list-style-type: none"> Potential compliance implications or prosecution risk if treated wastewater leaks continue.
6.	Waihi Beach stormwater Level of Service (LOS) review	<ul style="list-style-type: none"> LOS being met but there is a need to test this to ensure it still meets community expectations. LOS only looks at habitable floors whereas there are incidences where people's lives are at risk. 	<ul style="list-style-type: none"> \$10.5 million for LOS projects +\$14.8 million for renewals projects for Waihi Beach stormwater 	<ul style="list-style-type: none"> Level of service decision in 2027-2037 LTP. Will need to be considered in the context of decisions made on the Local Water Done Well framework. 	<ul style="list-style-type: none"> Impact on investment and delivery approach in future LTPs.
7.	Te Puke Spatial Plan	<ul style="list-style-type: none"> Comprehensive approach to enable growth. Opportunity to understand community expectations. 	<ul style="list-style-type: none"> No specific funding included for implementation. Includes planned investment in Te Puke e.g. new swimming pool (\$17m), library and service centre (\$15m), replacement of the Te Puke Wastewater Treatment Plant (\$77 million). 	<ul style="list-style-type: none"> Outcomes and funding requirements to be determined through spatial plan process. 	<ul style="list-style-type: none"> Impact on investment and delivery approach in future LTPs.
8.	Te Puke Wastewater Treatment Plant (replacement plant)	<ul style="list-style-type: none"> Meeting environmental quality requirements. Compliance with resource consent conditions. Providing capacity for growth. Service Rangioru Business Park (approx. 45% funded by Quayside) and Te Puke growth. Cost efficiencies to develop as one project rather than staged. 	<ul style="list-style-type: none"> \$78 million from 2025 - \$33 million funded from Council (a portion of this is growth related). 	<ul style="list-style-type: none"> Proceed with replacement facility and timing as per 2024-2034 LTP. Time critical due to existing plant being at capacity, the timing of the Rangioru Business Park and new discharge quality limits set in the new resource consent by 2026. 	<ul style="list-style-type: none"> Capacity and compliance consequences if replacement plant does not proceed.

	Topic	Why	2024 - 2034 LTP Funding	Approach or options	Implications
9.	Library level of service implementation	<ul style="list-style-type: none"> Existing facilities no longer fit for purpose. Investment needed. Achieve levels of service. 	<ul style="list-style-type: none"> Waihi Beach Library and Service Centre (\$5.5m) Te Puke Library and Service Centre (\$15m) Ōmokoroa Library and Service Centre in the new town centre (\$754,000) 	<ul style="list-style-type: none"> Proceed with timing as per 2024-34 LTP. OR Delay projects for future LTPs. 	<ul style="list-style-type: none"> Delivers on LOS. Delays risk increased maintenance costs and impact on the ability of current facilities to provide services to the community.
10.	Solid Waste – closed landfill and resource recovery and transfer station.	<ul style="list-style-type: none"> Closed landfill - Resource consents expire in 3-10 years for closed landfills (Te Puke, Waihi Beach and Athenree). Potential for more stringent requirements due to increased environmental standards. Demand for resource recovery and transfer station. 	<ul style="list-style-type: none"> Allowed for initial costs of \$1m for early work on resource recovery and transfer station facility but will need to be addressed within the 30 year timeframe of this strategy. 	<ul style="list-style-type: none"> Gap analysis underway to assist with consent application. Future decision and potential collaboration with neighbouring councils on resource recovery and transfer station (estimated cost of \$50million). 	<ul style="list-style-type: none"> Potential for significant cost to mitigate issues with closed landfills (as experienced in other parts of New Zealand).
11.	Community and recreation facility development	<ul style="list-style-type: none"> Council involvement in terms of ownership, management and funding occurs on an ad hoc basis. Lots of known proposals for facility development by community groups. Limited funding options and cost increases to develop these facilities. 	<ul style="list-style-type: none"> Development of a community investment framework with a clear process, criteria and funding priorities in 2024-2026. Inclusion of a community facility targeted rate in 2026/2027 and onwards. 	<ul style="list-style-type: none"> Implement a structured approach to determine Council's role, or Continue to consider Council's role on a case by case basis. 	<ul style="list-style-type: none"> Impacts the ability of community groups to deliver initiatives. Impacts the ability to deliver an equitable approach to the provision of community facilities (not covered by an existing level of service).
12.	The potential for new future growth areas (identified by SmartGrowth)	<ul style="list-style-type: none"> Further work to understand investment required to enable development. Eastern and western corridor feasibility underway and Industrial Land Study complete. 	<ul style="list-style-type: none"> No specific funding included. 	<ul style="list-style-type: none"> Continue to be part of the feasibility process and SmartGrowth to understand implications and opportunities for our district. 	<ul style="list-style-type: none"> Impacts on existing communities, financials, environment. Growth brings benefits as well as challenges.
12.	Swimming Pool level of service implementation	<ul style="list-style-type: none"> Existing facilities are no longer fit for purpose. Helps to achieve level of service over a 30 year period. 	<ul style="list-style-type: none"> Te Puke swimming pool - \$16.8 million. 	<ul style="list-style-type: none"> Council invests in indoor swimming pool facilities, or Council maintains the current outdoor swimming pool as it is. 	<ul style="list-style-type: none"> Delivers on Levels of service. Delays risk increased maintenance costs and impact on the ability of current facilities to provide services to the community.

The Big Picture

The 'Big Picture' captures what we plan to do over the next 30 years, based on what we know at this point in time. This is the most likely scenario that we will take for capital and operational expenditure on infrastructure from 2024 to 2054.

Expenditure Highlights

The most likely scenario for Council is that we will be spending approximately \$2 billion on capital projects for infrastructure over the next 30 years and \$4 billion on operational costs over this time.

Council has a focus on infrastructure investment in urban growth areas. In the short term this investment is predominately in Ōmokoroa, and beyond 10 years in identified urban growth areas. No specific funding has been allocated to potential new growth areas in the eastern and western corridor as our infrastructure response will be subject to further feasibility work in these areas via the SmartGrowth strategic partnership.

Our infrastructure investment also focuses on achieving agreed levels of service, and in progressing a steady programme of asset renewals.

The expenditure peaks put pressure on Council's finances and debt limits have been increased to allow for this and provide room to move if needed.

We have included the four activities of Council that collectively have a significant spend and that we have 30-year financial information on: those activities being stormwater, water, wastewater and transportation.

A separate overview is provided of the remaining infrastructure activities - Recreation & Open Space, Solid Waste and Community Facilities. A 10-year profile is provided as we need to do more work in this space to determine what the long term future looks like for these activities.

Over the next 30 years there are a number of significant issues and decisions required that will impact on the 'Big Picture' scenario. This information is included in the previous "Significant Infrastructure Decisions" section, along with reference to when decisions will need to be made and the budget process they are likely to be considered in.

The main spikes in capital expenditure are attributable to the wastewater, transportation and water activities as follows:

- The Te Puke wastewater treatment plant requires major infrastructure upgrades expected to cost \$78 million from 2025. This is needed primarily to meet more stringent resource consent standards relating to discharge quality, provide capacity for the Rangiora Business Park and to provide capacity for anticipated future population growth in Te Puke. Council's funding share of this total project cost is \$33 million (15% of this is growth related) with the balance funded from Quayside Holdings Ltd who are developing the Rangiora Business Park.
- The Katikati ocean outfall renewal in 2028/2029 at a total project cost of \$68 million is also a significant peak in expenditure. This project is identified as a significant issue as it is anticipated that Council will need to explore a range of options for wastewater disposal due to changing consent requirements.
- Transportation continues to have peaks throughout the 30 years. A significant focus over the first ten years is the implementation of the Ōmokoroa structure plan with most of these projects funded from financial contributions, with some external funding. A comprehensive review of the structure plan has sought to ensure investment aligns with land development timing and population growth forecasts. This was included in the Financial Contributions consultation following the adoption of the draft LTP. This resulted in a \$30 million increase from the draft LTP for growth related transport costs to 2025 and 2026. There has also been a significant increase in funding of renewals compared to the previous 10 years. Noting as well the reduced subsidy from Waka Kotahi from 2024-2027 and the need for council to seek efficiencies to deliver within a reduced funding envelope and to review our levels of service with the community in future annual plan/LTP processes.

Update – September 2024

On 3 September 2024 we received certainty from Waka Kotahi on the transportation funding subsidy, amount provided and funding priorities for 2024-2027. This is set in accordance with the Government Policy Statement on land transport 2024. The amount approved is less than what we requested, and the priorities have changed.

Over the first three years of the LTP, we received 61% of the funding requested from Waka Kotahi for our capital and operational programme. We did not receive any funding towards our improvement projects (of which we requested \$10 million) as this did not meet the threshold for this funding subsidy.

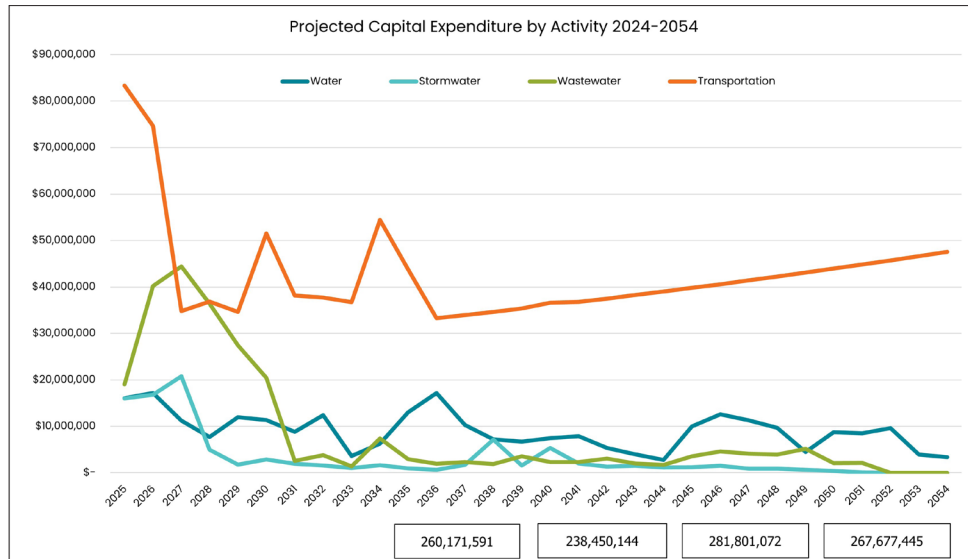
This is a significant change that has been received too late in the LTP process to enable significant rework of budgets and further meaningful community consultation.

The financial graphs throughout this strategy do not reflect the implications of the reduced Waka Kotahi funding due to this information being received so late in the process leaving insufficient time to completely rework the budget to accommodate this change.

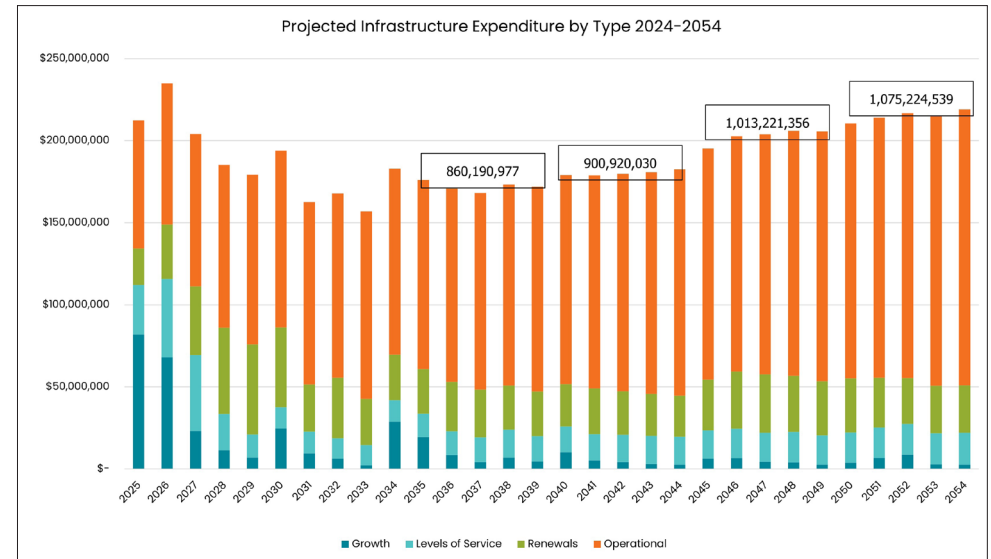
The financials continue to include Council's share of the transportation activity funding as consulted on with the community in May/June 2024 (subject to any changes through the deliberations process). Therefore the rates portion does not change as an outcome of the reduced Waka Kotahi funding.

Please refer to the Significant Issues section and the Transportation Activity section for more detail on our response to this change in funding.

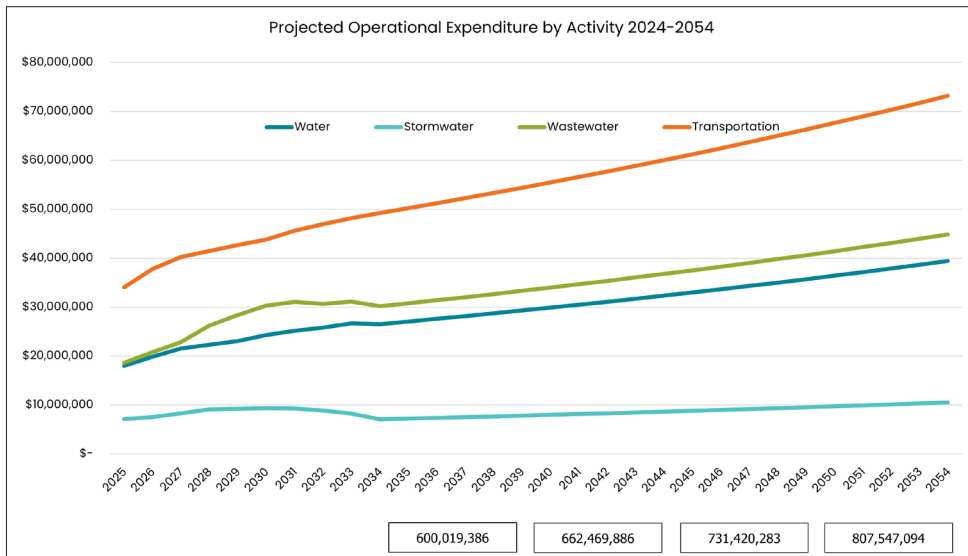
Note: Graphs align with the full project list and do not allow for the capital delivery assumption.



Projected Capital Expenditure by activity 2024 - 2054



Projected Infrastructure Expenditure by type 2024 - 2054



Projected Operational Expenditure by activity 2024 - 2054

Explanation:

- **Growth** is used to describe new projects identified in structure plans for the urban growth areas and funded (either wholly or partially) from financial contributions.
- **Level of service (LOS)** is used to describe projects that deliver on Council's adopted levels of service and are not growth related or renewals. It is not about new levels of service or any specific change in levels of service.
- **Renewals** are used to describe projects that replace or upgrade existing assets.
- **Operational** is what we need to do on a day-to-day basis to plan for and deliver services and ensure our assets are maintained. Operational expenditure includes costs, interest (expenses only), depreciation and overheads.
- **2025** is the 2024/25 financial year.
- All financial information includes inflation from 2025 onwards (as per the Strategic Assumptions these match the BERL forecast and from 2035 to 2054 an assumption of 2% inflation has been used).

Key assumptions

General assumptions	The 'Big Picture' is determined by applying several assumptions, including population increases, climate change and demographic changes. The assumptions are outlined in the Strategic Assumptions from page 30.
Funding assumptions	<p>Waka Kotahi's Funding Assistance Rate (FAR) is assumed to remain at 51% which is consistent with what Waka Kotahi has previously agreed.</p> <p>September 2024 update - The funding outcome from Waka Kotahi has resulted in Council only receiving 61% of the requested funding for operating and capital expenditure, and 0% for improvements. Council has had to review its strategy and will continue with its share and rate funding of some operating, capital and improvements within a reduced funding envelope. Council will be able to maintain LOS for operating and capital however improvements will now focus only on safety improvements with what funding is available (approx. \$10m due to Waka Kotahi not providing the additional \$10m requested for a total budget of \$20m).</p> <p>The Ministry for the Environment waste management levy is assumed to continue as per current rates (2024).</p>
Capital programme deliverability assumptions	<p>The planned capital works programme is an ambitious one. There are risks outside of Council's control that can impact on the ability to deliver regardless of the size of the programme. This includes availability of contractors, supply chain disruptions, legislative change, resource consent delays and further project investigation exposing unanticipated issues. Council is proposing to change the delivery model for the programme to respond to these challenges as follows:</p> <ul style="list-style-type: none"> • Awarding of construction work contracts is often over multiple years. Designing projects and awarding construction work contracts will be undertaken in the prior year for an immediate start in the allocated year. • Project Steering Groups will be in place for all major projects across the five activities to ensure they are delivered on time and on budget. • A comprehensive risk management plan for each capital project will identify potential risks, assess their impacts and outline mitigation strategies. <p>A delivery assumption is that Council will deliver 80% of its planned capital works programme in 2024/2025, 90% in 2025/2026 and full delivery in 2026/2027 which enables time for a new project management structure to be effectively deployed and operating. Over the life of the LTP we are expecting \$39.1m will not be delivered, however it will be addressed outside the 10 year period of the Long Term Plan. These are all growth projects that are expected to be delivered over the next 30 years.</p> <p>Our infrastructure strategy does not include this assumption however, the timing of these projects will be addressed through our asset management plans.</p>

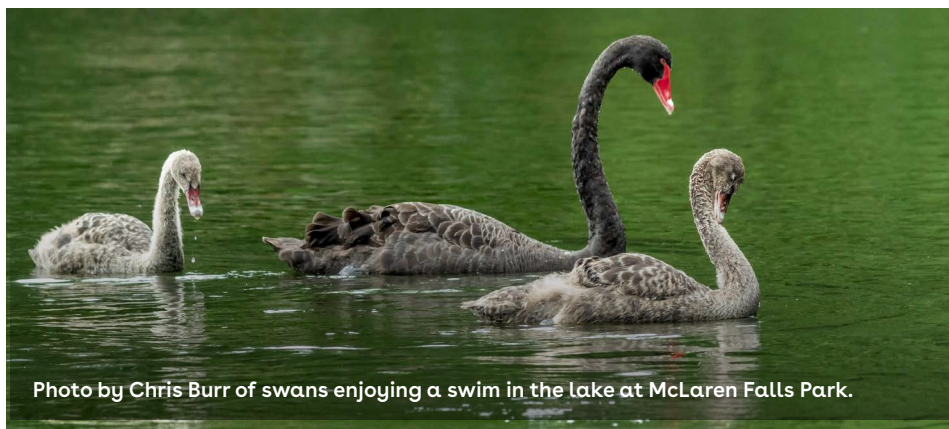


Photo by Chris Burr of swans enjoying a swim in the lake at McLaren Falls Park.



Photo by Nick Gavey taken at Pukehina Beach.

How we manage our assets

Council provides the community with infrastructure matched to agreed levels of service, that is cost effective and within an acceptable level of delivery risk. To do this, Council must make decisions and manage its assets throughout their entire lifecycle: build, operate, maintain and renew.

Asset Management Planning Framework

Asset management plans (AMPs) are in place for all activities included in this strategy. The plans have been prepared based on standard industry practice and are used to forecast expenditure needed to operate, maintain and renew assets.

The financial forecasts in AMPs are a result of analysing asset requirements based on three key assumptions:

- The future service level being delivered to the community,
- The future demand for the service, and
- The age, performance and life of the asset.

The Strategic Asset Management Plan sits above the individual AMPs and outlines overall asset management objectives and principles. It demonstrates an organisational approach to the coordination of asset management outcomes across asset portfolios.

The LTP, Financial Strategy and Infrastructure Strategy seek to balance the forecasted spending needs identified in AMPs with Council and ratepayer affordability.

Council is undertaking a review of the Asset Management Planning Framework.

It is intended that the review will encompass the whole AMP 'eco-system' and aims to implement a more consistent and streamlined approach to developing, maintaining and updating AMPs across Council's activities and to bring to the forefront, critical asset information.

Objectives and principles include:

- Long term sustainability guiding all investment decisions,
- Accurate asset information to improve the use of data in decision making,
- Non-asset solutions such as demand management and improved productivity are considered before initiating any new works, and
- Opportunities to progressively improve the resilience of our services to the adverse effects of extreme weather events, natural disasters and economic events is encouraged.
- Proactively identify, manage and monitor asset related risks including asset performance, compliance (regulatory/contractual) and financial risks.



Replacement of assets

Council has a renewal and upgrade programme to replace assets before they fail or do not have sufficient capacity to service demand. When considering the renewals programme, Council looks at both the condition and performance of the asset, taking into account the level of service being delivered and whether the asset is still fit for purpose. The aim is to get the best possible use of an asset from when it is constructed to the point when it is no longer usable. This includes the servicing and maintenance of assets to extend the asset life and gain additional service benefits.

Council also receives new assets from developers, which are checked for compliance before they become a Council asset. The expected useful lives of Council assets are detailed in AMPs and an overview is provided in the significant accounting policy regarding depreciation.

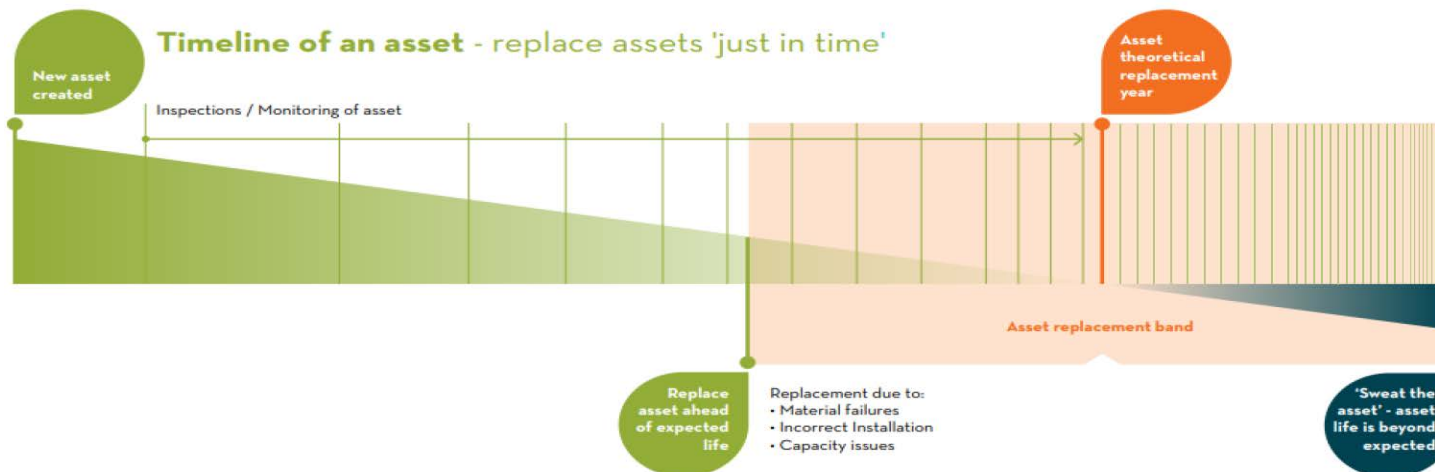
The diagram below illustrates the timeline of an asset and application of the 'just in time' approach.

Most infrastructure in the District is relatively new and only a short way into its asset life. This means that most significant asset renewals sit outside the 30-year strategy. The focus is instead on regular monitoring of the condition and performance of the assets. The exception to this is water assets, and some recreation and open space and road assets. Generally, Council has been investing appropriately in renewal and growth, such that there is no catch-up investment required.

Changes in demand and growth

Growth and demand, although related, have different implications for each activity. Growth generally relates to the growth of or change in population, these changes will in turn create demand. Demand however may also be influenced by factors separate to growth such as a change in trends and community expectations.

Council's infrastructure is analysed and modelled to determine when and how additional capacity should be implemented to cater for forecasted population growth. Growth rates are regularly monitored so that the investment programme can be adjusted if required to recognise a slowing down or speeding up of development on the ground. Other demand factors are identified in the AMPs.



Levels of service

Infrastructure planning enables the relationship between levels of service and the cost of the service to be determined. Council agrees levels of service with the community and then these provide the platform for infrastructure decisions. Climate change, natural hazards, community expectations, affordability and improving public health and environmental outcomes tend to be the main drivers that result in a change to levels of service. While the strategy identifies a 'business as usual' approach for infrastructure, it also identifies where potential level of service changes may occur in the future.

Public health and environmental outcomes

With increasing knowledge of public health and the environment, and corresponding increasing community expectations, the requirements to improve public health and environmental outcomes inevitably increase.

This is identified as a key strategic issue and key challenge for Council. Significant decisions and investment is required particularly in the areas of water quality and wastewater discharge to achieve compliance with increased water and environmental standards.

The AMPs and activity overviews in this strategy identify the likely implication of these changes on the management of infrastructure.

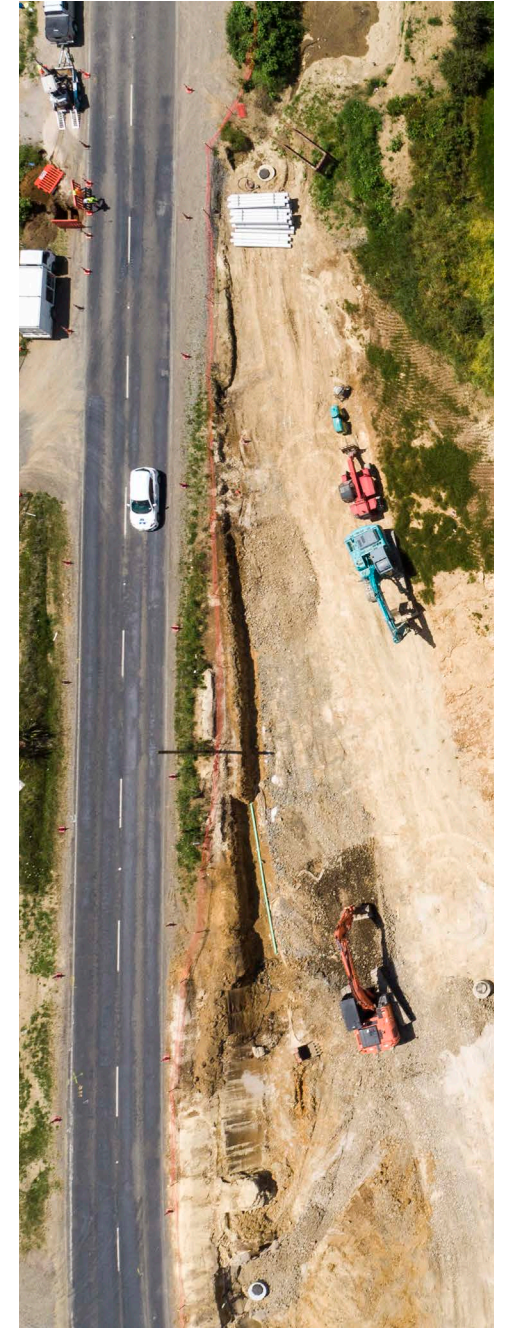
Natural hazards and risk management

Council is part of the Bay of Plenty Lifelines Group with other utility and service providers. The group aim to reduce the vulnerability of Bay of Plenty lifelines including improving disaster preparedness planning. Work is underway to examine the risk profile of lifelines assets against the impacts of climate change.

The Risk Management Policy (2013) provides the framework for the management of risks by Council and is applied at an activity level within AMPs. Critical asset data is included in the AMP and the management approach to these assets. For example, in the AMP for water supply, it is recognised that severe failure of critical water assets could compromise levels of service, provision of supply or ability to meet normal demands and risks contamination of supply. A 'Vulnerability Analysis' for water assets identifies critical assets and the likely impact of failure from natural events and asset priority ratings. Refer pages 115 and 116 and the list of critical assets.

Council has a Disaster Contingency Fund which currently sits at \$9.26 million and insurance cover. However, in the event of major infrastructure failure this amount would not cover the total cost of replacement or repair. The Financial Strategy outlines the options for funding infrastructure repairs if this situation was to occur.

Council undertakes modelling to better understand the impact of extreme events on underground and above ground assets to ensure that the appropriate level of insurance is in place for replacement. This will highlight areas of vulnerability and ensure that the appropriate financial and management response is in place. The resilience of assets is a key consideration in asset renewal, replacement and investment decisions.



Depreciation of assets

Depreciation is provided on a straight line basis on all buildings, reticulation assets, and other structures and library books, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Diminishing value is used for motor vehicles, office equipment and furnishings, library books and computer hardware. Land and drains are non-depreciable. The useful lives and associated depreciation rates of major classes of assets have been estimated and noted in the significant accounting policies.

Asset condition

Overall asset condition data is extensive and reasonably accurate, particularly in the transportation activity due to the nature of the previous performance based contract.

Wastewater and stormwater assets are relatively young which lessens the need to confirm condition assessments. However, the Katikati outfall pipe failure before its expected end of life indicates the need to undertake regular assessments despite the young age of these assets. In some cases there is still data to be obtained (such as recreation and open space assets) and this is a focus moving forward to ensure all asset condition data is captured. This information will improve future investment decisions. For example, the installation of water meters has significantly improved data and information on water usage patterns and provides us with a solid evidence base for future water infrastructure planning.

Regular condition assessments help to inform the maintenance and renewals approach. For underground assets a variety of methods are used to assess asset condition including CCTV and maintenance contracts.

A full network audit of the transportation network was completed in January/February 2024 to determine the condition of our pavement assets, and to develop a forward work programme for pavement renewals. This has been used to inform the LTP and NZTA request for subsidised funding.

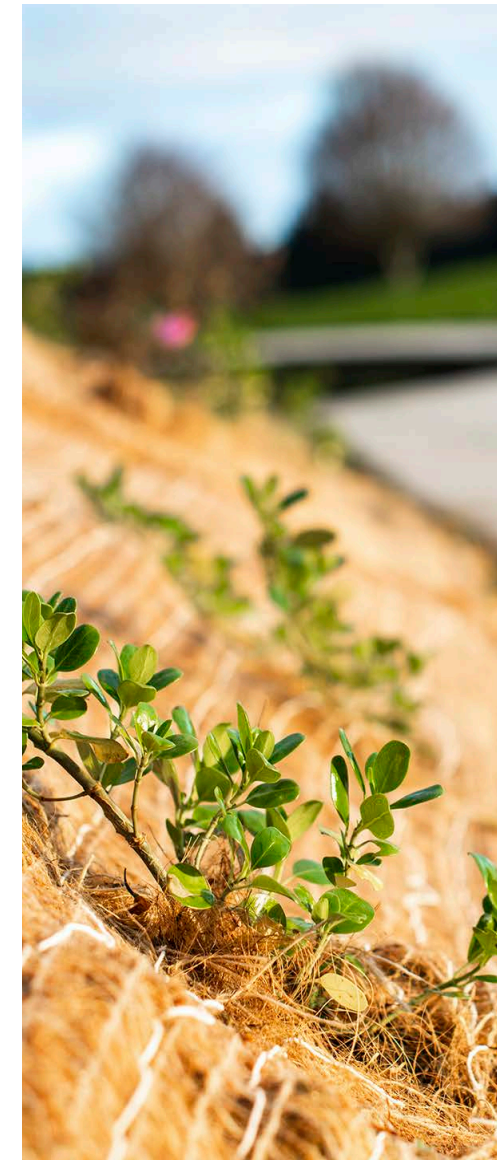
From a long term planning perspective, there is good information in place for the three waters and transport to determine a financial capital and operational programme of expenditure and highlight any forecast issues. Recreation and open space, solid waste and community facility activities have begun to improve the information outside of the 10 year period but still require further improvements for planning beyond this timeframe.



Photo taken by Jo Cameron along the Trig and Loop Track at Waihi Beach.



Photo taken by Jhen Alfonso capturing the views from Papamoa Hills.





Activity Overviews

Stormwater	98	Solid Waste.....	108
Water Supply	100	Recreation and Open Spaces	110
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Note: Graphs align with the full project list and do not allow for the capital delivery assumption.



Stormwater

Stormwater is water that originates during rainfall events. If stormwater quantity is not managed correctly, the volume and timing of the surface run-off can create flooding. If stormwater quality is not managed correctly, the run-off can collect contaminants from the land it crosses to the waterways, and this can result in water pollution.

What we provide

Council is responsible for urban stormwater networks that generally protect buildings and property from the effects of flooding and coastal erosion. The network is made up of pipes and open channels linked to guide stormwater to streams, rivers and the ocean.

Council's philosophy is to use natural contours and waterways rather than hard infrastructure, wherever practical. The road network (managed within the Transportation Activity) also helps to capture and manage stormwater flows in urban growth areas and small/rural settlements.

Reticulated stormwater assets are relatively young with 85% of stormwater pipes being less than 30 years old. The average life expectancy is between 80 and 100 years. Due to climate change and increased rainfall placing pressure on the capacity of existing assets, some pipes require an upgrade before their end of life. These have a component of renewal cost as a portion of the asset life has been used.

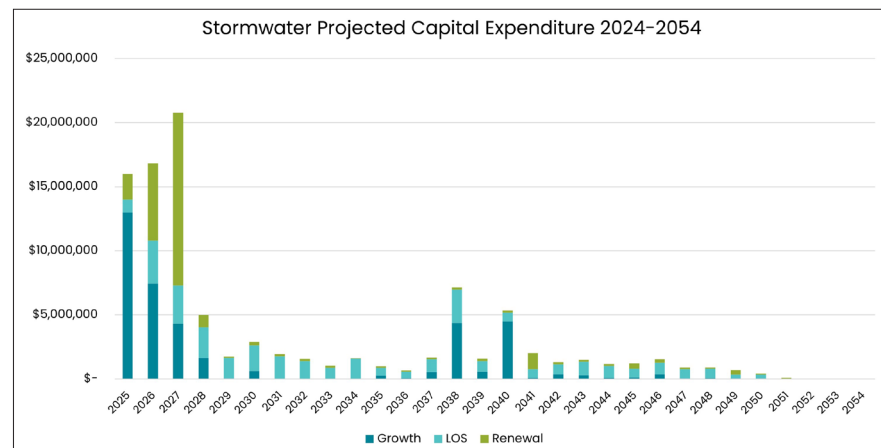
Key projects include:

- Ōmokoroa and Te Puke stormwater growth projects.
- Waihi Beach stormwater levels of service projects.
- Ōmokoroa structure plan works in 2038 and 2040.

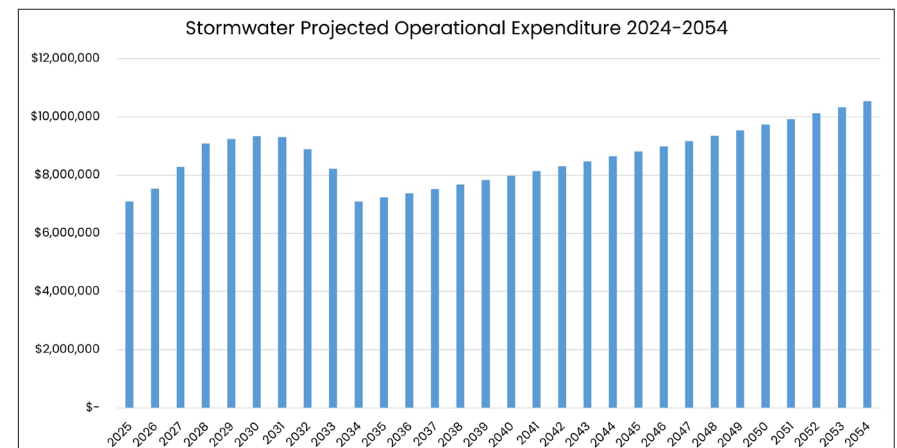


<p>What our key drivers are</p>	<p>Demand for infrastructure - Stormwater demand is directly related to the creation of impervious surfaces and rainfall. Demand for new or upgrade of existing stormwater infrastructure arises due to changes in land use, rainfall patterns and the regulatory environment which aims to improve stormwater discharge quality. Council only allows network extensions beyond planned growth zones in very limited circumstances.</p> <p>Climate change - Flooding events due to increased rainfall intensities and sea level rise particularly in coastal and low-lying areas. New and upgraded stormwater infrastructure has the latest climate change information influencing the design and implementation.</p> <p>Level of service - For a one-in-ten year flooding event, the number of habitable floors affected. Expressed per 1000 properties connected to Council's stormwater system and the targets are different in each area to reflect local characteristics. Community expectations are changing regarding what is an acceptable amount of regular flooding.</p>
<p>What our focus is over the next 30 years</p>	<p>Council's stormwater management system manages flood risk, contributes to improving water quality, and to enhancing ecological and cultural values. Our focus is on:</p> <p>Increased standards - Continuing to obtain and implement comprehensive stormwater consents for sub-catchments, based on an integrated catchment management plan. Carrying out monitoring and modelling to ensure compliance with consent conditions. Recognise higher costs for upgrades and operations.</p> <p>Level of service - Following extreme weather events in early 2023, district wide levels of service will be reviewed to explore whether they should not only consider the affects of flood waters on habitable floors but also the flood hazard risk to people. This will need to be considered in the context and timing of Local Water Done Well decisions.</p> <p>Asset condition assessments - Most reticulated stormwater assets are assumed to be in good condition due to age, however a condition assessment programme, prioritising critical assets first, will test this assumption. Regular maintenance and inspections provide a good understanding of the condition of above ground assets such as pump stations and treatment plants.</p> <p>Increased costs - The value of stormwater assets has increased by 27% from 2020 due to new assets for growth, and increased inflation. This increase is expected to continue due to development mainly in Te Puke and Ōmokoroa. Additional operational funding is required to service these assets.</p>

Expenditure Forecast 2024 - 2054



Stormwater Projected Capital Expenditure 2024 - 2054



Stormwater Projected Operational Expenditure 2024 - 2054



Water Supply

Council is responsible for the sourcing, treatment, storage, distribution and management of the District's water supply. Currently approximately 67% of the population is connected to Council supply. Water is supplied from nine bore fields which tap into deep reliable, plentiful and high-quality water in underground aquifers. Nine water treatment plants are located throughout the District. Water supply customers include residential, commercial, horticultural and agricultural users.

What we provide

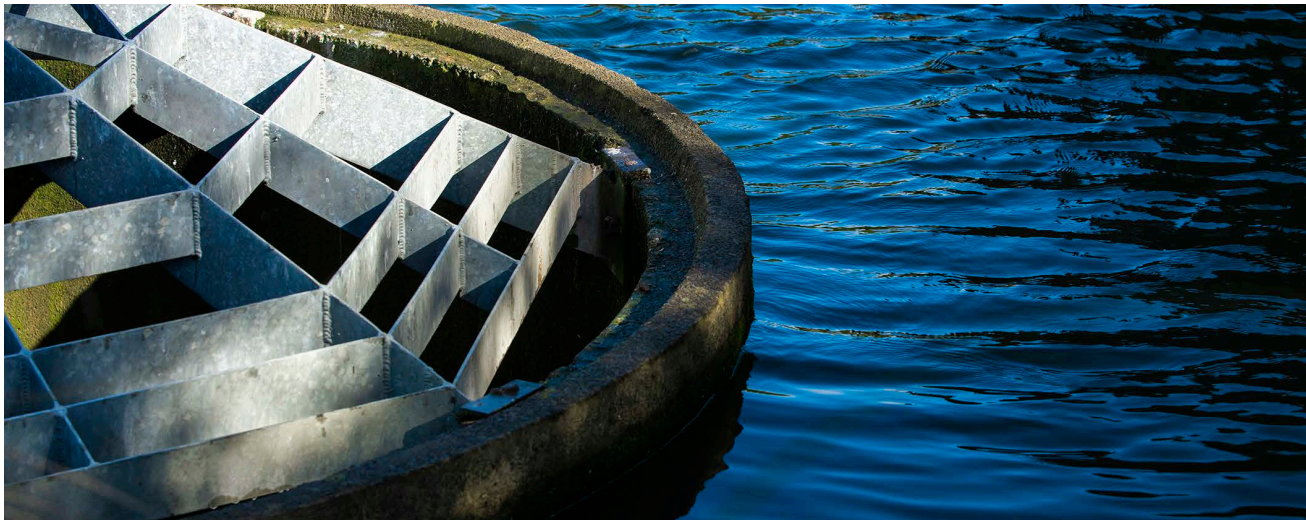
Council's water supply network services three water supply zones:

- Western Water Supply Zone: Waihi Beach, Athenree, Kauri/Tanners Point, Ongare Point, Aongatete and Katikati areas.
- Central Supply Zone: Te Puna, Minden, Pahoia and Ōmokoroa areas.
- Eastern Supply Zone: Te Puke urban and surrounding rural areas and areas east of Te Puke, Paengaroa, Maketu, Pukehina and Pongakawa.

Council is constantly aiming to achieve an appropriate balance between water production and water consumption. Water supply needs to be sufficient to cope with peak demand and water storage needs to ensure a minimum of 24 hours average daily demand storage in all systems.

Water assets vary in age and condition, from new to 65-70 years across the district. The age, performance, frequency of failure, and the cost of repair of an asset, all contribute to renewals planning. Generally, most water assets are in good or better condition and perform reliably to deliver required levels of service.

A number of water supply assets will be near the end of their useful life within the next 30 years. Renewals work over this time includes water mains, bore pumps, 7 large reservoirs and multiple smaller tanks and all customer meter sets and backflow protection across the district. Council has managed to successfully reduce issues with water leakage over the years. Water meters have played a big part in this reduction.

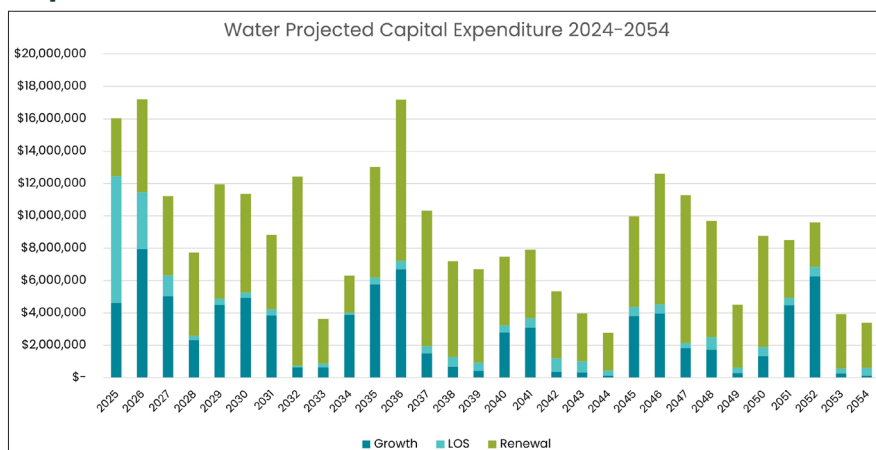


Key projects include:

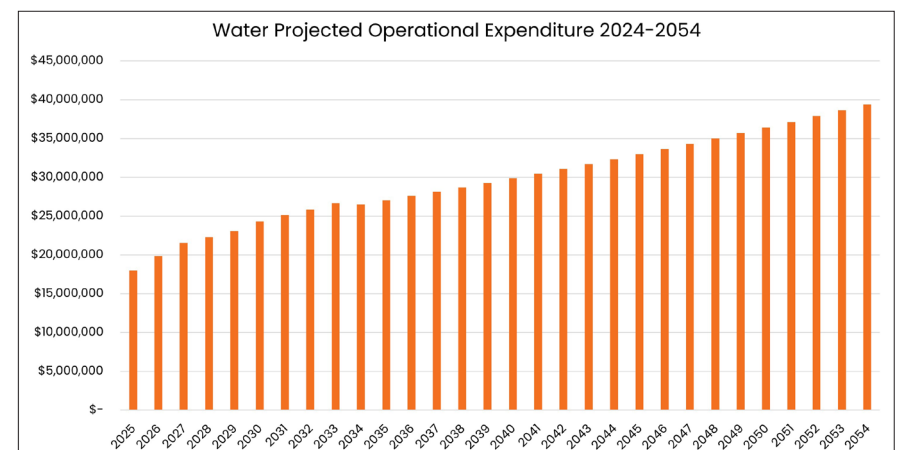
- Western supply zone reticulation capital improvements
- Central supply zone reticulation improvements and additional reservoir to increase storage capacities to cater for growth, particularly in Ōmokoroa
- Eastern supply zone reticulation and reservoir improvements
- Eastern supply zone - Rangiuru Business Park new pipeline

<p>What our key drivers are</p>	<p>Reducing water demand - Water conservation provides additional environmental benefits by reducing volumes of wastewater and protecting the water resource itself. This also lengthens the life of existing treatment, storage and reticulation infrastructure and means we can defer some capital expenditure.</p> <p>Providing for growth - Urban areas have a greater concentration of people requiring access to water supply with most demand in Waihi Beach, Katikati, Ōmokoroa and Te Puke. Waihi Beach has a significant impact on peak demand due to the high number of holiday homes and water consumption increase during summer. Horticultural and agricultural users have high water consumption. Modelling helps to determine when additional water sources and supply are needed. Council only allows network extensions beyond planned growth zones in very limited circumstances.</p>
<p>What our focus is over the next 30 years</p>	<p>Council aims to ensure that water supply is provided in a sustainable manner. This will help to achieve a clean, green and valued environment, a thriving economy, and enjoyment of a healthy and safe lifestyle. Our focus is on:</p> <p>Water conservation - Council has developed a Water Conservation Strategy for the use and management of drinking water. Council will continue with water reduction initiatives including monitoring of water meter information, maintenance contracts response to leaks or asset failures, and real time reporting on water production, treatment, storage, and backflow prevention devices to reduce contamination.</p> <p>Asset renewals - Currently, about 28% of Council’s water mains are aging asbestos cement (AC) pipes which are programmed for renewal over the next 15 years, mainly in the Western and Eastern Supply zones. Significant other renewals include electrical and communication components, monitoring and treatment plant, pump stations, reservoirs and tanks, bridge and stream crossings, control valves, metering and backflow prevention. A strong water main renewals plan will continue across the district, focusing on AC and aged water main and connection replacements. The renewals plan is structured to prioritise and progressively renew these mains to avoid a ‘bow wave’ of renewals in later years.</p> <p>Providing for growth - There are several new water sources (bores), treatment plant upgrades, reservoirs and trunk mains included in structure plans to increase water production capacities to meet growing demand from development and growth, particularly for Ōmokoroa and in the Eastern Supply Zone, during the next decade.</p> <p>Increased standards - An increase in compliance standards, monitoring and treatment are expected. All water treatment plants will have significant improvements, such as UV treatment, to meet compliance requirements and improvement water quality resilience.</p>

Expenditure Forecast 2024 - 2054



Water Supply Projected Capital Expenditure 2024 - 2054



Water Supply Projected Operational Expenditure 2024 - 2054



Wastewater

Wastewater is the water that comes from toilets, showers, dishwashers, washing machines, taps and commercial or industrial processes. It is made up of 'blackwater' from the toilet and 'greywater' which is household water from the shower, bath, basins and washing machine. Demand for wastewater services is driven principally by population growth, environmental degradation and public health issues.

What we provide

Council is responsible for wastewater collection, treatment and disposal to its customers in seven urban communities: Waihi Beach; Katikati, Ōmokoroa, Te Puke, Maketu/Little Waihi, Te Puna West and Ongare Point. The service applies to all residential, commercial and industrial users. Wastewater from urban areas is collected and conveyed in pipes, manholes and pump stations to one of five wastewater treatment plants (WWTP) owned and operated by Council. Wastewater from Ōmokoroa and Te Puna West is an exception as it flows through the pressurised Ōmokoroa Transfer Pipeline and gets treated at the Chapel Street WWTP owned by Tauranga City Council (TCC).

The value of the assets has increased by approximately 35% from 2020 due to new assets to cater for growth, and increased inflation. These increases are expected to continue particularly with the planned upgrades at the Te Puke, Katikati and Waihi Beach WWTP including replacement of the Katikati Outfall.

Reticulated assets are relatively young with 48% of wastewater pipes being less than 20 years old, and 2.5% of the pipes over 50 years old. The average life expectancy of wastewater reticulation assets is between 80 and 100 years.

An assumption is that most of these assets are in good condition due to age, however a condition assessment programme which will prioritise critical assets first, is intended to confirm this assumption. Council has a good understanding of the condition of above ground assets such as pump stations and treatment plants through regular maintenance schedules and inspections.

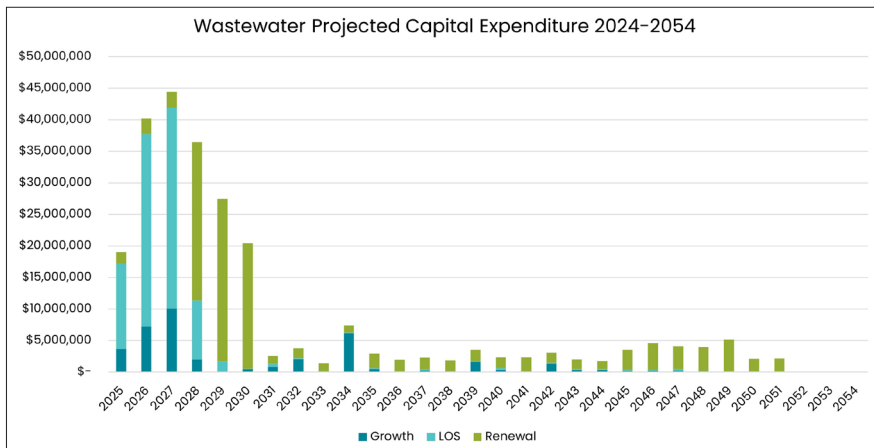
Key projects include:

- Te Puke Wastewater Treatment Plant replacement facility (2024 - 2027).
- Katikati ocean outfall or alternative discharge (2028 - 2030).

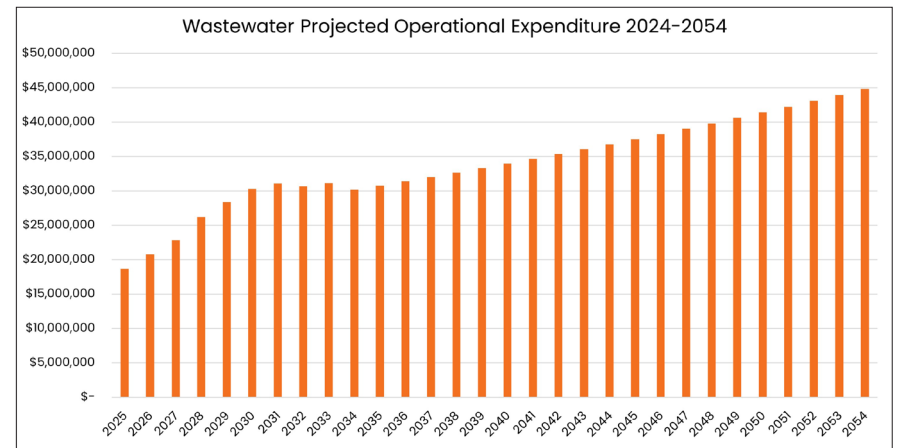


<p>What our key drivers are</p>	<p>Providing for growth - Urban areas have a greater concentration of people that require provision of wastewater services. The greatest areas of demand for wastewater services are Waihi Beach, Katikati, Ōmokoroa and Te Puke. Waihi Beach experiences additional demand driven by holidaymakers. Requests for new wastewater connections are also received from unserved areas, usually on the margins of urban areas and or industrial development proposals. Council only allows network extensions beyond planned growth zones in very limited circumstances.</p> <p>Environmental degradation and public health issues -increased compliance requirements to protect public health and the environment. With increased standards comes higher cost for upgrades and ongoing operational costs. Council is currently experiencing this with the Te Puke and Katikati wastewater treatment plant upgrades.</p>
<p>What our focus is over the next 30 years</p>	<p>Council aims to ensure that wastewater treatment and disposal systems are sustainable and continue to meet environmental and health and safety standards. We will continue to encourage households to explore and implement measures that reduce wastewater volume per person. Our focus is on:</p> <p>Providing for growth - Council is implementing demand management strategies in Ōmokoroa to ensure capacity of the main pumpstation which pumps wastewater to Tauranga does not compromise volume limits with Tauranga City Council. This includes a sealed wastewater system in stage 3 Ōmokoroa and infiltration investigations and repairs.</p> <p>Providing for growth and increased standards - The Te Puke wastewater treatment plant replacement is required to meet environment standards and support growth in Te Puke and the Rangiuru Business Park. This is Council’s most significant project in the wastewater activity budgeted at approximately \$77 million (Council contribution of \$33 million with a portion of this growth funded).</p> <p>Asset renewals - No major reticulation renewals are planned for the 2024-2034 LTP due to the relatively young age of the wastewater network. The focus is to renew the aging pump stations as these assets have a shorter life than the piped network.</p> <p>Increased standards and asset renewals - Council is currently achieving all customer satisfaction and compliance level of service performance measures except for compliance at the Katikati Wastewater Treatment Plant. Council faces two challenges for renewals in the wastewater activity:</p> <ul style="list-style-type: none"> • The Katikati Ocean Outfall has failed earlier than expected and early estimates suggest the design, consent and installation of new disposal options for the Katikati WWTP will cost approximately \$68 million. Additional funding has been included in the 2024-2034 LTP to allow for breaks in the outfall pipeline until a suitable disposal method can be built. • Grinder pumps in Maketu are failing at a faster rate than expected. \$300,000 per year has been allowed in the LTP for replacement and implementation of a telemetry system so that Council can monitor performance and mitigate the early failure of these pumps.

Expenditure Forecast 2024 - 2054



Wastewater Projected Capital Expenditure 2024 - 2054



Wastewater Projected Operational Expenditure 2024 - 2054



Transportation

Council is responsible for the management and provision of local roads and their infrastructure including footpaths, bridges, stormwater culverts, streetlights, signage, work site safety, network operations and permitting in the District. Waka Kotahi NZ Transport Agency (NZTA) funds and maintains the state highway network.

What we provide

Council works in partnership with Waka Kotahi to ensure integration of the state highway network with the local road network. A Funding Assistance Rate (FAR) of 51% is provided by Central Government towards agreed local road maintenance and network improvement projects. . Noting, that there are caps on funding from Waka Kotahi for both operating, capital and improvements.

Transportation currently accounts for 45% of Council's annual capital, renewal and operating expenditure which is approximately \$42 million each year (noting a reduction in revenue/subsidies due to the September 2024 Waka Kotahi funding confirmation). This includes maintenance, asset renewals, capital works such as seal extensions, seal widening, asset upgrades including large urban roading projects and network safety improvements.

New roading assets are obtained from vested land development infrastructure and state highway revocations resulting from new state highways constructed by Waka Kotahi.

Council utilises the Road Asset Maintenance Management system to record where assets are located and their make up and condition. The biggest issue is that pavement assets are aging, and renewal activity is half of our peer group average, indicating the requirement for greater investment. Pavement renewals and resurfacing activity is below the optimum required to minimise the whole of life asset management costs over time. See the significant issues section of this strategy for more on this and our approach to responding to this issue.

Key projects include:

- Roothing maintenance contract (pavement resurfacing, rehabilitation, widening).
- Ōmokoroa roundabout.
- Ōmokoroa structure plan projects.
- Minor capital roading improvements.

Funding assumption

Waka Kotahi 51% Funding Assistance Rate (FAR) continues for most activity classes.

September 2024 Update

On 3 September 2024 we received certainty from Waka Kotahi on the funding subsidy, amount provided and funding priorities for 2024-2027. This is set in accordance with the Government Policy Statement on land transport 2024.

The amount approved is less than what we requested, and the priorities have changed.

Over the first three years of the LTP, we received 61% of the funding requested from Waka Kotahi for our capital and operational programme. We did not receive any funding towards our improvement projects (of which we requested \$10 million) as this did not meet the threshold for this funding subsidy.

This is a significant change that has been received too late in the LTP process to enable significant rework of budgets and further meaningful community consultation.

We need to be transparent with our community so they can fully understand the impact of these changes now and on an ongoing basis. Detailed analysis will take time. It's not something that can be rushed given the importance of this core infrastructure to our community and economy.

Our course of action for the 2024-2034 LTP is as follows:

	Action	Explanation
1.	Continue to fund Council’s share of the transportation activity work programme.	<p>The total improvement budget was approx. \$20m with half to be funded from Waka Kotahi. As no funding subsidy is available, we will continue to progress improvement projects with the \$10m council rates budget already included in the LTP.</p> <p>We will continue to progress the capital and operational programme with our funding portion together with the reduced subsidy amount.</p> <p>Elected members will identify funding priorities within this reduced funding envelope.</p>
2.	Endeavour to maintain agreed levels of service through further efficiencies and improvements to our delivery approach.	<p>We will seek to absorb reduced funding and the impact of this wherever possible.</p> <p>This recognises our transition and move to an efficient and agile contract that provides improved value for money. This enables us to do more in this space than what we could via our previous contract which required a more conservative approach.</p>
3.	Commence detailed analysis in 2024/2025 based on the Waka Kotahi funding changes.	<p>We need to fully understand financial implications, options, the risk of any change to status quo and our current levels of service.</p>
4.	Discuss options and potential level of service changes with the community.	<p>The detailed analysis will inform these discussions.</p> <p>This will occur through the 2025/2026 Annual Plan process or a potential LTP Amendment if required.</p>
5.	Continue to respond to future central government funding opportunities as they arise.	<p>There is the potential for further specified project based funding to become available that aligns with the governments strategic priorities for transport.</p>
6.	Revise our external funding assumption.	<p>Reflect the changes to the funding amount and priorities, and the implications of this and mitigation measures Council has put in place.</p>

The financial graphs throughout the LTP do not reflect the implications of the reduced Waka Kotahi funding due to this information being received so late in the process leaving insufficient time to completely rework the budget to accommodate this change.

The financials continue to include Council’s share of the transportation activity funding as consulted on with the community in May/ June 2024 (subject to any changes through the deliberations process). Therefore the rates portion does not change as an outcome of the reduced Waka Kotahi funding.



What our key drivers are

Providing for growth - It is expected that traffic volumes will almost triple, in line with forecast population growth. Increasing traffic on rural roads is occurring as a result of the ongoing development of small settlements such as the Minden, lifestyle blocks as well as incremental growth. In some areas, peak time congestion is impacting significantly on travel times between Tauranga and Western Bay. This also increases traffic volumes and results in parts of the roading network being below width and suffering from accelerated pavement deterioration. Economic growth has resulted in substantial network traffic volume increases over recent years. This has impacted on reliable journey times and increased congestion particularly along the state highway network. These traffic levels are expected to continue to increase. The District Plan attempts to limit growth in rural areas but demand for more “lifestyle” properties is expected to increase over time, particularly when stage 1 of the Takitimu Northern Link (SH2) project is complete.

Community expectations - There are ongoing concerns from residents who live on unsealed roads in rural areas wanting their roads to be sealed. Council allocated \$2 million per annum towards seal extension in 2021-2024, enabling 3-4 km of new seal extension each year. Prioritisation is based on criteria that includes the volume of traffic, dust exposure to residents and degree of benefit gained relative to the cost of sealing the road. To find savings, Council has decreased the budget to \$1.5 million per annum for the 2024-2034 LTP. Walking and cycling budgets have also decreased to reduce costs and rate increases. Overall satisfaction levels have also dropped significantly over the last 10 years with roads and streets, walking and cycling consistently showing the lowest levels of satisfaction. Council is still committed to development of the walking and cycling network, but this will be achieved over a longer period.

Climate change - An increase in the frequency and intensity of rainfall and storm events is expected to impact low lying roading infrastructure assets and increase asset repairs and reinstatement costs over time. Higher than usual rainfall events will increase the pavement deterioration rates and reduce their life expectancy. This can be partially mitigated with increased drainage maintenance. The location of roads close to the coast may require sea defences to protect from coastal erosion or may need to be relocated in response to rising sea levels. Given the increasing impact of climate change there has been a corresponding focus on a low carbon transportation network with significant investment in walking and cycling in the past two LTPs and subregional contributions to studies focused on reducing transportation emissions.



What our focus is over the next 30 years

Council aims to deliver transportation networks that are safe, affordable, sustainable and well planned to meet our community needs and support economic development. Provision of a safe and effective transportation network contributes to a thriving economy, and a healthy and safe lifestyle. Our focus is on:

Asset renewals and upgrades – Roading contracts are one of the most significant contracts undertaken by council given the variety of activities and services they cover. For Council’s network it equates to more than \$33 million in expenditure per year. Council is in the process of signing up new roading service provider(s), seeking to work closer with local suppliers and businesses to deliver high-quality roading services that meet the needs and expectations of the community. The move to change the approach to our roading maintenance and procurement approach also aligns with the Local Government Act Section 17A requirements, to look at the cost-effectiveness of a service to meet the community’s needs.

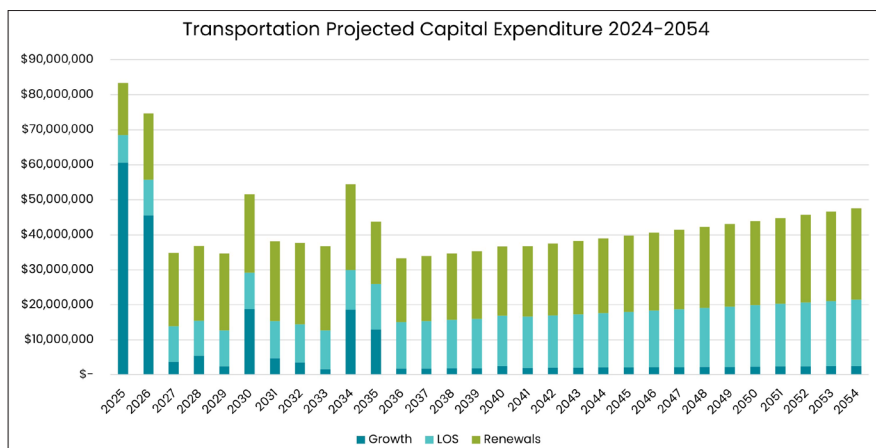
Confirmation of external funding to assist in looking after our assets - A Funding Assistance Rate (FAR) of 51% is provided by Central Government towards agreed local road maintenance and network improvement projects. Noting the September 2024 update above where we are operating within a reduced funding envelope for 2024-2027.

Providing for growth - Direction provided by the sub-regional UFTI project (Urban Form and Transport Initiative) and the TSP (Transport System Plan) is incorporated into our planning and the LTP where this is considered a priority. We will continue to provide transport infrastructure in priority development areas with most of the investment in Ōmokoroa over the next 10 years.

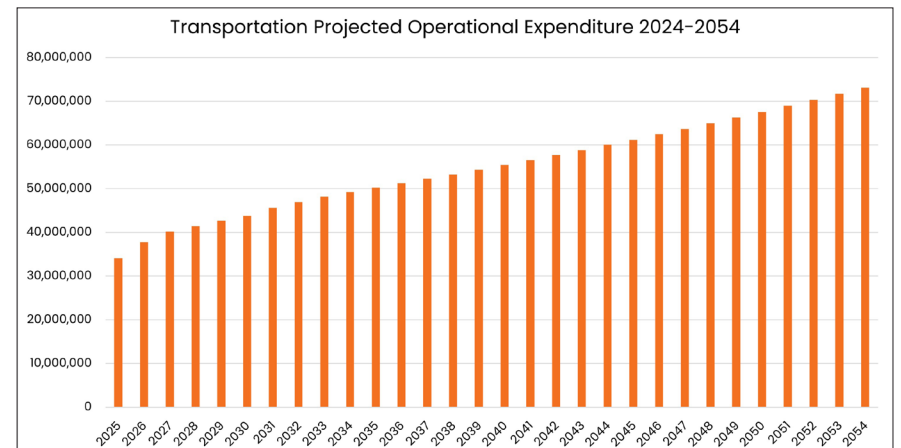
State Highway Two (SH2) revocation implications - The future form of SH2 post its transfer to Council upon opening the Takitimu North Link (TNL) depends on whether this new road is tolled. This will affect the road cross section and demand driven maintenance costs. SH2 revocation will result in increasing high demand network assets and network length which will increase Council’s costs unless central government funding is provided to assist. Costs outside of the 2024-2034 LTP are likely to relate to road revocation implications of the current state highway and intersection improvements if not funded by Waka Kotahi.

The Tauranga North Link Stage 2 - Te Puna to Ōmokoroa is included in the government’s Roads of National Significance and Transport Plan with work currently underway to protect the route for this purpose. The Waka Kotahi business case is expected to identify future investment and timing for asset renewals. At this stage our costs will be outside of the three year LTP period and future costs are at best uncertain.

Expenditure Forecast 2024 - 2054



Transportation Projected Capital Expenditure 2024 - 2054



Transportation Projected Operational Expenditure 2024 - 2054



Solid Waste

Solid waste is the unwanted or unusable materials disposed of or discarded after their primary use. The type of waste is defined by its composition or source, for example organic waste and demolition waste.

What we provide

Council has a lead role in providing kerbside collection services (commenced July 2021), with recycling and solid waste facilities, and education and enforcement to ensure individuals, households and businesses are dealing with their waste in the most responsible way. This includes provision of recycling and green waste facilities, waste minimisation education, managing illegal dumping and supporting community initiatives to reduce waste.

Council owns, operates and maintains the following facilities:

- Katikati, Te Puke and Athenree Recycling and Green Waste Centres.
- Ōmokoroa Green Waste Drop-off.

Council introduced two mobile recycling trailers that routinely visit three sites in rural areas of our district. They rotate on a fortnightly basis between the sites, to collect recyclables from residents without a kerbside service or located far from a community recycle centre.

Council is also responsible for the ongoing maintenance and resource consent requirements for three closed landfill sites in Waihi Beach, Athenree and Te Puke. The management of closed landfills is necessary to ensure they do not endanger the environment or public health.

All recycling and green waste facilities have been rated in very good condition and landfills in good condition. Kerbside bins and crates have not been included as these will only be included in the Solid Waste asset portfolio at the conclusion of the eight year contract (when they come into Council ownership).



Key projects include:

- Kerbside collection services contract – ongoing (\$29 million over 10 years)
- Community reuse facility – \$1.2 million over 10 years
- District solid waste – Waste Minimisation Funding Pool – \$1.7 million over 10 years (central government subsidy)
- Placeholder for transfer station estimated cost \$50 million – outside of 2024–2034 LTP. Feasibility work will identify updated project timing and funding requirements, to be assessed as part of the next Long Term Plan 2027–37.

Funding assumption

Ministry for the Environment Waste Management Levy to continue at the current rate.

<p>What our key drivers are</p>	<p>Waste reduction - The Waste Management and Minimisation Plan (WMMP) sets out what Council will do and how we will work together to reduce and manage waste in the most effective way. Waste minimisation initiatives in the WMMP can be partially funded by the central government Waste Management Levy. A change of government creates uncertainty around the future of this levy and how it is allocated.</p> <p>Providing for population and economic growth - Urban areas have a greater concentration of people that produce waste and place greater demand on natural resources. An increase in commercial and industrial activity as a result (most likely) of improved economic conditions will have a direct impact on the amount of waste that is generated. Of particular importance to waste is the ongoing level of construction and demolition activity. Kerbside services are planned to cater for population growth and to make responsible waste management easier.</p>
<p>What our focus is over the next 30 years</p>	<p>Council aims to ensure effective waste management practices that minimise waste to landfill and encourage efficient use of resources to reduce environmental harm. Our focus is on:</p> <p>Community Resource Recovery Centres - Council and the community is working towards establishing Community Resource Recovery Centres at the existing Te Puke and Katikati recycling sites. Council is working with community groups and iwi/hapū to achieve this.</p> <p>Implementing priority actions from the WMMP - advance actions from the WMMP including investigating and establishing a resource recovery park/transfer station, investigating options for green waste disposal services and investigations and trialling alternative options for inorganic waste recovery. The funding gap is significant for the land purchase for a Resource Recovery Park. Tauranga City Council indicated financial assistance would available if the location of facilities is beneficial for residents in the sub-region.</p> <p>Supporting local waste minimisation efforts - Establish an annual contestable fund to provide grants for local waste minimisation initiatives (using funding Council receives from Central Government's Waste Minimisation Levy). Continuing to support waste education initiatives.</p> <p>Waste infrastructure - A waste infrastructure project is underway with Tauranga City Council and other councils to determine the need, location and type of waste infrastructure required for construction and demolition waste, food processing and a transfer station facility in the western side of the district. The Ministry for the Environment indicated that the contestable waste fund is available for projects where there is collaboration between councils for new solid waste infrastructure.</p> <p>Changes in legislation and funding - specifically the Waste Minimisation and Management Act and Building Act, and repeal of the Natural and Built Environment Act, pertaining to site Waste Minimisation Plans for construction and demolition wastes, management of closed landfills and requirements for WMMPs. Uncertainty regarding changes in Ministry for the Environment waste levy payments to territorial authorities.</p> <p>Closed landfills - Severe weather events and natural erosion can put closed landfills at risk, and see waste and contamination spread in the environment. Council has identified risk factors for all managed closed landfills in the District. Renewal of the resource consents for these landfills is identified as a significant infrastructure issue as there are likely to be increased environmental compliance standards that may require additional cost and/or different ways of managing risk.</p>

Expenditure Forecast 2024 - 2054

Refer to combined graph on page 114.





Recreation and Open Spaces

Council is responsible for the provision of parks, reserves and facilities that offer a range of recreational experiences and opportunities to the community. This is the most visible type of infrastructure provided and is highly valued as it contributes to active healthy communities, social interaction, and protection of environmental, ecological and cultural areas. The type of infrastructure provided includes active and passive reserves, public toilets, playgrounds, cycleways and walkways, dog parks, coastal structures and swimming pools.

What we provide

Condition assessments of assets are undertaken on an annual basis. Information on the performance of assets is generally received through community feedback, and industry benchmarking. Investment in our swimming pools will see performance levels improved or maintained in this area.

Council considers its reserves and facilities networks perform to acceptable standards as determined by levels of service and key performance indicators. However, there is a large amount of generally 'low risk' assets where the asset condition is unknown.

Currently 42% of assets have no condition grading which makes it difficult to prioritise the renewal programme. A programme of work is underway to gain an improved understanding of asset condition.

To date only ad hoc condition grading has been completed of our tree inventory. An inventory and condition grade all trees on reserves (excluding bush or forestry land) is being developed. This may take 3 years to fully complete this work. After that all trees will be assessed on a 3-5 year cycle depending on their risk. Trees on road reserves are being audited too.

Assets that have both a high probability and a high consequence of failure become the highest priority for condition assessment. Creating a formalised and regular condition assessment regime will strengthen the reliability of renewal forecasting. This will guide development of a renewals profile that responds to condition and grading of assets rather than just a focus on high risk/end of life assets only. The renewals forecast has been rationalised to provide efficiencies in the location and grouping of asset renewals over time.



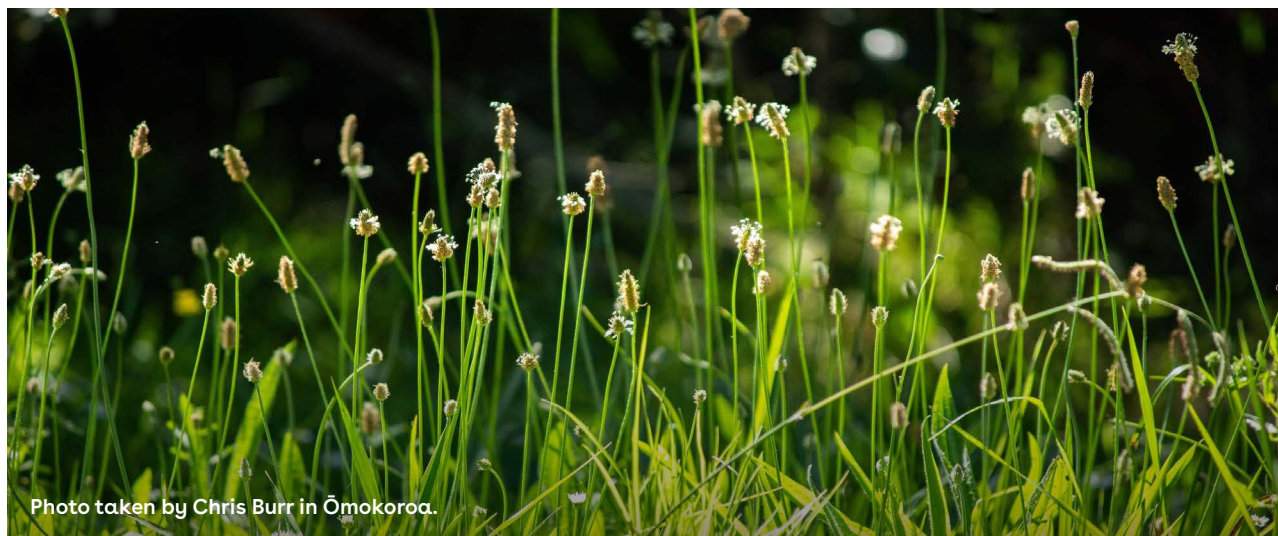
Key projects include:

- Implementation of the swimming pool level of service in Te Puke (within the 2024-2034 LTP), Ōmokoroa and Katikati (outside of the 2024-2034 LTP).
- Strategic land purchases - Ōmokoroa active reserve (\$6 million in 2024-2026) and neighbourhood/local reserves (\$15 million from 2024-2034).
- Coastal marine asset replacement - \$14 million from 2024-2034.
- Northern Harbour boat ramp - placeholder outside of the 2024-2034 LTP period.

<p>What our key drivers are</p>	<p>Providing for population growth - The greatest areas of demand are Waihi Beach, Katikati, Ōmokoroa and Te Puke. Rural and coastal areas provide a range of recreational experiences for residents and visitors to the district. As population increases, pressure on the use of facilities increases. This can lead to increased maintenance costs and increasing expectations. Reserve management plans and levels of service help to understand and respond to community needs, balancing aspirations with competing demands and affordability. Operational Level of Service Guidelines inform decisions on the standard, size and quality of infrastructure required.</p> <p>Environmental considerations - Rising sea levels and changes to rainfall patterns will impact on investment decisions for recreation assets. Many are located to provide a coastal and harbour experience (e.g. reserves, walkways, boat ramps) and some are at risk of increased erosion and inundation. Council's Coastal Erosion Responses Policy is a key consideration in the future approach to renewal, upgrade or provision of public land and infrastructure located in coastal and harbour areas. The design and location of boardwalks in coastal/harbour areas considers sea level rise.</p>
<p>What our focus is over the next 30 years</p>	<p>Council aims to provide opportunities to access the recreation and open space network, connect spaces and places, protect and enhance environmental, cultural and heritage values and provides spaces that our community are proud of, that are safe, accessible and that encourage participation. Our focus is on:</p> <p>Swimming pool level of service implementation - Investment in improving swimming pools in Katikati and Te Puke, and investigating the development of a new pool in Ōmokoroa in the future.</p> <p>Funding for sport and recreation facilities - development of an investment framework for assisting with funding or contributing to community and sports facilities.</p> <p>Providing for growth - implementation of the Ōmokoroa Stage 3 structure plan and applying recreation levels of service to the Te Puke Spatial Plan process.</p> <p>Coastal structures and resilience - An assessment of critical assets and facilities that could be potentially affected by coastal flooding, river flooding, erosion and surface flooding, is in place. This resilience project is intended to understand what the risks to infrastructure are, which assets may be affected and what measures may be taken to increase the resilience of the asset portfolio.</p> <p>Treaty of Waitangi - Treaty of Waitangi settlements and strengthened relationships have seen greater levels of involvement of iwi and hapū in planning and decision making processes; through a formal structure such as co-governance and co-management arrangements, or through less formal planning and delivery processes. We are ensuring that new formal structures are integrated into our practices for delivery of this activity.</p>

Expenditure Forecast 2024 - 2054

Refer to combined graph on page 114.





Community Facilities

Council provides library and service centre facilities at Waihi Beach, Katikati, Ōmokoroa, and Te Puke, an information and community centre at Maketu, and a service centre at Barks Corner in Tauranga. The importance of community halls is reflected in local community ownership of 19 halls across the District. Council provides land for 15 of these halls and collects rates on behalf of the hall committees for maintenance/renewals in accordance with condition assessments and agreed capital development requirements.

What we provide

Councils have had a long standing role in providing housing for older people, enabling older people on low incomes to 'age in place' in a safe, secure and well-maintained environment. Council owns elder housing units in Te Puke, Katikati and Waihi Beach. New units are also being developed to meet increasing demand.

Cemeteries provide families, friends and visitors a place to remember their loved ones. Council is legally required to provide cemeteries to ensure the burial and cremation needs of our District are met now and in the future.

Five cemeteries are provided in Katikati, Maketu, Oropi and Te Puke (old cemetery and new cemetery).

Council considers the community facilities network performs to acceptable standards as determined by levels of service and key performance indicators. A 'hold and maintain' approach is taken to asset management to ensure that facilities are adequate for their intended purpose, and to recognise that due to the age of many of the assets, they may no longer be fit for purpose and future proofed for our growing community.

Key projects include:

- Waihi Beach Library and Service Centre - \$5.5m in 2025-2027
- Te Puke Library and Service Centre - \$15m in 2027-2029
- Libraries book purchase renewals - \$4.4m from 2024-2034



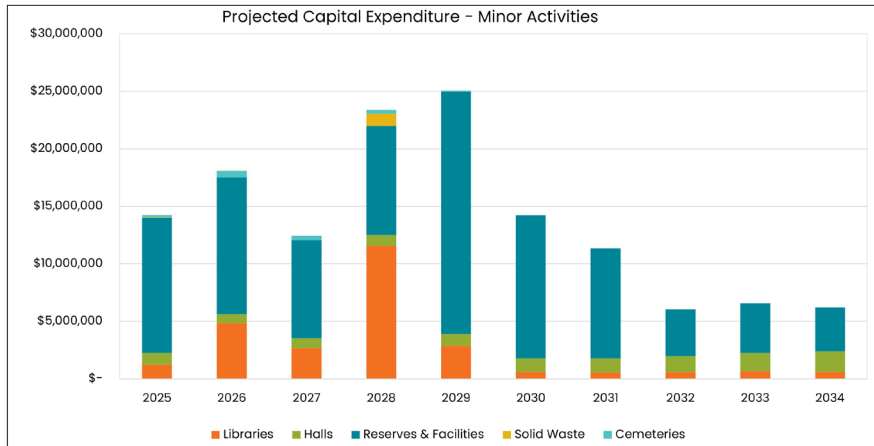
<p>What our key drivers are</p>	<p>Enabling housing - Enabling housing is a key strategic priority of council. Access to affordable housing is a significant challenge in the District. Older people requiring rental accommodation face challenges, as they often have fixed incomes, and the housing stock is not well suited to their needs. There is a growing number of older people in the district who are seeking good quality, affordable rental accommodation.</p> <p>Providing for growth - The greatest areas of demand for community facilities are the urban growth areas of Waihi Beach, Katikati, Ōmokoroa and Te Puke. Increasing population corresponds with increased demand for these facilities and is therefore a key factor in planning for future provision. The cultural diversity of the district is changing and a key consideration in our planning for community facilities is understanding the different needs of our diverse community. For example, different cultural customs regarding burial methods when planning for future cemetery provision. Programmes for library development and increasing cemetery capacity are included in the LTP.</p>
<p>What our focus is over the next 30 years</p>	<p>Council aims to ensure that social infrastructure (community facilities, services and networks that help individuals, families, groups and communities) meets the diverse needs of communities; and that communities are strong and can influence their futures. This contributes to us all enjoying a healthy and safe lifestyle and our communities being vibrant and welcoming to all. Our focus is on:</p> <p>Libraries level of service implementation - Investment in a new Waihi Beach Library and Service Centre and Te Puke Library and Service Centre. Future development or lease of a Ōmokoroa Library and service centre.</p> <p>Community halls - Future demand for halls, and the environment in which the halls operate, is being constantly scanned. Some halls are under financial pressure given the alternative hall facilities available. Other halls are particularly well used, and well supported by their community. It is possible that the requirement for halls in their current form will reduce, while other halls will re-invent themselves into offering a wide range of facilities to their communities. Rationalisation may also occur.</p> <p>Housing - Council is working in partnership with central government and local providers to ensure more housing options are available. We will continue to operate our elder housing portfolio and take opportunities to redevelop the stock where the redevelopment can be funded either from revenue (rental income) or external funding sources. Over the next 3 years our focus is on redeveloping Heron Crescent in Katikati and addressing flooding issues with the Waihi Beach elder housing units.</p> <p>Funding for sport and recreation facilities - development of an investment framework for assisting with funding community and sports facilities.</p>

Expenditure Forecast 2024 - 2054

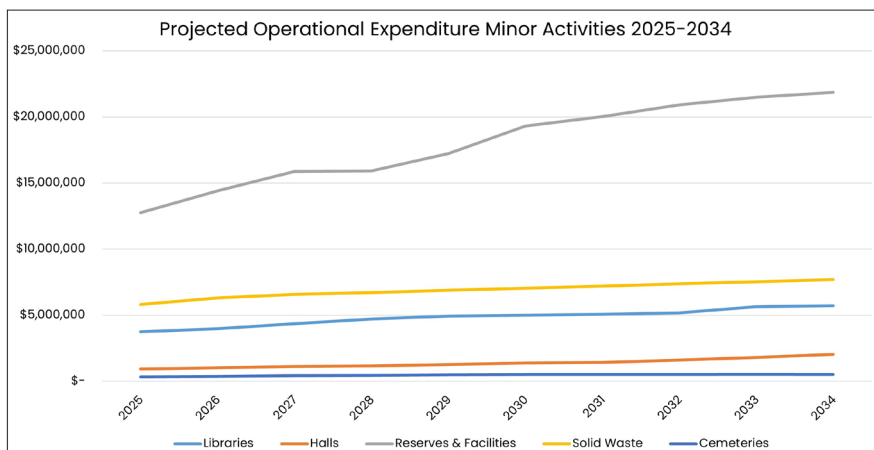
Refer to combined graph on page 114.



Combined Expenditure Forecast for Solid Waste, Recreation and Open Space and Community Facilities



Projected Capital Expenditure for Solid Waste, Recreation and Open Space and Community Facilities 2025 - 2034



Projected Operational Expenditure for Solid Waste, Recreation and Open Space and Community Facilities 2025 - 2034



Infrastructure overview

Activity	Asset type	Approximate asset replacement cost (from AMP)	Critical assets
Stormwater	<ul style="list-style-type: none"> Reticulation (pipes, pump stations) Drainage reserves (including stormwater ponds) Open drains Coastal protection works Earth dam 	Optimised replacement cost \$172,474,228 (from AMP overview)	<ul style="list-style-type: none"> The Waihi Beach earth dam Stormwater treatment and storage ponds Stormwater pumpstations and associated rising mains One-Mile Creek Darley Drain outlet Two-Mile Creek Otawhiwhi Drain
Water Supply	<ul style="list-style-type: none"> Source (stream intakes, groundwater bore sites, water treatment plants, 9 bore fields and 9 water treatment plants) Storage (31 reservoir or tank sites) Reticulation (mains and submains, booster pump sites, 838km of water mains and connections and 26 booster pump stations) 	Total water replacement cost \$302,441,154 (from 2023 AMP)	<ul style="list-style-type: none"> Assets relating to water source and treatment e.g. bores and water treatment plants. Assets relating to water storage e.g. reservoirs Assets relating to the water distribution network e.g. mains and connections
Wastewater	<ul style="list-style-type: none"> 320km of wastewater reticulation, 59 Pumpstations and five treatment plants, Council owns and maintain 527 and 126 Grinder pumps in Maketu and Te Puna respectively and 57 Septic Tank Effluent Pumps in Ongare Point 	\$262,468,049 Optimised replacement cost	
Transportation	<ul style="list-style-type: none"> Roads (sealed and unsealed) Bridge, culverts, footpaths, streetlights, trees and furniture, road signs, bus shelters cycleways 	\$980,530,000 Optimised replacement cost 82% of these asset values are in the road pavements	<ul style="list-style-type: none"> Bridges

Activity	Asset type	Approximate asset replacement cost (from AMP)	Critical assets
Solid Waste	<ul style="list-style-type: none"> Recycling and green waste centres (including land) Green waste drop off Closed and capped landfills 		
Recreation and Open Spaces	<ul style="list-style-type: none"> 222 reserves and 2 subregional parks. Forestry land 76 Public toilets, 28 playgrounds and furniture 194 coastal and marine structures (jetties, boat ramps, wharves, seawalls) 2 swimming pools 	\$259,167,822 replacement value	<ul style="list-style-type: none"> Public toilets Wharves and jetties Bridges Seawalls Cemeteries (relating to extreme events) May support recovery post a civil defence emergency
Community Facilities	<ul style="list-style-type: none"> 4 library and service centres 19 community halls (community owned) 5 cemeteries 59 Elder housing units 	Elder housing - \$11,920,776 replacement value	<ul style="list-style-type: none"> Barkes Corner civic offices Te Puke Office and Library Katikati Office and Library

