
CHAPTER TWO

02

Informing our planning





CHAPTER TWO

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KEY STRATEGIC ASSUMPTIONS FOR THE LONG TERM PLAN 2018-2028

ASSUMPTION	IMPLICATION	LEVEL OF UNCERTAINTY	IMPACT	MITIGATION
1 POPULATION GROWTH	<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>Moderate</p> <p>Based on national assumptions and regional economic projections, we expect sustained growth over the next 3 years. Growth becomes more difficult to predict over longer time periods because unforeseen events can alter migration, settlement patterns or resource limitations.</p>	<p>If population growth is faster than expected and the number of rateable properties are 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 un-used 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 and Iwi, through SmartGrowth.</p> <p>Council re-forecasts growth projections each year through the annual plan to ensure infrastructure provision and service delivery are aligned to growth.</p>
Year end 30 June	New lots created	Growth rate	Total dwellings	District Population
2018	333	1.51%	22,114	49,285
2021	297	1.28%	23,288	51,316
2028	274	1.06%	25,907	55,863
2048	105	0.35%	29,777	61,729

ASSUMPTION	IMPLICATION	LEVEL OF UNCERTAINTY	IMPACT	MITIGATION
<p>2 CLIMATE CHANGE</p> <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 • drier winters • increasing summer rainfall with heavier downpours • fewer cold nights and frosts • rising sea levels. <p>Overall there will be more extreme weather and storm events, and increased risk from natural hazards such as coastal erosion and inundation¹.</p> <p>This will have social, economic and environmental consequences that are difficult to predict and plan for.</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.</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 impacts of climate change are expected outside of the 10-year planning horizon.</p>	<p>If the impacts of climate change are felt more severely within the 10 years, the likely consequences are:</p> <ul style="list-style-type: none"> • Failure to meet the levels of service for stormwater (due to infrastructure being undersized) • Impacts on council assets located on the coast • Unbudgeted maintenance and / or capital costs due to damage to assets. 	<p>Council has developed the Coastal Erosion Responses Policy, to provide a decision making framework to address impacts on Council-owned assets on the Coast. Asset assessments will be undertaken to identify vulnerability, and \$200,000 pa has been budgeted for coastal erosion works.</p> <p>Council is working with BOPRC and TCC to model the extent of harbour inundation under various sea level rise scenarios - this is being progressed through the Natural Hazards Charter.</p> <p>Council is also a member of the BOP Lifelines Group and is investigating the resilience of our infrastructure to a grange of natural hazards (that will most likely be exacerbated by climate change).</p> <p>Stormwater modelling work has also been budgeted for, to inform the capital works programme.</p>
<p>3 CHANGING MAKE UP OF OUR COMMUNITIES</p> <p>Our community demographics are changing². We expect to see:</p> <ul style="list-style-type: none"> • A higher proportion of our population over the age of 65 (33% by 2033). There will be more people over the age of 65 than children • More international migrants • Māori and Pacific Islanders making up a larger proportion of labour market entrants. 	<p>Increasing cooperation between local government and health sectors to understand and deliver healthy environments for residents.</p> <p>Changing methods of engagement to involve migrant communities and create welcoming tolerant communities.</p> <p>Continued cultural awareness practices in communities and workplaces.</p> <p>Changing use of infrastructure.</p> <p>Changing recreation patterns may change investment priorities.</p>	<p>Low</p> <p>Some changes such as the aging population are clear, because they are determined by the make up of the existing population and our current birth rate. Immigration is more difficult to predict and would potentially affect our population growth. The impacts of this have been been addressed under the population growth assumption.</p>	<p>An over-estimation or under-estimation of this assumption is considered immaterial - as any major impacts would be felt in population growth changes (addressed under the population growth assumption).</p>	<p>We continually monitor population demographics through SmartGrowth, using census data and National Institute of Demographic and Economic Analysis (NIDEA) projections.</p> <p>Our community engagement guidelines assist us to work with communities and respond to their changing needs.</p> <p>We are a funding partner in the Welcoming Communities programme, which assists local communities that have a high number of international migrants.</p> <p>The Places and Spaces Strategy guides our decision making for recreational facilities, and provides a framework to consider changing recreation patterns.</p>

¹BOPRC document Climate Change - What's in store?

²SmartGrowth 2014 Review of Demographic and Employment Projections 2013-2063.

OTHER ASSUMPTIONS

CATEGORY	ASSUMPTION	IMPLICATIONS	LEVEL OF UNCERTAINTY
4 TECHNOLOGICAL CHANGE	<p>FAST MOVING TECHNOLOGY</p> <p>The pace of change driven by technological advancements is expected to continue. We expect to see:</p> <ul style="list-style-type: none"> • More digital disruption that is transformational and impacts on the way we live • Public demand for open data • More empowered individuals wanting to co-design solutions to problems • New models of asset ownership (called Infrastructure As A Service) • Smart communities seeking everything 'on demand' and increasing requirements to provide 'real time' information. 	<p>More infrastructure is likely to become obsolete before the end of its lifecycle.</p> <p>There may be renewal and capital expenditure decisions made on the best available information now, that are inefficient or do not meet future usage requirements. However, disruption is not an excuse for inaction.</p> <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>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>Maintenance programmes may be more responsive, leading to less costly repairs.</p> <p>More 'localised' micro-solutions may become available and affordable, as opposed to large centralised infrastructure networks.</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>
5 SOCIAL	<p>EQUALITY AND EQUITY³</p> <p>We have greater income and wealth imbalances than in the past. Some communities have reduced access to services, and less ability to pay for services. We expect this imbalance to remain, or change only slightly.</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 (eg. older people).</p>	<p>Low</p> <p>We expect the imbalance between communities to remain, or to change only slightly.</p>

³Statistics NZ: Household net worth statistics: Year ended June 2015, Statistics NZ website

CATEGORY	ASSUMPTION	IMPLICATIONS	LEVEL OF UNCERTAINTY
6	<p>ECONOMIC</p> <p>ECONOMIC GROWTH⁴ On the back of strong and continued population growth, the Western Bay of Plenty's economy is projected to continue to grow. We are part of the Golden Triangle (Auckland / Waikato / Bay of Plenty) and our economic growth is expected to be above the national average. We expect to see:</p> <ul style="list-style-type: none"> • Significant growth in the kiwifruit industry • Growth in the avocado industry • Growth in tourism⁵. 	<p>The kiwifruit industry are a high water user, and their demand will increase which may put pressure on infrastructure.</p> <p>Continued economic growth will require provision of business land and demands for freight movement will need consideration in transport network planning.</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.</p> <p>There may be increased pressure on the natural environment from increased use.</p> <p>The capacity of industry to deliver infrastructure projects may mean increased competition, leading to increased prices and possibly time delays.</p>	<p>Low</p> <p>Forecasts align with national forecasts for economic growth.</p>
7	<p>COMMUNITY EXPECTATIONS</p> <p>Our communities continue to have higher expectations for delivery of Council services. 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), and • Continued demands from the community to keep rates as low as possible. 	<p>Council will need to continue to find innovative ways to fund service delivery, other than through rates.</p>	<p>Low</p>
8	<p>ENVIRONMENTAL</p> <p>ENVIRONMENTAL SUSTAINABILITY In line with the changing global environment, environmental sustainability will continue to be a requirement. We expect to see:</p> <ul style="list-style-type: none"> • Increasing standards for water quality • Increasing requirements for efficient use of water • Increasing expectation for waste minimisation • Continued movement towards a low carbon transportation network • An increasing focus on the management and use of harbour and coastal margins, as a result of the NZ Coastal Policy Statement and sea level rise. 	<p>A 'business as usual' approach to asset renewals and capital projects is likely to be insufficient to address new requirements. Changes are likely to come with higher capital and operational costs.</p> <p>These may be offset through joint funding of capital and renewal projects with central government agencies and other local authorities.</p>	<p>Low</p> <p>Legislation is already in place to address water quality and efficient use of water (via the National Policy Statement on Freshwater Management).</p> <p>Council's Waste Management and Minimisation Plan emphasises the need for waste reduction.</p>

⁴Bay of Connections: Bay of Plenty Regional Economic Development Strategy, BOPRC Website.

⁵MBIE Monthly Regional Tourism Estimates, MBIE website and Tourism Bay of Plenty presentation to Community Committee 22 November 2017.

CATEGORY	ASSUMPTION	IMPLICATIONS	LEVEL OF UNCERTAINTY
9	<p>HOUSING</p> <p>The gap between house prices and personal incomes has lead to declining home ownership rates⁶. The cost of renting is also increasing relative to incomes. Housing affordability has an impact on the labour market and in turn on the local economy.</p> <p>In addition the quality of the existing housing stock is important. Poor quality housing impacts people's health and ability to work.</p> <p>We expect to see:</p> <ul style="list-style-type: none"> • Continued requirements for Council to ensure land is available for residential development • Increasing focus and intervention on housing and housing affordability from central government • More awareness and intervention into the impacts of housing quality on people's health and ability to work and learn • Continued decline in rates of home ownership - more people renting rather than owning. 	<p>Council will be required to have clearly defined their role in housing, and be able to partner with others to deliver housing solutions for our communities.</p>	<p>Low</p> <p>Evidence is clear that housing affordability and availability is a significant challenge. This will continue over the next 10 years as actions to address the challenges will take time to have an effect.</p>
10	<p>POLITICAL</p>	<p>COLLABORATION</p> <p>We are increasingly being required to think 'outside the square' and work with others. We expect to see:</p> <ul style="list-style-type: none"> • Continued emphasis on partnerships and shared service models • More legislative changes that will impact on the way Council does business, such as Urban Development Authorities. More boundary adjustments with TCC may occur in the future as land is zoned for residential and business development • Increasing public demand for different models of services delivery. 	<p>Council will need to be flexible in order to respond to this changing environment. It's important we maintain collaborative arrangements as there will be more, not less push for them in the future.</p> <p>Low</p>

⁶Statistics NZ, Dwelling and Household Estimates: September 2017 quarter, Statistics NZ website.

CATEGORY	ASSUMPTION	IMPLICATIONS	LEVEL OF UNCERTAINTY
11 POLITICAL (CONTINUED)	<p>COMMUNITY PARTICIPATION</p> <p>Communities want to engage with institutions like 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>We expect to see increasing demand for new and more effective ways to engage and include people in Council's decision making⁷.</p>	<p>Council will need to continuously evolve the way we engage our communities, and are 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>	Low
	<p>PARTNERSHIPS WITH MAORI</p> <p>The settlement of the Treaty of Waitangi (Te Tiriti o Waitangi) claims in the District will continue over the next ten years. This will change the economic landscape, and is likely to offer new opportunities for collaboration and partnership.</p>	<p>Council may need to change the way it manages its assets to provide for greater iwi involvement. For example, in 2013 a joint committee of iwi authorities and councils was set up to co-govern the Kaituna River. This may also impact on how we use natural resources, such as revised limitations on our water take.</p> <p>This will also be a key opportunity, as settlements will provide iwi organisations with the power to invest in economic and social development projects which will ultimately benefit our community as a whole</p>	<p>Low</p> <p>RMA amendments are now in place.</p> <p>More Treaty Settlements are being finalised.</p>
	<p>LEGISLATIVE CHANGES</p> <p>We expect to see continued focus on the way Council delivers its core services and provides infrastructure for growth. There is likely to be increased regulation aimed at delivering higher public health and environmental standards.</p> <p>Local Government Act and Resource Management Act reforms are likely to continue to focus on alternative ways to deliver public services, to improve effectiveness and efficiency. Examples are Urban Development Authorities, and joint Council-controlled organisations for providing services.</p>	<p>Council will need to be involved in any national conversations about service delivery, to ensure we are ready to adapt to any changes that are made at the national level.</p>	Low

⁷EYQ, The Upside of Disruption: Megatrends shaping 2016 and beyond, 2016.

TE ARA MUA - THE PATHWAY FORWARD

Developing Māori capacity to contribute to decision-making

We recognise the importance and special place of Tangata Whenua within our communities and the additional responsibilities that the Local Government Act places on 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.

We have a number of mechanisms for engagement and to involve Tangata Whenua in our decision-making processes. We will continue to review and improve them to ensure ongoing effectiveness.

Partnership Forum

Our Tauranga Moana /Te Arawa ki Takutai Partnership Forum represents iwi and hapū across the District, and address issues relating to Māori with the Mayor and all Councillors.

Te Ara Mua

Te Ara Mua (the pathway forward) is a plan developed by the Tauranga Moana / Te Arawa ki Takutai Partnership Forum. It signifies the efforts of the Partnership Forum to meet the aspirations of Māori and the Western Bay of Plenty District Council when it comes to kaupapa Māori. Te Ara Mua provides Ngā Whetu, a framework for identifying issues of significance to Māori in line with the Treaty of Waitangi principles that have been adopted by Council, and the clear statutory obligations Council has to Māori. The Plan also outlines Ngā Kaihoe, an annual work programme for the Partnership Forum to drive actions that address issues of significance.

Our Takawaenga Māori team

This team initiates, builds and maintains our relationship with Tangata Whenua and Māori, and strengthens our organisation's ability to appropriately engage with Māori through exposure to and training in kawa (protocols), tikanga (customs) and te reo (the Māori language).

Tangata Whenua engagement guidelines

Our Tangata Whenua engagement guidelines have been developed to assist staff in engaging with Tangata Whenua.

Find out more detail by reading Te Ara Mua on Council's website www.westernbay.govt.nz/our-services.



FINANCIAL STRATEGY

Western Bay of Plenty District aspires to be a vibrant, healthy and welcoming place with a thriving economy, and clean, green and valued environment. To achieve this, we need to have the capacity and resources to deliver quality and affordable services to the community.



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INTRODUCTION

The Financial Strategy describes how we plan to finance our activities in a way that is sustainable over the long term. This provides the framework for delivery of the Long Term Plan 2018-2028 (LTP) and the 30-year Infrastructure Strategy. Debt and rates limits restrict what we can deliver each year but also enable delivery by providing the financial resources to do this. Prioritisation is the key to ensuring the community has the services it expects to have, in a way that balances affordability with delivery.

Over the last 20 years, we have been through a period of high growth that decreased considerably when the global financial crisis hit in 2007. Council was put into a difficult situation having significantly invested in infrastructure to support growth, with minimal revenue from development available to pay off the debt incurred. Council has made a conscious effort to reduce this debt and to put in place policies that mitigate the risk of this situation occurring again.

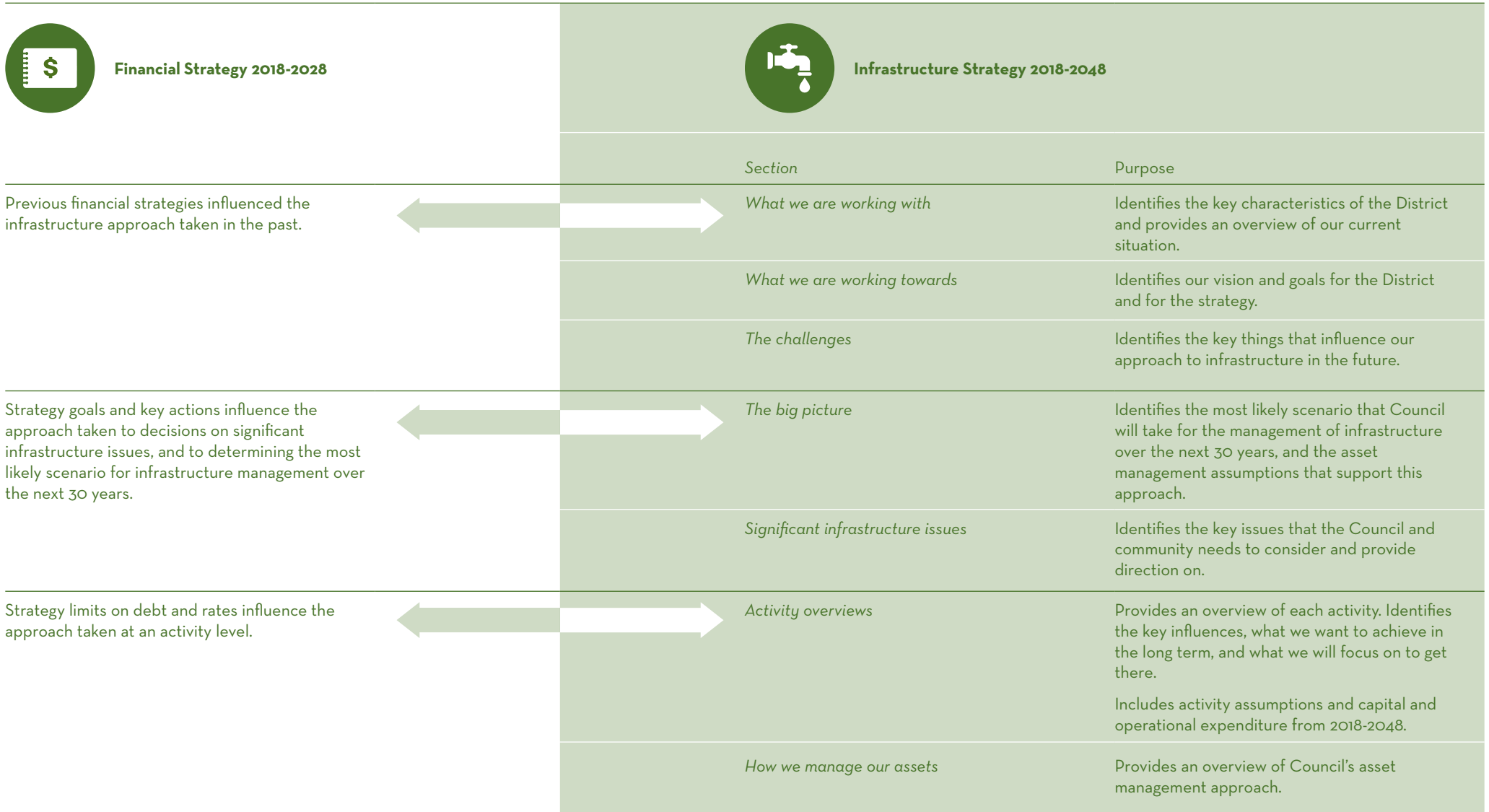
Today, Council's finances are in better shape and so is the economic climate in which we are operating. We understand circumstances can change, and have adopted a balanced financial approach in this strategy that supports the District forging ahead with population and economic growth, while ensuring prudent management of debt and rates levels and providing scope to adapt to changing circumstances. Council plans to limit the average rates increase across the District to 4% per annum (excluding growth) and ensure that net debt does not exceed 180% of our total revenue (excluding financial contributions and vested assets).

This approach supports delivery of the Infrastructure Strategy where the focus is on continuing with business as usual; ensuring infrastructure continues to meet the needs of our communities, and providing infrastructure to enable further growth to occur. Priorities include infrastructure investment in Omokoroa and proactively planning for and responding to environmental issues including climate change and increasing water quality standards that impact on the water, wastewater and stormwater activities of Council. There are no proposed changes to levels of service however decisions that have the potential to result in a change to levels of service in the future are identified in the Infrastructure Strategy. For example, a review of the Communities and Recreation and Leisure Strategy may result in a change to levels of service for libraries and recreation facilities. The Financial Strategy provides 'room to move', recognising that decisions made down the track may change our forecast expenditure profile.



HOW THE FINANCIAL STRATEGY AND INFRASTRUCTURE STRATEGY WORK TOGETHER

The two strategies go hand in hand. The Infrastructure Strategy outlines what we need to do, when and why, and the Financial Strategy puts the financial framework around this to provide a balance between delivery and affordability.



KEY MESSAGES

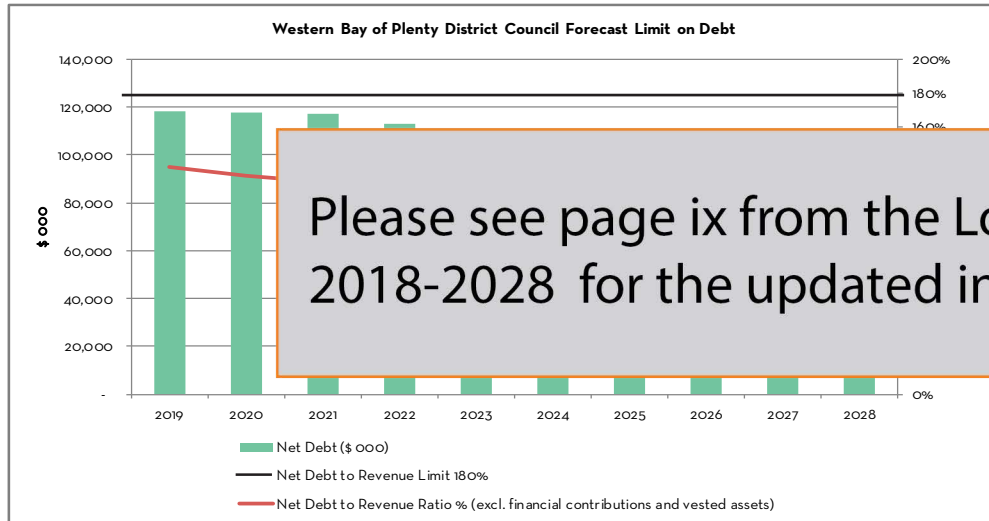
Council will continue with the good financial progress made over the last three years.

The focus from 2018 to 2028 will be on achieving the following goals and actions.

Goal 1: We will continue to manage our debt

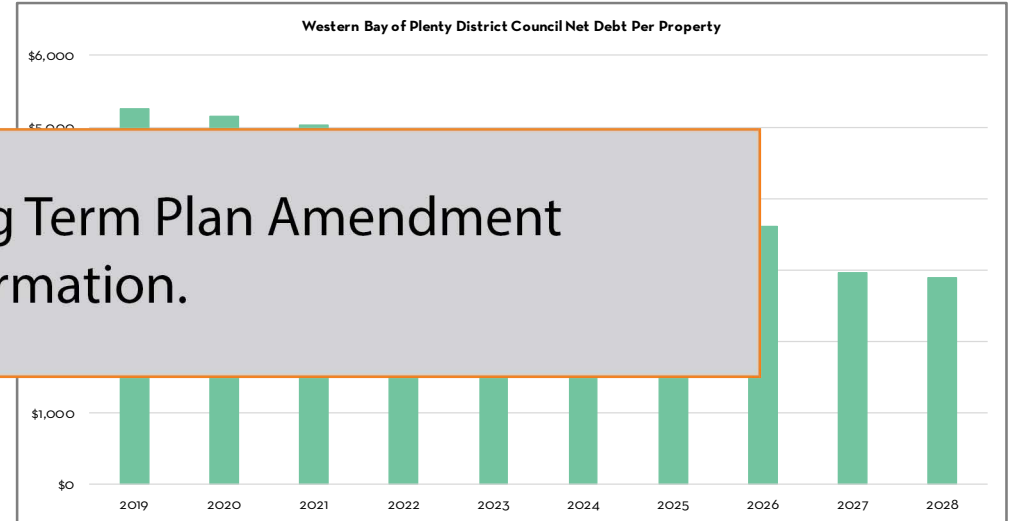
Why is this important	What we have done to date	Key actions to achieve this goal
<p>It is important that we can achieve the community's aspirations in a fiscally responsible way, through balancing delivery of services that people want, with the community's ability to pay for these services. We also need to ensure we have 'room to move' for those unanticipated situations that can arise and are difficult to predict.</p>	<p>In the 2015-25 LTP the community supported Council increasing the funding it puts into growth related debt interest payments from \$1.3m to \$2.5m per annum funded from a mix of the general, uniform and roading rates.</p> <p>This approach coupled with prudent management of the capital works programme and a significant increase in growth income over the last two years, means our net debt has reduced from \$144 million in 2015 to \$135 million in 2016/17. For 2017/18 we are tracking well below what was forecast in the 2015-25 LTP (\$109m vs \$144m) which creates a more manageable financial situation for the future.</p>	<ol style="list-style-type: none"> 1 Ensure that net debt (total external debt less cash on hand) does not exceed 180% of our total revenue (excluding financial contributions and vested assets). From 2023 onwards net debt will be substantially below this limit. 2 A proposal is included in the Decision Story document to change the debt management approach to contribute \$1 million of rates to interest and debt repayments in 2018/19 only and then revert to status quo of \$2.5 million per year for the remainder of the LTP period. 3 Continue to apply a prudent approach to implementation of the capex programme through the 'just in time' principle, assessing capacity to deliver, and staging works where practical. <p>The overall effect of these actions on the debt profile is shown in Figure 1. Figure 2 shows what this looks like in terms of debt per number of rateable properties.</p>

Figure 1: Forecast Debt 2018-2028



The number of rateable properties is based on Council's population growth and dwelling projections.

Figure 2: Net Debt per Property 2018-2028



Please see page ix from the Long Term Plan Amendment 2018-2028 for the updated information.

Goal 2: We will continue to manage rates increases

Why is this important	What we have done to date	Key actions to achieve this goal
<p>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. We also need to ensure we have 'room to move' for those unanticipated situations that can arise and are difficult to predict.</p>	<p>In the draft 2015-25 LTP the community supported Council limiting rates increases to 5% per annum. This was reduced to 4% per annum when the final LTP was adopted and includes an allowance for growth and inflation (consumer price index) each year.</p> <p>In the 2016/17 Annual Report this showed the actual rates increase to be within the limit for the last 5 years. The exception being 2015/16 where the actual rates increase just exceeded the 4% limit due to the growth component being included in the rates limit and growth exceeding forecast estimates in that year.</p>	<p>4 Limit the average rates increase across the District to 4% per annum. This includes inflation and excludes growth. Figure 3 shows the total rates increase excluding growth and Figure 4 shows the total rates increase including growth.</p> <p>5 Rates income is limited to a maximum of 75% of total revenue (less vested assets), with the balance derived from other sources. Figure 5 shows the sources of revenue and Figure 6 shows how this will be achieved over the LTP period.</p>

Figure 3: Planned increase in total rates excluding growth

Total rates	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Rates before inflation	1.57 %	1.40 %	0.35 %	(1.80)%	(0.46)%	1.52 %	0.26 %	(0.44)%	1.05 %	0.11 %
Inflation (LGCI)	2.00 %	2.20 %	2.20 %	2.20 %	2.30 %	2.30 %	2.40 %	2.50 %	2.60 %	2.70 %
Rates after inflation	3.57 %	3.60 %	2.55 %	0.40 %	1.84 %	3.82 %	2.66 %	2.06 %	3.65 %	2.81 %

Figure 4: Planned increase in total rates including growth

Total rates	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Rates before inflation	1.57 %	1.40 %	0.35 %	(1.80)%	(0.46)%	1.52 %	0.26 %	(0.44)%	1.05 %	0.11 %
Inflation (LGCI)	2.00 %	2.20 %	2.20 %	2.20 %	2.30 %	2.30 %	2.40 %	2.50 %	2.60 %	2.70 %
Rates after inflation	3.57 %	3.60 %	2.55 %	0.40 %	1.84 %	3.82 %	2.66 %	2.06 %	3.65 %	2.81 %
Growth					1.23 %	1.12 %	1.10 %	1.09 %	1.07 %	1.06 %
Increase in rates (i)	1.65 %	3.07 %	4.94 %	3.76 %	3.15 %	4.72 %	3.87 %			

Please see page x from the Long Term Plan Amendment 2018-2028 for the updated information.

Figure 5: Sources of Revenue (excludes vested assets)

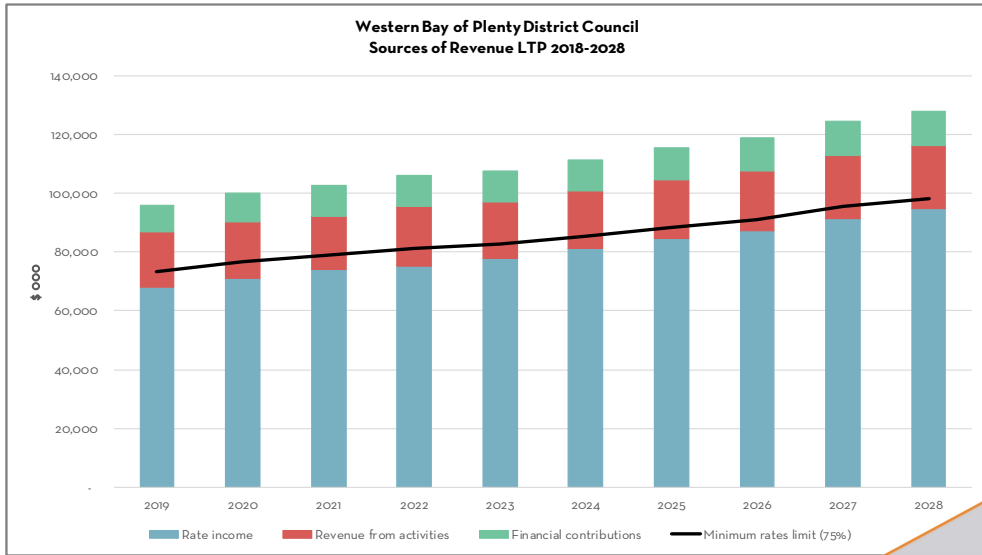


Figure 6: Maximum Rates Income Limit



Please see page x from the Long Term Plan Amendment 2018-2028 for the updated information.



Goal 3: We will continue to invest in our communities and the future of our District

Why is this important	What we have done to date	Key actions to achieve this goal
<p>It is important that we provide good quality infrastructure to attract investment to our District and provide confidence to ratepayers that levels of service can be delivered now and in the future.</p> <p>It is important that Council continues to encourage growth occurring in our District as it brings many benefits including increased prosperity, attracting investment, and community vibrancy and diversity.</p>	<p>In the 2015-25 LTP Council outlined the planned infrastructure spending for stormwater, wastewater, water supply and transportation. This recognised the need to spend over \$223 million on new or replacement infrastructure, and over \$500 million on operational costs such as maintenance. The community also supported Council increasing investment in stormwater infrastructure to reduce the risk of flooding habitable properties.</p>	<ol style="list-style-type: none"> 6 Allocate \$84 million during 2018-2028 to renew assets for water, wastewater, stormwater and transportation. 7 Allocate \$123 million during 2018-2028 for water, wastewater, stormwater and transportation infrastructure to provide for growth. The majority of this is for development of Omokoroa. 8 Continue to charge developers a contribution towards costs of providing new infrastructure required for growth. 9 Continue with a 'just in time' approach to infrastructure provision, with close monitoring of the actual uptake of growth. 10 Ensure that there is sufficient funding in place for renewal of assets when required. Refer to Figure 9 overleaf. <p>Figure 7 shows the whole of Council capital expenditure from 2018-2028. Figure 8 shows the whole of Council operational expenditure from 2018-28.</p> <p>Note for a breakdown of the infrastructure expenditure components of these graphs, please refer to the Infrastructure Strategy.</p>

Figure 7: Total Capital Expenditure 2018-2028

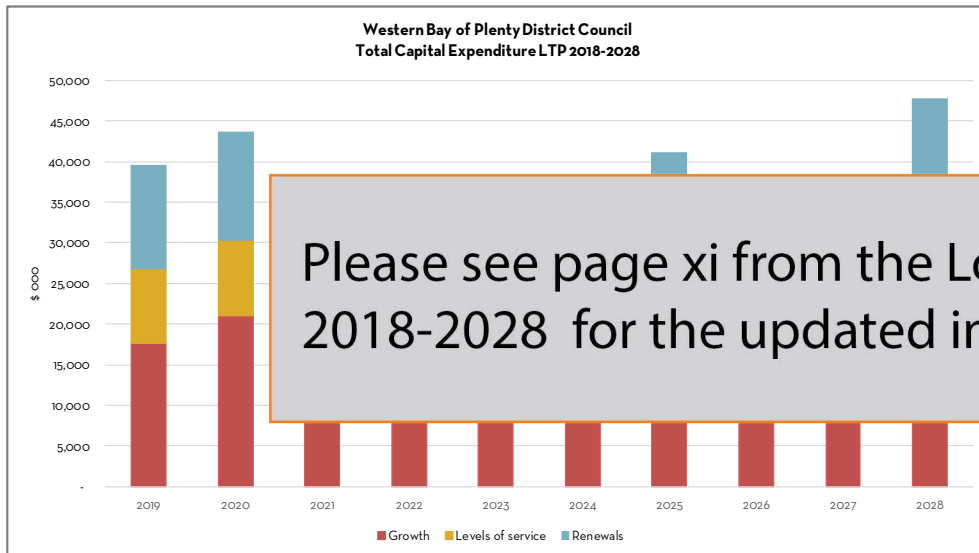
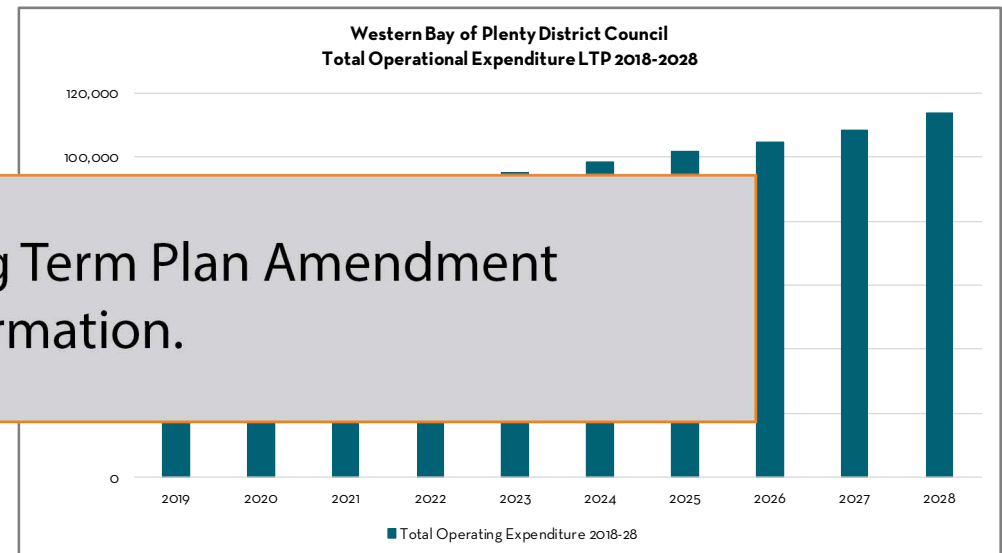
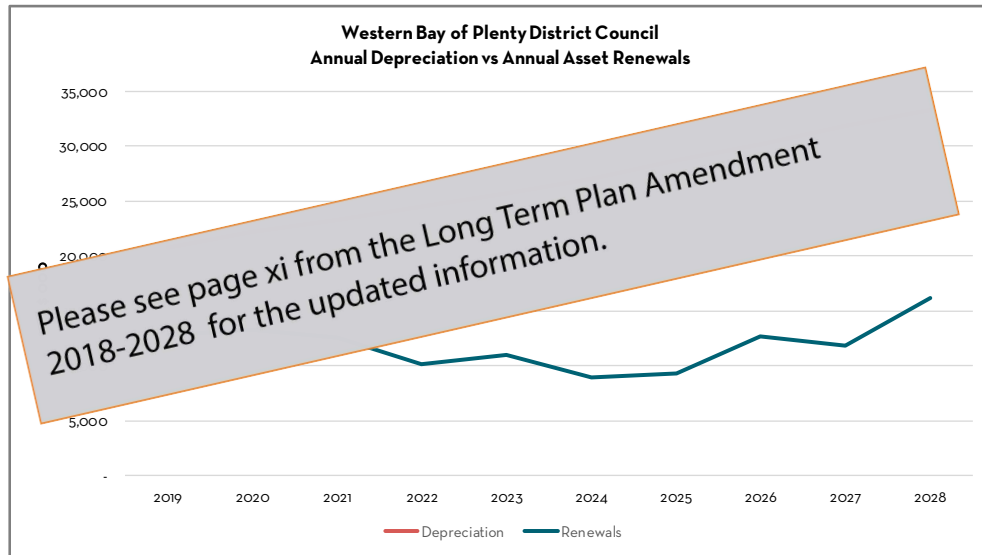


Figure 8: Total Operational Expenditure 2018-2028



Operational expenditure includes costs, interest, depreciation and overheads.

Figure 9: Depreciation vs renewals

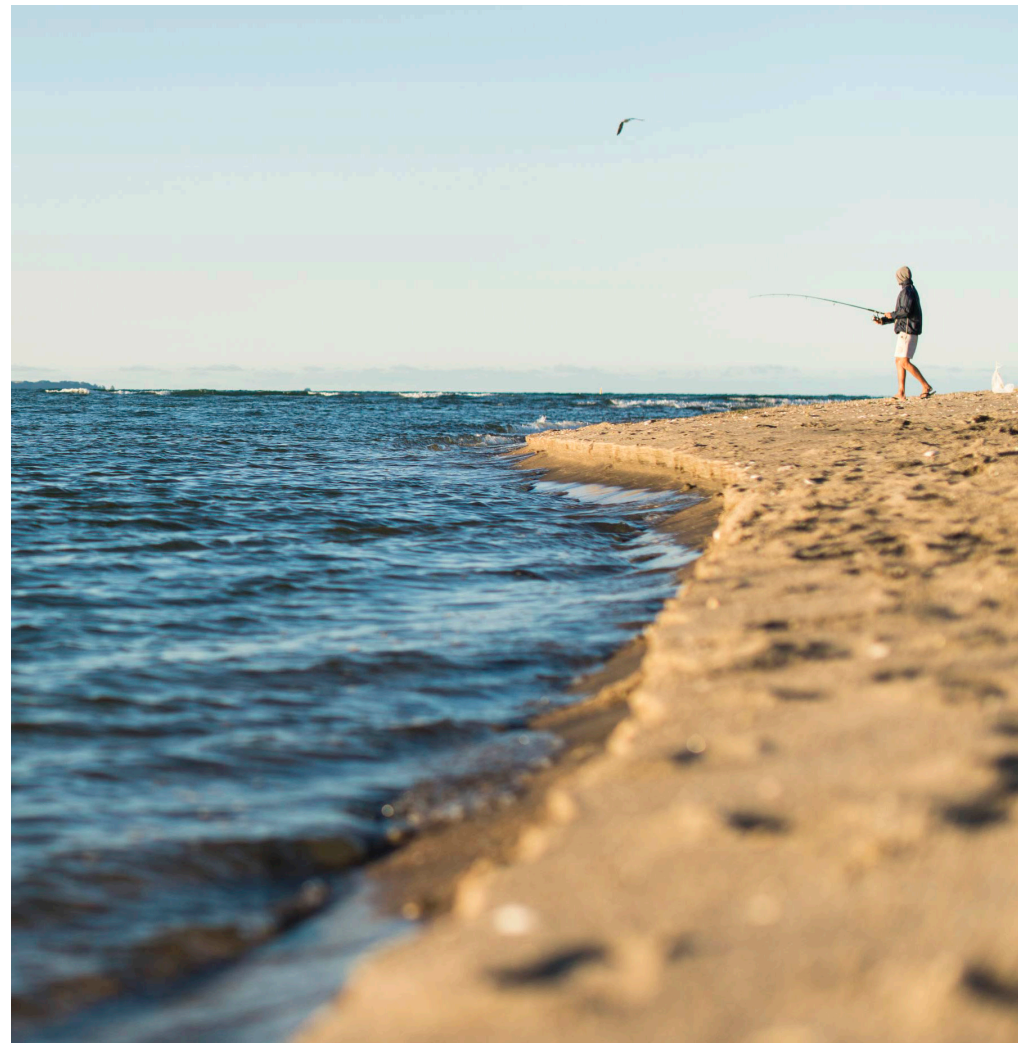
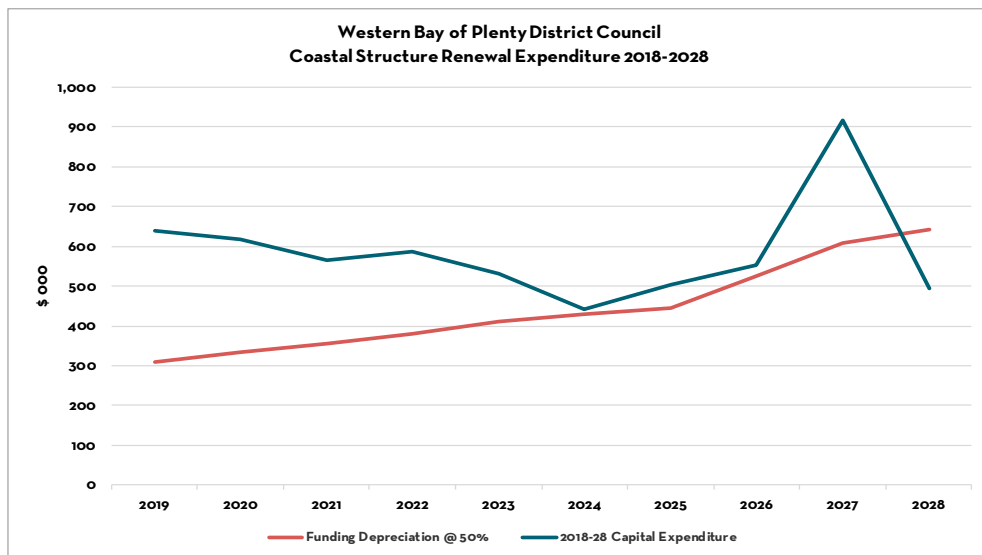


Council funds 50% of depreciation for coastal structure renewals (**refer Figure 10**). This position will be reviewed in the 2021-2031 LTP once further information is available on understanding how the Council's Coastal Erosion Responses Policy (2017) affects the coastal structures renewals profile.

Council considers that the strategy goals and actions provide a good balance between supporting growth of the District, and continuing to maintain existing infrastructure, against the ability of our community to contribute towards the cost of services.

At the end of each financial year we report on our performance against the limits set in the Strategy. This is included in the Annual Report which is available on Council's website in September of each year.

Figure 10 Coastal Structures Depreciation and Renewals



FUTURE INFLUENCES ON OUR FINANCIAL APPROACH

Financial contributions to development contributions

Resource Management Act 1991 changes no longer permit the levying of financial contributions after April 2022. Council has had financial contributions since 1993 and will now need to transition to development contributions taken under the Local Government Act 2002. In undertaking this transition, there is a philosophical change that will impact on the current approach from using contributions to recover the **effects of development** to recovering the **cost of development** based on a benefit approach.

An initial assessment of financial contribution funded projects has been undertaken to determine potential 'fit' with the development contributions approach. The outcome of this and proposed approach taken to funding of relevant projects in the 2018-2028 LTP is:

Project type	Issue	Proposed approach in 2018-2028 LTP
Operational projects currently funded from financial contributions. E.g. Fencing subsidies	Operational projects do not qualify for development contributions as they only apply to capital expenditure driven by growth.	Rates and/or external funding will be assumed as revenue sources to substitute financial contribution funding for affected projects from 2022 onwards. This will be reviewed in more detail in advance of the 2021-31 LTP process. The review will include consideration of alternative funding sources and levels of service.
Capital projects currently funded from financial contributions (library development and new book purchases).	Need to determine level of service and extent to which the project provides for existing population and growth.	
Capital projects currently funded from financial contributions. E.g. Omokoroa structure plan stormwater projects.	These capital projects can be considered for development contribution funding and do have a justifiable growth component.	Assume development contributions will replace financial contribution funding as a revenue source from 2022 onwards. The level of development contribution funds that can be collected and the consequential impact on other funding sources (rates/external funding) will be reviewed. This will include consideration of levels of service and the nexus to growth.

The review process is currently being scoped and it is anticipated that this will commence in 2018/19. The transition from financial contributions to development contributions will be implemented in the 2021-2031 LTP.

Significant infrastructure issues over the next 30 years

The Infrastructure Strategy identifies ten significant issues over the next 30 years (outlined below). Significant decisions on these issues are required within the term of this LTP however the potential budget implications are likely to be felt over a longer period of time.

Area affected	Significant issue	Significant decision timeframe
Theme: The pace of change		
Omokoroa	Significant investment in growth infrastructure.	Decision made on extent of investment and timing in the 2018-2028 LTP.
Eastern Ward	Provision of additional water capacity to the eastern area of the District.	Decision to follow option investigation and be considered in the 2019/20 Annual Plan.
Theme: Building communities		
District-wide	Provision of community and recreation facilities for a growing community.	Decision on levels of service and capital works programme for this (following strategy reviews) to occur in the 2021-2031 LTP process.
District-wide	Provision of boat launching facilities to the coast and harbour.	Decision on levels of service and capital works programme for this (following a sub regional harbour access assessment) to occur in the 2021-2031 LTP process.
Theme: Protecting our environment and our resources		
District-wide	Application of Coastal Erosion Responses Policy to coastal protection structures and strategic assets.	Decision on financial impact of policy being applied expected to occur in 2021-2031 LTP and 2024-2034 LTP.
District-wide	Increased standards of compliance for treatment of stormwater discharge.	Decision made on extent of investment and timing in the 2018-2028 LTP.
District-wide and Western Ward	Increased standards of compliance for treatment of wastewater discharge.	Decision for Katikati ocean outfall renewal project to follow option investigation and be considered in the 2024-2034 LTP.
District-wide	Increased standards of compliance for water quality.	Decision made on extent of investment and timing in the 2018-2028 LTP.
Omokoroa	Slips along the coastal area of Omokoroa peninsula.	Decision to follow research programme to determine options for a long term solution and be considered in the 2021-2031 LTP.
District-wide	Council's level of service for solid waste.	Decision on Council's role in alternative recycling and rubbish collection models, potential recycling centre at Omokoroa and potential future transfer station to be considered in the 2019/20 Annual Plan process (or an LTP amendment if there is a significant change to levels of service).

Affordability

A key financial consideration is the ability of our community to pay for the cost of services delivered through their rates. The ageing population will result in a high proportion of our community being on fixed incomes impacting on their ability to absorb significant or cumulative rates increases.

The current measure used to describe rates affordability is the rates affordability benchmark. The Financial Strategy sets in place the limits that this benchmark is assessed against. Council meets the rate affordability benchmark if:

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

Debt affordability benchmarks are also set in this strategy through quantified limits on borrowing.

Consultation undertaken on the LTP is the key way to 'test' the community's willingness to pay the proposed rate increases (to achieve the proposed delivery of services) and from this, Council determines the appropriate level of increase that ratepayers could absorb.

Council is required to include a disclosure statement in the Annual Report on the financial performance in relation to these benchmarks. In the 2016/17 Annual Report this showed the actual rates increase to be within the limit for the last five years. The exception being 2015/16 where the actual rates increase exceeded the 4% limit due to the growth component being included in the rates limit and growth exceeding forecast estimates in that year.

National and Global influence

Our District is influenced by external factors – national and international, environmental, economic and political. Future changes in interest rates, international markets and legislation, as well as natural hazards and climate change, are likely to impact on our financial situation. Council's resilience and ability to respond to these factors outside of its control will be enhanced by the prudent approach to debt management. This gives us flexibility to respond to new situations.

Recognising that there are many unknowns about future events and circumstances, we requested a brief commentary on observed financial market and economic trends from both a New Zealand domestic perspective as well as international considerations. This information from PricewaterhouseCoopers is outlined in the next section:

Global Context

Global financial conditions have remained active over the past 12 months, aided by low global interest rates and on-going stimulus from many of the world's largest central banks (Europe and Japan in particular). These conditions are expected to persist with global growth projected to rise to 3.7% in 2018, from 3.6% in 2017 (IMF, Oct 2017). Notwithstanding this outlook, the world economy continues to face a number of down-side risks, including:

Increasing global debt levels, reducing growth capacity and increasing financial stability risks, and weaker potential growth in the long-term (demographic changes across developed nations, and the uncertainty of technology on consumer spending habits).

With these factors in mind, it is expected that global interest rates will remain relatively low for much of 2018, albeit trending gradually higher in years to come as central banks unwind the monetary policy stimulus and oil-linked inflation begins to filter through the global financial system.

Domestic Context

New Zealand's economic growth over the last five years has been faster than most developed countries, driven by record immigration and supported by strong commodity prices (dairy) and positive business investment. However, dairy prices and immigration have both weakened over the last 12 months, although this is offset by an improvement in construction output and continued tourism growth. Despite political uncertainty, fundamental drivers of the domestic economy remain intact and we expect another year of solid growth in 2018 and into 2019. Near-term risks facing the New Zealand economy are a self-fulfilling slump in domestic activity (related to recent political change), resource scarcity (namely skill shortages in key industries), or a renewed fall in commodity prices.

Longer term, the risks facing the New Zealand economy continue to rest on the significant exposure/investment in the residential housing market, an under-investment into more productive assets (risking global competitiveness) and the increasing risk of on-going financial stability when domestic interest rates rise. As oil-related inflation begins to reach New Zealand, and in conjunction with recent strength in the New Zealand economy, it is expected that by late 2018 the Reserve Bank of New Zealand will signal eventual increases in the OCR, thus raising the level of domestic interest rates. With inflation expected to pick up both globally and domestically over 2018, it is expected that global monetary conditions, including those in New Zealand, will begin to gradually tighten (i.e. OCR hikes). These actions will lead to increased borrowing costs for Council as interest rates increase.

Furthermore, there is potential for fiscal policy impacts on Council activities due to the change in Government, although specific details of any such changes will only become apparent over coming months (years). The Annual Plan and Long Term Plan process allow us to regularly monitor, review and adjust to relevant change that occurs at a global and domestic level.

WHAT WE ARE WORKING WITH

Our District

The Infrastructure Strategy provides an overview of the key characteristics of the Western Bay of Plenty District. In summary our District is:

- A sunbelt destination due to the coastal and harbour location and temperate climate.
- Growing from 30,000 people in 1991, to an estimated population of 49,285 in 2018, and projected to continue to grow to 61,729 by 2048.
- A mix of four urban growth areas at Omokoroa, Waihi Beach, Katikati and Te Puke, smaller settlements such as Maketu and Paengaroa, and the balance being predominately rural.
- An area with a higher ratio of people aged 65 years plus than the national average.
- Located next to one of New Zealand's fastest growing cities - Tauranga, with the growth projected to continue over the next 30 years.
- Dominated by the primary industries of agriculture and horticulture, that drives a multitude of professional businesses and service industries.

The context provides both challenges and opportunities for the future of our District and the ability to achieve our aspirations. The challenges and opportunities are explored further in the Infrastructure Strategy with some reference where relevant in this strategy (e.g. ageing population and affordability).

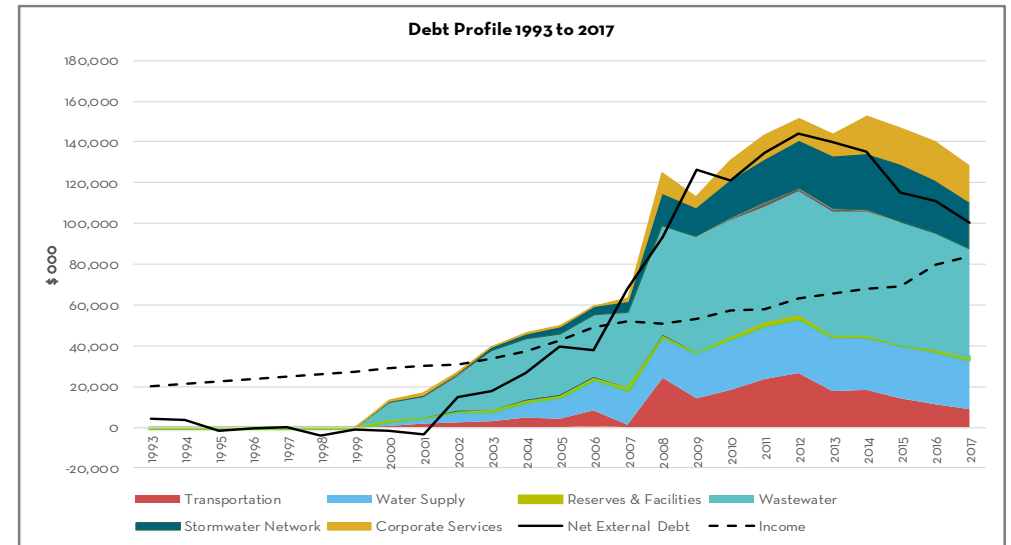
Our current financial situation

When the 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 this time 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 funding the cost of this infrastructure, which lasts for a long period of time. Our District now has infrastructure that will last well into the future. However high debt levels were a consequence of this lead investment and the impact of the global financial crisis in 2007 reducing revenue from growth required to pay for this debt. **Figure 11** shows the debt profile from 1993-2017.

In the 2015-25 LTP the community supported Council increasing the funding it puts into growth related debt interest payments from \$1m to \$2.5m per annum funded from a mix of the general, uniform and roading rates. This approach coupled with prudent management of the capital works programme and a significant increase in growth income over the last two years, means our net debt has reduced from \$144 million in 2015 to \$135 million 2016/17. For the 2017/18 year we are tracking well below what was forecast in the 2015-25 LTP (\$109m vs \$144m) which creates a more manageable financial situation for the future.

Although Western Bay has higher rates than other similar local authorities it now has infrastructure that will last well into the future and accommodate expected growth.

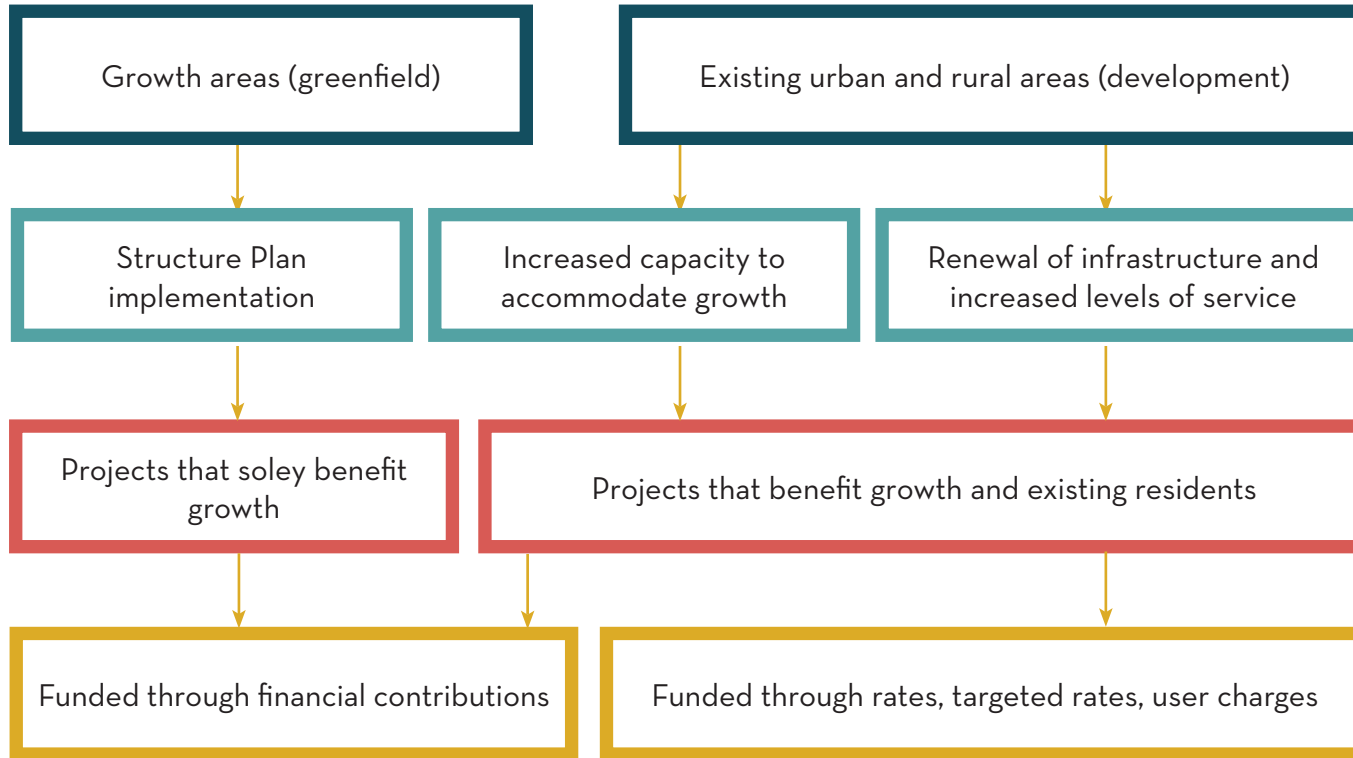
Figure 11: Council's Debt Profile 1993-2017



Funding growth

We fund growth-related infrastructure in a number of ways. Developers are charged financial contributions under the Resource Management Act 1991, and we also use rates, targeted rates and user charges. Our sources of income to fund growth-related infrastructure are shown in **Figure 12**.

Figure 12: Sources of income to fund development



Use of debt

The roading, sewerage, stormwater and potable water extensions and upgrades that we have invested in have long lives and will continue to be used over the next 20-50 years. We need to ensure that future ratepayers pay their fair share of the cost of infrastructure developed for their eventual use. By using loans 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.

Reliability of asset data that forecasts are based on

Overall asset condition data is considered to be extensive and reasonably accurate, particularly in the transportation activity due to the nature of the performance based contract. Wastewater and stormwater assets are relatively young in age so there is a limited need to confirm condition assessments. In some cases there is still data to be obtained and this is a focus moving forward to ensure all asset condition data is captured. This information will improve future investment decisions. For example, installation of water meters will significantly improve data and information on water usage patterns and influences implementation of future capex programmes.

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 changes is implementation of a new asset management system called AssetFinda. This will improve both the quality of the asset data and ability to use that data in asset management practices. The software provided in the new system will help to reduce corporate risk due to improved renewal forecasting, reporting processes and new features such as predictive modelling which hasn't been available previously. Data cleansing is under way as part of this process and it is anticipated that the system will be live by June 2018. An additional staff resource has been budgeted for to assist with integration of the system into Council practices.

THE CHALLENGES

Population growth

In 2018, the estimated population of the Western Bay of Plenty District is 49,285. This is projected to grow to 61,729 in 2048, bringing another 12,444 people to our District. The majority of this growth will be experienced in Omokoroa where the population will triple in size over the next 30 years, increasing from 3,549 in 2018 to 10,782 people in 2048. The planned capacity for this urban growth area is 12,132 and this is expected to be reached by 2063. That's almost the combined population of Katikati and Te Puke today. The majority of this growth will occur prior to 2033, and then we will experience a slowing down of growth which reflects a shift from natural increase to natural decline. Most of the population and economic growth experienced to date has come from immigration and it is expected that this will continue to be the case. Further information on population growth projections is included in the assumptions section of the LTP.

Existing urban growth areas

Western Bay of Plenty District has four existing urban growth areas identified in the Settlement Pattern at Waihi Beach, Katikati, Omokoroa and Te Puke. These towns have been growing since the 1980's and still have capacity for additional residential dwellings, and commercial/industrial development. Minimal growth is expected outside of these main urban centres. In Omokoroa, planning is underway for development of the land between State Highway 2 and the Railway which will provide capacity for an additional 4286 dwellings. The existing urban growth areas are where Council's planning and infrastructure investment has been focused to date.

Future urban growth areas

The SmartGrowth Settlement Pattern identifies further potential growth locations that require investigation into the practicality of this. Council is commencing this work in 2018. A strategic assessment will be undertaken for Te Puna, Paengaroa, and Pukehina to determine the viability of becoming future urban growth areas. The long term growth allocated to Katikati will also be reviewed. A key consideration is the extent of capacity provided in existing infrastructure to accommodate growth occurring. From a cost and efficiency perspective, areas with existing capacity will be developed ahead of areas where additional infrastructure is required. Tauriko West is identified as a future urban growth area and is currently within the Council's boundary however a boundary adjustment will be undertaken to include this in the Tauranga City Council boundary.

Repaying growth related debt

We 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 project 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; decisions are based on assumptions of growth for many years ahead. For example, our Omokoroa wastewater scheme was built to cater for an eventual expected population of 12,000 residents. 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.

It has now been accepted that we need to increase the level of funding from other sources to manage our debt and keep the interest costs under control. This approach will continue from 2019/20 or Year 2 of the LTP and through the life of this strategy.

Cost influences

There are several major drivers of Council costs, shown in the table below.

Driver	Key considerations
Increased service demand	<ul style="list-style-type: none"> Growth in population, visitor numbers, businesses and properties. Changes in land use. Extending the areas covered by existing utility network.
Changes in service levels	<ul style="list-style-type: none"> Frequency and reliability of service. Higher or lower standards of service - can be in response to community aspirations, legislation or affordability constraint.
New services	<ul style="list-style-type: none"> New infrastructure such as wastewater schemes. New services - usually in response to community demand. New services required by legislation.
Asset management	<ul style="list-style-type: none"> Maintaining and renewing assets - is influenced by the type and age of assets. Depreciation - this is a way of providing for future replacement of assets.
Debt servicing	<ul style="list-style-type: none"> Changes in interest rates. New expenditure funded through loans. Speed of debt repayment - largely depends on income from financial contributions paid when properties are subdivided.
Price changes	<ul style="list-style-type: none"> Local government cost index - this reflects price changes in the goods councils usually purchase. Contract price escalations - long term contracts sometimes contain cost escalation clauses. Tender prices - this is influenced by availability of materials and skilled labour.
Productivity	<ul style="list-style-type: none"> Finding smarter ways of doing things in everyday business. Shared service delivery - working with other councils to avoid duplication and provide better services.

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.

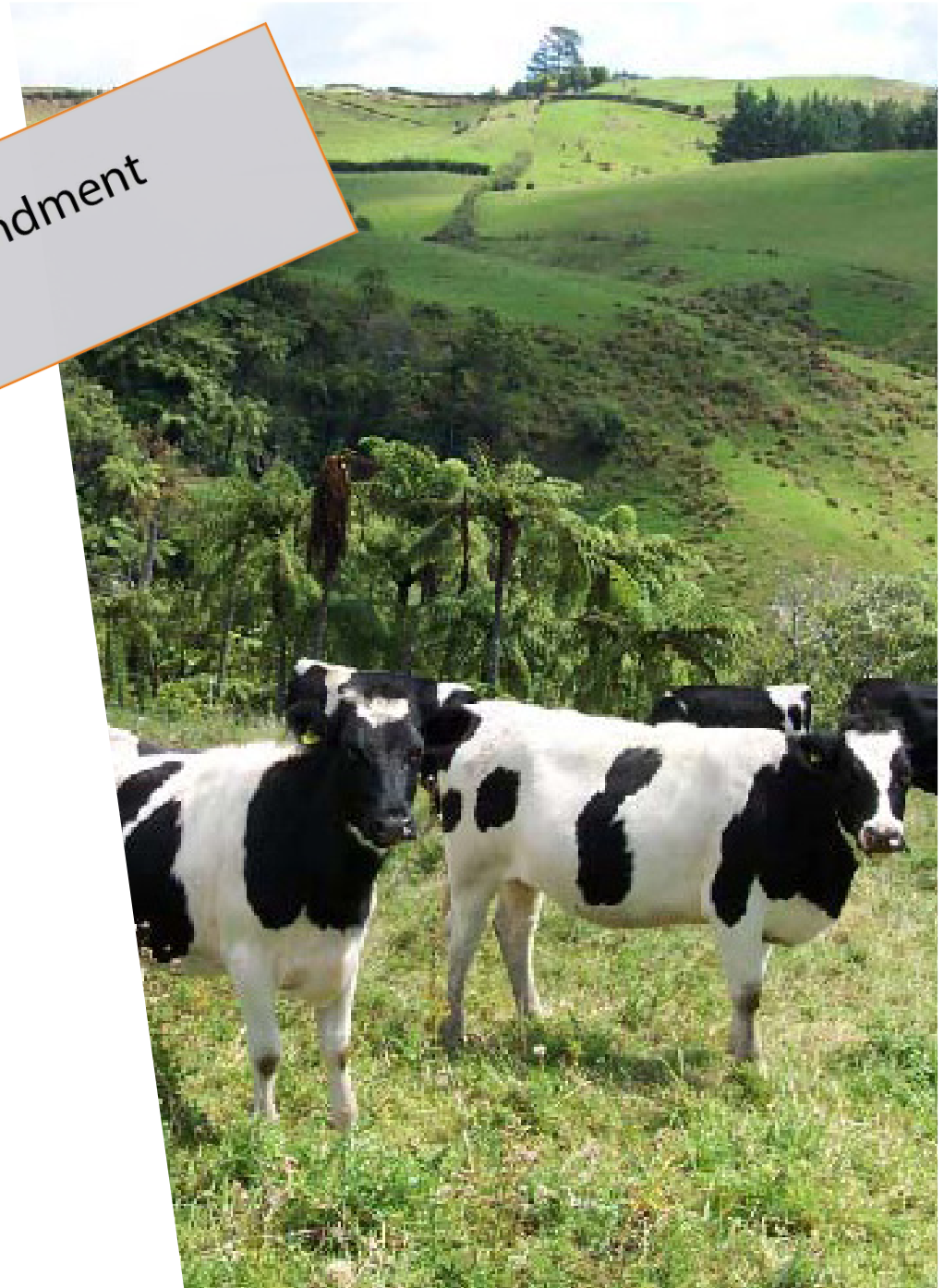
Within the rural sector land use changes could affect service demand, especially for water supply and roading. For example, if an area serviced by the water supply network changed from land crop to a crop requiring irrigation there could be an increase in demand for water. For roading, if the land use changed from forestry to lifestyle blocks the path of change. The monitoring frameworks we have in place are important to track and future growth projections for residential and other land use. Trends report and our new reporting requirements against Development Capacity are key ways that we can manage these changes.

Long term financial information for

From a long term planning perspective, we need to consider the impact of water and transport to determine the long term financial implications of these services and highlight any forecast issues that may arise from our current strategy.

Recreation and Leisure services currently only have robust forecasts for the next 10 years. We are expected that Council's new asset management strategy will provide the capability to forecast beyond this and will be developed through the future Strategy process. The Recreation and Leisure and Solid Waste investigations will also provide clarity on the long term financial implications of these services which will influence future capital

Please see page xii from the Long Term Plan Amendment 2018-2028 for the updated information.



WHAT WE ARE WORKING TOWARDS

Vision for the Western Bay of Plenty District

Our community have helped to identify what is important to them and these are things that we want to retain and grow further so that our District will be a place that people continue to enjoy living in, people want to move here, and people want to visit here. The type of District we want to live in is one where:

We can all enjoy a healthy and safe lifestyle.

Our communities are vibrant and welcoming.

Leaders are effective, informed and inclusive.

Our environment is clean, green and valued.

Our economy is thriving.

Our strategies provide specific direction on the contribution that infrastructure and all Council services will make to this vision, and the framework for what we do and why do it. For this LTP, community conversations held during 2017 have helped to identify the key things that are important to the community and that require prioritisation over the next ten years. The themes are:

The pace of change

Getting around

Protecting our environment and resources, and

Building communities

The role of the Financial Strategy is to support the ability of Council to appropriately invest in these areas of importance to the community through providing a balance between prudent financial management and delivery of services.

Where we will be in 2028

The goals and key actions in this strategy provide direction on the financial approach we will take to work towards achieving this vision and strategic direction. Our aim is that by 2028 we will have:

Reduced our level of net debt from \$109m in 2018/19 to \$75m through efficient management of our capital expenditure programmes, additional contributions to interest and debt repayments each year and close monitoring of actual uptake of growth.

Maintained average rates increases at less than 4% (excluding growth) over the ten year period.

Transitioned from Financial Contributions to Development Contributions with development continuing to make a fair and reasonable contribution to the cost of growth infrastructure.

Provided infrastructure that meets the level of service needs of our community.

Continued to provide timely infrastructure that enables growth in key growth areas.

Reviewed and adopted strategies and levels of service for some activities and made a number of significant decisions that influence future expenditure requirements.

Looking beyond 2028, we will have more ratepayers and more infrastructure to look after, and will still be growing!



FINANCIAL ASSUMPTIONS

Key assumptions	Description	Risk
Inflation	<p>To comply with the requirements of the Local Government Act 2002, financial projections over the 10 year period have been adjusted by inflation.</p> <p>Costs are assumed to increase according to the schedule of indices below. The indices were prepared by Business and Economic Research Limited (BERL) in September 2017, an economic forecasting agency for the local government sector. The indices are applied according to the types of expenditure that makes up each activity. An inflation assumption of 2% has been used for the remaining 20 years of the Infrastructure Strategy.</p> <p>For the Uniform Targeted Rate (UTR) (stormwater, water and wastewater) the inflation rate is defined by Council and is generally based on historic and projected financial information:</p> <ul style="list-style-type: none"> • 2018: 3% • 2019: 0% • 2020-2026: 3% • 2027-2028: 1% 	<p>The level of uncertainty for this assumption is moderate. It is difficult to predict inflation over a 10 year period, therefore actual results are likely to vary from these indices, particularly from 2021 onwards.</p> <p>If inflation is under-estimated and actual cost increases are materially higher than forecast, budgets for the first year of the LTP 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 from Year 2 of the plan or surplus revenue held over the following year.</p> <p>Inflation assumptions are reviewed each year as part of the annual budgeting process.</p>

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Roading	1000	1022	1044	1068	1093	1120	1148	1178	1210	1243
Planning & Regulation	1000	1021	1042	1065	1088	1113	1139	1166	1194	1224
Water and Environment	1000	1025	1048	1073	1099	1127	1155	1186	1219	1253
Community activity	1000	1020	1042	1064	1087	1111	1137	1164	1192	1223
Transport	1000	1020	1041	1064	1088	1113	1139	1168	1198	1230

Key assumptions	Description	Risk
Interest rates	<p>The interest rate on future term borrowing for the 10 years of the LTP has been estimated at 6.0%.</p>	<p>The level of uncertainty for this assumption is low. Council has a high 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 sought from Council's treasury advisors.</p> <p>If interest rate assumptions were too low, it would result in borrowing costs being higher than forecast.</p> <p>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> <p>Interest rate assumptions are reviewed each year as part of the annual budgeting process.</p>

Driver	Key considerations	
<p>External funding for projects</p>	<p>Council and the community often rely on external funding sources to help deliver projects. Council is aware of approximately \$33m of community and recreation facility projects that the community is wanting to deliver over the next 10 years. Where Council is planning on making a contribution, this has been included in the LTP. Otherwise it is assumed that the projects will be delivered with external funding and that there will be no ongoing cost to Council.</p> <p>Council is able to access central government funds in some situations (e.g Housing Infrastructure Fund) to assist with delivery of projects. It is assumed these projects will not be delivered unless there is certainty of funds from central government.</p>	<p>The level of uncertainty for this assumption is high. It is difficult to predict whether community groups and Council for that matter will be successful in obtaining external funding for projects. 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>Depreciation of coastal structures</p>	<p>Council funds 50% of depreciation for coastal structure renewals. This position will be reviewed in the 2021-2031 LTP once further information is available on understanding how the Council's Coastal Erosion Responses Policy (2017) affects the coastal structures renewals profile. Annual condition assessments will provide an overview of the asset condition and likely implications in terms of the renewals profile once the policy has been applied.</p>	<p>Based on the asset management plan, there is no identified funding or asset risk to warrant this approach changing over the next three years.</p>



HOW WE WILL MANAGE THE UNEXPECTED

In developing this strategy, we considered how we would respond if faced with unexpected situations that could affect our financial situation.

Lower than expected growth assumptions

Growth forecasts are volatile and can be affected by external factors outside of our control such as what happens in overseas financial markets. 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:

Avoid adding to our debt until levels of growth improve. This means postponing the start of projects (particularly those driven by growth), delaying or cancelling planned projects that are funded by loans, and/or delaying infrastructure upgrades.

Consider reductions in levels of service.

Sell assets that are not essential to operations and are easiest to sell, for example Capamagian Farm, Waihi Beach.

Sell and lease back operational land, for example our head office at Barkes Corner, Tauranga.

Seek central government assistance where practical.

Promote development in areas where there is existing capacity in infrastructure.

We would be very reluctant to defer maintenance of assets or reduce maintenance standards as this may end up being costlier 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. On the other hand, if financial contributions income is higher than our forecasts there may be an opportunity to reduce the need for further rates increase.

Our strategy to use the Uniform Annual General Charge, the General Rate and the Rooding Rate to service our debt will be reviewed each year to determine if it is still required and any changes to this approach will be publicly consulted on through the Annual Plan process for that year.

Cost of debt and access to refinancing

Over the next few years there is a risk that access to borrowing may become more difficult. When our existing debt matures re-financing may be harder to obtain particularly if financial markets deteriorate because of the ongoing financial problems in European countries and the United States.

We considered what might happen if these markets deteriorated to such an extent that 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.

Our response would be:

Seek central government assistance to meet immediate commitments.

Seek Bay of Plenty Regional Council assistance (where practical).

Raise income through an emergency rates increase.

Aggressively sell land and other liquid assets.

Postpone the start of all projects not already committed.

Contingency and disaster management

The Canterbury earthquakes of 2010 and 2011 raised public awareness of our vulnerability to unexpected events and the potential for sudden destruction of infrastructure, such as water networks, roading and buildings that are the foundations of our community.

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.

Council is part of the Bay of Plenty Lifelines Group which contributes to joint initiatives to reduce the vulnerability of utilities to hazards. The group undertakes an assessment of the vulnerability of various types of infrastructure to hazards including floods, earthquake, volcanic eruption, tsunami, storm surge, fire, wind and landslide.

We have built up a Disaster Contingency Fund which currently sits at \$8m. However, in the event of major infrastructure failure this amount would not cover the total cost of replacement or repair. Our initial approach would be:

Utilise the \$8 million 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

Notes on investment holdings

We are required to include in our Financial Strategy information on our objectives for holding financial investments and equity securities and to provide quantified targets for returns on those investments. We must also include our policy on giving of securities for our borrowing.

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 primary objective 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 Papamoa, 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.

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

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.

Company	Objective of holding equity	Target rate of return
New Zealand Local Government Funding Authority (LGFA) - 8% shareholding	<ul style="list-style-type: none"> To obtain a return on investment, and 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	<ul style="list-style-type: none"> To provide the Bay of Plenty region councils with an umbrella vehicle to investigate, procure, develop and deliver shared services. 	≥0%
Western Bay of Plenty Tourism and Visitors' Trust - 50% holding	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

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 Councils 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 \$10,000). As a result of its limited use of foreign exchange, Council has little direct risk of changes in currency exchange rates.

Funding renewals and replacement of asset

Prudent financial management requires organisations to plan for the replacement or renewal of their assets when they reach the end of their useful lives in order to maintain the service they provide. The inter-generational 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. There are three principal ways this can be achieved:

Approach	Details
1 Pay as you go	Capital funded annually by rating existing ratepayers to cover the expenses incurred in that year. 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.
2 Saving for asset replacement (charge rates over the life of the asset - spend later)	Ratepayers are rated annually to fund depreciation, which builds up in a reserve account to fund future replacements of assets. Unsuitable if ratepayers are already servicing debt incurred to acquire the existing asset. If debt were incurred, today's ratepayers would be paying twice for the asset, once through debt repayments and interest, and again through financing the depreciation.
3 Borrowing to fund asset replacement (spend now - charge rates over the life of the asset)	Ratepayers are rated annually to fund interest and capital repayments on loans matched to the life of the asset. In the future replacement of the asset would be financed in the same way. Suitable if our overall level of debt can accommodate the required borrowing.

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. Shown below is the approach we usually take for different asset types.

Type of asset	Objective of holding equity
Water, wastewater and stormwater reticulation, treatment plants and buildings	Borrowing to fund asset replacement Pay as you go
Computer systems, office furniture and equipment, motor vehicles	Saving for asset replacement
Roads and bridges	Pay as you go
Other buildings	Saving for asset replacement

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 play 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

The District is growing and changing rapidly and requires a good long-term plan in place to deliver the right infrastructure, at the right time and in the right location. This strategy provides a comprehensive overview of the infrastructure services Council will deliver to the community over the next 30 years, and identifies the issues and challenges we will face in doing this. We need to be nimble in our approach as there are things we know with certainty but there are also lots of unknowns that may impact significantly on what we do in the future!

The following types of infrastructure are included as they are fundamental to the development of successful communities and for achieving our future aspirations:

Stormwater

Water

Wastewater

Transport

Solid Waste

Recreation and Leisure

Community Facilities (libraries, community halls, elder housing, cemeteries)

Infrastructure is a core part of what Council provides to the community. Council spends around \$80 million every year on infrastructure and looks after over \$1.1 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.

Key infrastructure messages 2018-2048

The focus of this strategy is to continue with a business as usual approach for infrastructure activities. This means ensuring infrastructure continues to meet the needs of our communities, and providing infrastructure to enable further growth to occur. The Financial Strategy supports this approach by setting in place prudent limits on debt and rates increases.









There are no proposed changes to levels of service; however decisions that have the potential to result in a change to levels of service in the future are identified. For example, a review of the Communities and Recreation and Leisure Strategy may result in a change to levels of service for libraries and recreation facilities.

A high priority for infrastructure investment is Omokoroa with significant growth related projects over the next 30 years, particularly for transport. Council is also proactively planning for and responding to environmental issues including climate change and increasing water quality standards that impact on the water, wastewater and stormwater activities of Council.



HOW THE INFRASTRUCTURE STRATEGY AND FINANCIAL STRATEGY WORK TOGETHER

The two strategies go hand in hand. The Infrastructure Strategy outlines what we need to do, when and why, and the Financial Strategy puts the financial framework around this to provide a balance between delivery and affordability.

 Financial Strategy 2018-2028	 Infrastructure Strategy 2018-2048		
	Section	Purpose	Page
<p>Previous financial strategies influenced the infrastructure approach taken in the past.</p>  	<p><i>What we are working with</i></p>	<p>Identifies the key characteristics of the District and provides an overview of our current situation.</p>	<p>61</p>
	<p><i>What we are working towards</i></p>	<p>Identifies our vision and goals for the District and for the strategy.</p>	<p>63</p>
	<p><i>The challenges</i></p>	<p>Identifies the key things that influence our approach to infrastructure in the future.</p>	<p>64</p>
<p>Strategy goals and key actions influence the approach taken to decisions on significant infrastructure issues, and to determining the most likely scenario for infrastructure management over the next 30 years.</p>  	<p><i>The big picture</i></p>	<p>Identifies the most likely scenario that Council will take for the management of infrastructure over the next 30 years, and the asset management assumptions that support this approach.</p>	<p>68</p>
	<p><i>Significant infrastructure issues</i></p>	<p>Identifies the key issues that the Council and community needs to consider and provide direction on.</p>	<p>72</p>
<p>Strategy limits on debt and rates influence the approach taken at an activity level.</p>  	<p><i>Activity overviews</i></p>	<p>Provides an overview of each activity. Identifies the key influences, what we want to achieve in the long term, and what we will focus on to get there.</p> <p>Includes activity assumptions and capital and operational expenditure from 2018-2048.</p>	<p>80</p>
	<p><i>How we manage our assets</i></p>	<p>Provides an overview of Council's asset management approach.</p>	<p>104</p>

WHAT WE ARE WORKING WITH

This section provides an overview of our District; the things that make us unique and that have shaped who we are today. This provides the context for the approach taken to infrastructure in the 2018-28 Long Term Plan (LTP), and in the future.

The environment

Western Bay of Plenty District stretches from Waihi Beach in the north to Otamarakau in the south and covers 212,000 hectares of coastal, rural and urban areas. The diverse landscape, combined with a favourable temperate climate, provides an area rich in resources such as 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, Omokoroa, and Te Puke. Smaller rural settlements are located throughout. Along the Pacific Coast, Waihi Beach and Pukehina Beach have grown from being popular holiday places to more permanent settlements that are still very popular holiday locations.

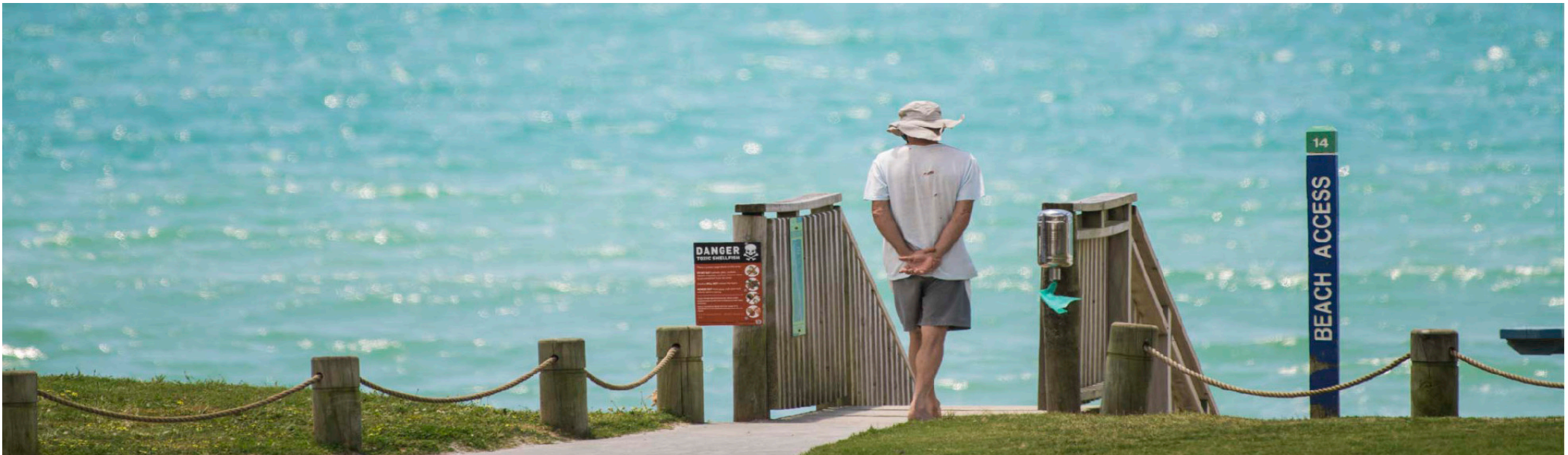
The District has a large rural land area and several distinct urban centres. The spread of settlements across the District including at the end of peninsulas makes the delivery of infrastructure more expensive compared to a compact single settlement like a city. The topography and soil types can also increase infrastructure costs, particularly for roading which often suffers from weather related stormwater damage. Council applies a number of techniques to make sure infrastructure spending is an efficient use of ratepayer money. This includes rules in the District Plan that concentrate development in areas where infrastructure already exists or is planned to occur.

The types of natural hazards that are generated 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. Waihi Beach is the most susceptible due to a combination of low lying urban areas impacted by tidal conditions and undersized pipes. Other areas where undersized infrastructure is in place include Katikati, Te Puke and Omokoroa and some of the smaller settlements such as Paengaroa.

Long term coastal erosion is evident particularly in coastal settlements (Pukehina/Waihi Beach), seacliffs (Maketu), estuary margins (Little Waihi), and the shoreline of Tauranga Harbour (Omokoroa, Te Puna, Opureora) and along the open coast which will increase with rising sea levels. The Coastal Erosion Responses Policy 2017 provides a framework for consistent decision-making where Council owned coastal land is affected by coastal erosion or subsidence. The implications of this policy on our infrastructure approach is explored further in the Significant Infrastructure Issues section.

Neighbouring areas have active volcanoes and identified fault lines both of which have the potential to have a catastrophic impact on the District. Earthquakes have the potential to rupture wastewater and reticulated water pipes, affect bores and aquifers, while liquefaction could damage and disrupt the transport network. Slips and landslides due to increasing storms and rainfall events could damage roads and disrupt travel, and in doing so have the potential to cut off some communities for a period of time.

The resilience of infrastructure is a key consideration in investment decisions. Technology is playing a big part in improving what we can do to improve the District's resilience to natural hazards. For example, use of more resilient materials for pipe replacement.



The people

In 1991 the District population was 30,000. The Western Bay of Plenty sub-region is now one of the fastest growing areas in New Zealand and includes Tauranga City with 128,200 people and Western Bay of Plenty District with 49,285 people (2018). Most of the growth has come from migration from other parts of New Zealand and it is expected that this will continue to be the case. 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 61,729 by 2048 which means that another 12,444 people will be joining us over the next 30 years. Waihi Beach, Katikati, Omokoroa, and Te Puke urban growth areas accommodate the majority of the population and future growth.

The economy

The economic strengths of the District 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. Agriculture and horticulture are the main economic drivers in the Western Bay of Plenty. 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. The Ranguru 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 are also for people wanting a relaxed outdoor lifestyle. The District is close to the amenities of Tauranga, yet retains a rural and small-town atmosphere.

The infrastructure

Between 1998 and 2008 the District grew rapidly with the population increasing by 20% over this time. 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 information 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. The good news is that our investment in infrastructure has created capacity that will serve the District well into the future.

In the 2015-25 LTP the community supported Council increasing the funding it puts into growth related debt interest payments from \$1.3m to \$2.5m per annum funded from a mix of the general, uniform and roading rates. This approach coupled with prudent management of the capital works programme and a significant increase in growth income over the last two years, means our net debt has reduced from \$144 million in 2015 to \$100 million 2016/17. For the 2017/18 year we are tracking well below what was forecast in the 2015-25 LTP (\$110m vs \$137m) which creates a more manageable financial situation for the future.



WHAT WE ARE WORKING TOWARDS

Where we are now

Western Bay of Plenty District is forging ahead with a strong economy, a thriving primary sector and building industry, and sustained population growth. Increased subdivision consents and activity are positive signs for continued growth.

A conscious effort over the last six years to manage debt and achieve a reasonable balance between delivering services and managing rates increases has put us in a good position to continue to invest in infrastructure required for growth and continue to manage existing infrastructure networks. Council is aware that circumstances can change and have provided scope in this strategy and the Financial Strategy to be flexible and responsive to this change.

Where we want to be

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 (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.

This provides a sub-regional vision, but we also need to be clear about our local vision so that everything we do is working towards these longer-term objectives. Our community have identified what is important to them and these are things that we want to retain and grow further so that our District will be a place that people continue to enjoy living in, people want to move here, and people want to visit. The type of District we want to live in is one where:

We can all enjoy a healthy and safe lifestyle

Our communities are vibrant and welcoming

Leaders are effective, informed and inclusive

Our environment is clean, green and valued

Our economy is thriving

Our strategies provide specific direction on the contribution that infrastructure will make to this vision, and the framework for what we do and why do it.

How we are going to get there

Our goals for infrastructure planning, provision and management over the next 30 years are to:

Goals	What this means	Financial considerations
1 Maintain the infrastructure and services we provide as efficiently and effectively as possible.	Regular condition assessments, renewals and upgrades are undertaken to ensure infrastructure continues to meet the needs of our community.	<ul style="list-style-type: none"> Ensure depreciation funding is sufficient for renewals expenditure. Enduring programme of renewal and operational expenditure. Optimise use of infrastructure and streamline operational costs.
2 Provide the infrastructure required to support a growing community.	Continue to invest in the development of growth areas in the District, recognising the benefits of growth to our community. Continue with a 'just in time' approach to the provision of growth infrastructure.	<ul style="list-style-type: none"> Debt limits provide capacity for growth funded capital expenditure to occur. Just in time approach provides greater certainty of growth funding revenue. Manages debt profile within identified debt limits. Impact of transition from Financial Contributions to Development Contributions particularly on community infrastructure.
3 Identify and plan for potential changes to levels of service in the future.	The strategy identifies if consideration needs to be given to a potential change in the current level of service approach. This could be as an outcome of the challenges outlined in this strategy, community expectation, and/or our ability to achieve the vision and goals outlined in this strategy.	<ul style="list-style-type: none"> Flexibility in Financial Strategy debt and rates limits to adjust to a potential increase or decrease of costs associated with a change in levels of service.
4 Continually improve our knowledge of infrastructure, particularly in terms of changing technologies.	This ensures that Council keeps pace with the changing world of infrastructure and technology, and applies this thinking to future planning and investment decisions.	<ul style="list-style-type: none"> Flexibility in Financial Strategy to adjust to a potential increase or decrease of costs associated with a change in approach.

THE CHALLENGES

This section outlines how population growth, climate change, legislative change, as well as future trends, are likely to affect infrastructure management in the future.

There will always be a degree of uncertainty about how significant these factors are going to be, but they all have the potential to create a wide influence. For some of the challenges such as an ageing population, there are many unknowns regarding the extent of impact this demographic change will have on our approach to infrastructure provision. We can make some assumptions but will need to 'watch this space' to better understand from research and engagement with our community how we might need to respond to this change.

For this reason, these challenges require ongoing consideration, and Council will need to take a flexible approach to adapt to changing conditions. More detailed information on the challenges (and opportunities) is provided in the activity overviews.

The key challenges

There are four key challenges that have the most influence on our approach to infrastructure planning and provision over the next 30 years. These are:

Population growth

Legislative change

Climate change

Economic growth

Our growing population

Population growth brings a number of benefits to the District but also creates challenges for the delivery of services and funding of infrastructure. Benefits including increased prosperity, attracting investment, and community vibrancy and diversity. Growth increases the number of rateable properties in the District and the expected demand for services and infrastructure.

Population projections help us plan the infrastructure required for growth. The projections tell us how many people are expected to move here, the number of dwellings they are expected to require, and where they are likely to go. They inform the SmartGrowth Settlement Pattern which is essentially the 'blueprint' for the sub-region, setting out how, where and when development will occur over the next 20 - 50 years. The Settlement Pattern promotes a more compact urban footprint, seeking to protect rural land for the foreseeable future.

In 2018, the estimated population of the Western Bay of Plenty District is 49,285. This is projected to grow to 61,729 in 2048, bringing another 12,444 people to our District. The majority of this growth will be experienced in Omokoroa where the population will triple in size over the next 30 years, increasing from 3,549 in 2018 to 10,782 people in 2048 (refer Figures 1 and 2). The planned capacity for this urban growth area is 12,132 people and this is expected to be reached by 2063.

That's almost the combined population of Katikati and Te Puke today. The majority of this growth will occur prior to 2033, and then we will experience a slowing down of growth which reflects a shift from natural increase to natural decline. Most of the population and economic growth experienced to date has come from migration and it is expected that this will continue to be the case. Further information on population growth projections is included in the assumptions section of the LTP.



Existing urban growth areas

Western Bay of Plenty District has four existing urban growth areas identified in the Settlement Pattern at Waihi Beach, Katikati, Omokoroa and Te Puke. These towns have been growing since the 1980's and still have capacity for additional residential dwellings, and commercial/industrial development. Minimal growth is expected outside of these main urban centres. In Omokoroa, planning is underway for development of the land between SH2 and the Railway which will provide capacity for an additional 4286 dwellings. The existing urban growth areas are where Council's planning and infrastructure investment has been focused to date.

Figure 1: Urban Growth Area Dwelling Projections 2018-2048

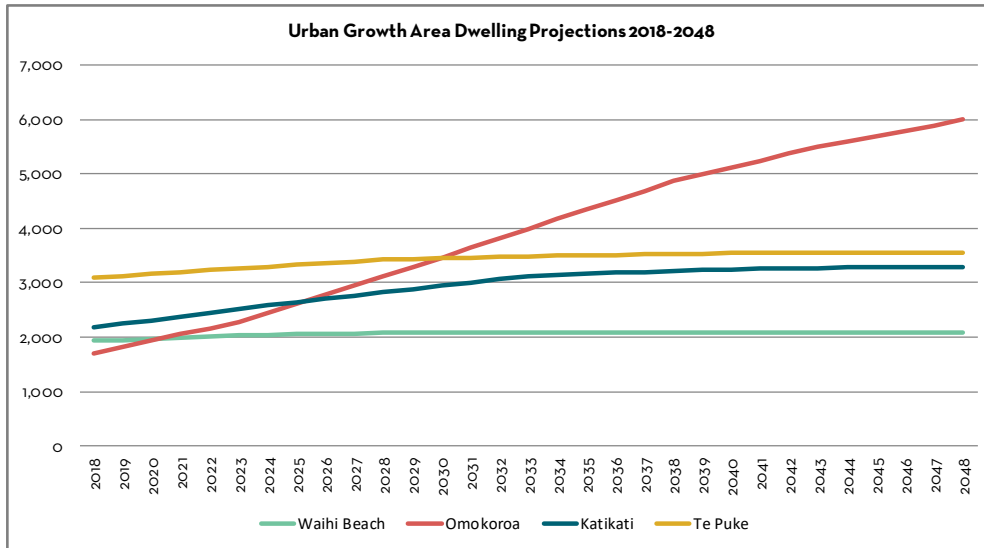
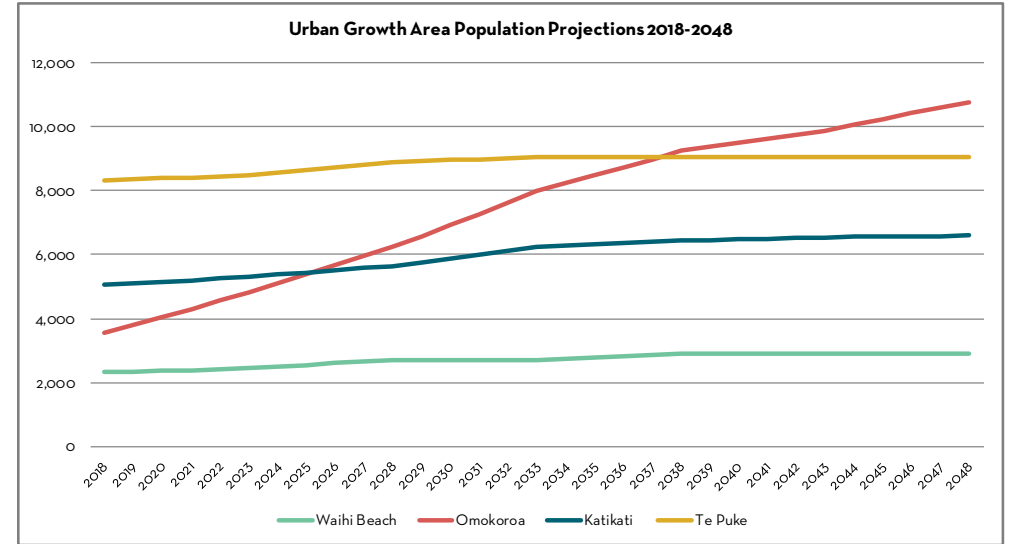


Figure 2: Urban Growth Area Population Projections 2018-2048



Future urban growth areas

The Settlement Pattern identifies further potential growth locations that require investigation into the practicality of this. Council is commencing this work in 2018. A strategic assessment will be undertaken for Te Puna, Paengaroa, and Pukehina to determine the viability of becoming future urban growth areas. The long term growth allocated to Katikati will also be reviewed. A key consideration is the extent of capacity provided in existing infrastructure to accommodate growth occurring. From a cost and efficiency perspective, areas with existing capacity will be developed ahead of areas where additional infrastructure is required. Tauriko West is identified as a future urban growth area and is currently within the Council's boundary however a boundary adjustment will be undertaken to include this in the TCC boundary.

Legislative Change

As legislation and regulation evolves and changes over time, so will the Council's investment programme. Requirements from the following legislative changes have been incorporated into the strategy thinking:

- National Policy Statement on Urban Development Capacity identifies the sub-region as a high growth urban area and requires completion of housing and business land assessments. Councils are also required to provide an additional margin of feasible development capacity over and above projected demand of at least 20% in the short to medium term (3-10 years) and 15% in the long term (30 years +). The sub-region is fortunate to already be in a good position to respond to this through SmartGrowth and the Settlement Pattern Review process, and will continue to work in partnership to report against these requirements
- National Policy Statement for Freshwater Standards directs BOPRC to set new objectives, policies and limits for water management at a local level. The plan changes will be designed to improve water management including the quality of water, water allocation decisions and the relationship of iwi with freshwater
- Resource Management Act 1991 changes no longer permit the levying of financial contributions after April 2022. Council has had financial contributions since 1993. In undertaking this transition, there is a philosophical change that will impact on the current approach from using contributions to recover **the effects of development** to recovering the **cost of development** based on a benefit approach.

It is expected that Central Government and Regional Councils will continue the trend of higher public health and environmental outcomes expressed through national and regional policy statements. The impact of this on resource consents for stormwater and wastewater discharge, and drinking water standards has already been noticed and is changing what we do and how we work to ensure environmental outcomes and targets are met, often increasing our costs to deliver these services to the community.

Other areas to keep a watching brief on are the proposed Resource Management Act and Local Government Act reforms although the 2017 change in Government could impact on the original intent of these reforms. In November 2014, Bay of Plenty local authorities took part in a research project (Local Government Futures) to gain a greater understanding of the issues and opportunities related to the form and function of local government, and consider the potential for alternative ways in which local public services could be delivered to improve effectiveness and efficiency. This work recommended a detailed business case be prepared to explore options to improve service delivery in the water and wastewater functions (such as a joint approach to procurement through a combined business unit). A detailed business case was also recommended for the transport function and in particular exploring further the potential for a transport centre of excellence model. The detailed business cases have not progressed but could be reconsidered at a later date depending on the political appetite to undertake this work.

Climate Change

The District can expect to see more extreme weather and storm events because of climate change. Our weather patterns will change, and we will experience:

More hot days where temperatures are 25 degrees or more

Milder autumns and winters

Drier winters

Increasing summer rainfall with heavier downpours

Fewer cold nights and frosts

Rising sea levels

We can generally expect to see increasing erosion, inundation and damage associated with increasing storm intensity and rising sea levels. This will have a significant impact on large areas of coastline, land use planning, private property and Council's infrastructure and finances. Stormwater, wastewater and roading require increased expenditure on operational responses and repairs due to damage from storms. Climate change is now a core component of infrastructure planning and modelling. We need to better understand the implications of climate change to inform future management and investment decisions we make on our infrastructure.

Adapting to climate change will become a more prominent feature of the Council's work programme in the future, as we increase our knowledge on the impact it has on infrastructure. Some difficult decisions will be required regarding the best approach to managing challenges where it might not be feasible or practical to continue with infrastructure provision in some areas. Council will be guided by relevant policies and best practice in determining a response to this and is contributing \$20,000 in 2018/19 towards development of a climate change action plan.

Economic Growth

Our economy is underpinned by agricultural and horticultural sectors and is strongly intertwined with Tauranga's economy which provides most of the sub-regions manufacturing and services. The important drivers of growth within the sub-region are population growth, infrastructure improvements, and increases in productivity of exporting sectors through improved technologies and higher levels of mechanisation.

On the back of strong and continued population growth, our economy is projected to continue to grow. Our District is part of the Golden Triangle (Auckland, Waikato, Bay of Plenty) and our economic growth is expected to be above the national average. We can expect to see significant growth in the kiwifruit industry, and growth in the avocado industry and tourism. These 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.

The agriculture and horticulture industries attract a high proportion of seasonal workers from overseas. Housing, transport and access to services for seasonal workers are key issues that require greater consideration in our planning processes. Anecdotal evidence suggests that there is a shortfall in the quantity of accommodation available for the industry's seasonal workers. Concerns have also been raised regarding the quality of accommodation available for them. This situation is likely to be exacerbated by the continuing growth of the kiwifruit industry, which will result in greater demand for seasonal workers and put further pressure on the already limited housing stock. Addressing the issues is not for Council alone and will require a whole of industry approach with clearly defined roles and responsibilities.

Other challenges that influence our infrastructure approach

Our District is ageing The ageing population and the corresponding decrease in younger age groups will affect employment, retail, transport systems, demand on health and social services, housing provision and recreational activity. There a lot of unknowns about the extent of this impact on the provision of infrastructure and we will need to be cognisant of research undertaken in this area and of our community's expectations for future levels of service to cater to the demographic changes. Trends indicate that many older people are choosing to live in urban settlements with easier access to services. They are more likely to be living in one or two person households meaning more houses requiring services, but fewer people in each household lowering demand on a household basis. By 2033, one third of our District ratepayers will be over the age of 65 and largely reliant on fixed incomes which limit ratepayer ability to absorb rate increases.

Our District is becoming more diverse: The District will continue to appeal to new migrants from overseas and the ethnic profile will continue to change. This is likely to bring different demands on infrastructure services (such as catering to different cultural customs) and new opportunities as well (such as contributing to the diversity of our community).

Tauranga is growing fast: An additional 50,000 people are projected to be accommodated in Tauranga by 2048 and employment projections are expected to also increase. The City and District are to some extent intertwined as many peoples live, work, play and learn experiences cross over the boundaries daily. Boundary adjustments will occur in the future as land in the District is included in TCC's future growth planning decreasing our ratepayer base and productive land area.

Housing is an issue: The affordability and availability of housing is a significant issue for New Zealand. A sub-regional assessment of housing needs will better inform how we respond to this issue and help define what housing we need now and what we need in the future.

Seasonal demand will continue: Horticultural workers and holidaymakers will continue to create large seasonal increases in population, placing greater demand on infrastructure services during this time.

We will continue to partner with Tangata Whenua: The settlement of Treaty of Waitangi claims in the District will continue over the next ten years. This will change the economic landscape and is likely to offer new opportunities for collaboration and partnership, and potentially impact on resourcing requirements.

Technology is impacting on the way we do business: Information availability and technology are continually improving what we know so that this can be considered in our planning processes and infrastructure investment decisions. Ultra fast digital enablement is helping to change the way people are working, with an increase in people working from home. We know that the pace of change driven by technological advancements will continue. There are still things we can't anticipate which is why we need to be resilient and flexible to change.

Urban areas will continue to grow while rural areas have limited growth: Council has an ongoing challenge of meeting the different needs of the community in an equitable way, with some areas experiencing growth and other areas retaining a limited or static population base. Urban areas will typically have a higher level of service of infrastructure investment than rural areas as there is a greater concentration of people in one place.



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 2018 to 2048. We have included the four activities of Council that collectively have a significant spend and that we have 30 year financial information on - stormwater, water, wastewater and transportation (refer Figures 3, 4 and 5).

A separate overview is provided of the remaining infrastructure activities - recreation and leisure, solid waste and community facilities (refer Figure 6). A ten 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 "Significant Infrastructure Issues" section, along with reference to the budget process they are likely to be considered in.

Expenditure highlights

The most likely scenario for Council is that we will be spending over \$851 million on capital projects for infrastructure over the next 30 years and over \$2 billion on operational costs over this time.

Council has a focus on infrastructure investment in urban growth areas, predominately Omokoroa, achieving agreed levels of service, and a steady programme of asset renewals. The main spikes in expenditure are attributable to the wastewater, transportation and water activities:

The Katikati ocean outfall renewal in 2037 (\$13.7 million) is the most 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 predominately due to implementation of the Omokoroa structure plan with most of these projects funded from financial contributions.

The small spike in expenditure for water supply in 2021 is for an upgrade to the water treatment plant for the Pongakawa bore. This is identified as a significant issue as there are a range of options that could be considered for securing water supply in the Eastern Supply Zone.

Due to the age of assets in the water supply activity, there are a number of renewal projects around 2040 for replacement of the Maketu reservoir and water reticulation improvements in the Western Supply Zone.

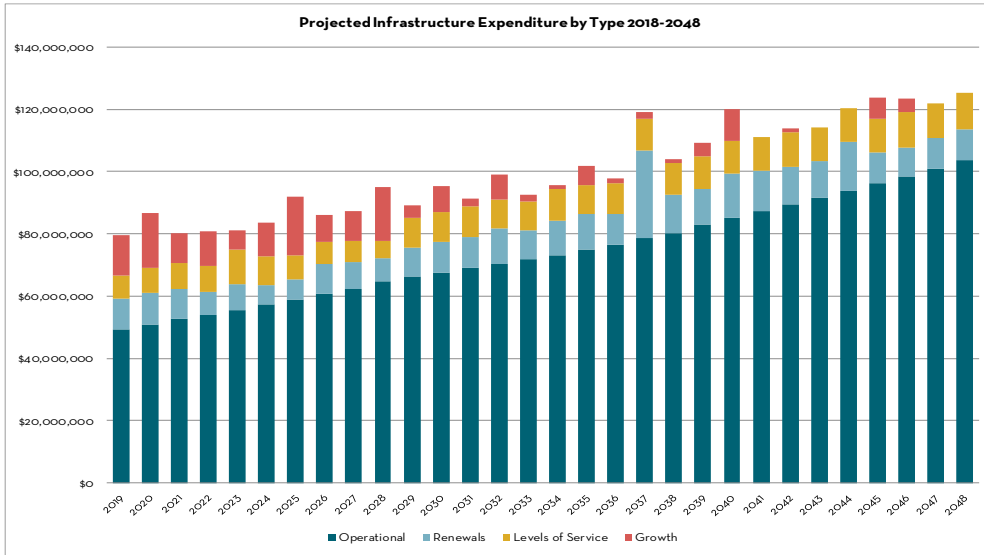
An additional bore is required in the Central Supply Zone to service growth. This is planned to occur in 2040.

While the expenditure peaks put pressure on Council expenditure at times, they are at this stage manageable within Council's planned debt management approach (i.e. room to move), and at this stage do not indicate any potential affordability issues in the future.

There are no proposed changes to levels of service; however decisions that have the potential to result in a change to levels of service in the future are identified. For example, a review of the Communities and Recreation and Leisure Strategy may result in a change to levels of service for libraries and recreation facilities. This means that the financial profile could change in the future and Council has ensured that there is 'room to move' to accommodate these potential changes (and any other unforeseen events).

Operational expenditure gradually increases over the 30 years primarily due to additional assets coming into Council ownership and inflation. Council does not have any significant backlogs of expenditure or deferred expenditure that may create issues further down the track and is in a comfortable position to ensure assets continue to be maintained to meet level of service requirements.

Figure 3: Projected Infrastructure Expenditure by Type 2018-2048



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 level 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.
- **2019** is the 2018/2019 financial year.

All financial information in the strategy includes inflation from 2020 onwards.

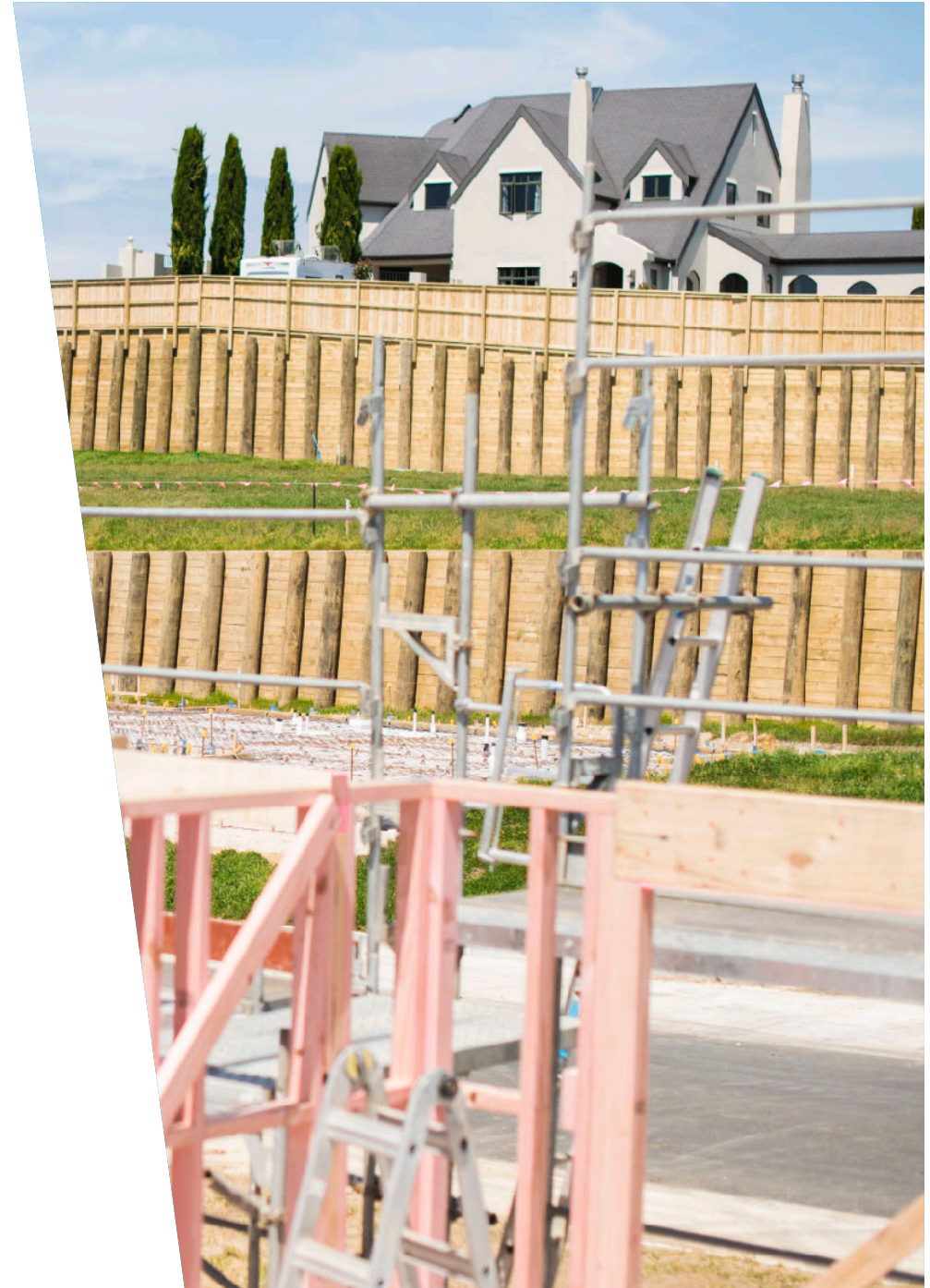


Figure 4: Projected Capital Expenditure by Activity 2018-2048

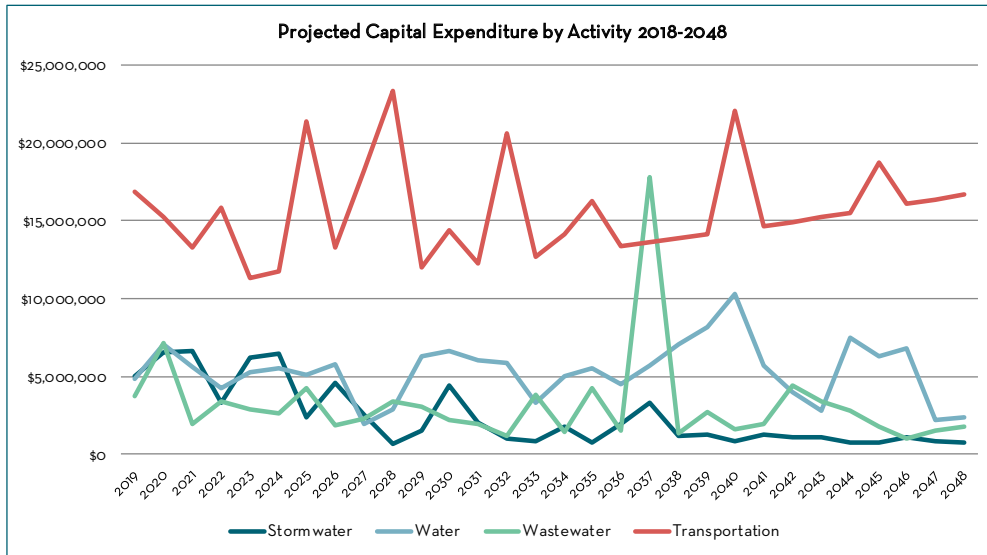


Figure 6: Projected Capital Expenditure for Community, Recreation, Solid Waste 2018-2028

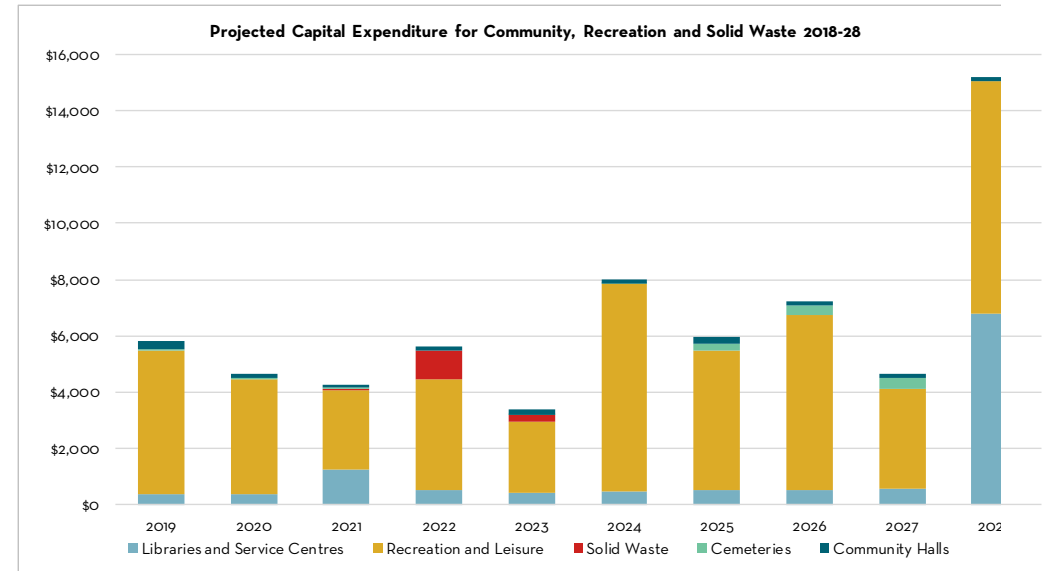
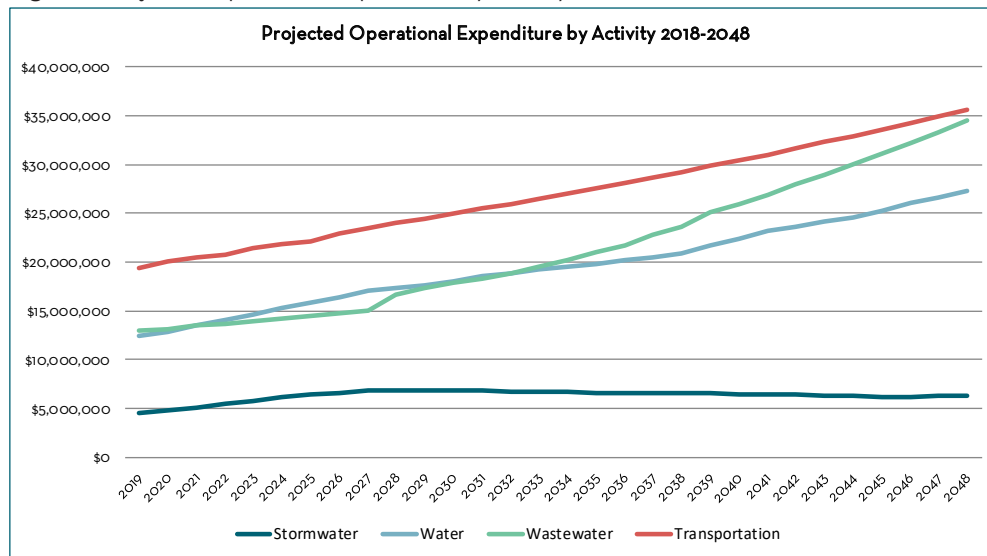


Figure 5: Projected Operational Expenditure by Activity 2018-2048

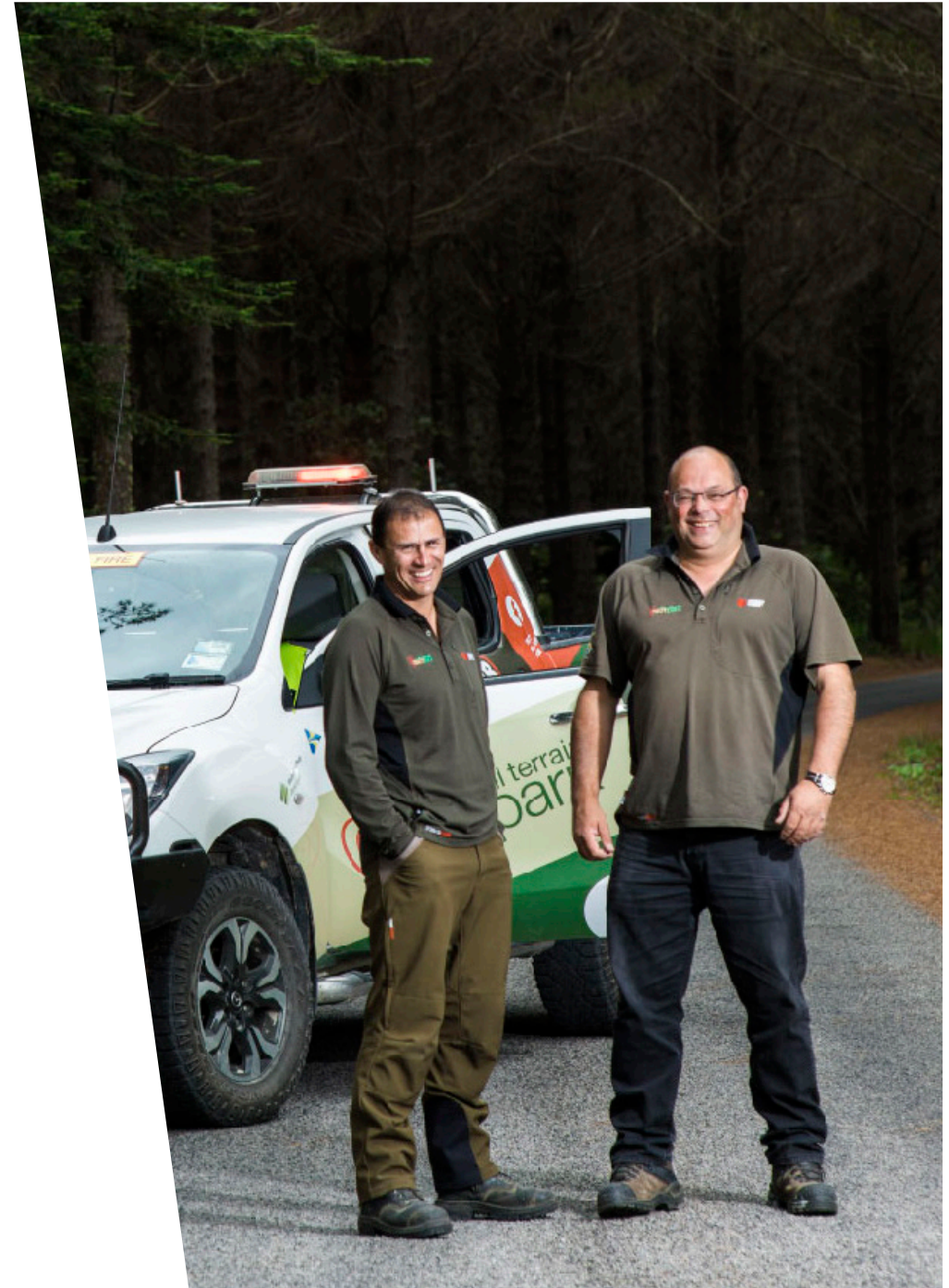


Note: Community hall expenditure is included in the graph to demonstrate expenditure over the 10 years however it is categorised as operational as it involves a grant to community hall committees who own the facilities to complete improvements.

Key assumptions

The 'Big Picture' is determined by applying a number of assumptions. The assumptions outlined below are in addition to relevant Strategic Assumptions (e.g. population projections) included in the LTP and financial assumptions (e.g. inflation rates) which are outlined in Council's Financial Strategy.

Key assumptions	Description
Lifecycle of significant infrastructure assets	Asset lifecycles will align with those forecast and used as the basis of depreciation. It is assumed that assets will be replaced at the end of their useful life. Refer the depreciation section of Council's Significant Accounting Policies.
Growth or decline in demand for services	Council's infrastructure is analysed and modelled to determine when and how additional capacity is required to cater for forecasted population growth. If growth does not occur, the investment programme can be adjusted through the LTP and Annual Plan process.
Changes in levels of service	There are no proposed changes to levels of service in the 2018-28 LTP; however decisions that have the potential to result in a change to levels of service in the future are identified in the Infrastructure Strategy. For example, a review of the Communities and Recreation and Leisure Strategy may result in a change to levels of service for libraries and recreation facilities and investigation into alternative recycling and rubbish collection models may result in a change to levels of service for the solid waste activity.



SIGNIFICANT INFRASTRUCTURE ISSUES

Significant infrastructure issues are those which are likely to cost a lot, have an impact across several infrastructure activities, and/or are have the potential to be a big change to the current approach and levels of service. The significant issues are grouped under the four key themes of the 2018-2028 LTP. They are also likely to have longer term implications that sit outside of the next ten years. Some issues may be relevant to more than one theme. Where this is the case the issue sits under the theme that it most strongly aligns with.

Theme 1: The pace of change

Our District is changing, the population is increasing, and the economy is growing. This brings opportunities and challenges. The community has told us that change needs to happen in a smart, sustainable, inclusive manner aligned with the needs of tomorrow's community - not just today's.

The significant infrastructure issues relevant to this theme are outlined below. The preferred option is in green.

Issue	Why this is significant	2018-2028 LTP funding	Principal options	Implications
1 Significant investment in growth infrastructure for Omokoroa	Significant infrastructure investment is required in Omokoroa over the next 30 years to service a population that will grow to 10,782 people by 2048 (then 12,132 by 2063).	\$121 million from 2018-2028. \$64 million from 2028-2048. Note this is for all growth areas but the majority of investment is in Omokoroa	Continue with just in time approach to infrastructure investment.	Provides a balance between enabling development to occur in a timely manner and reducing financial risk to Council if growth was to slow down in the future. Decision confirmed in 2018-2028 LTP process.
			Adopt a lead or lag approach to infrastructure provision.	Lead approach carries risk of high investment, slowing down of growth and inability to repay debt from growth contributions (similar to 2007 situation). Lag approach may discourage development occurring.
			Stop infrastructure investment.	Omokoroa is zoned to provide for future urban development as part of the SmartGrowth settlement pattern. Central Government pressure to meet housing needs. Reduced land supply could lead to increased house prices.

Issue	Why this is significant	2018-2028 LTP funding	Principal options	Implications
<p>2 Provision of additional water capacity in the Eastern Supply Zone (Te Puke and surrounding areas)</p>	<p>A new bore at the Pongakawa bore field has identified high levels of heavy metals that require treatment.</p> <p>There are a range of options available to provide water to this area. It is prudent to assess the cost benefit of each option prior to making an investment decision.</p> <p>We also need to consider the potential impact of the planned Rangiuru Business Park on water supply demand in this zone.</p>	<p>\$5.6m from 2019/20 to 2021/22 for Pongakawa water treatment plant upgrade.</p>	<p>Assess the range of options available to provide future water capacity to the Eastern Supply Zone.</p> <p>Proceed with \$5.6m project included in LTP to upgrade the Pongakawa water treatment plant.</p>	<p>Undertake an assessment in 18/19 of the following options:</p> <ul style="list-style-type: none"> • Use new Pongakawa bore and upgrade water treatment plant. • Utilise WBOPDC 25% share of water from the TCC Waiari water treatment plant supply. • Manage demand to ensure sufficient capacity is provided to future populations. • Identify an alternative water source for the Eastern Supply Zone. <p>Significant decision required for 2019/20 Annual Plan process.</p> <p>Does not enable consideration of investment against other options available to provide future water capacity to the Eastern Supply Zone.</p>

Theme 2: Building communities

People like living in our District. We want to build our community connections and sense of place. The community told us that a sense of identity and being connected is key to a vibrant thriving community as well as having the right tools to enhance that sense of connectedness.

The significant infrastructure issues relevant to this theme are outlined below. The preferred option is in green.

Issue	Why this is significant	2018-2028 LTP funding	Principal options	Implications
3 Provision of community and recreation facilities for a growing community	Council provides a number of community and recreation facilities that require upgrade, redevelopment or are needed to provide additional capacity due to growth. This includes swimming pools, libraries, and community halls. The future provision of these facilities across the District requires a thorough understanding of current and future needs, facility trends, levels of service and Council's role in achieving this level of service.	<p>Libraries:</p> <p>Waihi Beach Library \$833,600 in 2020/21</p> <p>Te Duke Library \$6.1m in 2027/28</p> <p>Swimming Pools:</p> <p>\$521,000 in 2020/21 (contribution towards upgrade or new facility at Katikati or Te Puke)</p> <p>Community Halls:</p> <p>Programme of improvement across most halls (approx. \$1.6m over 10 years)</p>	<p>Review Communities Strategy and Recreation and Leisure Strategy.</p> <p>Review current levels of service to ensure they deliver on strategy vision and goals.</p> <p>Identify capital works programme to deliver on reviewed strategy and levels of service.</p> <p>Continue to implement capital programme of improvements through LTP process.</p>	<p>Comprehensive strategy reviews will ensure that all key current and future considerations are incorporated into the strategic direction for community and recreation facilities.</p> <p>Potential to change existing levels of service and existing capital works programme.</p> <p>Potential to consider range of funding sources available.</p> <p>Significant decision required for 2021-2031 LTP process.</p> <p>Current levels of service that the works programme is based on need to be tested to ensure they meet current and future demand, and take into consideration changing trends in community facility provision (e.g. multi-use, co-location, use and availability of technology).</p>
4 Provision of boat launching facilities to the coast and harbour	Demand on coastal marine facilities has increased and is expected to continue to increase over time as the population (in Tauranga and Western Bay) grows. Council has a coastal structures renewal and upgrade programme included in the LTP with a budget in excess of \$17m. Council needs to ensure that this investment responds to current and future demand for water access.	<p>Northern Harbour boat ramp - \$5.16m in 2024/25-2025/26.</p> <p>Omokoroa boat ramp \$6.9m in 2019-2022 and 2027/28.</p> <p>Renewal of various jetties, boat ramps and sea walls \$5.8m from 2018-2028</p>	<p>Undertake a sub regional assessment of harbour access and demand to identify who uses boat launching facilities and what the future demand is from current and future populations and visitors to the sub-region.</p> <p>Review current levels of service and capital works programme to align with assessment outcomes. Take into consideration District Plan provisions and Coastal Erosion Responses Policy.</p> <p>Continue to implement capital programme of improvements through LTP process (over \$17m of expenditure over 10 years).</p>	<p>Applies a strategic approach to future provision, looking at demand across the sub-region.</p> <p>Helps to better understand demand and growth implications. Nexus to growth will inform discussion on potential for development contribution funding of coastal marine facilities (if any).</p> <p>Significant decision required for 2021-2031 LTP process.</p> <p>Need to ensure delivery programme meets current and future demand for boat launching facilities.</p>

Theme 3: Protecting our environment and resources

We want to manage our resources and reduce waste to protect the environment we live in and enjoy. The community told us we need to do more in this space and have options on how we recycle and reuse our waste.

The significant infrastructure issues relevant to this theme are outlined below. The preferred option is in green.

Issue	Why this is significant	2018-2028 LTP funding	Principal options	Implications
<p>5 Application of Coastal Erosion Responses Policy (2017)</p>	<p>Where coastal erosion of Council owned coastal land affects existing coastal protection structures and/or strategic assets, any decision on the future of that asset will only be made after consideration of the criteria included in the policy. This impacts on the renewals, upgrade and replacement approach to assets in these locations. The total cost of implementing this policy on Council's infrastructure decisions is currently unknown as we need to understand what the extent of impact might be. Known issues such as the Omokoroa slips are being dealt with on a case by case basis whereby funding is allocated once the response options are identified. Annual asset condition assessments will begin to provide us with further information on the policy implications.</p>	<p>\$2.2 million District wide erosion protection works from 2018-2028. This is funded from the Environmental Protection Rate.</p>	<p>Annual condition assessments and case by case assessments will inform budget decisions on coastal protection structures and/or strategic assets in future LTP processes. This could require additional budget, reduced budget or no change.</p> <p>Provide additional budget in the 2018-28 LTP for policy implementation.</p>	<p>The number of assets that this policy affects is significant and the implication of the policy on the future of these assets is unknown. Therefore it is difficult to determine the extent of additional budget required until we have a better understanding of the assets affected and their assessment against the policy criteria.</p> <p>Significant decisions required for 2021 - 2031 and 2024-2034 LTP process.</p> <p>The number of assets that this policy affects is significant and the implication of the policy on the future of these assets is unknown. Therefore it is difficult to determine the extent of additional budget required until we have a better understanding of the assets affected and their assessment against the policy criteria.</p>

Issue	Why this is significant	2018-2028 LTP funding	Principal options	Implications
<p>6 Increased standards of compliance for treatment of stormwater discharge</p>	<p>Increased standards require a change to the approach taken to development and management of the stormwater network.</p> <p>This includes monitoring and compliance of stormwater discharge and improvements to the quality of stormwater discharge</p>	<p>Stormwater network upgrade approx. \$2.6 million from 2018-2028 including funding for water quality discharge improvements. Funding for two additional monitoring staff to ensure compliance with resource consent conditions.</p>	<p>Increase stormwater budgets to respond to increased water quality standards.</p> <p>This includes additional staff to monitor and respond to compliance issues, and implementation of additional projects that improve the quality and/or velocity of stormwater discharge into water courses.</p> <p>Monitor potential impact of further water reforms on Council's approach to stormwater management.</p> <p>Through changes to the District Plan, require new development to provide onsite retention/detention devices to reduce peak flows recognising the multiple benefits of this (for example, water storage for onsite use during dry periods).</p> <p>Wait until the extent of change required is fully understood and the associated financial implications. No financial provision in the 2018-2028 LTP.</p>	<p>Ensures adequate resources are in place to respond to changing requirements for management of stormwater.</p> <p>Recognises that further change may still occur that could have future cost implications and impact Council's current approach to stormwater management.</p> <p>Decision confirmed in 2018-2028 LTP process.</p> <p>Progress through a change to the District Plan. Places the responsibility on private property to provide for onsite retention/detention devices and recognises benefits of this for use during dry periods of weather (e.g. watering of lawns and gardens). Reduces volume of stormwater entering into Council's stormwater network.</p> <p>Comprehensive resource consents anticipated being in place by 2019 and we know there will be a greater emphasis on the quality of stormwater discharge requiring additional expenditure that we will need to respond to.</p>
<p>7 Increased standards of compliance for treatment of wastewater discharge</p>	<p>Katikati wastewater ocean outfall is the consented discharge for the Katikati wastewater system which is due for renewal in 2037. The pipeline crosses the Tauranga Harbour and Matakana Island before discharging highly treated wastewater in the ocean.</p> <p>The discharge consent will require Council to potentially implement an alternative discharge for wastewater. Actual costs for the implementation of the alternative discharge location cannot be identified until options have been worked through with the community.</p>	<p>\$13.7 million for replacement of the existing outfall in 2037 of the Wastewater AMP.</p>	<p>Undertake an assessment of options for wastewater disposal for the Katikati wastewater system including consideration of:</p> <ul style="list-style-type: none"> • Land based discharge. • Reduction of inflows. • Increase in treatment standards. • Upgrade or replacement of pipes. • Alternative disposal options. • Combination of the above options. <p>This assessment will occur within the next five years.</p> <p>Note no alternative options identified as this assessment will be a requirement of the renewed resource consent.</p>	<p>The option assessment will include identification of criteria that will be used to assess each option including cost, cultural impact, planning implications, community impact.</p> <p>Significant decision required for 2024-2034 LTP process.</p>

Issue	Why this is significant	2018-2028 LTP funding	Principal options	Implications
<p>8 Increased standards of compliance for treatment of water</p>	<p>Water reforms are increasing the compliance requirements for water quality, particularly drinking water as an outcome of the Havelock North drinking water enquiry.</p> <p>Western Bay's water supply is generally in good shape, as we've invested in deep bores and water treatment systems. However the outcomes of the enquiry report are likely to lead to an increase in compliance standards.</p>	<p>\$5.9 million for actions required for resource consent renewal from 2024.</p>	<p>Increase water budgets to respond to increased water quality requirements.</p> <p>Monitor potential impact of further water reforms on Council's approach to water management.</p> <p>Note no alternative options identified as changes will more than likely be a requirement of the renewed resource consent. Council would rather be prudent and proactive in its approach to planning and budgeting for this change.</p> <p>Wait until the extent of change required is fully understood and the associated financial implications. Legislation anticipated to take effect in 2022 with allowance for transitional change. No financial provision in the 2018-2028 LTP.</p>	<p>Ensures adequate resources are in place to respond to changing requirements for water quality management.</p> <p>Recognises that further change may still occur that could have future cost implications and impact Council's current approach to water management.</p> <p>Decision confirmed in 2018-2028 LTP process.</p> <p>Council's response to increased standards would be considered in the 2021-2031 LTP process.</p>
<p>9 Omokoroa Slips</p>	<p>In March-April 2017, the impact of two cyclones resulted in significant slips along the coastal area of Omokoroa peninsula. The slips impact on a number of private properties, and on the future provision or restoration of a popular walkway connection around the western side of Omokoroa peninsula.</p>	<p>\$20,000 per annum to implement hold and maintain approach.</p>	<p>Short Term (2017/18):</p> <p>\$300,000 of existing budget to be used with a \$300,000 landowner contribution to reinstate and undertake stability protection works for the Bramley Drive and Ruamoana Place walkway.</p> <p>Medium Term (1-3 years):</p> <p>Adopt a hold and maintain approach which involves pruning and planting where required, monitoring, and working with private land owners.</p> <p>Continue with University of Waikato research project on discovering how to improve the stability of the material that make Omokoroa's peninsula cliffs prone to slippage.</p> <p>Long Term (3+ years):</p> <p>Consider research outcomes and any changes in technology to determine approach for longer term improvements to walkways and bank stability in the Omokoroa area. Apply Coastal Erosion Responses Policy to assessment of options.</p>	<p>Addresses immediate issue of private property impact and walkway access. Will still require a longer term solution to bank stability.</p> <p>Recognises that research work is underway which may identify new options for improving bank stability, and that technological advances in this area may also identify new ways of addressing this issue.</p> <p>Recognises that research work is underway which may identify new options for improving bank stability, and that technological advances in this area may also identify new ways of addressing this issue.</p> <p>Significant decision required for 2021-2031 LTP process.</p>

Issue	Why this is significant	2018-2028 LTP funding	Principal options	Implications
<p>10 Council's level of service for solid waste</p>	<p>The Waste Management and Minimisation Plan (2017) includes the following actions:</p> <ul style="list-style-type: none"> • Council actively investigates alternative recycling and rubbish collection models to achieve better oversight and management of solid waste and recycling throughout the District • Council agrees in principle to establish a recycling centre in Omokoroa similar, to the existing centres at Katikati and Te Puke. This is subject to the operational costs being agreed with the community, as part of the above investigation and consultation 2018/19 • Investigation into transfer of... 	<p>\$50,000 in 2018/19 for investigations.</p> <p>\$1.29 million from 2020/21 to 2022/23 for development of a recycling centre at Omokoroa (note the existing greenwaste facility is being relocated and costs for this are included as part of this relocation).</p>	<p>Implement actions from the Waste Management and Minimisation Plan. This reviewed Plan was adopted by Council in December 2017 following initial engagement with the community on potential options to the current level of service. Council to achieve the Plan and Council...</p> <p>No other...</p>	<p>The implications of this option will be determined through the investigation and will include consideration of appropriate funding sources for implementation of the actions.</p> <p>Decision required for 2019/20...</p> <p>Process.</p>

Please see page xiii from the Long Term Plan Amendment 2018-2028 for the updated information.

Theme 4: Getting around

Our economy is dependent on the transportation network as most of our economic growth is in the primary sector. The LTP pre-engagement identified that the community support investment in cycleway and walkway development and upgrades to rural roads remain a priority. We know the District needs an efficient and safe transport network to be able to get goods to markets, and allow residents to get from point to point. As the population grows, congestion and traffic problems will become more prevalent. Alternative options to private transport will be important to get right if we are going to maintain the lifestyle that makes Western Bay special while encouraging economic growth.

No significant issues have been identified under this theme as it is proposed that the delivery of transportation infrastructure will continue with no significant change of approach from the 2015-2045 Infrastructure Strategy. Council will continue to build on the progress made in development of the walking and cycling network, including completion of sections of the Tauranga Moana Coastal Cycle Trail. This recognises the multiple benefits of this network including recreation, health, amenity, tourism (and associated economic benefits), and commuter links. Council's total investment in walking and cycling is \$8.15m over the next ten years which includes \$1.7m in Omokoroa, \$6.1m for District wide cycling and urban footpath development, and \$556,000 for off road walkways in rural areas. Council will also use this investment to leverage external funding to assist with development of the walking and cycling network.

The rural road seal extensions will continue in accordance with Council's prioritisation criteria with \$11.4 million committed over the next ten years.







A detailed assessment of the One Network Road Classification (refer to transportation activity overview for an explanation) application to the District will be undertaken to fully understand the impact of these measures on Council's road network and the financial implications of this. At this stage, Council is confident that there is general alignment with the customer levels of service; however the Roding Efficiency Group may be undertaking further work on the technical measures which could alter the current levels of service delivered over the network.

Population growth will increase the volume of traffic as the sub-region is private vehicle reliant. Strategically Council will need to continue to work with NZTA, BOPRC and TCC on transport planning and delivery including modal shifts to public transport and walking/cycling, and integrated landuse planning and road improvements. The key partner in this area is NZTA for planning, funding and delivery.





ACTIVITY OVERVIEWS

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STORMWATER



Stormwater is water that originates during rainfall events. Stormwater is of concern for two reasons; stormwater quantity issues and stormwater quality issues. If not managed correctly, the volume and timing of the surface run-off can create flooding. The run-off can also collect contaminants from the land it travels through to the waterways, which can result in water pollution.

Council is responsible for the development of the urban stormwater network that generally protects buildings and property from the effects of flooding and coastal erosion. The network is made up of pipes and open channels linked together to drain 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.

The District has experienced a number of flooding events over the years due to increased rainfall intensities and development particularly in coastal and low-lying areas. Council takes a comprehensive catchment approach to mitigating as much as possible and practicable, the extent of flooding that occurs and the impact that this has on people’s property.

What influences our approach

Issue	Response
<p>Population Growth</p> <p>Urban areas have less permeable surfaces and a greater concentration of people affected by rainfall and flooding events, and therefore require the highest investment in stormwater infrastructure.</p> <p>The greatest areas of demand for stormwater infrastructure are Waihi Beach, Katikati, Omokoroa and Te Puke.</p> <p>In some areas undersized stormwater infrastructure is not able to provide the capacity required to dispose of stormwater runoff or deliver the required levels of protection from flooding.</p>	<p>Stormwater modelling is used to determine infrastructure requirements and uses adopted population projections.</p> <p>A level of service is in place that no more than 3% of properties serviced by the stormwater network will experience flooding of homes (above floor level of habitable dwellings) in a 1 in 10 year rainfall event.</p> <p>Prioritisation of pipe replacement is undertaken based on the properties most at risk of flooding. An additional \$20m was included in the 2015-2025 LTP for additional storm protection works particularly in Waihi Beach.</p> <p>Waihi Beach and Te Puke are now covered by District Plan rules that future proof flood mitigation by requiring new dwellings to have habitable floor levels to cope with a 1:50 year rainfall event, and building/resource consent waivers are in place as incentives to landowners who want to raise their floor levels.</p>
<p>Climate Change</p> <p>Increased rainfall intensities are demanding more capacity within the network to discharge stormwater runoff. Sea level rises are increasing flooding and the boundaries for the 50-year floodable areas.</p>	<p>All new and upgraded stormwater infrastructure incorporates latest climate change information in the design and implementation.</p>
<p>Environmental Sustainability and Legislative Changes</p> <p>Increasing environmental standards impacting on the quality and amount of stormwater that is discharged into streams, rivers and oceans</p>	<p>It is likely that further legislative change will occur on water quality standards that will impact on this activity in the future.</p> <p>We are planning and responding to what we know is required at this point in time.</p>

What we want to achieve

Council aims to deliver stormwater approaches that are innovative, affordable and lead to a reduction in flooding events (flooding events are defined as an overflow from a stormwater system that enters a habitable floor). This will help us all to enjoy a healthy and safe lifestyle, have vibrant and welcoming communities and a clean, green and valued environment.

In achieving this outcome, the focus over the next 30 years is to improve community resilience from potential flooding by ensuring that:

There is a localised reduction of the risk of flooding events in existing floodable areas.

There is no increase in flooding event risk to existing development from new development or land use change.

Urban development is avoided in flood-prone areas unless mitigation measures can be provided.

Communities are engaged and informed about stormwater and coastal erosion management approaches.

Compliance and monitoring activities are carried out.

The extent to which these goals are achieved is largely measured by Council's stormwater level of service (outlined below) and customer perception surveys.

How we will achieve this

Current approach

Council will continue with the current approach with no changes to the level of service for stormwater.

In 2015 Council set a target that no more than 3% of properties serviced by Council's stormwater network will experience flooding of homes (above floor level of habitable dwellings) in a 1 in 10 year rainfall event. A \$20 million District stormwater flood prevention programme approved at the same time focuses on essential upgrades and maintenance to help achieve this level of service target. Additional funding of \$2.6 million is included in the 2018-2028 LTP to support implementation of this programme.

As the network of stormwater assets is relatively new (average age of 26 years with an 80 -100 year life), the majority of renewals sit outside of the 30 year strategy. As some of the network is deemed to be undersized, the need for replacement with a larger pipe is assessed based on the flood risk to properties downstream or upstream. Overland flow paths play an important consideration in this assessment to ensure unimpeded flow.

Stormwater modelling continues for urban communities to quantify risk to dwellings and inform priorities within the capital works programme. This information also influences decisions on where future development occurs in the District.

Future thinking and potential changes to current approach

Four comprehensive resource consents to manage stormwater catchments will be in place by 2019 (Omokoroa, Western, Eastern and Central). These will require a greater emphasis on the quality of stormwater discharge. Additional funding is included in the 2018-28 LTP for increased costs of compliance and to implement systems such as water treatment devices that improve water quality standards. However, the extent of impact that this will have on the current approach is unknown and is likely to require consideration of a range of methods for managing stormwater in the future.

The Coastal Erosion Responses Policy 2017 provides a framework for consistent decision-making where Council owned coastal land is affected by coastal erosion or subsidence. This will be applied to all relevant infrastructure decisions in the future, noting that this affects more than just the stormwater activity.

As part of the Natural Hazards Charter programme, Council is working jointly with TCC and BOPRC to undertake harbour flood modelling. The modelling outcomes will be used to inform a joint Plan Change on flood risk.

Other issues to note include any potential change to the management and operation of open drains currently undertaken by the Waihi Land Drainage Society, and discussions with the Bay of Plenty Regional Council regarding the level of protection and appropriate funding model for the Katikati stopbanks (as they cross a number of individually owned properties).

Expenditure Forecast 2018-2048

Figure 7: Stormwater Projected Capital Expenditure 2018-2048

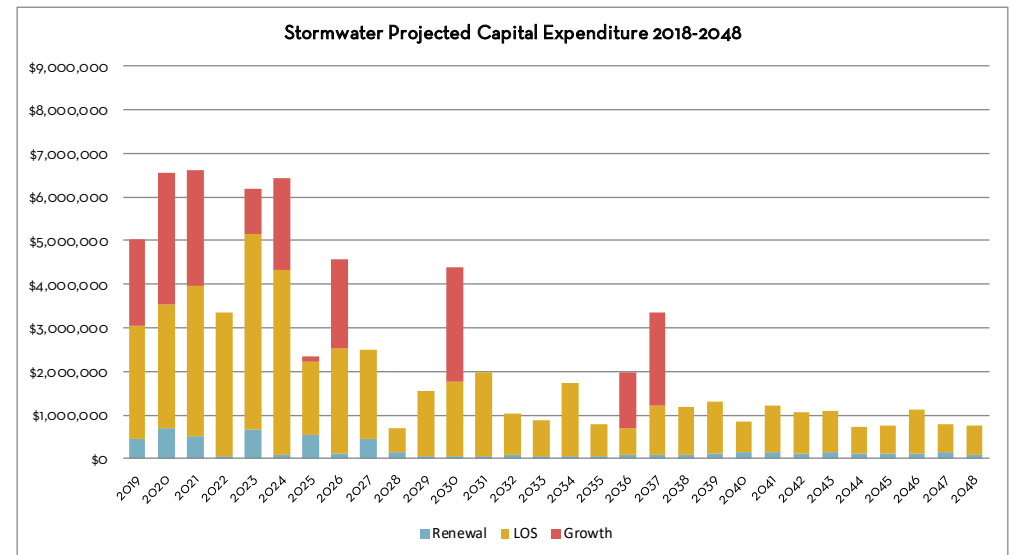
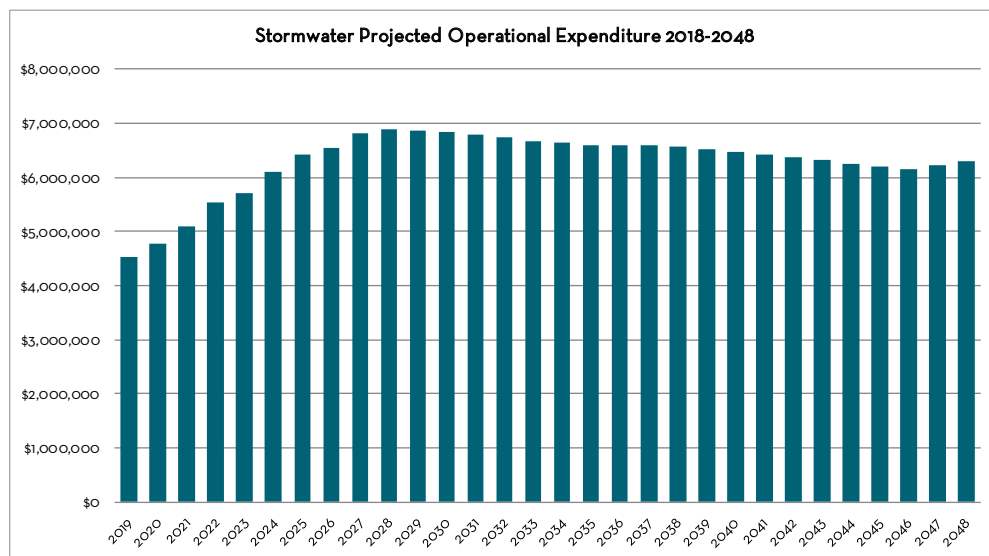


Figure 8: Stormwater Projected Operational Expenditure 2018-2048



Key activity assumptions

Activity Assumption	Risk	Impact
<p>Population Growth</p> <p>Land coverage imperviousness</p> <p>Estimates of land coverage imperviousness are made based on recommendations in the New Zealand Building Code Handbook.</p>	<p>Increased land coverage (above the building code) by hard or impervious surfaces e.g. infill, roofing and driveways means less water soaks into the ground and more water runs off at a faster rate into the stormwater system.</p>	<p>The financial impact of this response is not factored into current budgets which are based on modelling of adopted population projections and building code land coverage estimates.</p>
<p>Climate Change, Environmental Sustainability, Legislative Changes</p> <p>Rainfall intensity values</p> <p>Rainfall intensity values are generated from actual rainfall data. Factors have been applied to account for climate change over the next 100 years as determined by the BOPRC. These factors are based on Ministry for the Environment Climate Change recommendations</p>	<p>Increased rainfall intensity creates more flood events as the rainfall is heavier and runs off the land faster placing greater demands on stormwater infrastructure.</p>	<p>If the rainfall intensity events increase significantly then a greater percentage of the stormwater infrastructure will be under sized. As a result the levels of service may not be achieved, and potentially the investment in stormwater infrastructure may need to increase.</p>
<p>Sea level changes</p> <p>The sea level value used in relation to stormwater assets is based on the best estimate up to 2100, making allowances for high tide and storm surge as per the requirements of BOPRC outlined in their Hydrological and Hydraulic Guidelines.</p>	<p>The risk of an increase in the sea level rise projections is a loss of property and assets in the coastal environment.</p>	<p>If sea levels are higher than estimated, the impact from storm events will increase, as will coastal flooding and the requirement for coastal protection works or a managed retreat of properties.</p>

WATER SUPPLY



Council is responsible for the sourcing, treatment, storage, distribution and management of the District's water supply. Water is supplied from nine bore fields and one isolated surface supply in Te Puke. The bores tap into deep reliable, plentiful and high-quality water in underground aquifers. Ten water treatment plants are located throughout the District. Water supply customers include residential, commercial, horticultural and agricultural users.

The past 10-20 years has seen the establishment of quality storage, source and distribution network improvements throughout the District to ensure Council can supply sufficient water to meet growing demands. Council has transformed its water supply by changing sources from rivers and streams to secure underground aquifers. This has resulted in a significant improvement in water quality from an 'Ee' to a 'Bb' Grade. Conversion to bore supplies has also enabled Council to increase its capacity to meet future demand and has improved the reliability of supply under drought conditions.

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

Western Water Supply Zone: Waihi Beach, Athenree, Te Kauri/Tanners Point, Ongare Point, Aongatete and Katikati areas

Central Supply Zone: Te Puna, Minden, Pahoia and Omokoroa areas

Eastern Supply Zone: Te Puke urban and surrounding rural areas and areas east of Te Puke including the Bush, Paengaroa, Maketu, Pukehina and Pongakawa.

Installation of District wide water meters will be complete by the end of the 2017/18 financial year. Water meters have multiple benefits including customers managing their own usage in response to conservation initiatives and costs, identification of high volume users and system leaks, and the potential to delay investment in additional infrastructure as water demand decreases. 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.

What influences our approach

Issue	Response
<p>Population Growth</p>	<p>Urban areas have a greater concentration of people that require access to water supply. The greatest areas of demand are the urban growth areas of Waihi Beach, Katikati, Omokoroa and Te Puke. Waihi Beach in particular has a significant impact on peak demand due to the high number of holiday homes and increases in water consumption during summer.</p>
<p>Economic Growth</p>	<p>Horticultural and agricultural users have high water consumption. New plantings and changes in orchard management practice encouraging greater use of frost protection and irrigation may increase future demand for water from groundwater and streams. This will only impact on Council's supply and demand projections if they are connected to the Council reticulated supply.</p>
<p>Climate Change</p>	<p>The weather is one of the biggest influences on water consumption in the District. This will likely change 'traditional' water consumption patterns as summer periods experience more rainfall and winter periods are drier.</p>
<p>Environmental Sustainability and Legislative Changes</p>	<p>There is a national and regional drive to conserve, use and manage water the best way possible to ensure water sources are sustainable. Increasing environmental standards impact on the approach taken to water allocation, quality and compliance. BOPRC is consulting on Plan Change 9 to the Regional Policy Statement that gives effect to the National Policy Statement for Freshwater Management. This creates uncertainty as to how resource consent applications for access to water supply will be considered in the future and what conditions will be imposed.</p> <p>The Government inquiry into Havelock North drinking water has identified that across the country there are many threats and risks to drinking water. The outcomes from this report (such as changing regulations and monitoring systems) are likely to lead to an increase in compliance standards.</p>

<p>These areas will all be on water meters in 2018. Water meters provide a greater understanding of water consumption patterns, peak demand, water losses, and where future water supply is needed.</p>
<p>Council is working with BOPRC and industry leaders such as Zespri to better understand their actual land use patterns and trends that have the potential to impact on future landuse patterns and water allocation and supply. While some of this use does not affect Council water supply, it helps to understand the bigger picture of total water consumption in the District.</p>
<p>Greater extremes in weather patterns are likely to translate to greater extremes in water consumption. Council will continue to monitor water usage patterns and extrapolate this information to determine future demand (along with growth) and predict timing for investment in water infrastructure (e.g. new bores or storage areas).</p>
<p>Demand management is undertaken through water metering, Uniform Annual Charging on connection capacity, and water restrictions during peak demand periods. Pressure management and leak surveys are two ongoing initiatives to reduce losses and peak demand volumes to extend the life of the water source.</p> <p>Western Bay's water supply is generally in good shape, as we've invested in deep bores and water treatment systems. However the outcomes of the enquiry report are likely to lead to an increase in compliance standards. Our resource consents for water supply are up for renewal from 2024. We've factored in an additional \$5.9 million to meet expected regulations and standards.</p>

What we want to achieve

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.

In achieving this outcome, the focus over the next 30 years is to:

Continue to provide potable water of an appropriate standard and quality to meet the needs of consumers within the three supply zones, and

Focus on the sustainable management of our water resource, water supply infrastructure and consumer use of water across the three supply zones.

The extent to which we achieve these goals is measured through levels of service relating to water storage and water quality, regular analysis of water consumption patterns and provision of capacity to enable growth to occur.

How we will achieve this

Current approach

Council will continue with the current approach with no changes to levels of service. This focuses on water conservation and demand management, and ensuring there is sufficient capacity to provide water to urban growth areas.

The maintenance and upgrades to water systems will continue as a number of water supply assets will be near the end of their useful life within the next 30 years. These include some of the reservoirs and trunk mains particularly in the Western and Eastern Supply zones.

Council will continue to identify appropriate water sources and extend the water supply network to meet the needs of our growing communities. In the Central Supply Zone, the recent construction of a second bore at Ohourere and a new bore planned for Youngson Road will cater for growth in the Omokoroa and Te Puna area. A new bore and reservoir is planned in 2028 for the Western Supply Zone to cater to Waihi Beach and Katikati.

Future thinking and potential changes to current approach

Options are available in the Eastern Supply Zone for future water supply and storage options including a second bore at Pongakawa and an access agreement with TCC to the Waiari water source that comes on stream in 2021.

Additional budget of \$5.9 million is included in the 2018-28 LTP as a proactive response to the potential for increased water quality standards. This funding is from 2024 onwards as the water supply resource consents require renewal in 2024 and will be assessed against any changes to legislation and water quality standards. This budget has been determined based on the potential requirement to develop ultra violet systems for treating bore water, fluoride treatment systems (noting that this assumes a regulatory requirement to do so), automatic monitoring stations, and multi-barrier solutions.

A review of the water charging regime will be undertaken in 2020. This provides time for District wide information on water use patterns to be gathered once the water meter installation project is completed. The purpose of the review is to ensure that the water charging approach continues to be undertaken on a fair and reasonable basis, taking into account actual information on water usage derived from the water meters.

Tauranga City Council and Western Bay of Plenty District Council have jointly produced a water services collaborative opportunities document. The two councils intend to work together in the water services space to make the most of their individual and joint resources and expertise, and are inviting Local Government Futures partner councils to be involved.

Expenditure forecast 2018-2048

Figure 9: Water Projected Capital Expenditure 2018-2048

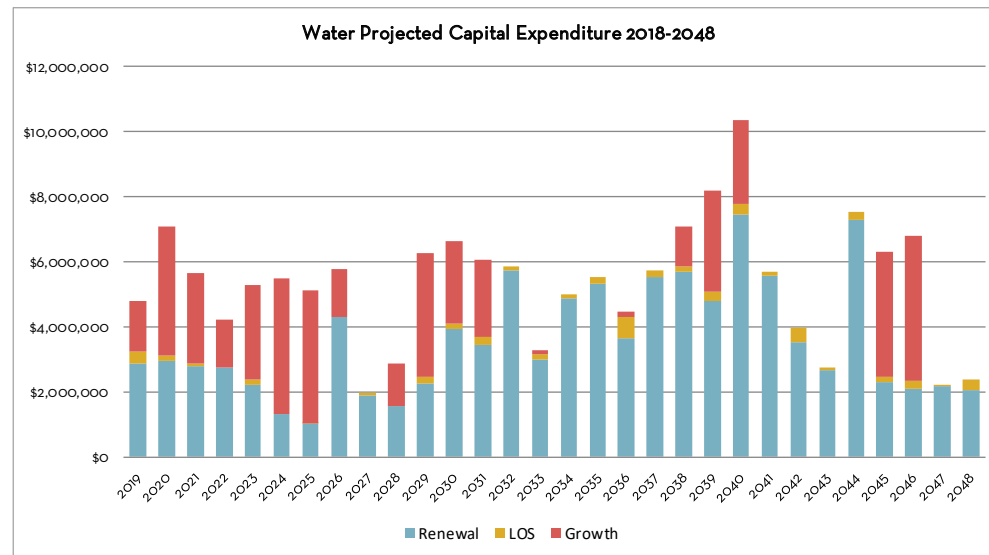
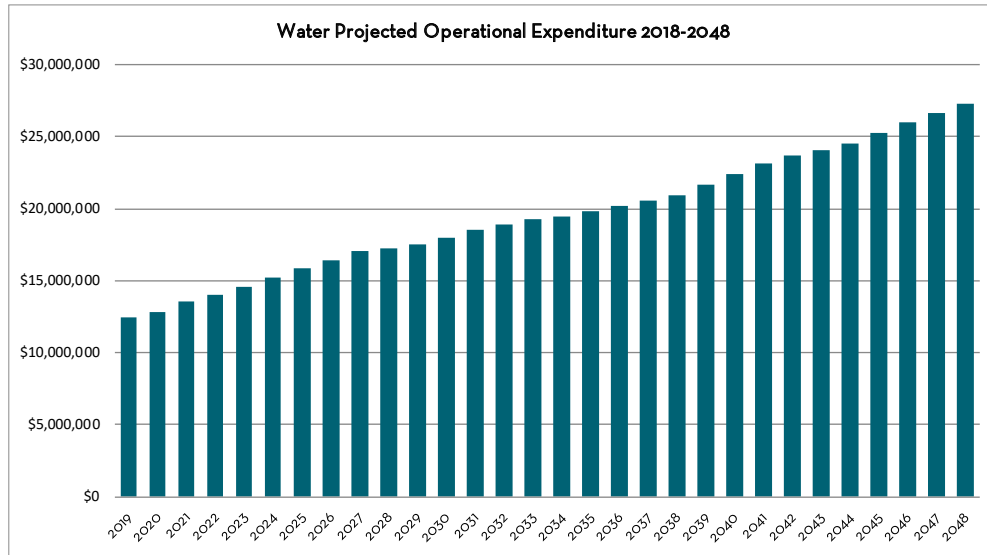


Figure 10: Water Projected Operational Expenditure 2018-2048



Key activity assumptions

Relevant Strategic assumptions	Activity Assumption	Risk	Impact
Environmental Sustainability and Legislative Changes	<p>There will be changes to legislation that seek to improve water standards.</p> <p>These changes are likely to come as a result of the Government Inquiry into Havelock North Drinking Water and implementation of the Proposed Region-wide Water Quantity Plan (Plan Change 9). The SOLGM Business Performance Working Party is of the view that it is likely that increased treatment standards (particularly related to the treatment of water from previously 'secure' sources and chlorination) recommended for immediate consideration by Councils are going to gain strong support and are likely to be implemented.</p>	That legislative change will require increased investment in this activity.	<p>If legislation changes then Council will need to comply with these changes. This may require additional expenditure to upgrade infrastructure and/or change levels of service to better meet new requirements. For example, increased water security and compliance/monitoring systems, the ability for the District Health Board to make independent decisions on water treatment standards.</p> <p>Additional budget of \$5.9 million is included in the 2018-28 LTP for actions required for resource consent renewal from 2024 and meeting new District Health Board requirements for water treatment.</p>

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.

Council is responsible for wastewater collection, treatment and disposal services to its customers in the following urban communities: Waihi Beach, Katikati, Omokoroa, Te Puke, Maketu/Little Waihi, and Te Puna West and Ongare Point (to be constructed in 2018 and 2019).

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 Omokoroa and Te Puna West is an exception as it flows through the pressurised Omokoroa Transfer Pipeline and gets treated at the Chapel Street WWTP owned by TCC.

What influences our approach

Issue	Response
<p>Population Growth</p>	<p>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, Omokoroa and Te Puke. Waihi Beach experiences additional demand driven by holiday makers.</p> <p>Requests for new wastewater connections are also received from areas currently not serviced, usually from the margins of urban areas and or industrial development proposals from outside existing wastewater service areas.</p>
<p>Environmental Sustainability and Legislative Changes</p>	<p>Higher discharge quality requirements are expected in the future. The National Policy Statement for Freshwater Management, potential changes to the Resource Management Act and potential new water quality legislation will impact on this activity. From a cultural perspective there is a strong desire to remove discharge of wastewater into waterways and explore alternative discharge options such as discharging to land.</p> <p>Demand can be driven by requirements or changes to Regional Council's On-site Effluent Treatment Regional Plan 2006 resulting from environmental assessments that confirm serious adverse environmental effects in specific areas due to continued septic tank use.</p>
<p>Healthy and Safe Communities</p>	<p>Provision of reticulated wastewater systems in the District provides public health and sanitation benefits to the community. If adequate wastewater disposal systems were not available, economic development may be constrained, or environmental standards may be constrained or compromised. This would affect the community as a whole.</p>

What we want to achieve

Council aims to deliver wastewater services that are well planned and maintained to ensure a clean and healthy environment. This will help us all to enjoy a healthy and safe lifestyle and a clean, green and valued environment.

In achieving this outcome, the focus over the next 30 years is:

That all areas in our District served by reticulated wastewater disposal systems meet acceptable health, safety and environmental standards.

To assist small urban communities along the Tauranga Harbour to ensure that the wastewater disposal options available to them meet health and safety requirements.

Guided by the desired outcome and goals, Council's wastewater network assets have been carefully developed to mitigate untreated or inadequately-treated wastewater entering the local surface water, groundwater or land causing adverse effects on the public health and natural resources. The extent to which the outcomes are achieved is largely measured by compliance with environmental and health standards outlined in consent requirements.

How we will achieve this

Current approach

Council will continue with the current approach with no changes to levels of service. This focuses on continuing to meet standards required for operation of the wastewater network, and providing wastewater capacity for urban growth areas.

Work will continue to maintain and upgrade plant and equipment through the capital and renewals programme.

Future thinking and potential changes to current approach

Higher discharge quality requirements are expected in the future. BOPRC will make a decision on resource consent applications for Katikati and Te Puke wastewater discharge options. If successful it is likely that one of the consent conditions is to identify alternative discharge options for both Katikati and Te Puke. The ocean outfall pipe in Katikati requires renewal in 2037 at an estimated cost of \$13.7 million. Council will be looking at a range of discharge options over the next five years to inform decisions on this renewal and expenditure, taking into account changing environmental standards, cultural expectations, increasing discharge capacity to cater for growth and changes in technology that increase water quality discharge.

New innovative technologies that find cheaper and more efficient ways to reduce volumes, and treat and dispose of wastewater are a key consideration in Council's approach to future options for the wastewater network. Most recently this thinking has been applied to the Maketu and Little Waihi wastewater scheme where low-pressure grinder pump system has been installed to collect and pump all sewage from the property to the treatment plant. The low pressure sewer system significantly reduces wet weather flows caused by infiltration and influent. Council will consider using this technology in Omokoroa to enable a greater level of development while remaining within the daily volume that can be discharged into the TCC network.

Expenditure Forecast 2018-2048

Figure 11: Wastewater Projected Capital Expenditure 2018-2048

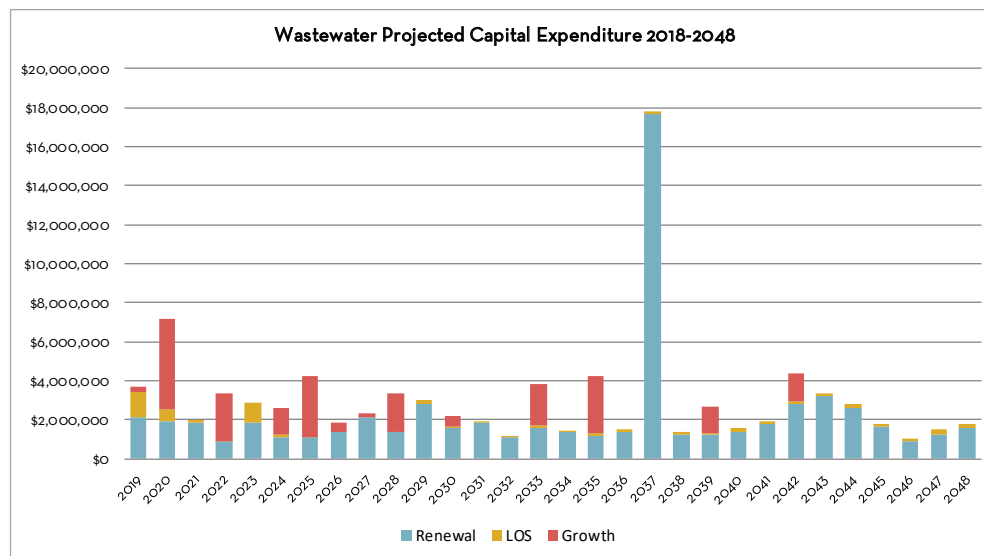
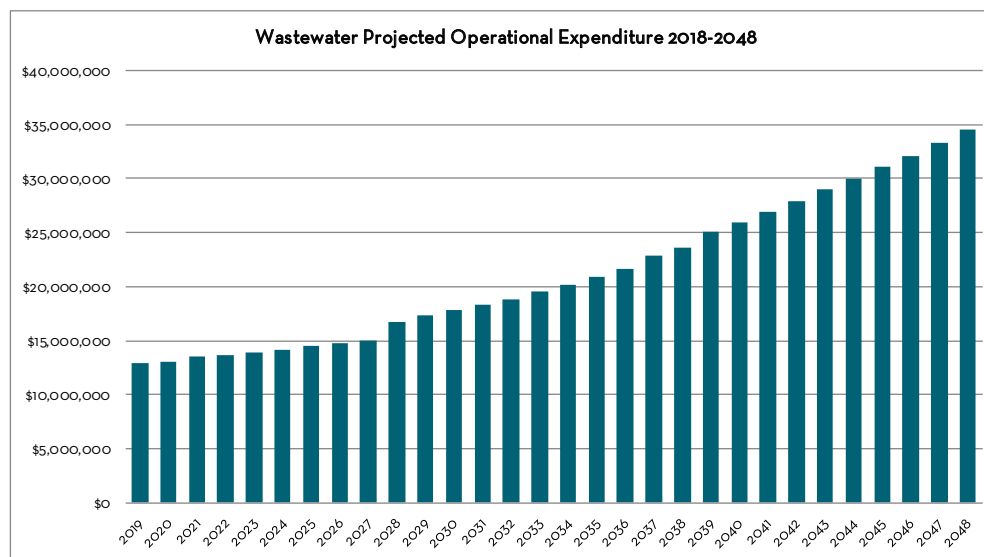


Figure 12: Wastewater Projected Operational Expenditure 2018-2048



Key activity assumptions

Relevant Strategic assumptions	Activity Assumption	Risk	Impact
Legislative Changes	There will be changes to legislation that seek to improve water quality standards.	That legislative changes will require increased investment in this activity	If legislation changes then Council will need to comply with these changes. This may require additional expenditure to upgrade infrastructure and/or consideration of alternative methods and levels of service to better meet new requirements.



TRANSPORTATION



Council is responsible for the provision of local roads, footpaths, bridges, streetlights, road signs, work site safety and network operations in the District. The New Zealand Transport Agency (NZTA) funds and maintains the state highway network.

A joint performance based contract arrangement is in place between Council and NZTA for the management of the state highway and local road network. The contract has been designed to obtain better service delivery and value for money from road maintenance, renewal and capital expenditure activities through a single contract delivery model. Council works in partnership with NZTA to ensure integration of the state highway network with the local road network. A Funding Assistance Rate of 51% is provided by Central Government towards agreed local road maintenance and network improvement projects.

Council has a strong focus on development of footpaths, walkways and cycleways in urban areas and where appropriate, on rural roads. These facilities are beneficial for many reasons, including encouraging active living, recreational benefits, providing commuter links and reducing car usage, and attracting tourists to the District. The road network also helps to capture and manage stormwater flows.

Council spends around a third of our annual capital and operating expenditure on transportation - approximately \$35 million each year. This includes everything from general maintenance, to road seal extensions and widening, to large urban roading projects and network safety improvements.

What influences our approach

	Issue	Response
<p>Population Growth</p>	<p>Tauranga is a high growth area and the transport effects of this are also experienced in the Western Bay District on the state highway and local road network.</p> <p>The projected growth in Omokoroa will increase the size of this community from 3,549 (2018) to 10,782 (2048) and 12,000 (2063). It is expected that traffic volumes will triple in line with the population growth.</p> <p>In small settlements such as the Minden lifestyle blocks, incremental growth is slowly increasing traffic volumes on rural roads. In some areas, peak time congestion is impacting on travel times between Tauranga and Western Bay.</p>	<p>Proposed NZTA improvements to the state highway network such as the Tauranga Northern Link and Loop Road to Omokoroa capacity and safety improvements will provide some relief from congestion issues along SH2 and are anticipated to improve the region's poor safety record.</p> <p>Council will continue to implement structure plans for urban growth areas of Te Puke, Waihi Beach and Katikati. Omokoroa transport investment is \$32m over the next ten years.</p>
<p>Economic Growth</p>	<p>Economic growth has resulted in network traffic volumes increase by 12% over the past two years. This has impacted on reliable journey times and increased congestion particularly along the state highway network.</p> <p>In rural areas, the transport network serves horticulture, agriculture and forestry and their associated activities. The seasonal nature of the workforce in these industries impacts on transport demand through an increase in traffic volumes especially heavy vehicles to depending on public transport or walking and cycling routes to access key destinations such as shopping centres. As seasonal workers are predominately working in rural areas, there is minimal access to public transport and cycleways to access service centres. The projected growth of the kiwifruit sector will increase pressure on the transport network.</p> <p>Tourism increases expectations of the customer experience from the road network including directional signs, pull off and rest areas, and access to amenities such as public toilets and rubbish bins.</p>	<p>Council has levels of service in place that seeks to provide a quality experience on local roads. This includes responding to customer transport related issues and ensuring that the network is in good condition and fit for purpose (measured by smooth travel exposure and responding to potential asset deterioration defects). Council monitors traffic volumes on local roads to determine if additional width is required at any point due to increased traffic demands.</p>

Issue	Response
<p>Climate Change and Environmental Sustainability</p>	<p>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.</p> <p>Increasing frequency and intensity of storm events impacts the stormwater function of the road network due to increased run off and current drainage may not be able to cope with this (e.g. undersized culverts).</p> <p>Given the increasing impact of climate change there will be a corresponding increasing focus on a low carbon transportation network.</p>
<p>Changing Make Up of Our Communities</p>	<p>Ageing population seeking access to informal and passive recreational opportunities that walking and cycling networks can provide. Also require ease of access to local amenities from residential areas.</p> <p>Medical care and technology has improved, with older people living longer and driving longer than a generation ago. Older drivers are more likely to be injured or die following a crash than younger people. Health problems including diminishing vision, physical and/or cognitive abilities can make driving more difficult and risky. For example, older drivers may find their night vision deteriorates, which leads to difficulty detecting and assessing hazards at night.</p> <p>Older drivers are unlikely to have had any driver education for many years, meaning there may be gaps in general knowledge about the road code and new road rules.</p>
<p>Legislative Changes</p>	<p>The change from Financial Contributions to Development Contributions could impact on the current approach to funding District roading improvements.</p>
<p>Community Expectations</p>	<p>There are ongoing concerns from residents who live on unsealed roads in rural areas wanting their roads to be sealed and provision of suitable and safe walking and cycling facilities.</p>
<p>Community Expectations</p>	<p>NZTA and Local Government established the One Network Road Classification (ONRC) and customer levels of service to ensure that transport assets provide a consistent level of service. It is intended that the level of service is linked to future investment decisions. Therefore, if a road is below the level of service standard it is more likely to receive NZTA funding. If it is above the level of service, then it is less likely to receive NZTA funding subsidy.</p>
<p>Fast Moving Technology</p>	<p>The pace of change driven by technological advancements is beginning to have a noticeable impact on transportation options. The increasing use of drones and electric cars creates a different transportation environment, along with computerised cars that seek to reduce human error when driving (e.g. car slows down to respond to congestion ahead).</p>
<p>Collaboration</p>	<p>The timing of transportation projects is assessed on an annual basis as Council works in partnership with other agencies to fund and implement these works.</p> <p>External factors beyond Council's control such as the timing of private development, land issues, changes to the NZTA works and funding programmes, growth in traffic volumes and a change in accident patterns can impact on the prioritisation and timing of projects.</p>

What we want to achieve

Council aims to deliver transportation networks that are safe, affordable, sustainable and 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.

In achieving this outcome, the focus over the next 30 years is:

- That transportation networks support and promote economic development.
- That the impact on the environment of the transportation system is mitigated where possible.
- That transport systems enable healthy activity and reduce transport-related public health risks.
- Transport systems improve access and mobility.
- Land use and transportation network planning are integrated.

There are a range of measures in place that help determine progress against these goals. The measures include compliance with Council's level of service standards for footpaths and road maintenance, customer perception surveys, and the percentage of the sealed road network that is resurfaced.

How we will achieve this

Current approach

Council will continue with the current approach. This focuses on providing transport infrastructure in urban growth areas in accordance with structure plans (with the majority of investment in Omokoroa over the next ten years, approx. \$71 million), roading improvements such as continuation of seal extension, new footpaths and the cycleway programme, and working with NZTA on projects that impact on the state highway and local road network. The joint maintenance contract will continue to ensure that maintenance is carried out in an appropriate and timely way and that repairs and renewals are sufficient to maintain levels of service on local roads.

Future thinking and potential changes to current approach

Proposed NZTA projects will continue to have a significant impact on the transport network within the District over the next 30 years and Council will continue to advocate for these projects. This includes a programme of state highway corridor safety and capacity improvements, that includes the Katikati bypass and safety improvements along SH2 from Waihi to Te Puna. The increase in emphasis on safety may require increased investment by Council in safety projects in the future however the extent of this is unknown at this stage.

The proposed development and completion of the Tauranga Northern Link in 2022 is expected to ease traffic congestion, improve safety and provide capacity for growth in Omokoroa, Waihi Beach and Te Puna. This will also add to Council's local roading network as the old sections of state highway will be transferred to Council and will increase road maintenance requirements over time. Additional budget will be included once the costs for this are defined.

The One Network Road Classification (ONRC) developed by NZTA and Road Controlling Authorities seeks to link the level of service to the road category, to match levels of service with volume and use, to look and feel and journey experience and ultimately investment. Council staff had input into the development of this classification approach. The existing levels of service in the maintenance contract were developed after extensive testing and community consultation and align well with the ONRC classifications. At this stage, Council is confident that there is general alignment with the customer levels of service, however NZTA are undertaking further work on the performance measures which could alter this position. A detailed assessment of the ONRC customer outcomes and performance measures (once finalised) will be undertaken once this information is available to fully understand the impact of these measures on Council's local road network and the financial implications of this.

Load limits on heavy vehicles have been increased to improve productivity. While most roads can support these heavy vehicles, there are some restrictions on bridges built on softer soils near the coast and on some bridges located within the state highway network. The long-term effects of heavier vehicles on local roads is not fully known but most likely will appear first on roads that act as detour routes from the state highway. Council is working with NZTA to fund improvements on identified state highway detour routes to improve network resilience enabling local roads to meet a level of service suitable as a detour and to enhance customer journeys when they are diverted. The key areas of impact for Council are from logging, quarrying and packhouse activity.

Improvements to environment outcomes driven by Government, BOPRC and the community are likely to impact on existing levels of service for transportation. Council will continue to monitor and consider potential changes that may impact on the transportation activity levels of service and investment.

Forecast Expenditure 2018-2048

Figure 13: Transportation Projected Capital Expenditure 2018-2048

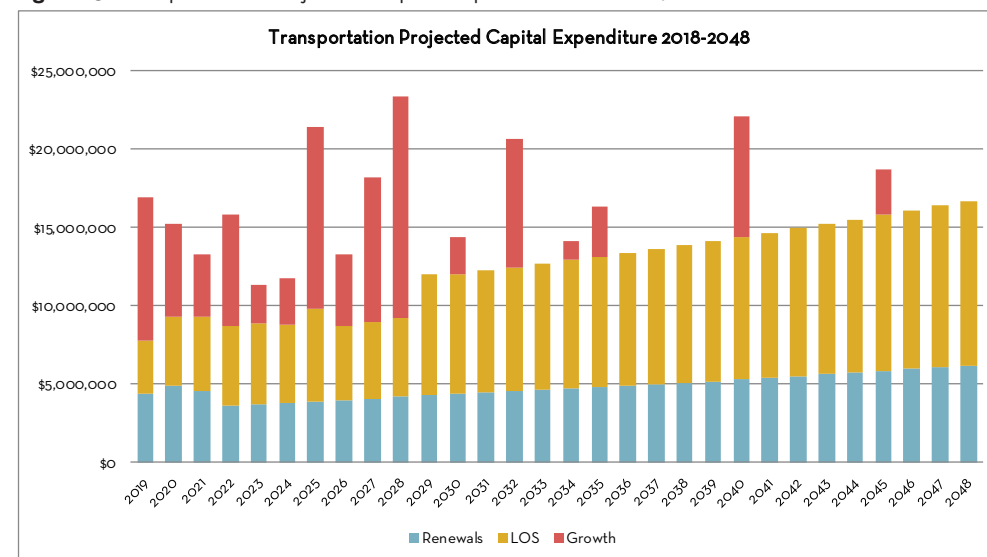
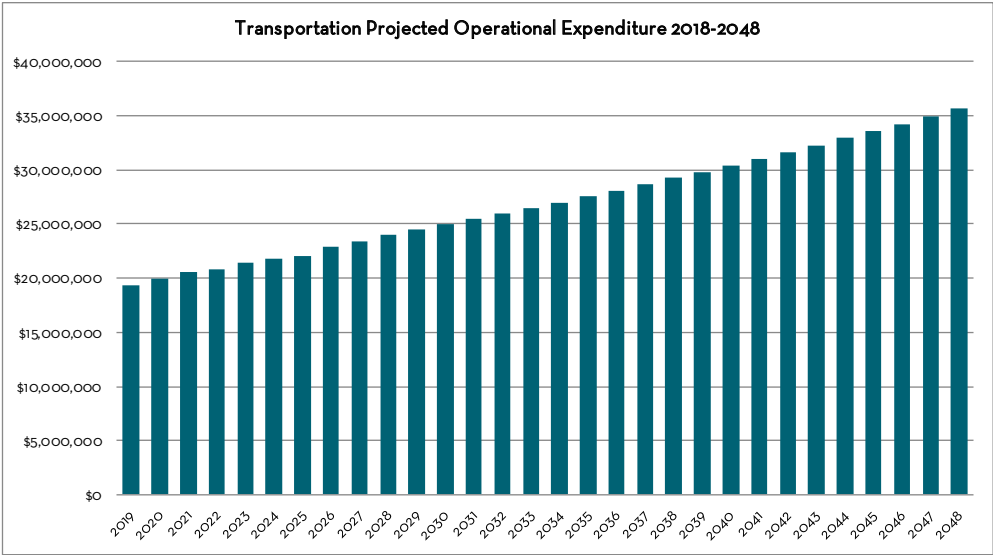


Figure 14: Transportation Projected Operational Expenditure 2018-2048



Key activity assumptions

Relevant Strategic assumptions	Activity Assumption	Risk	Impact
Collaboration	<p>Transport network – performance based contract</p> <p>Council is in a collaborative seven year (with the option to extend for another two years) performance based road maintenance contract with NZTA. This expires in 2023. It is assumed that the replacement contract will be a similar model that retains the contract cost structure.</p>	<p>That the current contract cost structure is not maintained when the contract is retendered and costs increase above inflation.</p>	<p>Road maintenance and renewal costs could increase significantly. It is very difficult to reliably predict the likely impact due to the end of the contract being so far into the future and external commercial influences. The impact could be mitigated by reviewing levels of service or decreasing capital expenditure to manage any potential rates increase.</p>
	<p>Financial Assistance Rate (FAR)</p> <p>There have been delays to the preparation of the Government Policy Statement (GPS) on land transport, the National Land Transport Programme (NLTP), and the Investment Assessment Framework (IAF), which will result in delays to when NZTA funding is finalised. This means that, prior to the Council’s adoption of its 2018-28 Long Term Plan, it will not have agreement about the level of NZTA funding it expects to receive, with an announcement currently set for 31 August 2018.</p> <p>The forecast financial statements are based on the assumption that Council will be able to claim 51% of all maintenance and renewal costs for district roads in line with currently known NZTA work categories and classifications. Should the outcome of the NLTP result in less roading expenditure items being covered by the subsidy, the work programme for roading could be impacted. Any financial impact to Council will be managed through limiting CAPEX work programs to within Council’s affordability of local share.</p>	<p>NZTA may reduce the FAR in the future which would increase costs to Council.</p> <p>It is very unlikely that the FAR will increase above 51%.</p> <p>If ONRC standards are below Council’s current level of service then funding may reduce as it would be considered that the road maintenance is above that necessary for the road classifications.</p>	<p>Each 1% decrease in the FAR will increase Council’s costs by around \$120,000 per annum.</p>
Climate Change	<p>Storm Damage</p> <p>It is assumed that costs for storm damage to roading will only exceed \$750,000 between two to three times over a ten year period. The road maintenance contract with Westlink includes a risk transfer for storm damage to Council roads of \$750,000 per annum. Historical tracking shows that this cover is sufficient based on previous storm damage. The NZTA FAR applies to major events that cause significant damage to the network.</p>	<p>That the cost of damage to roads due to storms is significantly over \$750,000.</p>	<p>Potential debt increase that would need to be funded from rates if the cost of damage significantly exceeds \$750,000. The NZTA FAR subsidy will reduce the impact and increase funding for larger events.</p>

SOLID WASTE



Solid waste is the unwanted or unusable materials that are 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. Council's main role in this activity is planning for 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 greenwaste facilities, waste management education, managing illegal dumping and supporting community initiatives

to reduce waste. Currently Council does not provide rubbish collection services. A polluter pays principle applies, putting the onus on the community to take responsible actions for waste minimisation.

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 a Central Government waste disposal levy.

What influences our approach

Issue	Response
<p>Population Growth, Economic Growth, Environmental Sustainability, Climate Change</p> <p>Urban areas have a greater concentration of people that produce waste and place greater demand on natural resources.</p> <p>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 activity.</p> <p>A solid waste audit undertaken in 2016 identified that each region, the community is sending nearly 190 tonnes of plastic, and over 60 tonnes of paper to landfill each week. This is in addition to an amount of waste that could be recycled.</p>	<p>An analysis of factors driving demand changes in demand will be undertaken across geographical sites (notable changes in demand will be undertaken across geographical sites)</p> <p>As demand for waste services increases, the need for more waste management routes. Some demand for waste services. Some (notable changes in demand will be undertaken across geographical sites)</p>
<p>Economic Growth (tourism)</p> <p>Waste management services differ to other services increases</p>	<p>Community awareness of recycling and waste services through education and signage.</p>

Please see pages xiv - xv from the Long Term Plan Amendment 2018-2028 for the updated information.

What we want to achieve

Council aims to ensure efficient waste management practices that minimise waste to landfill and encourage efficient use of resources to reduce environmental harm. This will help to achieve an environment that is clean, green and healthy, and help us all enjoy a healthy and safe lifestyle.

The extent to which these goals are achieved is measured by customer surveys, the percentage of waste recycled or recovered as reported by licensed operators, the number of initiatives funded by the Ministry for the Environment Waste Minimisation Scheme, and waste audits.

In achieving this outcome, the focus over the next 30 years is to:

- Reduce and recover more waste.
- Apply the latest proven and cost effective waste management and minimisation approaches.
- Collect information to enable informed decision making.
- Create benefit for our community.

How we will achieve this

Current approach

Council will continue with the current approach and levels of service, until outcomes of investigations below are known. The current level of service focuses on providing incentives (such as access to recycling and greenwaste facilities, and education programmes) to encourage responsible waste minimisation actions. Individual households purchase their own rubbish collection services and no Council subsidies are provided towards this.

Future thinking and potential changes to current approach

Council is exploring options for a potential change to the level of service for solid waste. The review of the Waste Management and Minimisation Plan (WMMP) and Solid Waste Strategy in 2017 has resulted in a shared vision with Tauranga City Council (TCC) of “Minimising Waste to Landfill”. This recognises the high proportion of garden waste, food waste, electronic waste and recyclable items that are going to landfill. Around 72% of kerbside rubbish collected from households could be recycled or composted instead of being sent to landfill. The WMMP now includes the following actions:

Council actively investigates alternative recycling and rubbish collection models to achieve better oversight and management of solid waste and recycling throughout the District.

Council agrees in principle to establish a recycling centre in Omokoroa similar to the existing centres at Katikati and Te Puke. This is subject to the operational costs being agreed with the community, as part of the above investigation and consultation in 2018/19.

Investigation into a future transfer station is progressed.

Key activity assumptions

Relevant Strategic assumptions	Impact
Environmental Sustainability and Legislative Changes	Provides funding through a waste levy which is collected on waste delivered to landfill sites and applied to waste minimisation activities and product stewardship schemes. This is a key funding source for projects that deliver on the WMMP.
Environmental Sustainability and Community Expectations	Poorly managed change can result in increased costs and project delays, and/or community discontent with the process.
	If the funds were not available this would either be a cost to the ratepayer or the project would not proceed.
	Council’s waste management role may change during the period of this strategy. A future role could be to procure and manage kerbside collection and oversee development of a transfer station.

Please see pages xiv - xv from the Long Term Plan Amendment 2018-2028 for the updated information.

The recycling centres at Katikati and Athenree are operating at capacity within their current operating hours. Tauranga City Council is under increasing pressure for use of their recycling centres and transfer stations. Given the growth occurring in the sub-region, an assessment of the demand for and location of future transfer stations and recycling facilities needs to be undertaken on a sub-regional basis, and consider potential business models for procurement of services.

Expenditure Forecast 2018-2048

The solid waste activity currently only has robust financial information to 2028. It is expected that the new asset management system (AssetFinda) will provide improved information to forecast beyond this and will be used for the 2021-2051 Infrastructure Strategy. For the 2028 LTP the main delivery projects for this activity are:

Omokoroa Recycling Centre - \$

District solid waste

Management

RECREATION AND LEISURE



Council is responsible for the provision of 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, coastal structures, and swimming pools.

Council works with the community to identify expectations for the provision of recreation and leisure experiences. Reserve management plans help to understand and respond to these needs, balancing aspirations with competing demands and affordability. Level of Service Guidelines informs decisions on the standard, size and quality of infrastructure required.

What influences our approach

Issue	Response
<p>Population Growth</p>	<p>Urban areas have a higher concentration of people that require access to recreation and leisure opportunities. The greatest areas of demand are Waihi Beach, Katikati, Omokoroa and Te Puke.</p> <p>The rural and coastal nature of the District, as well as adjoining Department of Conservation land provides a range of recreational experiences in close proximity to the urban environments within the District, Tauranga and the Waikato Region. As population increases, pressure on the use of facilities increases. This can lead to increased maintenance costs and an expectation that additional facilities are required.</p>
<p>Legislative Changes</p>	<p>The change from Financial Contributions to Development Contributions will impact on the current approach to growth funding of recreation and leisure projects. Examples include coastal structure projects and some reserve development projects.</p>
<p>Community Expectations and changing make up of our communities</p>	<p>Community's expectations have increased with a greater range of activities emerging often with different requirements to what is currently provided.</p> <p>The impact is seen across this activity and includes:</p> <ul style="list-style-type: none"> • Increasing expectations of the quality of play experience. This includes providing a variety of play equipment and adaptable equipment that can change over time • Increasing expectations of the type of experience provided at aquatic facilities including covered pools for year-round use • New recreational activities being introduced to reflect a growing migrant population. • Increasing expectations for facilities that provide access to the water • The ageing population could increase demand for low impact recreational experiences such as walking and cycling, and swimming and wellness facilities.
<p>Climate Change</p>	<p>Rising sea levels and increased rainfall will impact on investment decisions for recreation assets as often these are located to provide a coastal and harbour experience (e.g. reserves, walkways, boat ramps).</p>
<p>Council will continue to maintain existing levels of service and deliver on the Recreation and Leisure Strategy. Population based standards (hectares of reserve land per 1000 people) are in place to provide reserves for a growing population.</p> <p>A review of the Recreation and Leisure Strategy in 2018/2019 will consider current and future recreation demand and trends and population projections.</p> <p>A greater level of analysis is used to understand actual and projected demand for specific facilities. For example sportsfield demand analysis helps to determine if there is adequate supply of sportsfields to meet current and future demand from codes.</p>	<p>The extent of this impact on the growth funding component of these projects will be determined through a comprehensive assessment across all relevant activities, commencing in 2018.</p>
<p>It is important that facilities are located and designed to be adaptable to changing community expectations particularly given the growth occurring and the changing demographics within our community (ethnicity and age).</p> <p>A review of the Recreation and Leisure Strategy in 2018/2019 will consider current and future recreation demand and trends.</p>	<p>Council's Coastal Erosion Responses Policy is a key consideration in determining the future approach to renewal, upgrade or provision of public land and infrastructure located in coastal and harbour areas.</p> <p>The design and location of boardwalks in coastal/harbour areas takes into consideration sea level rise predications known at the time of construction.</p>

Issue	Response
<p>Economic Growth</p> <p>Tourism has an increasing impact on the recreation network through pressure on existing popular destinations such as boat ramps, and 'hidden gems' as tourists seek natural environment experiences.</p> <p>Tourism and population growth is increasing so this pressure will continue. For example Bowentown and Omokoroa Point experience significant congestion for carparking and boat launching at peak times.</p>	<p>Council has identified a number of projects that could improve the visitor experience and provide additional capacity. Some of these projects are included in the LTP and others may be included if external funding is achieved. This includes development and upgrade of public toilets at popular recreational destinations, boat ramps and carparking, and development of a Visitor Centre at the TECT All Terrain Park (jointly owned with TCC).</p> <p>The second round of the Central Government Tourism Infrastructure Fund will occur in 2018 and Council will seek funding contributions to tourism related infrastructure projects.</p> <p>A review of the Recreation and Leisure Strategy in 2018/2019 will consider current and future recreation demand and trends including the impact of tourism. Consideration will be given to the potential for tourist charges to help fund infrastructure improvements and reduce the ratepayer impact.</p>
<p>Partnerships with Maori</p>	<p>Treaty of Waitangi settlements have seen greater levels of involvement of Maori in planning and decision making processes. This can be through a formal structure such as co-governance and co-management arrangements, or through less formal planning and delivery processes.</p>
<p>Healthy and Safe Communities</p>	<p>Physical activity levels have declined over the past decade, especially among children and young people. Obesity rates are rapidly increasing in both adults and children. Like other areas in New Zealand, the District needs to respond to increasing health related issues like cancer, cardio vascular disease and diabetes. Participation in recreation and active living contributes not only to the wellbeing of individuals but also in creating community cohesion and identity.</p> <p>Council provision of recreation opportunities is a key way to encourage and motivate people to be active in their daily lives.</p> <p>Council provide annual funding to Sport Bay of Plenty to deliver a number of sport and active living initiatives to the community such as Play in the Bay and City on its Feet.</p> <p>A review of the Recreation and Leisure Strategy in 2018/2019 will include consideration of physical activity and health statistics and trends, and the influence our places and spaces have on these statistics.</p>

What we want to achieve

Council aims to deliver recreation and leisure facilities that are well planned and safe to meet the diverse and changing needs of our community. This contributes to us all enjoying a healthy and safe lifestyle, our communities being vibrant and welcoming, and a clean, green and valued environment.

In achieving this outcome, the focus over the next 30 years is to:

Provide safe, healthy and appropriate facilities.

Provide a basic range of public facilities.

Work and collaborate with the community and Tangata Whenua to provide and promote recreation and leisure facilities.

Support provision of sub-regional recreation and leisure opportunities.

Protect important natural environment, cultural and heritage values.

Ensure resources are secured to provide for future public recreation and leisure needs in response to population growth, changing recreation trends and changing demographics of our community.

The extent to which the goals are achieved is measured by a range of factors including customer surveys, total hectares of reserve provided per 1000 residents, and implementation of Council's Recreation and Leisure Strategy and reserve management plan actions.

How we will achieve this

Current approach

Council will continue with the current approach. This focuses on providing recreational experiences in growth areas such as local reserves and walkways, and maintaining existing assets to ensure they remain fit for purpose and provide a safe and enjoyable experience for users. The Recreation and Leisure activity will continue to work with Transportation to develop the walking and cycling network recognising multiple benefits gained from this investment.

Future thinking and potential changes to current approach

The change from financial contributions to development contributions will require a review of existing levels of service particularly for active and local reserve provision and development, and coastal facilities. This will need to clearly identify the extent to which these projects are providing for existing communities and for growth.

The Regional Spaces and Places Strategy (2017) will be used to guide decision-making on future planning and investment in sport and recreation within the District. This includes actions for Council to work in partnership with TCC on future facility provision in the eastern part of the District and for future swimming pool provision across the sub-region. Council's Recreation and Leisure Strategy will be reviewed in 2018/19 alongside a review of the Communities Strategy.

Council has included a funding contribution of \$521,000 in 2020/21 of the LTP for upgrade or redevelopment of the Te Puke High School Pool and/or the Dave Hume Pool in Katikati. This assumes a significant part of the project cost will be met by external funders. The extent to which this is the case will be dependent on what the community expectations are for the future of these facilities and the cost of this. This could require additional Council funding in the future, and would need to be considered in the context of District and sub-regional aquatic facility provision.

Coastal marine assets are maintained to provide existing levels of service. However, demand on coastal marine facilities (e.g. boat ramps, jetties) is expected to increase over time as the population grows. As structures become due for renewal, upgrades (either to accommodate climate change, erosion effects or improve harbour access provision) are often undertaken.

A significant all-tide boat launching facility upgrade or new facility is signalled for Omokoroa and the location of the Northern Harbour Boat Ramp will need to be resolved. These projects require a sub-regional assessment of harbour access and demand to better understand what is available, who uses these facilities and what the future demand is from both Tauranga and Western Bay residents and visitors. The projects also need to be assessed against Council's Coastal Erosion Responses Policy 2017.

Council is not the only provider of recreation facilities in the District. A number of facilities have been or are planned to be developed by community groups using external funding. While Council may not be a direct provider of these facilities, it can often support development through provision of Council land or a partial funding contribution. Examples are a future cricket pavilion at Pongakawa and the Te Puke Gymsports Facility.

Expenditure forecast 2018-2028

The recreation and leisure activity currently only has robust financial information to 2028. It is expected that the new asset management system (AssetFinda) will provide improved capability to forecast beyond this and will be used for the 2021-2051 Infrastructure Strategy. Within the 2018-28 LTP the main delivery projects for this activity are:

- **Northern Harbour Boat Ramp** - \$5,161,940 in 2022, and 2025-2026.
- **Omokoroa Boat Ramp** - \$6,894,500 in 2019-2022 and 2028.
- **Coastal marine structures renewals** - \$5,843,582 from 2018-2028.
- **General reserves acquisition** - \$2,386,950 from 2018-2028.
- **District reserves asset renewals** - \$5,231,485 from 2018-2028.
- **District reserves erosion protection works** - \$2,208,000 from 2018-2028.
- **Omokoroa Active Reserve development** - \$5,840,800 in 2024 and 2026.
- **Te Puke aquatic centre service delivery** - \$1,183,780 from 2018-2028.

Key Activity assumptions

Relevant Strategic assumptions	Activity Assumption	Risk	Impact
Changing make up of our communities, Community Expectations, Population Growth and Economic Growth	Recreation trends and community expectations - An ageing, growing and more diverse population will see changing expectations for the type, quality and access to recreation and leisure activities.	Expectations could significantly change the current levels of service provided and/or the types of services provided.	Potential for increased funding to deliver places and spaces of a higher quality, greater variety of experiences and with greater levels of accessibility.
Collaboration	TECT All Terrain Park (jointly owned with TCC) - The Park will become self-funding through generation of forestry income and revenue from commercial activities. The estimated forecast for this is in 10-15 years.	The forestry revenue is not sufficient to achieve a self funding park and/or decisions are made to retain the forestry that impact on the ability to achieve this objective.	Ongoing ratepayer funding required for development and operation of the park.



COMMUNITY FACILITIES



For the purpose of this strategy, community facilities incorporate the libraries and service centres activity, and the community facility activity which includes community halls, cemeteries and housing for older people.

Council provides library and service centre facilities at Waihi Beach, Katikati, Omokoroa, and Te Puke, an information and community centre at Maketu, and a service centre at Barkes Corner in Tauranga. The library and service centre model provides a one-stop-shop of information. The importance of community halls is reflected in local community ownership of 18 halls across the District. Council provides land for 15 of these halls and collect rates on behalf of the hall committees for maintenance and agreed capital development requirements. These facilities are

highly valued by the community as they provide opportunities to socialise, recreate, connect and learn.

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 70 pensioner housing units in Te Puke, Katikati and Waihi Beach built between 1963 and 1989. Currently the units have 100% occupancy with an average waiting list of 10-12 people.

Council is legally required to provide cemeteries to ensure the burial and cremation needs of our District are met now and in the future. Four cemeteries are provided in Katikati, Maketu, Oropi and Te Puke.

What influences our approach

Issue	Response
<p>Population Growth</p> <p>The greatest areas of demand for community facilities are the urban growth areas of Waihi Beach, Katikati, Omokoroa and Te Puke.</p> <p>Increasing population corresponds with increasing capacity requirements for cemeteries.</p>	<p>Demand for library services has reached a point where building expansion is required; some locations with greater urgency than others. A new library in Katikati will provide a larger library space, information centre and a multi-use community space. A programme for library and service centre development is included in the 2018-28 LTP to ensure facilities are fit for purpose and future proofed.</p> <p>Katikati cemetery has approximately 10 years remaining to reach capacity. The cemeteries at Maketu and Te Puke have substantial capacity beyond 20 years.</p> <p>A review of the Communities Strategy in 2018/19 will consider current and future community facility requirements.</p>
<p>Community Expectations</p> <p>The community's expectations of facility standards and service quality have increased and there are a greater range of activities emerging often with different requirements to what is currently provided.</p> <p>The function of libraries is changing to become multipurpose community facilities and places that provide access to technology learning centres and multimedia hubs.</p>	<p>It is important that facilities are located and designed to be adaptable to changing community expectations particularly given the growth occurring, and the changing demographics within our community (ethnicity and age).</p> <p>A review of the Communities Strategy in 2018/19 will consider current and future community facility requirements.</p>
<p>Legislative Changes</p> <p>The change from Financial Contributions to Development Contributions will impact on the current approach to growth funding of library and community centre projects.</p>	<p>The extent of this impact on the growth funding component of these projects will be determined through a comprehensive assessment across all relevant activities, commencing in 2018.</p>

Issue	Response
<p>Changing make up of our communities</p> <p>The District is experiencing increasing numbers of people living longer than before. At the same time there has been a decline in the affordability of housing across the District. As a result we are likely to see an increased demand for housing for older people on low incomes.</p> <p>The District is experiencing an increase in the number of residents from Asia, the Pacific and other ethnic groups.</p> <p>Seasonal workers are heavy users of library facilities for Wi-Fi access and social connections. This is a key consideration in the design of new library spaces and the availability of existing library services.</p> <p>Increased diversity requires consideration of different cultural customs regarding burial methods when planning for future cemetery provision.</p>	<p>The challenges and opportunities that an ageing population present are being increasingly considered in planning processes.</p> <p>Council is actively looking at ways to improve housing affordability and better understand housing needs. Examples are development of the special housing area in Omokoroa that has 50 % affordable housing (approx. 120 houses) and development of a housing needs assessment for the sub-region.</p> <p>The ageing population is a key driver in planning for the future provision of cemeteries. As well as this the cultural diversity of our community is changing, bringing different burial and cremation needs which may change the current level of service for cemetery/urupa provision and associated facilities.</p> <p>A review of the Communities Strategy in 2018/19 will consider current and future community facility requirements.</p>
<p>Fast Moving Technology</p>	<p>There is an increasing reliance on Council provided community facilities to be places where people can use technology (e.g. free Wi-Fi and computer access) and/or learn to use technology (e.g. technology learning centres).</p> <p>A review of the Communities Strategy in 2018/19 will consider current and future community facility requirements.</p>

What we want to achieve

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.

The focus for community facilities over the next 30 years is to create facilities, services and networks that provide opportunities for our:

Communities to be healthy and safe, and

Communities to be vibrant and diverse.

The key measures that determine how we are progressing against this outcome include the number of library visits, the amount of library space available per 1000 residents, the number of partnerships in place with existing hall committees, and customer satisfaction with the services provided. For elder housing targets are in place for occupancy rates and for cemeteries the target relates to the percentage of plot availability.

How we will achieve this

Current approach

Council will continue with the current approach. This focuses on implementing projects that achieve current level of service requirements such as library and service centre improvements and provision of additional cemetery land.

Future thinking and potential changes to current approach

A review of the Communities Strategy in 2018/19 (alongside the Recreation and Leisure Strategy) will consider the changing make up of our community, population growth, influence of technology

and community expectations, and what this means to the strategy outcomes and levels of service moving forward. Any change to the existing level of service could influence the proposed capital expenditure programme for community facility investment in the future. Council is also developing a community hub policy and digital enablement plan which will influence the future provision of community facilities in the District, and will be a key consideration in the strategy reviews. It is also possible that the way people use community halls may change in the future, where the expectation is for development of multiuse facilities that offer a range of spaces catering to a wider range of activities (rather than one large space). The future role of community halls will be a consideration included in the Communities Strategy review.

The current library and service centre at Omokoroa is not fit for purpose for the existing and future population of this major growth area. The Communities Strategy review and community engagement process for the Omokoroa structure plan will help to define future requirements for Omokoroa community facilities. Once this has been determined, a project budget for a new library and service centre in Omokoroa will be included in the next available budget process.

Katikati cemetery has approximately 10 years remaining to reach capacity. The cemeteries at Maketu and Te Puke have substantial capacity beyond 20 years. A cemetery land capacity review will be undertaken prior to 2025 (when the funding is available) to determine the best approach. This will consider where population growth is occurring across the sub-region, changing demographics and associated requirements for cemetery space. Council is also intending to work with Tangata Whenua to identify current and future requirements for urupa.

A Section 17A review of Council's elder housing will be undertaken in 2018/2019. This will look at the cost effectiveness of the current arrangements and consider options for the governance, funding, and delivery of these services to the community.

Expenditure forecast 2018-2028

The community facility activities currently only have robust financial information to 2028. It is expected that the new asset management system (AssetFinda) will provide improved capability to forecast beyond this and will be used for the 2021-2051 Infrastructure Strategy. Within the 2018-28 LTP the main delivery projects for these activities are:

A capital expenditure programme of improvements to library and service centres to meet the level of service of 26m2 library floor space per 1000 residents:

- Waihi Beach - \$833,600 in 2020/2021
- Te Duke - \$6.1 million in 2027/2028

Cemetery land purchase in the western District - \$934,200 in 2025-2027.

Community hall improvements - \$1.6 million from 2018-28.

Pensioner housing improvements - \$552,000 from 2018-2028 (funded from rental income)

Key Activity Assumptions

Relevant Strategic assumptions	Activity Assumption	Risk	Impact
Legislative Changes	Central Government funding arrangements for housing of older people will change.	A change in funding arrangements could either increase or decrease Council's funding contribution to this activity.	The impact of this change will be considered in the Section 17A review of the elder housing activity.

HOW WE WILL MANAGE OUR ASSETS

Council aims to provide the community with infrastructure at agreed levels of service, cost effectively, and within an acceptable level of service delivery risk. To do this, Council must make decisions and manage its assets through the entire lifecycle of an asset; build, operate, maintain and renew.

Infrastructure overview

	STORMWATER	ASSET TYPE <ul style="list-style-type: none"> • Reticulation (pipes and pump stations) • Drainage reserves (including stormwater ponds) • Open drains • Coastal protection works • Earth dam 	APPROX. ASSET REPLACEMENT COST \$108 MILLION
	WATER SUPPLY	ASSET TYPE <ul style="list-style-type: none"> • Source (stream intakes, groundwater bore sites, water treatment plants) • Storage (treated water reservoirs and tank sites) • Reticulation (mains and submains, booster pump sites) 	APPROX. ASSET REPLACEMENT COST \$149 MILLION
	WASTEWATER	ASSET TYPE <ul style="list-style-type: none"> • Pipes • Pump stations • Treatment plants 	APPROX. ASSET REPLACEMENT COST \$114 MILLION
	TRANSPORTATION	ASSET TYPE <ul style="list-style-type: none"> • Roads (sealed and unsealed) • Bridges • Culverts • Road signs • Footpaths (hard surface and metallised surface) • Streetlights 	APPROX. ASSET REPLACEMENT COST \$737 MILLION
	SOLID WASTE	ASSET TYPE <ul style="list-style-type: none"> • Recycling and greenwaste centres • Greenwaste drop off • Closed and capped landfills 	APPROX. ASSET REPLACEMENT COST \$1.1 MILLION
	RECREATION AND LEISURE	ASSET TYPE <ul style="list-style-type: none"> • Active reserves • Passive reserves • TECT All Terrain Park and Huharua Park • Forestry • Public toilets • Playgrounds and furniture • Coastal and marine structures • (jetties, boat ramps, wharves, seawalls) • Swimming pools 	APPROX. ASSET REPLACEMENT COST \$50 MILLION EXCLUDING LAND
	COMMUNITY FACILITIES	ASSET TYPE <ul style="list-style-type: none"> • Library and Service Centres • Community Halls • Cemeteries • Pensioner Units 	APPROX. ASSET REPLACEMENT COST \$5.7 MILLION FOR LIBRARIES AND SERVICE CENTRES \$746 THOUSAND FOR CEMETERIES \$6.1 MILLION FOR PENSIONER HOUSING (EXCLUDES LAND FOR ALL)

Asset Management Plans

Asset management plans (AMP's) are in place for all of the 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 AMP's 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 LTP and Infrastructure Strategy then balance the forecasted spending needs with Council and ratepayer affordability.

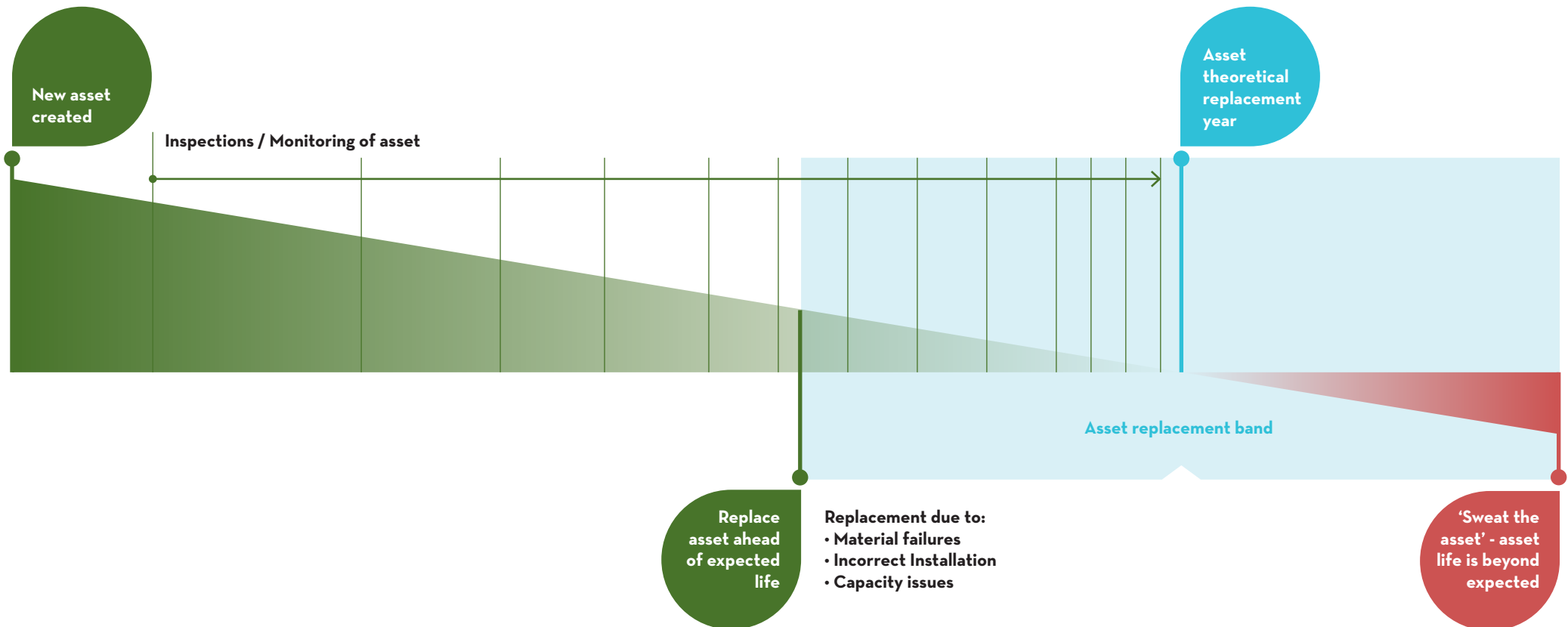
Replacement of assets

Council has a renewal and upgrade programme to replace assets before they fail or do not have sufficient capacity for users. 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 being 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 AMP's 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.

Timeline of an asset - Replace assets 'Just in time'



Most infrastructure in the District is relatively new and only a short way into its asset life. This means that the majority of 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 leisure and road assets.

Changes in demand and growth

Growth and demand although related, have different implications for each activity. Growth generally relates to the growth 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.

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 AMP's and in the activity overview section of this strategy.

Levels of service

Infrastructure planning allows 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 and improving public health and environmental outcomes tend to be the main drivers for change in a change to levels of service. While the strategy identifies a 'business as usual' approach to infrastructure, it also identifies where potential level of service changes may occur. For example, the potential for Council led kerbside rubbish and recycling services in the District.

Public health and environmental outcomes

With increasing knowledge of public health and the community expectations, the requirements for infrastructure inevitably increase. The AMP's and activities plan for these changes on the management of stormwater discharge and water quality.

Natural hazards and risk

Council is aware of the increasing frequency of intense storm events, rising sea levels and other natural hazards. Council has a Natural Hazards Charter that seeks to better understand, plan for and respond to natural hazards. Council infrastructure and operations. Council takes a Regional and District approach to the management of natural hazards and risk.

At a Regional level, Council is a member of Plenty Lifelines Group along with other utility and service providers. The group is on investigating the resilience of our infrastructure, and understanding the interdependencies of the infrastructure network. The group aim to reduce the vulnerability of Bay of Plenty lifelines including improving disaster preparedness planning. The group assess the vulnerability of various types of infrastructure to hazards including floods, earthquake, volcanic eruption, tsunami, storm surge, fire, wind and landslide.

A Natural Hazards Charter is in place between Council, TCC and BOPRC. This outlines how the Councils will give effect to the natural hazard risk assessment requirements of the Regional Policy Statement, and includes implementation of a natural hazards research programme.

At a District level, the Risk Management Policy (2013) provides the framework for the management of risks by Council. The aim is not to eliminate risk but rather to manage the risks involved in all activities to maximise opportunities and minimise adversity. The Policy uses a standard methodology consistent with ISO 31000 2015 (international risk management standards). A risk register identifies the top level strategic and operational risks for the organisation and District. The most significant risks identified are Central Government influences, a major earthquake, and incorrect growth assumptions. Mitigation measures include the annual review of growth projections against actual uptake, civil defence planning, annual review of insurance cover, and ongoing monitoring of emerging Central Government issues.

The risk framework is applied to all AMP's. Risk is assessed against the ability to achieve the activity outcomes. Risk category tables identify the type of risk, frequency and impact. Critical asset data is included in the AMP and the management plan. For example, in the AMP for water supply, it is recognised that a major earthquake could compromise levels of service, provide a risk of contamination of supply. A 'Vulnerability Assessment' of critical assets and the likely impact of failure from the Operational Emergency Manual deals with the restoration methodology. The criticality of the asset is identified in the renewal profiles.

The risk management framework seek to move from a quarterly process, to a more streamlined and consistent approach. The aim is to ensure that risk management is a part of what we do on a regular basis and ensure that we focus on the most attention.

The most vulnerable parts of our infrastructure to various hazards have been identified through the Regional Lifelines work and included in our GIS mapping information. This is Council owned infrastructure identified as 'almost certain' or 'likely' to be vulnerable to hazard and include water supply in each of the three zones with vulnerability to earthquakes (and flooding, storm surge in the central zone) and roads such as Welcome Bay Road which is vulnerable to flooding.

Council has a Disaster Contingency Fund which currently sits at \$8 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 have commissioned infrastructure modelling to better understand the impact of extreme events on underground and above ground assets and 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.

Please see page xvi from the Long Term Plan Amendment 2018-2028 for the updated information.

The resilience of assets is a key consideration in asset renewal, replacement and investment decisions. Examples include:

Provision of earthquake sensors and planned installation of automatic shut off valves to water supply in the event of an earthquake to minimise loss of water.

Polyethylene pipes that are more flexible to ground movement and less likely to break.

Installation of grinder pumps to reduce the amount of inflow (or rainwater) into the stormwater and wastewater network.

Considering resilience in the use of construction materials and design for development of a replacement jetty.

Exploring ways to share water within and across each water supply zone.

Continuous improvement in the approach to materials and fitting selection. Council and TCC have a joint development code that lists approved materials for use and an assessment process that provides rigour to new products that come on the market, including consideration of the potential to improve the resilience of the assets.

Technological improvements play a big part in improving the resilience of assets and it is important that Council continues to keep connected with what is going on in this area.

At an organisational level, business continuity plans identify critical and non critical Council functions and ensure effective systems and processes are in place should a major event occur.

Asset condition

Overall asset condition data is considered to be extensive and reasonably accurate, particularly in the transportation activity due to the nature of the performance based contract. Wastewater and stormwater assets are relatively young in age so there is a limited need to confirm condition assessments. In some cases there is still data to be obtained and this is a focus moving forward to ensure all asset condition data is captured. This information will improve future investment decisions. For example, installation of water meters will significantly improve data and information on water usage patterns and influence implementation of future capex programmes.

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.

Continuous improvement

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 changes is implementation of a new asset management system called AssetFinda. This will improve both the quality of the asset data and ability to use that data in asset management practices. The software provided in the new system will help to reduce corporate risk due to improved renewal forecasting, reporting processes and new features such as predictive modelling which hasn't been available previously. Data cleansing is under way as part of this process and it is anticipated that the system will be live by June 2018. An additional staff resource has been budgeted for to assist with integration of the system into Council practices.

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 leisure, solid waste and community facility activities have limited information outside of the ten year period and require considerable improvement in planning beyond this timeframe. It is expected that AssetFinda will provide improved capability to do this and improve the quality of information for the 2021-2051 Infrastructure Strategy process.

All AMP's have a Plan Improvement Programme in place. Progress against these actions is reviewed annually and prior to the three yearly AMP review. Operational performance measures, monthly progress reports, and annual reviews of the operational and financial components of the AMP all contribute to improved asset information.

Asset performance

Water, Wastewater and Stormwater

Council considers it's "water" networks perform to acceptable standards as determined by levels of service and key performance indicators. Performance issues include rare instances of low pressure, pipe bursts and occasional sewage overflows due to blockages and or inflow/infiltration. There is an ongoing programme of improvements in place to address these issues.

The stormwater level of service seeks to minimise the impact of flooding events on the number of habitable floors affected, reducing as much as possible the impact on the liveable areas of peoples houses. The known issue of undersized stormwater pipes is managed by prioritising replacement for stormwater areas most at risk of flooding habitable floors and the additional investment made in this activity through the 2015-25 LTP.

Transportation

Condition measures suggest the road network is being managed to an appropriate but minimal level. Western Bay of Plenty District is part of a peer group of 22 networks. Measures show:

Smooth travel exposure is around 88 - one of two at this level. Most are above 90.

Condition index is 98 - There are 5 networks at or below this level.

Pavement index is 94 - There are 4 networks at or below this level.

The NZTA network condition measures are average values based typically based on sample surveys. They are suitable for comparing overall network condition but not particularly sensitive in detecting changes in condition or when comparing one year with the next.

The joint performance based contract between Council and NZTA requires operational performance targets and levels of service to be met as these are contractual deliverables. This ensures that the maintenance contract is operating to the right standard and preserving the stock of assets overall. The maintenance contract includes a measurement regime to ensure that maintenance is carried out in an appropriate and timely way and that the repairs and renewals are sufficient to maintain the overall condition of the assets. The service delivery contract measures delivering the Councils customer levels of service are prepared and reported every year to both the contract management board and to the Council.

Recreation and Leisure

Council considers its reserves and facilities networks perform to acceptable standards as determined by levels of service and key performance indicators. Council has consistently achieved the level of service that requires over 90% of recreational facilities to have a condition rating of acceptable to excellent (as defined in the New Zealand Park and Recreation Asset Grading Standard manual). 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. The 2016/17 Annual Report highlights an increasing trend in resident satisfaction from 2010 to 2017.

Solid Waste

Condition assessments are undertaken on solid waste assets. The assets are determined to perform to acceptable standards with condition ratings as very good condition and minor defects only.

Community Facilities

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. Strategy reviews and potential changes to levels of service will provide direction on this over the next three years.

