

Finding the  
*Fair way*

*Part 2*

2021-2031  
**LONG  
TERM  
PLAN**

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# Infrastructure strategy

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# 30 YEAR INFRASTRUCTURE STRATEGY 2021

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## 1 Executive Summary

This Strategy provides a view of the current state of the Council's infrastructure and outlines the key issues the Council faces and its responses to those issues. In order to work out those responses, the Council has looked at how those issues impact the Community and the services they receive.

### 1.1 Current State of Council's Infrastructure

In general, the Council believes its infrastructure is in fair condition overall and there are several connected reasons for this fair rating. The rationale for this rating is best explained using the example of levels of service and the increasing age of the asset stock.

Through the biennial residents' satisfaction survey and customer service requests, the Council receives feedback on a variety of different aspects of its services and this feedback mostly relates to the levels of service delivered by the Council through its assets. Since 2013, the overall survey results for each service have remained relatively constant, with an average of 70% of people rating their satisfaction as satisfied or better annually. This combined with the reduction in customer service requests has meant that customer feedback has not driven the need to significantly renew assets. In turn, this has meant the Council taking a position of stretching asset lives to maximise their economic performance, or commonly known as, sweating the asset. This position led to decreased investment in assets for a period, which resulted in the average age of assets increasing.

As Hurunui is predominantly a rural District, many of our communities have experienced the variable weather patterns that have impacted the farming sector and an increasingly complex regulatory framework has increased costs to be met for this sector. This has meant the Council taking a sympathetic approach to rate increases in the past, thus taking a straightforward approach of focussing on 'must haves' over 'nice to haves'.

Another matter for Council to contend with has been the need to meet the drinking water standards by 2025. Precluding protozoa standards, all other aspects of the drinking water standards are met. However, due to the significant investment required to meet the protozoal standards, the Council has chosen to defer renewal of some water pipes over the last few years. This has resulted in a short-term affordability benefit but has created a bow-wave of future costs.

The results of listening to the community and implementing renewals to meet the levels of service, economic pressures on the rating base and deferring replacements to fund mandatory upgrades to meet drinking water standards have historically resulted in the lives of some infrastructure being prolonged where this has been possible and therefore in general the Hurunui infrastructure being considered as aged but functioning well.

As a result of the above the has resulted in the fair condition being applied.

### 1.2 Key Issues the Council Faces

There are some key issues that need to be faced immediately and others that need to be planned for over a longer timeframe. This Strategy that sets out the pathway for resolution of these key issues.

The growth across the District is expected to be modest and these growth numbers can be maintained without significant infrastructure changes but the demographic of the resident population that is changing at a higher rate and future services need to evolve to meet these future changes. These are typically things like, library enhancements, increased social residential housing and footpath improvements.

The Council has built up a profile of customers' requirements through many years of engagement and based the delivery of services around it. This is largely recorded as the Council's performance measures and meeting these are of

## LTP Part 2

high importance for the way this strategy has been compiled. If these Customer expectations alter or new or changing regulations are required, then they can also disrupt pre-existing plans to meet the performance measures. Therefore, these need to be carefully considered and woven into future plans so as to continue to meet the targets. Programmes of work have been put together to best address these.

The Council is working on a position of climate change and sustainability adaptation as time progresses. The changing climate will have a direct and indirect influence on the district's economy and the wellbeing of its residents and work is currently underway, firstly with the coastal communities to establish long terms plans for the impacts on them. Similarly, sustainability is becoming an increasingly significant issue for the Council's customers as environmental awareness develops throughout the community. The Council will increasingly include sustainability as part of its core thought practices as it looks to develop new assets and this can be seen in this strategy through the investment towards waste and recycling improvements and other property initiatives such as solar heating.

How the Council and community can adapt to the effects of climate change and meet sustainability targets is top of mind. Although planning for these is in the early stages, promoting them through the four well beings and delivering against Council's strategy is a key focus area.

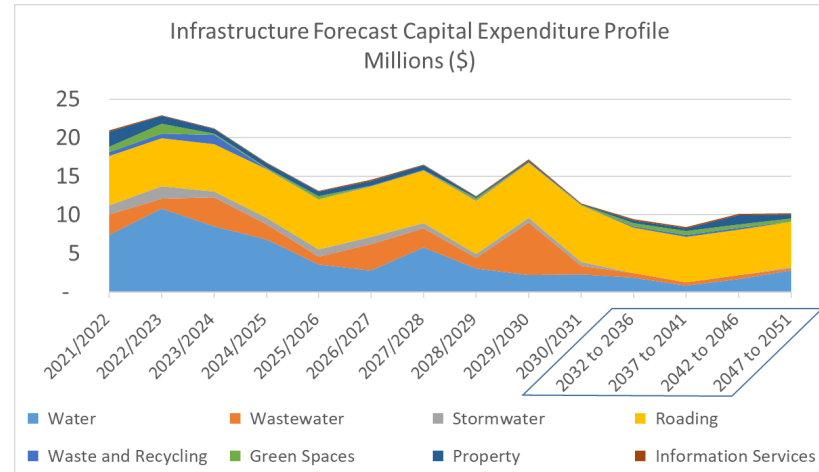
Natural hazards are something the District has experienced and continues to deal with. Council's experience of dealing with events like earthquakes, droughts and floods over recent years has positioned the Council reasonably well to deal with them in the future. This can be seen through the Council's application of funding towards its earthquake prone buildings, ongoing work for new service and asset introduction such as seismic restraints, more reliable water pipes (less leakage) and improved channelling of stormwater away from habitable property.

Data has proven that in many cases age is not a good indicator an asset's life. The reason for this varies but largely related to things like, ground conditions, location, and installation methods. For this reason, it is prudent to take a performance and risk-based approach to renewals. However, maintaining and, where required, renewing the assets to deliver on the levels of service, including meeting new regulations is the first priority. The Council has established a sound plan which combines a variety of performance-based renewals and age based ones. After the ten-year timeframe, the renewals become more based on age because data shows the newer the asset the more reliable the information held about it.

In developing its programme of significant works for this Infrastructure Strategy, the Council aims to maintain appropriate levels of service and plan responsibly for future asset renewals, while keeping rates affordable for an increasingly aging population.

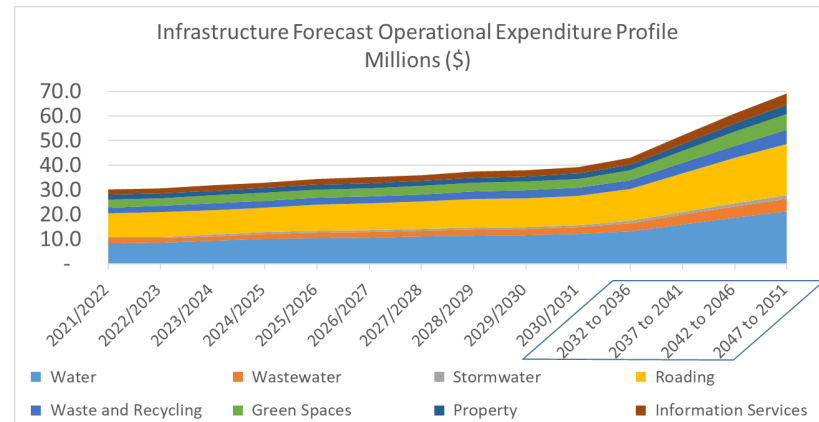
To meet these challenges the combined infrastructure capital spend is shown in the chart below.

*Years 2032-2051 are grouped in five year blocks and the forecast expenditure displayed is the aggregated average for the period.*



The chart (inflated) shows a larger expenditure profile at the start of the long term plan. This is mostly related to the effort in complying with the protozoa requirements in the drinking water standards and to have been able to achieve that, it had resulted in deferring some less critical pipe renewals in the past. This deferral amounts to roughly \$3.9m, that will be addressed in the first 10 years of this plan.

The waste water peak in the year 2029/2030 represents the discharge resource consents required for Cheviot, Motunau and Greta Valley.



In order continue to meet the levels of and based on assumptions in section 11, the forecast of operational expenditure will remain the same through most areas and it is inflation that drives the increase.

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### 1.3 In Conclusion

In developing its programme of significant works for this Infrastructure Strategy, the Council aims to maintain appropriate levels of service as the District and plan responsibly for future asset renewals, while keeping rates affordable for an increasingly aging population.

How the Council and Community can adapt to the effects of climate change and meet sustainability targets is top of mind. Although planning for these is in the early stages, promoting the 4 well beings through them and delivering against Council's strategy is a key focus area.

## 2 Vision

The Council is aware of its importance in maintaining and enhancing resilience. In particular we recognise the interlinked notion of resilience underpinning the people of the district and the infrastructure and environment that enables their wellbeing.

This Infrastructure Strategy serves to be a key enabler for delivering on that vision. The Council does this by listening to its ratepayers, stakeholders and customers when setting up systems that can deliver to meet their needs.

## 3 Introduction

The Infrastructure Strategy provides information on the key aspects of the Council's infrastructure services and assets, how those are managed and what significant future events will or may occur that will adjust how Council delivers and funds services over the next 30 years.

It has taken a major shift from the previous version, as it takes on a less asset centric viewpoint (what assets does the Council have, how does the Council operate them and what's important to the service) and focusses more on the services being delivered.

This has led to the central focus being on levels of service (LoS) and how they are met. In order to do that, the Council has focussed on what its customers want, considering affordability and the regulatory structure within which the Council operates. Good asset management practice will be contained within that central focus.

This strategy outlines the Council's approach to managing and investing in the district's infrastructure, with the infrastructure being categorised as Core infrastructure and Community infrastructure. The future of each being developed, considering the following significant issues:

- Population/demographic and land use changes
- Natural hazards, climate change and sustainability initiatives
- Fit for purpose services
- Changing regulation and/or legislation

All of these being balanced against a variety of factors, such as affordability and community outcomes.

Creating a 30-year Infrastructure Strategy is a legislative requirement. The Council feels that taking a 50-year approach is more pertinent, particularly when considering the effects of natural hazards, climate change and sustainability targets. Although at this stage little is known about the impact of these aspects work is underway to improve that knowledge

This Strategy is an indicative assessment of Council's future infrastructure needs as well as existing and potential challenges to meeting those needs. It is a statement of what Council currently knows and how it proposes to deal with those current and future challenges.

This strategy is not intended to serve as a budgetary statement but provides an estimate of what the significant works may cost. It includes many assumptions and risks that may or may not be realised, however forecasting has been provided. The accuracy of the forecasting inevitably decreases as the planning horizon or timelines increase.

Activity Management Plans (**AMP**) are in place for both Core and Community infrastructures. They are a representation of the intended service and asset management programmes for maintenance and project work for their entire lifecycle, while meeting community expectations.

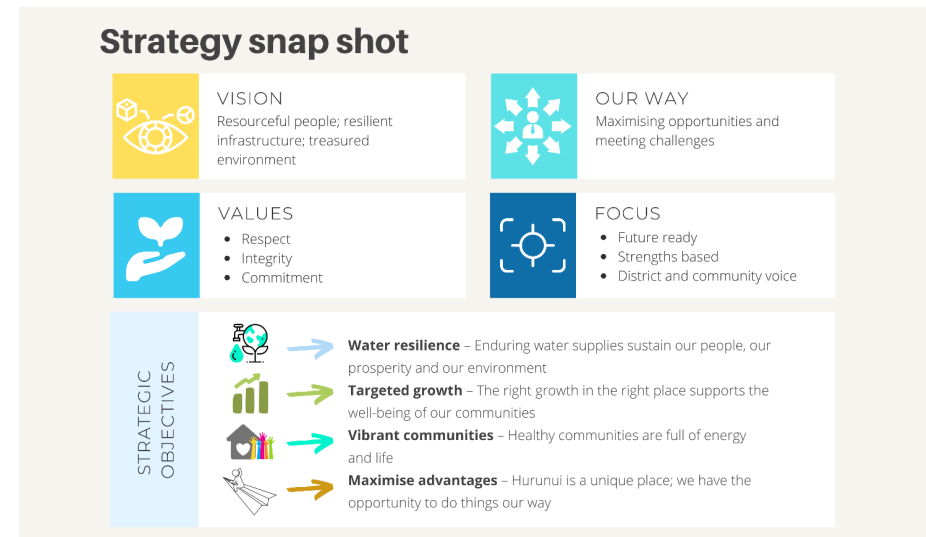
This is the first time AMPs have been produced for Community infrastructures. Consequently, outline plans for these services are included in this Infrastructure Strategy for the first time.

### 3.1 Strategic Direction

Hurunui District is forged by and proud of its past. Tangata whenua treasured the resources of the District and these same resources were later recognised by pākehā who settled here.

The Council identifies with - and is proud of - how the people and communities of the District continue to demonstrate resilience in the face of challenges, including significant droughts, the recent COVID-19 impacts and of course the Hurunui-Kaikoura earthquakes. These events impact not only people, but also the environment in which people live and the infrastructure which supports their lives.

As a result, the Council is aware of the importance of maintaining and enhancing resilience and in particular the interlinked notion of resilience underpinning the people of the District and the infrastructure and environment that enables their well-being.





## LTP Part 2

### 4 Key Terms and References

Infrastructure strategy LGA 2002 section 101b

An Infrastructure Strategy is intended to:

- Identify significant infrastructure issues for the local authority over the period covered by the strategy; and
- Identify the principal options for managing those issues and the implications of those options.

#### Activity Management Plan (AMP)

A plan to describe the activities required to deliver a set of services. It develops the current and future view of how the services will be delivered and contemplates the risks and issues that will be encountered and how the activities will be delivered with associated costings.

#### Service Levels

The amount or quality of a service or activity that is provided to the community. Also referred to as 'level of service'.

#### Financial strategy

A legislative requirement of Council. It is to facilitate prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against and provide a context for consultation on the local authority's proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debt, and investments.

#### Core infrastructure

Those services deemed as a core business of Council and these are water, wastewater, stormwater and roading.

#### Community infrastructure

Those services that deliver outcomes for the community that sit alongside the core infrastructure and are there to assist the Council with delivering the 4 well-beings. In some cases, this infrastructure is managed by community members and groups.

#### Criticality

Is a term used to categorise how critical an asset is to a system.

#### Maintenance

The work carried out on equipment in order to avoid its breakdown or malfunction. It is a regular and routine action taken on equipment but can also mean the action taken to remediate an unplanned breakdown.

#### Renewal

Replacement of an existing asset at the end of its useful economic life.

#### Long term plan (LTP)

Is the key planning tool for Council. It describes the Council's activities and the community outcomes it aims to achieve. Provide integrated decision-making and coordination of the resources, as set out in section 93 (6)(c) of the Act.

#### 4.1 Linkage with Other Documents

Council Strategy sets the path and the vision for Council. The applicable aspects of that strategy relating to infrastructure are they key considerations when compiling the Infrastructure Strategy.

Finance Strategy ensures that the Infrastructure Strategy is affordable and can be delivered within financial limits and generally accepted accounting principles.

In order to provide the required level of information into the Infrastructure Strategy, Activity Management Plans (AMPs) are created for each service and it is these plans that house the detail for how the service is delivered. These plans source information from multiple areas as shown in the diagram below but not least the plan understands the customer/stakeholder expectations and ensures it can be provided in an affordable way.

All this information combined is provided into the Long Term Plan.

The Council's Long Term Plan details its planned work programme and budget for a 10 year period. The Long Term Plan is the primary implementation document to carry through the direction set in the Infrastructure Strategy. After community consultation and hearings the Council's Long Term Plan is adopted, including the Infrastructure Strategy and Finance Strategy.

#### 4.2 Activity Management Plans

Underpinning and delivering the Infrastructure Strategy is a series of AMPs. AMPs provide the detail for each service within the Core and Community Infrastructure suites.

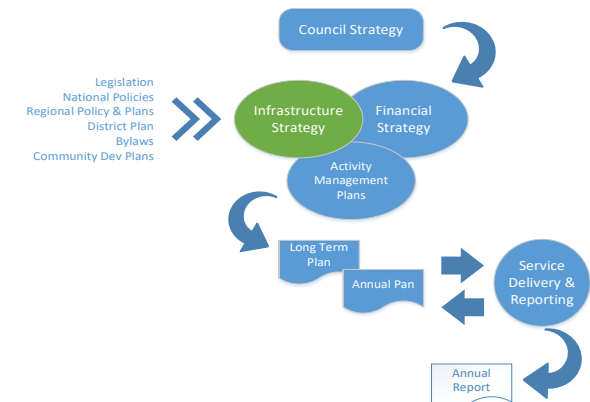
Core Infrastructure is made up of Three Waters, being drinking water, wastewater, stormwater, and roading, which includes footpaths. It should be noted that while rural water schemes are considered drinking water, they have a very important role in delivering stock drinking water. On many schemes as much as 80% of the water pumped is for stock use rather than human consumption.

The AMPs for Core Infrastructure are relatively mature, having been in place for many years, although they have been re-worked as introduced below.

The Community Infrastructure AMPs are in their infancy and this is the first time they have been included in the Infrastructure Strategy. Being the first iteration, it has become apparent that the Council's knowledge about them is not as strong as the Core Infrastructure. Each AMP reflects this limited knowledge. Over the next three years the Council will work to gather feedback from the community as to its requirements and expectations, as well as collecting and recording information on community assets and asset condition.

These plans are updated every three years to coincide with the Long Term Plans and provide the detail as to how each discipline will deliver the Infrastructure Strategy. As well as this, the purpose of the AMPs is to detail how the services will be delivered, how the assets will provide the basis for that and what the associated costs over the next 10 years are likely to be.

The Three Waters AMPs have conventionally taken an asset centric approach in that the asset is core of the service and the focus is on managing the asset for reliability and optimal cost. By contrast, this Strategy and the new AMPs have been re-worked to focus more on the service that is being delivered.



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Roading continues to be written in the conventional, asset-centric way, to conform to Waka Kotahi NZ Transport Agency's format and specifications. That AMP uses a three year period as the focus, as it is used as the vehicle for securing the funding subsidy known as the Regional Land Transport Plan (RLTP).

## 5 Context

### 5.1 About the District

The Hurunui District lies just 30 minutes north of Christchurch and begins at Leithfield Beach and extends to the Conway River south of the Kaikoura Peninsula. It is bordered on the west by the snow capped peaks of the Southern Alps and on the east by the rich oceanic waters of the Pacific.

The land area of the District is 864,640 ha, making it one of the largest in the country. It is predominantly rural with a population of about 12,500, with a small rating base of about 7,500 rateable properties. Hurunui has an ongoing challenge to fund and provide services and facilities that enable communities to lead good quality lives, at an affordable cost.

The District offers lifestyle, adventure, and a chance to experience the rich history and culture of rural New Zealand. Its small towns offer a window into the rural heartland.

Given the size of the District, weather patterns are different given the location and proximity to geographical features and terrain. Seasons vary dramatically with searing summers and snowfalls in winter. Autumn temperatures are mild with stunning seasonal colours, while exotic flowers, green pastures and lambs dominate the spring landscape.

The District has a number of towns, beach settlements and villages. The towns of Amberley, Cheviot, Culverden and Hanmer Springs are the major urban areas. The District also has a number of villages and beach settlements.

### 5.2 Population & Demographics

The 2018 Census shows that the Hurunui District has a population of just over 12,500 people, with a median age of 44.4 years (compared to 34.4 for all of New Zealand).

More than 80% of the population has been a resident in the District for more than one year. 92% identify as European, 8.6% as Maori, 3.9% as Asian and 1.1% as Pacific ethnicity. Most residents (83.2%) were born in New Zealand. People born in UK or Ireland make up the largest portion of the remainder (6.7%), followed by people born in Asia (3.3%) and Australia (1.9%).

Median income is \$31,600, with 14.2% earning more than \$70,000 per annum. The District has 1.9% unemployment rate (compared to 4% New Zealand-wide).

83.7% of the District residents have internet access and 90.5% have access to a mobile phone.

### 5.3 Our Towns

Not only does the District offer lifestyle, adventure, and a chance to experience the rich history and culture of rural New Zealand, it's also a great place to live and work.

#### 5.3.1 Amberley

Founded during the 1860's, today Amberley is a rural service town with access to both coastal and inland areas while being on the edge of the Waipara Valley wine region.

#### 5.3.2 Cheviot

A classic rural town, Cheviot is the centre of a pastoral farming area. In the township there are several cafes, shops, galleries, and a museum.

#### 5.3.3 Culverden

Set in the middle of the wide Amuri Basin, it is a delightful country town and a common stopping point for travellers seeking a rural New Zealand experience.

#### 5.3.4 Greta Valley & Motunau Beach

Greta Valley was created in the late 1970s, while Motunau Beach is a popular coastal holiday settlement and a focal point for the local crayfish industry.

#### 5.3.5 Hanmer Springs

Situated in a high country basin the Alpine Village of Hanmer Springs is a natural place to unwind amidst clear mountain air and tall trees.

#### 5.3.6 Hawarden Gateway

Hawarden is the gateway to the secluded wilderness and pristine Lake Sumner Forest Park area offering excellent fishing and hunting grounds.

#### 5.3.7 Leithfield

The village is one of the oldest towns in Canterbury; it was founded in 1857 by John Leith as an important coach stop and to provide services to the surrounding farming and milling area.

#### 5.3.8 Mt Lyford

Mt Lyford is the home of an alpine village and ski resort and is based on the Inland Road a few minutes north of Waiau

#### 5.3.9 Rotherham

The small village with a population of approx. 324 is on the Inland Road, near the south back of the Waiau Uwha river that is popular for Trout and salmon fishing.

#### 5.3.10 Waiau

The town of Waiau originated in the 1860s and runs alongside the Waiau Uwha River, where the village green marks the town's centre.

#### 5.3.11 Waikari

Waikari offers panoramic views of the Puketeraki and Kaikoura ranges and is the final stopping point for the Weka Pass Vintage Railway.

#### 5.3.12 Waipara

At the southern gateway to one of New Zealand's finest and most rapidly expanding wine regions, known as Waipara Valley.

## 5.4 Partners & Stakeholders

### 5.4.1 Ngāi Tahu

The Hurunui District lies within the traditional boundaries of Ngāi Tahu.

The hapū who have mana whenua over the Hurunui District are Ngāti Kuri and Ngāi Tūāhuriri. Their respective rūnanga are Te Rūnanga o Kaikōura and Te Ngāi Tūāhuriri Rūnanga. The takiwā of Te Rūnanga o Kaikōura centres on Takahanga Marae in Kaikōura and extends from Te Pari-nui-o-Whiti (White Bluffs) in the north to the Hurunui River in the south, inland to the main divide and seawards. The takiwā of the Ngāi Tūāhuriri Rūnanga centres on Tuahiwi Marae in Tuahiwi and extends from the Hurunui River in the north to the Hakatere/Ashburton River in the south, inland to the main divide and seawards.

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The Council has a Memorandum of Understanding (MoU) with Te Ngāi Tūāhuriri Rūnanga, Te Rūnanga o Kaikōura and Te Rūnanga o Ngāi Tahu. The purpose of this MoU is to recognise the role that local Rūnanga has in environmental resource management matters dealt with by our Council, and to provide an opportunity for a working relationship to be enhanced and improved.

The Council and representatives of the local Rūnanga have agreed to meet from time to time to review this protocol and explore ways of extending it to ensure that it remains consistent with meeting the wider objectives and mandate of the Local Government Act.

### 5.4.2 Environment Canterbury

Regional Councils have the function to control the take, use, damming and diversion of water, the discharge of water or contaminants into water, and land uses which affect water quality or quantity under section 30 of the Resource Management Act 1991 (RMA). Regional plans are tools which Regional Councils use to manage freshwater under the RMA (s63(1)).

Canterbury Regional Council (Environment Canterbury) has the functions for managing freshwater within the Hurunui District. There are three relevant regional plans that set flow and allocation regimes and water quality limits in the District. They are: The Waipara Catchment Environmental Flow and Water Allocation Regional Plan which manages abstraction within the Waipara Catchment; the Hurunui and Waiau River Regional Plan which manages abstraction and non-point source discharges of nitrogen and phosphorous within the Hurunui and Waiau catchments; and the Canterbury Land and Water Regional Plan which manages water quantity and quality in other catchments in the district and activities not covered by the other two plans in the Waipara, Hurunui and Waiau Uwha catchments.

The Canterbury Water Management Strategy (CWMS) was developed by the Canterbury Mayoral Forum as a means for regional and district councils, representatives of Ngāi Tahu, and local community interests to work collaboratively on freshwater issues. Under the CWMS each District has a Zone Committee being a Joint Committee of the Regional and District Councils. The Hurunui Waiau Uwha Zone Committee was established in 2010. The Zone Committee has developed targets and work programmes to address freshwater and biodiversity issues. However the Zone Committee does not manage the regulatory functions of Environment Canterbury in freshwater, nor the functions of the District Council in providing public water, wastewater and drainage services under the Local Government Act 2002.

### 5.4.3 Canterbury Mayoral Forum

The Mayoral Forum's Plan for Canterbury 2020-2022 is built on the 2015 Canterbury Regional Economic Development Strategy.

The Mayoral Forum's vision for Canterbury is sustainable development with shared prosperity, resilient communities, and proud identity. Sustainable development meets the needs of the present while safeguarding the Earth system on which the wellbeing of current and future generations depends.

To achieve its long-term vision, the Mayoral Forum has identified five priority issues for the Mayoral Forum's leadership, facilitation, and advocacy in this Local Government term:

- Sustainable environmental management of our habitats (land, air, water and ecosystems), focusing on land use and freshwater management.
- Shared economic prosperity – through sustainable, value-added primary production, high-value manufacturing, high-value tourism and growing, attracting, and retaining a skilled workforce, investment, and new businesses.
- Better freight transport options – mode shift to optimise movement of long-distance freight by rail and coastal shipping to improve road safety, decrease carbon emissions and reduce wear and tear on the region's roads.
- Climate change mitigation and adaptation – reducing our carbon footprint, building community resilience, and making our infrastructure as strong as it can be.
- Three Waters services – securing safe drinking-water supplies, and ensuring that infrastructure, institutional arrangements, and regulation enable the sustainable management of drinking water, wastewater, and stormwater in Canterbury.

### 5.4.4 Enterprise North Canterbury

Enterprise North Canterbury (ENC) was established by the Waimakariri and Hurunui District Councils in 2002 to promote economic development in North Canterbury and works alongside businesses to develop an innovative and prosperous region.

### 5.4.5 Waimakariri District Council

The Hurunui District Council works with Waimakariri District Council to deliver water services to those parts of the Waimakariri District that are located north of the Ashley river.

### 5.4.6 Waka Kotahi NZ Transport Agency

The Council works with Waka Kotahi NZ Transport Agency to determine priorities for funding roading projects in the District, help develop the programme to roll out activities such as roading improvements, maintenance activities, cycleways, and road safety campaigns.

### 5.4.7 Ministry of Health

The Ministry of Health is currently the regulator of drinking water. This role is to be taken over by Taumata Arowai, when it becomes fully functional, after the new Water Services bill for safe drinking water comes into force likely in mid-2021.

### 5.4.8 Contractors & Suppliers

As the Council is effectively the 'leader in the supply chain' delivering services to its customers – rate payers,

Contractors supplying services to the Council are actually part of a supply chain linking multiple suppliers of products and services to the Council's customers, and ratepayers. In this sense, the Council is effectively the 'leader in the supply chain' and as such the Council works with the supply chain, seeking to deliver the best result for the District's community.

### 5.4.9 Developers

The Development Community is an important partner in delivering infrastructure for growth. While the Council may undertake some strategic infrastructure projects for growth, the timing of growth projects is largely set by when a Developer undertakes its investment and makes the land available for the market.

### 5.4.10 Community Groups

There are multiple Community Groups across the District.

Council recognises the importance of these Groups and works with them to achieve an agreeable outcome. Without the work some of these Groups do, affordability of many assets and services would become an issue. In particular this would relate to reserve maintenance, library services and community engagement.

## 5.5 Our Infrastructure

### 5.5.1 Roothing & Footpaths

The road network length is around 1,500km and is primarily unsealed and rural. The District has the fourth longest metres of roading network maintained per ratepayer, which impacts the ability of Council to fund transport infrastructure.

State Highway (SH) 1 runs from the South of the District all the way through to the North on the eastern side. Midway through the District connecting to SH1 is SH7 and this runs South to North on the western side. A connecting road from SH7 is SH7a connecting SH7 to Hanmer Springs.

With many of the townships located on state highways the network provides easy connectivity between rural areas and townships for dairy, forestry, agriculture and tourism.

Within the network there are 280 bridges, over 1000 streetlights and 42km of footpaths.

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### 5.5.2 Water

The Council delivers drinking water to over 7,000 properties, which are a mixture of urban and rural properties. Generally, the water provided to rural properties is both for drinking water and stock water.

The Council provides two types of supply, referred to as on-demand and restricted. On-demand is usually supplied to urban properties and is a supply that's provided directly from the pipes in the road. A restricted supply is a trickle fed supply where the water is provided to the customer's privately owned storage tank.

Water delivery is separated into 19 community schemes, each with their own characteristics that are managed through a Water Safety Plan (WSP).

### 5.5.3 Wastewater

The Council operates seven wastewater schemes. These schemes cover the areas of Amberley, Amberley Beach, Leithfield, Leithfield Beach, Greta Valley, Motunau, Cheviot, Waikari, Hawarden and Hanmer Springs. Other areas within the District are managed via septic systems. The schemes are primarily gravity fed with some low lying areas being pumped for short sections

The way the wastewater is discharged for the seven schemes varies depending on the type and size of the scheme. In the main the water is irrigated to land. Some of these do have secondary pathways to river, yet these are actively being targeted for changes as consents expire.

### 5.5.4 Stormwater

There is 50km of stormwater infrastructure managed by the Council in the District. The network is within the township boundaries only and is primarily an open channel system. Some pipes exist and these are predominantly focussed in Hanmer Springs and under roads. The towns with a serviced network are Amberley, Hanmer Springs, Hawarden, Waikari, Culverden, Cheviot, Gore Bay, Waiau and Motunau.

Amberley has a global discharge consent, meaning as long as work meets the consent activities, these can be controlled by the Council, without the need for Regional Council intervention. At the time of writing this Infrastructure Strategy, the Council has submitted a global discharge consent application for Hanmer Springs and is working towards a conjoined consent for all other settlements.

### 5.5.5 Waste & Recycling

The Council runs five Transfer Stations across, Amberley, Hanmer Springs, Cheviot, Waiau, and Culverden.

The Transfer Stations offer the opportunity to deposit waste and recycling directly during varying times across the District.

The Council provides a weekly kerbside refuse and recycling collection service (household and commercial) to 18 urban areas using a single truck and trailer. The Council has recently moved to a system of using official Council refuse and recycling bags. People living in rural areas are able to buy the bags and leave them at designated locations for collection or take them into a local Transfer Station.

### 5.5.6 Reserves & Parks

The Council owns, operates and manages a range of open public spaces, referred to collectively as 'Green Spaces'. Green Spaces that are managed efficiently and effectively are considered to provide long term social, economic, cultural, and environmental benefits for the community.

The Green Spaces covered in this Strategy are:

- Parks and recreation reserves
- Playgrounds
- Cemeteries
- Township amenities such as garden beds or landscaped areas of road reserve

The Council owns approx. 165 Reserves districtwide. They come in many different forms, including recreation, sports facilities, and plantations.

There are 26 playgrounds of varying features and the management of these are determined by whether the reserve is a districtwide funded one or locally.

The Council runs a mixed model when it comes to maintenance. For large scale repeatable work such as mowing, Council contracts out that work. For smaller and specialised work an in-house team operates from Amberley and Hanmer Springs, covering the whole District. Given the scale of the District and local connectivity to the reserves and parks, Council has many volunteers keeping the reserves in good condition.

### 5.5.7 Property

The Council owns, operates, and manages a range of properties throughout the District. The Property facilities covered in this Strategy are:

- Halls
- Community buildings
- Public toilets
- Council Offices, Libraries and Service Centres
- Depots
- Medical centres
- Social housing
- Residential housing
- Commercial property
- Reserve land administered by the Council under the Reserves Act (but excluding recreation reserves)
- Campgrounds
- Swimming pools
- Unformed legal roads
- Car parks
- Freehold vacant land

The Council is currently working through a series of activities on property to understand their current state. As part of this Council is establishing a list and way forward for earthquake prone buildings.

### 5.5.8 Information Services

The Council provides a range of direct customer care and support services to the community through its offices, service centres and libraries. Where these are managed efficiently and effectively, they are considered to provide long term social, economic, cultural, and environmental benefits for the community.

The Council provides a range of front-line services and information to customers. It is made up of three key components:

- Customer Services
- Customer Advocacy
- Libraries

The purpose of Customer Services is to provide a first point of contact for customers who require assistance from the Council. This allows technical staff to focus on service delivery and elected members to focus on governance matters.

The Customer Advocacy function exists to champion customer experience. The Advocacy team works across the organisation monitoring service requests and customer complaints and assisting in achieving effective resolution as well as system and process improvements.

The Libraries play a key role in contributing towards the Council's social, economic, environmental, and cultural community wellbeing outcomes, while also providing a collective resource that is greater than local families or individuals can afford.

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The Library Service operates from eight public libraries and supports two school libraries in the District. Three Council libraries share premises with school libraries (Amuri, Greta Valley and Hawarden).

The Hurunui Memorial Library, based in Amberley, is the administrative library centre for the District. Hanmer Springs, Cheviot and Amuri (in Culverden) libraries are also Council Service Centres.

Greta Valley, Waiau and Leithfield Community Libraries are run by volunteers. The Council provides support to Greta Valley and Omihi primary schools. In addition, the Council provides resources to rest homes and runs a home delivery service.

Physical resources (books, magazines, DVDs, talking books etc) are rotated around the library network so that all parts of the District have access to the widest range online. The Council provides 24/7 access to downloadable e-books, e-audio books, comics and magazines. The Council also runs a talking book service.

The Council's internet and public computer network, delivered via Aotearoa People's Network Kaharoa (APNK), provides District Communities with up to date technology and 24/7 Wi-Fi for access to information, software, scanning and printing. The Council has formal consortium purchasing agreements with groups of libraries from throughout New Zealand for the acquisition of resources and technology to reduce cost and get best value for the Community.

### 5.5.9 Hanmer Springs Thermal Pools & Spa

One of New Zealand's premier tourist attractions, Hanmer Springs Thermal Pools & Spa (HSTP&S) attracts around 500,000 customers each year.

HSTP&S was vested in the Council by the Crown and made a recreational reserve in 1990. In 2010 additional reserve land was added to the original footprint as HSTP&S expanded its offering to cope with customer demand.

The HSTP&S complex includes 17 thermal pools, six private pools, two steam rooms, two sauna rooms, a 25 meter freshwater pool, a children's activity pool and children's aqua play area, three water slides, a day spa, a Tea kiosk, café and grill and supporting facilities.

HSTP&S provides a substantial revenue stream to the Council and has made an important financial contribution toward the funding of other reserves in the District through the profits generated.

HSTP&S has its own strategic management which sits outside of this Strategy. This is primarily due to the commercial nature of the business, and considering its commercial sensitivities and competitive edge.

## 5.6 Customer Experience

Customer experience is defined by the interactions between a customer, the Council and the Council's services. An interaction can include awareness, advocacy, fees and response to events or issues.

Customer experience is an integral part of what the Council does. Being a provider of services and in many cases a monopoly provider, it is imperative the Council delivers a good experience to people interacting with the Council.

The purpose of local government is to:

- a) To enable democratic local decision-making and action by, and on behalf of, communities; and
- b) To promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

In order to do this well the Council must work to remain well informed and well engaged with its communities. The customer experience has a significant impact on achieving these goals.

The Council delivers a wide range of services. Each service warrants a different approach. For this reason, each department aims to reach five over-arching objectives, being:

1. Shorten wait times

2. Understand customer's needs
3. Leave no issues/questions unresolved
4. Provide human engagement
5. Reduce friction

Each department creates its plan to deliver on these objectives and these have been considered through this Strategic Plan process.

## 6 Districtwide Infrastructure Challenges and Emerging Issues

### 6.1 Population & Demographic Change

While the District's population is predicted to grow steadily over the next two decades, growth will not be uniform across the District. Recent population growth has been strongest in Amberley and the Amuri Basin, and strong in Leithfield and Hanmer Springs. Growth across the rest of the District is minor.

Based on this data, Council does not anticipate the need for significant increases in Core Infrastructure extensions. Modest growth will be managed as and when the growth and demand is experienced.

Community Infrastructure is the area that may be impacted by the age demographic changes that are predicted, with a significant proportion (29.3%) of residents shown to be in the 50 to 70 year age-range in the 2018 Census. Data collected by Council suggests that it is the age group 65+ that uses Community facilities more than younger age groups. Therefore, a key consideration in future plans is how the Community Infrastructure responds to this projected increase (as much as 35% or more) in older age groups.

### 6.2 Customer Expectations

Customers reasonably expect good value for money for their rates and the Council is responsible for delivering on this expectation. Customers whose expectations are met generally identify themselves as satisfied with Council services, whilst those whose expectations are not met generally rate themselves as less than satisfied. As Council delivers a wide range of services, customers can be satisfied with some aspects of Council services and less than satisfied with other aspects. The picture is further complicated by the fact that each customer is an individual and has their own individual expectations of the services Council delivers. Council strives to maximise customer satisfaction with its services, within a fiscally responsible envelope.

Council works to clearly communicate its activities or rationale for its actions, but sometimes these messages are interpreted differently. Customer expectations of the services they get from Council tend to change over time, and the change is normally expressed as a desire for higher levels of service. Council on the other hand is constrained in what it can achieve, by its budget and other unplanned external factors, such as the 2016 Hurunui-Kaikoura earthquake and the Covid-19 pandemic which put significant demands on Council resources. Thus, whilst complete agreement on satisfaction for all Council's services is highly unlikely, the Council's is focussed on delivering the best possible outcomes for the whole community.

For its core infrastructure, the Council uses the Department of Internal Affairs non-financial performance measures to define levels of service. In the past Council chose to set levels of service with highly aspirational targets with a view to driving operational performance as high as possible within the funding available. However, for many of the measures, meeting these aspirational targets requires expenditure significantly in excess of that which makes economic sense.

A different approach has been taken with this Long Term Plan. The focus is now on setting realistic and achievable targets based on affordability, past performance and taking a risk-based approach to identifying the key activities to be undertaken. Areas where a higher level of performance is warranted have been identified and an improvement



## LTP Part 2

plan to achieve these levels of performance has been created. As shown in Figure 5-1, risk is used to underpin a logic map linking potential failure to meet service levels and the investment needed to make the required improvements to the infrastructure, systems and processes.

Asset condition and performance, and regulatory compliance have also been factored into this plan. This approach has been costed and can be seen in each section of this Strategy.

As shown in Figure 6-1, risk is used to underpin a logic map linking potential failure to meet service levels and the investment needed to make the required improvements to the infrastructure, systems and processes.

Figure 6-1 Risk based Level of Service Logic Map



### 6.3 Affordability

The small Districts population and associated rating base has an ongoing challenge to fund and provide services and facilities at an affordable level and cost. The large geographic area of the District means that spatially, a significant length of assets (pipes and roads) are needed to service the population's demands and needs, and that individual schemes are required to service the widely dispersed communities.

In providing Core Infrastructure services to the community, Council must balance the level of service desired with the actual cost of providing that service.

Inevitably, trade-offs have to be made within the range and extent of services provided by the Council.

The existing debt levels, financial structures, and significant investments required in the next 30 years (both operational and capital) are key issues around affordability of the necessary works.

### 6.4 Land Use Change

Our Strategy is predicated on the majority of the land in the District being dry land farming.

Where water has become available for irrigation, some areas have converted to dairy and other farming types. If irrigation water were to become available to other areas of the District, then we could be less reliant on the rural water networks. If some people move away from the Council supply, then this could impact remaining users through increased costs.

Other land changes could be associated to forestry where roading becomes of more significance due to log movements.

### 6.5 Climate Change

Climate change presents significant challenges, risks and opportunities to the District. It is accepted internationally that the climate is changing. There are uncertainties and unknowns with the science projections, but the general direction of change is widely accepted. These changes are progressive changes that will become increasingly more predictable. Climate change is not likely to create new hazards but will exacerbate the existing hazards.

The climate will also vary from year to year due to natural processes such as El Niño and La Niña

The Council will need to take a position of adaptability as time progresses. The changing climate will have a direct and indirect influence on the District's economy and wellbeing.

The effects of climate change present many challenges for the Council, including:

- Increased drought conditions and low flows in the District's rivers will lead to decreased water quality and quantity, increased algal blooms put pressure on instream ecosystems.
- Consecutive drought years will also place financial pressure on farmers.
- There is a correlation between dry ground conditions and water pipe failures. Prolonged drought conditions will result in reduced pipe life expectancies.
- The District's unique biodiversity may struggle to adapt to new conditions and competition.
- Sea level rise, coastal inundation and erosion will require discussions with the community about how we adapt to these challenges. Some of Council's infrastructure is located in some of these low-lying areas.
- Increased frequency and severity of flooding events will heighten the risk of inundation and flooding to housing. It will also put pressure on our infrastructure.
- Higher temperatures and more frequent hot days may increase the incidence of heat stress, illness and death, especially among vulnerable people such as the elderly and outdoor workers.

Work on understanding the effects of climate change is progressing globally, nationally and regionally. This work will have most relevance largely to our Three Waters, Roading networks and coastal communities.

### 6.6 Environmental Sustainability

Sustainability is becoming an increasingly significant issue for the Council's customers as environmental awareness develops throughout the community.

There are several examples over recent years where Council has demonstrated its commitment to improving the District's environment, with a good example of this being the discharge from the Hanmer Springs waste water treatment ponds to the Chatterton river. While it was still a permitted activity, the Council implemented measures to prevent that from happening and discharged to a block of land that could well manage the nutrient uptake required. Coinciding with this work was recognising the importance of a native stand of Kanuka on that block of land, which the Council committed to carrying out a long term study of the effects of this discharge on that indigenous species

The Council supports waste minimisation and sustainability awareness programmes in schools and the wider community.

The Council will increasingly include sustainability as part of its core thought practices as it looks to develop new assets.

Most recently the Council has purchased electric vehicles, hybrid vehicles and installed solar panels to provide electric power to the Amberley Office. These moves are seen primarily as taking up a positive community position and demonstrating leadership for sustainability. This sits alongside other initiatives, particularly in the waste and recycling areas.

The Council has developed a greenhouse gas emission inventory report, which is a comprehensive analysis of all GHG emissions and removals from an organisation over a specified period of time. That report is the first annual GHG emissions inventory report undertaken by the Council, with the following key aims:

- Provide a base year for data, which will allow the Council to understand its emission profile and subsequently track and compare GHG emissions or removals over subsequent years.

## LTP Part 2

- Provide a starting point for action, which enables the Council to make informed decisions when managing GHG emissions.
- Recommend measures to reduce emissions, thereby providing a means to encourage staff to contribute towards reducing emissions during their day-to-day work practices, through informed choices.

Through that report it has shown electricity and motor vehicle use being the two highest costs. These two areas will receive intense focus over the next three years.

### 6.7 Natural Hazards

The 2008 floods and the 2016 Hurunui-Kaikoura earthquake caused significant disruption of service to communities and raised issues such as assets' resilience to maintain service delivery in the wake of any reasonably expected natural hazard.

With this experience a range of mitigation measures have been put in place by the Council. Further work is ongoing and being considered, for new service and asset introduction such as seismic restraints, more reliable water pipes (less leakage) and improved channelling of stormwater away from habitable property.

In 2020 Council commissioned Jacobs Consultancy to write a report to assess the effects of coastal erosion, sea inundation and sea level rise effects on groundwater. This report looks at impacts on the District over the next 100 years, with a focus on the 30 year, 50 year and 100 year milestones.

While this preliminary report shows no short-term threat to the District's Core Infrastructure, it does have an impact on homes and the local populations.

No firm plans have been derived from the recent Coastal Report but there is a clear programme of work over the next three years to work with affected community groups to establish plans to deal with these effects. These plans will be based on the 'adaptive pathways' approach which is considered best practice at this time.

Alpine Fault Magnitude Eight (AF8), Hope Fault and the Hikurangi subduction zones can all have a massive effect on the District at large. The Hurunui-Kaikoura Earthquake in 2016 was a stark realisation of the detrimental impact these events have. Resilience work has and will continue to be undertaken on our assets, from seismically restraining them, to strengthening earthquake prone buildings, to pipe installation methodologies.

A whole raft of differing activities are underway to ensure the infrastructure can be as ready as possible, given the cost constraints.

### 6.8 Aging Assets

This challenge is most apparent in the water and wastewater networks.

When much of the pipe network was installed in the 50s and 60s, a common pipe material used at the time for water mains was Asbestos Cement (AC). AC pipe is now reaching the end of its expected life. Without renewal (replacement) of AC pipes, failure rates will inevitably increase over the coming years causing health and performance issues.

As deferring pipe and general facility renewals has contributed to significant issues, this Strategy will change that practice and look to remove the liability of aging infrastructure. Significant expenditure, both Opex and Capex, are included in the next Long Term Plan to maintain levels of service and regulatory compliance.

Implementing a sound asset replacement strategy will reduce operational expenditure and provide greater certainty of budgets.

There are a significant number of concrete bridges that are due to reach the end of their useful lives in the next 30-60 years and steel bridges in the next 50-60 years.

An assessment completed in June 2020 showed overall bridge stock has undergone an increased rate of deterioration since the last inspection in 2015, largely due to the growing number of outstanding high priority maintenance items. A key contributing factor is likely to be the reduction in maintenance funding levels in recent years, which is now at a level that is considerably below what is recommended.

At the current rate Council is replacing structures, the number of structures at end of life should remain relatively constant over the next 30 years. However, after this 30-year period, large portions of Council's bridge stock will be reaching end of life. Therefore, a maintenance and replacement strategy to level this spike is recommended.

Many of the halls in the District have benefitted from earthquake funding and grants to carry out strengthening work that has reduced their vulnerability and brought them up to a modern standard. Many other aging facilities remain undermaintained, with minimal work done over many years. Council will formulate a plan over the next three years to deal with these facilities.

### 6.9 Asset Condition

#### 6.9.1 Three Waters

The Council has carried out extensive work this financial year to build and consolidate its knowledge of Three Waters asset condition. The knowledge held on this topic varies considerably depending on the type, location, service it delivers and ownership.

In the main, pipes in the water and wastewater networks are most understood, although more work needs to be done on replacement costs and lifecycles of treatment plants. The latter is a key focus over the next three to four years as practically all treatment plants will be overhauled as we work towards drinking water standards New Zealand.

Knowledge of pumps and pump stations is also recognised as needing improvement as in the past, pumps have been installed simply to meet the requirements at the time. This has meant that, potentially, oversized pumps were installed because of the prevalence of leaks or unauthorised water takes from our system.

This Strategy has identified this issue and includes a robust pipe renewal programme. The theoretical pump sizing produced through network modelling will be a major decision support tool, helping the team identify those areas where leaks or unauthorised takes could be happening and then right-sizing the pump. With right-sized pumps the pressure in the pipes is reduced, thus reducing the number of leaks and blowouts requiring repair.

Each AMP provides the extensive data gathering exercise and can demonstrate clearly where Council needs to improve its knowledge of asset conditions.

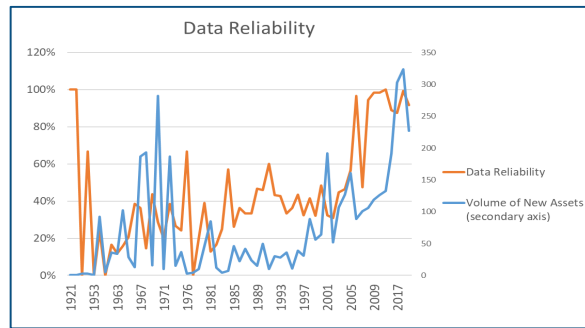
##### 6.9.1.1 Water Supply

The network assets are well known and well recorded in Council's asset repositories. The reliability of that data has been improving over time and part of this Strategy is to improve that further. While, since 2002 data capture has markedly improved, older assets are less known. However, overall, the reliability of our high and very high critical infrastructure is considered 'uncertain' based on the International Infrastructure Management Manual (IIMM) criteria from our asset database. This assessment considers the data in the repositories plus the anecdotal knowledge within the team. As previously mentioned, the extensive upgrade programme over the next few years will see this increase to a 'reliable' level.

Couple that information to data housed within operational systems, such as maintenance management systems and remote management systems (SCADA) and the robustness of the checks and balances applied to that, the data can be graded, collectively as 'reliable'.

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The orange line on the chart below shows how reliable the data is, that is used to predict the condition of the water assets. It shows an increase of reliable data over time. That reliability follows a similar pattern to the blue line, that is the number of new Very High and High criticality installations carried out. This means as more assets are renewed and/or installed the better the information held about it. This is important for planning of asset renewal and operational expenditure of our network.

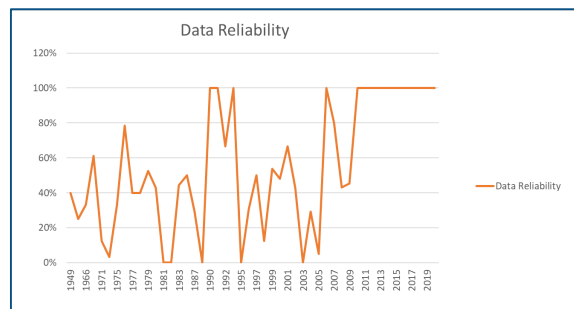


### 6.9.1.2 Waste Water

Similar to the water supplies knowledge. The reliability of that data has been improving over time and part of this strategy is to improve that further. While, data capture has markedly improved, older assets are less known. However, overall, the reliability of our high and very high critical infrastructure is considered 'uncertain' based on the IIMM criteria. However, after the 2016 Hurunui-Kaikoura Earthquake all Very High and High Criticality pipes in Amberley, Hammer Springs, Motunau, Greta Valley and Cheviot were surveyed using CCTV, so the knowledge is good but hasn't been updated in the repository. Again, this is the aim over the next 2-3 years and the data will become 'reliable'.

Couple that information to data housed within operational systems, such as maintenance management systems and remote management systems (SCADA) and the robustness of the checks and balances applied to that, the data can be graded, collectively as 'reliable'.

Similar to the chart above, this one shows an increase of reliable data over time. This does show that over the past 10 years our data is noted as 100% reliable

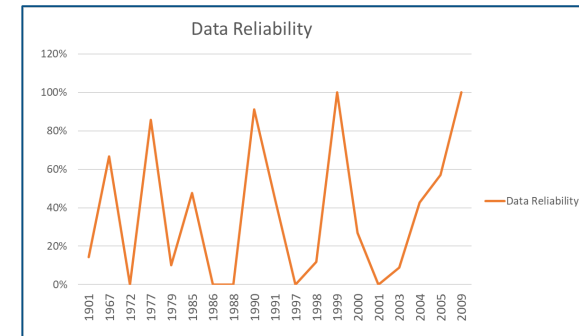


### 6.9.1.3 Stormwater

Least reliable of the data housed in the repository is stormwater assets. The data within is considered 'very uncertain'. Noting that, much of the stormwater assets are open channel and are readily seen and maintained consistently. There is an evident gap between knowledge and system upkeep. However, similar to Water and Wastewater, maintenance

systems are in place, providing very detailed analysis of the networks. For this reason, the data can be graded collectively as 'reliable'.

The chart below shows that the reliability of the data is trending upwards.



## 6.9.2 Rooding

### 6.9.2.1 Pavements

The condition assessment of pavements is undertaken through RAMM visual rating inspections, high speed data collection (roughness, rutting and macrotexture), skid resistance surveys, and falling weight deflection (FWD) surveys.

The surveys are undertaken frequently to ensure accurate data is used for sealed surface and pavement modelling to develop renewal programmes to feed into the LTP cycle. The surveys are based on the ONRC hierarchy with higher classifications having more complex and complete surveys undertaken.

### 6.9.2.2 Signs

The overall condition assessment for signs is based on observations and, very rarely, assumed from the age of the sign.

Sign condition can relate to the quality of materials and application, as well as accuracy of placement. A high-level assessment by the Maintenance Contractor suggests that around one third of existing signs assets are badly deteriorated, approximately \$160,000 in value.

### 6.9.2.3 Street Lighting

There is limited age and condition data available for street lighting. Information is collected about our poles, lanterns and fittings during maintenance works in order to better predict the long-term future renewals profile.

### 6.9.2.4 Bridges

A recent assessment of the bridging stock has highlighted some omissions from previous reports. Accordingly the assessment shows higher investment is necessary to maintain bridge condition. This value has been included in the bid to Waka Kotahi NZ Transport Agency for the Regional Land Transport Plan (RLTP) and is expected to be around \$150,000 - \$175,000.

### 6.9.2.5 Other assets

A key initiative is to collect information on missing assets, including condition assessments for stormwater drainage.

## 6.9.3 Waste & Recycling

Sound knowledge of the assets exists. Work has been undertaken recently to record all Council owned asset stock. Through the next 2-3 years a robust replacement plan will be established along with housing the information in the asset management system.

## LTP Part 2

### 6.9.4 Greenspaces, Buildings, Property and Information Services

It is noted in the AMP's that recorded knowledge around these assets is in its infancy. Much of the information around these assets reside with the people that have oversight. In some instances that is Community Members but mostly with Council Officers. As mentioned above, the AMP's acknowledge this and as part of the improvement schedule for each, it is intended for that data to be brought into the central repository.

As part of improving knowledge of Council assets, each will be condition rated and a maintenance plan established to ensure the community expectations can be met. The latter of which will also forms part of the improvement schedule for each AMP.

### 6.9.5 Criticality

Criticality is a measure of how important the asset is to the system it is in and delivering the service that system provides. High criticality assets are those assets that have a major impact on the system if they fail. Applying the criticality measure to the LoS Risk Assessment draws attention to those assets that should have the highest priority for attention.

Criticality assessment has been applied across Roading, which takes a slightly different approach from Three waters, in that it follows the Waka Kotahi's (NZTA) framework of one network road classification (ONRC). ONRC divides New Zealand's roads into six categories based on how busy they are, whether they connect to important destinations, or are the only route available. These classification attract different funding levels and have a variable levels of service, therefore, denoting that some roads and roading assets are more critical than others

Criticality for each of the three waters is largely the same approach. It was calculated using a simple matrix as defined in each of the AMP's. Criteria taken into account are as follows:

- Number of connections,
- On demand Storage
- Accessibility to the asset
- Number of water sources available.
- Priority facilities

Work is being undertaken to improve criticality assessment methodology and this will be applied across all asset stock progressively in the next three years.

## 6.10 Legislation, Regulation and Policy Review

### 6.10.1 Canterbury Land & Water Regional Plan (CLWRP)

<https://www.ecan.govt.nz/your-region/plans-strategies-and-bylaws/canterbury-water-management-strategy/>

Meeting the objectives of this Strategy will have expensive consequences to the District, as we look to our long term views of Three Waters management.

### 6.10.2 Freshwater Management

The take, use, damming and diversion of freshwater and the discharge of water and contaminants to water or to land where it may enter water is managed by regional councils under the RMA. Therefore, the provisions in the planning documents prepared under that Act, including flow and allocation regimes and water quality limits, create the regulatory regime within which Hurunui District Council must operate public drinking water supplies and wastewater and stormwater systems.

Section 4.4.2 outlines the regional plans which currently apply in the Hurunui District. These plans contain the policies and rules that determine the status of these activities and therefore the resource consents the Hurunui District Council requires to abstract water and to operate its stormwater and wastewater systems; and the conditions under which they must operate. However, the Minister for the Environment has the power to develop national planning

instruments under the RMA, including national policy statements which direct how local authorities undertake their planning functions under the RMA, and national environmental standards and national regulations. These national planning documents sit above regional plans which must give effect to them, and the national planning documents are matters which the regional council (as the consent authority) must have regard to in assessing a resource consent application under s104 of the RMA.

The national planning framework for freshwater has been subject to recent changes including the National Policy Statement for Freshwater Management 2020, the Resource Management (National Environmental Standards for Freshwater) Regulations 2020 and the Resource Management (Stock Exclusion) Regulations 2020. The regulations themselves are implemented by regional councils, but they impact on Hurunui District Council in three ways:

- (i) The potential to change the rules under which Council can take water for public supply and the conditions under which it can operate its sewerage and stormwater systems;
- (ii) The enhanced role for mana whenua in freshwater management may change the matters the Council needs to consider in its district plan, infrastructure strategy and resource consent applications; and
- (iii) There may be additional demand on rural water supplies for stockwater due to the impact of the Stock Exclusion Regulations.

Therefore these matters are discussed in more detail below.

### 6.10.3 National Policy Statement for Freshwater 2020 (NPSFM 2020)

The NPSFM 2020 came into effect on 03 September 2020 and replaced the NPSFM 2017 (being the NPSFM 2014 as amended). While the concept of Te Mana o Te Wai was introduced in freshwater management in the NPSFM 2017, Section 1.3 of the NPSFM 2002 identifies it as a fundamental concept that is relevant to all freshwater management. It identifies six fundamental principles that are encompassed in Te Mana o Te Wai and Policy 1 of the NPSFM 2020 requires freshwater to be managed in a way which gives effect to Te Mana o Te Wai.

The objective of the NPSFM 2020 (Objective 2.1) requires natural and physical resources to be managed in a way which give priority to three things, in order:

- First, the health and well-being of the water bodies and freshwater ecosystems;
- Second, the health needs of people (such as drinking water);
- Third, the ability of people and communities to provide for their social, economic and cultural well-being now and in the future."

There is yet to be a substantial body of case law interpreting the NPSFM 2020, but at face value the priority order in Objective 2.1 may result in a significant shift from freshwater management in the RMA to date, where environmental, cultural, social and economic values associated with freshwater tended to be given equal priority in setting flow and allocation regimes.

The NPSFM 2020 includes other direction for managing freshwater management which build on the requirements in the NPSFM 2017 and will change the conditions under which water may be abstracted and discharges may occur in some catchments. These include:

- Greater protection of wetland areas
- Continuation of the requirement to set allocation limits and phase-out overallocation
- An expanded National Objectives Framework (NOF) which drives regional plans, including additional compulsory values threatened species and mahinga kai, tougher limits for ammonia and nitrate toxicity in freshwater, and new attributes to protect ecosystem health

## LTP Part 2

- Greater direction or regional counsel in how to manage freshwater using Fresh Water Management Units (FMUs).

These directions in the NPSFM 2020 mostly apply to regional councils and will affect Hurunui District Council through changes to the provisions for taking water and disposing of wastewater and stormwater in regional plans. Such changes may occur:

- (i) When existing resource consents expire and new consents are required, as the NPSFM 2020 is a matter the consent authority has to have regard to in assessing resource consent applications under s104 of the RMA; or
- (ii) When the regional council amends its regional plans to give effect to the NPSFM 2020 if it then initiates a review of resource consent conditions under s128(1)(b) of the RMA.

Section 3.4 of the NPSFM 2020 directs all local authorities to actively involve tangata whenua (to the extent they wish to be involved) in freshwater decision-making, including identifying the local approach to Te Mana o Te Wai, changes to plans as they relate to freshwater management, implementing the National Objectives Framework (regional council function) and managing the impact of urban development on freshwater environments and ecosystems. As noted in Section 4.4.1, Hurunui District Council has a protocol with Te Rūnanga o Kaikōura and Te Tūāhuriri Rūnanga in relation to environmental planning matters. This protocol is reviewed as required and the council will be initiating further discussions with Papātipu Rūnanga to ensure the protocol is fit for purpose considering these new obligations under the NPSFM 2020.

### 6.10.4 Resource Management (National Environmental Standards for Freshwater) Regulations 2002 (Freshwater NES)

The Freshwater NES was also introduced on 3rd September 2002, however different regulations come into effects in different time periods. The Freshwater NES introduce national rules to manage effects of farming and other land uses on water quality through introducing national rules to manage:

- stockholding facilities
- conversion of land from forestry to pastoral use and from other farming to dairy farming
- expansion of irrigated dairy farm land and use of land for dairy support
- intensive winter grazing
- application of synthetic nitrogenous fertiliser
- vegetation clearance, earthworks and maintenance of utility structures, sphagnum moss harvesting, arable and horticultural land uses, and natural hazard works in proximity to natural wetlands in proximity to natural wetlands
- Reclamation of rivers, including effects of structures on fish passage, installing and managing culverts, weirs, flaggates, dams and fords.

As with other NES, regional plans may have stricter rules in which case the stricter regional rules apply.

The Freshwater NES is implemented by regional councils. Their relevance to the infrastructure strategy is through the impact they may have on practices for installing and maintaining Council infrastructure in or near natural wetlands, rivers and streams. The NES Freshwater may also impact on the ability to turn some Council-owned land currently in forestry to another land use (on areas greater than 10ha).

### 6.10.5 Resource Management (Stock Exclusion) Regulations 2020 (Stock Exclusion Regulations)

The Stock Exclusion Regulations came into force on 3rd September 2020. They set out national regulations to manage access of cattle, pigs and deer to wetlands, lakes and rivers over a certain width. The regulations differ depending on the terrain, land use and whether fencing is already in place. These regulations are a national minimum standard and where there are regional rules, the stricter rules apply.

The stock exclusion regulations are administered by regional councils. The main impact for Hurunui District Council's infrastructure is if the regulations result in increased demand from farmers for stockwater from the rural reticulated schemes. The demand for this is unknown at this stage, though Canterbury already has regional rules to prevent stock access to water bodies. However, the Council has undertaken an audit to see which stockwater schemes have the potential to supply additional stockwater under current consent conditions and physical capacity.

### 6.10.6 Changing Government Priorities in Response to Covid-19

Government has placed emphasis on delivering Core Infrastructure projects to provide opportunities to abate job losses, but it is uncertain as to how long this will go for and the scale.

There has been various stimulus funding made available to Local Government through the Provincial Growth Fund and the Crown Infrastructure Fund, which the Council has taken advantage of.

The District has benefitted from this move, with some existing infrastructure projects being financed through Covid-19 support. Some projects have been brought forward as a result of Covid-19 support funds.

New Zealand's economy is however vulnerable to changes in international markets and the full extent of the pandemic's impact on these is not yet known. Council sees risk related to these market vulnerabilities, primarily around material suppliers meeting demands but as yet, these risks haven't materialised.

Council is concerned about the potential future impacts of Covid-19 and reduced its rates through the 2020/21 annual plan to 3.74% from 5%. Tourism plays a big part in the District and it is this industry that has been most effected. Council will continue to monitor the effects long term but does have a rates remission policy should businesses or people experience financial hardship.

### 6.10.7 Three Waters Review

The Government is reviewing how to improve the regulation and supply arrangements of drinking water, wastewater and stormwater (Three Waters) to better support New Zealand's prosperity, health, safety and environment.

The new Water Services bill for safe drinking water is currently before Parliament.

It is likely that the delivery of Three Waters services will look very different moving into the future.

### 6.10.8 Taumata Arowai

In parallel to the new Water Services bill for safe drinking water, the Taumata Arowai – Water Services Regulator Act, passed in July 2020, establishes Taumata Arowai as a Crown Agent.

Once the Water Services bill passes into law, likely in mid-2021, Taumata Arowai will become Aotearoa's dedicated regulator of the Three Waters (drinking water, wastewater and stormwater), taking over from the Ministry of Health as the regulator of drinking water.

When Taumata Arowai is fully functional, in essence its role will be to:

- Oversee and administer an expanded and strengthened drinking-water regulatory system, to ensure all New Zealand communities have access to safe drinking water. That includes holding suppliers to account if need be.
- Oversee from a national perspective the environmental performance of wastewater and stormwater networks. (Regional Councils will remain the primary regulators of wastewater and stormwater).

With this fundamental shift, there will likely be a range of changes to the way Three Waters services are managed. These changes include:

- New standards and rules
- Different solutions for rural and agricultural water supplies
- A new methodology that water suppliers can use to calculate the number of consumers served by their supply.



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However, until Taumata Arowai fully takes on its role and defines its requirements the Council must operate under the existing regime.

### 6.10.9 Government Policy statement on Roads/Transport

The Government Policy Statement on land transport (GPS) sets out how money from the National Land Transport Fund is allocated towards achieving the Government's transport priorities. It sets out ranges for funding for activities such as public transport, state highway improvements, local and regional roads and road safety. The GPS is a 10-year strategy that's reviewed every three years. GPS 2021 will take effect from 1 July 2021.

Changes to the GPS directly impact the level of funding and the range of activities available to the Council to undertake its roading activities.

### 6.10.10 National Policy Statement on Urban Development

Urban areas in New Zealand are growing quickly. To support productive and well-functioning towns and cities, it is important that there are adequate opportunities for land to be developed to meet community business and housing needs. Within the Hurunui District, growth is not so much of a factor over the period of the Long Term Plan. As and when the forecast shows a period of growth outside of the norm, Council will investigate and address constraints in our planning system to ensure our system enables growth and supports well-functioning urban environments.

## 6.11 Tourism

The Council actively supports tourism in the District through Visit Hurunui (<https://visithurunui.co.nz/>).

While tourism has thrived in recent years, the COVID-19 pandemic of 2020 will impact the industry for some time to come.

Hanmer Springs Thermal Pools and Spa did not operate at all during Alert Levels 3 and 4 and had severe restrictions on it in Alert Level 2. The resulting budget for HSTP&S for the 2020/21 year allowed for a greatly reduced revenue and profit projection requiring the Council to take steps to reduce the effects on rates for the year.

With limited international tourist visitors, it is anticipated the numbers of visitors will be significantly reduced for the first three years of this Strategy, compared to earlier years and especially compared to our tourism revenue projections for these years.

This impact will pose little influence on the way core infrastructure operates, but with much less profit from HSTP&S, there will be significantly less funding to support community infrastructure and reserves.

Over the long term tourism is expected to recover, however the landscape of that may be different to what was seen in the past. How that affects the infrastructure of the District will be monitored and Council services will be adjusted to suit the new demand.

## 6.12 Inland Road

Following the 14 November 2016 earthquakes "Route 70 – Inland Road" which was operated and maintained jointly by Hurunui and Kaikōura District Councils, was severely damaged. An agreement was made between Waka Kotahi NZ Transport Agency (NZTA) and the Councils to transfer the powers of the Councils to NZTA to operate the Inland Road with the purposes of providing vehicle access to Kaikōura and providing an alternative to State Highway 1. NZTA was then responsible for maintaining, repairing and upgrading the assets prior to the road's return to the Councils. The value that the Hurunui District Council had assessed for the Inland Road assets prior to the earthquakes as having a replacement cost of \$32,307,525 but a carrying value of \$20,022,738. In the period from the earthquake to 30 June 2020, the Council has depreciated the value of the road further down to \$18,011,682.

The date on which the road was formally transferred back to Council was 24 December 2020. Part of the handover process was a full inventory of assets that were handed back to Council. That information was not available in time to be included in the value of the infrastructural assets in the Draft Long Term Plan budget process and have not been included in the values disclosed in the Forecast Financial Statements that form part of the supporting documentation

for this Consultation Document. We are actively working with NZTA to obtain that information so the value of the Inland Road can be reflected in the Final Long Term Plan document. This means that the draft Long Term Plan only reflects the depreciated value of the original Inland road of \$18,011,682 and does not capture any of the subsequent improvement works carried out by NZTA.

The exclusion of the information on the Inland Road does have implications on maintenance, renewals and depreciation on the forecast in the infrastructure strategy and the Long Term Plan financial forecasts. In particular that existing maintenance budgets have not been adjusted to maintain the Inland Road improvements; renewals have not been budgeted for; and depreciation has not been included in respect of the improvements.

## 7 Infrastructure Opportunities

### 7.1.1 Technology Advances

#### 7.1.1.1 Information and Communications Technology

Ultrafast Broadband (UFB) now reaches most urban areas, with fibre installation recently completed in Amberley and other parts of Hurunui District. 3G and 4G mobile coverage is extensive, and 5G rollout is happening.

Many opportunities are presented by these advanced communication capabilities. As well as the option to work from home (discussed below), remote telemetry becomes a much more viable option. Along with advances in systems and software, remote telemetry allows greater use of Supervisory control and data acquisition (SCADA) for remote system monitoring and maintenance. Alongside these developments, the so called Internet of Things (IoT) could allow much greater information of flow from sites, plant and equipment and may be useful for monitoring the condition of long term assets.

By reducing the need to have technicians physically attend a site or equipment station, the Council gains improved staff productivity and as well as reducing travel costs and carbon footprint of their vehicles.

Smart technology has the potential to identify leaks, pipe blockages or broken pipes prior to them being noticeable, improving our ability to respond to events.

Information systems used in asset management are becoming increasingly sophisticated and integrated across the workflow, allowing for improved asset maintenance and more timely interventions that can reduce or avoid expensive repair costs and downtime. In the roading and transport area these tools include systems such as RAMM and dTims, as well as GPS-based fleet tracking tools such as E-Roads.

At some stage in the next few decades, driverless (driver-free) vehicles, will emerge as a factor on the roads. This new technology will present opportunities as well as challenges and pose new demands on the Council.

Augmented Reality is already being used by some Councils around New Zealand. This enables users to see a composite view of a development. This can be a powerful consultation tool for major proposals.

Smart roads cover a range of technologies which present opportunities to gather real time data from the District's roading networks to understand more about the volume, variety and velocity of traffic using the network. This would enable better network planning in future and help provide roads that are fit for purpose.

#### 7.1.1.2 Electric vehicles and equipment

With advances in electric powered vehicles and equipment, as well as reduced capital costs as the market matures, the Council will be able to move towards reducing and eventually eliminating its use of fossil fuels. At the same time, though, the Council will need to consider the demand of charging stations for electric vehicles, and how they will be provided.

### 7.1.2 Materials and Methodology Improvements

New materials and techniques are constantly becoming available as alternatives to traditional options.

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For example, use of Cured in Place Pipe (CIPP) linings in some situations may present an economical alternative to digging up and replacing aging pipes. New jointing methods may also be used to improve the resilience of new pipes placed in the water network.

### 7.1.3 Changing Work Patterns

While Covid-19 caused massive disruption in New Zealand and world-wide, the ensuing lockdown forced many businesses and individuals to begin an unprecedented work-from-home experiment. The activity proved to many that working from home is not only possible but is preferable in many situations and is at least a part-time option for staff and businesses.

Using remote conferencing tools, such as Zoom, has proved one of the standout successes, with staff at all levels now comfortable using the technology to communicate with colleagues and peers, eliminating the need for time-wasting and energy-wasting travel to face-to-face meetings.

For a District like Hurunui, this may mean that individuals and families, as well as businesses, may begin to reassess their need to be located in metropolitan centres and could consider moving to an attractive rural setting (as long as high-speed broadband is readily available).

## 8 Infrastructure Plan

The plan required to help deliver the Infrastructure Strategy primarily focuses on delivering to the new performance measures, meeting customer expectations and relevant legislation. In many cases that means renewing existing assets, a profile of which can be seen in section 10. The plan provides detail on work to be undertaken over the next 10 years and discusses the significant infrastructure items anticipated beyond the 10 years and up to the 30 year point (2071). It also assumes that those focus areas will not change significantly through that time

Many projects undertaken by the Council have a duration longer than a year and require consents. As the Regional Council's requirements for consents vary depending on the project, the time and work involved is hard to predict, making budgeting difficult.

For this reason, projects of this nature will appear as multi-year whereas the implementation is likely to be a few months.

### FORECAST OF EXPENDITURE

Period of Planning	Description
Years 1-3	In detail
Years 4-10	In outline
Years 11+	Indication only

In the Three Waters space a significant amount of capital expenditure will occur over the next 3-4 years as we work to become drinking water standards compliant. This work assumes that the delivery of water continues to reside with Council and not migrated to an alternate provider, via the Three Waters Review.

Coupled to this work is our bridging and footpaths, which will also see an increase in cost to bring them up to the required standard.

As Community Infrastructure is a new area of the Infrastructure Strategy, the Council will work to increase its knowledge of the assets and services. At the same time the Council will work with the community to firmly establish their requirements and expectations, coupled to the levels of investment they are prepared to meet.

## 8.1 Service Delivery

The assumption is made that in order to continue to deliver existing services, Council will retain suitable skills to deliver the majority of work in-house. Where expert skills are required external agencies and consultancies may be used or if the work demand is prolonged and it's suitably cost effective, those in-house resources will be upskilled.

### Maintenance Work

For Three waters, practically all work is carried out using our own in-house team. This team is well established and has a low rate of churn, meaning experience and knowledge is well retained. A recent apprenticeship programme is underway and numbers will be increased to meet the future demand.

Road maintenance activities are delivered under the road maintenance contract which expires in year 1 of the LTP. The new contract will commence in 2022 and will be designed for the contractor to also carry out some renewal and improvement works as specified in their contract.

Greenspaces are delivered by a combination of in-house and external personnel. Specialised tree work and mowing is delivered by contractors whereas much of the greenspace maintenance is by an in-house team, working across the District.

Waste and Recycling is overseen by an in-house team with a contractor managing the transfer stations, kerbside collection and litter bins. Council uses branded black rubbish bags for waste and has been very successfully using clear bags for recycling. These clear bags ensure kerbside collections are picking up recycling only, keeping contamination rates extremely low.

Property work is managed in-house and is a split responsibility between 2 teams. Public toilets and recreation services are looked after by the Greenspace team whereas the Property Team focus on a myriad of property types, such as halls, medical centres and social housing.

### Section 17a Reviews

These are undertaken to ensure the cost-effectiveness of infrastructure service delivery and Council carries out these reviews in accordance with the requirements of the Local Government Act 2002 (section 17A).

### Project Work

An in-house Programme Office Team delivers capital works via competitive tendering practice in accordance with the Council's Procurement Policy. Design is usually carried out in-house, or where resources are insufficient, via external consultants, again engaged in accordance with the Procurement Policy.

Since its inception in 2018, the Programme Office Team has continued to improve Council's ability to deliver the capital programme, to the point where only 5 projects were delayed as a result of Covid19 and the budget was practically all spent with no carry overs. This has been done by preparing designs and tenders well ahead of schedule and the project team flexing capability to meet the demand. The Programme Office Team has developed many strong relationships with multiple different skillset contractors across a variety of industries. The Office's capability is further demonstrated by delivery and progress of the Covid19 stimulus package for Three Waters. Although a significant hike in capital expenditure at short notice, the work continues to be delivered on target. Furthermore, an increase in resources is forecast for the new Long Term Plan and Council already has secured capable personnel for the stimulus package that could become permanent staff members. The key concern for the programme being delivered is considered in the next section and the uncertainty around many facets of council services as discussed in section 6 District-wide Infrastructure Challenges and Emerging Issues.

By means of demonstrating the ability to deliver the programme is the number of projects that were carried over from one year to the next due to delays.

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Delivery Year (FY)	No. of Projects Carried Over	Cost of those Projects	Comments
2018/19	57	\$7.9m	
2019/20	41	\$2.3m	
2020/21	21	\$2.1m	\$1.6m delayed due to Covid19 (5 projects)

## 8.2 Risk & Assumptions

### 8.2.1 District-wide a& Strategic Level Risk

Council applies risk management principles to managing its core infrastructure assets. The approach includes the identification of 'critical' assets which need to be proactively managed to minimise the risk of their failure and consequential loss of service.

The scope of the risks that need to be managed includes:

- Risk of physical failures, including fundamental failure, accidental, and malicious damage.
- Operational risks, including the control of the asset, human factors, and all other activities which affect its performance, condition and/or safety.
- Natural environment hazard events (storm, floods, drought, etc.).
- Factors outside of the Council's control, such as failure of externally supplied services and failure of purchased materials, etc.
- Obtaining and complying with resource management consents and conditions.
- Other stakeholder risks, such as damage to reputation/image and ensuing major political repercussions.
- Design, specification, construction, installation, maintenance and decommissioning risks.
- Planning, procurement and programme delivery risks.

Each of the Council's individual AMPs provide more detail of the risks associated with each of the core infrastructure asset classes.

For example, the roading and footpath risk register identifies specific risks such as land use change, traffic loading, seasonal effects on the network, fluctuating oil prices, climate change, natural hazard events, geological issues, and materials supply. The Risk Management Strategy includes ways to mitigate and manage these factors in a responsible manner.

The Infrastructure Strategy has been prepared using the following overall assumptions which are consistent with the significant forecasting assumptions contained in the Long Term Plan.

DESCRIPTION	SIGNIFICANT ASSUMPTIONS	UNCERTAINTY	IMPACT	MITIGATION MEASURES
<b>NPS Freshwater 2020 (Water Supply)</b>	Changes in the way landowners use their land that affect their stock water requirements will see them turn to Council for an increased water allocation.	High	The complexity of the rural water schemes mean it is simply a case of allocating more water. Hydraulic modelling may determine insufficient water is available as infrastructure is incapable of handling the extra loading.	Communicate with landowners early to explain the schemes complexities with issuing more water. Keep abreast of the new regulations and anticipate future requirements when consents are renewed
<b>Land Use Change (Wastewater)</b>	Changes in land use that affect the water assets will be gradual and largely foreseen at network level.	High (as source water catchments are sensitive to land use, and stock water users comprise a large portion of the water demand)	Land use change may impact existing and new disposal options for treated wastewater. Communities converting from on-site septic tanks to reticulated sewerage and centralised treatment will have a significant financial impact.	Engage with communities that may benefit from converting on-site septic tanks to reticulated sewerage and a centralised treatment system. Monitor changes in land use at treated water disposal sites.
<b>Consents (Wastewater)</b>	The duration of resource consents to carry out an activity prohibits the expenditure required to meet the given conditions.	High	Large capital expenditure will be required to meet conditions of the new consents, but the duration of the consent will not make the whole of life costs look favourable.	Work with Regional Council and Iwi to obtain resource consents that enable value for money and worthy facility and resource investments.
<b>Land Use Change (Stormwater)</b>	Changes in land use that affect the stormwater assets will be gradual and largely foreseen at a network level.	High (will affect specific areas that are sensitive to increased runoff or pollutants)	Changes to stormwater catchment runoff rates, attenuation and water quality will affect downstream flood risk and water quality.	Integrated catchment management to understand flood risk and water quality sensitivity to changes in land use.
<b>Land Use Change (Roading and Footpaths)</b>	Changes in land use that affect the network will be gradual and largely foreseen at network level, therefore, there will be no sudden changes in network demand caused by unforeseen changes in land use.	High (as affects individual roads)	Changes in land use can quickly affect individual roads, road section or asset element level. Often these are unforeseen and result in rapid asset degradation because of their nature.	Closely monitor heavy traffic trends associated with land use change. Engage with the productive sectors concerned (e.g. forestry, dairy, etc.) to improve knowledge on short and long term changes, plan road and bridge rehabilitation / strengthening works in advance of projected growth occurring ('just in time').

DESCRIPTION	SIGNIFICANT ASSUMPTIONS	UNCERTAINTY	IMPACT	MITIGATION MEASURES
<b>Demographic &amp; Population Change</b>	Population growth will lie between the 'low' and 'high' growth scenarios projected by Statistics NZ; with a significant growth in the proportion of over 65's residing in the district.	Low	The effects of variation between the growth projections will not have significant implications for the activity. Land developers fund the costs of new subdivision infrastructure needed, although an area requiring potential Council involvement is new developments which are served by unsealed roads. New developments need confirmation of adequate water and wastewater supply which is dependent on further hydraulic modelling. Demographic changes could change customer expectations in townships (e.g. footpaths extent and quality, water taste etc.).	Monitor population growth and demographic changes and how these impact on customer levels of service expectations. Undertake hydraulic modelling (water and wastewater) to understand when and where capacity shortfalls will occur.
<b>Major Adverse Events</b>	Other than the current earthquake recovery programme, there is no specific provision for extraordinary events during the period of this Strategy.	High	Natural disaster events have the potential to cause significant damage to core infrastructure assets, disrupting access, service, and having major impacts on the District's economy.	Management of financial risk, such as through insurance, provision for borrowing and financial support through Waka Kotahi NZ Transport Agency. Lifelines planning and participation in the Canterbury Lifeline Utilities group work plan to aid understanding of the risks and develop support relationships.
<b>Sea Level Rise</b>	Sea level will not impact infrastructure over the term of this Strategy.	Low/Moderate	If sea level rises faster and to greater extent than predicted Council services and infrastructure may be overwhelmed; problems with sewage and flooding.	
<b>Climate Temperature Rise</b>	Temperature rise will not be significant over the term of this Strategy.	Low/Moderate	If climate temperature increases occur earlier and is higher than expected Water supplies are affected; water demand for rural areas will increase and drier land is linked to increase damage to pipes.	Continue to monitor and keep up to date with latest science around impacts to the District. Continue to look for deeper groundwater where river takes may be affected. The high country and rural pipe renewal programme will ensure less disruption to



DESCRIPTION	SIGNIFICANT ASSUMPTIONS	UNCERTAINTY	IMPACT	MITIGATION MEASURES
				service as it'll be less susceptible to drier conditions.
<b>Severe Weather Events</b>	Frequency and extent of severe weather events will not significantly increase over the term of this Strategy.	Low/Moderate	If climate change impacts occur earlier and are more severe than expected, some areas will experience extended droughts and others severe flooding.	Currently the scientific predictions have the Hurunui District developing a wetter climate through summer. This could lead to intensive rainfall and work is underway on District stormwater modelling to understand the impact.
<b>Asset Ownership</b>	All assets will remain in Council ownership throughout the planning time period.	Low	If there's a change of ownership of existing assets, the direct cost of managing, operating and maintaining assets would decrease.	No mitigation planned, given the risk rating.
<b>Technology Advancement</b>	While significant technological advancement is highly likely over the next 30 years, it is assumed no advance would significantly alter how services are delivered or what infrastructure is required.	High level of uncertainty	This could have a major impact on the scope, timing and costs of anticipated projects as new technologies may deliver services in different ways through different types of infrastructure.	Continue to keep abreast of latest technology through available literature, industry best practices and supplier updates.
<b>Compliance Costs</b>	The costs associated with compliance with changes to legislation will be reasonable.	High	Information to date on various Government policy announcements suggests that the potential risks to materially impact this 10-Year Plan are moderate in scale.	Look for innovative ways of meeting compliance costs.
<b>Financial Forecasts</b>	Existing legislation will remain in place and the structure and responsibilities of the Council will remain the same.	Medium	If the reliability of the forecasts decreases beyond ten years and towards the thirty year planning horizon, costs may vary significantly from what has been assumed in this Strategy.	Continuous monitoring of change in assumptions adopted for financial forecasts and early recognition of any significant change.
<b>Asset Life</b>	Approximate values, where applied to determine useful life of assets, are correct.	Medium	If the values adopted are inaccurate, this would result in a shortfall in allocation of renewal budgets.	Use age based data for long term financial planning, with improved confidence in asset life expectancy, but implement performance, criticality and condition criteria for renewal programme.

DESCRIPTION	SIGNIFICANT ASSUMPTIONS	UNCERTAINTY	IMPACT	MITIGATION MEASURES
<b>Drinking Water Regulation Change (Water Supply)</b>	National regulation of drinking water supplies will change based on the recommendations from the Havelock North Inquiry to Central Government. Increased treatment barriers and operational procedures will be required in the next 10 years.	High (Central Government response to inquiry recommendation is unknown.)	Significant financial impact for Council to upgrade full DWSNZ treatment barriers (primary and secondary) across the 19 District schemes.	Financial planning for enhanced treatment processes included in the AMP and LTP. Closely monitor regulation expectations through relationships with Drinking Water Assessors and regulator. Explore sources of funding and subsidy, and lobby Central Government for assistance regarding smaller rural schemes.
<b>Aging Infrastructure Performance (Water Supply)</b>	Old AC pipes have reached the end of their theoretical life, but pose significant renewal cost.	Moderate	Age based pipe renewals risk unnecessary capital expenditure which is exacerbated by affordability concerns within the District. Ongoing deferral risks increased cost for reactive repairs, maintenance costs, and increased service outages (level of service).	Implement a renewal/s programme that replaces high and very high criticality pipe based on age and all others based on performance.
<b>Change in Surface Water Quality Regulations and Guidelines (Wastewater/Stormwater)</b>	National guidelines for freshwater quality management will not impact core stormwater and wastewater infrastructure in the short term.	High (Government changes to this regulation is unknown.)	Wastewater discharge consents and stormwater catchment management will be impacted by regulation change and will require additional capital expenditure.	Closely monitor changes in regulations and impacts. Ongoing water quality monitoring and management. Collaboration with other Councils through the regional Water Managers Group, the regional Drinking Water Forum and the regional Canterbury Engineering Managers forum.
<b>Global Consents (Stormwater)</b>	Hanmer Springs global consent application will be approved and land-owner approvals will be given to allow the flood mitigation construction works to proceed	Medium	Flood mitigation does not get constructed and future flooding events cause adverse damage to existing infrastructure and community wellbeing.	Proactive consultation with landowners undertaken to obtain 'buy-in' early in consent process.
<b>Route 70 Funding Levels (Roading and Footpaths)</b>	Uncertainties remain over the road's future classification and long term funding needs	Moderate	The AMP assumes a similar level of service and funding level as before the 2016 Hurunui-Kaikoura earthquake. Should this prove insufficient, the	Closely monitor the condition and performance of this road and the appropriateness of its current ONRC classification (Primary Collector). If

DESCRIPTION	SIGNIFICANT ASSUMPTIONS	UNCERTAINTY	IMPACT	MITIGATION MEASURES
	(maintenance and capital works).		condition of the road is likely to degrade and its functionality as an alternative route to SH 1 will decline.	appropriate, seek to upgrade to Arterial status. Continue to liaise with Waka Kotahi NZ Transport Agency in relation to a State Highway Detour Policy and Alternative Route Financial MOU, including the loss of SPR status in 2024
<b>Hydraulic Computer Models</b>	Water supply, wastewater and stormwater hydraulic computer models are accurate.	Moderate	Projects may be oversized or undersized if the models are inaccurate, meaning expenditure would be too low or too high as a result.	New software purchased and resources employed to focus on improving model knowledge and keep them up to date.
<b>Financial Assistance (Subsidy) Rate (FAR) (Roading &amp; Footpaths)</b>	It is assumed that the FAR (programme financial funding share provided from the National Land Transport Fund by Waka Kotahi NZ Transport Agency) will not decline below its 2018/19 level in the foreseeable future.	Moderate-High	As maintenance regimes and renewal rates are based on the most cost-effective strategies available, there is little scope for changing expenditure in these two areas should financial assistance rates further decline. The effect would therefore be to either raise rates, reduce levels of service or a combination of both.	In the event of a decrease in the FAR, the Council will need to review its forecast programmes for affordability, both as projects and as classes of expenditure. This review may also affect other assets if the effects of the reduction in the FAR are particularly severe.
<b>Inflation Changes as Expected</b>	All financial information in this Strategy includes inflation unless stated otherwise. Increased or decreased inflation could have a material impact on the accuracy of financial forecasts. This would result in the need to either decrease or increase funding in order to continue to deliver the same service levels and programme.	High degree of uncertainty as based on long-term inflation forecasts that are likely to change and errors would have a compounding effect over time.	Increased or decreased inflation could have a material impact on the accuracy of financial forecasts. This would result in the need to either decrease or increase funding in order to continue to deliver the same service levels and programme.	
<b>The Cost of Land</b>	The cost of land will increase at the same rate as the capital inflation used for capital projects.	High	While inflation of land costs is likely, the potential impact is moderate.	

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### 8.2.2 AMP Planning Approach

The Council has moved to a risk-based approach to developing its AMPs.

Under this approach, the Council assesses Level of Service performance, existing network asset condition and future network requirements through a risk lens to identify those areas of service where action needs to be taken to achieve the Council's objectives.

To achieve this outcome, the Council defines the risk events that could impact its services. The likelihood and consequence of each risk event occurring is assessed to produce a risk rating. Any ongoing activities to reduce the risk of the event occurring are taken into account, to produce a residual risk rating for each risk event. Those risk events where the residual risk rating remains unacceptably high define the set of improvement activities required over the coming years.

Further analysis, applying criticality rating for assets, produces a prioritisation for improvement activities.

## 8.3 Roading & Footpaths

The major factors influencing these services include:

**Road Safety Risk** - Road crashes are on the increase, a trend evident since 2011. Of significance are crashes involving loss of control, both at bends and on straights. Speed, vulnerable road users, and the potential for increased crash risk in the future are of concern.

**Asset Preservation and Fitness for Purpose** – Problems with respect to sealed, unsealed and gravel road pavements, timber bridges, road markings, signage and delineation, and aging footpaths.

**Climate Change Impacts** – The issues around impacts from increased and more severe weather, sea level rise, and geomorphology have identified issues of resiliency and more frequent impacts on road access.

There are other positive disruptors where technology advances are being made and these will be planned for as the technology becomes more widespread.

Increasing diversification of the District's rural land base has meant increasing use of the road network by heavy vehicles, with deterioration implications for sealed and unsealed pavements and bridges. Funds will need to be allocated to enable these assets to be maintained in a fit for purpose state to enable them to meet their objectives. A key initiative is to make improvements to reduce crash risk and improve road user safety.

Route 70 was handed back by Waka Kotahi NZ Transport Agency to the Council at the end of 2020. Decisions need to be made on the long-term management of this road as it serves as an alternative route to State Highway 1 and the section of road currently provisioned for 100% funding is being removed by Waka Kotahi NZ Transport Agency by 2024.

The maintenance of footpaths is District funded, however choices around new footpaths reside with the local communities. A full renewal programme is newly established and it needs to be decided where the cost lie, whether it is District rated or targeted locally.

Walking and cycling needs to be factored into road design more so than ever before. With Government encouraging people out of their cars, the Council needs to make provision for these activities. There is already a very active and successful community group, Hurunui Trails (<https://www.hurunuitrails.org.nz/>). This group is independent from Council and understanding their plans and how road cycling may link up with their trials would be very beneficial to the District.

### 8.3.1 Structures Assessment

The average age of bridges is 52 years old and the average age of culverts is 45 years old. 92% of the bridge stock is less than 70 years old and 8% of the bridge stock is expected to reach end of life in the next 30 years

(assuming a 100-year design life). The culvert stock is newer with 92% of culverts being less than 70 years old, however a greater portion (20% compared to 8% for bridges) are less than 30 years old.

The Council has been following a strategy of eliminating timber bridges over a 20 year period that began in 2005. While the original intent was to have this process completed by 2025, the Council has found that a more realistic target for completion is now 2030. The time to replace some timber bridges can be delayed through the use of Posting Weight Limit (PWL) restrictions. However, this would need to be considered against the 'level of service' requirements and the associated effect on the local community.

Of the 19 remaining timber bridges (including a timber footbridge), nine are currently programmed for superstructure renewal or replacement over the next 10 years. In addition to the 19 bridges with timber superstructures, there are a number of bridges with timber substructure elements (e.g. timber pier caps, corbels) that will require on-going maintenance.

### 8.3.2 Sealed Roads Assessment

Sealed roads are being held in a good condition overall, with the Smooth Travel Exposure (STE) measure being better than national and peer grouping averages.

While the network is in reasonable condition, there are growing risks that rapid degradation could occur, especially with changing rural land use. This is of particular concern where pavements are not strong enough for heavy loadings such as HPMV.

Furthermore, around 46% of the sealed roads network is less than 6m width, which is considered too narrow for the large trucks increasingly using these roads.

These issues will lead to more rapid pavement degradation and an escalation of pavement defects, increasing reactive maintenance costs and bringing forward more costly rehabilitation interventions. If left unattended, growing trends of edge break damage, rough rid, and concerns of escalating safety risk as traffic volumes and vehicle size grow, particularly when mixed with tourism/visitor traffic.

### 8.3.3 Unsealed Roads Assessment

Around 5% of unsealed pavements (approximately 40km) are not considered strong enough for the heavy vehicular traffic (including heavy or oversized trucks, dairy tankers and logging trucks) increasingly using them, as land use changes.

There are also difficulties accessing appropriate materials for cost-effective and resilient road transport.

Low strength leads to more rapid pavement degradation, creating a rough ride for users and the need to treat the surface more frequently. There is also a concern about an escalating safety risk as traffic volumes and vehicle size grow, particularly when mixed with tourism/visitor traffic.

### 8.3.4 Drainage Assessment

Some parts of the network appear to require more attention to bring them up to acceptable engineering standards, particularly in relation to drainage.

Emphasis has been given to restoring surface drainage alongside pavement formations. This work is being undertaken progressively and typically involves trimming of shoulders at the edge of the carriageway and the formation of swales or side drains to keep surface water from lying on the pavement.

Culvert maintenance is required to keep the waterway clear of debris throughout the length of the culvert.

### 8.3.5 Traffic Services Assessment

Traffic services cover street lighting, road marking, signs, and other traffic facilities.

There are gaps and deficiencies in places across the network regarding signage, which may provide safety risks. To mitigate this a network safety audit is warranted. Without good signage and delineation of drivers from other hazards, there is a higher safety risk and a reduced level of service for the driver

## LTP Part 2

### 8.3.6 Footpaths Assessment

The material used in the construction of footpaths is mostly black asphalt concrete, but a variety of other materials have been used. The Council adopted the Development Engineering Standards 2017, which defaults to concrete footpaths as the preferred footpath material, as the right infrastructure at the right place at the best cost. Thus, all new development footpaths will be required to be concrete and all future footpath renewals will have a decision made at the time to match the existing or to upgrade to concrete.

### 8.3.7 Project Prioritisation

The Council recognises that there are often a range of factors that contribute to serious crashes, including road design and condition. To reduce the number of serious crashes, the council prefers to take a coordinated, inter-agency approach to provide a safe road system targeting safer speeds, safe road use, safe vehicles and roadsides. To address this issue, the Council will:

- Prioritise treatments to evidence-based high-risk areas, especially intersections.
- Continue to work with road partners and develop road safety promotions targeting key risk areas.
- Create a more forgiving road system, by developing a safe system approach.
- Utilise the deficiency database to manage potential projects.
- Evaluate safety improvements on unsealed roads such as traction seals or dust suppression for safety.

Other high priority proposals that are linked to specific asset groups are as follows.

- **Sealed Roads:** Includes minor intersection improvements, stock underpasses, seal extensions and road protection.
- **Unsealed Roads:** Traction seals and seal transitions at major roads, intersection improvements, hill accents on blind corners, seal extensions, flood washouts and river training works.
- **Drainage:** Culvert Improvements.
- **Traffic Services:** Additional signs, railings, delineation in response to safety audit outcomes.
- **Bridges and Structures Improvements and Renewals:** Sealing bridge approaches, other minor improvements, flood washouts and river training works

## 8.3.8 Major Projects Planned

LCLR Project name	GPS strategic priority	GPS Alignment Rating	2021/22	2022/23	2023/24	Total
Traffic Services - Installation of new safety barriers	Safety	Very High	\$40,000	\$80,000	\$40,000	\$160,000
Rural Unseal Intersections Safety Improvement Works	Safety	High	\$0	\$70,000	\$50,000	\$120,000
Drainage - New culvert installation and upgrading undersized culverts	Better Travel Options	Medium	\$150,000	\$200,000	\$150,000	\$500,000
New retaining walls as required	Better Travel Options	Medium	\$30,000	\$60,000	\$50,000	\$140,000
Vegetation removal for: sight improvement, clear zone obstacles and ice issues.	Safety	Very High	\$25,000	\$50,000	\$25,000	\$100,000
Lake Sumner Road seal widening	Safety	High	\$220,000		\$0	\$200,000
New footpath construction - Amberley	Climate Change	High		\$100,000	\$0	\$100,000
New footpath construction - Cheviot	Climate Change	High	\$100,000		\$0	\$100,000
New footpath construction - Hanmer Springs	Climate Change	High	\$0	\$0	\$100,000	\$100,000
A32 River Road No.1 bridge strengthening	Improving Freight Connections	Very High	\$0	\$30,000	\$220,000	\$250,000
Walking and cycling paths: New traffic services (lighting, markings and delineation)	Climate Change	High	\$50,000	\$50,000	\$50,000	\$150,000
Hurunui Bluffs Road Resilience Improvements	Safety	High	\$0	\$300,000	\$300,000	\$600,000
Traffic Services - Upgrades to School Warning Signs	Safety	High	\$100,000	\$0	\$0	\$100,000
Traffic Services - Installation of new safety barriers	Safety	Very High	\$40,000	\$80,000	\$40,000	\$160,000
Rural Unseal Intersections Safety Improvement Works	Safety	High	\$0	\$70,000	\$50,000	\$120,000
Drainage - New culvert installation and upgrading undersized culverts	Better Travel Options	Medium	\$150,000	\$200,000	\$150,000	\$500,000



Project	GPS strategic priority	GPS Alignment Rating	LTP Year(s)	Reason	Options	Cost
Increased Maintenance on Bridges	Safety	High	LTP Years 1 to 10	Renew	Maintain the bridge stock recognising an increase in expenditure is required	\$2,000,000
				Alternative	<p>Do not maintain the bridges with the specified required funding (\$0m)</p> <p>Partially increase the funding (\$0-2m)</p> <p>Pro: Less Cost</p> <p>Con: Potential safety issue if not maintained, loss of produce meeting the market and increased drive times</p>	
Heavy vehicle bypass from Rangiora to SH1, using Reserve Road	Better Travel Options/ Safety	Low	LTP Years 21 to 25	LoS/ Growth	Remove the heavy vehicles from going past the Amberley Primary school and shopping area of Markham Street	\$3,000,000
				Alternative	<p>Maintain status quo (\$0)</p> <p>Pro: No expense</p> <p>Con: Potential safety concern for the school routes and pedestrians in a high pedestrian traffic area</p>	
Erosion of land effecting coastal roads	Climate Change	Low	LTP Years 46 to 50	Renew	Golf Links Rd, Claverley Rd, Conway flat Rd, Gore bay Rd, The Parade are all at risk of erosion and will require protection or moving	\$3,000,000
				Alternative	<p>Leave the roads as they are and abandon when safety concerns are too high or maintenance no longer proves effective (\$0)</p> <p>Pro: No expense</p> <p>Con: Abandoning assets while people continue to live in area will be extremely unpopular</p> <p>Evaluate each road as it deteriorates and consider the 4 well-beings against it to form an order of priority for Council to fund highly valuable ones only (\$1.5m)</p> <p>Pro: a more pragmatic approach and replaces services if they are required</p> <p>Con: sets some unease within some communities that some services may not exist</p> <p>Establish a new rate for each road that could be locally funded (\$TBC)</p> <p>Pro: provides certainty for the affected communities</p> <p>Con: it is difficult to establish a cost this far out from action being required</p>	

## 8.4 Water

Council is anticipating \$15M – \$20M for water supply treatment upgrades in the District to meet full drinking water standards compliance. This is a significant cost for Council and has required a long term financial strategy that was previously adopted in 2015. The procurement strategy for these upgrades will have a significant impact on cost-effective implementation and will require specialist advice and supplier support. The implementation of the upgrades is also dependent on regulation changes stemming from the regulator Taumata Arowai.

Coupled to this is the renewal of smaller diameter pipes that is driving operational expenditure higher year on year. This is also required to ensure the treated water isn't contaminated through poorly performing infrastructure.

As part of the plans to meet drinking water standards NZ compliance, where the opportunities present themselves, a greater level of resilience will be introduced to the supply.

An example of this approach is where an existing water supply demands a high degree of management it may be better to seek an alternative secure supply.

Council is not expecting the LoS to change too far from where it is currently, thus the full extent of this strategy is predicated on meeting existing service levels. These are mainly focussed on drinking water compliance, customer expectations and renewal of existing infrastructure.

### 8.4.1 Major Projects Planned

Project	LTP Year(s)	Reason	Options	Cost
New Connections - Rural	1-10	Growth	Provide network capacity to account for new rural connections	\$1,132,720
		Alternative(s)	<p>Applicant to pay all costs in their entirety (\$0m)</p> <p>Pro: no cost</p> <p>Con: no allowance for growth in network and an inequity with previous applicants</p>	
District Wide Pipe LoS Upgrade (identified during water applications & by watermen)	2-10	LoS/Growth/Renew	Rural and high country pipe renewed to reduce repair costs and ensure correct allocation is delivered. Where appropriate pipe will be right-sized or future proofed	\$7,550,330
		Alternative(s)	<ul style="list-style-type: none"> <li>Continue to repair pipe as it fails (\$ increased maintenance)</li> <li>Spend a reduced amount carrying out this work to account for deferred pipes only (\$3.9m)</li> </ul> <p>Pro: capital costs remain low</p> <p>Con: reactive work is considerably more expensive than proactive and people and stock may not receive the correct allocation of water</p>	

District Wide Pump replacement	1-10	LoS/Growth/Renew	To renew and right size pumps to make sure they meet the demand and maintain electricity costs to minimal amounts	\$1,780,127
		Alternative(s)	Do not carry out the work or partially carry out the work (\$0-1.7m) Pro: no capital costs or less than forecast Con: reactive work is considerably more expensive than proactive, and people and stock may not receive the correct allocation of water	
District Wide Reticulation Renewals (Very High and High Critically Aged Based)	1,2,4,5,6,7,8,10	LoS/Renew	Replace the most critical pipes based on their age because if these pipes were to fail then people would experience significant amount of time without water	\$4,201,694
		Alternative(s)	Deal with the pipes as they fail or reduce the amount of expenditure (\$ increased maintenance or \$0-4m) Pro: no cost or less costs Con: water availability will be severely hampered to many residents and make the district a less desirable place to be	
District Wide DWSNZ Full Treatment Compliance works	2,3,4,5,6	LoS	Provide the water supplies with a level of treatment that ensures the safety of the users	\$17,687,253
		Alternative(s)	Do not or only partially carry out the work (\$0-17m) Pro: no or less cost. Lessen the forecast of operational costs Con: supplies will be non-compliant with the drinking water standards and the health of the users may be compromised	
Amberley 5ML Reservoir (planning, design and build)	3,5,6,7	LoS/Growth	Build more water storage for the Amberley township to ensure restrictions are reduced as much as possible and to account for the development/ newbuilds	\$3,524,086
		Alternative(s)	Continue with the existing storage and reservoir sizes (\$0) Pro: no cost Con: current volume and demand requires restrictions to be imposed during summer Increase the size above 5ML (\$5m) Pro: less restrictions and possible electricity savings from less pump usage and future proofing Con: forecasted demand does not warrant it and would result in significant costs	
Ashley Rural Cones Road to Henrys Road Ring Main	3,5,7	Growth/LoS	The Ashley scheme is experiencing significant growth and this ring main improves water reliability and resilience	\$1,431,532
		Alternative(s)	Don't carry out the work (\$0) Pro: no cost Con: stymie growth in the fastest growing area	

Cheviot Main Pipe upgrade (225mm Main Res to Barnes Junction)	5	Renew/LoS	The line is at the end of its life and is performing under par	\$846,336
		Alternative(s)	Deal with the pipes as they fail (\$ increased maintenance) Pro: no cost Con: people may receive under their allocation and people and [animal] stock suffer particularly in summer months	
Hanmer Springs additional treated water storage required	3,4	LoS/Renew	Increase the storage in the township to meet the increased development and holiday demand from tourists. This will also replace the smaller old reservoir	\$541,706
		Alternative(s)	Fix up the old smaller reservoir by rebuilding the roof (\$300k) Pro: likely less costs Con: the structure of the reservoir is unknown and may be impractical for a new roof  Remove the old reservoir and do not replace it (\$150k) Pro: significantly less costs Con: does not meet the current requirements nor new development or tourist demand	
Balmoral DWSNZ Full Compliance Works	4,5	LoS	Provide the water supply with a level of treatment that ensures the safety of the users through treatment devices at the home/premise	\$688,025
		Alternative(s)	Do not or only partially carry out the work (\$0-650k) Pro: no or less cost. Lessen the forecast of operational costs Con: supplies will be non-compliant with the drinking water standards and the health of the users may be compromised  Change the proposed approach to a higher level of service by treating all the water at the source so all water gets treated, not just the part that reaches to premise (\$1.1m) Pro: Consistent approach with other supplies making management more efficient and increases the certainty of safe water Con: Approx. 80% of water delivered to the property's tank is used by [animal] stock thus over investing in levels of service and maintenance costs	
Waipara & Hawarden/Waikari Water Consent	11-15	Renew	Consent expiration and work required to meet the likely new conditions of that consent	\$500,000
		Alternative(s)	Continue with the existing system and processes (\$0) Pro: much lower costs Con: unlikely to meet compliance and regulatory requirements thus receiving financial penalties	
Culverden Water Consent	16-20	Renew	Consent expiration and work required to meet the likely new conditions of that consent	\$250,000
		Alternative(s)	Continue with the existing system and processes (\$0) Pro: much lower costs	

			Con: unlikely to meet compliance and regulatory requirements thus receiving financial penalties	
Leithfield Beach, Waiau Township & Hanmer Springs Water Consent	31-35	Renew	Consent expiration and work required to meet the likely new conditions of that consent	\$750,000
		Alternative(s)	<p><b>Continue with the existing system and processes (\$0m)</b></p> <p>Pro: much lower costs</p> <p>Con: unlikely to meet compliance and regulatory requirements thus receiving financial penalties</p>	
Leithfield Beach Saline intrusion	46-50	LoS	Studies how that saline intrusion caused by sea level rise, may start to be an issue for this supply. This would require a new bore to be sourced and would be best to coincide with the consent renewal work in LTP years 31-35	\$500,000
		Alternative(s)	<p><b>Accept degraded LoS and possible health concerns (\$0m)</b></p> <p>Pro: much lower costs</p> <p>Con: potential health concerns</p> <p><b>Build a treatment system that can remove the salt (\$1.5m)</b></p> <p>Pro: health concerns would be removed</p> <p>Con: it is unknown if the saline would increase overtime thus continually being upgraded to meet demand.</p>	

#### 8.4.2 Risk Assessment

Through the risk assessment process, the Council identified the set of risk events that have potential to make a significant negative impact on delivery of the Water service in the coming years. For each of these key risks a proposed mitigation has been put forward, along with an estimated cost over 10 years, and delivery date, as shown in the table below.

Table 8-1 Unacceptable Risks, Mitigation, Budget and Due Date for the Water Service

Area	Improvement Action	Cost over 10 years	Due date
Catchment	Engage with Ecan to request permanent decommissioning or remediation of any identified risk wells within SPZ	\$0	1/12/2022
Source capacity	Carry out aquifer modelling to maximise aquifer use including use of monitoring bores	\$0	31/06/2025
Source capacity	Review consent requirements for sites with capacity issues	\$0	31/06/2025
Source capacity	Improve intake monitoring + develop site specific operating thresholds	\$44,000	Ongoing
Source capacity	Investigation into alternative / additional source waters	\$0	31/06/2025
Source protection	Obtain land for 5m fenced compound around Culverden bore	\$0	31/06/2022
Source protection	Investigate risks associated with stock-proof fencing or lack of (all intakes)	\$6,000	1/07/2021
Source protection	Undertake bore capture zone modelling to define bore recharge areas (deep bores)	\$90,000	01/06/2024
Water treatment	Treatment/source upgrade project to achieve DWSNZ compliance	\$0	31/06/2026
Water treatment	Increase number of qualified treatment staff	\$1,948,859	1/11/2021
Water treatment	Install high FAC alarm and plant shutdowns all sites	\$12,000	1/12/2020
Storage capacity	Implement 3 yearly review of demand/capacity (all schemes)	\$60,000	Ongoing
Storage capacity	Scheme reconfiguration / increased storage (selected schemes only)	\$0	31/06/2028
Storage capacity	Increase storage capacity (Ashley, Hanmer, Amberley)	\$5,082,660	31/06/2028
Storage water quality	Expand reservoir inspection programme to include break tanks and incorporate structural assessment	\$60,000	1/05/2021
Storage water quality	Undertake maintenance improvements to repair high risk reservoirs	\$250,000	1/07/2021
Storage water safety	Fence all reservoirs	\$300,000	31/06/2031
Storage access	Implement track maintenance programme for high risk sites	\$186,000	1/07/2021
Reticulation	Pipe renewal programme	\$12,397,363	31/06/2031
Reticulation	Investigate supply specific causes of pipe/fitting corrosion	\$0	Ongoing
Reticulation	Expand network modelling programme	\$800,000	31/06/2031
Reticulation	Investigate / define minimum pipe installation method based on site-specific risk + implement audit process	\$0	1/07/2021



Area	Improvement Action	Cost over 10 years	Due date
Reticulation	Completion of backflow prevention installation programme including system to check annual testing / compliance	\$122,840	1/07/2021
Reticulation	Implement extended FAC monitoring programme to identify any areas of inadequate residual	\$299,125	1/12/2021
Reticulation	Investigate / implement additional network flushing where required	\$718,189	1/07/2022
Water conveyance	Pump replacements	\$1,753,297	Ongoing
Water extraction	Pump replacements	\$374,929	
Leak detection	Carry out leak detection study, identify additional flow meter requirements	\$0	1/04/2021
Leak detection	Installation of additional flow meters in network	\$750,000	14/02/2022
Leak detection	Expand flow meter calibration programme	\$1,133,538	Ongoing
Leak detection	Improve data analysis from existing meters	\$0	1/10/2021
Leak detection	Develop complete records of flow meters in AssetFinda	\$12,000	
Preventive maintenance	Implement bore camera inspection + bore / pump maintenance programme	\$220,000	1/04/2022
Preventive maintenance	Pump station renewal	\$512,000	31/06/2031
Preventive maintenance	Develop minimum specifications for existing bores / as-builts	\$0	1/03/2021
Preventive maintenance	Implement 5 yearly battery replacement for Comms equipment and generators	\$139,800	1/08/2021
Preventive maintenance	Pumps -- Develop maintenance contract	\$0	1/04/2022
Preventive maintenance	Develop full programme (priority pump stations, reservoirs, spare pumps, pressure reducing valves, air release valves, break tanks)	\$160,000	1/06/2023
Preventive maintenance	Implement effective stock control system	\$140,000	1/02/2024
Electrical	Upgrade Programmable Logic Controller (PLC) and/or RTU at 54 pump station sites	\$298,643	1/07/2031
Electrical	Implement remote stop/start of pumps	\$70,000	Ongoing
Electrical	Develop improved electrical as-builts and electrical equipment documentation	\$200,000	Ongoing
Electrical	Employ an in-house electrician	\$0	1/08/2021
Electrical	Improve pump control and telemetry equipment	\$390,408	31/06/2031
Communications	Upgrade internet connections at 10 sites	\$0	1/04/2022
Communications	Trial alternative Comms network at 2 sites	\$0	31/06/2031
Communications	Standardise requirements for interface options for plant / pump control	\$3,200,000	31/06/2031
Data Accuracy	Undertake review of data management (data capture, data entry, data use)	\$0	Ongoing
Data Accuracy	Implement programme to verify local instrument accuracy to Datran	\$0	Ongoing
Data Accuracy	Improve timeliness of data capture / data entry (pipework/valving/repairs)	\$165,511	Ongoing
Change management	Expand formal processes for controlling change (sources, pumps, treatment, setpoints)	\$598,251	1/07/2022
Legislative change	Adapt processes, carry out investigations, develop documentation in response to legislative change	\$598,251	Ongoing

Area	Improvement Action	Cost over 10 years	Due date
Supply management	Implement ongoing competency review programme to check conformity to Standard Operating Procedures	\$0	1/07/2021
Supply management	Training further development of ongoing competency programme / internal training modules	\$598,251	1/07/2022
Supply management	Implement audit programme of contractors' conformity to specifications	\$0	1/07/2022
Supply management	Review HDC Development and Engineering Std	\$50,000	1/07/2023
Supply management	Implement WSP review / internal audit processes	\$598,251	1/12/2021
Supply management	Implement corrective action SMS system in response to alarms	\$30,000	1/07/2022
Supply management	Regularly update plant records, including manuals, drawings, procedures, instructions	\$598,251	Ongoing
Supply management	Asset renewal programme to include analysis of trends in pipe repairs	\$129,000	1/07/2022
Documentation/ Standardisation	Complete standard operating procedure development (all sites / WSP identified missing SOPs)	\$0	1/12/2021
Documentation/ Standardisation	Implement isolate/lock tag system	\$598,251	1/09/2021
Documentation/ Standardisation	Implement improved onsite storage for plant manuals + improved on-site signage	\$598,251	1/06/2022

## 8.5 Wastewater

The main areas of work proposed in the LTP for Wastewater cover network investigation, renewals and specific local activity.

Fortunately, Hurunui's wastewater infrastructure sustained relatively little damage as a result of the 2016 Hurunui-Kaikoura earthquake. Damage to pipelines was mostly confined to the Hanmer Springs area while the Hanmer Springs and Motunau Beach treatment oxidation ponds suffered wall displacement. Fortunately, insurance will cover the cost of these repairs.

### 8.5.1 Major Projects Planned

Project	LTP Year(s)	Reason	Options	Cost
Wastewater Application Physical Works - 20m length	1-10	Growth	Assists applicants of sewer connections with costs to cross roads. This ensures equity for new developments where people on the same side of the road don't have to pay	\$1,132,720
		Alternative(s)	Applicant to pay all costs in their entirety (\$0) Pro: no cost	

Project	LTP Year(s)	Reason	Options	Cost
District Wide Pipe Renewals (Medium/Low Criticality Age Based Replacement)	2,4,6,7,8,9	Renew	Con: no allowance for growth in network and an inequity with previous applicants Renewal of existing pipes	\$3,702,691
		Alternative(s)	Deal with the pipes as they fail or reduce the amount of expenditure (\$ increased maintenance) Pro: no cost or less costs Con: waste water availability will be severely hampered to many residents and make the district a less desirable place to be	
Amberley Land purchase or Process Upgrade	3	LoS/Growth	This ensures the facility can continue to meet the demand and compliance with resource consent	\$2,842,657
		Alternative(s)	Continue with the existing system and processes (\$0) Pro: much lower costs Con: unlikely to meet compliance and regulatory requirements thus receiving financial penalties	
Cheviot Resource Consent Disposal Finalisation	7,8,9	Renew	Consent expiration and work required to meet the likely new conditions of that consent	\$2,543,450
		Alternative(s)	Continue with the existing system and processes (\$0) Pro: much lower costs Con: unlikely to meet compliance and regulatory requirements thus receiving financial penalties	
Greta Valley Resource Consent Disposal Investigation & Assessment	7,8,9	Renew	Consent expiration and work required to meet the likely new conditions of that consent	\$680,900
		Alternative(s)	Continue with the existing system and processes (\$0) Pro: much lower costs Con: unlikely to meet compliance and regulatory requirements thus receiving financial penalties	
Motunau Resource Consent Disposal Investigation & Assessment	7,8,9	Renew	Consent expiration and work required to meet the likely new conditions of that consent	\$1,301,750
		Alternative(s)	Continue with the existing system and processes (\$0) Pro: much lower costs Con: unlikely to meet compliance and regulatory requirements thus receiving financial penalties	

Project	LTP Year(s)	Reason	Options	Cost
Hawarden Enabling Works for New Consent	6	Renew	Consent expiration and work required to meet the likely new conditions of that consent	\$1,485,510
		Alternative(s)	Continue with the existing system and processes (\$0) Pro: much lower costs Con: unlikely to meet compliance and regulatory requirements thus receiving financial penalties	
Waikari Resource Consent Disposal Investigation & Assessment	7,8,9	Renew	Consent expiration and work required to meet the likely new conditions of that consent	\$1,343,833
		Alternative(s)	Continue with the existing system and processes (\$0) Pro: much lower costs Con: unlikely to meet compliance and regulatory requirements thus receiving financial penalties	
Hanmer Springs Discharge Consent	30-35	Renew	Consent expiration and work required to meet the likely new conditions of that consent	\$1,000,000
		Alternative(s)	Continue with the existing system and processes (\$0) Pro: much lower costs Con: unlikely to meet compliance and regulatory requirements	
Coastal Inundation of Manholes	16-20	Renew/LoS	Raise manholes. With higher tides and the on-set of sea level rise the threat of inundation begins to increase. The impact of inundation on the sewer system means infiltration of saltwater. This water is detrimental to the health of the sewer ponds and would need to be pumped out of the manholes before normal service could resume.	\$300,000
		Alternative(s)	Accept that the system will become increasingly unavailable (\$0) Pro: delays the expenditure Con : the risk of inundation increases over time, thus heightening the risk of service loss. When service loss becomes too frequent, abandon the sewer (\$0) system Pro: adds certainty to the plan and potentially provides for an alternate system Con: this is out of kilter with the timeframes for other climate related issues and other assets have not been 'sweated'	

Project	LTP Year(s)	Reason	Options	Cost
Coastal Erosion of Manholes and Pipes	45-50	Renew/LoS	Rehome assets to new areas to prevent the effects lower LoS due to coastal erosion	\$500,000
		Alternative(s)	<p>Accept that the system will become increasingly unavailable (\$0)</p> <p>Pro: delays the expenditure</p> <p>Con : the risk of inundation increases over time, thus heightening the risk of service loss.</p> <p>When service loss becomes too frequent, abandon the sewer (\$0) system</p> <p>Pro: adds certainty to the plan and potentially provides for an alternate system</p> <p>Con: this is out of kilter with the timeframes for other climate related issues and other assets have not been 'sweated'</p>	

**8.5.2 Risk Assessment**

Through the risk assessment process, the Council identified the set of risk events that have potential to make a significant negative impact on delivery of the Wastewater service in the coming years. For each of these key risks a proposed mitigation has been put forward, along with an estimated cost over 10 years, and delivery date, as shown in the table below.

*Table 8-2 Unacceptable Risks, Mitigation, Budget and Due Date for the Wastewater Service*

Category	Improvement Plan	Cost over 10 years
Network Capacity	Develop a routine CCTV inspection of the high risk areas	\$300,000
Network Capacity	The permit system is currently under development	\$20,000
Network Capacity	Carry out further smoke surveys and dye testing	\$100,000
Network Capacity	Repair sections of already identified intrusion in Leithfield Beach (this work is underway) and plan to repair further areas identified by WWR002	\$37,600

Category	Improvement Plan	Cost over 10 years
Network Capacity	Improve identification of specific risk areas & update engineering standards with new research as necessary.	\$300,000
Network Capacity	Develop procedures for monitoring of weather forecasts, effective management of buffer and treatment pond storage levels, regular irrigation and discharge monitoring	\$150,000
Network Capacity	Calibration models to be during future modelling	\$350,000
Network Capacity	Finalise & calibrate models	\$350,000
Network Capacity	Enforce Bylaw transgressions. Formal education programme for public.	\$50,000
Network Capacity	Enforce Bylaw transgressions. Formal education programme for public.	\$50,000
Wastewater Systems	Continue refining the routine maintenance programs, response to customer requests for service but developing robust procedures	\$150,000
Sewage Treatment	Develop more exceptional alarming in the monitoring system to assist with regular monitoring	\$50,000
Sewage Treatment	Analyse sampling data & determine treatment process required	\$80,000
Sewage Treatment	Configure further exceptional alarming, develop procedures for plant operation and develop an auditing program for the operators	\$60,000



Category	Improvement Plan	Cost over 10 years
Sewage Treatment	Enforce Bylaw transgressions. Formal education programme for public. Develop and regularly share information with the communities about what can and cannot be flushed and risks it presents to the network	\$20,000
Sewage Treatment	Enforce Bylaw transgressions. Formal education programme for public. Develop and implement a monitoring and compliance routine	\$40,000
Sewage Treatment	Enforce Bylaw transgressions. Formal education programme for public. Implement better security measures at the Wastewater Treatment facilities, limit access to approved contractors only and provide education material to local operators	\$20,000
Sewage Treatment	Improve decision making & integrate better with District Plan process	\$0
Sewage Treatment	Improve identification of specific risk areas & update engineering standards with new research as necessary	\$0
Sewage Treatment	Plan to improve security of the Wastewater Treatment facilities, develop procedures for site security including installation of more signage	\$309,000
Treated Water Disposal	Establish incident response plans for all WWTP and share with the relevant monitoring Authority	\$30,000
Treated Wwater Disposal	Finalise consent requirements & budgets for works after Year 3	\$7,672,520

Category	Improvement Plan	Cost over 10 years
Treated Water Disposal		\$0
Change Management	Develop a permit system to ensure the change is managed	\$50,000
Data Accuracy	Improve data capture procedures	\$30,000
Data Accuracy	Improve data capture procedures	\$30,000
Data Accuracy	Improve decision making & integrate better with District Plan process	\$350,000
Documentation	Finish development of operations and monitoring plans for all wastewater treatment facilities	\$70,000
Electrical	Procure an in-house resource to asset with development and implementation of electrical routine maintenance and renewal programs	\$156,000
Electrical	Improve remote control of pump stations across the district by improving on-site equipment and communication	\$285,000
Electrical	Procure an in-house resource to asset with development and implementation of electrical routine maintenance and renewal programs	\$156,000
Comms	Commission a report to determine availability for alternate communication pathways and costs of implementation	\$ 2,500
Comms	Remove high data usage site to alternate communication means, work to reduce the impact of this risk is being completed by removing Potable	\$0

Category	Improvement Plan	Cost over 10 years
	Water treatment pump stations and is further described in the Water AMP	
Comms	Investigate procuring in-house equipment	\$1,000
Fault Response	Improve comms network failure monitoring	\$5,000
Fault Response	Continue to monitor performance of the contractor identify any performance issues and provide feedback while seeking improvement	\$0
Network Capacity	Maintain, recondition or replace pumping equipment as per manufactures instructions and performance	\$ 1,000,000
Network Capacity	Maintain, recondition or replace screening equipment as per manufactures instructions and performance	\$200,000

## 8.6 Stormwater

Future activities for Stormwater will largely be driven by the outcome of network testing and modelling to fully understand the flow of all District-wide drainage systems from land to sea. This information will allow design and implementation of effective stormwater systems and to run effective and efficient maintenance and renewal programmes.

Work activities will include remedial works to the stormwater flow paths to alleviate historic flooding problems.

### 8.6.1 Major Projects Planned

Project	LTP Year(s)	Reason	Options	Cost
Resource Consents - ECAN (District Wide Consent Finalisation)	1-10	LoS	Work required to complete the Hanmer Springs Stormwater consent, which provides for Council to control most aspects of stormwater discharge in the urban area, rather than Council activities and private development to seek regional council approval	\$283,180

Project	LTP Year(s)	Reason	Options	Cost
		Alternative(s)	Apply for regional council approval for every discharge across the urban area, this applies to both council and private developers alike ( <b>\$TBC depending on the activity required, resulting in significantly higher costs than primary option</b> ). Pro: less costs and less management overhead for Council Con: onerous procedures to navigate with regional council and increased costs for council and private developers	
Upgrading Size of Flax Stream Culvert Crossing under State Highway 7A	3,4	Growth	With the urban footprint increasing the volume of stormwater is increasing thus the size the infrastructure needs to meet demand	\$337,538
		Alternative(s)	<b>Do not carry out the work (\$0)</b> Pro: Less costs Con: reduced LoS when SH7a is flooded during high rainfall events <b>Await degradation of the road to the point NZTA remedy the issue (\$0)</b> Pro: no cost for the local community Con: may take some time to occur, so risk of flooding increases	
Hanmer Springs Argelins/Jacks Pass Project	1	Growth/LoS	With the urban footprint increasing the volume of stormwater is increasing thus the size the infrastructure needs to meet demand and during high rainfall Jacks Pass can become flooded	\$1,030,100
		Alternative(s)	<b>Continue to experience flooding on Jacks Pass Road (\$0)</b> Pro: Less costs Con: Reduced LoS <b>Carryout part of the work only to protect Jacks Pass Road (\$350k)</b> Pro: Less costs Con: The issue already experienced at Jacks Pass Road will migrate further along the system and private land and/or residences are flooded	
Various Amberley Consents renewal	21-25	Renew	Consents for the Leithfield beach Outfall drain and opening of the Mimimoto and Amberley Beach lagoons expire and will need to be renewed	\$1,000,000
		Alternative(s)	<b>Continue with the existing system and processes (\$0)</b> Pro: much lower costs Con: unlikely to meet compliance and regulatory requirements thus receiving financial penalties	
Amberley Global Discharge Consent Renewal	26-30	Renew	The consent will need to be renewed as it manages all stormwater aspects across the Amberley region	\$1,000,000
		Alternative(s)	<b>Continue with the existing system and processes (\$0)</b> Pro: much lower costs	

<u>Project</u>	<u>LTP Year(s)</u>	<u>Reason</u>	<u>Options</u>	<u>Cost</u>
			Con: unlikely to meet compliance and regulatory requirements thus receiving financial penalties	

### 8.6.2 Risk Assessment

Through the Risk Assessment process, the Council identified the set of risk events that have potential to make a significant negative impact on delivery of the Stormwater service in the coming years. For each of these key risks a proposed mitigation has been put forward, along with an estimated cost over 10 years, and delivery date, as shown in the table below.

*Table 8-3 Unacceptable Risks, Mitigation, Budget and Due Date for the Stormwater Service*

<b>Category</b>	<b>Improvement Plan</b>	<b>Cost over 10 years</b>
<b>System Adequacy</b>	Procure instruments and resource to perform model verification and further development	\$747,000
<b>System Adequacy</b>	Procure resource and appropriate software to assign asset numbers, asset purpose, asset owner and combine multiple sources of information	\$0
<b>System Adequacy</b>	Education, penalties	\$20,000
<b>System Adequacy</b>	Design appropriate animal control structure and include in the future policy	\$0
<b>System Adequacy</b>	Replace/upgrade existing infrastructure, develop models for the balance of townships	\$82,000
<b>System Adequacy</b>	Perform drain profile survey and increase mechanical and hydro excavation if required	\$144,000
<b>System Adequacy</b>	Policy to be written - through a workshop with Council.	\$0
<b>System Adequacy</b>	Camera inspections and regular cleaning/maintenance	\$200,000

Category	Improvement Plan	Cost over 10 years
System Adequacy	Complete diversion works and pump station to divert flows in to the Kowai River	\$90,000
System Adequacy	Policy to be written - through a workshop with Council which would cover what can be constructed in drains. Periodic inspections	\$0
System Adequacy	Retaining planting, naturalisation	\$288,785
System Adequacy	Needs to be removed (but no access); v channel in base of drain	\$144,000
System Adequacy	Perform a survey of the drain profile to determine effects. Develop a planting or physical reinforcement program	\$660,000
System Adequacy	Inspection and subsequent maintenance of U-channel required	\$19,000
System Adequacy	Inspection and subsequent maintenance of U-channel required	\$ 5,000
System Adequacy	CD to purchase flood protection devices; stakeholder communications activity	\$100,000
Discharge Compliance	Use data from investigations to improve requirement definition over current guesstimated treatment solutions. Retrofit old stormwater network assets including treatment filters and outfall structures	\$500,000
Discharge Compliance	Ongoing monitoring of development and licencing	\$52,500
Discharge Compliance	Develop maintenance and monitoring plan for each stormwater area	\$870,000
Discharge Compliance	Develop a maintenance, operations and monitoring plan for balance of discharge areas in Amberley	\$0



Category	Improvement Plan	Cost over 10 years
Discharge Compliance	Develop a maintenance, operations and monitoring plan for balance of townships	\$0
Discharge Compliance	Develop a maintenance, operations and monitoring plan for balance of townships	\$0
Discharge Compliance	Develop a maintenance, operations and monitoring plan for balance of townships	\$0
Response Time	Have diversion kits available	\$0
Legislative change	Evaluate legislation changes and develop a program for compliance. Significant infrastructure investment and land purchase required	\$10,000
Legislative change	Evaluate legislation changes and develop a program for compliance. Significant infrastructure investment and land purchase required	\$10,000
Legislative change	People and equipment required to carry out activity	\$633,000
Climate Change	Need more frequent opening of river and lagoon mouth. To cope with the need of more, bigger diggers, and operators	\$150,000
Climate Change	Increased maintenance costs including spraying for mosquitoes; spraying for growth - risk of blocking if not sprayed	\$30,000
System adequacy	Re-align and increase drain capacity to prevent overtopping	\$25,000
System adequacy	Constructing a connecting drain to discharge water to the Leithfield outfall drain	\$85,000
System adequacy	Construct a cut off drain to intercept potential surface water flows and divert to the Eastern Drain	\$157,000

Category	Improvement Plan	Cost over 10 years
System adequacy	Removing a section of the outfall structure and installing a non- return valve	\$54,000
System adequacy	Increase the depth of the lagoon and construction of a dyke on the Norther side of the lagoon	\$87,934
System adequacy	Increase the size of the culvert	\$60,000
System adequacy	Installation of a detention pond, to contain and attenuate flows	\$200,448
System adequacy	Increase capacity of the drain	\$162,675
System adequacy	Increase capacity of the drain and culverts	\$171,405
System adequacy	Installation of concrete dished channel	\$64,568
System adequacy	Increase the size of the culvert under SH7A	\$337,538
System adequacy	Installation of a flow control device to divert flows in peak rain events	\$38,976
System adequacy	Install a culvert across the road	\$105,730
System adequacy	Deepen and grade existing swale and modify design of the driveways	\$431,248
System adequacy	Increase and change offset of existing drains, road crossings and construct a detention pond and weirs to attenuate flows and provide water treatment	\$ 1,030,100
Compliance	Complete necessary testing, further liaison costs with Iwi and ECAN	\$64,963
System adequacy	Install a cut off drain	\$51,505

Category	Improvement Plan	Cost over 10 years
System adequacy	Installing a diversion	\$32,535
System adequacy	Renew existing drain section and install a road crossing	\$50,112
System adequacy	Install cut off drain behind south of properties in Oxford Street	\$55,680
System adequacy	Install a road crossing and a drain through the domain	\$45,708

## 8.7 Waste & Recycling

The November 2016 Hurunui-Kaikoura earthquake had a significant impact on waste and recycling volumes, particularly those received through the Amberley and Waiau transfer stations. Using funding from the Ministry of the Environment's Waste Minimisation Fund, a number of projects are being funded including an area for receiving cleanfill at Amberley transfer station, a programme for safely managing certain hazardous wastes, the costs of rebuilding Waiau transfer station and the purchase of infrastructure to assist with managing the increased volumes of waste and recycling.

The Council's Waste Management and Minimisation Plan was last updated in 2014. The plan is due to be revisited and sustainability will be built in as a foundation aspect of the plan

Project	LTP Year(s)	Reason	Options	Costs
Hanmer Springs - Weighbridge / Weighbridge Office	3	Growth/LoS	Capture the volume of waste per user and implement a fairer and accurate charging system	\$126,876
		Alternative(s)	Continue with the existing system of fixed charges (\$0) Pro: no additional costs Con: the risk of everyone paying through rates for other peoples' waste continues	
Cheviot – Weighbridge at Transfer Station	2	LoS	Capture the volume of waste per user and implement a fairer and accurate charging system	\$123,612
		Alternative(s)	Continue with the existing system of fixed charges (\$0) Pro: no additional costs Con: the risk of rates subsidising some peoples waste continues	
Amberley - Expansion and Upgrade of Transfer Station	3	Growth/LoS	Improve the flows of traffic through the transfer station and has users separating recyclables directly into separated bins. This should introduce a cost saving in the long term and opens up other opportunities for resale of recyclable directly. Lessening people's interaction with the waste pit addresses a safety issues for patrons too	\$1,004,435
		Alternative(s)	Continue with the current system and processes (\$0) Pro: lessens the cost impact in year 3 Con: time at the transfer station for patrons is protracting and by year 3 the wait times will become significant Stage the improvements over several years (1.3M spread over ensuing years) Pro: lessens the cost impact in year 3 Con: time at the transfer station for patrons is protracting and by year 3 the wait times will become significant and part installations cost more	
New Transfer Station in Hawarden/Waikari Area	11-15	Growth/LoS	Build a new transfer station for those communities	\$650,000
		Alternative(s)	Maintain status quo (\$0) Pro: no additional expenditure Con: the level of service offering remains lower in this area of the district compared to other towns	

Food Waste Compost Site	16-20	LoS	Purpose built facility to deal with the increasing food waste volumes.	\$750,000
		Alternative(s)	Maintain status quo (\$0) Pro: no additional expenditure Con: not keeping up with the expectations of responsible waste and recycling stewardship	

### 8.7.1 Major Projects Planned

The key issues facing Waste and Recycling are shown in Table 8-4.

Table 8-4 Waste and Recycling Key Issues

Topic	Issue	Response taken in AMP	Cost of Response
Recycling Markets	The ability to offer waste and recycling services is determined by national and international markets and has financial implications for recovering certain materials. The Council has limited ability to influence these markets and must therefore react to any changes. The Council does not favour stockpiling recycling	Continue to maintain good relationships with external providers/buyers  Continue to undertake regular reviews of alternative options available	Staff time  \$30,000 per year allowed for glass recycling. \$80,000 for recycling to EcoCentral and \$5,000 for hazardous waste (noting that cost implications are dependent on tonnages and gate fees if markets become negative.)  Green waste (gate fees and mulch sales), metal, e-waste and car batteries provide income
Renewals and Capital Planning	The Council undertakes monitoring of its waste and recycling assets, with maintenance undertaken as required. However, there is currently no renewal programme or strategic capital plan for waste and recycling assets.	Develop a Renewal Programme.  Develop a Strategic Capital Plan.	Staff time
Succession Planning	The success of waste and recycling activities are heavily dependent on key staff members. There is a need to ensure appropriate support and succession planning is in place to ensure key information is captured and passed on and established relationships are maintained	Undertake Succession planning for key roles.	Staff time

Topic	Issue	Response taken in AMP	Cost of Response
Understanding Customer Preferences	Levels of service are heavily influenced by the expectations of the community regarding waste and recycling. It is important that these expectations, including changing expectations are understood and responded to.	Consult on desired level of service and community expectations as part of Waste Management and Minimisation Plan.	Costs budgeted as part of consultation process for WMMP.
Solid Waste Bylaw	The Council does not currently have a Solid Waste bylaw. This limits the control the Council has over waste management operations, including an inability to prosecute illegal dumping.	Investigate (and if appropriate, prepare) a Solid Waste Bylaw.	Staff time

## 8.8 Reserves & Parks

Green spaces are managed differently depending on whether they are local or district reserves. Local reserves are funded from local (amenity) rates on the ward or rating area in which the reserve is located, and the requirements for these spaces are set by the local community. District reserves are funded through the Hanmer Springs Thermal Pools and Spa's profits with any shortfall through a district rate. The requirements for these spaces are generally set out by the Council; or in some cases by a reserve advisory group who has oversight for a reserve and make recommendations to the Council.

The key issues facing Green Spaces are shown in Table 8-5

Table 8-5 Green Spaces Key Issues

Topic	Issue	Response taken in AMP	Cost of Response
Detailed customer feedback	The Council has a system which records customer service requests and complaints. However, no specific review has been undertaken of the complaints or issues received in relation to the management of Green Spaces. Most years, the Council undertakes a residents satisfaction survey that measures overall satisfaction with its services. This includes specific questions on satisfaction with reserves and cemeteries. While this gives an indication of overall satisfaction with these Green Spaces, it does not provide any details on what specific aspects people are satisfied (or not satisfied) with	Develop a system to regularly review customer service requests/complaints, and to seek broader information from residents about the condition and use of green spaces to better understand what communities expect and need from them.	\$10,000 per annum (0.1 FTE staff)
Balcairn Cemetery Capacity	The current cemetery at Balcairn is expected to reach capacity in the next 16 years. Additional land is therefore required to expand the current cemetery to meet anticipated future demand	Investigate land purchase options to extend Balcairn or to create a new cemetery.	Staff time to investigate.  Land purchase price will be better understood after researching options.

Topic	Issue	Response taken in AMP	Cost of Response
Strategic planning	Green Space activities are community-driven, with decisions about maintenance, renewals and capital works determined through the Council's community committees. This is important because Green Spaces are areas provided for and managed to enhance community well-being. However, there are some areas that would benefit from a more strategic approach being taken to forward planning, rather than planning being undertaken on an annual basis. For example, while regular audits are taken of playground equipment, there are no audits or renewals plans for other equipment located in parks and reserves, such as park benches, drinking fountains, shelters etc. Maintenance of these is done on a reactive basis, whereas preparing and budgeting for a renewal programme is expected to be more economical and efficient.	Develop a renewal plan for parks and reserves for all assets located within these areas	Additional staff – 1 FTE for 6 months \$50k
Volume and use of reserve areas	Disposal of reserve areas vested in the Council under the Reserves Act 1977 must follow a prescribed process. This can be costly, particularly when done on a case-by-case basis. Taking a strategic review of the overall supply and location of reserves, as well as the demand for and use of each site, would help identify reserves that are surplus to requirements, and which could be disposed of, or considered for an alternative use, such as for planting to off-set carbon emissions.	Undertake a review of the use and location of reserves to determine whether they are needed and how they are used.	Included in above staffing

## 8.9 Property

The Council owns a large number of buildings around the district; most of which are for community use or for the Council to operate its business with there being around 150 buildings, this is a challenging portfolio to manage within a budget that is acceptable to the Council and community.

The ideal is for all Council owned property would to be well maintained at all times and to be fit for purpose.

Local ward committees and boards are very interested in local community buildings and facilities and are influential in setting the standard for repairs and maintenance.

Some of the Council's buildings and facilities are very old and decisions will need to be made about the future of them as to repair and upgrade or demolish. Often there is heritage and emotional connection to the buildings and facilities and a desire to retain rather than demolish.

The Building Act will have an impact on those decisions into the future, particularly regarding earthquake standards and when major repairs or upgrades are discussed.

Recent changes to the Building Act require buildings less than 34% of the National Building Standard to be strengthened over a time period determined by the use of the building. Funding is to be set aside to start this process.

**8.9.1 Major Projects Planned**

Project	LTP Year(s)	Reason	Options	Total
Earthquake Prone Building Strengthening Work	3,4,5,6,	Renew	Funds allocated to improving buildings to ensure they meet the required code	\$2,371,691
		Alternative(s)	Do not carry out the work (\$0) Pro: less cost Con: any safety or maintenance costs are likely to increase and in likelihood buildings will become unusable and does not meet the legal requirements	
Hanmer Springs Entrance to Conical Hill	1	LoS	Improve the user experience of the most well used walkway in the district. The current setup limits some people who may experience mobility issues	\$120,000
		Alternative(s)	Introduce a lower costs alternative that does not provide access for as many patrons (\$50k-80k) Pro: lower costs Con: Does not meet the community needs and could deter people from visiting Hanmer Springs	
Waikari Hall New kitchen and ablution block	1	Renew/Growth	Facilities at the end of their useful life and require modernising to attract more visitors	\$120,000
		Alternative(s)	Refresh the existing facilities without the extensive work proposed Pro: Lessens the costs Con: maintenance costs will increase at items start to fail more regularly and does not meet the need of the users Demolish and rebuild a new facility (\$500k) Pro: provides a brand-new facility to suit all modern day requirements	



			Con: Does not meet the community requirements and is over capitalising that asset	
Build an Iconic attraction	16-20	LoS	Build a new significant attraction in the district to attract new visitors	\$2,000,000
		Alternative(s)	<p>Maintain status quo</p> <p>Pro: no additional cost required</p> <p>Con: no enhancement made to attract visitors</p> <p>Carryout a feasibility study to see how or what would suit the district and attract more visitors (\$85k)</p> <p>Pro: less cost and provides certainty for the community about what the service might be</p> <p>Con: none</p>	
Build New Social Houses	26-30	Growth/LoS	Increase the stock of social houses to deal with the forecasted aging demographic	\$2,000,000
		Alternative(s)	<p>Maintain status quo (\$0)</p> <p>Pro: no extra cost</p> <p>Con: may not cater for an aging demographic that might find future housing unaffordable</p>	
Develop a new Cemetery	66-70	Growth	Based on current forecasts, Hanmer Springs cemetery space will be limited and new land will need to be developed	\$600,000
		Alternative(s)	<p>Do not provide these services (\$0)</p> <p>Pro: no extra costs</p> <p>Con: does not meet the needs of the community</p>	

The key issues facing Property are shown in Table 8-6

Table 8-6 Property Key Issues

Issue	Risk Identified	Risk Controls
Facilities provide for community wellbeing and meet the needs and desires of the community	Lack of budget	Activity-based budgeting
Facilities provide for community wellbeing and meet the needs and desires of the community	Lack of appropriate engagement/ presence and feedback channels	Customer service request system allows identified issues to be responded to

Issue	Risk Identified	Risk Controls
Facilities provide for community wellbeing and meet the needs and desires of the community	Lack of records and audit data about properties	Updated asset data base for all Council property is maintained
Properties are safe, fit for purpose and comply with statutory requirements	No condition assessments	Undertake condition assessments
Properties are safe, fit for purpose and comply with statutory requirements	Lack of maintenance	Maintenance plans in place for social housing units and medical centres  Data base of appropriate trades people
Properties are safe, fit for purpose and comply with statutory requirements	Lack of shared knowledge	Condition assessments up to date
Properties are safe, fit for purpose and comply with statutory requirements	Lack of specific knowledge/experience, insufficient training	Training programme in place
Properties are safe, fit for purpose and comply with statutory requirements	Major infrastructure failure	Maintenance plans in place
Properties are safe, fit for purpose and comply with statutory requirements	Systems available, but not set up	Updated asset data base for all Council property is maintained
Properties are safe, fit for purpose and comply with statutory requirements	Lack of resources	Staff numbers are adequate to maintain the property activity

## 8.10 Information Services

The Information Services covered in this Strategy are those provided at:

- The Council's main office in Amberley
- The district library in Amberley and community/school library in Hawarden
- Libraries/service centres located in Cheviot, Culverden and Hanmer Springs

There are no major changes planned for the libraries. The Council's intention is to continue to run a good service to meet the needs of Hurunui's mainly rural community. This involves taking advantage of changes to publishing and technology, and continuing to work with other libraries to enhance the services offered and to make efficiencies where possible.

The Council will continue to work with other libraries to enhance the services offered to the district and to make efficiencies where possible

The Council will continue to encourage the use of new services such as e-materials and the delivery of the 'Stepping Up' computer training programme. This programme, developed by the 20/20 Trust, focuses on providing free digital skills training for people to upskill and improve employment opportunities or enhance their lives.

<u>Project</u>	<u>LTP Year(s)</u>	<u>Reason</u>	<u>Options</u>	<u>Costs</u>
Library new books	1-10	LoS	A standardised annual costs to provide for new titles every year to meet demand	\$724,941
		Alternative(s)	Reduce the annual costs, thus reducing the amount of books that can be purchased each year (\$350k) Pro: reduces the costs Con: not meeting the needs of the community	
Library Extension	11-15	Growth/LoS	Extend the district library on its existing footprint to cater for the growth in Amberley. Much of the patronage of the district library is of the older age groups. With this demographic increasing in the district over the years this is likely to put stress on the existing service and infrastructure	\$2,000,000
		Alternative(s)	Build a similar service that the district library in Amberley provides elsewhere in the District (\$2.4m) Pro: provides easier access for people not living in Amberley Con: does not maximise the land footprint of the land allocated for the district library	

RFID for library services	16-20	LoS/Growth	Radio frequency identification (RFID) is a system that will provide for tracking and managing books and other services. It reduces the need for human interaction and can facilitate and less costs drop off/ pick up service	\$200,000
		Alternative(s)	Maintain status quo (\$0) Pro: no cost Con: perceived as not moving with the times and offering a lower level of service than other districts	
Pop up Library	16-20	LoS/Growth	A purpose built library bus that can bring library services to all areas of the District.	\$150,000
		Alternative(s)	Continue to service all current library/service centre locations (\$0) Pro: no extra cost Con: with an aging population the number of people unable to get to a library may increase	

The key issues facing Information Services are shown in Table 8-7.

Table 8-7 Information Services Key Issues

Topic	Issue	Response taken in AMP	Cost of Response
<b>Renewals and Capital Planning</b>	There is currently no renewal programme or strategic capital plan for library assets, with decisions made on an ad hoc basis.	Establish a Renewal Programme and Strategic Capital Plan for library assets.	\$5,000 per annum
<b>Training</b>	Relevant training of staff is an important aspect of ensuring customer service and information is well delivered and correct. While staff are currently well-trained, there is no strategic and coordinated training programme in place to induct new employees or to update and improve the knowledge of others.	Establish a specific induction process and training programme for staff.	Training budget included in LTP budget
<b>Systems that are fit for purpose</b>	Information Services use various systems and information technology that the Council has in place. These are set up for different departments and serve different purposes, but create issues for staff using the range of systems.	IT systems to be streamlined, integrated and simplified wherever possible to make them quicker and easier to use.	\$10,000 per annum for continuous improvement upgrades specifically to provide easily accessible information across the Council's departments.
<b>Changes that may affect demand</b>	An increasing ageing population could see a growing demand for libraries to be used as community hubs and on certain types of resources such as large print books and audio books, as well as potential demand for additional homebound services from libraries. Technological changes and connectivity are likely to impact on how customers want to interact with the Council and library services. Increased numbers of people working from home, as well as increased unemployment resulting from Covid-19 may also increase pressure on Council services.	Continued review and assessment of council and library services.	\$5,000 per annum for regular resident and customer surveys to understand what is expected

## 8.11 Hanmer Springs Thermal Pools & Spa

With an ongoing development programme Hanmer Springs is building a strong reputation in New Zealand and overseas as a first class tourist resort. As well as day visitors the resort forms the nucleus for a growing township with a wide range of facilities.

While the Covid-19 pandemic curtailed international tourism, with the arrival of vaccines to combat the virus borders should re-open in the next year or so. On this basis the Council continues to invest in the resort complex.

## LTP Part 2

Included in the Capital Expenditure Programme is a total of \$15.2 million of new projects for the Hanmer Springs Thermal Pools and Spa. The list seen below does include renewals nor capital initiatives under \$500k.

## 8.11.1 Major Projects Planned

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Total</u>
Activity pool			\$500,000	\$500,000							\$1,000,000
Picnic area		\$1,000,000									\$1,000,000
Private pools		\$1,000,000									\$1,000,000
Rock pools					\$1,000,000	\$1,000,000					\$2,000,000
Body Slides			\$1,500,000	\$750,000	\$750,000						\$3,000,000
Dry activities				\$1,000,000	\$1,000,000			\$2,000,000			\$4,000,000
Shade and shelter	\$250,000			\$250,000	\$250,000						\$750,000
Spa		\$2,000,000	\$2,000,000								\$4,000,000
I-site/ reception	\$500,000										\$500,000
Water treatment				\$500,000	\$500,000						\$1,000,000

## 9 Addressing Resilience

Resiliency is the ability to recover from disaster. It requires active planning to cope with a disaster, restore functionality, and rebuild the societal and economic fabric. Communities that actively plan for resilience are less prone to disaster, recover faster, and endure less hardship than those that do not actively plan.

Planning for every disaster scenario is impossible, so the next step is to plan to contain damage and service outage. Planning involves understanding the impacts on the assets, the ensuing chaos created, the resultant pressures and the trauma, then build in asset redundancy, prepare for insurance, train and improve from lessons learnt.

Bouncing back to recover the social and economic soul of the community is the next important component in planning for resilience.

Finally, a culture of improvement and learning develops resilience. This is achieved through commitment, understanding, training and application.

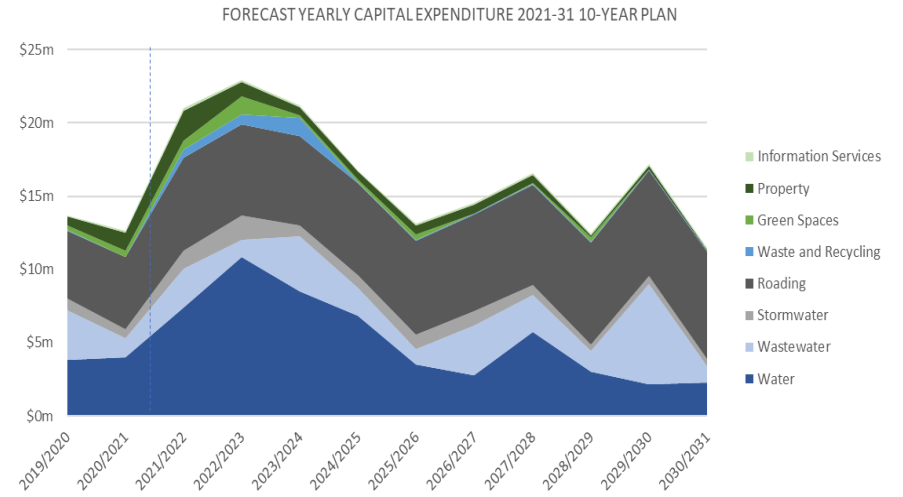
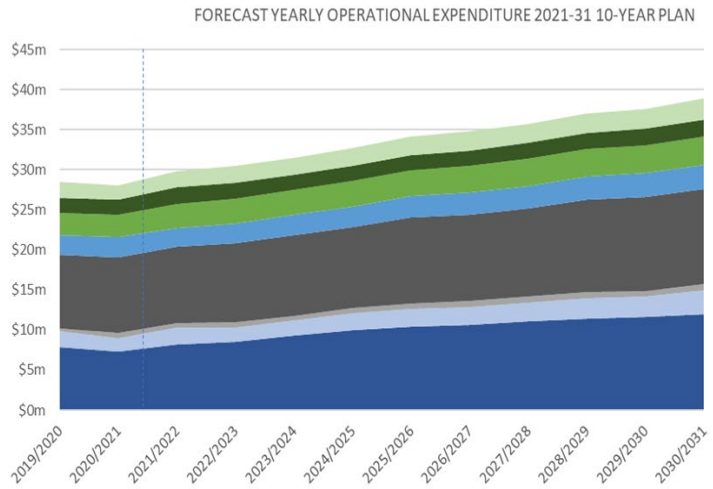
The Council's approach to addressing resilience is to:

- Actively participate in Civil Defence Emergency Management planning and activities, at both regional and local levels.
- Investigate and instigate options for alternative service provision and system redundancy. This can be done in accordance with section 17a of the LGA 2002 or just as a matter of good practice when assessing processes and systems as part of continuous improvements.
- Determine and communicate design and construction standards (where cost effective) that help infrastructure withstand natural hazards and long term changes in circumstances, such as those resulting from climate change.
- Identify critical assets and develop disaster mitigation methods, and incorporate into renewals and capital programme.
- Critical locations where assets are at greatest exposure to natural hazards are identified in the Coastal Erosion Report, commissioned by the Council.
- Obtain insurance, where this is deemed to be the most cost effective approach.
- Invest in business continuity and succession planning.
- Provide standby power generators that can be used at multiple sites throughout the District.
- Use modern materials that are less susceptible to damage from earthquake events, such as fully welded PE systems for underground pipes.

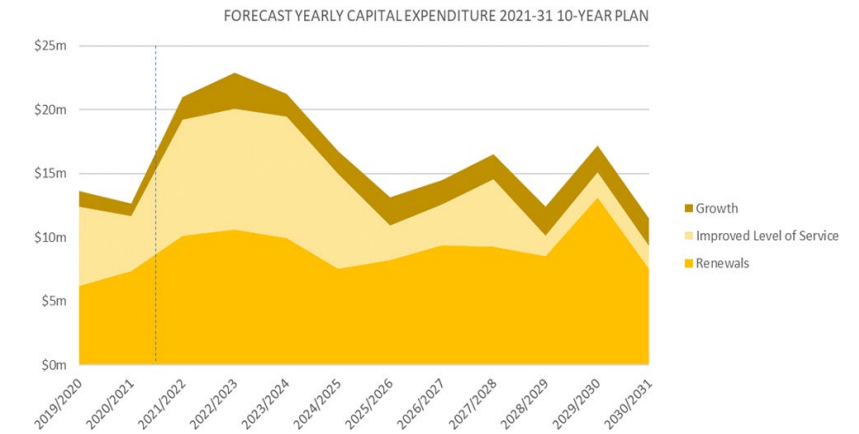
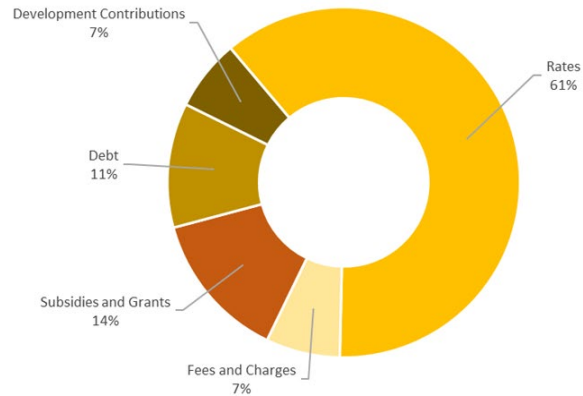


# 10 Financial Estimates

The first three years of the strategy is considered to be in detail, whereas the following 7 years is in outline only. Following the LTP period the costs are meant to serve as an indication only.



ACTIVITY FUNDING 2021-31 10-YEAR PLAN



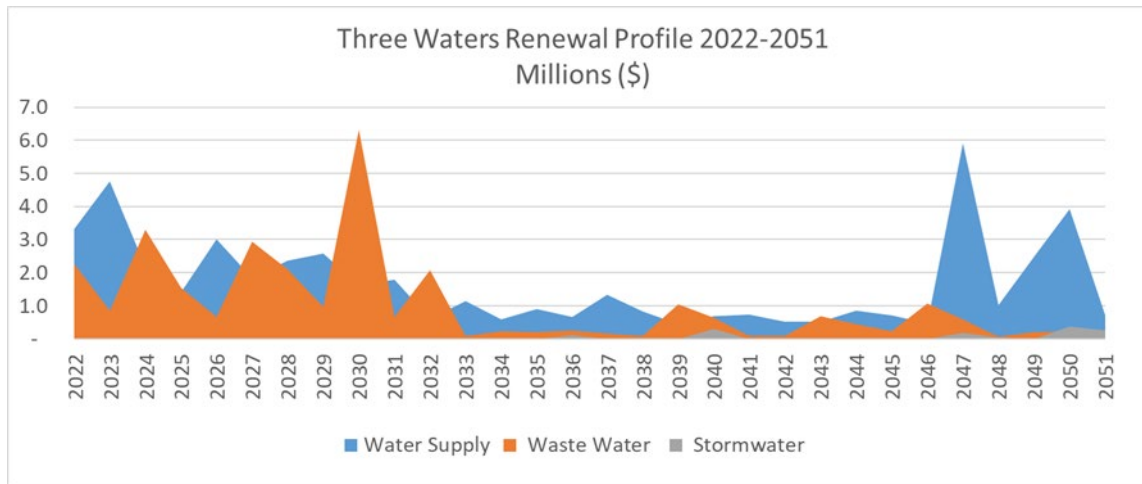
The charts above show how the level of expenditure for all areas of Infrastructure comes together. These costs have been derived from the activity based budgeting all services underwent. They are largely based on 3 aspects:

1. Continuously meeting our levels of service
2. Compliance with relevant legislations
3. Ensuring a sound renewal programme is in place for each service or funds allocated to establish one.

The pie chart represents how funding is derived for all services combined.

## 10.1 Core Infrastructure Renewals

### Three Waters



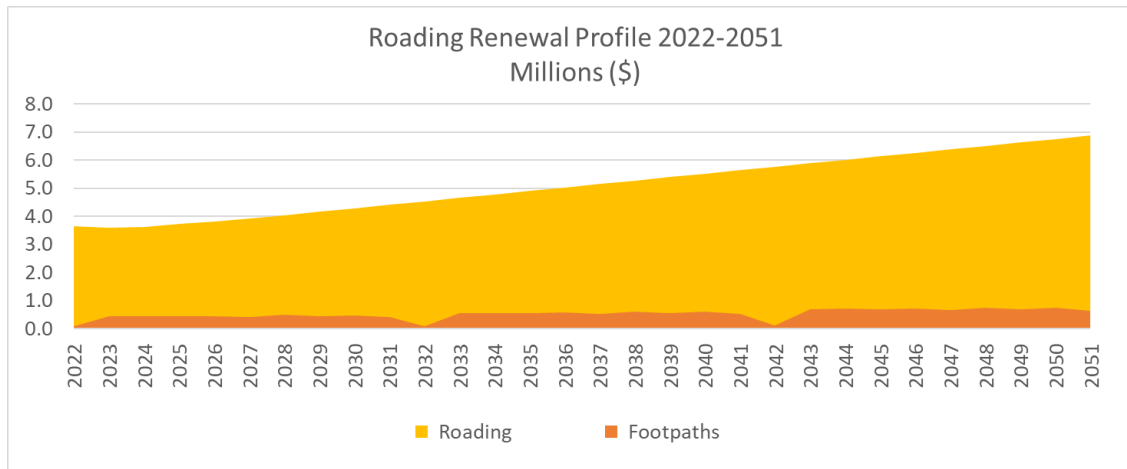
The table above shows the level for expenditure for the Three Waters asset renewals over the next thirty years. These water supply renewals in the early part of the plan are mostly related to pipes, which is largely as a result of the Council deferring renewals over recent years, in order to fund the protozoa compliance work. This deferral of pipes equates to roughly \$3.9m and it is the intention of this renewals over the next 10 years to catch up.

A significant expense will be made in the first 3-4 years of the plan to become protozoa compliant, which is not represented on this renewal chart. However, allowance in this chart has been made for the renewal of these assets, ten years after installation. This is to serve as an indication only because only once they are installed will a formal renewal plan be established. Towards the end of the chart the water supply spikes again and this is related to large scale pipe renewals

In the first 10 years of the plan, the waste water expenditure is primarily related to renewing discharge resource consents. The reason for this is because it is likely that new areas of land will be required to reduce the amount of nutrients going into the ground and preventing run-off to waterways. From 2039 the number peaks again and this and a few years after, relates to pipe renewal, with the peak in 2046 being replacement of manholes and chambers.

Stormwater is comparatively low given the small asset stock of stormwater pipes and treatment systems. Most of what Council owns and manages is open channels and these are managed through operational expenditure. The sections on the chart in 2040 and 2050 relate to renewals of some of the in-ground pipes. In the early part of the long term plan the Council will be working towards achieving resource consents for Hanmer Springs and other small settlements. Once these consents have been worked through, they may see the need to introduce new assets which do not yet feature on this renewal plan.

**Roading**



Our Roothing renewals takes a straight forward approach. A good example of this is the road seal and how we renew it. Seal has an average life expectancy, which is then divided by the amount of seal with have in the district. This results in the Council needing to reseal about 40km of road each year to meet the levels of service. Most other Roothing Assets take this approach, including footpaths as shown in the chart above.

Regarding footpaths, this is the first time the Council will establish a formal renewal programme. In the past any damage or failure of footpaths have been patched as maintenance work. This new approach will take a holistic approach to all footpaths and ensure the levels of service expected can be delivered. This is more appropriate now as there are many initiatives at a national level to get people walking and cycling more. This coupled to an aging population, it becomes more critical to ensure the surface is free from defects and trip hazards.



## 10.2 Deferred Renewals

### 10.2.1 Water

The Council has taken a long term approach to meet the costs of compliance with the protozoa requirements in the Drinking Water Standards NZ. In 2015 it was agreed with the Ministry of Health that the Council would meet the protozoal standard by 2025 and as a result, investment in some assets renewals were deferred to build headroom for the capital expenditure required to meet the standard. This deferral amounts to roughly \$3.9m, and it is the intention of this plan that the backlog caused by the deferral will be addressed in the first 10 years of this Infrastructure Strategy.

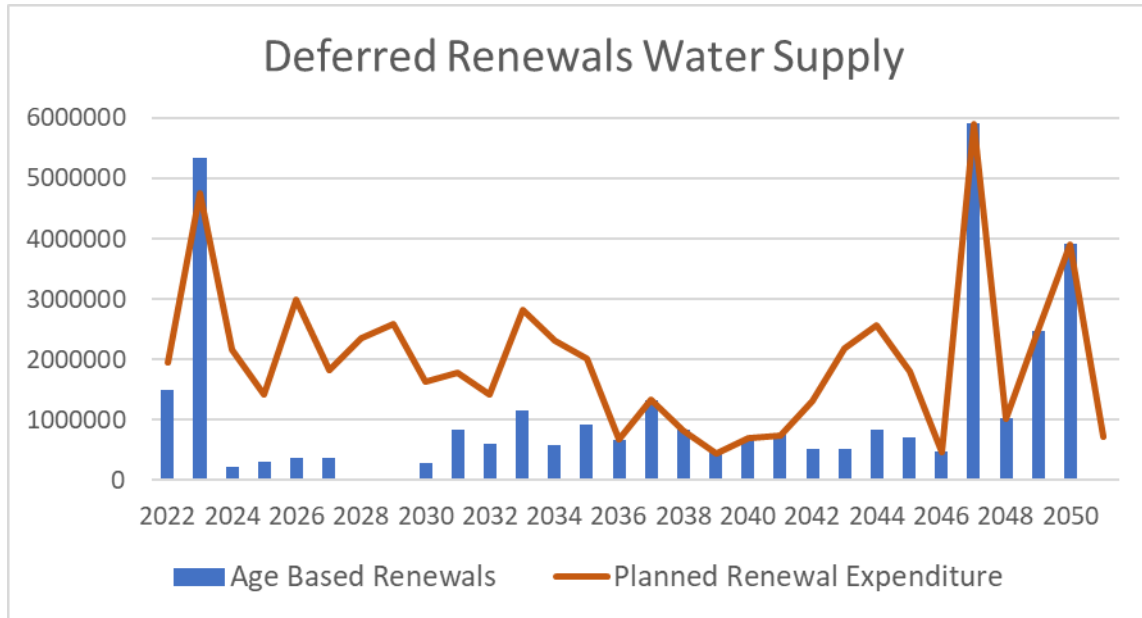
The age based data suggests more than the \$3.9m referred to above, but assessments of the conditions of those aged assets have them as performing well and not yet ready for replacement. Thus, only the deferred renewal assets which are considered below average condition are proposed for replacement within the \$3.9m .

While the future plan considers the below average backlog, it also takes allowance for those assets that will age over the next 10 years and their condition will reduce from good or excellent to below average.

Altogether, over the next 10 years the Council is investing approximately \$25m in renewing assets, when the age based data is suggesting \$15m plus the additional \$5m for backlog. This investment ensures the water supplies can continue to meet the levels of service and provides for non-asset related renewals, such as resource consenting and hydraulic model building.

The table below shows the value of the assets that are due for renewal in any given year. The blue bars are data based on age alone and take no account for aged assets that perform well. The orange line takes account of the age and condition. It also takes into account the historic backlog and aims to have it cleared by 2031.





Prior to 2025 the Council will have constructed new treatment plants and these new assets will also require maintenance in the future. Provision has been made for this which is why the orange line peaks around 2034 and again in 2044.

### 10.2.2 Waste Water

Within waste water very little backlog exists. The data shows around \$5m should be spent renewing assets based on age criteria, but most of these are performing well. The value associated with assets that have been rated as average and below is minor.

The Council has provisioned a significant sum for the next 10 years and this is to primarily address the renewal of the resource consents. The table below shows that there is a large difference between the LTP funding amount and what’s required based on age but it’s clear the gap is caused by the challenges associated to continuing to provide the service in its entirety and is not asset based.

LTP Funding	\$ 21,667,873
Age Based Renewal	\$ 5,311,919

Backlog Below Average	\$ 129,793
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### 10.2.3 Stormwater

This system largely consists of open channels and whilst an age has been allocated to these channels, they do not require replacement in the same manner as an underground pipe. Mostly these open channels are managed by simple maintenance routines of keeping the channels clear. For this reason, the aged based data suggests assets valued at approximately \$850 thousand need renewing but in reality the actual historical uncompleted work is the replacement of three underground pipe assets, equating to \$90k. These underground pipes are listed as below average condition but the indication from CCTV is that the pipe can continue to serve as it is for the next 10 years.

LTP Funding	\$ 0
Age Based Renewal	\$ 853,629
Backlog Below Average	\$ 90,824

### 10.2.4 Roads

Council conducts an ongoing programme of audits of its roading network as well as having systems where the public can report roading issues. When surface failures are identified the road surface seal and where required, the base course material, are replaced. On average, the Council aims to replace 40km of new seal each year. Quieter roads can last for many years without work being needed, whereas higher trafficked areas and/or roads which are used extensively by heavy vehicles tend to fail quicker. For this reason, age is used as an indication for the inspection routine but not used as the key driver for reseal. Although the age based data shows \$200k of work is backlog, no failures on these assets have been found through inspections.

### 10.2.5 Bridges

There are two bridges that are showing as being past their replacement age. One of these has been decommissioned and replaced with a concrete ford. This ford was constructed a number of years ago and when the bridge reached the end of its life, it was removed from service due to the cost to replace it. The other was due in 2020 and is planned to be completed in year 2 or 3 of the long term plan, depending on contractor availability and proximity of other work making it as economical as possible. The forecasted value for this is approximately \$150k.

Inspections carried out recently show some bridges are experiencing an accelerated failure on some components. These fixes equate to an extra \$160k per annum and have been proposed in the funding bid to Waka Kotahi NZTA. Failing to secure that additional funding may result in some bridges having weight restrictions imposed.

### 10.2.6 Footpaths

The age data for footpaths show a cost of \$625k is required to be spent in footpath replacement. However, in 2016/2017 an assessment of the footpaths was undertaken. That resulted in a programme of work being delivered, totalling \$1.4m and focussed primarily on improving the level of service by removing trip hazards and addressing significant deformation. These repairs improved the life of much of the asset stock, bringing them up to date.

Another assessment was carried out in 2020, with the specific outcome being a condition assessment of all footpaths. This data is a better indication than simply using the age and is the basis for the \$2.75m costs presented in the long term plan. As the programme is implemented the new asset information will be reconciled with the asset database.

## 11 Assumptions

### 11.1 General assumptions

General assumptions, covering district wide and strategic level activities and assets, are outlined in Section 8.2.1 **District-wide a& Strategic Level Risk**.

### 11.2 Useful Life of Assets

#### 11.2.1 Water

ASSET GROUP	USEFUL LIFE (YEARS)
Backflow Devices	10
Meters	25
Hydrants	50
Pipes	
Asbestos Cement	35-66
PVC	80

MDPE/HDPE	80
Stainless Steel	50
Galvanised	58
Valves	50
Reservoirs	
Tanks	50-80
Building	10 – 60
Pipework	80
Electrical and Mechanical	10 – 50
Treatment Plant	
Civil – Tanks, Building, Pipework, Metalwork	15-60
Electrical Services	20
Instrumentation	10 – 30
Mechanical Services	25 – 50
Pumps and Motors	10 - 25

For the 2015 Valuation all PVC mains had a base life of 100 years. In 2016 a study showed that PVC rider mains should have a reduced base life. A range of 45- 100 years has been used for the renewals forecasts in this Strategy

### 11.2.2 Wastewater

ASSET GROUP	USEFUL LIFE (YEARS)
Pipes	
Asbestos Cement	60
Earthenware, PVC	80
HDPE	80
Reinforced Concrete	80
Stainless Steel	50
Manholes	80
Valves	50 - 80
Pump Station	
Electrical Cabinet and Level Control	10-30
Wetwell	30-80



Storage and Valve Chambers	30-80
Lids, Valves and Pipework	25-80
Pumps	10-25
Treatment Plant	
Civil – Tanks, Building, Pipework, Metalwork	60-80
Electrical Services	10-30
Pumps and Motors	10-25

### 11.2.3 Stormwater

ASSET GROUP	USEFUL LIFE (YEARS)
Channels	60
Inlets and outlets	80
Pipes (Gravity)	
Asbestos Cement	60
Earthenware, PVC, MDPE	80
Reinforced Concrete/RCRRJ	80
Novaflo	50
Manholes	80
Soakage Trench	40-80

### 11.2.4 Roading

ASSET GROUP	USEFUL LIFE (YEARS)
Roads	
Basecourse	20 – 100
Subbase and Subgrade	Not depreciated
Chipseal Surface	6 – 20
Asphalt Surface	5 – 30
Concrete Roads	50 - 100
Interlocking Blocks	30 - 50
Footpaths/cycleways	
Tactiles	5
Asphalt and Timber	15 - 30

<b>Metal</b>	5 - 30
<b>Interlocking Blocks</b>	50 - 100
<b>Concrete</b>	50 - 100
<b>Bridges</b>	
<b>Steel and Concrete Bridges</b>	80 – 150
<b>Concrete Culvert</b>	80
<b>Armco Culvert</b>	40
<b>Other Culverts</b>	60
<b>Minor Structures</b>	
<b>Bus shelters and Fences</b>	20
<b>Underpasses</b>	80 - 120
<b>Guardrail and Railing</b>	20 – 25
<b>Retaining Walls</b>	
<b>Block wall, cantilever, crib wall, rock</b>	100
<b>Post and Rail, Sheet Pile</b>	50
<b>Drainage – Kerb and Channel, Swales and Drains</b>	60 – 80
<b>Electronic Signs</b>	10
<b>Other Signs</b>	15
<b>Street Lights</b>	
<b>Pole and Bracket</b>	25
<b>Light – LED</b>	50
<b>Light – non-LED</b>	25
<b>Street Furniture</b>	
<b>Bins</b>	10 - 15
<b>Seats and Public Information sign</b>	20
<b>Bollards</b>	25
<b>Cycle Stand</b>	20 – 30
<b>Concrete Block</b>	100
<b>Islands</b>	
<b>Raised Platform – Infilled</b>	60 - 80
<b>All Others</b>	35
<b>Carparks</b>	
<b>Basecourse</b>	20 – 100
<b>Subbase and Subgrade</b>	Not depreciated

Surface	10 – 20
Concrete	60 - 100
Parking Equipment	15

### 11.2.5 Property

In general all property are in reasonable condition. This has largely been driven by levels of service, legislation or local requirements. For example, the healthy homes initiative has meant keeping the residential and social housing under close observation, as well that the occupants raising issues. The latter though is very dependant on the person living there are any one time.

Other than legislation, good practice has been another aspect that has meant keeping condition of the sites in good order and this has been seen with the Medical Centres and other businesses. Running viable businesses from these properties meant dealing with issues routinely as they arise.

ASSET GROUP	USEFUL LIFE (YEARS)
External Fabric	
External Walls	15– 75
Roof	15– 75
Windows and Doors	15– 50
External Work	5 – 75
Internal Finishes	
Ceiling	15 – 75
Fittings and Fixtures	3 – 50
Floor	7 – 75
Interior Doors	10 – 50
Interior Walls	15 – 50
Wall Finishes	15 - 50
Services	
Electrical	5 – 45
Fire Services	15 - 50
Lifts/ Hoists	25 – 40
Mechanical	10 – 75
Sanitary Plumbing	5 – 50
Special Services	5 – 25
Structural	
Floor	50 - 120

Residual – Heritage Buildings	100 – 200
Residual – Other Buildings	25– 100
Roof	50– 100
Walls	50- 100

### 11.2.6 Green Spaces

Similar to property, levels of service, legislation and the local community has meant these assets being in good condition.

There is a high expectation that the cemeteries are kept well and this is usually met with a combination of an in-house team and local community groups means reserves are well serviced.

ASSET GROUP	USEFUL LIFE (YEARS)
Artwork	20 – 50
Carparks	10 – 40
Cemetery Burial and Ash Lawn	100
Electrical	10 – 45
Entry Points	10 – 50
Fences	10 – 100
Furniture	20 – 50
Gates	10 – 50
Gardens	5 – 15
Hardscapes	25 – 70
Lights	15 - 25
Landscapes	Not Depreciated
Monuments	100
Playground Equipment	25 – 70
Plaques	50 – 80
Paths	10 – 50
Roads	10 – 50
River Structures	10 – 50
Security System	10
Sportsfields	7 – 100
Signs	10 – 30

Structures	8 – 100
Stormwater	15 – 80
Walls	5 - 100

### 11.2.7 Waste and Recycling

Much of the equipment within the transfer stations is ageing but they do have a well organised maintenance schedule

ASSET GROUP	USEFUL LIFE (YEARS)
<b>Amberley Transfer Station</b>	
Electric gates	10 – 15
Fencing surrounding the site	15 – 25
CCTV cameras x 9, computer and software	3 – 15
Sewerage pump and alarm system	10 – 20
Sealed driveway areas and rear bin pad	15 – 25
<b>Weighbridge and Portocom</b>	
Weighbridge office	30 – 50
Public weighbridge and display panel	10 – 20
Remote controlled barrier arms x 2	10 -20
Portocom	25 – 25
<b>Concrete Pads and Retaining Walls</b>	
Cleanfill concrete pad and retaining walls	30 – 50
<b>Pit Area</b>	
Transfer station building – one side open	30 - 50
Retaining wall – pit area	30 - 50
Concrete floor	15 – 50
Wall – between pit area and compactor	15 – 50
Scarlett's compactor and remote-control unit	5 – 10
Under-bin weighbridge and display panel	10 – 20
<b>Recycling, Hook Bins and Storage Containers</b>	
Compactor bins	5 – 15
Hook bins	8 – 12
Dry waste recycling containers	10 -15
<b>Cheviot Transfer Station</b>	

Sealed driveway	5 – 10
Sealed transfer station site	5 -10
24/7 glass recycling bin and 4 x 240 litre bins	10 -15
24/7 recycling bin concrete pad	20 – 30
Fencing and gate	10 – 20
Compactor concrete pad	15 – 25
Compactor retaining wall	5 -10
Dry waste recycling concrete pad	15 – 25
Agrecovery bin - corner concrete pads x 4	15 – 25
<b>Culverden Transfer Station</b>	
Sealed transfer station site	15 – 25
Closed shed on concrete pad	30 - 50
Open bay shed	15 - 50
Compactor concrete pad	20 - 30
Compactor and glass bin retaining wall	20 - 50
Glass bin concrete pad	20 - 30
Dry waste recycling concrete pad	20 – 30
<b>Hanmer Springs Transfer Station</b>	
Fencing and gates x 2	10 – 20
Wooden open-ended shed	5 – 10
Scarlett's compactor on concrete pad	0 – 5
Retaining wall adjacent to the compactor	15 – 25
Under-bin weighbridge	0 – 10
Control tower and display panel	3 - 15
Remote cameras x 2; wooden and metal post	3 – 15
Glass and dry waste concrete pad – upper level	20 -30
Scrap metal concrete pad	15 - 30
<b>Waiau Transfer Station</b>	
Sealed transfer station site	15 - 25
Closed shed on concrete pad	30 - 50
Open shed on concrete pad	30 - 50
24/7 recycling bin concrete pad	15 - 30
Fencing and two gates	10 – 20

Glass bin concrete pad	20 -30
Dry waste recycling concrete pad	20 -30
Concrete pad drop off area on upper level	20 -30
Agrecovery bin 4 x concrete corner pads	15 - 25
Street and Township Bins	
Street litter bins	5 - 10
Township recycling bins	10 -12
Big belly solar waste compactor street bins	7 – 10

### 11.2.8 Information Services

Books and electronic equipment does suffer from high wear and tear. Budgets recognise this but it is a generalised budget rather than anything specific. The District library does offer a high LoS than community libraries so some book are handed to community libraries where they seem to suffer less, thus extending their life

ASSET GROUP	USEFUL LIFE (YEARS)
Libraries	
Lending Collection	3 - 8
Heritage Collection	Held in perpetuity

## 11.3 Assumptions for Levels of Service

### 11.3.1 Water

The Council owns and manages water infrastructure to provide households and businesses with a safe, high quality and sustainable water supply.

In general, the Council is planning to keep its service levels the same or slight performance improvements over time. In order to maintain the current service levels, primarily brought about by new regulation, the Council is planning to spend more than has been spent in recent years on water infrastructure. With this additional investment our assets will be more resilient and residents and businesses can continue to expect:

- Water that is safe to drink
- The water network to be well maintained
- A timely response if there is a problem with the water supply
- The water supply to be managed so demand does not outstrip the available capacity

### 11.3.2 Wastewater

The Council's wastewater activity provides its customers with reliable services that protects both people's health and the health of Hurunui District's waterways. Wastewater is provided in a way which meets the requirements under the Local Government Act, Health Act and resource consent conditions.

Improved asset knowledge will be gleaned and new consents planned for with appropriate timeliness. The budgets set in the 10-Year Plan and this Infrastructure Strategy will address these issues.

With this level of investment, the Council's assets will be more resilient and residents and businesses can continue to expect:

- The wastewater system is adequately designed and maintained
- The wastewater system to be managed in a way that does not unduly impact on the environment
- A timely response if there is a problem with wastewater system

### 11.3.3 Stormwater

The stormwater network protects people and properties from flooding and helps to minimise the pollution of waterways.

The Council is planning to improve the levels of service for stormwater within the urban boundaries over the period of the Long Term Plan. As modelling is improved, we can see how the runoff from surrounding land can be managed into and away from the urban areas.

Council works on growth and development of its network to manage a 2% AEP or 1 in 50 year event. The community can continue to expect:

- The stormwater system to be adequately designed and managed
- The stormwater system to be managed in a way that does not unduly impact on the environment
- A timely response if there is a flooding event.

### 11.3.4 Roothing

The Council is planning to collate, analyse and use many more sources of data to develop robust plans into the future and these will result in either the service levels being maintained or improved.

The Council is working to improve the safety of the network through intersection safety upgrades, asset preservation, bridge improvements, footpath renewals and increased volume of vegetation management. It is hoped that it will decrease the number of fatalities and serious injury crashes on the network.

In general, residents will continue to be able to expect:

- The network to be safe to use



- That roads are fit for purpose
- The operation of the Hurunui District's roading network will not harm the environment or public health
- The network will support the efficient movement of freight
- That customers can access business, shopping and tourism destinations
- The network to be kept in good operating condition
- Changes to the climate will not adversely affect the network
- Customer service requests to be responded to promptly

### 11.3.5 Property

.These activities are undertaken to provide services to ensure Hurunui District communities have the type of facilities and services reasonably expected to be provided by the Council because they are unlikely to be privately supplied at an affordable cost.

More specifically, properties are assets that provide a public good, and contribute in particular to the social and cultural wellbeing of the community. In some cases, this is because they provide a facility for use by the community. Property assets provide:

- Facilities that serve a purpose for community wellbeing and which meet the needs and desires of the community
- Property that is safe, fit for purpose and complies with statutory requirements

### 11.3.6 Greenspaces

These activities are undertaken to ensure our communities have the type of facilities and services reasonably expected to be provided by the Council because they are unlikely to be privately supplied anywhere else.

More specifically, Green Spaces are assets that enhance individual's health and wellbeing and increase social cohesion and people's sense of belonging to the community. They provide:

- Safe and functional spaces for recreational, cultural and social purposes, where people can come together and interact with one another
- Well-maintained and aesthetically pleasing areas that contribute to the appeal of townships

The Council's ownership of Green Spaces assets and service provision is also driven by statutory requirements, including the Reserves Act 1977 for those Green Spaces that are vested reserves and therefore subject to that Act; and the Health Act 1956 in terms of requirements to report on sanitary conditions of cemeteries.

In general, residents will continue to be able to expect:

- A network of parks for recreation and green space throughout the city

- A well-distributed network of safe and fun playgrounds
- Sports fields that are well-maintained and fit for purpose
- Public toilets to be safe, maintained and well located
- Cemeteries to be a place where people can feel safe and reflect unhindered

### **11.3.7 Waste and Recycling**

These activities are undertaken to provide services to ensure our communities have the type of facilities and services reasonably expected to be provided by the Council because they are unlikely to be privately supplied at an affordable cost.

The Council provides waste and recycling facilities and services to the Hurunui District community in order to:

- Through the provision of a range of reduction, reuse, recycling and recovery programmes strive to maximise diversion of waste in an efficient, reliable and safe manner
- Provide cost effective and efficient waste and recycling services for the collection, storage, management or diversion of waste
- Ensure the quantity of waste to landfill per capita decreases and the volumes diverted for reduction, re-use, recycling and recovery increase
- Reduce and eliminate the on-going risk to human / public health and mitigate environmental damage caused by waste generation, collection, storage and disposal
- Continually accumulate information to ensure well-informed policies and decisions regarding waste, recycling and minimisation can be made
- Work in partnership with contractors, the Canterbury Joint Waste Committee, other Councils, Environment Canterbury, the Ministry for the Environment and support product stewardship schemes to provide a choice of efficient and cost effective services
- Increase the economic benefits created through the efficient use and / or sale of recyclable materials to generate income for transfer station improvements
- Continually review and assess the performance and effectiveness of the waste and recycling services and facilities provided by Council
- Regularly engage with the community to ensure they are aware of options available and ensure ongoing education and engagement through a range of media forms.

### **11.3.8 Information Services**

Information Services are activities undertaken by the Council that are intended to meet the communities' needs and contribute in particular to the social and cultural wellbeing. Libraries are intended to provide a service that will support and encourage the residents of the community to meet and extend their educational, recreational, cultural and information needs

Customers expect Information Services activities to provide:



- Customer centric focus
- An efficient, effective, accurate and timely service that is respectful and courteous
- Easily accessible information
- Education and empowerment opportunities
- An opportunity for community connectedness

## 11.4 Assumptions for Growth in Demand

### 11.4.1 Water

Infrastructure that is required to provide for growth is forecast through analysing a combination of:

- Govt legislation
- Population projections
- Hydrological network and process modelling
- Capacity reviews at the treatment plants
- Strategic network and treatment plant requirements determined through master plans
- Engagement with Government, regional Council and neighbouring Councils on future infrastructure requirements

Key water infrastructure assets that are anticipated to provide for growth include:

- Network extensions for new developments
- Capacity and quality upgrades of water treatment plants
- New reservoirs to support growth or changing needs
- Specific network capacity improvements within the localised pipe network
- Integration of new vested infrastructure into Council's networks.

### 11.4.2 Wastewater

Planning for wastewater infrastructure assets to provide for growth assumes that:

- New urban developments will be serviced through the main reticulated networks and existing treatment plants rather than standalone wastewater package plants
- Wastewater assets from new developments will be added to the existing reticulated network resulting in necessary interceptor and trunk extensions

- There will be a need to increase the capacity of the existing network resulting in the need for a number of large inline storage tanks.
- The current one house one [septic] system is no longer fit for purpose in some towns and a reticulated means is required

#### **11.4.3 Stormwater**

Operations and maintenance management plans are being developed for the District's main stormwater catchments to make sure stormwater infrastructure is planned, developed and managed in the most efficient and practicable way for the specific catchment. There are different options for dealing with stormwater and the most efficient approach depends on the specific catchment.

The purpose of these plans in relation to stormwater is to:

- Provide guidance to developers and regulatory bodies on how stormwater from new developments will be managed and integrated with other water services and proposed future land uses.
- Minimise the need for stormwater treatment and detention devices.
- Propose opportunities for the reuse of stormwater to reduce water demand
- Minimise stormwater and the effects of urbanisation on river and streams.
- Lessen flood hazards on private property
- Involve other stakeholders (such as tangata whenua, recreational and local interest groups) who may wish to contribute to the management of the catchment's waterbodies

#### **11.4.4 Roading**

Key influences include population growth, land use patterns, density and use of alternative transport options.

Planning for transport infrastructure assets to provide for new growth in the district has assumed that:

- Development in the existing urban areas will largely be serviced through the current network
- New developments may result in the need for capacity and safety improvements to existing arterial/collector roads
- The growth forecasts provide uneven demand growth on the network
- The location of residential growth within the district will influence the way that residents access jobs, education and other daily needs
- Rural roads will receive a higher volume of large truck traffic
- With a higher importance being put on healthy lifestyle there is an increase in demand for walking and cycling facilities.

#### 11.4.5 Property

This strategy anticipates that the future demand for Property services in Hurunui District will be influenced by:

- Demographic change
- Lifestyle changes
- National policy, legislation and regulation
- Natural Hazards

Much of the current community and event infrastructure is adequate to meet the needs of the current and projected population.

#### 11.4.6 Greenspaces

This anticipates that the future demand for Green Spaces activities in Hurunui District will be influenced by:

- Demographic change
- Lifestyle changes
- Cemetery capacity
- National policy, legislation and regulation changes

It is expected that if a greater proportion of the population is reliant on NZ Superannuation, there may be affordability issues for continued maintenance of these spaces at current levels.

The maintenance and upkeep of reserve areas is heavily reliant on community volunteers. An increase in retirees may result in a greater proportion of people with time to undertake volunteer work.

Increased diversity in the Hurunui District community may also impact on demand for facilities in cemeteries, such as a preference for cemeteries to have access to running water for tangis, or facilities associated with a range of different religions.

#### 11.4.7 Waste and Recycling

The potential impact of service demand, population and infrastructure growth on waste and recycling volumes is difficult to quantify, as there are already relatively high levels of options offered to divert waste going to landfill in the District.

When estimating the future volumes of waste and diverted materials, the following assumptions are applied:

- Waste and recycling quantities continue to grow in line with population growth, but providing markets exist at an affordable rate and there is community support, the Council will endeavour to increase recycling and decrease waste to landfill
- Kerbside collection services are provided to all townships and rural residents using drop off points

- User pays charging systems for waste and for some forms of recycling will continue to apply

When identifying new waste minimisation opportunities, the Council will consider whether the service is sustainable environmentally and economically. Waste that has no residual value and thus needs a high level of financial support from the Council will be thoroughly investigated as to its suitability for extra funding.

#### 11.4.8 Information Services

The population forecasts suggest that the District will have more over 65's than ever before. This age group are generally a high user of these services but at this stage the assumption is the LoS will remain the same.

The future demand for Information Services in Hurunui District will be influenced by:

- Demographic change
- Connectivity
- Digital services and technology
- Lifestyle changes
- National and International trends

### 11.5 Key Financial Forecasts Assumptions

- In relation to the financial information for this period it is considered to be a "forecast". The actual results achieved for this period are likely to vary from the information presented and may vary materially depending upon the circumstances that arise during the period
- Wastewater reticulation and facility assets will remain in Council ownership throughout the planning period and the Council will continue to provide services to approximately the same standards as at present
- The present management approach will maintain schemes at the current Levels of Service (at least) over the next 10 years
- Renewal costs are based on the plans outlined in the Renewals section.
- Capital works are funded by loans per the Council's Revenue and Financing Policy
- Growth assumptions are as outlined in the AMP's
- No significant disposal is forecast over the 10-year period
- Asset values and lives have been taken from the June 30 2020 valuation
- Useful lives have been ascribed to the assets and provide information to support replacement plans
- The costs of insurance and risk mitigation are included in the forecasts, however the potential costs that could arise through exposure to risk are not
- Asset information will continue to be acquired to obtain a full understanding of the community reticulation networks condition over all the schemes
- The external regulatory environment will remain significantly the same for the next three years

- The population model is based on a number of assumptions including economic growth and levels of migration and therefore subject to some uncertainty
- Resource consents held by the Council will not be changed significantly
- The Council will obtain the necessary resource consents for planned projects
- Existing legislation will remain in place and that the structure and responsibilities of the Council will remain the same over the period covered by the LTP.
- Climate change is happening but that there will be no significant impact on the Council's activities within the period covered by the LTP
- A long term renewal programme across the range of reticulation and facility assets has been developed and is based on a number of assumptions on age, asset life, type and assumed condition
- All costs and financial projections in this AMP are GST exclusive

## 11.6 Data Reliability

The following infrastructure grading guidelines have been used to assess the data reliability for the information that is used for asset management and to create the financial forecasts for this Strategy.

### 11.6.1 Data Reliability Criteria

Grade	Label	Description
A	Highly reliable	Data based on sound records, procedure, investigations and analysis which is properly documented and recognised as the best method of assessment
B	Reliable	Data based on sound records, procedure, investigations and analysis which is properly documented but has minor shortcomings
C	Uncertain	Data based on sound records, procedures, investigation and analysis which are incomplete or unsupported, or extrapolations from limited sample of which grade A or B data is available
D	Very uncertain	Data based on unconfirmed verbal report and/or cursory inspection and analysis.

### 11.6.2 Data Reliability

Water	Grade	Comment

<b>Water Treatment Plant and Reservoirs</b>	B	Asset data is incomplete, with approximately 80% of civil, mechanical and structural assets captured. Attribute information such as pump size is missing in some parts. Asset information is available for electrical and SCADA assets. A major project is underway to capture asset data in BIMS Maintenance systems houses very good and current data
<b>Water Network</b>	B to C	The data for the pipes, hydrants and valves is good. Just minor data missing such as pipe bridge support data, some bulk-main chamber data and the length and diameter is assumed for some water services lines

<b>WASTEWATER</b>	<b>Grade</b>	<b>Comment</b>
<b>Wastewater Network</b>	B	The data for the pipes and manholes is good. However, depth data not available for all. The wastewater service lines have not all been entered into IPS so number, length and diameter have been estimated
<b>Pump Stations</b>	B	Data for pump stations has recently added to IPS
<b>Wastewater Treatment Plant</b>	B	Asset data is incomplete, with approximately 80% of civil, mechanical and structural assets captured. Attribute information such as pump size is missing. Asset information is available for electrical and SCADA assets. A major project is underway to capture asset data in BIMS Maintenance systems houses very good and current data

<b>STORMWATER</b>	<b>Grade</b>	<b>Comment</b>
<b>Stormwater network</b>	B	The data for the pipes and manholes is good. However, depth data not available for all. The stormwater service lines have not all been entered into IPS so number, length and diameter have been estimated
<b>Treatment/ Detention Devices</b>	C	Asset data is not complete in IPS. The data is contained in various spreadsheets which were based on site inspections and staff knowledge.

<b>ROADING</b>	<b>Grade</b>	<b>Comment</b>
<b>Transportation assets</b>	B	All transportation assets are held in RAMM and the data is considered to be reasonably reliable. There are good processes in place for maintaining the data held in RAMM



PROPERTY	Grade	Comment
Aquatic Facilities operational assets	C	Some major operational assets are recorded in SPM, however, there is limited information recorded on many of the assets. Collection of asset data is planned as part of 2021 renewal project
Community Facilities non- building assets	C	Asset data is being migrated to assetfinda from inhouse repositories. Staff are regularly on-site and carry out informal condition assessment
Library furniture and equipment	C	All assets recorded, however need to improve condition assessment processes
Library technology	B	Recorded with improved data, process documentation and active management

GREENSPACES	Grade	Comment
Parks and Open Spaces, Hamilton Gardens and Cemetery Assets	B	Most of these assets are recorded in IPS and there are processes around updating this data

INFORMATION SERVICES	Grade	Comment
Library lending collection	A	Recorded with sound and robust processes and policy
Library heritage collection	B	Recorded with improved data, new policy and processes
Council Archives	B	Recorded improved data, new policy, processes documentation and active management

### 11.6.3 Financial Confidence

Activity	Confidence level		
	Years 1 – 3	Years 4 – 10	Years 10+
Three Waters Infrastructure –Maintenance	Highly Reliable	Reliable	Uncertain
Three Waters Infrastructure – Renewals	Highly Reliable	Reliable	Uncertain
Three Waters Infrastructure – New Works	Reliable	Reliable	Uncertain
Roading – Maintenance Highly	Reliable	Reliable	Uncertain
Roading – Renewals Highly	Reliable	Reliable	Uncertain
Roading – New Works	Reliable	Reliable	Uncertain
Parks and Open Spaces – Maintenance	Highly Reliable	Reliable	Uncertain
Property			
Greenspace – Renewals	Reliable	Reliable	Uncertain
Greenspace – New Works	Reliable	Reliable	Uncertain
Community and Events Facilities –Maintenance	Highly Reliable	Reliable	Uncertain

<b>Waste and Recycling</b>	Highly Reliable	Reliable	Uncertain
<b>Information Services</b>	Highly Reliable	Reliable	Uncertain

# Financial strategy

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## FINANCIAL STRATEGY

### EXECUTIVE SUMMARY

The Hurunui District has had numerous challenges in terms of the November 2016 Earthquakes, the effects of drought and the potential downturn in tourism resulting from the COVID-19 pandemic. Despite these challenges, the Council finances are in reasonably good shape when compared to other areas.

The change in legislative compliance provides another challenge to the community. How do we meet the costs of compliance while also keeping services affordable?

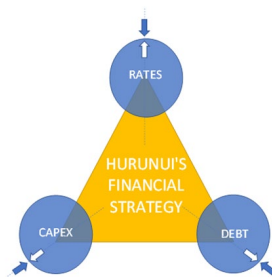
In the development of the 2015-25 Long-term Plan (LTP), the Council recognised the need to significantly upgrade the treatment of water to ensure that it will comply with drinking water standards. This required Council to actively manage its debt levels to ensure that it retained enough headroom to be able to afford to carry out the work when required. This work is coming to fruition in the early part of the 2021-31 LTP and the debt levels are still running at levels that will ensure that this can be achieved.

In setting the budget, the key is to ensure that the work is undertaken to meet the legislation but also to ensure that the current levels of service that the ratepayers of the District have enjoyed can be maintained. In some activities, it is desirable that the District wants to increase its levels of service to cater for increasing needs.

The community can achieve any level of expenditure and complete any project it desires; however, this has to be weighed up against how this is to be funded. In general, the funding tools are rates or debt. Debt is only a way of spreading the cost of rates over a longer period of time to ensure the full range of people that will benefit from that project (both current and future ratepayers) pay for a portion of the cost.

Hurunui's Financial Strategy can best be thought of as a triangle with Capital Expenditure (Capex), Rates, and Debt at its corners. Capex can only be funded if there is an input from Debt and/or Rates.

- Any increase in the level of capital expenditure will have an impact on either Rates or Debt, or a combination of both.
- Conversely, a reduction in the level of capital expenditure will result a decrease in Rates or Debt, or a combination of both.



### Capex (Capital Expenditure):

For the next ten year period, the Council is expecting to incur \$195 million in capital expenditure, which is the largest capital programme in the history of the Council. The particular areas of expenditure are work relating to the provision of water – both in terms of quality and in terms of delivery and in maintaining the roading network. In addition, there is planned renewals for footpaths and a range of new capital works for transfer stations and social housing.

### Debt:

The Council's current Treasury Policy allows the Council to hold debt of no more than 125% of its total revenue. In terms of the local government sector, the default limit required by the Council's main debt funder (Local Government Funding Agency) is 175%, so the Council errs on the side of caution in respect to its debt limits. Over the period of the LTP, it is not expected that the debt limit will be exceeded.

### Rates:

The last factor in the triangle is rates and the Council is mindful of ensuring that rates remain affordable but still need to reflect the costs of doing things, otherwise the debt component of the triangle will start to balloon out. The Council has set its rate increase limits as part of the Financial Strategy with a large increase of 8.5% for 2021-22 (Year 1); 5.0% for 2022-23 (Year 2) and 2023-24 (Year 3). For the remainder of the LTP, the limits have been set at 4% increases, although the actual increases included in the budget amount to only 2.0% per annum. All increases are after accounting for growth.

The proposed rate increase of 8.49% for Year 1 of the LTP is a combination of actions that the Council took to reduce the rates increase in the 2020-21 year and cost increases required in the 2021-22 year to ensure Council maintains levels of service and meets standards for three waters and roading.

The proposed increases of 4.99% for both Years 2 and 3 relate to the Council's desire to ensure debt relating to roading is reduced to close to zero by the end of the 2023-24 year. This is to ensure that the development of the 2024-34 LTP is not impacted by a continuing level of debt in roading.

The Hurunui District Council also has a significant level of non-rate income through subsidies from Waka Kotahi NZ Transport Agency, a range of user fees and the revenue derived from the Hanmer Springs Thermal Pools and Spa (HSTP&S). The subsidies received are specifically relating to roading costs and the Council has capped the use of the surpluses from the HSTP&S to \$2 million. There is the ability to increase user charges, which would offset rates, however, the market does determine what level the charges can realistically be set at. As a result, despite the large amount of non-rate income the Council receives, the ability for it to have a significant effect on rate increases is limited.

Considering the components of the triangle allows Council to balance the need to get things done while ensuring debt remains at sustainable levels and rates remain affordable.

## LTP Part 2

### INTRODUCTION

#### What is a financial strategy?

Our financial strategy sets out the overall financial goals of the Council for the 2021-31 Long-term Plan. The strategy sets out where we currently sit and where we wish to be at the end of the ten years.

The Local Government Act 2002 (LGA) provides the guiding legislation for councils and requires councils to prepare and adopt a financial strategy as part of the long-term plan. The purpose of the financial strategy is to:

- facilitate prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against; and
- provide a context for consultation on the local authority's proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debt, and investments.

The financial strategy also provides guidance on how we consider and approach funding of expenditure proposals in the current long-term plan and informs all subsequent activity decisions made for the duration of the 2021–31 long term plan.

#### Council's long-term vision

The Council's draft LTP has been developed with a purpose of continuing the work undertaken with the two previous LTPs but addressing the new challenges that the District has already faced and will face in the future.

The 2015-25 LTP had identified the need for the Council to develop a strategy to ultimately comply with the Ministry of Health's revised New Zealand Drinking Water Standards (2018) and to also manage debt. The 2018-28 LTP continued that strategy but also required the Council to address the effect of the November 2016 Earthquakes that significantly impacted on the District.

For the 2021-31 LTP, as well as seeing the capital work relating to the Drinking Water Standards through to completion by the end of 2027 and making appropriate provision for renewals, the Council plans to address the funding issues caused by the uncertainty that arose from the COVID-19 pandemic.

The key outcomes that these actions will support are to put the Council's finances on a more sustainable footing, to increase the resilience of our assets and to plan for the future.

### STRATEGIC CONTEXT

#### Where are we?

Understanding the base from which the Council is starting is important to provide context around the scale of work that is planned for the 2021-31 period.

#### *Rates*

There have been relatively low levels of rate increases in the past. This has been a combination of utilising financial reserves, particularly those built up from the profits from the Hanmer Springs Thermal Pools and Spa (HSTP&S) and not fully funding the cost of depreciation. The Council's rates have had to increase to ensure the Council can comply with drinking water standards and to fund the costs incurred arising from the 2016 Earthquakes. The rates charged for the 2020-21 year were set lower to deal with the uncertainties that the COVID-19 pandemic presented. For the 2020-21 year, the total rates were set at \$21.3 million - \$9.6 million were district wide rates and remaining \$11.7 million were targeted rates.

#### *Income from other sources*

Total revenue from non-rate sources for the 2020-21 year is forecast at \$28.6 million, with revenue from the HSTP&S forecast to be \$13.2 million and subsidies from Waka Kotahi NZ Transport Agency (NZTA) accounting for a further \$4.5 million.

#### *Operating expenditure*

For the 2020-21 year, operating expenditure is forecast at \$45.2 million, with \$14.8 million relating to employment costs (of which wages costs at the HSTP&S make up \$4.9 million) and other operating costs amount to \$20.3 million.

#### *Capital Expenditure*

The capital programme for the 2020-21 year is forecast at \$13.4 million. This includes \$3.3 million of capital expenditure on Three Waters specifically paid for by Stimulus funding provided by Central Government as part of the Three Waters Reform work that was not allowed for in the Annual Plan.

#### *Debt*

External Debt is now forecast to sit at \$40.0 million at the end of June 2021.

#### *Value of Assets*

It is forecast that the value of the Council's Assets will sit at \$488 million at the end of June 2021. This is after allowing for the scheduled revaluation of the Council's Three Water Assets.

#### Where do we want to be in ten years?

There is a clear focus on undertaking the required capital work over the ten-year period, while ensuring that Council maintains its appropriate debt levels.

#### *Capital Expenditure*

The LTP budget allows for capital expenditure of \$195 million for the 2021-31 period. To put this in perspective, the capital programme for the 2018-28 LTP was \$147.5 million and for the 2015-25 LTP

## LTP Part 2

the programme was \$102.2 million. The level of capital work has continued to increase to meet increasing standards and to continue to maintain the current levels of service.

### *Value of Assets*

Over the ten-year period, the value of Council's assets is expected to increase from the forecast level of \$488 million to \$672 million (a 38% increase).

### *Operating Expenditure*

Operating expenditure is also expected to increase by 36% from the forecast \$45.2 million in 2021/21 to reach a total of \$61.5 million in 2030/31. Wage costs are set to increase by 33%, direct operating costs by 34% and depreciation is set to increase by 46%.

### *Income from other sources*

Total revenue from non-rate sources for the Council is expected to increase by only 24% from \$28.1 million to \$35.0 million, with revenue from the HSTP&S forecast to account for \$18.7 million of that amount and subsidies from NZTA only climbing to \$5.7 million.

### *Rates*

The LTP has scheduled increases in rates for year 1 at 8.49%, years 2 and 3 at 4.99% with the remaining years of the LTP at 2%. These rate increases are after allowing for growth. As a result, the total rates are expected to increase from \$21.3 million in 2020/21 to \$33.2 million in 2030/31.

### *Debt*

The level of debt over the ten-year period will grow to a peak of \$66.5 million between 2024 and 2026. It is expected that a level of repayments of debt will be allowed for resulting in the debt at the end of the ten-year period sitting at \$50.5 million. In the final year, this debt represents 77% of the total revenue (excluding Development Contributions and Vested Assets), whereas the Council's limit is set at 125%.

## **What has happened since the last LTP?**

### *COVID-19*

The world has experienced the effect of the COVID-19 pandemic and New Zealand has been required to go through (and continues to go through) various Alert Levels to contain the virus. This has created uncertainty particularly in the operations of the Hanmer Springs Thermal Pools and Spa, which did not operate at all during Alert Levels 3 and 4 and had severe restrictions on it in Alert Level 2. The resulting budget for HSTP&S for the 2020/21 year allowed for a greatly reduced revenue and profit projection requiring the Council to take steps to reduce the effects on rates for the year.

To stimulate the economy after emerging from the Alert Level 4 lockdown, there have been various stimulus funding available to Local Government through the Provincial Growth Fund and the Crown Infrastructure Fund, which the Council has taken advantage of.

### *Three Waters Reform*

Central Government has undertaken a reform programme for Three Waters. While the review is being undertaken, there has been further stimulus funding made available to local government. The

Hurunui District Council, like all local authorities, has signed a Memorandum of Understanding, which has provided the Council will a cash injection of \$7.5 million towards key Three Waters projects. Approximately half of those funds will be utilised during the 2020-21 year with the remaining half being allowed for as part of the capital programme for the 2021-22 year.

### *Capital Programme*

Over the period since the 2018-28 LTP, the level of capital work undertaken has been significantly higher than what was previously budgeted for. It is common for many local authorities to only spend a portion of the capital programme, with many projects carried forward to later years. With a greater focus on project management, the Council is expecting to have met a capital programme of close to \$50 million for the three years.

### *Debt*

To meet the cost of the capital programme, external debt is forecast to rise from \$30 million to \$40 million at the end of June 2021. In the meantime, the underlying cost of external interest has dramatically reduced with the wholesale interest rates dropping from 2.00% as at 30 June 2018 to only 0.27% as at 31 December 2020.

### *Rates*

For the first two years of the 2018-28 LTP, the rates increases were 8.00% and 6.00% respectively. For the third year, it was expected that the rates increase would be 5.00%. In the light of the uncertainty that COVID-19 created and the effect of the reduced surplus projections for the HSTP&S, the Council took steps to reduce the effect on rates for the 2020-21 year and reduced the rate increase to only 3.74%, which places it behind where the 2018-28 LTP envisaged.

## LTP Part 2

### INFRASTRUCTURE STRATEGY

#### What is an infrastructure strategy?

The purpose of the infrastructure strategy is to identify the significant infrastructure issues facing the Hurunui District and provide for options to manage them over a 30-year period.

The infrastructure strategy must describe how we intend to manage or infrastructure assets, and associated expenditure needs over the period of the strategy. It takes into account of a range of factors that affect the nature and cost of infrastructure provision. The Activity Management Plans and the 30 Year Infrastructure Strategy underpin the Financial Strategy.

The full infrastructure strategy is included in this Long Term Plan.

#### Known Infrastructure Issues

The most significant issue is the need to comply with Drinking Water Standards. This had emerged during the preparation of the 2015/25 Long Term Plan and the funding structure for Water Supplies changed to ensure that compliance remained affordable for all consumers. Including work being carried out in the 2020/21 year, a total cost of \$19.6 million has been allowed for.

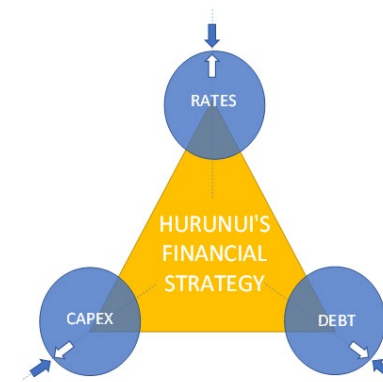
While Council had been concentrating on funding for the major expenditure, it had deferred its pipe replacement programme in an attempt to manage debt levels. This has been addressed in the Long Term Plan with the Council proposing to spend \$7.55 million in pipe replacement as well as a planned \$4.20 million in replacing Very High and High Critically pipes. In undertaking the increased renewal programme, Council is confident it will ensure that any backlogs in the renewal programme have been met by the end of June 2031.

#### Other Infrastructure Challenges

The Infrastructure Strategy has identified a range of future challenges facing Council over the 30 year period, for instance, the effects of Climate Change. As time progresses, Council will be provided with a greater level of information on these future challenges and will need to adapt its strategies to meet those challenges. This may result in Council needing to revisit its financial strategy as those future challenges become known issues that need addressing.

### FINANCIAL STRATEGY

The financial strategy aims to achieve a balance of undertaking activities and completing projects, and how to pay for it. This balance can be represented by reflecting the three financial components of rates, capital expenditure and borrowings as levers, as shown in the diagram below:



The financial strategy triangle is affected by the three levers:

- Rates;
- Capital expenditure (Capex); and
- Debt.

Changing one lever can be achieved without affecting service levels but one or both of the other levers has to also change.

There appears to always be pressure on the Council to do more – providing higher levels of service, completing a new project or complying with increased legislation. Doing more is always achievable but it does result in either an increase in rates or an increase in debt, or an increase in both.

## LTP Part 2

### LEVER 1 - CAPITAL EXPENDITURE

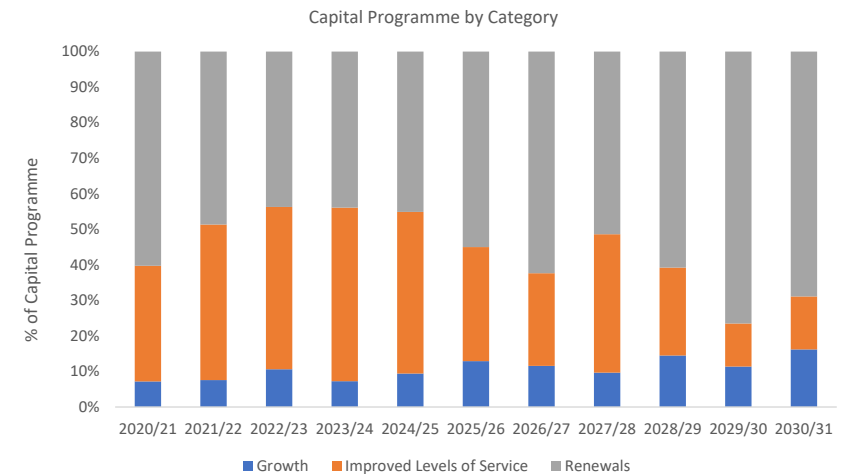
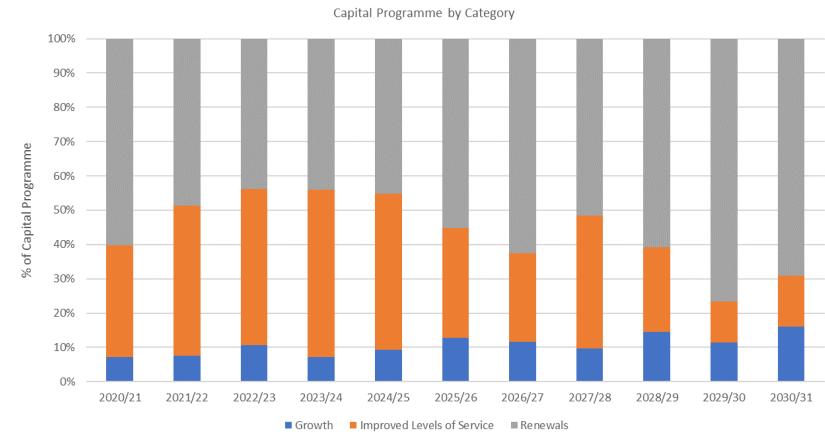
Capital expenditure requirements for our three waters assets and roads are determined by the levels outlined in the Activity Management Plans (AMPs) for each activity. The AMPs are updated on a regular basis to ensure that various changes to the plan in the interim period are accounted for.

In general, capital expenditure is broken down into three key categories:

1. Capital expenditure relating to meeting the existing levels of service. This will be principally replacement of the existing assets.
2. Capital expenditure aimed at improving the current levels of service.
3. Capital expenditure on assets required due to growth.

Some items of capital expenditure may fall into more than one category. For example, the replacement of a length of water pipe is required to provide water to existing consumers, but the diameter of that length of pipe may be increased from its existing diameter to allow for greater capacity in the future.

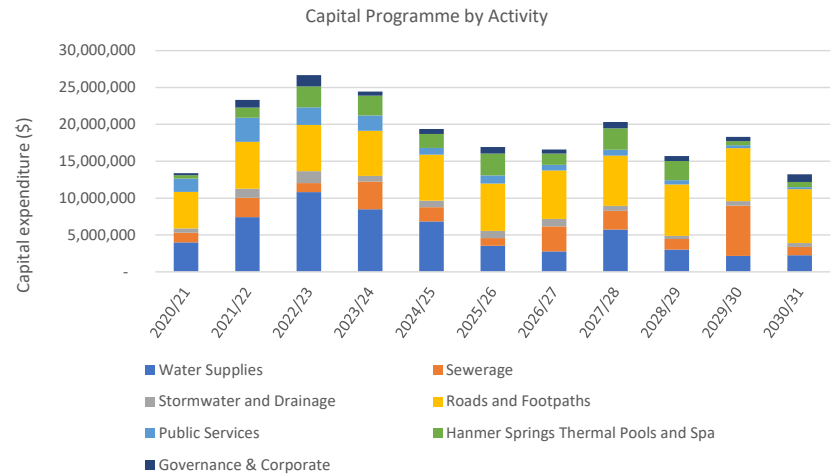
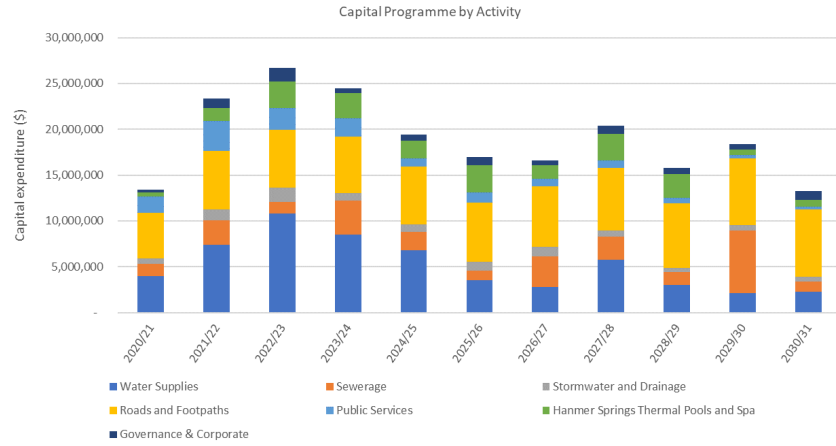
Over the period of the LTP, we have budgeted to spend \$195.3 million on Capital expenditure. Of this balance, \$105.7 million (54%) is related to maintaining the existing levels of service by providing for replacement of current assets. A further \$68.9 million (35%) is aimed at making improvements to the level of service and the balance of \$20.7 million (11%) relates to projects scheduled due to growth.



The key area of capital expenditure relates to the infrastructural assets. Of the total capital expenditure programme for the ten years of \$195.3 million; \$67 million relates to Roads and Footpaths; \$53 million relates to Water Supplies, \$26 million relates to Sewerage Schemes and \$20 million relates to projects for the Hanmer Springs Thermal Pools and Spa.



## LTP Part 2



### Renewals

As at the end of June 2021, we are forecasting to have \$488 million in assets, mainly relating to our core infrastructure of roads and three waters. Our activity management plans identify the timing for renewals, based on the condition of the assets. We are undertaking a continuous programme of condition assessments to help us build a more detailed picture of all our assets. This is so that we can renew them all at the right time – before they deteriorate significantly or fail, but not while they still have a significant useful life.

In the 2021–31 long term plan we are planning to spend a total of \$105.7 million (average of \$10.6 million per annum) on renewals, so we are still maintaining all our assets to a good standard with timely, but not early, replacement of assets.

### Improved Levels of Service

The planned capital works relating to increased Levels of Service amount to \$68.9 million. Of this balance \$24.4 million relates to improved Levels of Service for Water Supplies and of this amount \$18.6 million relates to the compliance with Drinking Water Standards. A further \$14.4 million relates to roads and footpaths, which includes \$13.0 million (an average of \$1.3 million per annum) on “Low Cost Low Risk” Roothing Projects. Included in the Capital Expenditure Programme is a total of \$15.2 million of new projects for the Hanmer Springs Thermal Pools and Spa. This ensures that the complex remains competitive.

### Growth

Under the Capital Expenditure Programme is a total of \$20.7 million relating to growth projects. \$16.9 million relates to assets that are proposed to be vested in the Council as a result of subdivisions undertaken. The balance of the growth projects is funded in full or in part by Development Contributions.

### Funding depreciation

Including depreciation in our operating expenses each year ensures ratepayers pay their fair share, and only their fair share, of the assets they use and benefit from – it ensures intergenerational equity.

#### Water and Sewer

The requirement for councils to fund depreciation was introduced as part of the 1996 Amendment to the Local Government Act. For a variety of reasons, the Hurunui District Council opted not to fund the depreciation on Water and Sewer with any capital costs simply being funded by either debt or rates. With the looming debt servicing costs associated with the capital cost to comply with the Drinking Water Standards, the Council deemed it appropriate to start staging in the funding for depreciation and apply those funds to offsetting debt. In the 2021-31 LTP, the Council is fully funding the depreciation on Sewer but will continue to stage in the funding of depreciation on Water Supplies with the objective of fully funding it by 2031.

#### Roothing

The Council does not fund depreciation on its roading network but funds all operating and capital works through operating income. The operating income is in the form of NZTA subsidies and rates. To smooth the rates increases, a small amount of the cost has been funded by debt with that debt being repaid in a short period. The key reason for this is that NZTA only subsidises the actual physical costs relating to roading and not the cost of depreciation.

#### Other Assets

The Council does not fund depreciation on most community buildings. This has been mainly due to recognising that communities change over time and that the current facilities may not be appropriate in the future. Any decision on how to fund the replacement of a community building will be made as part of the planning for a new facility.

## LTP Part 2

### *Use of Depreciation Funds*

All depreciation funds are used to offset any debt relating to that activity. Should the activity hold no debt, then depreciation funds build up and then used to fund capital expenditure. This is fully explained in Council's Internal Financing Policy.

### **LEVER 2 – RATES**

We base the vast majority of the rates set on the either Capital Value of each property or a fixed cost to each property. We set our rates by way of district wide rates and targeted rates.

- District Wide rates are charged on all properties in the district, regardless of location. They are broken down further to:
  - o Governance;
  - o Roading;
  - o Planning;
  - o Waste Management;
  - o Canterbury Museum;
  - o Footpath Maintenance;
  - o Earthquake Recovery;
  - o Earthquake Prone Buildings; and
  - o Other General Rates.
- Targeted rates are charged for specific activities based on services provided or land use. They are broken down further to:
  - o Water;
  - o Sewer;
  - o Stormwater & Drainage
  - o Coastal Hazards;
  - o Rating Area Amenities;
  - o Refuse Collection;
  - o Rating Area Medical Centres;
  - o Tourism; and
  - o Other sundry targeted rates.

The rates and how they are set are further defined in the Funding Impact Statement.

For the 2018-28 LTP, there was a raft of new rate types created. For the 2021-31 LTP, the only new rates contemplated are in respect to the re-introduction of the Local Targeted Rate for Roadside Construction, which provides funding for the local areas to construct new footpaths. These new rates are restricted to ratepayers within the following areas:

- Amberley Rating Area
- Amuri Rating Area
- Waipara Township
- Hanmer Springs Rating Area.

## LTP Part 2

### RATE INCREASES

In general terms, the Council tries to keep the overall annual rate increase to the level of inflation. For various reasons, this cannot be achieved.

From previous LTPs, the following issues have been raised:

- Servicing the debt resulting from the November 2016 Earthquakes.
- Recognising the need to adequately allow for Earthquake Strengthening of Council buildings.
- The increased work programme for roading to meet the levels of service outlined in the Asset Management Plans.
- Staging in the funding for depreciation on water and sewer
- Funding a portion of the costs for recreation reserves from the general rate rather than relying on profits derived from the Hanmer Springs Thermal Pools & Spa (HSTP&S) to pay for these.

#### Annual Plan 2020-21

In developing the Annual Plan for the 2020-21 year, the Council had to deal with the potential effects of the COVID-19 pandemic. There were widespread calls from some sectors for all local authorities to reduce or even eliminate rate increases for the 2020-21 year. These calls paid no regard to the funding structure adopted by councils that required them to meet a certain level of rates increases to meet debt reduction targets or funding new works.

The issue was exacerbated for Hurunui as it actively uses \$2,000,000 from the profits derived from the HSTP&S to offset general rates. The Council was required to adjust its budget planning during the Alert Level 4 period and complete the budget process before the country reverted back to Alert Level 1.

The lockdown period affected the financial performance of the HSTP&S. At Alert Levels 3 and 4, the facility could not operate and at Alert Level 2, there were severe restrictions placed on customer numbers. These factors, coupled with the loss of international tourists, required the Council to budget on a very conservative basis and as a result, the budget for the year was based on the facility barely breaking even.

This resulted in the funds available to offset rates being extremely restricted, which required the Council make some key changes to the funding structure for the 2020-21 Annual Plan. This included using various financial reserves to offset the cost of rates for the year as well as reducing some cost items for the year, such as utilising \$781,000 of Treasury Account surpluses to offset the cost of general rates.

As the Council moves forward to the 2021-22 year, there is a desire to re-instate most of those items but financial reserves are no longer available to offset the various costs. All this means that a significant increase in the rates for the 2021-22 year is inevitable.

### LIMITS ON RATE INCREASES

When determining the overall rate increases, an allowance is made for growth in the capital value of the district each year. This is based on the number of new rating units calculated based on the assumed increase in population of the ten-year period.

There are numerous targeted rates charged in different areas which means that the overall increase in rates will not be consistent for each property throughout the district. The increase will depend on the targeted rates that are charged to that particular property and also the capital value of the property. To demonstrate the varying increases to the rates charged for particular properties, the Council has selected a total of 125 individual properties to show the movements in the rates over the first three years of the LTP. These properties have been selected to provide examples of properties connected to every water supply and sewerage scheme in the district and provide a wide range of capital values in the rural and urban areas of the District. The full analysis of the sample properties is provided in the Rates section of the LTP.

In preparing the LTP for the 2021-31 period, the Council has set limits for the rates increases for each year. The rating levels have been set to meet those limits.

One of the ways in which the rates increase for the 2018-28 LTP were maintained was through the smoothing process adopted by the Council. Smoothing allows the Council to adjust the rate increases in particular years to ensure that there are consistent increases year to year. The Council's mechanism to do this was to adjust the rates charged for roading on an annual basis – roading was considered appropriate as it is a rate that is applied to all ratepayers across the district.

This mechanism deferred or advanced funding for the roading programme by using internal debt, with the proviso that the debt is fully extinguished by the end of the ten-year period. This has meant that the Council is forecasting Roading Debt to be approximately \$950,000 at the end of June 2021. This debt, although allowed for in the 2018-28 LTP, does present problems for the Council in developing the next LTP.

To ensure that the next Council is not dealing with the same issue in the future, for the 2021-31 LTP, the Council has taken steps to pay off any Roading Debt within the first three years of the LTP with the rate increase limits set to make this possible.

### Limits

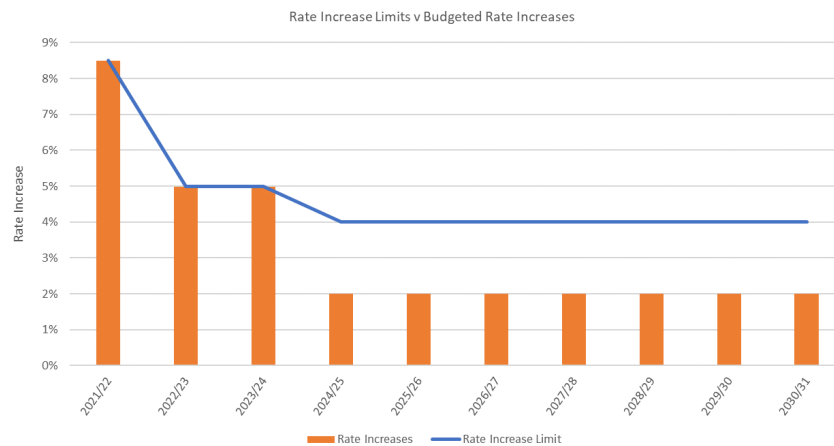
For the ten-year period the rate increase limits (after allowing for growth) have been set follows:

Year	Overall Increase
2021/2022 (Year 1)	8.50%
2022/2023 (Year 2)	5.00%
2023/2024 (Year 3)	5.00%
2024/2025 (Year 4)	4.00%
2025/2026 (Year 5)	4.00%
2026/2027 (Year 6)	4.00%
2027/2028 (Year 7)	4.00%
2028/2029 (Year 8)	4.00%
2029/2030 (Year 9)	4.00%
2030/2031 (Year 10)	4.00%

## LTP Part 2

The Council's proposed rate increases that have been allowed for in the LTP are as follows:

Year	Overall Increase
2021/2022 (Year 1)	8.49%
2022/2023 (Year 2)	4.99%
2023/2024 (Year 3)	4.99%
2024/2025 (Year 4)	2.00%
2025/2026 (Year 5)	2.00%
2026/2027 (Year 6)	2.00%
2027/2028 (Year 7)	2.00%
2028/2029 (Year 8)	2.00%
2029/2030 (Year 9)	2.00%
2030/2031 (Year 10)	2.00%



Again, because of the nature of the targeted rate structure, the increase (or decrease) in rates for any year for individual properties can vary markedly, hence the development of the sample property analysis to indicate the potential movements in rates.

## LEVER 3 - DEBT

We have two key areas of borrowing - Internal and External. The Internal debt is set out in our Internal Financing Policy.

As our cash resources have been drawn down to fund key capital projects in the past few years, we needed to take on external debt to manage cash flow. Council is expected to remain a net borrower for the period of the LTP.

### Anticipated levels of external debt

As at 31 December 2020, the total amount of external debt the Council held was \$40.0 million. At the end of the ten-year period, the debt is expected to be \$50.5 million. The debt level is expected to peak at \$66.5 million over the period during the period from 2024 to 2026. The anticipated debt levels over the 10-year period are:

Year	Total Anticipated Debt	Total Anticipated Interest Expense
2021/2022 (Year 1)	\$41.5 million	\$973,925
2022/2023 (Year 2)	\$54.5 million	\$1,147,200
2023/2024 (Year 3)	\$63.5 million	\$1,410,100
2024/2025 (Year 4)	\$66.5 million	\$1,553,500
2025/2026 (Year 5)	\$66.5 million	\$1,589,350
2026/2027 (Year 6)	\$65.0 million	\$1,571,425
2027/2028 (Year 7)	\$66.0 million	\$1,565,450
2028/2029 (Year 8)	\$61.5 million	\$1,523,625
2029/2030 (Year 9)	\$59.0 million	\$1,439,975
2030/2031 (Year 10)	\$50.5 million	\$1,308,525

### Limits on Debt Levels

Our External Liability Risk Management Policy, which is part of the Treasury Risk Management Policy, sets out the limits on the level of debt that we can take on. There are key ratios set by the Local Government Funding Agency (LGFA) which have been used as a guide. The Council, however, has set the debt limits at a lower level than those required by the LGFA as they are determined to be more appropriate for our circumstances.-

The Policy allows for three key ratios that the Council needs to meet:

- Total Debt is no more than 125% of Total Income (excluding Development Contributions and Vested Assets Income)
- Total External Interest Cost is no more than 6.25% of Total Income (excluding Development Contributions and Vested Assets Income)
- Total External Interest Cost is no more than 12.5% of Total Rates.

In addition, there is the requirement for the Liquidity ratio to be at least 110%. Under the Treasury Risk Management Policy, the Liquidity Ratio is calculated as follows:

$$(\text{External debt} + \text{committed loan facilities} + \text{available cash}) \div \text{Existing External Debt}$$

## LTP Part 2

The Council manages this ratio by ensuring that there are sufficient flexible bank loan facilities in place at all times.

While the Council has opted to set its external debt limit at 125% of Total Income, the Local Government Funding Agency (which holds the majority of the Council's debt) provides for a maximum of 175% for unrated councils. As a result, the Council does have scope to increase its debt limits should a further disaster befall the District.

### Total Debt to Total Income Ratio

The net debt limits provided for in the policy are that total debt shall be no more than 125% of total income. The income excludes Development Contributions (DCs) and Vested Assets Income. Based on the levels of income allowed for in the LTP, the limit of the debt that could be taken on is \$81.8 million in the 2030-31 year.

Year	Total Income excl DCs and Vested Assets)	Debt Limit at 125%	Total Anticipated Debt
2021/2022 (Year 1)	\$51.1 million	\$63.9 million	\$41.5 million
2022/2023 (Year 2)	\$49.5 million	\$61.9 million	\$54.5 million
2023/2024 (Year 3)	\$52.0 million	\$65.0 million	\$63.5 million
2024/2025 (Year 4)	\$53.9 million	\$67.4 million	\$66.5 million
2025/2026 (Year 5)	\$55.7 million	\$69.7 million	\$66.5 million
2026/2027 (Year 6)	\$57.7 million	\$72.1 million	\$65.0 million
2027/2028 (Year 7)	\$59.6 million	\$74.5 million	\$66.0 million
2028/2029 (Year 8)	\$61.6 million	\$77.0 million	\$61.5 million
2029/2030 (Year 9)	\$63.6 million	\$79.5 million	\$59.0 million
2030/2031 (Year 10)	\$65.7 million	\$82.1 million	\$50.5 million

Graphically, this is shown as follows:



### Total Interest to Total Income Ratio

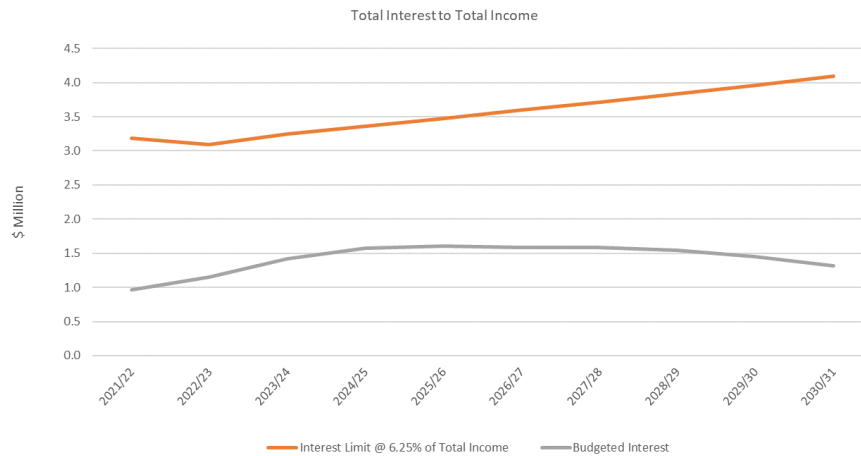
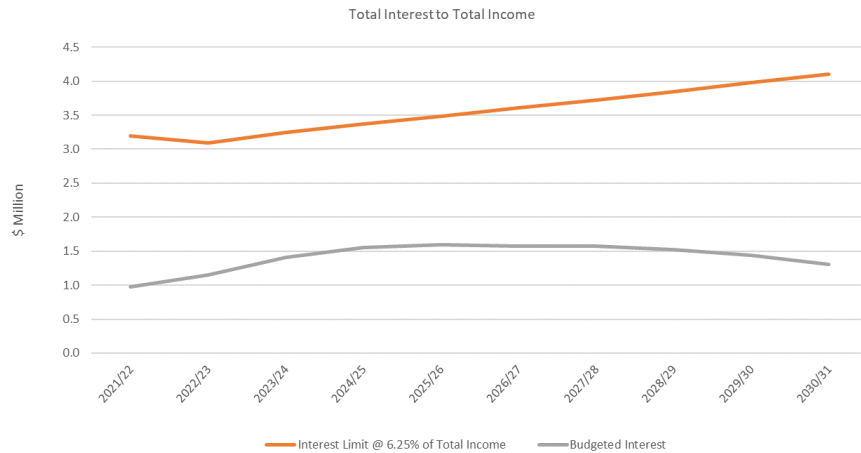
The policy also provides that the total amount of interest expense is no more than 6.25% of total income. Again, total income excludes DCs and Vested Assets.

Year	Total Income (excl DCs and Vested Assets)	Limit at 6.25%	Total Anticipated Interest Expense
2021/2022 (Year 1)	\$51.1 million	\$3.19 million	\$0.97 million
2022/2023 (Year 2)	\$49.5 million	\$3.09 million	\$1.15 million
2023/2024 (Year 3)	\$52.0 million	\$3.25 million	\$1.41 million
2024/2025 (Year 4)	\$53.9 million	\$3.37 million	\$1.55 million

LTP Part 2

2025/2026 (Year 5)	\$55.7 million	\$3.48 million	\$1.59 million
2026/2027 (Year 6)	\$57.7 million	\$3.60 million	\$1.57 million
2027/2028 (Year 7)	\$59.6 million	\$3.72 million	\$1.57 million
2028/2029 (Year 8)	\$61.6 million	\$3.85 million	\$1.52 million
2029/2030 (Year 9)	\$63.6 million	\$3.98 million	\$1.44 million
2030/2031 (Year 10)	\$65.7 million	\$4.10 million	\$1.31 million

Graphically, this is shown as follows:



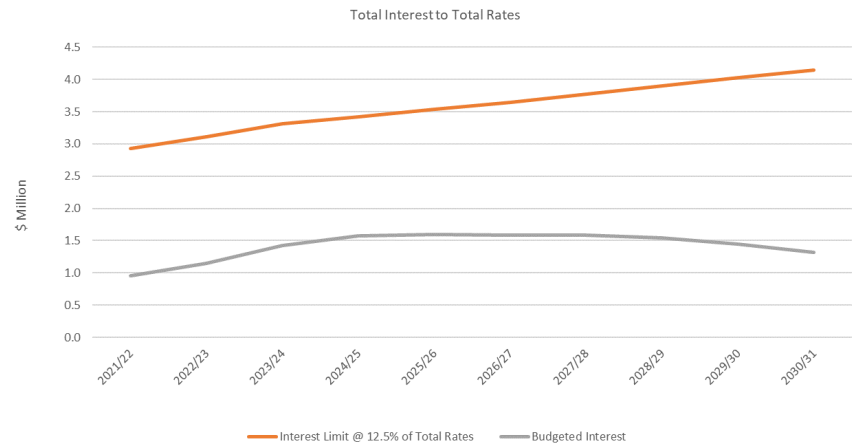
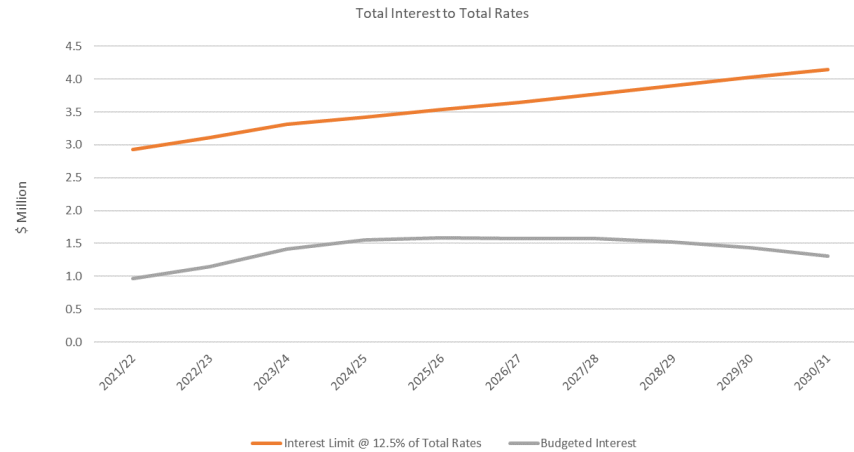
**Total Interest to Total Rates Ratio**

The policy also provides for the total amount of interest expenses is no more than 12.5% of total rates

Year	Total Rates	Limit at 12.5%	Total Anticipated Interest Expense
2021/2022 (Year 1)	\$23.4 million	\$2.93 million	\$0.97 million
2022/2023 (Year 2)	\$24.9 million	\$3.11 million	\$1.15 million
2023/2024 (Year 3)	\$26.5 million	\$3.31 million	\$1.41 million
2024/2025 (Year 4)	\$27.4 million	\$3.42 million	\$1.55 million
2025/2026 (Year 5)	\$28.3 million	\$3.54 million	\$1.59 million
2026/2027 (Year 6)	\$29.2 million	\$3.65 million	\$1.57 million
2027/2028 (Year 7)	\$30.2 million	\$3.77 million	\$1.57 million
2028/2029 (Year 8)	\$31.2 million	\$3.90 million	\$1.52 million
2029/2030 (Year 9)	\$32.2 million	\$4.02 million	\$1.44 million
2030/2031 (Year 10)	\$33.2 million	\$4.15 million	\$1.31 million

Graphically, this is shown as follows:

## LTP Part 2



### Security for borrowing

Prior to taking on debt for the first time in September 2010, we prepared a Debenture Trust Deed and selected Perpetual Trust (now Covenant Trustees Services) as our Trustee. The Debenture Trust Deed is a standard security document for councils. The key security available is that a charge can be made against the rates of the Council to repay debt. The market perspective on this is that a Debenture Trust Deed provides a low level of risk for an investor or funding provider, which in turn should allow for lower interest rates.

Holding a Debenture Trust Deed provides us with security for a range of different funding options:

- Registered Bank Debt
- Use of the Local Government Funding Agency
- Issuing Council Debt directly to the market

Further information is available in the External Liability Management Policy section of the Treasury Risk Management policy in this plan.

## LTP Part 2

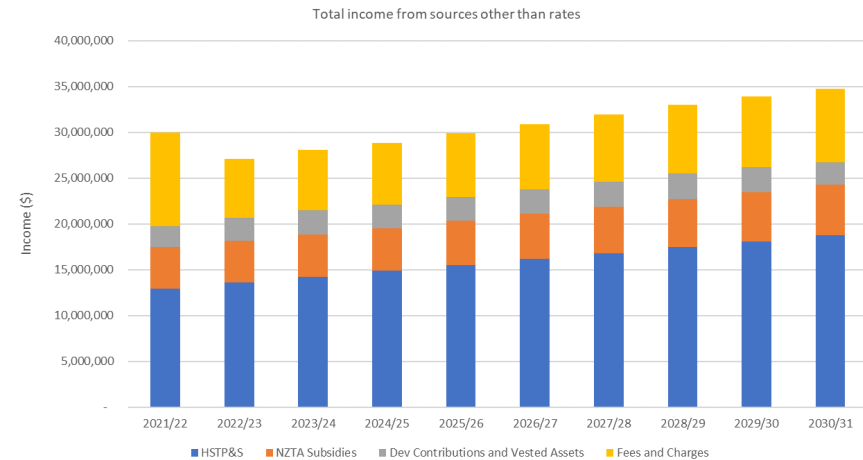
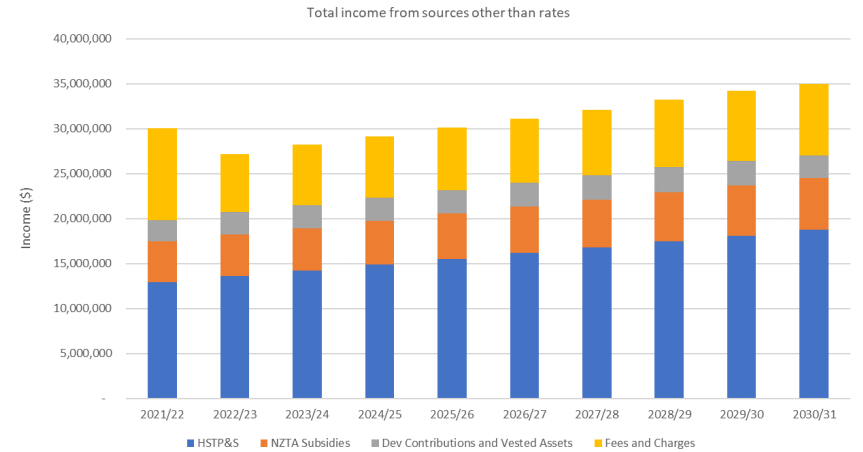
### OTHER CONSIDERATIONS

Although Capital Expenditure, Rates and Debt represent the key financial levers that the Council may need to pull to affect the strategy, there are a number of other considerations that the Council considers in respect to its financial strategy. These other considerations are:

- Non-rates income
- Operating expenditure
- Investments

### NON-RATES INCOME

We rely heavily on other forms of income to finance our operations. For the period of the LTP, the budget has scheduled that \$308million (or 52%) of our total income is generated from sources other than rates.



### Hanmer Springs Thermal Pools and Spa Revenue

A key component is the revenue derived from the Hanmer Springs Thermal Pools & Spa (HSTP&S), which accounts for approximately one third of the Council's total income received. The HSTP&S is run as a separate business unit of the Council. After allowing for Operating Expenses and Interest, the profits are actively used to fund reserve costs throughout the District. The reserve costs fund: libraries, cemeteries, public toilets, and a range of district parks and other reserve costs. For the first five years of the 2021-31 LTP, a maximum of \$2.0 million per annum from the HSTP&S profits will be used to fund the above reserves. Additional profits will be used to repay internal debt for the HSTP&S. In the 2026-27 year (Year 6), it is proposed that the use of the profits will increase to \$2.5 million and then be inflation adjusted for the remainder of the ten-year period.



## LTP Part 2

### **Waka Kotahi NZ Transport Agency Subsidies**

A further key component of non-rate income is Waka Kotahi NZ Transport Agency Subsidies, which are used to fund both operating and capital expenditure relating to the roading network. We have assumed that the financial assistance rate provided by Waka Kotahi NZ Transport Agency will be 52% for the entire LTP. Further discussion of this is provided in the Forecasting Assumptions in this plan.

### **Development Contributions**

Development Contributions also form a key component for funding capital expenditure which has been required due to increased growth. It is anticipated that over the life of the LTP, we will receive a total of \$9.1 million in Development Contributions, however the amount actually received will be dependent on the level of growth experienced. Further information about the Development Contribution Policy is included in the LTP.

### **Fees and Charges**

Fees and Charges account for the remaining non-rate income. The Council review its fees and charges each year to help offset actual costs so that the activities are not overly reliant on rate funding. The Council is conscious of making the fees and charges affordable and fair on those who use them.

### ***OPERATING EXPENDITURE***

Operating expenditure is not included as one of the levers within the financial strategy triangle model. If there is a significant increase in operating expenditure, this would require a significant rate increase to fund, on the basis that the Council should always attempt to fund operating expenditure from operating income, rather than using debt to fund operating expenditure. The increase in rates would, in turn, affect the other two levers of the financial strategy triangle.

### ***INVESTMENTS***

Legislation requires the Council to specify its objectives for holding and managing financial investments and equity securities and its quantified targets for returns.

#### **Cash Investments**

Since September 2010, the Council has held term debt. The debt was primarily taken out to fund the \$8.8 million expansion of the HSTP&S, but large capital works (particularly in three waters) have meant that the debt has needed to be expanded. Over the period of the LTP, we expect to remain a net borrower. As a result, we no longer hold any long-term cash assets in the form of bonds or stock. Any spare cash funds are generally held on call or in short term deposits to earn a small amount of interest as the interest rates are better than holding the funds in a current account.

#### **Equity Investments**

Currently, we hold two equity investments – one in Civic Financial Services Limited and the other in Transwaste Canterbury. Neither assets are readily tradable on the open market, but we have objectives for retaining ownerships of these investments.

Civic Financial Services Limited was previously named Civic Assurance. While not providing insurance to the sector anymore, the company does provide administration for the Local Authority Protection Programme (LAPP) and the provision of a Kiwisaver scheme providing benefits to local government employees.

The Council owns 1.2% of Transwaste Canterbury, which owns and operates the Kate Valley Landfill. The value of the investment as at 30 June 2020 was \$592,026. The Company is 50% owned by the Councils in Canterbury and our objective for holding our investment is to continue to receive dividends from the Company. We have budgeted to receive \$150,000 per annum (plus an annual inflation adjustment) from this investment.

#### **Forestry Investments**

We hold approximately 75 hectares of land that has been used for Forestry. Forestry assets are held as long-term investments on the basis of net positive discounted cash flows, factoring in projected market prices and annual maintenance and cutting costs. All income from forestry is included in the statement of comprehensive income, and this funds replanting of the land. The Council may determine the use of any excess funds. Council does hold a number of units under the Emissions Trading Scheme, which places a requirement on the Council to replant those areas that are harvested.

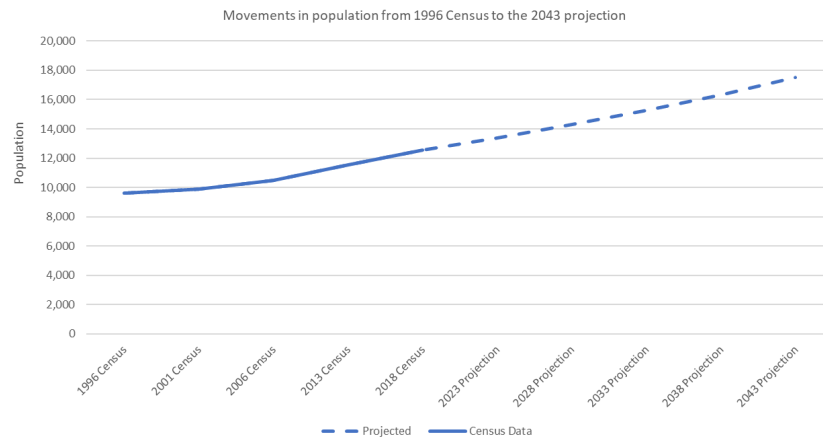
## LTP Part 2

### POPULATION

#### Changes in Population

In preparing the LTP, the Council has been forced to develop its own population projections. Ordinarily, this information would be readily provided by Stats NZ, generated from the 2018 Census, but this has not been available.

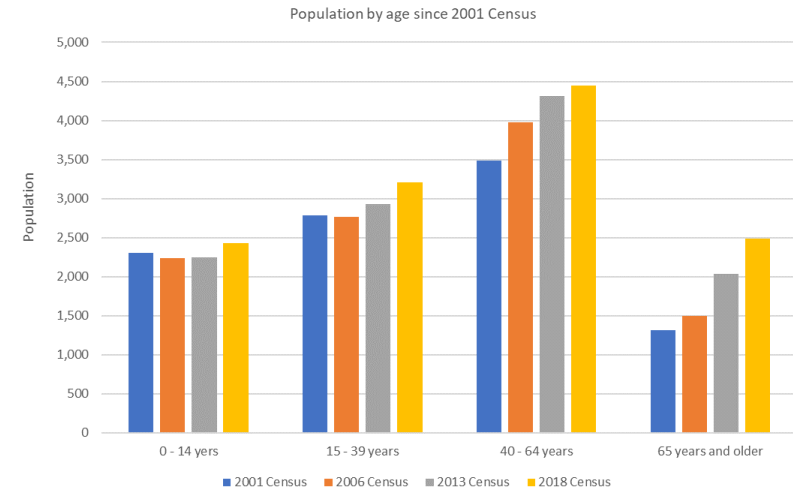
This information has been important as the Hurunui has experienced a significant amount of growth in recent years, particularly in the southern part of the District. The 2018 census revealed the population of the District was 12,561, which was up by 9% in the five years since the previous Census in 2013. It is predicted that the population will grow to 13,058 by the start of the LTP and will continue to increase to 14,857 by the end of the ten-year period.



#### Population by Age

The Hurunui has an aging population reflected by the increase in the population aged 65 and over since the 2013 Census.

The Graph below shows the movements in numbers of people in particular age groups since the 2001 Census.



## LTP Part 2

### Ratepayer Growth

The growth in the District's population correlates with the growth in numbers of rateable properties, after making allowance for the differing make up of the community. For example, the number of rateable properties per head of permanent population in Hanmer Springs is much different to that in Amberley due to the higher number of non-resident ratepayers in Hanmer Springs.

Below is the table of the number of rateable properties projected for the ten-year period:

Year	Number of Rateable Properties	Number of New Properties
2020/2021 (Annual Plan)	8,373	
2021/2022 (Year 1)	8,480	107
2022/2023 (Year 2)	8,589	109
2023/2024 (Year 3)	8,700	111
2024/2025 (Year 4)	8,814	114
2025/2026 (Year 5)	8,931	117
2026/2027 (Year 6)	9,047	116
2027/2028 (Year 7)	9,167	120
2028/2029 (Year 8)	9,288	121
2029/2030 (Year 9)	9,414	126
2030/2031 (Year 10)	9,542	128

The total new properties have been assessed at 1,169, which has been averaged out at 117 new properties per annum, with the resulting growth projections allowed for in the LTP:

Year	Number of Rateable Properties	Number of New Properties	% Growth
2020/2021 (Annual Plan)	8,373		
2021/2022 (Year 1)	8,490	117	1.40%
2022/2023 (Year 2)	8,607	117	1.38%
2023/2024 (Year 3)	8,724	117	1.36%
2024/2025 (Year 4)	8,841	117	1.34%
2025/2026 (Year 5)	8,958	117	1.32%
2026/2027 (Year 6)	9,075	117	1.30%
2027/2028 (Year 7)	9,192	117	1.29%
2028/2029 (Year 8)	9,309	117	1.27%
2029/2030 (Year 9)	9,426	117	1.26%
2030/2031 (Year 10)	9,543	117	1.24%

### CHANGES IN LAND USE

The Hurunui District has historically been an agriculture-based district, primarily beef and sheep.

The growth in tourism, especially in Hanmer Springs, centred around the development of the HSTP&S, has resulted in an increased number of accommodation providers and other businesses associated with tourism, as well as more holiday homes. As a result, any significant changes in land use have been in residential or lifestyle properties.

The following table shows the current land use of properties in the Hurunui District as at September 2019 (the date of the last District revaluation):

**Table: Land use in the Hurunui District Since September 2013 (QV Valuation Statistics)**

Category of Land	Number of Assessments September 2019	Number of Assessments September 2016	Number of Assessments September 2013
Arable	12	12	25
Commercial	296	291	296
Dairying	116	116	109
Forestry & Mining	104	104	107
Horticulture	97	95	107
Industrial	72	69	64
Lifestyle	1,428	1,379	1,376
Other/Utilities	753	747	732
Pastoral	981	981	1,138
Residential	4,548	4,526	4,332
Specialist Livestock	51	56	66
<b>TOTAL</b>	<b>8,458</b>	<b>8,376</b>	<b>8,352</b>

### Capital and Operating Costs of providing for changes in Land Use

As there has been little change to the land use over the past six years (aside from Hanmer Springs), no specific allowance has been made for changes to capital or operational costs to allow for this.

## LTP Part 2

### REVIEW OF RATING SYSTEM

Through the development of the LTP, we have reflected on the need for any changes to the rating system.

In the 2015-25 LTP, there was a significant change to the way in which Water Supplies and Wastewater were funded. These changes are still being staged in as part of the 2021-31 LTP.

For the 2018-28 LTP, the Council introduced a number of new rates to address particular issues:

- Debt resulting from the Earthquakes.
- Building up a fund to carry out earthquake strengthening work on the Council owned buildings
- A district footpath maintenance rate was introduced to address the trip hazard issue across the district.
- A District Urban Stormwater Rate was introduced to meet the testing costs relating to stormwater for all urban areas – not just those which have stormwater assets that need to be maintained or upgraded.
- An operational rate for the Amberley Swimming Pool was introduced.

For the 2021-31 LTP, after consulting with individual Community Committees and the Hanmer Springs Community Board, the only new rate contemplated had been the reinstatement of the Roadside Construction Rates, which provide selected communities funding to construct new footpath in their respective areas.

### DEVELOPMENT IMPACT FEES

To address a portion of the cost of growth-related projects, the Council utilises Development Contributions. This is provided for under the Development Contributions Policy, which has been amended for the 2021-31 LTP.

Development contributions are forecast according to how we expect the district to grow. They contribute to the cost of capital expenditure for network and community infrastructure that is required as a result of growth.

Having significant development contributions can be a disincentive for developers and can adversely impact housing affordability. Equally, large rate increases to fund growth costs would not be fair to our existing ratepayers so the Council needs to find a balance.

As required by the Local Government Act 2002, we are reviewing our current development contributions policy and we are consulting on any changes that we propose as part of the long-term plan process.

## LTP Part 2

### **INTERGENERATIONAL EQUITY**

Intergenerational equity requires that each generation that benefits from a capital project should contribute to the cost of that investment. An example is the provision of a Wastewater plant which may have a 50-year life. The benefits of that plant are received by not only today's ratepayers but also ratepayers for the next 50 years.

Councils should generally only borrow to fund capital investment such as the building of infrastructure and amenities that benefit current and future generations. Debt is one way of smoothing the cost of construction over the generations that make use of, or benefit from, the service. It is a way of meeting the principle of 'intergenerational equity'.

### **LEVEL OF SERVICE STATEMENT**

#### **Assessment of our ability to provide and maintain existing levels of service and to meet additional demands for service within the proposed rate increase limits:**

The Local Government Act requires us to assess whether we have the ability to provide and maintain existing levels of services and meet additional demands for services within the rates and debt limits as set out within the financial strategy.

Council will be reliant on the level of funding provided by New Zealand Transport Agency to ensure that the levels of service are maintained for the roading network. The budgets have proposed an increase to the roading programme to meet the levels of service and the NZTA subsidies and the Council's rating input are critical to ensure that programme is achieved. It is assumed that those subsidies will continue to be provided.

For the three waters assets, Council has allowed for an increased level of renewals for the three waters throughout the Long-Term Plan budget from that allowed for in the previous Long-Term Plan. This increased level of renewals is deemed to be required to continue to meet current levels of service.

The continued success of the Hanmer Springs Thermal Pools and Spa is key to ensuring Council meets levels of service, particularly in respect of expenditure on the reserves. Council has made assumptions on the growth of revenue in the Long Term Plan that are deemed to be reasonable.

#### **Assessment of our ability to provide and maintain existing levels of service and to meet additional demands for service within the proposed debt limits:**

We are not contemplating taking on debt greater than \$66.5 million and the maximum amount of interest expected to be charged on the external debt is budgeted at less than \$1.59 million. Therefore, with the exception of the roading network due to circumstances outlined earlier, our assessment is that we do have the ability to maintain the existing levels of service and to meet additional demands for service within those debt limits.

# Policies

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# Significance and engagement policy



**Adopted:** Council meeting, 21 December 2017  
**Replaced:** Significance Policy, 28 June 2012  
**Review date:** December 2020

## 1. Introduction

<b>Engagement</b>	Engagement is a process of dialogue between decision-makers, partners, communities and stakeholders for the purpose of making better decisions, policies or programmes. Public input into significant decisions, policies or programmes undertaken by the Council is essential to ensure they reflect the aspirations and priorities of communities, Ngāi Tahu and interested groups throughout the Hurunui District.
<b>Objectives</b>	<p>This Significance and Engagement Policy aims to enable a flexible but focused approach to engagement that:</p> <ul style="list-style-type: none"> <li>• recognises the importance of involving Hurunui’s communities in Council’s work</li> <li>• provides a range of options and methods for engagement with different groups and communities and for issues, decisions and proposals with different degrees of significance</li> <li>• demonstrates our commitment to building ongoing relationships and greater understanding of community views and preferences.</li> </ul>
<b>Local Government Act requirements</b>	<p>Council is required by Section 76AA of the Local Government Act 2002 (the Act) to adopt a Significance and Engagement Policy, which must set out:</p> <ul style="list-style-type: none"> <li>• Council’s general approach to determining the significance of proposals and decisions in relation to issues, assets and other matters</li> <li>• any criteria or procedures that are to be used by Council in assessing the extent to which issues, proposals, assets, decisions or activities are significant or may have significant consequences</li> <li>• how Council will respond to community preferences about engagement on decisions relating to specific issues, assets or other matters, including the form of consultation that may be desirable</li> <li>• how Council will engage with communities on other matters.</li> </ul>
<b>Purpose</b>	<p>The Act specifies the purpose of the Significance and Engagement Policy as:</p> <ul style="list-style-type: none"> <li>• to enable Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities</li> <li>• to provide clarity about how and when communities can expect to be engaged in decisions about different issues, assets or other matters</li> <li>• to inform Council from the beginning of a decision-making process about: <ul style="list-style-type: none"> <li>o the extent of any public engagement that is expected before a particular decision is made</li> </ul> </li> </ul>



	o the form or type of engagement required.
	The Significance and Engagement Policy must list the assets considered by Council to be strategic assets.
<b>Interpretation</b>	Section 5 of the Act provides the following definitions: <ul style="list-style-type: none"> <li>significance, in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for,— <ul style="list-style-type: none"> <li>(a) the district or region:</li> <li>(b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter:</li> <li>(c) the capacity of the local authority to perform its role, and the financial and other costs of doing so</li> </ul> </li> <li>significant, in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance</li> <li>strategic asset, in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community.</li> </ul>

## 2. General approach to determining significance and making decisions

<b>Determining significance</b>	On every issue requiring a policy or strategy decision, (other than issues which require processes specified under other legislation - see Section 5 below), Council will consider the degree of significance of the issue and the corresponding level of engagement.  The significance of the issue and appropriate forms of engagement will be considered in the earliest possible stages of a proposal or process, before decision-making occurs. If necessary, significance and engagement will be reviewed as the proposal develops and as community views, preferences and values become better known.
<b>Section 76-82 compliance</b>	In making any decision, Council will comply with sections 76 to 82 of the Act, regardless of the degree of significance of the decision or issue. These sections prescribe procedural steps to be followed as may be applicable, and ensure that Council: <ul style="list-style-type: none"> <li>is clear about why it is making the decision and the issues involved</li> <li>has considered and evaluated all reasonably practical options for achieving the objective for which the decision is being made</li> <li>has information about the community's views on the issues and the options, and in particular, has an understanding of the views and preferences of those likely to be affected by the decision or those who have a particular interest in the matter</li> <li>invests an appropriate amount of time, money and effort into researching and evaluating the issues and options, proportionate with the significance of the matter, including its importance to the community.</li> </ul>

<b>Decision making checks</b>	In making any decision, Council will be satisfied that: <ul style="list-style-type: none"> <li>it has sufficient information on the relevant issues and options</li> <li>it knows enough about and has given adequate consideration to the views and preferences of affected and interested parties.</li> </ul>
<b>Relevant effort</b>	The significance of the issue, proposal or decision will determine how much time, money and effort Council will invest in exploring and evaluating options and obtaining the views of affected and interested parties.
<b>Implications for Māori</b>	In some instances, there may be particular requirements to learn about the implications of an issue or decision for Ngāi Tahu as mana whenua <sup>1</sup> and kaitiaki <sup>2</sup> of the Hurunui District.
<b>Covering diversity</b>	There may also be issues or decisions where there are diverse groups within the community with different concerns, interests, views and preferences, where multiple processes will be appropriate to distinguish and recognise the range of positions.
<b>Limitations</b>	The commitment to invest in exploring options and obtaining the views of communities and affected and interested parties does not mean that Council will have to fully consult with the public for every decision it makes, nor does it bind Council to the views of communities and interested or affected parties.
<b>Other influences</b>	As well as the views of communities and affected and interested parties, there are a wide range of information sources, considerations and perspectives that will inform Council's decisions, including the requirements of Government policy, technical matters and the financial implications.

<sup>1</sup> mana whenua = territorial rights, power from the land, authority over land or territory, jurisdiction over land or territory - power associated with possession and occupation of tribal land. The tribe's history and legends are based in the lands they have occupied over generations and the land provides the sustenance for the people and to provide hospitality for guests. Source: maoridictionary.co.nz

<sup>2</sup> Kaitiaki = trustee, minder, guard, custodian, guardian, keeper. Source: maoridictionary.co.nz

## 3. Criteria and procedures for assessing significance

	In considering the degree of significance of proposals and decisions in relation to issues, assets and other matters, Council will be guided by the following:
<b>Policy and outcomes</b>	<ul style="list-style-type: none"> <li>the potential effects on delivery of Council's policy and strategies</li> <li>the degree to which the decision or proposal contributes to promoting and achieving particular community outcomes</li> <li>the magnitude of the overall benefits that will be achieved for the region, its communities and present and future interests</li> <li>the magnitude of the net costs of the proposal or decision to Council and / or to affected communities or groups</li> <li>any impact on Council's capacity to undertake its statutory responsibilities</li> </ul>

	<ul style="list-style-type: none"> <li>the extent to which the proposal or decision flows logically and consequentially from a decision already made or from a decision in the Long Term Plan or the Annual Plan</li> <li>any inconsistencies with any existing policy, plan or legislation</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>the level of community interest in the proposal, decision or issue</li> <li>the extent to which the proposal or decision impacts upon community members or groups, and the numbers of people or groups affected</li> <li>the extent to which the community’s views on the matter are already known</li> <li>any wider interest or concerns at national or international levels</li> </ul>
<b>Ngāi Tahu / Iwi</b>	<ul style="list-style-type: none"> <li>the values and interests of Ngāi Tahu whānau, hapū and rūnanga, as mana whenua for the district</li> <li>where proposals or decisions relate to land or a body of water, the implications for the relationships of Ngāi Tahu and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna and other taonga</li> </ul>
<b>Contexts and implications</b>	<ul style="list-style-type: none"> <li>the variation between the effects of the options identified (including the ‘do nothing’ option where appropriate), or the extent to which they have different effects in terms of, amongst other things: their costs, their benefits, and the extent to which they impact on the community and affected or interested groups</li> <li>the extent to which the proposal or decision could have an adverse effect on environmental outcomes as set out in Council plans and policies, or could have unintended adverse effects on other community interests</li> <li>if the proposal or decision impacts (positively or adversely) upon a physical or community resource that is scarce, rare or unique and/or under threat</li> <li>if the proposal or decision would be irreversible</li> <li>if there are high levels of controversy around the proposal or decision</li> <li>the practical demands of efficient decision-making in situations of urgency</li> <li>the need to be cautious about decision-making in the face of uncertainty, lack of clarity or unresolved matters.</li> </ul>

**Procedures for assessing significance**

In determining the degree of significance of proposals and decisions in relation to issues, assets and other matters, and when applying the criteria listed above, Council will balance the requirements of efficient decision-making, and the information requirements of sections 76 to 81 of the Act, across the different levels of significance from low to high.

Every agenda will include a statement of “Significance Consideration” which will include the questions which determine the level of significance.

Every report to Council must state the level of significance of the matter being reported and include a recommendation where necessary. Council officers preparing these reports will use the following significance determinant matrix as well as having regard to this Significance and Engagement Policy.

	Medium	High	High
Number Affected	Low	Medium	High
	Low	Low	Medium
	Likely Level of Impact, Implications, or Risk		

Councillors will make the final determination on the level of significance. Unless Council explicitly determines that the subject under consideration is medium or high significance then the subject will be deemed as being of low significance.

When Council is considering the significance of an issue, proposal, decision or other matter, in the event elected members , cannot agree, Council will:

- (a) Reconsider the significance questions, and/or;
- (b) Consider whether a view should be sought from the relevant Ward Committee or Community Board if appropriate to do so.

Agenda reports will include a statement addressing what has been done to ensure compliance with the Act as applicable unless the matter is considered to be of low significance.

**4. Processes and methods for engagement**

**Method determination** In determining the processes and methods appropriate for engaging with communities to consider proposals and decisions in relation to issues, assets and other matters covered under this Significance and Engagement Policy, Council will be guided by the following:

- the degree of significance of the issue, decision, proposal, asset or other matters – as determined by the criteria set out in the preceding section of this Policy
- the objectives of the engagement – the feedback that is sought from communities and affected and interested parties
- the preferences, capacities, views and values of the community groups and individuals affected by and / or interested in the decision or proposal
- the diversity of preferences, capacities, views and values amongst the community groups and individuals affected by and / or interested in the decision or proposal
- the benefits, limitations and costs of the range of possible processes and methods for engaging with the community groups and individuals affected by and / or interested in the decision or proposal
- timing issues, including any concurrent engagement processes on other matters involving the same, similar or contiguous groups or communities
- opportunities provided by innovative technologies for efficient yet effective engagement
- opportunities for relatively informal community-based meetings and discussions

Differing levels and forms of engagement may be required during the varying phases of consideration and decision-making on an issue, and for different community groups or stakeholders. Council will review the appropriateness and effectiveness of the engagement strategy and methods as the process proceeds.

Council will follow an ‘engagement spectrum’ approach to determine the most appropriate processes and methods for engagement with affected and interested communities on particular decisions or issues. This approach is based on the International Association for Public Participation (IAP2) framework. The methods discussed below are not a definitive list, but an indication of the spectrum of engagement opportunities that may be useful for Council and our communities.

Engagement Spectrum				
Inform	Consult	Involve	Collaborate	Empower
To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions	To obtain public feedback on analysis, alternatives and/or decisions	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution	To place final decision making in the hands of the public

**Inform communities** These methods are efficient and practical means to raise awareness of a new or newly significant issue, to provide basic information about the issue, and to build community interest:

- distribution of pamphlets or other materials such as newsletters and notices
- information provided on Council’s website
- information provided via social media

Communities are kept up to date with developing issues and new proposals, and communications can be targeted to interested and affected groups. However these methods are essentially a one-way process out to communities, and as such are more useful in the earliest stages of proposals or processes. Other limitations to these methods include the costs of printing and distribution, and the challenges in reaching as widely within the community as may be necessary.

**Consult and involve communities** A range of tools and methods can be used to bring communities and particular interested and affected groups into the process to contribute their views, priorities and preferences.

For relatively straightforward issues or proposals, methods such as surveys (whether by phone, online or written) or focus groups may be effective. These methods can be targeted and undertaken relatively quickly. However they can be limited in that there is little ability to address more complex or subtle dimensions of an issue and its implications for communities. There can be low response rates to surveys, with respondents representing only a narrow range of people and groups within the community.

For more complex issues or proposals, including legislative issues, more technical issues and policy and service reviews, a more comprehensive level of consultation and engagement will be appropriate:

- Special Consultative Procedure (under LGA)
- other submissions processes
- formal public meetings
- focus groups, local action groups.

The public consultation undertaken in the development of Long Term Plans, Annual Plans and other Council Plans helps to ensure robust policies and relevance to communities. These methods allow Council and communities to research and explore the issues and background matters, and to consider the full range of implications of a proposal, policy or decision. However these processes can be costly and time-consuming. There can be low participation rates with only a narrow range of people and groups engaging. The consultation may be off-putting to people and groups not familiar with the issues or confident with the technicalities or the process.

**Collaborate with communities and empower their involvement** The value of a collaborative approach is increasingly recognised in a wide range of policy and decision-making contexts. These kinds of methods and approaches are particularly useful when there is a high degree of significance of the issue or proposal, and when there is strong community interest, capacity and commitment. These kinds of issues and proposals tend to be complex with multiple values, perspectives and interests at stake and often involving complex technical or scientific questions.

Methods include:

- multi-stakeholder processes such as Citizen Juries or Panels
- multi-stakeholder groups such as the Canterbury Water Management Strategy Zone Committees
- task groups, local action groups, advisory groups
- interactive websites

Like the more comprehensive consultation methods outlined in the previous section, these methods allow for research into the issues and background, and exploration of a wide diversity of implications. Multiple goals and values can be recognised and achieved. In addition, a collaborative approach establishes legitimacy through representative community participation, develops and affirms long-term relationships and understanding, and builds trust and community networks for future collaborative initiatives.

These processes do require ongoing skilled facilitation and considerable time and resourcing to be effective. Specific processes, such as a Citizen Jury called to address a particular issue, may be focused closely around that issue and the interested and affected groups, and may not sustain continuing engagement over time.

## 5. Engaging with communities on other matters

**Local Government Act** The Act prescribes particular processes for Councils to follow to consult and engage with communities on particular matters.

**Special Consultative Procedure:**

The Act specifies that a Special Consultative Procedure (SCP), as defined under section 83, must be followed for community engagement on certain plans and processes including:

- Long Term Plans
- Annual Plans where there are significant or material differences from the Long Term Plan
- Bylaws of significant interest.

**Long Term Plan:**

Where Council intends to commence a large-scale planning or other project, the commitment will be set out in advance in the Long Term Plan. These matters may also have been foreshadowed in other policy or planning documents and Council may have been made aware of the community's views and preferences through other processes.

Other provisions in the Act specify particular decisions or activities where community engagement is to be addressed through the larger public consultation processes for a Long Term Plan:

- a decision to transfer the ownership or control of a strategic asset to or from Council or a decision to construct, replace or abandon a strategic asset

- a decision that will, directly or indirectly, significantly affect Council's capacity, or the cost to Council, in relation to any activity identified in the Long Term Plan
- a decision to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of Council, including a decision to commence or cease any such activity.

**Other legislation**

Other decisions made by Council will be made under legislation that prescribes the consultation and decision-making procedures that are required, including the procedures that must be used for public notification, considering submissions and making decisions (e.g. Resource Management Act).

Even if a decision is clearly a significant one within the meaning of the Act, where the procedures for decision-making are set out in other legislation, those procedures will be used instead of those contained in this Significance and Engagement Policy. Section 82(5) of the Act broadly allows the authorising legislation's procedures to apply.

This Significance and Engagement Policy will not be used in making decisions taken under the RMA on the following matters:

- resource consents or other permissions
- submissions on plans
- decisions required when following the procedures set out in Schedule 1 of the RMA
- references to the Environment Court
- decisions to proceed with enforcement procedures under various legislation including Council bylaws.

There are also numerous administrative and personnel decisions that are entirely internal to Council. This Significance and Engagement Policy will not apply to these processes and decisions.

## 6. Ngāi Tahu / Iwi

**Treaty of Waitangi** The Act provides principles and requirements for local authorities that are intended to facilitate participation by Māori in local authority decision-making processes (for example, sections 81 and 82(2)). This is to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

**Ngāi Tahu special status** While the Act sets out provisions relating to all Māori, it is recognized that within the Canterbury region, Ngāi Tahu are the tangata whenua. They have a special status in terms of Council's resource management activities, and are not just another interest group. In addition to the Local Government Act obligations, the Resource Management Act 1991 (RMA) gives regional Councils specific obligations regarding kaitiakitanga, the principles of the Treaty of Waitangi and the relationship between Māori and their culture and traditions with their ancestral lands, water, sites, wāhi tapu and other taonga. In the Canterbury region, the Ngāi Tahu Claims Settlement Act 1998 includes confirmation of the ability for Ngāi Tahu to express its traditional kaitiaki relationship with the environment.

## LTP Part 2

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### Memorandum of Understanding

Central to our working with Māori is a Memorandum of Understanding between Te Rūnanga o Ngāi Tahu, Te Ngāi Tūāhuriri Rūnanga, Te Rūnanga o Kaikoura and the Council. This MoU has been in place since 2004 and is an agreement for us to work together to develop appropriate processes that will allow Council to fulfil its statutory responsibilities while recognising Ngāi Tahu as the tangata whenua.

In addition to the MoU, Council has also developed policies covering Māori Contribution to Decision Making and protocols covering the accidental discovery of human remains and artefacts.

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## 7. Council's strategic assets

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### Asset groups

Council has identified a schedule of the strategic physical assets which are considered significant in ensuring Council's capacity to achieve or promote important outcomes. It is important to note that Council manages a number of strategic assets as a whole. This is because these asset classes as a whole, deliver the service. Strategic decisions in these areas, therefore only concern the whole asset class and not individual components, unless those components substantially affect the ability of Council to deliver the service. It is the principle of the provision of the services that makes these asset groups strategic, not the individual roads, individual toilet blocks, individual halls, etc.

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### List of assets

The physical assets owned by the Council that are considered strategic assets as a whole are:

- The water supply network
  - The wastewater collection
  - The stormwater system
  - The roading and footpath network
  - The Hanmer Springs Thermal Pools and Spa Reserve
  - The Library network
  - The reserves lands as a whole including land held under the Reserves Act and land used for parks, domains, village greens, cemeteries, sports fields and recreational areas
  - The lands and buildings including:
    - Social housing
    - Community halls
    - Medical centres and doctors' houses
  - The solid waste network
- 

END OF POLICY

# Maori contribution to decision-making policy



**Approved:** June 2015

<b>Introduction</b>	<p>The Hurunui District lies within the traditional boundaries of Ngāi Tahu. Ngāi Tahu is the largest iwi in Te Waipounamu (the South Island) and comprises of hundreds of whānau who descend from the tribe's five primary hapū (Ngāti Kurī, Ngāti Irakehu, Kāti Huirapa, Ngāi Tūāhuriri and Ngāi Te Ruahikihiki) as well as earlier Ngāti Mamoe and Waitaha ancestors. The collective of all of these genealogies is known today as Ngāi Tahu Whānui.</p> <p>Te Rūnanga o Ngāi Tahu (TRoNT) is the mandated Iwi Authority for Ngāi Tahu Whānui and was established by the Te Rūnanga o Ngāi Tahu Act 1996. While TRoNT accepts its statutory responsibilities as the representative voice of Ngāi Tahu Whānui "for all purposes" it also respects the rights of local Ngāi Tahu whānau and hapū to represent and express their own respective rights, values, and interests as mana whenua (i.e., those that hold traditional authority within their recognised takiwā) via their local papatupu rūnanga.</p> <p>The hapū who have mana whenua over the Hurunui District are Ngāti Kurī and Ngāi Tūāhuriri. Their respective rūnanga are Te Rūnanga o Kaikōura and Te Ngāi Tuahuriri Rūnanga. The takiwā of Te Rūnanga o Kaikōura centres on Takahanga Marae in Kaikōura and extends from Te Pari-nui-o-Whiti (White Bluffs) in the north to the Hurunui River in the south, inland to the main divide and seawards. The takiwā of the Ngāi Tūāhuriri Rūnanga centres on Tuahiwi Marae in Tuahiwi and extends from the Hurunui River in the north to the Hakatere/Ashburton River in the south, inland to the main divide and seawards.</p>
<b>Purpose</b>	<p>The Hurunui District Council, as a legal representative of the Crown, seeks to engage meaningfully with Ngāi Tahu in the spirit of the partnership established under Te Tiriti o Waitangi. The Council recognises that Ngāti Kurī and Ngāi Tūāhuriri have rights and responsibilities as mana whenua (e.g., kaitiakitanga) and has worked with their representatives to enter into a Memorandum of Understanding to record and help guide this partnership.</p> <p>It is important that Māori perspectives are heard when it comes to Council decision making and that we have procedures in place to make sure this is the case. In addition, both the Local Government Act and the Resource Management Act include certain requirements for councils to work alongside Māori.</p> <p>The Local Government Act, section 81 requires councils to:</p> <ol style="list-style-type: none"> <li>a) establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the local authority; and</li> </ol>

	<p>b) consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of the local authority; and</p> <p>c) provide relevant information to Māori for the purposes of paragraphs (a) and (b).</p> <p>The Resource Management Act 1991, sections 58L to 58U sets out the requirement for Mana Whakahono a Rohe: Iwi Participation Arrangements. The intent of this Part of the Act is to improve working relationships between iwi and councils and enhance Māori participation in resource management processes. This is a relatively new requirement under the Act, the Council is keen to enhance its relationship with iwi and to work together to discuss and agree how this would work for us all.</p> <p>An important relationship has been fostered through having representatives from Te Rūnanga o Kaikōura and Te Ngāi Tuahuriri Rūnanga on the Hurunui Waiau Zone Committee. Working together on water issues for the future of the district under the wider Canterbury Water Management Strategy is an important area of mutual concern.</p>
<b>Ngāi Tahu and the Hurunui District</b>	<p>Ngāi Tahu’s historic relationship with the Hurunui district is reflected by the numerous pā (fortified settlements), mahinga kai, taurangawaka (canoe landing sites), nohoanga (seasonal camps associated with mahinga kai), tuhinga-o-nehe (rock art), ara-tawhito (highways) and urupā (burial sites) found throughout the District. Today, Ngāi Tahu maintain a relationship with a number of these sites (particularly remnant mahinga kai) and are becoming more active in discussions and decisions that relate to the management of sites of significance to them.</p>
<b>Protocol</b>	<p>The Council has with Te Ngāi Tūāhuriri Rūnanga, Te Rūnanga o Kaikōura and Te Rūnanga o Ngāi Tahu, a Memorandum of Understanding. The purpose of this is to recognise the role that local Rūnanga has in environmental resource management matters dealt with by our Council, and to provide an opportunity for a working relationship to be enhanced and improved.</p> <p>The Council and representatives of the local Rūnanga have agreed to meet from time to time to review this protocol and explore ways of extending it to ensure that it remains consistent with meeting the wider objectives and mandate of the Local Government Act.</p>
<b>Iwi Management Plans</b>	<p>In order to facilitate the expression of their kaitiaki responsibilities and the understanding of their values, issues, objectives, and policies; Ngāti Kurī and Ngāi Tūāhuriri have their own respective environmental management plans, namely:</p> <ul style="list-style-type: none"> <li>• Te Poha o Tohu Raumati 2005 (Ngāti Kurī)</li> <li>• Maha-a-nui 2013 (Ngāi Tūāhuriri)</li> </ul> <p>The Resource Management Act 1991 (section 74(2A)) requires territorial authorities to take into account planning documents recognised by iwi and lodged with the territorial authority. The content of the Iwi Management Plans has a bearing on District resource management issues under the Resource Management Act 1991. Each Plan provides guidance on specific</p>

issues and locations within the Hurunui District. These are vital resources for the Council and consent applicants to understand how to recognise and provide for the relationship of each hapū with their ancestral lands, water, sites of significance and other taonga (Section 6 of the Resource Management Act 1991).

**Statutory Acknowledgments**

The Ngāi Tahu Claims Settlement Act 1998 created Statutory Acknowledgement areas as a mechanism to recognise the special relationship Ngāi Tahu has with a given site. The purpose of Statutory Acknowledgments is to improve both the effectiveness of Ngāi Tahu participation within resource management processes, as well as the protection that each such site receives under the Resource Management Act.

The Statutory Acknowledgement areas in the Hurunui District are:

- Waipara River
- Lake Sumner/Hoka Kura
- Kōwai River
- Hurunui River/Huruhurunui Awa
- Conway River/Tūtae Putaputa

*Reference: Proposed Hurunui District Plan Chapter 2 Schedule 2.1 map SA*  
 The Council must send copies of resource consent applications to Ngāi Tahu and consider whether Ngāi Tahu is an affected party for all activities within, adjacent to, or impacting directly on a statutory Acknowledgement area.

**Archaeological Sites**

In addition to the Statutory Acknowledgment areas, there are over 100 Māori archaeological sites throughout the District recorded by the New Zealand Archaeological Association (NZAA). Ngāi Tahu regards these recorded sites as indicators of the existence of other sites that have not been publicly recorded or identified. All archaeological sites, whether recorded or unrecorded, are protected by the Historic Places Act 1993. Māori archaeological sites include pā sites, cultivation areas, gardens, terraces, pits, middens, and rock art sites. Ngāi Tahu considers all archaeological sites related to Māori occupation and activity to be culturally significant regardless of site type. All of these sites are wāhi taonga and some are wāhi tapu – all are significant on account of their association with tipuna (ancestors).

While the primary legislation protecting archaeological sites in New Zealand is the Historic Places Act 1993, the Resource Management Act 1991 also plays an important role. The Council has responsibilities under Sections 5, 6, 7 and 8 of the Act to sustainably manage archaeological sites. Therefore, engagement with Ngāi Tahu when decisions are made on resource management in the vicinity of archaeological sites is required.

Integration with archaeological authority processes under the Historic Places Act 1993 is also an important consideration when assessing effects involving places and areas of significance to Māori under the Resource Management Act 1991. Heritage New Zealand Pouhere Taonga should be contacted in the early stages of a proposal as an archaeological authority from the Heritage New Zealand Pouhere Taonga may be required.

## LTP Part 2

### **Nohoanga Sites**

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Nohoanga are temporary dwelling sites that are used in the seasonal pursuit of food and other natural resources. Nohoanga have been recognised within the Ngāi Tahu Claim Settlement Act 1998 and provision made for them so that Ngāi Tahu are able to occupy and use these sites for a defined period within any given year to pursue mahinga kai traditions.

The nohoanga within in the Hurunui District are located on:

- Hurunui River/Huruhurunui Awa
- Lake Sumner/Hoka Kura
- Waiau River/Waiiau Au
- Waipara River and Waipara Rivermouth

As with Statutory Acknowledgements, the Council undertakes to send copies of resource consent applications to Ngāi Tahu and consider whether Ngāi Tahu is an affected party for all activities within, adjacent to, or impacting directly upon a nohoanga site.

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END OF POLICY



# Revenue and financing policy

## HURUNUI DISTRICT COUNCIL POLICY REVENUE AND FINANCING



Approved: 15 April 2021

- Introduction** This policy explains who pays for Council services and why<sup>1</sup>. The policy also sets out:
- the community outcomes to which the service primarily contributes
  - The funding principles relevant to each service including:
    - the distribution of benefits between Hurunui District as a whole, or smaller areas (such as townships or rating areas) and individuals
    - the extent to which the actions of individuals or groups contribute to the need for the service
    - the costs and benefits for funding the service distinctly from other services
    - the overall impact of funding a service on the current and future social, economic, environmental and cultural wellbeing of the community
  - The way operational costs are financed
  - The way capital costs are financed.

Funds for each service are collected unless the Council believes that to do so would not be fair, or not be in the interest of the community, or is in conflict with Council policy. The Council has the responsibility to make the final decision on how to fund its services having considered public feedback.

**Explanation of terms used**

**Capital Value:** The value a property is expected to receive at the time of valuation if offered for sale on reasonable terms and conditions.

**Community Outcomes:** The community outcomes used in the development of the revenue and financing policy are as follows:

- A desirable and safe place to live
- A place where our traditional rural values and heritage make Hurunui unique
- A place with a thriving local economy
- A place with essential infrastructure
- A place that demonstrates environmental responsibility

**Development Contributions:** Charges on future lots or units of demand to fund the growth portion of capital expenditure (such as upgraded infrastructure, new reserves, etc).

**District Rate:** District wide collection of revenue based on a set number of cents per dollar of the capital value of every property, or a uniform annual general charge (UAGC).

**Drainage Rate:** Targeted Rate on a defined area benefiting from a classified stormwater or drainage scheme.

<sup>1</sup> Local Government Act sections 101,102 and 103.

## LTP Part 2

**Land Area:** This is a set dollar amount for each rateable property based on the area of the land that property consists of.

**Lot:** A rateable property (lots can be combined). A lot is a legal entity.

**Targeted Rate:** Is a rate within a rating area or other defined area and may be based on cents per dollar of capital value of every property or a fixed amount per rating unit (known for the purposes of this policy as a "Uniform Annual Charge", UAC). Money is spent in that area only.

**UAC:** Uniform Annual Charge. Within the context of this policy, this is a Targeted Rate for a set dollar amount collected for each rateable property (or each separately used or inhabited part of a property) in the District as a whole or within part of the District for a specific Council service (e.g. water supply, sewerage, amenities etc).

**UAGC:** Uniform Annual General Charge. This is a set dollar amount which is collected for each rateable property or each separately used or inhabited part of a property in the District, irrespective of the value of the property, to cover the combined costs of various Council services.

**Units of demand:** Units of demand are defined as a rating unit or a separately used or inhabited part of a rating unit.

**User Charges:** Charges collected from individuals at the time service is used.

**Utilities:** Combination of water, wastewater and refuse services.

The council activities and associated service reviews are detailed below.

### Service Reviews

#### Water Supplies

Service	Water Supplies
Community outcomes	<ul style="list-style-type: none"> <li>A place with essential and appropriate infrastructure.</li> </ul>
Relevant funding principles	<p>The increased requirements to meet New Zealand drinking water standards place an exceptional burden on the rate payers of small water schemes. To fund the increased costs associated with meeting standards, the Council funds all drinking water requirements from a general rate, rather than a targeted rate (as was done in the past).</p> <p>Only those properties which are connected to a Council water scheme are rated for this service.</p> <p>Water rates are based on the principal that all ratepayers own an equal share in the water supply system and therefore, all users should meet an equal component of</p>

	the fixed costs of water supply. They should then pay the economic marginal cost of any additional usage.
Funding - operational	<p>For all on-demand supplies, a standard connection charge is applied regardless of the location. In addition, those connected to an on-demand supply are charged a standard charge for each cubic metre of water as recorded by individual water meters.</p> <p>Properties that have the ability to connect to an on-demand supply but are not connected (e.g. vacant sections) will be charged ½ the standard connection charge.</p> <p>For restricted supplies, except Balmoral, a staged increase is proposed to align all supplies to a common rate for each unit of water.</p> <p>The Balmoral Rural Water Supply is charged as a local uniform annual rate per water unit entitlement.</p>
Funding - capital	<ul style="list-style-type: none"> <li>Capital expenditure is initially funded by a loan as per the Council's Internal Financing Policy.</li> <li>The depreciation costs for all water supplies are included as part of the operational costs and charged as part of the targeted rate with the depreciation funds used for repayment of internal debt.</li> <li>If the capital expenditure caters for future growth of the scheme, then that portion of the cost that relates to growth may be funded through development contributions.</li> <li>Land owners will pay the cost of connection to the nearest main; plus if a new subdivision, the cost of a new sub-main and development contributions if they apply.</li> <li>Property owners individually pay for new connections.</li> </ul>

#### Sewerage

Service	Sewerage
Community outcomes	<ul style="list-style-type: none"> <li>A desirable and safe place to live.</li> <li>A place with essential and appropriate infrastructure.</li> </ul>

	<ul style="list-style-type: none"> <li>• A place that demonstrates environmental responsibility.</li> </ul>
Relevant funding principles	<p>The increased requirements to meet environmental standards for sewerage systems place an exceptional burden on small communities to fund their own scheme. To fund the increased costs associated with meeting standards, the Council funds all sewerage requirements from a general rate, rather than a targeted rate (as was done in the past).</p> <p>Only those properties which are connected to a Council sewerage scheme are rated for this service.</p> <p>Not all areas of the district are connected to a sewerage system due to the geographical spread of the largely rural district. Most ratepayers have their own self-funded sewerage disposal system, such as septic tanks.</p>
Funding - operational	<p>A wastewater uniform annual charge applies:</p> <ul style="list-style-type: none"> <li>• to each connection</li> <li>• for commercial properties a charge of:             <ul style="list-style-type: none"> <li>○ full charge for the first toilet pan</li> <li>○ ½ charge on the second toilet pan</li> <li>○ ¼ charge on the third and subsequent toilet pans</li> </ul> </li> </ul> <p>Vacant properties within the urban sewerage scheme area will be charged ½ the uniform annual charge.</p>
Funding - capital	<ul style="list-style-type: none"> <li>• Capital expenditure is initially funded by a loan as per the Council’s Internal Financing Policy.</li> <li>• The depreciation costs for all sewerage schemes are included as part of the operational costs and charged as part of the targeted rate with the depreciation funds used for repayment of internal debt.</li> <li>• If the capital expenditure caters for future growth of the scheme, then that portion of the cost that relates to growth may be funded through development contributions.</li> <li>• Land owners will pay the cost of connection to the nearest main; plus if a new subdivision, the cost of a new sub-main and development contributions if they apply.</li> <li>• Property owners individually pay for new connections.</li> </ul>

**Stormwater and Drainage**

Service		Stormwater and Drainage	
Supported community outcomes		<ul style="list-style-type: none"> <li>• A desirable and safe place to live.</li> <li>• A place with essential and appropriate infrastructure.</li> </ul>	
Relevant funding principles		<p>Further investigation is needed to fully understand the stormwater and drainage needs for the district. There is a mix of private and Council owned systems but limited understanding of how these inter-relate and interact with each other. The work to assess future needs will benefit those across the district in urban areas and will be charged to those in urban areas.</p> <p>The capital costs for the stormwater and drainage systems in the following areas will be charged to those who benefit from the individual drains:</p>	
		<ul style="list-style-type: none"> <li>• Ashworths drains</li> <li>• Leithfield Outfall drain</li> <li>• Newcombes Road drains</li> <li>• Jed River drains</li> </ul>	<ul style="list-style-type: none"> <li>• Culverden</li> <li>• Cheviot</li> <li>• Motunau Beach</li> <li>• Hawarden</li> <li>• Waikari</li> </ul>
Funding - operational		<p>District wide rate will be charged on each urban property to develop district-wide stormwater management and catchment plans.</p> <p>For individual townships (except in the Amberley Rating Area), a targeted rate will be charged on each property in the defined township area.</p> <p>For the Amberley Rating Area, a targeted rate will be charged to each property in the Rating Area.</p>	
Funding - capital		<ul style="list-style-type: none"> <li>• Capital expenditure is initially funded by a loan as per the Council’s Internal Financing Policy.</li> <li>• The depreciation costs relating to the capital renewal or replacement of stormwater assets is charged as a targeted rate to those properties which benefit from a particular stormwater outlet or drain. The depreciation funds are used for repayment of internal debt.</li> </ul>	

	<ul style="list-style-type: none"> <li>If the capital expenditure caters for future growth of the scheme, then that portion of the cost that relates to growth may be funded through development contributions.</li> </ul>
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**Roads and Footpaths**

Service	Roads and Footpaths
Supported community outcomes	<ul style="list-style-type: none"> <li>A desirable and safe place to live.</li> <li>A place with essential and appropriate infrastructure.</li> </ul>
Relevant funding principles	<p>The Council considers that all residents and ratepayers benefit from its roads and footpaths. Having a good road network that enables people to easily access their destination whether that be for work, recreation, shopping etc, is an expectation of most people. Rather than try to establish who may benefit more from certain roads, the Council charges a roading rate to all properties.</p> <p>Urban areas have footpaths and are charged a local rate. Some of the townships have more footpaths than others. The Council has delegated local committees to make decisions about where footpaths are needed. To ensure that all footpaths are well maintained, a maintenance plan is in place and funded from those who live in urban areas.</p>
Funding - operational	<ul style="list-style-type: none"> <li>District Rate for operations, roads and bridges known as the 'Roading Rate'.</li> <li>Footpath maintenance is funded through a district rate for urban areas on an 80% basis, and rural areas for the remaining 20% of costs.</li> </ul>
Funding - capital	<ul style="list-style-type: none"> <li>Subsidised capital expenditure (through Waka Kotahi NZ Transport Agency) is funded as operational.</li> <li>If the capital expenditure caters for future growth, then the portion of the expenditure that relates to growth may be funded from financial contributions.</li> <li>For resealing work that does not qualify for a government subsidy (from Waka Kotahi NZ Transport Agency), ratepayers on that particular road are to meet the full cost (as per the Road Seal Extension Policy).</li> </ul>

	<ul style="list-style-type: none"> <li>Footpath renewals are funded district wide in the same manner as footpath maintenance.</li> <li>New Footpaths constructed in specific areas shall be funded through a local rate on community rating areas.</li> </ul>
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**Coastal Hazards**

Service	Coastal Hazards
Supported community outcomes	<ul style="list-style-type: none"> <li>A desirable and safe place to live.</li> <li>A place that demonstrates environmental responsibility</li> <li>A place with essential and appropriate infrastructure.</li> </ul>
Relevant funding principles	<p>The Council commissioned Jacobs to complete a District Coastal Hazard and Risk Assessment which has been presented to the communities. The assessment also looks at potential impacts of on Council infrastructure. The Council is following MFE's adaptive pathway guidance to work with communities on the adaptive pathways available to each community. A new activity is being added to the Long Term Plan to recognise the growing significance of coastal hazards in its long term planning.</p> <p>The only item in this budget is the Foreshore protection fund (bund) for Amberley Beach.</p>
Funding - operational	A targeted rate will be charged to each property in the Amberley Beach Township.
Funding - capital	<ul style="list-style-type: none"> <li>Capital expenditure is initially funded by a loan as per the Council's Internal Financing Policy.</li> <li>The targeted rate will include a portion of funding to repay any debt or to build up the fund to carry out capital work in the future.</li> </ul>

**Public Services**

Service	Public Services
Supported community outcomes	<ul style="list-style-type: none"> <li>A desirable and safe place to live.</li> <li>A place where our traditional rural values and heritage make Hurunui unique.</li> </ul>

## LTP Part 2

	<ul style="list-style-type: none"> <li>A place that demonstrates environmental responsibility.</li> </ul>
Relevant funding principles	<p>The Council provides a number of public services to meet a range of needs and services that would otherwise be unprofitable to run privately but considered necessary in today's society. A variety of funding mechanisms is used to pay for these services to spread the cost as fairly as possible without over burdening any individuals or communities.</p> <p>Where possible, 'user pay' principles are applied but this is not always practical or able to fully fund each service. For example, to fund the library, a number of mechanisms are used including a district rate, user pays (fees), Hanmer Springs Thermal Pools and Spa profits, and occasionally small grants are provided. If the library was to be fully user pays, the cost of using the library would be prohibitive to many individuals and go against the principles of libraries being equally accessible to all.</p> <p>Another example is reserves and playgrounds. It would be extremely difficult to have a user pay system for these items and charge individuals for using playgrounds and for a walk through a reserve. Again, this goes against community principles and desires that these facilities are easily and equally available for all to use. Some user charges exist for some reserves for organised events.</p>
Funding - operational	See table on next page.
Funding - capital	See table on next page.

### Public Services Funding Mechanisms

Public Services Activity	District Rate	Local Amenity Rate	Targeted Rate	User Charges	Development Contributions	External Grants	HSTPS
Community halls		•		•	•		
Reserves, parks and playgrounds	•	•		•	•		•

Township maintenance		•					
Youth programme	•					•	•
Medical centres		•		•	•		
Social housing (pensioner units)				•		•	
Residential housing	•			•			
Cemeteries	•			•			•
Public toilets	•	•				•	•
Libraries	•			•		•	•
Civil defence	•					•	
Waste management	•			•		•	
District promotion	•						
Tourism				•			•
Swimming pools		•	•	•			

### Regulatory Services

Service	Regulatory Services
Supported community outcomes	<ul style="list-style-type: none"> <li>A desirable and safe place to live.</li> <li>A place that demonstrates environmental responsibility.</li> </ul>
Relevant funding principles	User charge principles apply as much as possible. Regulatory services are often required to protect people,

	<p>animals and the environment. To do this, rules are created to ensure the sustainable management of the districts natural and physical resources, and to minimise any factors that most people would deem a nuisance.</p> <p>Therefore, costs are recovered as much as practical from those who require a service that benefits them individually (building and resource consents), or provides a service that can cause potential harm (such as the sale of liquor and food), or directly cause nuisance (for example, loud music, barking dogs).</p> <p>Some statutory constraints apply that limit what the Council is able to recover under the Resource Management Act.</p> <p>Other Acts state actual fees that the Council must pass on to users of certain services (such as dog registration and liquor licencing fees).</p>			
Funding - operational	Activity	User charges	District rate	Fee set by statute
	Resource consents	•	•	
	Private plan change	•		
	Planning	•	•	
	Swimming pool inspections	•		
	Building consents	•	•	
	Health	•	•	
	Liquor		•	•
	Dog registration			•
	Animal control		•	
	Earthquake prone buildings		•	
Funding - capital	<ul style="list-style-type: none"> <li>District rate.</li> <li>Note: Capital costs are minimal in this function and mainly relate to vehicle purchases.</li> </ul>			

**Hanmer Springs Thermal Pools and Spa**

Service	Hanmer Springs Thermal Pools and Spa (HSTP&S)
Supported community outcomes	<ul style="list-style-type: none"> <li>A place where our traditional rural values and heritage make the Hurunui unique.</li> <li>A place with a thriving local economy.</li> <li>A place that demonstrates environmental responsibility.</li> </ul>
Relevant funding principles	<p>The HSTP&amp;S is run as a department of the Council on a reserve. Because of this, the use of the profits is restricted to that set out in the Reserves Act. HSTP&amp;S is run as a business and the Council deliberately aims to increase the profit margins each year.</p> <p>A substantial amount of the annual profits is reinvested into the Pools complex to ensure they remain attractive and compelling to visitors in order to reasonably expect increased profits. Another portion of the profits is used to repay Council debt – much of this resulting from improvements to the complex.</p> <p>All Hurunui ratepayers benefit from the HSTP&amp;S operation as the profits earned are used to offset the rates that would be charged if the profits were not available. For example, most of the funding for reserves, playgrounds, parks and libraries (on reserves) are funded from the profits rather than through direct rates.</p> <p>The Council strongly considers that HSTP&amp;S belongs to the ratepayers of the Hurunui District and has granted special discounted rates to encourage them to use the pools.</p>
Funding - operational	<p>User charges.</p> <p>The HSTP&amp;S sets its fee schedule for the use of the facilities annually.</p>
Funding - capital	<p>Internal borrowing from the Council in accordance with the Internal Financing Policy.</p> <p>The Council charges the HSTP&amp;S an interest rate of 2% above the Council’s external borrowing rate. The additional interest derived from the internal financing to</p>

## LTP Part 2

	<p>the HSTPS (\$20,000 per \$1 million of borrowings) provides a good return for the Council that contributes toward lower rates.</p> <p>Loans are serviced by HSTP&amp;S from a portion of its profits.</p> <p>The amount of depreciation that is charged is also used to repay debt.</p>
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	for this debt, the Council has deemed that it is appropriate to service that debt from a district wide rate.
Funding - operational	Ongoing operational costs relate to servicing of the debt. Charged as a district wide rate.
Funding - capital	No significant capital investment is anticipated in this area.

### Governance

Service	Governance
Supported community outcomes	<ul style="list-style-type: none"> <li>• A desirable and safe place to live</li> <li>• A place where our traditional rural values and heritage make Hurunui unique</li> <li>• A place with a thriving local economy</li> <li>• A place with essential infrastructure</li> <li>• A place that demonstrates environmental responsibility</li> </ul>
Relevant funding principles	The Council's financial strategy is to support its strategic direction and the sustainable, affordable delivery of services and facilities. The Council's intent is to manage and reduce debt, to maximise the HSTPS profits, and ensure that council activities are affordable and relevant.
Funding - operational	District rate (known as the governance rate). Hanmer Springs Community Board members' remuneration is funded by the Hanmer Springs Rating Area amenities rate.
Funding - capital	No significant capital investment in this area.

END OF POLICY

### Earthquake Recovery

Service	Earthquake Recovery
Supported community outcomes	<ul style="list-style-type: none"> <li>• A desirable and safe place to live.</li> <li>• A place with essential and appropriate infrastructure.</li> </ul>
Relevant funding principles	The Council was left with a shortfall in funding the response and recovery from the Earthquakes in November 2016. The resulting debt is still to be serviced. Recognising the Hurunui District as a whole is responsible

# Treasury risk management policy



Approved: 25 June 2020

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## 1.0 INTRODUCTION

### 1.1 Purpose of Treasury Risk Management Policy

The purpose of the Treasury Risk Management Policy is to outline approved policies and procedures in respect of all treasury activity to be undertaken by Hurunui District Council. The formalisation of such policies and procedures will enable treasury risks within Hurunui District Council to be prudently managed.

As circumstances change, the policies and procedures outlined in this Treasury Risk Management Policy will be modified to ensure that the Hurunui District Council will manage all treasury risks. In addition, regular reviews will be conducted to test the existing Treasury Risk Management Policy against the following criteria:

- Industry “best practices” for a Council the size and type of Hurunui District Council.
- The risk bearing ability and tolerance levels of the underlying revenue and cost drivers.
- The effectiveness and efficiency of the Treasury Risk Management Policy and treasury management function to recognise, measure, control, manage and report on Hurunui District Council’s financial exposure to market interest rate risks, funding risk, liquidity, investment risks, counterparty credit risks and other associated risks.
- The operations of a pro-active treasury function in an environment of control and compliance.
- The robustness of the Treasury Risk Management Policy’s risk control limits and risk spreading mechanisms against normal and abnormal interest rate market movements and conditions.
- Assistance to Hurunui District Council in achieving strategic objectives relating to ratepayers.

All personnel involved in any aspect of the Hurunui District Council’s financial management must be completely familiar with their responsibilities under the Treasury Risk Management Policy at all times.

## 2.0 SCOPE AND OBJECTIVES

### 2.1 Scope

- This document identifies the Hurunui District Council's policy and procedures in respect of treasury management activities.
- The Treasury Risk Management Policy does not cover other aspects of Hurunui District Council's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures of Council cover these matters.
- Planning tools and mechanisms are also outside of the scope of this Treasury Risk Management Policy.

### 2.2 Objectives

The objective of this Treasury Risk Management Policy is to control and manage costs and investment returns that can influence operational budgets and public equity. Specifically:

#### Statutory Objectives

- All external borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy.
- Hurunui District Council is governed by the following relevant legislation;
  - Local Government Act 2002, in particular Part 6 including sections 101,102,104 and 105.
  - Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
  - Trustee Act 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. Details of relevant sections can be found in the Trustee Act 1956 Part II Investments.
  - Public bodies Lease Act 1969 and Property Law Act 2007.
- All projected borrowings are to be approved by Hurunui District Council as part of the Annual Plan process or resolution of Hurunui District Council before the borrowing is effected.
- All legal documentation in respect to borrowing and financial instruments will be approved by Hurunui District Council's solicitors prior to the transaction being executed.
- Hurunui District Council will not enter into any borrowings denominated in a foreign currency.
- Hurunui District Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by Hurunui District Council itself.

- A resolution of Hurunui District Council is not required for hire purchase, credit or deferred purchase of goods if:
  - the period of indebtedness is less than 91 days (including rollovers); or
  - the goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of Hurunui District Council.

#### General Objectives

- To manage investments to optimise returns in the long term whilst balancing risk and return considerations.
- Minimise Hurunui District Council's costs and risks in the management of its borrowings.
- Minimise Hurunui District Council's exposure to adverse interest rate movements.
- Monitor, evaluate and report on treasury performance.
- Borrow funds and transact risk management instruments within an environment of control and compliance under the Hurunui District Council approved Treasury Risk Management Policy.
- Arrange and structure long term funding for Hurunui District Council at the lowest achievable interest margin from debt lenders. Optimise flexibility and spread of debt maturity within the funding risk limits established by this Treasury Risk Management Policy statement.
- Monitor and report on financing/borrowing covenants and ratios under the obligations of Hurunui District Council's lending/security arrangements.
- Comply with financial ratios and limits stated within this Treasury Risk Management Policy.
- Monitor Hurunui District Council's return on investments.
- Ensure the Hurunui District Council, management and relevant staff are kept abreast of the latest treasury products, methodologies, and accounting treatments through training and in-house presentations.
- Maintain appropriate liquidity levels and manage cash flows within Hurunui District Council to meet known and reasonable unforeseen funding requirements.
- To minimise exposure to credit risk by dealing with and investing in creditworthy counterparties.
- Ensure that all statutory requirements of a financial nature are adhered to.
- To ensure adequate internal controls exist to protect Hurunui District Council's financial assets and to prevent unauthorised transactions.
- Develop and maintain relationships with financial institutions, the LGFA and investment counterparties.

### 2.3 Policy setting and Management

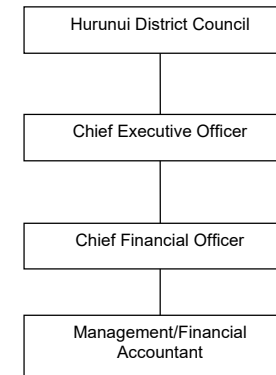
The Hurunui District Council approves Treasury Risk Management Policy parameters in relation to its treasury activities. The Hurunui District Council's Chief Executive Officer has overall financial management responsibility for the Hurunui District Council's borrowing and investments.

The Hurunui District Council exercises on-going governance over its subsidiary companies (CCO/CCTO), through the process of approving the Constitutions, Statements of (Corporate) Intent, and the appointment of Directors/Trustees of these companies.

**3.0 MANAGEMENT RESPONSIBILITIES**

**3.1 Overview of Management Structure**

The following diagram illustrates those individuals and bodies who have treasury responsibilities. Authority levels, reporting lines and treasury duties and responsibilities are outlined in the following section:



**3.2 Hurunui District Council (the full council of elected members)**

The Hurunui District Council has ultimate responsibility for ensuring that there is an effective policy for the management of its risks. In this respect the Hurunui District Council decides the level and nature of risks that are acceptable, according to its underlying objectives.

The Hurunui District Council is responsible for approving the Treasury Risk Management Policy. While the Treasury Risk Management Policy can be reviewed and changes recommended by other persons, the authority to make or change policy cannot be delegated.

In this respect, the Hurunui District Council has responsibility for:

- Approving its long-term financial position of Hurunui District Council through the Long Term Plan (LTP) and Financial Strategy along with the adopted Annual Plan.
- Approving new debt through the adoption of the Annual Plan, specific Hurunui District Council resolution and approval of this Treasury Risk Management Policy.
- Approve any interest rate risk management strategies submitted by the CEO that are outside the parameters of this policy.
- Approving the Treasury Risk Management Policy incorporating the following delegated authorities:
  - borrowing, investment and dealing limits and the respective authority levels delegated to the CEO, CFO and other management;
  - counterparties and credit limits;
  - risk management methodologies and benchmarks;

- guidelines for the use of financial instruments;
- receive an annual review report on the Treasury Risk Management Policy;
- Evaluating and approving amendments to Treasury Risk Management Policy.
- Approving budgets and high level performance reporting
- Delegate authority to the CEO and other officers.

The Hurunui District Council should also ensure that:

- It receives regular information from management on risk exposure and financial instrument usage in a form, that is understood, and that enables it to make informed judgements as to the level of risk undertaken.
- Issues raised by auditors (both internal and external) in respect of any significant weaknesses in the treasury function are resolved in a timely manner.
- Submissions are received from management requesting approval for one-off transactions falling outside Treasury Risk Management Policy guidelines.

### 3.3 Chief Executive Officer (CEO)

While the Hurunui District Council has final responsibility for the Treasury Risk Management Policy governing the management of Hurunui District Council's risks, it delegates overall responsibility for the day-to-day management of such risks to the Chief Executive Officer.

In respect of treasury management activities, the Chief Executive Officer's responsibilities include:

- Monitoring the management and overall performance of Hurunui District Council's treasury activities
- In conjunction with the CFO determines the overall level of core debt to be used for the management of Hurunui District Council's interest rate risks.
- Ensuring the Treasury Risk Management policies comply with existing and new legislation;
- Approving the register of cheque and electronic banking signatories;
- Approve new counterparties and counterparty limits;
- Approve any interest rate risk management strategies submitted by the CFO outside the parameters of this policy prior to submission to the full council for approval.
- Receive advice of breaches of Treasury Risk Management Policy and significant treasury events from the CFO;
- Approve all amendments to Hurunui District Council records arising from checks to bank confirmations;
- Approve opening and closing of bank accounts

### 3.4 Chief Financial Officer

The CFO's responsibilities are as follows:

- Primary responsibility for the management of Hurunui District Council's funding, interest rate risk management and investment activities;
- Recommend Treasury Risk Management Policy changes to the Hurunui District Council for approval;
- Ongoing risk assessment of borrowing and investment activity including procedures and controls';
- Approve treasury transactions in accordance with delegated authority;
- Authorise the use of approved interest rate risk management instruments within discretionary authority;
- Recommend authorised signatories and delegated authorities in respect of all treasury dealing and banking activities;
- Review and make recommendations on all aspects of the Treasury Risk Management Policy to the CEO, including dealing limits, approved instruments, counterparties, and general guidelines for the use of financial instruments;
- Conduct a review, at least triennially, of the Treasury Risk Management Policy, treasury procedures and counterparty limits;
- Manage the long-term financial position of Hurunui District Council as outlined in the LTP;
- Ensure management procedures and policies are implemented in accordance with this Treasury Risk Management Policy;
- Ensure all financial instruments are valued and accounted for correctly in accordance with current best practice standards;
- Monitor and review the performance of the treasury function in terms of achieving the objectives of minimising and stabilising funding costs;
- Monitor treasury exposure on a regular basis, including current and forecast cash position, investment portfolio, interest rate exposures and borrowings;
- Manage the relationships with financial institutions/brokers;
- Negotiate new or amended borrowing facilities;
- Authorise interest rate hedge transactions (swaps, Forward Rate Agreements (FRAs) and options) with bank counterparties to change the fixed:floating mix to re-profile Hurunui District Council's interest rate risk profile on borrowing;
- Design, analyse, evaluate, test and implement risk management strategies to position the Hurunui District Council's net interest rate risk profile to be protected against adverse market movements within the approved Treasury Risk Management Policy limits;
- Execute treasury transactions in accordance with set limits;
- Complete deal tickets for treasury transactions;
- Update treasury spread sheet for all new, re-negotiated and maturing transactions;
- Monitor credit ratings of approved counterparties;
- Investigate financing alternatives to minimise borrowing costs, margins and interest rates, making recommendations to the CEO as appropriate;
- Account for all treasury transactions in accordance with legislation and generally accepted accounting principles, Hurunui District Council's accounting and funding and financial policies.

- Prepare treasury reports;
- Update credit standing of approved counterparty credit list on a quarterly basis.
- Check compliance against limits and prepare report on an exceptions basis;
- Forecast future cash flow and debt requirements
- Handle all administrative aspects of bank counterparty agreements and documentation such as loan agreements and ISDA swap documents;
- Delegates his/her duties and responsibilities as appropriate.

### 3.5 Management/Financial Accountant

Responsibilities are as follows:

- Co-ordinate the compilation of cash flow forecasts and cash management.
- Manage the operation of all bank accounts;
- Monitor all treasury exposures daily;
- Check all treasury deal confirmations against deal documentation and treasury spreadsheet, and report any irregularities immediately to the CEO;
- Reconcile monthly summaries of outstanding financial contracts from banking counterparties to internal records;
- Review treasury spreadsheet reconciliation to general ledger;

### 3.6 Delegation of Authority and Authority Limits

Treasury transactions entered into without the proper authority are difficult to cancel given the legal doctrine of "apparent authority". Also, insufficient authorities for a given bank account or facility may prevent the execution of certain transactions (or at least cause unnecessary delays).

To prevent these types of situations, the following procedures must be complied with:

- All delegated authorities and signatories must be reviewed at least annually to ensure that they are still appropriate and current.
- A comprehensive letter must be sent to all bank counterparties at least annually to confirm details of all relevant current delegated authorities empowered to bind Hurunui District Council.

Whenever a person with delegated authority on any account or facility leaves Hurunui District Council, all relevant banks and other counterparties must be advised in writing in a timely manner to ensure that no unauthorised instructions are to be accepted from such persons.

Hurunui District Council has the following responsibilities, either directly itself, or via the following stated delegated authorities.

Activity	Delegated Authority	Limit
Approving and changing Treasury Risk Management Policy	Hurunui District Council	Unlimited

Approve external borrowing for year as set out in the AP/LTP.	Hurunui District Council	Unlimited (subject to legislative and other regulatory limitations)
Acquisition and disposition of investments other than financial investments	Hurunui District Council	Unlimited
Approval for charging assets as security over borrowing	Hurunui District Council	Unlimited
Approving new and reviewing re-financed bank facilities.	CEO (delegated by Hurunui District Council)	Unlimited
Appoint Debenture Trustee	The Hurunui District Council	N/A
Overall day-to-day risk management	CEO (delegated by Hurunui District Council) CFO (delegated by CEO)	Subject to Treasury Risk Management Policy
Re-financing existing debt	CEO (delegated by Hurunui District Council) CFO (delegated by CEO)	Subject to Treasury Risk Management Policy
Negotiate bank facilities	CFO	N/A
Manage borrowing and interest rate strategy	CFO	N/A
Approving transactions outside Treasury Risk Management Policy	Hurunui District Council	Unlimited
Adjust interest rate risk profile	CFO	Per risk control limits
Managing funding maturities in accordance with Hurunui District Council approved risk control limits	CFO	Per risk control limits
Maximum daily transaction amount (borrowing, investing, interest rate risk management and cash management) excludes roll-overs on floating rate borrowing and interest rate roll-overs on swaps	Hurunui District Council CEO (delegated by Hurunui District Council) CFO	Unlimited \$10M \$10M
Manage cash/liquidity requirements	CFO	Per risk control limits
Authorising lists of signatories	CEO	Unlimited
Opening/closing bank accounts	CEO	Unlimited
Annual Review of Treasury Risk Management Policy in February of each year	CFO	N/A
Ensuring compliance with Treasury Risk Management Policy	CFO	N/A

All management delegated limits are authorised by the CEO

**4.0 LIABILITY MANAGEMENT POLICY**

Hurunui District Council’s liabilities comprise borrowings and various other liabilities.

**4.1 Debt Ratios and Limits**

Debt will be managed within the following macro limits.

Ratio	Hurunui District Council	LGFA Lending Policy Covenants
Net external debt as a percentage of total revenue	<125%	<175%
Net Interest on external debt as a percentage of total revenue	<6.25%	<20%
Net Interest as a percentage of annual rates income (debt secured under debenture)	<12.5%	<25%
Liquidity (External, term debt + committed loan facilities + available liquid investments/cash equivalents to existing external debt)	>110%	>110%

Total revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).

Net external debt is defined as total external debt less liquid financial assets/investments.

Liquid investments are defined as being:

- Overnight bank cash deposits
- Wholesale/retail bank term deposits no greater than 30 days
- Bank Term Deposits.
- New Zealand dollar denominated sovereign and non-sovereign bonds

Net interest on external debt is defined as the amount equal to all interest and financing costs (on external debt) less interest income for the relevant period.

Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 (including volumetric water charges levied) together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).

Disaster recovery requirements are to be met through the liquidity ratio and special funds.

**4.2 Asset Management Plans**

In approving new debt the Hurunui District Council considers the impact on its borrowing limits as well as the economic life of the asset that is being funded and its overall consistency with Hurunui District Council’s LTP and Financial Strategy.

**4.3 Borrowing Mechanisms**

Hurunui District Council is able to externally borrow through a variety of market mechanisms including issuing stock/bonds, commercial paper (CP) and debentures, direct bank borrowing, LGFA, accessing the short and long-term wholesale and retail debt capital markets directly or indirectly, or internal borrowing of reserve and special funds. In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the CFO, takes into account the following:

- Available terms from banks, LGFA, debt capital markets and loan stock issuance;
- Hurunui District Council’s overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time;
- Prevailing interest rates and margins relative to term for loan stock issuance, debt capital markets, LGFA and bank borrowing;
- The market’s outlook on future credit margin and interest rate movements as well as its own;
- Ensuring that the implied finance terms and conditions within the specific debt (e.g. project finance) are evaluated in terms such as cost/tax/risk limitation compared to the terms and conditions Hurunui District Council could achieve in its own right;
- Legal documentation and financial covenants together with credit rating considerations.
- For internally funded projects, to ensure that finance terms for those projects are at least as equitable with those terms from external borrowing.
- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

Hurunui District Council’s ability to readily attract cost effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with its investors, LGFA and financial institutions/brokers.

**4.4 Security**

Hurunui District Council’s borrowings and interest-rate risk management instruments will generally be secured by way of a charge over rates and rates revenue. 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 Hurunui District Council’s borrowing is secured by a floating charge over all Hurunui District Council rates levied under the Rating Act, excluding any rates collected by Hurunui District Council on behalf of any other local authority. In such circumstances, the security offered by Hurunui District Council ranks ‘Pari Passu’ with other lenders.

Hurunui District Council offers deemed rates as security for general borrowing programs. From time to time, with prior Hurunui District Council and Debenture Trustee approval, security may be offered by providing a charge over one or more of Hurunui District 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).

- Hurunui District 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 security arrangement.

#### 4.5 Debt Repayment

The funds from all asset sales and operating surpluses and subsidies will be applied to specific projects or the reduction of debt and/or a reduction in borrowing requirements, unless the Hurunui District Council specifically directs that the funds will be put to another use.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Hurunui District Council will manage debt on a net portfolio basis and will only externally borrow when it is commercially prudent to do so.

#### 4.6 Internal borrowing

Refer to the Hurunui District Council's Internal Financing Policy.

#### 4.7 New Zealand Local Government Funding Agency Limited Investment

Despite anything earlier in this Treasury Risk Management Policy, the Hurunui District Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- (a) Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA, for example Borrower Notes;
- (b) Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
- (c) Commit to contributing additional equity (or subordinated debt) to the LGFA if required;
- (d) Subscribe for shares and uncalled capital in the LGFA; and
- (e) Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Hurunui District Council's rates and rates revenue.

## 5.0 INVESTMENT POLICY AND LIMITS

### 5.1 General Policy

Hurunui District Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Generating a commercial return on strategic investments is considered a secondary objective. Investments and associated risks are monitored and managed, and regularly reported to Hurunui District Council. Specific purposes for maintaining investments include:

1. For strategic purposes consistent with Hurunui District Council's Long Term Plan;
2. To reduce the current ratepayer burden;
3. The retention of vested land;
4. Holding short term investments for working capital requirements;
5. Holding investments that are necessary to carry out Hurunui District Council operations consistent with Annual Plans, to implement strategic initiatives, or to support inter-generational allocations.
6. Holding assets (such as property) for commercial returns.
7. Provide ready cash in the event of a natural disaster. The use of which is intended to bridge the gap between the disaster and the reinstatement of normal income streams and assets.
8. Invest amounts allocated to accumulated surplus, Hurunui District Council created restricted reserves and general reserves.
9. Invest proceeds from the sale of assets.

Hurunui District Council recognises that as a responsible public authority all investments held, should be low risk. Hurunui District Council also recognises that low risk investments generally means lower returns.

Hurunui District Council can internally borrow from reserve funds in the first instance to meet future capital expenditure requirements, unless there is a compelling reason for establishing external debt.

In its financial investment activity, Hurunui District Council's primary objective when investing is the protection of its investment capital and that a prudent approach to risk/ return is always applied within the confines of this Treasury Risk Management Policy. Accordingly, only approved credit worthy counterparties are acceptable. The Hurunui District Council will act effectively and appropriately to:

- Protect the Hurunui District Council's investments.
- Ensure the investments benefit the Hurunui District Council's ratepayers.
- Maintain a prudent level of liquidity and flexibility to meet both planned and unforeseen cash requirements.

### 5.2 Investment Mix

Hurunui District Council maintains investments in the following assets from time to time:

- Equity investments, including investments held in CCO/CCTO and other shareholdings.

- Property investments incorporating land, buildings, a portfolio of ground leases and land held for development.
- Forestry investments
- Financial investments
- Other

### 5.2.1 Equity Investments

Hurunui District Council maintains equity investments and other minor shareholdings. Hurunui District Council's equity investments fulfil various strategic, economic development and financial objectives as outlined in the LTP. Equity investments may be held where Hurunui District Council considers there to be strategic community value.

Hurunui District Council's equity investments fulfil various strategic, economic development and financial objectives as outlined in the LTP.

Hurunui District Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment and their stated philosophy on investments.

Dividends received from CCO's and unlisted companies not controlled by Hurunui District Council are recognised when they are received in the consolidated revenue account.

Any purchase or disposition of equity investments requires Hurunui District Council approval and any profit or loss arising from the sale of these investments is to be recorded in accordance with appropriate accounting standards. Any purchase or disposition of equity investments will be reported to the next meeting of Hurunui District Council.

Unless otherwise directed by Hurunui District Council, the proceeds from the disposition of equity investments will be used firstly to repay any debt relating to the investment and then included in the relevant consolidated capital account.

Hurunui District Council recognises that there are risks associated with holding equity investments and to minimise these risks Hurunui District Council, through the relevant sub-committee, monitors the performance of its equity investments on a twice yearly basis to ensure that the stated objectives are being achieved. Hurunui District Council seeks professional advice regarding its equity investments when it considers this appropriate.

### 5.2.2 Property Investments

Hurunui District Council's overall objective is to only own property that is necessary to achieve its strategic objectives. As a general rule, Hurunui District Council will not maintain a property investment where it is not essential to the delivery of relevant services, and property is only retained where it relates to a primary output of Hurunui District Council. Hurunui District Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results. This assessment is based on the most financially viable method of achieving the delivery of Hurunui District Council services. Hurunui District Council generally follows similar assessment criteria in relation to new property investments.

Hurunui District Council reviews the performance of its property investments on a regular basis.

All income, including rentals and ground rent from property investments is included in the consolidated revenue account.

### 5.2.3 Forestry

Forestry assets are held as long term investments on the basis of net positive discounted cashflows, factoring in projected market prices and annual maintenance and cutting costs.

All income from forestry is included in the consolidated revenue account.

Any disposition of these investments requires Hurunui District Council approval. The proceeds from forestry disposition are used firstly to repay related borrowings and then included in the relevant consolidated capital account.

### 5.2.4 Financial Investments

Hurunui District Council's investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due. Hurunui District Council prudently manages liquid financial investments as follows:

- Any liquid investments must be restricted to a term that meets future cash flow and capital expenditure projections.
- Interest income from financial investments is credited to general funds, except for income from investments for special funds, reserve funds and other funds where interest may be credited to the particular fund.
- Internal borrowing will be used wherever possible to avoid external borrowing
- Financial investments do not include shares.

### Financial Investment Objectives

- Hurunui District Council's primary objectives when investing is the protection of its investment capital. Accordingly, Hurunui District Council may only invest in approved creditworthy counterparties. Creditworthy counterparties and investment restrictions are covered in section 6.3. Credit ratings are monitored and reported quarterly to Hurunui District Council.
- Hurunui District Council may invest in approved financial instruments as set out in section 6.1.2. These investments are aligned with Hurunui District Council's objective of investing in high credit quality and highly liquid assets.

### Special Funds and Reserve Funds

Liquid assets are not required to be held against special funds and reserve funds. Instead Hurunui District Council will internally borrow or utilise these funds where ever possible.

Unless otherwise directed by Hurunui District Council internal borrowing to/(from) reserves will be undertaken at the external cost of borrowing.



**Trust Funds**

Where Hurunui District Council hold funds as a trustee, or manages funds for a Trust then such funds must be invested on the terms provided within the trust. If the Trusts investment policy is not specified then this Treasury Risk Management Policy should apply.

**5.2.5 New Zealand Local Government Funding Agency Limited**

Despite anything earlier in this Investment Policy, the Hurunui District Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment. The Hurunui District Council's objective in making any such investment will be to:

- (a) Obtain a return on the investment; and
- (b) Ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Hurunui District Council.

Because of these dual objectives, the Hurunui District Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required in connection with the investment, the Hurunui District Council may also subscribe for uncalled capital in the LGFA.

**5.3 Investment management and reporting procedures**

Hurunui District Council's investments are managed on a regular basis, with sufficient minimum immediate cash reserves and a cash buffer maintained. The daily cash position is monitored and managed through the Daily Cash Position Report, and long-term cash flow through the annual Cash flow Forecast. To best manage funding gaps, Hurunui District Council's financial investment maturities are matched with Hurunui District Council's forecast cash flow requirements.

The performance of Hurunui District Council investments is regularly reviewed to ensure Hurunui District Council's strategic objectives are being met. Both performance and Treasury Risk Management Policy compliance are reviewed through regular reporting.

**6.0 RISK RECOGNITION/IDENTIFICATION/MANAGEMENT**

The definition and recognition of interest rate, liquidity, funding, investment, counterparty credit, market, operational and legal risk of Hurunui District Council will be as detailed below and applies to both the Liability Management policy and Investment policy.

**6.1 Interest Rate Risk****6.1.1 Risk Recognition**

Interest rate risk is the risk that funding costs (due to adverse movements in market interest rates) will materially exceed or fall short of projections included in the LTP and Annual Plan so as to adversely impact revenue projections, cost control and capital investment decisions/returns/and feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements through fixing/hedging of funding costs. Certainty around funding costs is to be achieved through the active management of underlying interest rate exposures.

**6.1.2 Approved Financial Instruments**

Dealing in interest rate products must be limited to financial instruments approved by the Hurunui District Council.

Approved financial instruments (which do not include shares or equities) are as follows:

Category	Instrument
Cash management and borrowing	Bank overdraft Committed cash advance and bank accepted bill facilities (short term and long term loan facilities) Loan stock /bond issuance – Floating Rate Note (FRN) – Fixed Rate Bond (Medium Term Note/Bond) Uncommitted money market facilities Commercial paper (CP) / Promissory notes
Investments	Short term bank deposits Bank certificates of deposit (RCDs) NZ Government, Local Authority bonds and FRNs (secured/senior) LGFA borrower notes / CP / bills / bonds/ FRNs (floating rate notes) Local Authority promissory notes, Commercial paper (secured/senior)

Interest rate risk management	<p>Forward rate agreements</p> <p>Interest rate swaps including:</p> <ul style="list-style-type: none"> <li>- Forward start swaps</li> <li>- Amortising swaps (whereby notional principal amount reduces)</li> <li>- Swap extensions and shortenings</li> </ul> <p>Interest rate options including:</p> <ul style="list-style-type: none"> <li>- Caps (purchased caps)</li> <li>- Swaptions (purchased swaptions)</li> <li>- One for one collars</li> </ul>
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Any other financial instrument must be specifically approved by the Hurunui District Council on a case-by-case basis and only be applied to the one singular transaction being approved.

All unsecured investment securities must be senior in ranking. The following types of investment instruments are expressly excluded;

- Structured debt where issuing entities are not a primary borrower/ issuer
- Sub-ordinated debt (other than Borrower Notes subscribed from the LGFA), junior debt, perpetual notes and debt/equity hybrid notes such as convertibles.

**6.1.3 Interest Rate Risk Control Limits**

Interest rate risk management has the objective of containing Hurunui District Council’s interest rate exposures in order to:

- Give a sufficient level of certainty to Hurunui District Council’s funding costs while, at the same time, allowing the Council to participate if interest rates and credit spreads move favourably.
- Control variations in interest expense for the debt portfolio from year to year, taking into consideration any relevant budgetary assumptions.
- Recognise Hurunui District Council’s exposure to the local and international economies and maintain sufficient flexibility in its interest rate risk management profile to enable the Council to respond when considered appropriate.

For the purposes of interest rate hedging, core debt projections should be supported by budgetary analysis contained in the Annual Plan and the Long Term Plan. Core debt is defined as the level of current and projected future core debt as determined by the CFO in consultation with the CEO.

Hurunui District Council will maintain fixed interest rate cover of its core debt within the control limits detailed in the table below. Fixed rate debt is defined as all debt that has at least one more rate reset outstanding (typically quarterly), or has more than three months to maturity in the case of a fixed rate term loan. Compliance with these parameters is not necessary if core debt is less than \$20.0 million.

Fixed Rate Cover Percentages		
Period	Minimum	Maximum
0 to 2 years	40%	100%
2 to 4 years	25%	80%

4 to 8 years	0%	60%
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- The CFO is primarily responsible for the monitoring and managing the interest rate hedging profile of the Council. If the fixed rate cover is below or above the Fixed Rate Cover Percentages, the reasons for the non-compliance with the policy must be documented in an exception report.
- Any interest rate hedge with a maturity beyond 8 years must be approved by Hurunui District Council.
- Interest rate options must not be sold outright. However, 1:1 collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate “in-the-money”.
- Purchased borrower swaptions mature within 12 months.
- Interest rate options that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.

**Special and General Reserve Funds**

Given that Hurunui District Council may require funding for capital expenditure cash shortfalls over the remaining life of the existing special and general reserve funds, where such funds are deemed necessary they should be used for internal borrowing purposes when external borrowing is required. Accordingly Hurunui District Council maintains its funds in short term maturities emphasising counterparty credit worthiness and liquidity. The interest rate yield achieved on the funds therefore is a secondary objective.

This will negate counterparty credit risk and any interest rate repricing risk that occurs when Hurunui District Council borrows at a higher rate compared to the investment rate achieved by Special / Reserve Funds.

Liquid assets will not be required to be held against special funds or reserve funds unless such funds are held within a trust requiring such, instead, Hurunui District Council will manage these funds using internal borrowing facilities.

**Foreign Currency**

Hurunui District Council has minor foreign exchange exposure through the occasional purchase of foreign exchange denominated services, plant and equipment.

Generally, all significant commitments for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved and legally committed. Both spot and forward foreign exchange contracts can be used by Hurunui District Council.

Hurunui District Council shall not borrow or enter into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency. Hurunui District Council does not hold investments denominated in foreign currency.

## 6.2 Liquidity Risk/Funding Risk

### 6.2.1 Risk Recognition

Cash flow deficits in various future periods based on long term financial forecasts are reliant on the maturity structure of cash, financial investments, loans and bank facilities. Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at the same or more favourable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

The management of Hurunui District Council's funding risks is important as several risk factors can arise to cause an adverse movement in borrowing margins, term availability and general flexibility including:

- Local Government risk is priced to a higher fee and margin level;
- Hurunui District Council's own credit standing or financial strength as a borrower deteriorates due to financial, regulatory or other reasons;
- A large individual lender to Hurunui District Council experiences their own financial/exposure difficulties resulting in Hurunui District Council not being able to manage their debt portfolio as optimally as desired;
- New Zealand investment community experiences a substantial "over supply" of Hurunui District Council investment assets;
- Financial market shocks from domestic or global events;

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time so that if any of the above events occur, the overall borrowing cost is not unnecessarily increased and desired maturity profile compromised due to market conditions.

### 6.2.2 Liquidity/Funding Risk Control Limits

- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.
- External, term loans and committed debt facilities together with available liquid investments/cash equivalents must be maintained at an amount of 10% above the forecast peak core debt level over the next 12 months.
- The CEO has the discretionary authority to re-finance existing debt on acceptable terms.
- Hurunui District Council has the ability to pre-fund forecast debt requirements including re-financings. Debt refinancing that has been pre-funded will remain included within the funding maturity profile until the maturity date.
- The maturity profile of the total committed funding in respect to all external debt/loans and committed debt facilities, is to be controlled by the following system and apply when external debt exceeds \$20 million.
- To ensure that all of Hurunui District Council's debt is not exposed to excessive refinancing risk at any one time, where practicable no more than 40% of all debt facilities should mature within a rolling twelve month period.

- The CFO must renegotiate/replace maturing bank funding facilities on a timely basis. Specifically, the CFO must obtain an indicative letter of offer no later than three months before the maturity of any bank facility.

## 6.3 Counterparty Credit Risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Hurunui District Council is a party. The credit risk to the Hurunui District Council in a default event will be weighted differently depending on the type of instrument entered into.

Credit risk will be regularly reviewed by the Hurunui District Council. Treasury related transactions would only be entered into with organisations specifically approved by the Hurunui District Council.

Counterparties and limits can only be approved on the basis of credit ratings. The acceptable credit ratings are as follows:

- Moody's:
  - Long Term – A2 and above
  - Short Term – P-1 and above
- Standard & Poor's:
  - Long Term – A and above
  - Short Term – A-1 and above
- Fitch Ratings:
  - Long Term – A and above
  - Short Term – F1 and above

Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

The following matrix guide will determine limits (with the exception of externally managed funds which are governed by the appropriate SIPO).

Counterparty/ Issuer	Minimum long term credit rating – stated and possible	Investments maximum per counterpart y (\$m)	Interest rate risk management instrument maximum per counterparty (\$m)	Total maximum per counterparty (\$m)
NZ Government	N/A	unlimited	none	unlimited
Local Government Funding Agency State Owned Enterprises [name]	A-	50.0	none	50.0
NZ Registered Bank Corporate Bonds	A-	20.0	20.0	30.0
	A-	2.0*	none	2.0
Local Government Stock	A- (if rated) Unrated	2.0** 0.5**	none none	2.0 0.5

- \* Subject to a maximum of \$5.0m investment in corporate/securitised bonds at any one point in time.
- \*\* Subject to a maximum of \$15.0m investment in Local Government stock at any point in time.

In determining the usage of the above gross limits, the following product weightings will be used:

- Investments (e.g. Bank Deposits) – Transaction Notional Weighting 100%.
- Interest Rate Risk Management (e.g. swaps, FRAs) – Transaction Notional Maturity (years) 3% per annum.

Each transaction should be entered into a treasury spreadsheet and a quarterly report prepared to show assessed counterparty actual exposure versus limits.

Individual counterparty limits are kept in a spreadsheet by management and updated on a day to day basis. Credit ratings should be reviewed by the CFO on an ongoing basis and in the event of material credit downgrades; this should be immediately reported to the CEO and assessed against exposure limits. Counterparties exceeding limits should be reported to the Hurunui District Council.

Investments are normally held to maturity date. Where investments are liquidated before legal maturity date, approval is obtained from the CEO.

#### Risk Management

To avoid undue concentration of exposures, financial instruments should be used with as wide a range of approved counterparties as possible. Maturities should be well spread. The approval process must take into account the liquidity of the market the instrument is traded in and repriced from.

## 6.4 Operational Risk

Operational risk is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls.

Operational risk is very relevant when dealing with financial instruments given that:

- Financial instruments may not be fully understood;
- Too much reliance is often placed on the specialised skills of one or two people;
- Most treasury instruments are executed over the phone;
- Operational risk is minimised through the adoption of all requirements of this Treasury Risk Management Policy.

### 6.4.1 Dealing Authorities and Limits

Transactions will only be executed by those persons and within limits approved by the Hurunui District Council.

### 6.4.2 Segregation of Duties

As there are a small number of people involved in borrowing and investment activity, adequate segregation of duties among the core borrowing and investment functions of deal execution, confirmation, settling and accounting/reporting is not strictly achievable. The risk will be minimised by the following process:

- The CFO reports directly to the CEO.
- The Management/Financial Accountant independently cross checks the external bank confirmations with any irregularities reported directly to the CEO.
- There is a documented approval process for borrowing, interest rate and investment activity.

### 6.4.3 Procedures

All treasury instruments should be recorded and diarised within a treasury spreadsheet, with appropriate controls and checks over journal entries into the general ledger. Deal capture and reporting must be done immediately following execution/confirmation. Details of procedures including templates of deal tickets should be compiled in a treasury procedures manual separate to this Treasury Risk Management Policy.

Procedures should include:

- Regular management reporting.
- Regular risk assessment, including review of procedures and controls as directed by the Hurunui District Council or appropriate sub-committee of Hurunui District Council.
- Organisational, systems, procedural and reconciliation controls to ensure:
  - All borrowing, interest rate and investment activity is bona fide and properly authorised.
  - Checks are in place to ensure Hurunui District Council accounts and records are updated promptly, accurately and completely.

- All outstanding transactions are revalued regularly and independently of the execution function to ensure accurate reporting and accounting of outstanding exposures and hedging activity.

#### Organisational Controls

- The CFO, or equivalent has responsibility for establishing appropriate structures, procedures and controls to support borrowing, interest rate and investment activity.
- All borrowing, investment, cash management and interest rate risk management activity is undertaken in accordance with approved delegations authorised by the Hurunui District Council.

#### Cheque/Electronic Banking Signatories

- Positions approved by the CEO as per register.
- Dual signatures are required for all cheques and electronic transfers.
- Cheques must be in the name of the counterparty crossed "Not Negotiable, Account Payee Only", via the Hurunui District Council bank account.

#### Authorised Personnel

- All counterparties are provided with a list of personnel approved to undertake transactions, standard settlement instructions and details of personnel able to receive confirmations.

#### Recording of Deals

- All deals are recorded on properly formatted deal tickets by the CFO and approved as required by the CEO. Deal summary records for borrowing, investments, interest rate risk management and cash management transactions (on spreadsheets) are maintained by the CFO and updated promptly following completion of transaction.

#### Confirmations

- All inward letter confirmations including LGFA/bank funding registry confirmations are received and checked by the Management/Financial Accountant against completed deal tickets and the treasury spreadsheet records to ensure accuracy.
- All deliverable securities are held in the Hurunui District Council's safe.
- Deals, once confirmed, are filed (deal ticket and attached confirmation) by the Management/Financial Accountant in deal date/number order.
- The CFO checks all dealing activity, deal tickets and confirmations monthly, to ensure documentation is in order.
- Any discrepancies arising during deal confirmation checks which require amendment to the Hurunui District Council records are signed off by the CEO.

#### Settlement

- The majority of borrowing, interest rate and investment payments are settled by direct debit authority.
- For electronic payments, batches are set up electronically. These batches are checked by the CFO to ensure settlement details are correct. Payment details are authorised

by two approved signatories as per Hurunui District Council registers or by direct debit as per setup authority by Hurunui District Council.

#### Reconciliations

- Bank reconciliations are performed monthly by the Management/Financial Accountant and checked and approved by the CFO. Any unresolved unreconciled items arising during bank statement reconciliation which require amendment to the Hurunui District Council's records are signed off by the CEO.
- A monthly reconciliation of the treasury spreadsheet to the general ledger is carried out by the Management/Financial Accountant and reviewed by the CEO.
- Interest income from the treasury spreadsheet is reconciled to bank statements by the Management/Financial Accountant.

#### 6.5 Legal Risk

Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, Hurunui District Council may be exposed to such risks. In the event that the Hurunui District Council is unable to enforce its rights due to deficient or inaccurate documentation.

Hurunui District Council will seek to minimise this risk by adopting policy regarding:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties.
- The matching of third party confirmations and the immediate follow-up of anomalies.
- The use of expert advice.

##### 6.5.1 Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Hurunui District Council.

Hurunui District Council's internal/appointed legal counsel must sign off on all documentation for new loan borrowings, re-financings and investment structures.

##### 6.5.2 Financial Covenants and Other Obligations

Hurunui District Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements.

Hurunui District Council must comply with all obligations and reporting requirements under existing funding facilities and legislative requirements.

## 7.0 MEASURING TREASURY PERFORMANCE

In order to determine the success of Hurunui District Council's treasury management function, the following benchmarks and performance measures have been prescribed.

Those performance measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) are to be reported to Hurunui District Council or an appropriate sub-committee of Hurunui District Council on a quarterly basis.

### 7.1 Operational Performance

All Treasury Risk Management Policy limits must be complied with including (but not limited to) counterparty credit limits, control limits and exposure limits.

All treasury deadlines are to be met, including reporting deadlines.

### 7.2 Management of Debt and Interest Rate Risk (borrowing risks)

Given current fixed/floating risk control limits and fixed rate maturity profile limits as defined in Section 6.1.3 of this policy, the market benchmark (composite) indicator rate will be calculated as follows:

- 30% Average 90 day bill rate for reporting month.
- 8.75% 2 year swap rate at end of reporting month.
- 8.75% 2 year swap rate, 2 year ago.
- 11.25% 4 year swap rate at end of reporting month.
- 11.25% 4 year swap rate, 4 years ago.
- 15% 8 year swap rate at end of reporting month.
- 15% 8 year swap rate, 8 years ago.

The actual reporting benchmark is the 12 month rolling average of the monthly calculated benchmarks using the above parameters. This is compared to actual cost of funds, excluding all credit margins and fees.

## 8.0 CASH MANAGEMENT

The CFO has the responsibility to carry out the day-to-day cash and short-term debt management activities. All cash inflows and outflows pass through bank accounts controlled by the finance function.

The daily cash management function and investment of operational surpluses for Hanmer Springs Thermal Pools and Spa is managed by local accounting staff.

- The CFO will calculate and maintain comprehensive cash flow projections on a daily (two weeks forward), weekly (four weeks forward) and monthly (12 months forward) basis. These cash flow forecasts determine Hurunui District Council's borrowing requirements and surpluses for investment.
- On a daily basis, electronically download all Hurunui District Council bank account information.

- Co-ordinate Hurunui District Council's operating units to determine daily cash inflows and outflows with the objective of managing the cash position within approved parameters.
- Undertake short term borrowing functions as required, minimising overdraft costs.
- Ensuring efficient cash management through improvement to accurate forecasting using spreadsheet modelling.
- Minimise fees and bank/government charges by optimising bank account/facility structures.
- Monitor Hurunui District Council's usage of overdraft and cash advance facilities. Overdraft facilities are utilised as little as practical. Committed bank overdraft facilities of not more than \$500,000 are maintained.
- Ideally, Hurunui District Council will hold \$100,000 in the cheque account, with surplus cash transferred to an interest bearing current account.
- Match future cash flows to smooth overall timeline.
- Provide reports detailing actual cash flows during the month compared with those budgeted.
- Maximise the return from available funds by ensuring significant payments are made within the vendor's payment terms, but no earlier than required, unless there is a financial benefit from doing so.
- Interest rate management on cash management balances is not permitted.
- Cash is invested for a term of no more than 3 months and in approved instruments and counterparties only.

**9.0 REPORTING – PERFORMANCE MEASUREMENT**

When budgeting forecast interest costs/ returns, the actual physical position of existing loans, investments and interest rate instruments must be taken into account.

**9.1 Treasury Reporting****9.1.1 Reporting**

The following reports are produced:

Report Name	Frequency	Prepared by	Recipient
Daily Cash Position Treasury Spreadsheet	Daily	Management/ Financial Accountant	CFO
Treasury Report	Monthly	CFO	Council
Half-yearly Financial Statements Half-yearly Reporting Certificate	Six monthly	CFO	Trustee
Annual Report Annual Reporting Certificate Auditors Report Insurance Certificate Annual Plan/Long Term Plan	Annual	CFO	Trustee
Revaluation of financial instruments	Annual	CFO	Audit and Risk Committee
LGFA compliance report	Annual	CFO	LGFA

**9.2 Accounting Treatment of Financial Instruments**

Hurunui District Council uses financial arrangements (“derivatives”) for the primary purpose of reducing financial risk to fluctuations in interest rates. The purpose of this section is to articulate Hurunui District Council’s accounting treatment of derivatives in a broad sense. Further detail of accounting treatment is contained within the appropriate operations and procedures manual.

Under New Zealand Public Benefit Entity (PBE) International Public Sector Accounting Standards (IPSAS) changes in the fair value of derivatives go through the Income Statement unless derivatives are designated in an effective hedge relationship.

Hurunui District Council’s principal objective is to actively manage its interest rate risks within approved limits. The Council chooses not to use hedge accounting treatments and accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in its annual accounts.

The CFO is responsible for advising the CEO of any changes to relevant New Zealand Public Sector PBE Standards, which may result in a change to the accounting treatment of any financial derivative product.

**9.3 Valuation of Treasury Instruments**

All treasury financial instruments must be revalued (marked-to-market) at least annually for risk management purposes. This includes those instruments that are used only for hedging purposes.

Underlying rates to be used to value treasury instruments are as follows:

- Official daily settlement prices for established markets;
- Official daily market rates for short term treasury instruments (e.g. FRA settlement rates calculated by Reuters from price maker quotations as displayed on the BKBM page);
- Relevant market mid-rates provided by Hurunui District Council’s bankers at the end of the business day (5.00pm) for other over-the-counter treasury instruments;
- For markets that are illiquid, or where market prices are not readily available, rates calculated in accordance with procedures approved by the CFO.

**10.0 TREASURY RISK MANAGEMENT POLICY REVIEW**

This Treasury Risk Management Policy is to be formally reviewed on an annual basis.

The CFO, or equivalent, has the responsibility to prepare the annual review report that is presented to the Hurunui District Council or the Audit and Risk Committee. The report will include:

- Recommendation as to changes, deletions and additions to the Treasury Risk Management Policy;
- Overview of the treasury management function in achieving the stated treasury objectives, and performance benchmarks;
- Summary of breaches of Treasury Risk Management Policy and one-off approvals outside Treasury Risk Management Policy;

The Hurunui District Council receives the report, approves Treasury Risk Management Policy changes and/or reject recommendations for Treasury Risk Management Policy changes.

# Internal financing policy



Approved: 25 June 2020

<b>Introduction</b>	<p>Council has developed a system of internal financing for various activities within the organisation. The system is designed to provide funding for communities to meet the cost of capital expenditure rather than setting its rates at a level to cover the entire cost in the year that it is incurred. The system allows communities to spread the cost of such capital expenditure over a longer period than just one year.</p> <p>The system is used instead of the Council specifically setting its rates to cover the cost of depreciation on some of its assets - mainly community assets, such as halls, pools and medical centres.</p> <p>The internal financing system is applicable those activities that are funded by a Targeted Rate, which requires the Council to ensure that the funds generated from rates are only applied to that activity, or there is reasons to separately account for an activity. As a result, the internal financing system is applied to the following:</p>
	<ul style="list-style-type: none"> <li>• Ward Amenities</li> <li>• Roadside Construction</li> <li>• Household Refuse Collection</li> <li>• Water Supplies</li> <li>• Sewerage Schemes</li> <li>• Stormwater and Drainage Schemes</li> <li>• Medical Centres</li> <li>• Foreshore Protection Schemes</li> <li>• Special Funds including Development Contribution Funds</li> <li>• Hanmer Springs Thermal Pools and Spa</li> </ul>
<b>Mechanics of the System</b>	<p>Each activity has a capital balance, which in essence is an individual bank account for that activity. Receipts from that activity – Rates, Fees &amp; Charges, and Development Contributions etc. – are deposited into that account. Payments for that activity – Employment Costs, Direct Operating Expenditure, Council Overheads etc. and Capital Expenditure – are withdrawn from that account. The result is that at any stage, that bank account may be in funds or it could be overdrawn.</p> <p>Like most bank accounts, if there are funds in the account from that activity, then the Council will pay interest to that activity. Conversely, if the bank account is overdrawn, then that activity will be charged interest.</p>
<b>Debt Repayment and Depreciation Funding</b>	<p>There is also a need for those activities whose bank accounts are overdrawn to make provision to get out of overdraft. This is most likely done by setting rates at a level to not only pay the annual operating costs and interest charge, but to also fund additional amounts that will offset the overdraft. The Council’s policy is that debt should be repaid over 20 years (or such term Council deems appropriate in particular circumstances). Communities will need to consider that requirement when recommending any rate increases to Council for the Long Term Plan or Annual Plans.</p>



<b>Increasing the Account</b>	<p>For Three Waters Assets (Water, Sewer and Stormwater) and the Hanmer Springs Thermal Pools and Spa Assets there is the requirement for the activity to fully fund depreciation, although this may be staged depending on compliance with Council’s approved rate increase limits. The cash generated by increasing rates to cover the cost of depreciation will be used to repay debt within the internal financing structure.</p>
<b>Interest Component</b>	<p>As a way of increasing the account so communities are in a position to cover some or all of the cost of major capital projects in the future, the communities are encouraged to continue setting its rates at a level to cover the annual operating cost but also additional amounts (as a deemed affordable) which will increase the balance of the account. As a result, there will be a number of activities whose bank accounts will increase over time, with the knowledge that those funds will be utilised on capital expenditure. This will be particularly prevalent for those activities on which depreciation is funded.</p> <p>To ensure consistency throughout the entire organisation, with the exception of the Hanmer Springs Thermal Reserve, the interest rates have been set as follows:</p> <ul style="list-style-type: none"> <li>• Interest rate on Overdrawn Activity Accounts is charged interest at 100 basis points (1%) above the base interest rate.</li> <li>• As the Hanmer Springs Thermal Pools and Spa activity is of a commercial nature, there is an increased level of risk involved and as such, the interest rate charged has been increased to reflect this level of risk. The rate charged for any debt drawn down by the Hanmer Springs Thermal Pools and Spa is set at 200 basis points (2%) above the base interest rate.</li> <li>• The base interest rate is the “All Up Weighted Average Cost of Funds Including Margin”, as reported in the Treasury Reporting Dashboard at the end of each quarter - Reset Date (30 June, 30 September, 31 December and 31 March).</li> <li>• The resulting interest rates shall be charged on any overdrawn activity account for the succeeding three months.</li> </ul>
<b>Use of Interest</b>	<p>For those Activity Accounts that have funds on hand, the rate if interest credited to the account should be set at the rate the Council’s transactional bank advertised as their three month term deposit rate at the applicable reset dates above. The resulting interest rates shall be applicable for the succeeding three months.</p> <p>All interest derived from internal financing is accumulated by the Council’s treasury function. Costs associated with treasury, such as any external interest, external advice, and Council overheads, are paid from the interest derived with the overall surplus from the treasury function used actively to offset the District Rate requirement.</p>

END OF POLICY

# Policy for rates remission for biodiversity

HURUNUI DISTRICT COUNCIL  
**POLICY**  
RATES REMISSION FOR BIODIVERSITY



Approved: 15 April 2021

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<b>Introduction</b>	The purpose of this rates remission policy is to recognise voluntary protection of the District's indigenous flora and fauna via QEII covenants and to promote and encourage more land owners to participate in this process.
<b>QEII Covenants &amp; Forest Heritage Trust</b>	<p>Council will grant 100% rates remission to those rating units or portions of rating units, which are granted Open Space Covenant status by the Queen Elizabeth Trust.</p> <p>Rates remission will be granted on receipt of notification from the QEII Trust that an Open Space Covenant has been completed. This remission shall also apply to rating units granted a Nature Heritage Trust (formerly the Forest Heritage Trust) covenant under the Reserves Act.</p>

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END OF POLICY

# Rates penalties policy



Approved: 15 April 2021

**Introduction** This policy sets out the financial penalty for rates payments received past the instalment due date in all cases where no prior arrangement has been made with the Council.

**Instalment Penalty** A 10% additional charge will be added to those rates instalments (or portions thereof) remaining unpaid on the day following the due date:

Instalment Number	Due Date*	Penalty Date*
One	20 August	21 August
Two	20 November	21 November
Three	20 February	21 February
Four	20 April	21 April

*\*Or next applicable business day*

**Arrears Penalty** A further additional charge of 10% will be added to all rates and additional charges from the previous rating year remaining unpaid on 1 July. A further additional charge of 10% will be added to any rates to which the additional charge referred to in this paragraph is added and remains unpaid on 1 January.

**Remission of Penalties** Additional charges may be remitted in accordance with the following criteria:

- Application can be made in writing for a remission of a penalty that has arisen due to sickness, death, age or other acceptable general reasons to the Chief Financial Officer.
- Application can be made for remission of a penalty for no substantial reason, to the Chief Financial Officer (a maximum of one such remission every two years).
- All rates must be paid in full, as a general rule, before remission is considered.
- Remission of subsequent additional charges where satisfactory arrangements are in place for regular payment of arrears.
- Discretion would be provided to the Chief Financial Officer to apply or not apply an additional charge if a payment was postmarked on or by the due date.

END OF POLICY

## Rates postponement policy



Approved: 15 April 2021

<b>Introduction</b>	The purpose of this policy is to provide rates relief for property owners in cases of extreme hardship.
<b>Criteria</b>	<p>Only the owner of the property, or their authorised agent, may make an application for the postponement of rates, for extreme financial circumstances.</p> <p>The Council will consider, on a case-by-case basis, all applications received that meet the above criteria. The Council has delegated authority to the Council and/or the Finance, Audit and Risk Committee to approve applications for rates postponement.</p> <p>Before approving an application, the Council or the Finance, Audit and Risk Committee must be satisfied that the applicant is unlikely to have sufficient funds left over after the payment of rates: for normal health care; proper provision for maintenance of his/her home and chattels at an adequate standard; as well as providing for normal day to day living expenses.</p> <p>Where the Council decides to postpone rates, the ratepayer must first make acceptable arrangements for payment of future rates. For example, by setting up a system for regular payments.</p> <p>Any postponed rates will be postponed until:</p> <ul style="list-style-type: none"> <li>– The death of the applicant(s); or</li> <li>– Until the applicant(s) ceases to be the owner of the rating unit; or</li> <li>– Until the applicant(s) ceases to use the property for his/her residence; or</li> <li>– Until a date specified by Council.</li> </ul> <p>The Council will charge a postponement fee of 10% on postponed rates with no penalties being applied.</p> <p>Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.</p>

END OF POLICY

# Rates remission for Maori freehold land



Approved: 15 April 2021

<b>Introduction</b>	Māori Freehold Land, as defined by section 5 of the Local Government (Rating) Act 2002, is land whose beneficial ownership has been determined by the Māori Land Court by freehold order. Under the Local Government Act 2002, the Council is required to adopt a policy on rates remission for Māori Freehold Land, stating its objectives in doing so, and explaining the extent to which these objectives are facilitated by any rates remission and are desirable and important.
<b>Criteria</b>	Māori Freehold Land in the District is not subject to the general rate unless such land is used for commercial purposes, in which case the general rate will apply. Targeted rates for water, sewer, and solid waste services will apply to all Māori Freehold Land for which these services are provided.
<b>Objectives</b>	<p>The objectives sought to be achieved by the remission of rates are those set out in Schedule 11 of the Local Government Act 2002. The Council's position on the desirability and importance of these objectives and how the remission of rates according to the above criteria contributes towards them is as follows (for explanatory purposes, objectives have been grouped according to the above criteria for rates remission):</p> <ol style="list-style-type: none"> <li>1) Objectives due to which rates remission will be provided: <ul style="list-style-type: none"> <li>- Supporting the use of the land by the owners for traditional purposes</li> <li>- Recognising and supporting the relationship of Māori and their culture and traditions with their ancestral lands</li> <li>- Avoiding further alienation of Māori freehold land</li> <li>- Recognising and taking account of the presence of wāhi tapu (sacred places) that may affect the use of the land for other purposes</li> <li>- Recognising and taking account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere)</li> <li>- Recognising and taking account of the importance of the land for community goals relating to: <ul style="list-style-type: none"> <li>o the preservation of the natural character of the coastal environment</li> <li>o the protection of outstanding natural features</li> <li>o the protection of significant indigenous vegetation and significant habitats of indigenous fauna</li> </ul> </li> </ul> </li> </ol>

These objectives are desirable and important to provide for the wellness of the District in terms of its cultural and environmental wellbeing and

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heritage. Remission of the general rate upon Māori Freehold Land is justified in relation to them because they are not dependent upon the services for which the Council charges by way of the general rate. Traditional activities and the relationship of Māori and their culture and traditions with their ancestral lands (including the tradition of protecting wāhi tapu and natural features and the support of papakainga housing) are likely to be hindered by charging the general rate upon Māori Freehold Land, in that they are unlikely to generate sufficient income to pay the general rate. They will thus be facilitated by remission of the general rate.

- 2) Objectives due to which rates remission will not be provided.
- facilitating any wish of the owners to develop the land for economic use
  - recognising the level of community services provided to the land and its occupiers
  - recognising matters related to the physical accessibility of the land

The development of Māori Freehold Land for economic use will likely draw upon services charged for by the Council by way of the general rate. (e.g. For access to the land by way of roading.) It is unlikely to be hindered by remission of the general rate, in that the profit margins of any successful enterprise will need to be well in excess of the amount charged by way of the general rate. When water, sewer, or solid waste services are provided by the Council, it is not desirable that there should be a remission of the targeted rates that pay for these services.

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END OF POLICY

# Rates remission for non-contiguous agricultural land

HURUNUI DISTRICT COUNCIL

## POLICY

RATES REMISSION FOR NON-CONTIGUOUS AGRICULTURAL LAND

Approved: 15 April 2021

<b>Introduction</b>	All ratepayers will pay at least one uniform annual general charge and the targeted rates that are set on a uniform basis. Properties eligible under this policy shall be deemed to be one rating unit for the purposes of setting any uniform annual charge.
<b>Interpretation</b>	<p><i>Definition of non - contiguous:</i> Not sharing an edge or boundary; not touching.</p> <p><i>Definition of Agricultural:</i> Land used for horticultural, row, close grown, pasture, and hayland crops; growing nursery stocks, animal feedlots; farm yards; associated building sites; located on any of the foregoing.</p>
<b>Purpose</b>	<p>The purpose of this policy is to ensure that agricultural properties on separate titles are not unduly penalised by Council's rating system. This policy provides for the remissions of rates where two or more uniform annual general charges and two or more sets of targeted uniform annual charges are set on rating units that are:</p> <ol style="list-style-type: none"> <li>1. Non-contiguous</li> <li>2. Owned by the same person(s) or body</li> <li>3. Used jointly as an economic unit for an agricultural practice</li> </ol>
<b>Conditions and Criteria</b>	<ol style="list-style-type: none"> <li>1. All properties must be used for the purpose of agriculture and be located outside of the urban area as defined in the Hurunui District Plan, and</li> <li>2. The policy applies to ratepayers who are recorded as ratepayers of two or more separate rating units. Each separately used or inhabited rating unit will attract a uniform annual general charge and the targeted rates that are set on a uniform basis. Any additional dwelling on the rating unit will attract a uniform annual general charge and the targeted rates that are set on a uniform basis</li> <li>3. The rating unit for which the remission is sought must:             <ol style="list-style-type: none"> <li>a) Be separately occupied by the same ratepayer/s that use the rating units jointly for an agricultural purpose</li> <li>b) Not carry sufficient improvements to allow it to be operated as a separate agricultural unit</li> <li>c) Not be occupied by a habitable dwelling</li> <li>d) Be an economic farming unit as at 1 July of the year being applied for</li> </ol> </li> <li>4. This policy will only apply for the year that the application is made, and will continue until the ownership of that land changes.</li> </ol>

END OF POLICY

## Rates remission for land affected by natural calamity



Approved: 15 April 2021

**Introduction**

The purpose of the policy is to give the Council discretion to remit rates where a rating unit has been detrimentally affected by a natural calamity.

**Policy**

The Council may remit rates either wholly or in part where land has been detrimentally affected by erosion, subsidence, submersion or other natural calamity to an extent the Council considers that it would be unfair or unreasonable to require that the rates be paid as assessed.

1. Applications must be made in writing and signed by the owner(s) of the rating unit.
2. Full details must be provided of the nature of the event that caused the damage and the degree of damage to the land. If the damage is temporary and the land is expected to return to its former use in the future, an estimate of the time it will take the land to recover to a useable state and the steps that the owner will take to achieve this should be provided. The Council may ask for a report from a Registered Engineer or other similarly qualified expert.
3. The amount of remission given in any case will be set by the Council having regard to the severity of the event, the degree of damage to the subject land and other land in the district and other financial assistance available. Consideration will also be given to the effect of remissions on the remaining rating base.

END OF POLICY



# Development contributions policy

Approved: 15 April 2021

## 1. Background to the policy

<b>Introduction</b>	<p>This policy is about ensuring the cost of new or increased infrastructure to meet growth demands, is distributed fairly amongst those who will benefit.</p>
	<p>Growth in the District impacts on the existing reserves, sewerage, water, stormwater, roading, township infrastructure and recreation facilities. To ensure that the expected population growth does not adversely affect residents, the Council has identified several infrastructural developments needed to cope with this growth.</p>
	<p>The Local Government Act 2002 (LGA) allows councils to collect ‘Development Contributions’, which are contributions of land or money made by developers towards the cost of providing new infrastructure, or increased capacity in existing infrastructure as a result of growth.</p> <p>Councils can also collect Financial Contributions under the Resource Management Act 1991 through the rules in the Council’s District Plan. Councils cannot take both Development Contributions and Financial Contributions for the same purpose. The type of contribution must be stipulated in this Development Contributions Policy.</p> <p>The Hurunui District Council has decided that growth in the district will be funded from three main sources:</p> <ul style="list-style-type: none"> <li>– Financial Contributions (levied under the Resource Management Act) designed to offset adverse effects of a particular development as identified in the Hurunui District Plan.</li> <li>– Development Contributions (charged under the Local Government Act 2002) for growth related projects that are identified in the Long Term Plan (LTP).</li> <li>– Existing ratepayers and residents through rates and loans.</li> </ul>
<b>Review of Development Contributions Policy</b>	<p>The Council’s Development Contributions Policy was last reviewed for the 2018-2028 LTP. The Policy is reviewed every three years to coincide with the LTP review. Growth projections are based on Statistics New Zealand data which has originated from the last Census done in 2013.</p>
<b>Changes to the Methodology</b>	<p>The projects that are subject to the methodology have remained the same and those that have been fully paid have been removed. The portion of each project that relates to growth has been reviewed and most remain unchanged from the 2018 – 2028 LTP.</p>
<b>Result of Changes</b>	<p>The Council’s overriding philosophy in regards to development contributions is that the level of the individual contribution should be</p>

	<p>consistent with the level that has been charged in the past, with the adjustment for inflation or changes to the projected growth.</p>	
	<p><b>2. General Policy Statements</b></p>	
<b>Specifics of the Development Contributions Policy</b>	<p>The specifics of this policy are explained in the following sections to explain the rationale and formula for contributions.</p>	
<b>Development contributions</b>	<p>Development contributions are charged to ensure that the growth related capital expenditure identified in the LTP is recovered from those who benefit from it, rather than only current ratepayers. Development contributions will be charged when the effect of the development, or the cumulative effect of developments, contribute to the need for the development of physical works or Council services and when these works or services have been allowed for in the LTP.</p>	
<b>Financial Contributions</b>	<p>The purposes for which financial contributions may be taken under the Resource Management Act 1991 are related to section 5 of the Act (the sustainable management of natural and physical resources). A financial contribution can be imposed on a resource consent as long as it is in accordance with a rule in the District Plan.</p> <p>Financial contributions in the District Plan can be taken to pay the costs of services such as roads, water supplies, sewerage and drainage systems which must be developed to address adverse effects on the environment.</p> <p>The Council uses financial contributions to fund capital expenditure on infrastructure and community facilities where the following situation or situations have occurred:</p> <ul style="list-style-type: none"> <li>– The development has not been foreseen in the LTP, but the effect of development directly contributes to the need for physical works on Council services and infrastructure.</li> <li>– Population projections do not indicate that the costs of the Council’s investment will be recovered within an appropriate timeframe.</li> <li>– Costs of Council-funded investment will impact on existing ratepayers.</li> <li>– Adverse environmental effects that may result from a development, for example to improve a wetland to offset land disposal, need to be offset.</li> </ul> <p>Financial contributions are also used to take land for any infrastructure, reserves or other community facility within a development, where that land or those facilities will vest in the Council.</p> <p>Further information on financial contributions is available in the Hurunui District Plan.</p>	<p><b>Accuracy of Predictions</b></p> <p>Unfortunately, the “area unit” boundaries used by SNZ do not always align with the areas that the Council wants to collect development contributions. A number of assumptions have been used for calculating the population projections for these areas (for example: subtracting or adding areas we do have population data for; extrapolating mapping data for unknown areas in cases where there is a good correlation between this and known areas).</p> <p>This procedure and all of the assumptions mentioned above are potential sources of error for this policy, but they are necessary approximations given the information and resources that we have to work with.</p> <p>There is obviously a large degree of uncertainty in any attempt at predicting the future with variances in population estimates and the large number of assumptions for this policy, the future is difficult to quantify.</p> <p>The accuracy of the growth projections is further complicated by not knowing how long demand for land in the Hurunui district will continue following recent earthquakes (Canterbury earthquakes in 2010 and 2011, Hurunui/Kaikoura earthquake in 2016).</p>
<b>Basis for Calculation of Contribution</b>	<p>The detailed basis for assessment for developments is explained for each contribution. There are two broad groups of contributions:</p> <ol style="list-style-type: none"> <li>i. One applies to services and facilities that have a district wide benefit and the costs are apportioned across the whole district.</li> <li>ii. The second group has more tangible benefits for a defined group of users and the costs are apportioned to the direct beneficiaries.</li> </ol>	<p><b>Administration</b></p> <p>Development contributions will be levied at different development ‘trigger’ points. Under the Local Government Act 2002 the contribution can be collected on any of the following:</p> <ul style="list-style-type: none"> <li>• The grant of a resource consent under the Resource Management Act.</li> <li>• The grant of a building consent under the Building Act.</li> <li>• An authorisation for a service connection.</li> </ul> <p>The particular development contributions payable will be determined from the policy schedules applicable at the date of approval of a resource consent, building consent, or service-connection authorisation.</p> <p>Contributions paid for sections will cover subsequent development relating to one residential housing unit per section. Additional sections, units of housing, and/or units of water connected will incur additional contributions as determined from the policy schedules applicable at the date of approval of the resource consent, building consent, or service-connection authorization for the additional units. Existing lots at the time of the development will not be charged contributions. For subdivision, each existing lot will be counted as a credit.</p>
<b>Growth Forecasting Assumptions</b>	<p>The 2013 census confirmed an increase in the Hurunui district’s resident population. High rates of absentee ownership of lifestyle blocks and holiday homes (especially in Hanmer Springs) complicate the process of forecasting</p>	

Contributions will be refunded, less administration costs, if the works for which they were collected (or equivalent works) do not proceed within the “maximum period” identified for each work in table two.

Development contributions payable are those shown in the current Long Term Plan/Annual Plan.

While development contributions are not required to be paid until immediately prior to the issue of a certificate pursuant to section 224 of the Resource Management Act 1991, please note the following:

- If a 224 certificate is applied for within 2 years of the subdivision approval, or the development contributions are paid within the above period, the development contributions payable are those indicated in the subdivision decision above.
- If the development contributions are not paid within the two year period, then the development contributions payable are those indicated in the Hurunui Long Term Community Plan current at the time the 224 certificate is applied for. These may vary from those indicated above.

**Project Costs**

In reviewing this policy, the projected units of demand have been updated for all projects have remained the same as in the 2018/28 LTP. Where the capital cost of a project has increased or decreased from the amount previously projected, the capital expenditure on which the development contributions are calculated has been amended. All figures have been inflation adjusted as shown in table one. The projected development contribution payable for each year of the ten year financial planning period of this plan is set out in table two (GST added and figures rounded).

**3. Development Contribution for Reserves**

**Definition**

Within the Hurunui district, development contributions for reserves apply to land and the development of land that is under the control and management of the Hurunui District Council or is being managed under the Reserve Management Act 1977.

Development contributions are collected for the following purposes:

- Land purchase of reserves for the reserves network including linkage strips
- Development of vested reserve land, including:
  - Construction of recreation facilities including buildings
  - Fencing and gates
  - Sport surfaces
  - Development and upgrading of reserves to meet growth
  - Developing access to reserves, including paths, roads, car parking and cycleways
  - Signage
  - Planting of major trees
  - Public toilets associated with the use of the reserve

- Playgrounds and play equipment
  - Park furniture including seats, litter bins, picnic tables and lighting
  - Infrastructure, water, irrigation, power and sewage
  - Any site specific requirements
- Particular projects are the:
- Amberley walking and cycling routes
  - Acquisition and development of Amberley Rating Area and Amberley Township Reserves
  - Redevelopment of the Amberley Domain Pavilion
  - Development and upgrade of the Queen Mary Hospital Historic Reserve for recreational use
  - Development of facilities on the Hanmer Springs Domain
  - Conical Hill walkway development
  - Hanmer Springs Township development
  - Hanmer Springs Medical Centre
  - Hanmer Springs Hall

**Need to Undertake the Activity**

The Council aims to add to and develop its reserve network to provide areas that allow people to enjoy physical and passive recreation, while at the same time retaining areas of conservation value. The capital projects proposed will add considerable improvements to the existing network of reserves and facilities.

**Community Outcomes to which the Activity Primarily Relates**

- A desirable and safe place to live
- A place where our traditional rural values and heritage make Hurunui unique

**Distribution of Benefits**

**Economic**  
The ongoing development of the reserves network will result in a better physical environment and a healthier community, which in turn will encourage more people to do business and live in the area.

**Social**  
As growth increases and demographic and lifestyle changes occur, it is necessary for appropriate reserve space to be provided and enhanced, in line with community expectations.

**Cultural**  
Open spaces, pedestrian links and sports fields provide opportunities for sporting and other recreational activities which are important aspects of the community’s culture.

**Environmental**  
The development of reserves will enable the physical environment, including special heritage, vistas and open spaces to be protected as growth increases.

**Duration of Benefits**

The reserves that are being developed over the next twenty years will provide ongoing and long term benefits to the community. While there are wider community and environmental benefits from the creation of new reserves, the Council considers that future property owners

	should contribute directly to the development costs of reserves to ensure that the District can continue to provide the existing level of service to a growing population.
<b>Sources of Funding</b>	<ul style="list-style-type: none"> <li>- Loans Yes</li> <li>- Rates Yes</li> <li>- Development Contributions Yes</li> </ul>
<b>Calculation of Contribution</b>	<p>There are two reserve contributions:</p> <ol style="list-style-type: none"> <li>One for district wide reserves applicable to all new residential units of demand. This is based on a wider sphere of use of the land.</li> <li>The other is for amenity reserves, which is primarily based around use by the residents of a ward or township.</li> </ol> <p>In both cases, contributions will be payable on a unit rate of demand for any new residential activity or subdivision, which creates a residential opportunity whether urban or rural.</p> <p>Contributions are calculated per lot by dividing the cost of the capital expenditure due to growth as detailed in table one by the number of units of growth expected in the target period. The resulting amounts are set out in table two. These amounts are capped as per statutory requirements at the greater of 7.5% of the value of the additional allotments created by a subdivision or the value equivalent of 20 square metres of land for each additional household unit created by the development. This value will be calculated on an individual basis based upon estimated market value at the time that the contributions are collected.</p>
<b>Points at which Contributions are Collected</b>	Contributions will be collected at the time of granting a subdivision consent and where subsequently an additional dwelling house, including a minor dwelling unit or family flat, is promoted on the same lot. Contributions will be collected at the time a building consent is granted.
<b>Rationale for Individual Projects</b>	<p><u>Queen Mary Hospital Historic Reserve:</u> This site is envisaged as providing for future recreational opportunities for a twenty year planning horizon from 2004. There is a need to add to and improve this land and expand its potential for recreation use. It is a district reserve and, as such, all expenditure on development will be spread across both existing and future units of demand across the district over the specified period.</p> <p><u>Conical Hill/Oregon Heights/Lucas Lane Reserve Walkway:</u> The development and upgrade of this area is to cater for the increased demands put on this reserve from growth and a local desire to fund this project. The cost will therefore be spread across the future units of demand from within the Hanmer Springs Ward.</p> <p><u>Hanmer Springs Domain:</u> The development of the facilities at the Domain was identified by the Hanmer Springs Community Board as a key project to undertake after discussions with the community. The portion of the costs that is deemed to be growth related will be spread across the future units of demand from within the Hanmer Springs Ward.</p> <p><u>Amberley Rating Area Reserves:</u> The acquisition and development of these reserves are to provide additional recreation facilities and sports grounds due to growth over the foreseeable future, as identified in the Amberley</p>

	Reserve Strategy. Its cost will thus be recovered from development occurring within the Amberley Rating Area.
	<u>Amberley Township Reserves:</u> The acquisition and development of these are to provide for additional neighbourhood reserves, passive reserve areas and linkage strips, in line with the Amberley Reserve Strategy. These reserves will be required due to growth within the Township. The cost will be spread across the future units of demand from within the Amberley Township.
<b>Basis for Assessment</b>	<p>It is recognised that there are two main types of reserves:</p> <ul style="list-style-type: none"> <li>- Those that are used by the community as a whole</li> <li>- Those that are used more often by those living or working in the immediate locality of the reserve.</li> </ul> <p>For this reason, the Reserves Policy is divided into “district wide reserves” and “amenity reserves”.</p> <p>Residents and workers in a ward or township area make use of amenity reserves, while a wider cross section of the community will more often use a district reserve. Accordingly the formula for calculating contributions is adjusted to recognise the type of reserve which development is occurring on. The exception to this rule is the Conical Hill/Oregon Heights/Lucas Lane Reserve which is a district reserve but will be funded by growth in the Hanmer Springs ward. This is due to a desire by the local community to upgrade this reserve in order to accommodate the demands from growth occurring within the ward. The Council has accepted this modification to the general policy.</p> <p><b>Residential Activities</b></p> <p>Each new subdivision lot established will be charged one development contribution for each reserve item as identified in the schedule. Additional dwelling units established on the same lot will be charged a separate development contribution.</p> <p><b>Multi-Unit Residential Developments</b></p> <p>The payment for multi-unit residential housing including flats, town houses, retirement villages and apartments, will be applied on the basis that each separate residential unit shall be treated as a separate unit of demand and be charged accordingly.</p> <p><b>Travellers Accommodation Including Hotel/Motel Units</b></p> <p>For each hotel, motel unit or separate unit of travellers accommodation (excluding home stays accommodating less than 6 visitors) a payment of 50% of the standard reserve development contribution will be applied to each separate unit of accommodation let for tariff.</p> <p>For camping grounds, hostels, bunkhouses and backpackers accommodation or comparative travellers accommodation a contribution shall be determined on the basis of payment of 50% of the standard reserve development contribution for each 4 visitors the premises/camping ground can accommodate.</p> <p>Any manager’s accommodation associated with travellers accommodation shall be charged at the full rate.</p>
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>- That all households should contribute equally to either district or amenity reserves irrespective of whether the unit of demand is urban based or rurally based. This assumption is based on the fact that the</li> </ul>

<p><b>Circumstances for Refunds or Reductions</b></p>	<p>capital expenditure being proposed on reserves for growth is likely to be used on an equal basis by both urban and rural dwellers.</p> <ul style="list-style-type: none"> <li>– That development that creates equivalent transient demands for infrastructure upgrades should contribute on a reduced scale.</li> <li>– That the district will grow as per the forecasts set out in this Policy.</li> </ul> <p>In the event that planned reserve purchases, developments or upgrades are not undertaken within the “maximum period” set out in table two, development contributions will be refunded, after allowing for the associated administration costs. (In the case of land taken for reserve purposes, the maximum period will be negotiated with the land owner at the time the contribution is made.)</p> <p>Where land is transferred to the Council for reserve purposes that will have benefits to the community that are similar to those which would be provided by a reserve under its existing control, the Council may agree to a reduction in the reserve contribution to acknowledge the benefit. For Amberley Township Reserves and Amberley Rating Area Reserves, circumstances where this may be appropriate is detailed in the Amberley Reserve Strategy.</p> <p>Where the Council and a developer agree that the development will incorporate assets of benefit to the community, the Council may agree to a reduction in the reserve contribution to acknowledge the benefit.</p> <p>Where the Council assesses that no additional demand on reserves will arise from a development, the Council may agree to a reduction in the reserve contribution.</p>	<p><b>Point at which Contributions are Collected</b></p>	<p>Contributions for rural water schemes will be collected at the point of making an application to connect to the scheme in question. One development contribution will be charged per unit of water purchased. Contributions for stormwater, sewerage and township water will be collected when a subdivision consent is granted and where subsequently an additional dwelling house is promoted on the same lot, contributions will be collected at the time a building consent is granted.</p>
<p><b>Definition</b></p>	<p><b>4. Development Contribution for Network Infrastructure</b></p> <p>Network infrastructure for the purposes of development contributions includes water, sewer and stormwater / drainage services under the control and management of the Hurunui District Council.</p>	<p><b>Need to Undertake the Activity</b></p>	<p>In addition to any development contribution charge, all connections to utilities and services will be charged a connection fee, based on an assessment of actual costs.</p> <p><b>4a. Water Infrastructure</b></p> <p>The Hurunui District Council operates several different water supply schemes across the district and the funding rationale is affordability. The methodology for calculating development contributions for water projects is to combine all water projects. Each individual project has the percentage of growth calculated to it but is added and divided by the total number of projects to find the average development contribution cost.</p> <p>The Council provides potable water to avoid the risk of water borne diseases affecting public health. The growth of the district will result in additional connections to the system which will increase the demand on existing services. The Council believes it should be developing long term sustainable solutions that cater for users of today and tomorrow; therefore, any scheme it develops or extends will have a planned growth component within it.</p>
<p><b>Policy Principles</b></p>	<p>The policies for the assessment of development contributions for water, sewer, and stormwater / drainage have been developed on the broad principle that infrastructure costs incurred to meet demands associated with growth should be spread as equitably and as practicable among the beneficiaries of the expenditure. The primary beneficiaries of expenditure on new network infrastructure are developers, builders, and new property / building owners. Hence development contributions are collected for the costs involved.</p>	<p><b>Community Outcomes to Which the Activity Primarily Contributes</b></p>	<ul style="list-style-type: none"> <li>– A desirable and safe place to live</li> <li>– A place with essential and appropriate infrastructure</li> </ul>
<p><b>District Plan Development Areas</b></p>	<p>The District Plan identifies zoning for future growth in Amberley, Hanmer Springs and Leithfield. Growth is also occurring in areas serviced by the Ashley, Cheviot and Hurunui Rural Water schemes. Growth in other towns in the district can be accommodated without substantial upgrading of water, sewerage or stormwater infrastructure.</p>	<p><b>Distribution of Benefits</b></p>	<p><b>Economic</b></p> <p>The supply of potable water supports economic growth, which impacts on the whole community; however the individuals that are connecting to a system will gain the direct benefits of the service.</p> <p><b>Social</b></p> <p>It is convenient and efficient that an agreed level of supply is made available. The expansion of the systems in line with growth benefits the health of individuals and the community.</p> <p><b>Cultural</b></p> <p>The extraction of water is done in a manner that respects cultural relationships with water.</p> <p><b>Environmental</b></p> <p>The extraction of water for potable water supply systems impacts on the natural waterways and ecosystems of this district. Sustainable growth contributes to the maintenance of a high quality natural environment.</p>
<p><b>Formula</b></p>	<p>The formula and the contribution for each category of network infrastructure is the capital cost of the project attributable to growth (appendix 2) divided by the number of new units of demand expected in the target period, producing the contribution amounts (appendix 3).</p>	<p><b>Duration of Benefits</b></p>	<p>The water supply systems that are being upgraded over the years within their respective planning horizons will provide long-term benefit to the</p>

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community. The duration of benefit is dependent on the ability to gain the necessary resource consents, but is anticipated to be a minimum of 35 years with any engineering solution intended to provide future benefits equivalent to the design life of the system’s components which for certain assets is in excess of 70 years.

The capacity of the schemes allow for growth that ensures not only current users, but also future users, will benefit from the system. It is equitable that those who join a scheme should contribute to the cost of providing for growth. Current users must fund the cost of additional capacity until those future users are connected; therefore it is reasonable that when those future users arrive they make a contribution to the cost of catering for that growth.

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<b>Sources of Funding</b>	<ul style="list-style-type: none"> <li>– Loans Yes</li> <li>– Rates Yes</li> <li>– Development Contributions Yes</li> </ul>
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<b>Calculation of Contribution</b>	<p>The contribution will be calculated on the cost of the capital expenditure associated with increasing the capacity of the systems to enable growth (divided by the number of new units of demands (including business and residential use development) that the area is capable of servicing. The resulting cost is added and divided by the number of projects. The result is the cost that will apply to each new unit of demand across the district.</p>
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<b>Basis for Assessment</b>	<p>Current users and future users benefit equally from the maximum capacity of a water supply system. Based on the assumption that one current user will consume the same amount of system capacity as a future user, they should equally share the cost of providing that maximum capacity.</p> <p><b>Residential &amp; Business Activities (Urban Areas)</b></p> <p>Each new standard connection or subdivision lot established will be charged one development contribution as identified in the schedule.</p> <p><b>Multi-Unit Residential Developments</b></p> <p>The payment for multi-unit residential housing including minor dwelling units, family flats, town houses, retirement villages and apartments, will be applied on the basis that each separate residential unit shall be treated as a separate unit of demand and be charged accordingly.</p> <p><b>Travellers Accommodation Including Hotel/Motel Units (Urban Areas)</b></p> <p>For each hotel, motel unit or separate unit of travellers accommodation (excluding home stays accommodating less than 6 visitors) a payment of 50% of the standard water development contribution will be applied to each separate unit of accommodation let for tariff.</p> <p>For camping grounds, hostels, bunkhouses and backpackers accommodation or comparative travellers accommodation a contribution shall be determined on the basis of payment of 50% of the standard water development contribution for each 4 visitors the premises/camping ground can accommodate.</p> <p>Any manager’s accommodation associated with travellers accommodation shall be charged at the full rate.</p>
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<b>Assumptions</b>	<ul style="list-style-type: none"> <li>– That all residential and business zone properties consume the same unit of demand and that where this is not the case a means exist to determine a variance to the standard (see above).</li> <li>– That the district will continue to grow as per the population forecasting contained within this Policy and new infrastructure assets will be designed to cater for additional growth capacity.</li> </ul>
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<b>Circumstances for Refunds or Reductions</b>	<p>In the event that planned system upgrades or alternative upgrades are not undertaken within the “maximum period” set out in table two, development contributions will be refunded, after allowing for the costs of investigating the upgrade options and associated administrative costs.</p> <p>There will be no postponements of payments or remissions of payments.</p>
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**4b. Sewer Infrastructure**

The district operates sewerage schemes in Amberley and Hanmer Springs which are subject to the pressures of growth and require extra capacity. The policies and methodology for calculating development contributions are the same for each scheme, but the actual level of contribution is the same across the district. The calculation is the same as for water infrastructure above.

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<b>Need to Undertake the Activity</b>	<p>Reticulated sewer treatment and disposal systems are provided to minimise public health issues and adverse effects on the environment. There is an expectation from the community that high environmental standards will be met.</p> <p>The growth of the district and the resulting additional connections to the system will increase the demand on existing services. The Council believes it should be developing long term sustainable solutions that cater for users of today and tomorrow; therefore, any scheme it develops or extends will have a planned growth component within it.</p>
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<b>Community Outcomes to Which the Activity Primarily Contributes</b>	<ul style="list-style-type: none"> <li>– A desirable and safe place to live</li> <li>– A place with essential and appropriate infrastructure</li> <li>– A place that demonstrate environmental responsibility</li> </ul>
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<b>Distribution of Benefits</b>	<p><b>Economic</b></p> <p>Effective and efficient sewerage treatment and disposal systems will support economic growth, which impacts on the whole community, however the individuals that are connecting to a system, will gain the direct benefits of the service.</p> <p><b>Social</b></p> <p>The expansion of the systems in line with growth benefits the health of individuals and the community.</p> <p><b>Cultural</b></p> <p>Effective sewerage treatment and disposal systems and practices respect the values of all sections of the community.</p> <p><b>Environmental</b></p> <p>The health of the district’s water resources and natural ecosystems will be better protected by reticulated treatment and disposal systems.</p>
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## LTP Part 2

<b>Duration of Benefits</b>	<p>The reticulation, treatment and disposal systems that are being implemented are anticipated to have a minimum of 35 years benefit, with any engineering solution intended to provide future benefits equivalent to the design life of the systems' components.</p> <p>The capacity of the schemes allow for growth that ensures not only current users, but also future users, will benefit from the system. It is equitable that those who join a scheme should contribute to the cost of providing for that growth. Current users must fund the cost of additional capacity until those future users are connected; therefore it is reasonable that when those future users arrive they make a contribution to the cost of catering for that growth.</p>	<b>Assumptions</b>	<ul style="list-style-type: none"> <li>– That all residential lots produce the same unit of demand.</li> <li>– That the district will continue to grow as set out within the population forecasting contained within this policy.</li> <li>– That new infrastructural assets will be designed to allow for additional growth capacity.</li> <li>– That the costs of reticulating, treating and disposing of sewage are in proportion to the volume of sewage produced.</li> </ul>						
<b>Sources of Funding</b>	<table border="0"> <tr> <td>– Loans</td> <td>Yes</td> </tr> <tr> <td>– Rates</td> <td>Yes</td> </tr> <tr> <td>– Development Contributions</td> <td>Yes</td> </tr> </table>	– Loans	Yes	– Rates	Yes	– Development Contributions	Yes	<b>Circumstances for Refunds or Reductions</b>	<p>In the event that planned system upgrades, or alternative upgrades, are not undertaken within the “maximum period” set out in table two, development contributions will be refunded, after allowing for the costs of investigating the upgrade options and associated administrative costs. There will be no postponements of payments or remissions of payments.</p>
– Loans	Yes								
– Rates	Yes								
– Development Contributions	Yes								
<b>Calculation of Contribution</b>	<p>The contribution for all sewerage schemes is calculated on the cost of the capital expenditure associated with increasing the capacity of the system to provide for growth, divided by the number of units of demand that are expected. The result is the cost that will apply to each new lot. (Refer to appendix 3).</p>	<b>4c. Stormwater and Drainage Infrastructure</b>	<p>The Council has established a stormwater area in Hanmer Springs for stormwater disposal associated with expected demands created by growth. The Council has also undertaken extensive upgrades to the Amberley stormwater system, for off-site upgrades to the reticulation system required by the expected growth in the township and for flood-management purposes (a component of which will cater for future growth). All on-site stormwater works in Amberley will be funded by developers through financial contributions under the District Plan.</p> <p>The stormwater systems and upgrades will cater for growth. The policy and methodology for calculating development contributions are the same for each area, but the actual level of contribution varies depending upon the capital cost and upon the growth component.</p> <p>Appendix 3 includes details of the different amounts applicable to developments within each township area.</p>						
<b>Basis for Assessment for Treatment, Disposal and Reticulation Costs</b>	<p>Current users and future users benefit equally from the maximum capacity of a sewerage system. Based on the assumption that one current user will consume the same amount of system capacity as a future user, they should equally share the cost of providing that maximum capacity.</p> <p><b>Residential &amp; Business Activities (Urban Areas)</b></p> <p>Each new standard connection or subdivision lot established will be charged one development contribution as identified in the schedule. Additional dwelling units established on the same lot will be charged an additional development contribution.</p> <p><b>Multi-Unit Residential Developments</b></p> <p>The payment for multi-unit residential housing including minor dwelling units, family flats, town houses, retirement villages and apartments, will be applied on the basis that each separate residential unit shall be treated as a separate unit of demand and be charged accordingly.</p> <p><b>Travellers Accommodation Including Hotel/Motel Units (Urban Areas)</b></p> <p>For each hotel, motel unit or separate unit of travellers accommodation (excluding home stays accommodating less than 6 visitors) a payment of 50% of the standard sewer development contribution will be applied to each separate unit of accommodation let for tariff.</p> <p>For camping grounds, hostels bunkhouses and backpackers accommodation or comparative travellers accommodation a contribution shall be determined on the basis of payment of 50 % of the standard sewer development contribution for each 4 visitors the premises/camping ground can accommodate. Any managers' accommodation associated with travellers' accommodation shall be charged at the full rate.</p>	<b>Need to Undertake the Activity</b>	<p>Stormwater systems are provided to minimise public health issues and adverse effects on the environment.</p> <p>Effective stormwater systems and networks remove a constraint on land development.</p> <p>There is an expectation from the community for high environmental standards to be met.</p> <p>The growth of the district and the resulting additional connections will increase the demand on existing services. The Council believes it should be developing long-term sustainable solutions that cater for users tomorrow; therefore, any scheme it develops will primarily be designed to accommodate planned growth.</p>						
		<b>Community Outcomes to Which the Activity</b>	<ul style="list-style-type: none"> <li>– A desirable and safe place to live</li> <li>– A place with essential and appropriate infrastructure</li> </ul>						
		<b>Distribution of Benefits</b>	<p><b>Economic</b></p> <p>Effective and efficient stormwater systems will support economic growth and mitigate the costs associated with flooding for the whole community.</p>						

	<p>The individuals that are connecting to a system will gain the direct benefits of the service.</p> <p><b>Social</b></p> <p>Health, efficiency and safety benefits apply indirectly to the whole community and directly to those who are connected to each scheme. Stormwater systems minimise harm to people from potential flooding.</p> <p><b>Cultural</b></p> <p>Effective stormwater systems protect community values associated with waterways and incorporate the cultural concerns of Maori with land and water.</p> <p><b>Environmental</b></p> <p>Stormwater systems contribute to a high quality natural environment and mitigate the adverse environmental effects of flooding.</p>						
<b>Duration of Benefits</b>	<p>The stormwater systems that are being implemented will provide a long-term benefit to the community. The duration of benefit is dependent on the ability to gain the necessary resource consents, but is anticipated to be a minimum of 35 years.</p> <p>Current users must fund the cost of providing capacity until those future users are connected; therefore it is reasonable that when those future users arrive they make a contribution that relates to the cost of providing stormwater systems.</p>						
<b>Sources of Funding</b>	<table border="0"> <tr> <td>– Loans</td> <td>Yes</td> </tr> <tr> <td>– Rates</td> <td>Yes</td> </tr> <tr> <td>– Development Contributions</td> <td>Yes</td> </tr> </table>	– Loans	Yes	– Rates	Yes	– Development Contributions	Yes
– Loans	Yes						
– Rates	Yes						
– Development Contributions	Yes						
<b>Calculation of Contribution</b>	<p>The contribution is calculated on the cost of the capital expenditure associated with constructing that component of the stormwater systems that cater for growth. This is estimated at about 80% in the case of Hanmer Springs and 64% in Amberley. Then it is divided by the number of new units of demand establishing within the area being serviced. The result is the cost that will apply to each new lot. (Refer to table two for details of each contribution.)</p>						
<b>Basis for Assessment</b>	<p>Future users both business and residential benefit equally from the maximum capacity of a stormwater system. Based on the assumption that one current user will need the same amount of system capacity as a future user, they should equally share the cost of providing that maximum capacity. Each new business or subdivision allotment that is created will pay on the basis of one unit of demand.</p>						
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>– That all residential and business zone properties have the same volume of run off.</li> <li>– That the District will continue to grow as predicted in the population forecasting as per this policy, and the new infrastructure assets will be designed to accommodate the growth projected over 26 years (2004-2030).</li> </ul>						

**Circumstances for Refunds or Reductions**

In the event that planned system upgrades, or alternative upgrades, are not undertaken within the “maximum period” set out in table two, development contributions will be refunded, after allowing for the costs of investigating the upgrade options and associated administrative costs. There will be no postponements of payments or remissions of payments.

**5. Community Infrastructure**

The Council has planned for considerable capital investment on community infrastructure that is under its management and control. A proportion of this expenditure relates to catering for the increased demands of growth. The four projects listed below relate to planned capital development associated with community infrastructure demands within the LTP.

- Hanmer Springs Medical Centre
- Hanmer Springs town centre development
- Amberley walkway and cycleway network

**Need to Undertake the Projects**

The community infrastructure projects identified are essential to the ongoing economic, social, cultural and environmental wellbeing of the district, especially the Hanmer Springs and Amberley Townships. The Hanmer Springs projects will enhance community facilities, provide access to health care, and result in an improved and pleasant environment, which will meet the demands of future growth. Extending and improving Amberley’s walkway and cycleway network will help create connectivity between the existing township and new development areas.

**Community Outcomes to Which the Activity Primarily Contributes**

- A desirable and safe place to live
- A place where our traditional rural values and heritage make Hurunui unique

**Distribution of Benefits**

**Economic**

Improved community facilities will draw people into the District to invest in new business or to participate in the labour force.

**Cultural**

Facilities provide opportunities for participation in educational, recreational and cultural activities.

**Social**

Community infrastructure supports a high quality of life for residents through participation in activities and access to services. The built environment is integral to the look, feel and functionality of the District.

**Environmental**

Community infrastructure supports the natural environment by providing appropriate places to carry out activities.

**Duration of Benefits**

Community infrastructure provides benefits for the duration of the assets. Given the nature of the assets, the duration is likely to be for the next 50 years.



The projects will each provide varying levels of benefit to different members of the community. The Hanmer Springs Medical Centre and Hanmer Springs town centre development provide benefits to those owning property in the Hanmer Springs ward. The expansion of Amberley’s walkways and cycleways will principally be of benefit to the town’s residents.

Future population growth, the demographic profile of the district and changes in lifestyle will require the Council to provide a range of opportunities for individuals and groups to participate in at various levels.

The Council considers that future property owners should contribute to the provision of these projects proposed under community infrastructure as they provide opportunities for individual and group wellbeing.

<b>Sources of Funding</b>	– Loans	Yes
	– Rates	Yes
	– Development Contributions	Yes

**Point at which Contributions are Collected**

Contributions for community infrastructure will be collected on granting a subdivision consent and where subsequently an additional dwelling house is promoted on the same lot contributions will be collected at the time a building consent is granted.

All new subdivisions will be subject to the community infrastructure contributions set out in table two.

**Basis for Assessment**

Medical centre: Redevelopments benefit current and future users equally from access to and opportunities provided by these items of community infrastructure. Therefore each unit of demand, both existing and future, should contribute equally to infrastructure intended to be constructed over the period (set at the initial planning period of 10 years from 2004).

Hanmer Springs town centre development: There has been some benefit to existing residents, but the development was required due to increasing infrastructure to cope with the expected growth over the planning period. The Council has determined that it is fair and equitable that development contributions fund those areas of development which are necessitated by growth, not driven by community desire. The Council recognises that renewals or upgrades of existing facilities will also benefit new residents, but considers that the demand for these are from the existing population are therefore should be funded by existing units of demand. The target period for collection is set at initial 20 year planning period of the project (from 2004).

Amberley walkway and cycleway network extension: This work is in the new development areas of Amberley and each new unit of demand should contribute to the development of the network. Where the infrastructure is an upgrade to existing areas it will be met by existing units of demand. The target period has been extended from its initial 20 year horizon to 30 years as a result of the lower level of growth anticipated.

**Residential & Business Activities**

Each new subdivision lot established will be charged one development contribution for each item of community infrastructure as identified in the schedule. Additional dwelling units established on the same lot will be charged a separate development contribution.

**Multi-Unit Residential Developments**

The payment for multi-unit residential housing including minor dwelling units, family flats, town houses, retirement villages and apartments, will be applied on the basis that each separate residential unit shall be treated as a separate unit of demand and be charged accordingly.

**Travellers Accommodation Including Hotel/Motel Units**

For each hotel, motel unit or separate unit of travellers accommodation (excluding home stays accommodating less than 6 visitors) a payment of 50% of the standard community infrastructure development contributions identified in the schedule will be applied to each separate unit of accommodation let for tariff.

For camping grounds, hostels, bunkhouses and backpackers accommodation or comparative travellers accommodation a contribution shall be determined on the basis of payment of 50 % of the standard community infrastructure development contribution for each 4 visitors the premises/camping ground can accommodate. Any manager’s accommodation associated with travellers’ accommodation shall be charged at the full rate.

**Assumptions**

- That all people in the district create a demand for community infrastructure irrespective of the type of lot created.
- That all people in the district have the same opportunity to use community infrastructure facilities.
- That community infrastructure use is related to people not type of property.
- That the district will continue to grow as set out in the population forecasting contained in this Policy.

**Circumstances for Refunds or Reductions**

In the event that planned community infrastructure upgrades are not undertaken within the “maximum period” set out in table two, or alternative upgrades are not completed within that time-frame, development contributions will be refunded, after allowing for the costs of investigating the upgrade options and associated administrative costs.

There will be no postponements of payments or remissions of payments.

**Process for the reconsideration of a development contribution assessment**

Section 199A of the Local Government Act provides that a request for reconsideration may only be made on the following grounds:

- the development contribution was incorrectly calculated or assessed under the territorial authority’s development contributions policy; or
- the territorial authority incorrectly applied its development contributions policy; or
- the information used to assess the person’s development against the development contributions policy, or the way the territorial authority has recorded or used it when requiring a development contribution, was incomplete or contained errors.

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**How a Reconsideration Request is lodged**

- The reconsideration request must be made:
- within 10 working days after the date on which the person lodging the request receives notice from the Council of the level of development contribution the Council requires; and
  - by making a written request and sending it with any relevant supporting information by email to [info@hurunui.govt.nz](mailto:info@hurunui.govt.nz), or posting it to Hurunui District Council, P O Box 13, Amberley 7441.

If the Council believes further relevant information is required from the applicant before it can make a decision, a *further information request* will be asked for in writing to the applicant as soon as possible after the reconsideration request is received.

No *reconsideration request* will be accepted by the Council if it is received after the 10 day period above, or if an objection has been lodged under section 199C of the LGA. The applicant will receive written notice if the request for reconsideration cannot be made for one of these reasons.

The Council reserves the right to reconsider an assessment if it believes an error has been made.

**Objections process for a development contributions assessment**

A formal objections process has been introduced to enable any person who has been required to pay a development contribution, to object to the assessed amount of the development contribution.

Objections will be decided by Development Contributions Commissioners selected by the Council from a Register of Commissioners appointed by the Minister of Local Government.

Under section 199D an objection can only be made on the grounds that a territorial authority:

- failed to take into account features of a development that, on their own or cumulatively with other developments, would substantially reduce the impact of the development on requirements for community facilities;
- required a development contribution for community facilities not required by, or related to, the objector’s development;
- was in breach of section 200 (limitations applying to requirement for development contribution); or
- incorrectly applied its developments contributions policy to the development.

Once objections are lodged with the Council, it is the Council’s responsibility for administering the objections process and selecting and supporting the Development Contributions Commissioners.

Note that the Council has the ability to recover costs incurred by it from the objector, including the costs of:

- selecting, engaging, and employing development contributions commissioners;
- secretarial and administrative support of the objection process; and
- preparing for, organising and holding the hearing.

**Table 1: Inflation adjusted Capital Costs and Portion Relating to Growth for Year 1-3 and 10 of this plan**

Project	Funded From	Total Capital Cost of Project (including non-growth related components) in 2022 dollars	Est. Proportion of Growth attributable to Development (net result of estimates for each capital item in project)	Est. Total Units of Demand by end of target period (to spread Development Cost if applicable)	Est. (actual when available) Total Capital Cost due to growth, inflation adjusted to 2022	Est. (actual when available) Total Capital Cost due to growth, inflation adjusted to 2023	Est. (actual when available) Total Capital Cost due to growth, inflation adjusted to 2024	Est. (actual when available) Total Capital Cost due to growth, inflation adjusted to 2031
District Sewer	District Sewer Area	\$2,386,993	65%	4,571	\$1,871,870	\$1,928,208	\$1,979,094	\$2,151,151
District Urban Water	Urban Water Area	\$1,486,783	73%	4,628	\$1,224,229	\$1,261,075	\$1,294,355	\$1,561,156
District Rural Water	Rural Water Area	\$6,734,793	80%	7,888	\$6,278,991	\$6,467,970	\$6,638,661	\$8,011,158
Amberley Stormwater	Amberley Township	\$470,074	64%	1,912	\$299,573	\$308,589	\$316,733	\$382,153
Amberley Township Reserves	Amberley Township	\$738,053	90%	2,046	\$664,248	\$684,240	\$702,297	\$847,153
Amberley Walking & Cycling Routes	Amberley Township	\$302,364	80%	2,046	\$241,892	\$249,172	\$255,748	\$308,153
Amberley Rating Area Reserves	Amberley Rating Area	\$1,504,790	90%	2,855	\$1,354,311	\$1,021,887	\$1,048,855	\$1,261,153
Conical Hill Reserve Walkway Development	Hanmer Springs Rating Area	\$133,869	90%	2,068	\$120,483	\$143,222	\$147,001	\$168,153
Hanmer Springs Medical	Hanmer Springs Rating Area	\$865,929	Spread based on a ratio of new units of demand / total units of demand	1,797	\$207,199	\$213,435	\$219,068	\$264,153
Hanmer Springs Stormwater	Hanmer Springs Township	\$162,736	80%	1,705	\$130,189	\$134,107	\$137,647	\$166,153
Hanmer Springs Town Centre Development	Hanmer Springs Rating Area	\$2,494,048	60%	2,284	\$1,496,429	\$1,541,467	\$1,582,147	\$1,901,153
Hanmer Springs Domain	Hanmer Springs Rating Area	\$400,000	50%	1,845	\$200,000	\$206,019	\$211,456	\$255,153
Queen Mary Development	Hurunui District	\$4,571,462	Spread based on a ratio of new units of demand / total units of demand	8,931	\$1,073,371	\$1,105,676	\$1,134,855	\$1,361,153

END OF POLICY

**Table 1: Inflation adjusted Capital Costs and Portion Relating to Growth for Year 1-3 and 10 of this plan**

Project	Funded From	Total Capital Cost of Project (including non-growth related components) in 2022 dollars	Est. Proportion of Growth attributable to Development (net result of estimates for each capital item in project)	Est. Total Units of Demand by end of target period (to spread Development Cost if applicable)	Est. (actual when available) Total Capital Cost due to growth, inflation adjusted to 2022	Est. (actual when available) Total Capital Cost due to growth, inflation adjusted to 2023	Est. (actual when available) Total Capital Cost due to growth, inflation adjusted to 2024	Est. (actual when available) Total Capital Cost due to growth, inflation adjusted to 2031
District Sewer	District Sewer Area	\$2,386,993	65%	4,571	\$1,871,870	\$1,928,208	\$1,979,094	\$2,197,175
District Urban Water	Urban Water Area	\$1,486,783	73%	4,628	\$1,224,229	\$1,261,075	\$1,294,355	\$1,561,783
District Rural Water	Rural Water Area	\$6,734,793	80%	7,888	\$6,278,991	\$6,467,970	\$6,638,661	\$8,010,285
Amberley Stormwater	Amberley Township	\$470,074	64%	1,912	\$299,573	\$308,589	\$316,733	\$382,174
Amberley Township Reserves	Amberley Township	\$738,053	90%	2,046	\$664,248	\$684,240	\$702,297	\$847,399
Amberley Walking & Cycling Routes	Amberley Township	\$302,364	80%	2,046	\$241,892	\$249,172	\$255,748	\$308,588
Amberley Rating Area Reserves	Amberley Rating Area	\$1,504,790	90%	2,855	\$1,354,311	\$1,021,887	\$1,048,855	\$1,265,560
Conical Hill Reserve Walkway Development	Hanmer Springs Rating Area	\$133,869	90%	2,068	\$120,483	\$143,222	\$147,001	\$168,199
Hanmer Springs Medical	Hanmer Springs Rating Area	\$865,929	Spread based on a ratio of new units of demand / total units of demand	1,797	\$207,199	\$213,435	\$219,068	\$264,330
Hanmer Springs Stormwater	Hanmer Springs Township	\$162,736	80%	1,705	\$130,189	\$134,107	\$137,647	\$166,086
Hanmer Springs Town Centre Development	Hanmer Springs Rating Area	\$2,494,048	60%	2,284	\$1,496,429	\$1,541,467	\$1,582,147	\$1,909,036
Hanmer Springs Domain	Hanmer Springs Rating Area	\$400,000	50%	1,845	\$200,000	\$206,019	\$211,456	\$255,146
Queen Mary Development	Hurunui District	\$4,571,462	Spread based on a ratio of new units of demand / total units of demand	8,931	\$1,073,371	\$1,105,676	\$1,134,855	\$1,369,329

## LTP Part 2

Table 2: Development Contribution Schedule for Years 1-3 and 10 of this plan

Project	Funded From	Relevant Subsection of Policy (Category of Contribution)	Point at which Contribution is collected (number refers to options in NOTES below)	Start Year for Contributions	Maximum No. of years from start year until project is undertaken	Target period (years from start year) over which to collect contributions	Est. Num of New Units to Collect From in target period based on growth model	New Development Contribution (GST added) 2020/2021	New Development Contribution (GST added) 2021/2022	New Development Contribution (GST added) 2022/2023	New Development Contribution (GST added) 2023/2024	New Development Contribution (GST added) 2030/2031
District Sewer	District Sewer Area	Network Infrastructure	3	2016	10	14	703	\$3,020	\$3,060	\$3,160	\$3,240	\$3,600
District Urban Water	Urban Water Area	Network Infrastructure	3	2016	10	13	912	\$1,460	\$1,540	\$1,590	\$1,630	\$1,970
District Rural Water	Rural Water Area	Network Infrastructure	3	2016	10	24	1,702	\$4,140	\$4,240	\$4,370	\$4,490	\$5,410
Amberley Stormwater	Amberley Township	Network Infrastructure	3	2004	10	32	330	\$990	\$1,040	\$1,070	\$1,100	\$1,330
Amberley Township Reserves	Amberley Township	Reserves	1	2008	25	30	436	\$1,890	\$1,750	\$1,800	\$1,850	\$2,230
Amberley Walking & Cycling Routes	Amberley Township	Community Infrastructure	4	2008	20	30	436	\$600	\$620	\$640	\$660	\$800
Amberley Ward Reserves	Amberley Ward	Reserves	1	2008	25	16	570	\$2,640	\$2,730	\$2,060	\$2,120	\$2,560
Conical Hill Reserve Walkway	Hanmer Springs Ward	Reserves	1	2008	10	37	582	\$230	\$240	\$280	\$290	\$330
Hanmer Springs Medical	Hanmer Springs Ward	Community Infrastructure	4	2004	10	19	430	\$520	\$550	\$570	\$590	\$710
Hanmer Springs Stormwater	Hanmer Springs Township	Network Infrastructure	3	2004	20	40	474	\$310	\$320	\$330	\$330	\$400
Hanmer Springs Town Centre	Hanmer Springs Ward	Community Infrastructure	4	2004	10	64	917	\$1,820	\$1,880	\$1,930	\$1,980	\$2,390
Hanmer Springs Domain	Hanmer Springs Ward	Reserves	1	2013	10	11	209	\$1,060	\$1,100	\$1,140	\$1,170	\$1,410
Queen Mary Development	Hurunui District	Reserves	1	2004	20	22	2,097	\$610	\$590	\$610	\$620	\$750

**NOTES: Points at which Contributions are payable and maximum contribution for reserves\*\***

- At the time of granting a subdivision consent, or if a separate certificate of title exists against which no development levy has been paid, at the time of issuing a building consent.
- At time of granting subdivision consent or if no development levy has been paid, at the time of issuing a building consent or resource consent or at time of connection to service.
- When subdivision consent is granted and or where subsequently an additional dwelling house or business premise is promoted on the same lot at the time when either a resource consent or a building consent is granted.
- Upon granting a subdivision consent or Building Consent or Resource Consent. All new subdivisions will be subject to the community infrastructure contributions set out in this table. Where allotments already exist but have not been built on the contribution will be collected on the granting of the building consent or resource consent.
- At time of application to the Rural Water Scheme.

\*\* In the case of reserves contributions, the contribution payable will be capped at the greater of 7.5% of the value of the additional allotments created by a subdivision or the value equivalent of 20 square metres of land for each additional household unit created by the development.

**Totals:**

<b>Hanmer Springs Township</b>	<b>\$9,030</b>	<b>\$9,280</b>	<b>\$9,610</b>	<b>\$9,850</b>	<b>\$11,560</b>
<b>Hanmer Springs Rating Area (excluding Township)</b>	<b>\$4,240</b>	<b>\$4,360</b>	<b>\$4,530</b>	<b>\$4,650</b>	<b>\$5,590</b>
<b>Amberley Township</b>	<b>\$11,210</b>	<b>\$11,330</b>	<b>\$10,930</b>	<b>\$11,220</b>	<b>\$13,240</b>
<b>Leithfield Township &amp; Amberley Beach Township</b>	<b>\$10,410</b>	<b>\$10,620</b>	<b>\$10,200</b>	<b>\$10,470</b>	<b>\$12,320</b>
<b>Leithfield Beach Township</b>	<b>\$7,730</b>	<b>\$7,920</b>	<b>\$7,420</b>	<b>\$7,610</b>	<b>\$8,880</b>
<b>Amberley Rating Area (excluding Townships)</b>	<b>\$3,250</b>	<b>\$3,320</b>	<b>\$2,670</b>	<b>\$2,740</b>	<b>\$3,310</b>
<b>Glenmark Rating Area (excluding Rural Water)</b>	<b>\$610</b>	<b>\$590</b>	<b>\$610</b>	<b>\$620</b>	<b>\$750</b>
<b>Cheviot Rating Area (Including Rural Water)</b>	<b>\$4,750</b>	<b>\$4,830</b>	<b>\$4,980</b>	<b>\$5,110</b>	<b>\$6,160</b>
<b>Hurunui Rating Area (including Rural Water)</b>	<b>\$4,750</b>	<b>\$4,830</b>	<b>\$4,980</b>	<b>\$5,110</b>	<b>\$6,160</b>
<b>Amuri Rating Area (excluding Rural Water)</b>	<b>\$610</b>	<b>\$590</b>	<b>\$610</b>	<b>\$620</b>	<b>\$750</b>

\* In the case of land taken for reserve purposes, this figure will be negotiated with the land owner at the time the contribution is made.

**To the reader:**

# Audit Report

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**Independent Auditor's report on Hurunui District Council's 2021-31 long-term plan**

I am the Auditor-General's appointed auditor for Hurunui District Council (the Council). The Local Government Act 2002 (the Act) requires the Council's long-term plan (plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. I have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 30 June 2021.

**Qualified Opinion**

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and co-ordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 116 to 119 in Part 1 of the plan represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

**Basis for qualified opinion – Improvements to the “Route 70 – Inland Road” and the consequences of those improvements have not been included in the underlying information**

Page 18 in Part 2 of the plan outlines that Waka Kotahi NZ Transport Agency (Waka Kotahi) obtained the power to operate the “Route 70 – Inland Road” after the 2016 Kaikōura Earthquake. Waka Kotahi was responsible for maintaining, repairing and upgrading the road until 24 December 2020, when this responsibility was formally transferred back to the Council for its share of the road.

## LTP Part 2

The Council has not recognised its share in the value of Waka Kotahi's improvements to the road, because the Council did not have the information available during the preparation of the plan. As a consequence, the Council has not adjusted its forecast maintenance, renewals and depreciation for the road in its plan. We are unable to determine the possible effect of these matters on the plan because it is impracticable to do so.

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400 *The Examination of Prospective Financial Information* that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the Council's forecasts to replace existing assets are consistent with its approach to replace its assets, and reasonably take into account the Council's knowledge of the assets' condition and performance;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and

- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

### Emphasis of Matter – Uncertainty over three waters reforms

Without further modifying our opinion, we draw attention to the disclosure on page 114 in Part 1 of the plan, which outlines the Government's intention to make three waters reform decisions during 2021. The effect that the reforms may have on three waters services provided is currently uncertain because no decisions have been made. The plan was prepared as if these services will continue to be provided by the Council, but future decisions may result in significant changes, which would affect the information on which the plan has been based.

### Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

We are responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. We do not express an opinion on the merits of the plan's policy content.

### Independence and quality control

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to this audit and our report on the Council's 2019/20 annual report, we have carried out an engagement in respect of the Council's debenture trust deed, which is compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Council.

LTP Part 2



Chris Genet  
Audit New Zealand  
On behalf of the Auditor-General, Christchurch, New Zealand