



Waitaki

DISTRICT COUNCIL

TE KAUNIHERA Ā ROHE O WAITAKI

**I hereby give notice that the
Council Meeting
will be held on:**

Date: Monday, 3 February 2025

Time: 7:00 pm

**Location: Council Chamber, Third Floor
Office of the Waitaki District Council
20 Thames Street, Oamaru**

Agenda

Council Meeting

3 February 2025

**Alex Parmley
Chief Executive**

Agenda Items


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1 MEMORANDUM REPORTS

1.1 AGENDA ATTACHED

Author: Arlene Goss, Governance Services Lead

Authoriser:

Attachments: 1. 20250203 Extraordinary Council Meeting [↓](#) 

RECOMMENDATION

That Council receives and notes the information.



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Agenda

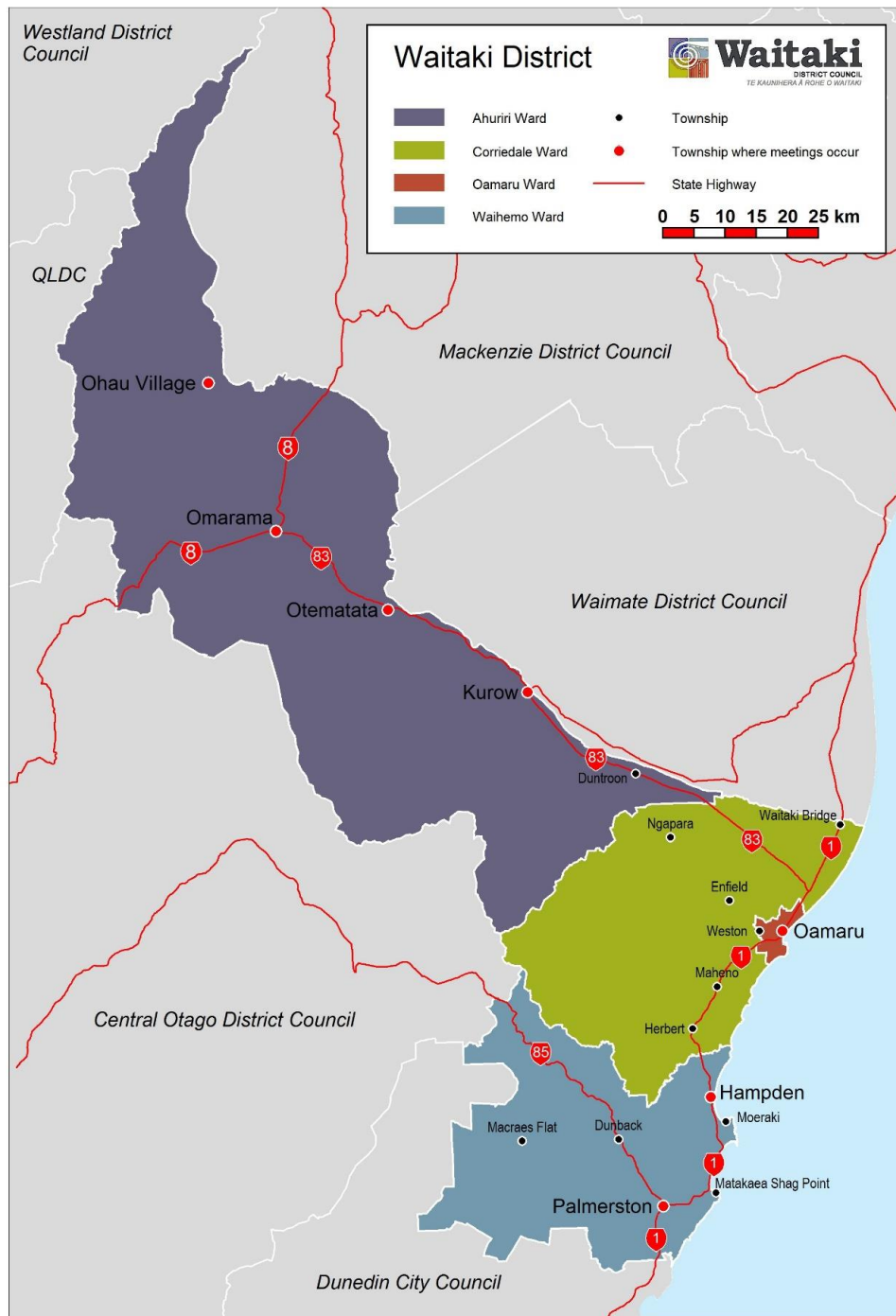
Extraordinary Council Meeting

3 February 2025

**Alex Parmley
Chief Executive**

EXTRAORDINARY COUNCIL
MEETING AGENDA

3 FEBRUARY 2025





EXTRAORDINARY COUNCIL
MEETING AGENDA

3 FEBRUARY 2025

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**EXTRAORDINARY COUNCIL
MEETING AGENDA**

3 FEBRUARY 2025

- 1 APOLOGIES**
- 2 DECLARATIONS OF INTEREST**

3 PUBLIC FORUM

(not applicable as this is an Extraordinary Meeting)

EXTRAORDINARY COUNCIL
MEETING AGENDA

3 FEBRUARY 2025

4 DECISION REPORTS

4.1 RESOLUTION TO RECEIVE OR DEFER A LATE AGENDA ITEM

Author: Alex Parmley, Chief Executive

Authoriser: Alex Parmley, Chief Executive

RECOMMENDATION

That Council decides, pursuant to the Local Government Official Information and Meetings Act 1987 (s46A (7)) and Council's Standing Orders (Clause 9.12), whether:

- (a) to accept the late report (Public) on the topic of "The Audit New Zealand audit report of the Waitaki District Council's 2025-34 Long Term Plan Consultation Document" as a late Public Agenda Item for consideration at this meeting,

OR

to defer the late report to another date by Council resolution at this meeting

PURPOSE

To seek a formal resolution of Council on whether to accept or defer a late agenda item for consideration at this Extraordinary Council Meeting scheduled for Monday 3 February 2025, pursuant to legislation and Council's Standing Orders.

SUMMARY

Council must formally adopt Waitaki District Council's 2025-34 Long Term Plan Consultation Document before commencing the consultation engagement process on 4 February 2025. It is a requirement under legislation to include an Audit Opinion in the consultation document before this is released publicly. However, the Audit Report is still being finalised by Audit New Zealand. Nonetheless, the final agenda papers for the 3 February 2025 Extraordinary Council Meeting need to be published today to meet legislative requirements. Therefore, the initial set of agenda papers will need to contain the 'placeholder' report for the late item, along with this procedural report to facilitate a decision of Council to either accept or defer the item.

Therefore, the agenda report will need to be considered "late" and published in a separate Agenda Addendum.

Pursuant to s.46A (7) of the Local Government Official Information and Meetings Act 1987 and Clause 9.12 of Council's Standing Orders:

"A meeting may deal with an item of business that is not on the agenda where the meeting resolves to deal with that item and the Chairperson provides the following information during the public part of the meeting:

- (a) *The reason the item is not on the agenda; and*
(b) *The reason why the discussion of the item cannot be delayed until a subsequent meeting."*

Regarding the reason under (a):

- (a) **The reason the item is not on the agenda** – A Public agenda item for a report entitled "2025-2034 Long Term Plan - Re-Adoption of Consultation Document and Supporting Information" will be listed on the final agenda papers to be published for the Waitaki District Council Meeting to be held on Monday 3 February 2025. However, the attachment named *"PLACEHOLDER - The Audit New Zealand audit report of the Waitaki District Council's 2025-34 Long Term Plan Consultation Document"* will have no official content; it will simply state

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that it is a PLACEHOLDER so that there is a dedicated agenda item number allocated to it. This will be published separately once the additional externally sourced data/information has become available, and the report can be finalised and authorised for publication.

Regarding the reason under (b):

- (b) **The reason why the discussion of the item cannot be delayed until a subsequent meeting** – The Audit Opinion must be included in the Waitaki District Council's 2025-34 Long Term Plan Consultation Document before its public release, as required by legislation.

At the 17 December 2024 Council Meeting, it was agreed that, pending receipt of the report from Audit New Zealand, an Extraordinary Council Meeting will be held via Zoom videoconference on 3 February 2025. Upon receiving the audit report, the Council is required to adopt it for public consultation to commence.

Accordingly, Council is being asked to take a decision on whether to accept or defer the late report referenced above during the meeting.

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**4.2 2025 -2034 LONG TERM PLAN – READOPTION OF CONSULTATION DOCUMENT AND
SUPPORTING INFORMATION AND RECEIPT OF INDEPENDENT AUDITORS REPORT**

Author: Mandy McIntosh, Strategy & Commissioning Lead

Authoriser: Alex Parmley, Chief Executive

Attachments:

1. Placeholder for Audit New Zealand audit report
2. Draft Financial Strategy
3. Draft Infrastructure Strategy
4. Draft Significant and Forecasting Assumptions
5. 2025-34 LTP Community Engagement Plan

Appendix 1. Balanced Budget Requirements

RECOMMENDATION

That Council:

1. Receives the Audit New Zealand audit report (Attachment 1 – Expected to be received Monday 3 February) on the Waitaki District Council 2025-34 Long Term Plan Consultation Document and supporting information and notes that the Audit New Zealand audit report is to be included in the consultation document; and
2. Adopts, for public consultation purposes, the audited draft supporting information that is relied upon for the content of the consultation document, as follows:
 - Draft Financial Strategy (Attachment 2); and
 - Draft Waitaki District Council Infrastructure Strategy 2025-34 (Attachment 3); and
 - Draft Significant Forecasting Assumptions (Attachment 4); and
3. Resolves that it is financially prudent to adopt an unbalanced budget for each financial year of the term of the 2025-34 Long Term Plan; and
4. Adopts for consultation purposes, subject to the inclusion of changes as directed by Audit New Zealand the audited Waitaki District Council 2025-34 Long Term Plan Consultation Document (Attachment 5 – Expected to have final audited version on Monday 3 February); and
5. Notes that the formal public consultation period commences on Tuesday 4 February and concludes on Tuesday 4 March 2025.

PURPOSE

To re-adopt the 2025-34 Long Plan Consultation Document (CD) and supporting information based on the receipt of the Audit New Zealand Audit Report, to enable public consultation on the draft 2025-34 Long Term Plan to commence.

To approve an unbalanced budget for each financial year for the term of the 2025-34 Long Term Plan (LTP).

SUMMARY

A long term plan and associated annual plans are critically important documents and processes for Council. They provide a framework for integrated decision-making and coordination of resources within a local authority, a basis for accountability of the local authority to the community, and an opportunity for participation by the public in decision-making.

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Part 6 and Schedule 10 of the Local Government Act 2002 require all councils to adopt an audited long term plan every three years.

While the CD and supporting information were agreed for consultation at the Council Meeting held on 17 December 2024, subject to the receipt of the Audit Report from Audit New Zealand, it is prudent to re-adopt the CD now that the audit has been completed, and clarify that when Council consults on the CD, we will be consulting with an unbalanced budget for each financial year for the term of the 2025-34 Long Term Plan.

Background

In February 2024, the Government introduced the Water Services Acts Repeal Bill which stopped water services ownership moving to new Entities and kept the ownership with Councils. At this time, Government provided an option to Councils to defer the development of the 2024-34 Long Term Plan for one year, and instead produce a 2024-25 Enhanced Annual Plan, with a 2025-34 Long Term Plan to be adopted no later than 30 June 2025.

At the Council Meeting held on 27 February 2024, Council agreed to defer the (then named) 2024-34 Long Term Plan by one year, in anticipation of there being more certainty on how water services would be delivered, and the impact of this on our community for long-term planning.

As a result of this deferral, the current Waitaki District Council 2021-31 Long Term Plan must be replaced by 30 June 2025.

Discussion

At the Council Meeting held on 17 December 2024, Council agreed the CD and supporting information, subject to the receipt of the Audit Report from Audit New Zealand.

It was agreed at that meeting that an additional Council Meeting would be held in February 2025 if the changes required to the CD and supporting information were more than minor, after receipt of the Audit Report.

While the changes made to the CD and supporting information since the Council Meeting of 17 December 2024 are not considered significant, the CD now indicates a reduction in the average rate rise from 11.18% (as presented at the 17 December Council Meeting) to 10.3% for Year 1 of the LTP.

Another key change since the Council Meeting of 17 December 2025, is that Council will now be consulting with an unbalanced budget for each financial year for the term of the 2025-34 Long Term Plan. In the previous version there was only an unbalanced budget for Years 1 and 2 of the Long Term Plan. This is discussed within the financial strategy (see Appendix 1), including why Council feels that it is financially prudent to do so.

In the draft budgets, Council **does not currently** meet the balanced budget benchmark because its planned revenue is lower than its planned operating expenses. This is largely due to applying increased inflation and valuation indices since the initial draft budgets were completed.

Despite this, it is financially prudent to not balance the budget at this time. Instead, Council is consulting on financial projections in which its operating revenues are lower from that required to cover its operating expenses each year. This reflects the financial situation that Council is grappling with, and the Council's strong desire to not simply offset ongoing operating cost increases with increased rates.

Council is currently undertaking a full transformation of its structure, systems and processes, with the intention of achieving efficiencies and operating cost reductions going forward. It is expected that this project will reduce operating costs over the life of the plan. It is also expected that overhead costs will reduce once the three waters departments move to a separate entity.

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Council has not factored any of these cost reductions into its current forecasts and is prudently budgeting for the worse-case scenario.

It is Council's intention that every financial year of the 2025-34 Long Term Plan will balance by the time of adoption of the LTP in June 2025.

There have been a number of changes made to the CD and underlying supporting information (Draft Financial Strategy, Draft Infrastructure Strategy, Draft Significant Forecasting Assumptions) since that meeting as part of the audit process. The updated documents are attached for reference.

SUMMARY OF OPTIONS CONSIDERED

Option 1 – To approve the recommendations (preferred option)

Option 2 – To adopt the recommendations in part

Option 3 – To resolve not to adopt the recommendations

ASSESSMENT OF PREFERRED OPTION

The formal community engagement period is scheduled to begin on Tuesday 4 February 2025 and conclude on Tuesday 4 March 2025. Formal approval of the CD and draft supporting information will enable the formal consultation to commence as scheduled.

Next Steps

Following the close of consultation, Council will consider community feedback and then decide what, if anything, needs to be changed in the LTP. This will occur during May and June 2021, with final direction provided to Council staff in June 2021. Audit New Zealand is also involved in checking those final changes and the integrity of the LTP.

Attachment 1

The Audit New Zealand audit report of the Waitaki District Council's 2025-34 Long Term Plan Consultation Document

[This report is expected to be available ahead of the 3 February 2025 Extraordinary Council Meeting and will be circulated as part of an addendum to the final agenda papers for the meeting.]

2025-34 Financial Strategy

Authorisation and Status			
Policy Owner	Director Support Services	Version	December 2024
Policy Contact	Paul Hope	Date adopted	17 December 2024
Date effective	1 July 2025	Date of Next Review	Before 1 July 2027

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1.0 Introduction and background

The purpose of our financial strategy is:

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

We are required to prepare and adopt a financial strategy under section 101 of the Local Government Act 2002.

The objective of our financial strategy is to take a sustainable approach to service delivery and financial management. When financing the planned projects and initiatives, we focus on balancing affordability with community expectations and the equity of costs over (and beyond) our long-term planning timeframes. This means ensuring that our levels of service and activities are financed and funded in a way that generates and protects community outcomes and promotes long-term community well-being. To achieve this requires difficult decisions to be made around our future levels of service and the quantum and timing of our planned initiatives.

The District Council has come from a relatively stable financial position. Under the previous financial strategy, we had access to a range of revenue sources and significant headroom in our external borrowing capacity. We sat reasonably comfortably within our previous financial benchmarks, set as part of our 2021-2031 Long-Term Plan.

However, we are now experiencing an ongoing period of significant cost pressure, major reform in the Local Government sector, and a number of key social and environmental challenges. The overarching challenge the District Council faces is balancing its spending and funding. The District Council is continuing to face increasing costs to deliver infrastructure and associated services – inflation, interest rates, insurance. There are also increasing community expectations for the District Council to deliver more for less.

In order to keep Waitaki District Council's finances fit for the future, the financial strategy required a complete overhaul. Our key focus remains: the delivery of core services and priority community outcomes, whilst living within the community's means.

2.0 Overview of our financial strategy

Overall, Council's focus is on delivering good quality service that meets the changing needs of the community, while at the same time ensuring rates affordability and financial flexibility, by focusing on efficiency and effectiveness in order to maximise value for money and limit the use of debt.

This will be achieved by a variety of measures with the heart of the financial strategy being:

- Reviewing what is required to deliver Council's existing services, with the aim of achieving better value for money.
- Using Council's assets for their maximum possible life, but also appreciating that community needs, safety, and legal requirements are not compromised.
- Deciding on any new initiatives or increased levels of service in a very selective way, with a focus on delivering core services and infrastructure.

This is a continuation of the key features of the previous strategy. However, there is now a much greater need to achieve these in order to ensure affordability and sustainability over the life of the Long-Term Plan and beyond.

The following factors also needed to be recognised in this financial strategy:

- New Zealand is in the midst of a cost-of-living crisis, as a result of an ongoing period of significant cost pressure.
- The Local Government sector is experiencing major reform, and there is increased speed and demand for change from Central Government.
- There has been a general reduction in third party and Central Government funding availability.
- The community has higher expectations for Council to deliver more for less.

These factors have all combined to make it a challenge to develop a financial strategy to accommodate all of our needs.

Fortunately, the District Council has come from a relatively stable financial position. Under the previous financial strategy, we had access to a range of revenue sources and significant headroom in our external borrowing capacity. We sat reasonably comfortably within our previous financial benchmarks, set as part of our 2021-2031 Long-Term Plan.

This has enabled the District Council to maintain its levels of service and also undertake significant capital projects in recent years. This has included investment across the district to meet drinking water standards, implementing Project Reclaim, and beginning work on the Network Waitaki Sports and Events Centre, Forrester Gallery extension, and Kakanui Bridge.

However, our revenue sources and reserves are limited and the headroom in our external borrowing facility has now been significantly reduced. We cannot continue at this pace. Like most households, we are continuing to experience big increases in our costs, on top of having to meet higher standards and expectations. There are huge costs forecast in continuing to meet the Government's water and wastewater standards. The cost of our everyday services like maintaining our roads, keeping the lights on in our facilities, and insuring our assets, continues to rise.

Our Infrastructure Strategy provides details of the level and timing of investment needed to operate, replace, renew and upgrade existing infrastructure and facilities. We are forecast to undertake close to \$230 million of capital expenditure over the course of the Long-Term Plan period.

This financial strategy outlines the required rating and debt levels to fund these investments and outlines how we intend to balance our investment in assets and services, with affordability.

3.0 Our strategic framework

The financial strategy is guided by council's strategic framework. This framework helps to steer how we dedicate our energy and resources.

Our vision for our district, is ***'Waitaki – the Best Place to Be!'***

To support and deliver this vision, Council has agreed on four community outcomes:

- **Quality services** – robust core infrastructure and services; community services we're proud of
- **Prosperous district** – attracting new opportunities; supporting local businesses; fostering a diverse and resilient economy
- **Strong communities** – enabling safe, healthy communities; connected, inclusive communities, promoting a greater voice for Waitaki, celebrating our community identity
- **Valued environment** – protecting our diverse landscapes and water bodies; meeting environmental and climate change challenges

When we consider new initiatives and what to prioritise in our budget, we make sure our decisions align with our strategic framework, and we prioritise initiatives based on how much they deliver on our community outcomes.

We have a significant forward work programme in place to achieve these community outcomes. Therefore, it is critical that Council has a sustainable approach to service delivery and financial management that will enable it to deliver its functions, services and activities to achieve these community outcomes.

Achieving these long-term outcomes is a team effort, involving partnerships with our communities, as well as collaborations with governmental and non-governmental entities.

4.0 Guiding principles of our financial strategy

- **Prudent financial management and value for money** - We aim to practice good financial management through sound decision making and where our actions are well thought through to minimise the risks and appropriately allocate costs to ratepayers now and in the future. The most effective, efficient, and economical use of resources is thoroughly considered, which requires an evaluation of relevant costs and benefits along with an assessment of risks.
- **Affordability and willingness of ratepayers to pay** - Consideration is given to balancing the need for public facilities and services with consideration of the ratepayers' ability and willingness to pay. This is done by considering the population, demographics, and economic information about the Waitaki district. The rates (increase) affordability benchmark has been set to not exceed the increase in the Local Government Cost Index (LGCI) for the previous year (to 30 June), plus 2%, to reassure ratepayers of the affordability of Waitaki District rates.
- **Finding and balancing other income sources** - When evaluating how to fund an activity, we consider who benefits from the activity. We consider those who directly benefit from a service or will benefit more than others, and whether they should pay a higher proportion of the costs of those services. We also aim to exhaust other funding sources (user charges, grants and subsidies etc.), before utilising rates or debt funding.
- **Using debt to fund assets that provide intergenerational benefits** - Our approach ensures all ratepayers who use, or benefit from an asset, contribute towards it. Using debt to fund assets that will exist over many generations, allows us to increase service levels while ensuring the funding burden is shared across generations.

5.0 Key challenges considered in our financial strategy

As outlined in our Infrastructure Strategy, the key challenges expected to affect Council's infrastructure in the next 30 years include:

- Financial capacity and affordability
- Compliance and reform
- Climate change and resilience
- Growth and demand
- Ageing infrastructure
- Meeting community needs and expectations

Our Infrastructure Strategy specifically considers these key challenges and provides details of the forecast level and timing of investment in assets and services required over the life of our Long-Term Plan. This financial strategy draws on the decisions made in the Infrastructure Strategy and determines the required rating and debt levels to fund the forecast investment in assets and services.

Our approach regarding levels of service and expenditure are described in Section 6 Levels of Service and Expenditure, and our plan involving our various funding options (including rates and debt), are explored in Section 7 Fundings options, below.

In addition, our proposed tactics in terms of rising to the key challenges identified in the Infrastructure Strategy, have been considered in the preparation of our financial strategy, as follows:

5.1 Financial capacity and affordability

The overarching challenge Council faces is balancing spending and funding. Council is continuing to face increasing costs to deliver infrastructure and associated services and is having to spend more to get the same goods and services. This is coupled with the community's desire for Council to deliver the same or higher levels of service, but with a limited ability to pay the higher cost.

Council's financial capacity has reduced in recent years. There are a lack of financial reserves and initial forecasts show Council is nearing its debt cap. There is also a changing focus and reduced funding of traditional external funding providers, such as NZTA/Waka Kotahi and Central government. The Waitaki community also has a relatively low discretionary income and population density relative to many parts of New Zealand which can result in a reduced willingness and ability to pay user charges and rates.

In terms of responding to financial capacity and affordability challenges within the financial strategy, Council aims to:

- Levels of service

- Review the levels of service provided and in some cases reconsider Council's role in providing the service.
- Prioritisation and resource allocation
 - Prioritise Council work programmes to focus on need to have, rather than nice to have.
 - Scale the size of Council's capital programme to ensure that its deliverable and does not exceed debt levels.
 - Allocate funding and resources effectively by conducting thorough needs assessments and cost-benefit analyses.
 - Carefully consider the need to and the timing of, repair or replacement, of infrastructure when it reaches the end of its life.
- Funding
 - Explore alternative funding mechanisms and commercial opportunities.
 - Advocate for increased funding and support from central government.
 - Consider placing a hard cap on the funding of water services delivery.
 - Explore the sale of Council assets that may be surplus to requirement and not bound by legislative issues.
 - Partner with stakeholders, other service providers or other Councils to facilitate ways to achieve infrastructure development that we can't manage / afford to deliver on our own.
 - Consider not funding depreciation on non-critical assets and relying on external funding, fundraising or community contributions when at the end of life.
- Fees and charges
 - Review fees and charges to ensure that users benefiting from the service pay their fair share.
 - Consider introducing metering to manage demand and charge for services such as potable water.

5.2 Compliance and reform

This Long-Term Plan has been developed in a period of significant reform. Council is anticipating a number of changes in national and regional direction over the lifetime of this strategy, and this will impact how and why services are provided in the future.

Most notably, Council is required to implement the "Local Water Done Well" reform. By September 2025, Council is required to provide a water service delivery plan documenting how water will be delivered for the district in a financially sustainable way by 2028. Our assumption is that Council will not provide water service delivery beyond 30 June 2027. Water service delivery will either be through a joint Council delivery model or a Council Controlled Organisation.

On top of this, the government has signalled changes to wastewater treatment and water services network infrastructure standards. We expect that this will provide Council with a greater certainty of costs in the wastewater treatment space.

The foundations for a transformed waste system are also being built by the government which will influence how council will manage waste in our district.

Further changes are also expected to the resource management system, and both Canterbury and Otago regional plans will be updated during the period of this Plan.

We have planned our infrastructure needs and prepared our forecasts based on the best information we have available, noting that we need flexibility in the forecasts in order to meet any changes that occur as a result of reform.

In terms of responding to compliance and reform challenges within the financial strategy, Council aims to:

- Prioritisation and resource allocation
 - Prioritise compliance projects (e.g. potable drinking water and wastewater) over other initiatives.
 - Investigate alternative ways or timing of projects to meet compliance requirements, with specific consideration of cost to the community.
 - Wait for confirmation on legislative requirements for waste, and further investigate kerbside service options, before building these into the budgets.
 - Monitor changes to standards, and factor these into planning for renewals and upgrades.
 - Ensure robust business cases support non-compliance-driven investment.

5.3 Climate change and resilience

The changing climate is having a notable impact on the Waitaki district. We are anticipating advances in coastal erosion along the district's coastline – particularly in North Oamaru and south of Kakanui. Storm events throughout the district are anticipated to become more frequent and result in a higher magnitude of impact in the future. The Oamaru Harbour Breakwater, which protects the Oamaru township is subject to a changing climate with storm surge and high sea levels predicted to compromise the structure into the future without adequate ongoing maintenance. Moeraki is subject to ongoing landslip issues primarily caused by large, slowly creeping movements in the underlying mudstone.

Consequently, the resilience of Council's key infrastructure is being increasingly challenged. Significant events are becoming more frequent and more costly. There is an ongoing need to ensure the district's infrastructure is 'future proofed' against the impact of climate change and to implement various carbon reduction initiatives.

In terms of responding to climate change and resilience challenges within the financial strategy, Council aims to:

- Levels of service

- Review the levels of service provided, and in some cases, Council will complete a managed retreat or do nothing and monitor the situation (e.g. lower level of service).
- Prioritisation and resource allocation
 - Allocate funding and resources effectively by conducting thorough needs assessments and cost-benefit analyses.
 - Consider the timing and relocation of infrastructure when it reaches the end of its life.
 - Build resilience into our core infrastructure which comes at a higher initial cost but will cater for future demand and other risks.
- Funding
 - Explore and exhaust alternative funding mechanisms prior to rates or debt funding.
 - Advocate for increased funding and support from central government.
 - Consider self-insurance and/or holding investments for unexpected events.

5.4 Growth and demand

We are forecasting that our population will increase over time, although not significantly. The Waitaki community is an ageing population and has a relatively low discretionary income and population density relative to many parts of New Zealand which can result in a reduced willingness and ability to pay.

The demand for water services to support industry and business continues to grow as the economy grows and diversifies.

In terms of responding to growth and demand challenges within the financial strategy, Council aims to:

- Levels of service
 - Review the demand for services provided (e.g. where treated water is used for irrigation or stock water).
- Prioritisation and resource allocation
 - Investigate long term sustainable solutions to manage significant water and wastewater projects that service a small population.
- Fees and charges
 - Review fees and charges to ensure that users benefiting from the service pay their fair share.
 - Introduce metering to manage demand and charge for services such as potable water.

5.5 Ageing infrastructure

Council has budgeted for a growing infrastructure renewal programme. Those parts of our network which are ageing or in poor condition are more likely to experience service interruptions or fail or have a negative impact on the quality of our environment and on public health.

In terms of responding to ageing infrastructure challenges within the financial strategy, Council aims to:

- Prioritisation and resource allocation
 - Prioritise asset replacement based on the asset's degree of criticality.
 - Provide for prioritised progressive replacement of individual assets that have reached the end of their life.
 - Renew non-critical infrastructure when failure rates become intolerable ("sweat the assets").
 - Continue to improve data collection on asset condition and performance to provide a more accurate picture of where renewals work can be most effectively targeted, and in order to strike the correct balance between preventative and reactive maintenance.

5.6 Meeting community needs and expectations

Social, environmental, and cultural aspects are important for our communities, and not just the infrastructure and services that Council provides.

Council will continue to ensure that community expectations and needs of our communities are well considered for current and future generations.

In terms of responding to meeting community needs and expectation challenges within the financial strategy, Council aims to:

- Levels of service
 - Review the services provided against local priorities and expectations.
- Prioritisation and resource allocation
 - Consider social and cultural outcomes when prioritising Council work programmes.
- Funding
 - Partner with stakeholders, other service providers or other Councils to facilitate ways to achieve social and cultural development that we can't manage / afford to deliver on our own.

6.0 Levels of service and expenditure

6.1 Levels of service

The 'levels of service' that Council provides covers a range of things, from our roading and transport networks (like our regularly we grade roads), customer service (like how quickly we respond to issues), parks and reserves (like how often we mow the grass), to what hours our facilities are open to the public.

Our starting point when considering the range and mix of services we provide within our limited resources, is to consider whether we increase, maintain or reduce our current offerings.

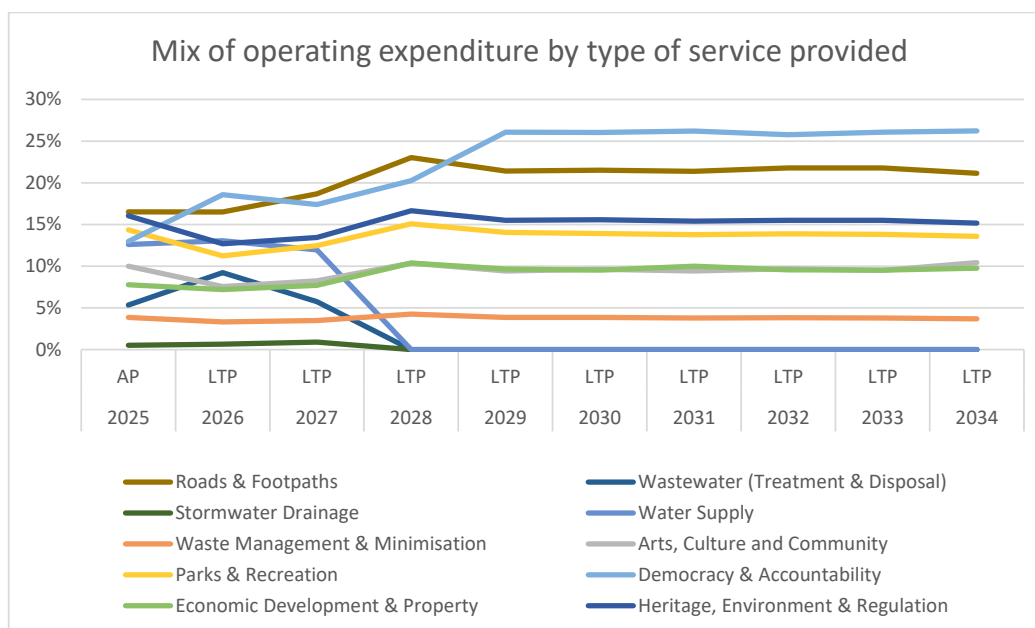
As part of our consultation on our 2025 annual plan, we looked at roading as an example of where costs of building and maintaining our network have increased significantly (roads are 27% more expensive to build than three years ago) and asked which level of service the community thinks is best for our community. The majority of responders want the same level of service at the increased costs, and the next highest proportion of responses was to have improved levels of service at increased costs. Only a small portion wanted to reduce levels of service to reduce costs.

We have taken this advice when preparing our Long-Term Plan. Our general rule of thumb is to maintain our levels of service at similar levels to those provided in our previous Long-Term Plan, forecast at the increased level of costs that we are experiencing. Our exception to this rule is where it is deemed necessary to improve levels of service to comply with increasing standards and legislation, for example, to meet increased drinking water and wastewater standards. Waitaki District Council is considered to be a low growth Council and as such, we provide limited increased levels of service to respond to growth.

Council's highest priority is always, to maintain existing core assets and existing levels of service. If budgets and resources allow, then projects to provide for future growth and to increase levels of service can then be considered.

6.2 Expenditure

The graph below shows the proportionate split of operating costs of the various services Council provides, over the course of the Long-Term Plan. It shows that, except for three waters, our levels of service in other areas are largely consistent year upon year. The costs to provide drinking water and wastewater vary over the initial two years of the Plan largely in response to meeting improved standards and then Council expects that these services will be provided by another entity. From then on, Council will largely continue to provide the same levels of services in the remaining areas.

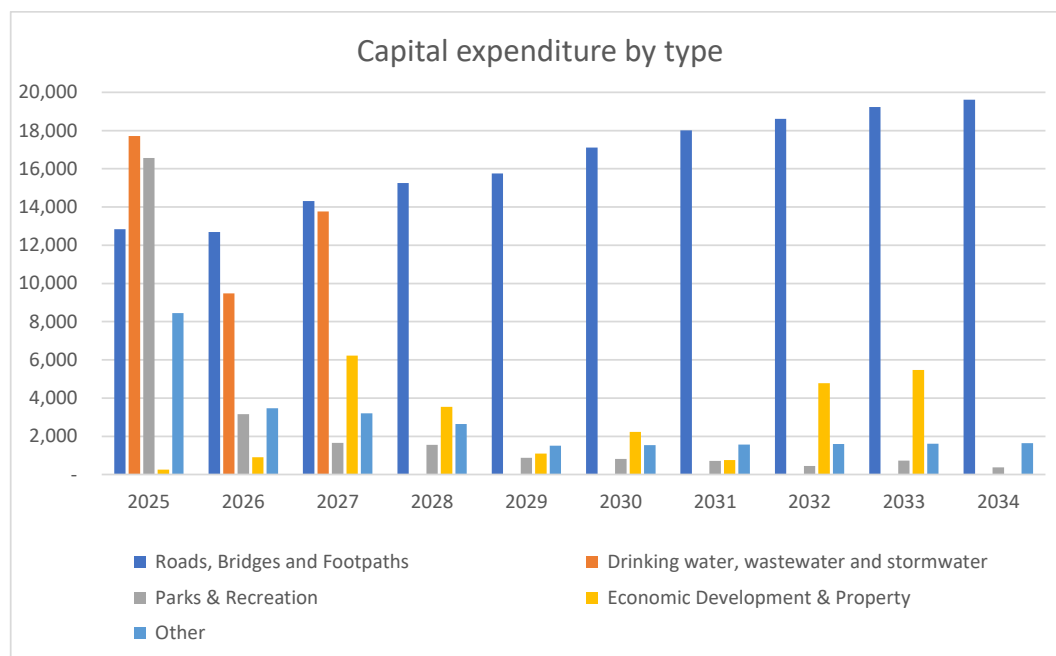


Until recently, Council has been able to limit the impact of cost increases for a number of years, but constant cost escalations and external changes mean this is no longer possible. The costs of simply maintaining current levels of service are still expected to rise noticeably. Yet Council is set on delivering its core objectives, at the lowest cost possible to the ratepayer. Therefore, the following measures have been taken to reduce costs:

- **Reviewing what is required to deliver Council's existing services, with the aim of achieving better value for money.** All areas of Council operations are being reviewed in order to provide Council's services and activities more effectively and efficiently for the district. We aim to do things smarter and "do it once, do it right".
- **Using Council's assets for their maximum possible life, but also appreciating that community needs, safety, and legal requirements are not compromised.** Council will prioritise preventative maintenance that will extend the life of an asset, before replacing it. At the end of an asset's theoretical life, specific cost-benefit analysis is made to decide whether to repair or replace the asset. In some areas Council has also made the difficult decision to not repair or replace an asset due to the significant costs involved.
- **Deciding on any new initiatives or increased levels of service in a very selective way, with a focus on delivering core services and infrastructure.** Projects must be ranked according to several criteria, where essential projects are prioritised, and less essential projects are postponed or not considered further at that time.

The measures above were taken in setting our capital programme. The table and graph below show the forecast capital costs required, to continue to deliver core services to at

least the same level as in the past (replace existing assets, most notably our roading network), and the costs of improving levels of service (largely to meet the new drinking water and waste water standards in the initial years, and then a variety of community related projects such as social housing, the development of a community hub, a Geopark discovery hub, and harbour projects).



Our projects and initiatives will continue to be re-prioritised and re-assessed over the course of the Long-Term Plan. The Council expects the cost increases and legislative change to continue for some years. Therefore, just because a project is currently pencilled in a later year's budget, does not mean that it will happen then or at all. Projects are also individually assessed and considered for ultimate approval by the Council, closer to their planned start date.

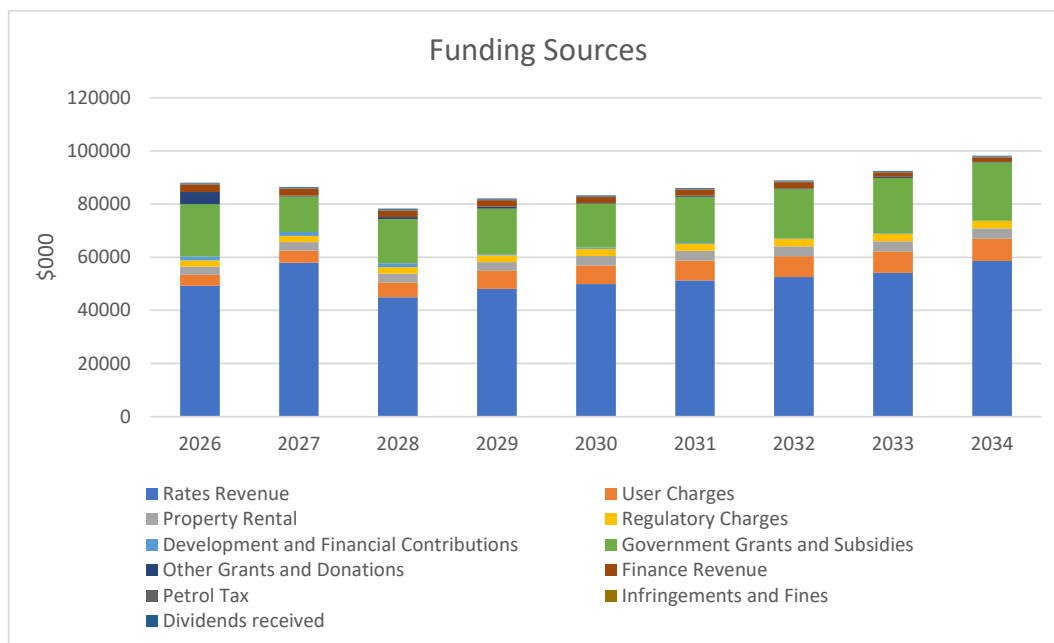
7.0 Funding options

We fund activities through a range of sources. The way in which activities are funded is considered in our *Funding Needs Analysis* and set out in our *Revenue and Financing Policy*. The key items considered when determining how to fund an activity are:

- The community outcomes to which the activity primarily contributes.
- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.
- The period in, or over which those benefits are expected to occur.
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.

- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

Our funding mix over the Long Term Plan period is shown here:



Wherever possible, Council aims to explore and exhaust alternative funding mechanisms prior to rates or debt funding. We will continue to advocate for increased funding and support from central government, especially to cover the costs of legislatively enforced projects and initiatives. We aim to make use of any available other grants and donations that are available.

We are also exploring alternative funding mechanisms and commercial opportunities. An example of this is, the sale of Council assets that may be surplus to requirement and not bound by legislative issues. We are also re-considering how each of our facilities operate to ensure that they are making full use of their resources and obtaining the highest level of income possible.

Partnering with stakeholders, other service providers or other Councils is also being considered, in order to facilitate ways to achieve infrastructure development or provide community services that we can't manage and/or afford to deliver on our own. We are also going to look to our communities to find ways of completing their desired projects in a joint way, in the aim of reducing costs and delivering better community outcomes, without the rates or debt burden.

7.1 Rates

Rates are used to fund the difference between the expenditure to meet the required service levels and all other sources of funds. Council's Rating Policy is complex and uses many of the rating options that are available to all councils. This system was developed to recognise the different needs of sections of the community and to try to improve ratepayers' understanding of how much they contribute to each Council activity. However, it is very difficult to make simple statements about how much rates will move and it makes comparisons with other districts and cities challenging.

Waitaki District Council also has to contend with a very low-rate payer base, in comparison to the size of the district. Compared to the 67 districts in New Zealand, we are huge in size (11th biggest in area) with a small rating base (44th in population). This means that we have relatively fewer ratepayers to share the costs of infrastructure and services. We are experiencing slower than average growth, and Council is projecting only minimal levels of growth over the life of this Long-Term Plan.

Council has had a significant focus on rates affordability in recent years, including an average 0% increase in 2020/21 as part of the response to the impact of COVID-19. This was primarily achieved through changes to the way in which goods and services were purchased and efficiencies. However, ongoing and unprecedented cost pressures and increased service requirements have meant that this approach is no longer feasible so alternative ways to address affordability measures need to be utilised.

When setting rates we seek to balance the need and demand for additional work and long-term community well-being, with ratepayers' willingness and ability to pay. This is always a challenge. To ensure we can maintain appropriate levels of service, meet the challenges of reform and Government directives, and manage the financial impact of price level rises, rate increases are required as part of the Financial Strategy.

In the first two years of this Long-Term Plan rates collected will need to increase from \$47 million in 2024/25 to \$56 million by 2026/27 and represents an average annual rates increase of 10.3 percent in the first year and a further 9.5 percent the second year. This is on top of the rates increase of 13.7 percent from the 2024 to 2025 financial year.

Council expects that its three waters areas will move to a separate entity from 1 July 2027, and this entity will have the ability to separately rate for waters services. This means that the projected rates take required by Council (to complete its remaining services) reduces to \$39 million in the 2028 financial year. This results in an almost 30 percent rates decrease from the 2027 to 2028 financial year.

However, it is important to note that the community will still be required to pay a similar level of rates overall. It is expected that the decrease in rates take from Waitaki District Council, will be offset by the rates that it is anticipated will be required to be paid to the new waters entity. It is forecast that the new three water entity will also require on-going rates increases in order to deliver central governments required standards of delivery of drinking water and wastewater to the community. Council has considered

the forecast rates increases of the planned three waters entity, when setting its own rates increases in the later years of the Long-Term Plan, with the intention of keeping rates increases as low as possible and well within the limits set.

Council sets a limit on planned rates increases because it wants to stress affordability issues and still respond to changes that have occurred in the environment. Wherever possible, Council considers it prudent to maintain a degree of 'headroom' between the maximum rates increase limit we set, and the planned rates increases reflecting the planned levels of service to be delivered.

	2026	2027	2028	2029	2030	2031	2032	2033	2034
Planned increase in total rates	10.3%	9.5%	-29.9%	-1.4%	4.3%	0.8%	0.2 %	5.1%	3.8%
LGCI + 2%	4.7%	4.0%	4.2%	4.2%	4.1%	4.1%	4.0%	4.0%	3.9%

To provide ratepayers with certainty regarding rates over the Long-Term Plan period we have set the following rate benchmarks:

Rates Income Affordability Benchmark

- Rates (GST inclusive) for a typical residential home in Oamaru does not exceed 10% of net married national superannuation income.
- Rates income does not exceed 70% of total operating expenditure.

Rates Increases Affordability

- Annual increase in rates income does not exceed the increase in the Local Government Cost Index (LGCI) for the previous year (to 30 June), plus 2%.

7.2 Other income

Although rates are the largest source of income for Council, they are not the only way services are paid for. The other major types of income received include:

- Government grants (particularly New Zealand Transport Agency funding for roads) and
- user charges for a variety of services and facilities that Council provides.

The mix of funding sources, including rates, has not changed significantly over time. Council does try to maximise other sources of external funding; however, this is challenging given the level of competition for these funds. Even with user charges, there are only a limited number of activities where these can be utilised.

Council will explore alternative funding mechanisms as follows:

- Advocating for increased funding and support from central government.
- Explore commercialisation opportunities particularly across Council's property and economic development portfolios.

- Ensuring users that benefit from service provision pay their fair share e.g.
 - Developments that do not benefit the community in general are funded through appropriate development contributions and levies on the developer/ benefactor.
 - Reviewing user charges for activities where it is feasible to recover costs. e.g. Lakes camping, Waitaki Aquatic Centre.
 - Activities that place a disproportionate cost on others, or impact on services pay accordingly e.g. Trade waste disposal, Oamaru Airport.
 - Introducing metering to manage demand and charge for services such as potable water.
- Exploring opportunities for external funding e.g. when replacement of assets is necessary.
- Considering the sale of Council assets that are surplus to requirements e.g.
 - Harbour land
 - Sell all or part of CCOs
- Sell Land assets that will be identified through LTP not bound by legislative issues e.g. commercial properties, operational properties, strategic properties and surplus properties as well as forestry assets and any reserves lands and paper roads that may be surplus.
- Introducing higher user pays for trade waste discharges.

In putting together this Financial Strategy, Council has also considered how it would respond if there were a failure in major infrastructure that demanded significant unplanned expenditure. This might occur as a result of natural disaster, unanticipated accident or other event.

Council has put in place four different sources of funds to assist with any situation like this: the Local Authority Protection Programme, the Disaster Fund, funded depreciation reserves and stand-by borrowing facilities. Council's approach would be:

- Utilise funded depreciation reserves where available and appropriate.
- Seek Central Government assistance.
- Utilise the \$2.5 million self-funding Disaster Contingency Fund.
- Use debt or sell assets which are the easiest to sell and not essential to operations.

7.3 Reserves

Reserves are generated using surplus funds from prior financial years. Council collects funds prior to them being needed to meet its objective of achieving intergenerational equity. It holds these funds in reserves until they are required. If there are insufficient funds available at any time, Council will then use external debt to meet any funding shortfall.

All reserves have a specific purpose and can only be used to fund specific items. In previous plans Council has overallocated many of its reserves in order to reduce the

rates required at the time, and now has a lack of financial reserves in some areas to respond to growth or replace major assets. Some of our reserves are forecast to be in deficit for many years, so may be unable to be utilised for the purpose they exist at the time they are needed.

It was expected that these decisions would enable us to get through a tough financial period for rate payers and we would be able to “catch up” again in later years. However, we have continued to face unexpected significant and ongoing financial pressures. The continued use of reserves and not funding for depreciation is not sustainable and cannot be used as a long-term solution.

Going forward, Council will be more conservative in the accumulation and use of these funds, in order to accumulate higher reserve balances. The exception to this is depreciation reserves, where we do not fund the depreciation on all of our assets, meaning that the amounts being added to the depreciation reserves each year were decreased. This is discussed further below.

Maintaining reserves is a prudent form of financial management used to either minimise volatility in capital expenditure or to help protect against the impact of unexpected events. This ensures we can maintain our usual service levels after without putting pressure on debt and rates.

The expected balances of operating (rates and depreciation reserves) and other reserves (special, trust funds, and reserved funds) is as follows:

Overall, we intend to end the 10-year period with a combined balance of operating and other reserves of no less than the balance we start the period with. Special Reserves, Trust Funds, and Reserved Funds are expected to grow, while still being utilized for their specific purposes. However, our operating (depreciation and rates) reserves will require careful attention. Growth in the rates reserves will be limited in earlier years, given the strong intention to keep rates rises as affordable as possible.

Depreciation reserves are to be built up to cover the cost of replacing assets at the end of their useful life. Depreciation reserves can only be utilised prior to this, to fund the cost of capital work that will increase the useful life of the asset.

We will continue to not fully cash fund the depreciation of certain assets, where Council believes that:

- It will receive money from third parties to help fund the asset replacement; or
- It will not renew or replace the asset at the end of its useful life.

The balanced budget provisions of the LGA (s100) allow a council to not fully fund all expenditure (including depreciation) if it can demonstrate that it is financially prudent to do so. Council has previously decided not to fully cash fund the depreciation charge of various assets.

Council has resolved that it will not cash-fund depreciation on certain assets for a variety of reasons, the most significant being where Council believes it will receive

money from third parties to help fund asset replacement. The most important of these sources is New Zealand Transport Agency which co-invests in the roading network. This has also been assumed with some community assets where third-party funding was received to help build or develop the facility. This group of assets includes the Aquatic Centre, Oamaru Opera House and some community centres.

The other major reason depreciation is not funded is if Council does not expect to renew or replace an asset at the end of its useful life. Council has also decided not to fully fund depreciation on assets where loans were raised to fund construction, and the loan is still being repaid, or when annual maintenance expenditure is sufficient to maintain the asset in perpetuity.

A full schedule of assets whose depreciation is not fully funded is subject to regular review. Council believes that in most instances where an asset needs to be replaced there will be sufficient funds available to do this at the time. It believes this approach is prudent, especially given the level of funds that is expected to be accumulated after the three waters assets move to a separate entity. If there is any shortfall in the year funding is required, Council will borrow to cover this as allowed under the Liability Management and Investment Policy.

7.4 Investments income

Council has three primary types of investment: loans to other entities, investments in Council Controlled Organisations (CCOs), and cash and cash equivalents (including various bank and call accounts and term deposits).

The largest investments are loans to three local organisations: North Otago Irrigation Company Limited, Observatory Retirement Village and Kurow Duntroon Irrigation Company Limited. These investments provide both a commercial rate of return and wider community benefits. All three have a mix of fixed and variable repayment terms so all three investments will reduce over time.

The investment in Council Controlled Organisations (CCO) includes three wholly owned subsidiary investments and a 50% owned joint venture. These investment holdings also provide both financial and community returns. Council will consider its holding in CCO's over the course of the plan. It is the expectation that a new waters CCO will be developed from 1 July 2027, but there could be other changes in the Council's CCO holding. This includes the disestablishment of Waitaki District Health Services Limited, as it is no longer serving its intended purpose. This could be replaced by a property CCO. Council's investment in Tourism Waitaki Limited is also being re-considered and there is potential for it to be repurposed as an Economic Development Agency, with the Oamaru Blue Penguin Colony being set up as a separate CCO.

The class where the most change has and will continue to occur is the level of “cash”, term deposits and potentially other managed fund type investments. These types of financial investments are more easily realisable and are held as part of efficiently managing cash flow to finance expenditure on operations.

In holding investments, Council seeks to:

- Protect the value of invested capital - maintain or grow the value of the holding in the investment or managed funds.
- Maximise the return on its investment – ensure that the return is sufficiently higher than the cost of borrowing from LGFA.
- Ensure that there are sufficient liquid investments – to manage cashflow requirements and respond to unforeseen events.
- Ensure an effective spread of investments and maturity dates.
- Manage potential capital losses arising from interest rate movements if investments need to be liquidated before maturity.

As a responsible public authority, we understand any investments held should be low risk. Our primary objective when investing is the protection of invested capital while striving to achieve an optimal return on investment. This means we will only invest with counterparties that are of sufficient financial strength, and the rate of return more than offsets our cost of borrowing. The primary objective when investing is the protection of the investment, so the creditworthiness of the other party must always be considered.

Investment income is used to reduce general rates and allows ratepayers to realise some of the benefits from the investment portfolio each year. This approach ensures intergenerational equity is maintained.

Over the term of the 2024-34 Long Term Plan period, we are forecasting \$22 million of investment income. This is principally interest income from loans made to other entities.

Our investments in Council Controlled Organisations and loans made to other entities are in line with our strategic priorities and must deliver on one or more of our community outcomes. They are not solely held for revenue generation. Loans to other entities are provided where there is a strong business case, in line with the following principles:

- To generate and protect community outcomes and promote long-term community well-being.
- To provide goods or services to meet the public’s needs, that without Council support, could not be met to the same level.
- To generate a return (either to the Council directly or to the local economy as a whole), or to save the Council costs and/or resources if it were to provide the goods and services itself.

Investment	Objective of holding equity	Shareholding	Target rate of return
Whitestone Contracting Limited	<ul style="list-style-type: none"> Stimulate a competitive contracting sector. Support local employment opportunities. Provide a good return on investment. 	100%	>7% on shareholders' funds
Waitaki District Health Services Limited Group	<ul style="list-style-type: none"> Support provision of healthcare facilities and services for the local community. 	100%	N/A
Tourism Waitaki Limited	<ul style="list-style-type: none"> Facilitate the growth of tourism. Promote the district effectively. 	100%	N/A
Omarama Airfield Limited	<ul style="list-style-type: none"> Facilitate the growth of tourism. Promote the district effectively. 	50% Joint Venture	N/A
Local Government Funding Agency	<ul style="list-style-type: none"> Borrowing 	N/A%	N/A
Civic Assurance	<ul style="list-style-type: none"> Insurance and risk management. 	1.07%	N/A

Loan	Objective of holding equity	Value	Target rate of return
North Otago Irrigation Company Limited	<ul style="list-style-type: none"> Support local economic opportunities. Promote environment outcomes. Provide a good return on investment. 	\$13.3m	Market rate plus margin
Kurow Duntroon Irrigation Company Limited	<ul style="list-style-type: none"> Support local economic opportunities. Promote environment outcomes. Provide a good return on investment. 	\$3.1m	Market rate plus margin
Observatory Retirement Village Trust	<ul style="list-style-type: none"> Support a suitable accommodation option for older residents. Promote employment opportunities. Provide a good return on investment. 	\$14.1m	Market rate plus margin
Oamaru Whitestone Civic Trust	<ul style="list-style-type: none"> Support local economic opportunities. Protect the Districts heritage. 	\$0.5m	0%

7.5 Debt funding

Traditionally Council had no external term debt.

Council had a strong balance sheet and financial outlook with significant cash resources. It had the financial capacity to provide loans to various local organisations and bring forward the planned major water and wastewater asset improvements and renewals. The loans to other entities were predominantly debt financed as they provided intergenerational benefits. Importantly, the Council was forecast to remain comfortably within its debt limits.

Council joined the Local Government Funding Agency (LGFA) in late 2020 due to the low cost of funds provided by this organisation. Council made an initial drawdown of \$15m. LGFA is the key funding source for Local Government entities in New Zealand. It is now Council sole long-term debt provider, and we expect to start this Long-Term Plan with an external debt balance of \$99 million.

Debt is managed within limits that are consistent with Local Government Funding Agency (LGFA). These are set at prudent levels and within LGFA and credit rating agency requirements. This ensures we retain debt capacity for unexpected events and can maintain a sustainable level of borrowings over the long term.

We use the following measures to limit the level of debt:

Debt Affordability Benchmarks

- External debt will not exceed 175% of total revenue.
- Net debt will not exceed \$4,000 per rateable property.

Debt Servicing Benchmarks

- External interest cost will not exceed 20% of total revenue.
- External interest cost will not exceed 25% of rates revenue.
- Total cost of servicing external borrowings will not exceed 10% of operating revenue.

Debt Control Benchmark

- Actual net debt is equal or less than planned net debt.

Liquidity Benchmark

- External debt plus committed loan facilities plus liquid investments divided by external debt is greater than 110%.

Over the 10-year plan, our projected borrowings fall within the limits set for all Benchmarks, except Net debt will not exceed \$4,000 per rateable property. This will be resolved when the waters related debt transfers to another entity from 1 July 2027.

Debt is used to fund capital expenditure after all other appropriate funding sources have been used. Debt may also need to be used for renewing assets if there are insufficient funds in a reserve or available from other sources, or in unforeseen events. These various uses of debt funding ensure intergenerational equity is achieved by spreading the costs over the life of the asset and it also reduces volatility in our rates requirements.

As noted above, Council also uses debt to fund investment. This will only occur where the return on the investment more than covers the cost of borrowing. This margin on borrowing provides another income stream that reduces our rates requirement.

External borrowings are forecast to initially increase, driven by the significant capital investment being made in the three waters space. On 1 July 2027, it is assumed that borrowings will decrease by \$76.5 million because waters related debt is expected to transfer to a new waters entity from 1 July 2027, taking its existing debt with it. It is also assumed that any future debt funded waters projects are to be funded by this separate entity.

Overall, the financial strategy includes a \$3 million net increase in borrowings over the Long-Term Plan period, resulting in total outstanding borrowings of \$103 million by the end of the period. The below chart outlines the years of the proposed new borrowings and our overall debt profile:

External Borrowings	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000	2031 \$000	2032 \$000	2033 \$000	2034 \$000	2035 \$000
Opening balance	99,098	109,596	124,845	59,581	72,741	79,141	79,030	87,341	95,978	102,594
New borrowing	9,402	14,000	14,183	12,514	9,730	19,244	15,634	41,942	50,905	5,569
Borrowing repaid	-	-	(80,000)	-	(4,000)	(20,000)	(8,000)	(34,000)	(45,000)	(7,000)
Interest accrued	1,096	1,249	553	646	670	645	677	695	711	622
Total Borrowings	109,596	124,845	124,845	124,845	124,845	124,845	124,845	124,845	124,845	124,845

Council provides security on its external borrowings through a Debenture Trust Deed. Under the Debenture Trust Deed the Council borrowings are secured by a floating charge over all Council rates levied under the Local Government Rating Act. The security offered by Council ranks equally with other lenders.

Council provides limited securities and guarantees to other parties for economic or community development or works under the LGA. Requests are considered on a case-by-case basis by Council or the appropriate Council committee. More detail is included in the Liability Management and Investment Policy.

Benchmark disclosure statement

Long-term plan benchmark disclosure statement for the period commencing 1 July 2025

What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its long-term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

For the ten years of this Plan, Council must monitor its performance against a series of measures and mandatory benchmarks relating to rates increase, debt levels, expenditure on network assets and overall financial prudence.

These limits are intended to provide users of the plan information about Council's financial position, and to guide short- and long-term decision-making over the next three years. They will be reviewed every three years, or sooner if necessary.

How these limits were set

In setting limits on rates and debt, Council considered all the issues discussed in this financial strategy and tried to strike a balance between affordability of rates, prudent financial management, providing quality essential services over the long term and providing for unforeseen events.

Rates Affordability Benchmark

Council meets the rates affordability benchmark if:

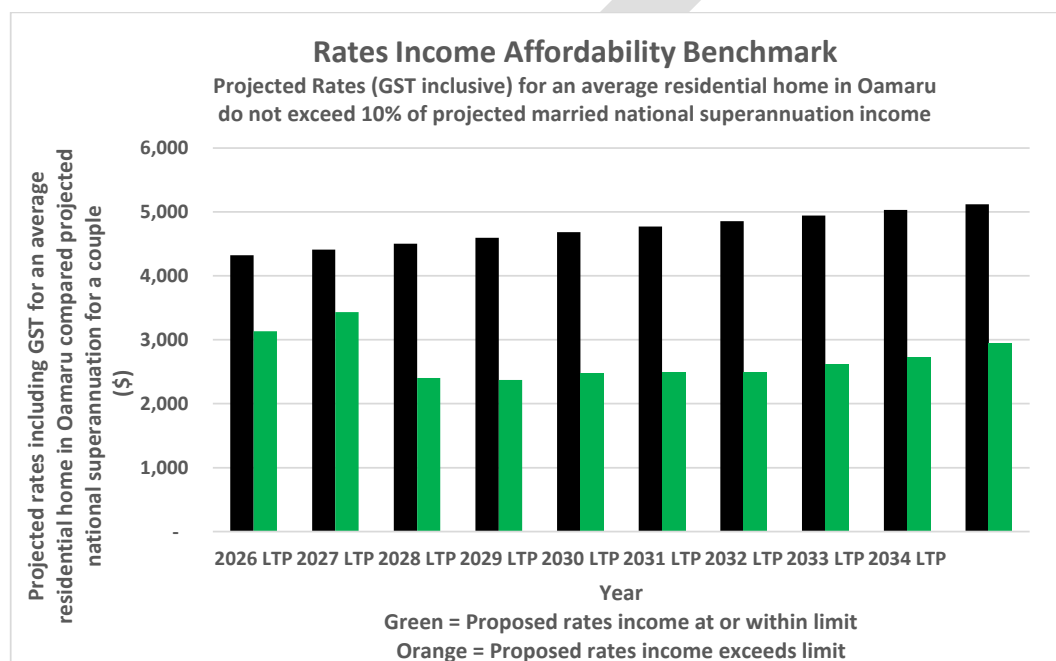
- its planned rates income equals or is less than each quantified limit on rates, and
- its planned rates increases equal or are less than each quantified limit on rates increases

Planned rates income equals or is less than each quantified limit of rates

Rates (income) affordability

The following graph compares Council's planned rates with a quantified limit on rates. The quantified limit is the average rate charged on an average residential home in Oamaru will not exceed 10% of projected national superannuation for a married couple.

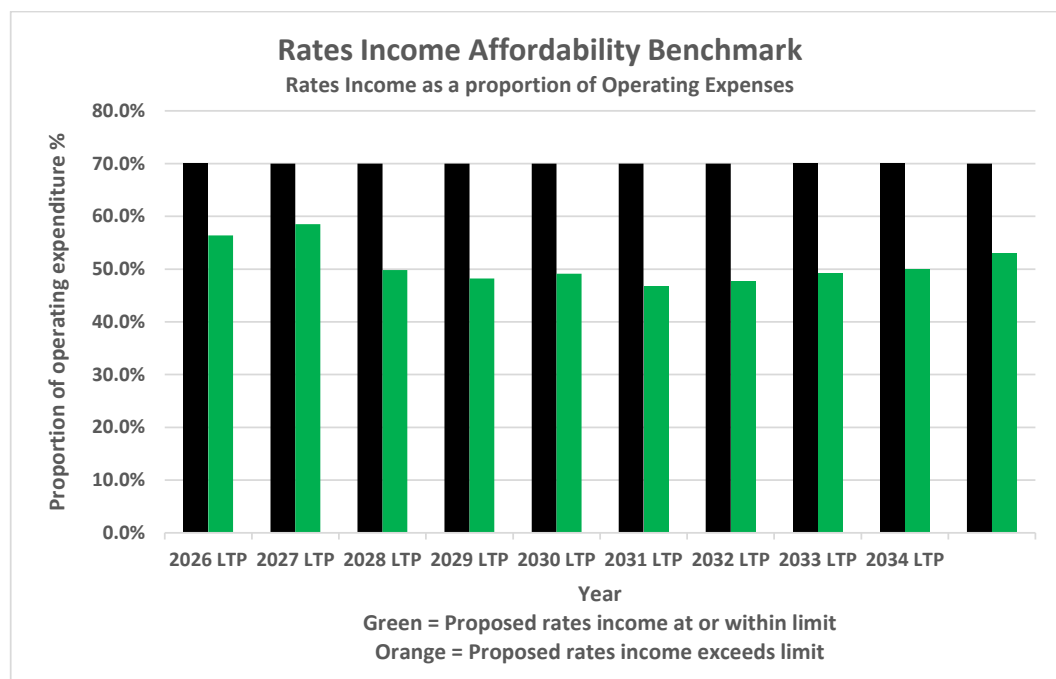
Council tracks Oamaru Residential Rates on a median value property against married national super. Council considers this an appropriate measure for both households and small businesses. Affordability for large commercial and rural ratepayers will be considered more by reference to the rates increase measure.



Planned rates income equals or is less than each quantified limit of rates

Rates (income) affordability

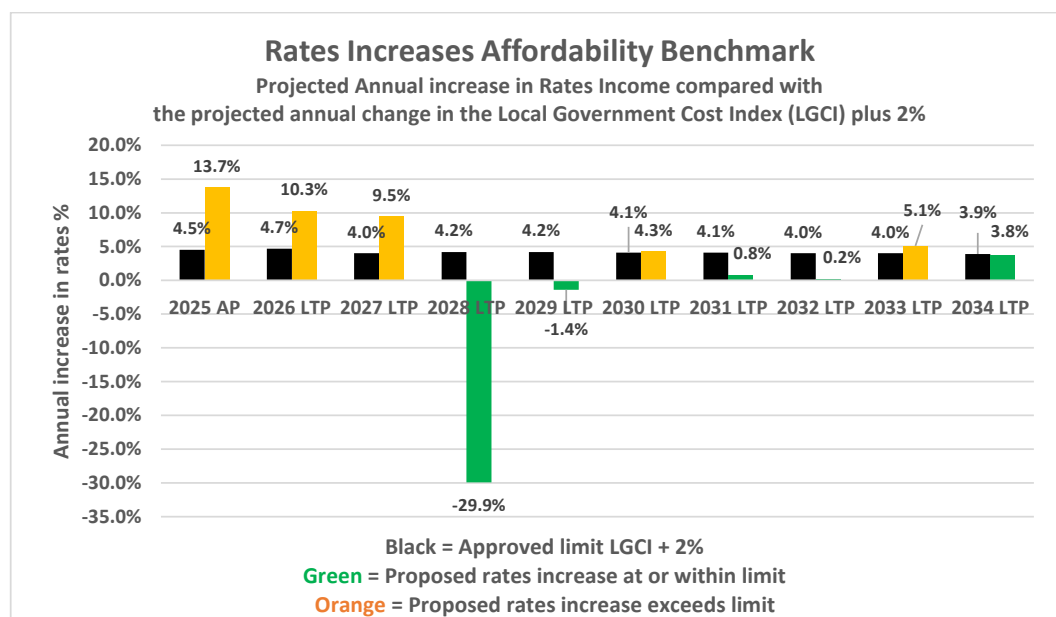
The following graph compares Council's planned rates with a quantified limit on rates. The quantified limit is total revenue raised from rates should fund no more than 70% of Council's total operating expenditure.



Planned rates income equals or is less than each quantified limit of rates

Rates (increase) affordability

The following graph compares Council's planned rates increases with a quantified limit on rates increases. The quantified limit is the annual projected increase in total rates will not exceed the projected change in the Local Government Cost Index (LGCI) plus 2% (to allow for growth in the rating base, changes in levels of service and other unexpected costs).



Council has made the assumption that its 3 waters assets move to another entity from 1 July 2027. This means that from that date, Council will no longer rate for water supply, wastewater and storm water in the Waitaki District. Waitaki residents will instead be required to pay waters rates to the new waters entity.

This has appropriately resulted in a 29.9% decrease in Council rates take from the 2027 to the 2028 financial year. Movements each year are as follows:

	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000	2031 \$000	2032 \$000	2033 \$000	2034 \$000	2035 \$000
Projected total rates take	45,723	50,417	55,213	38,688	38,134	39,772	40,100	40,167	42,221	43,820	47,364
Projected annual increase/(decrease)		4,694	4,796	(16,526)	(554)	1,638	328	68	2,054	1,599	3,544
Projected annual increase/(decrease) %		10.3%	9.5%	-29.9%	-1.4%	4.3%	0.8%	0.2%	5.1%	3.8%	8.1%

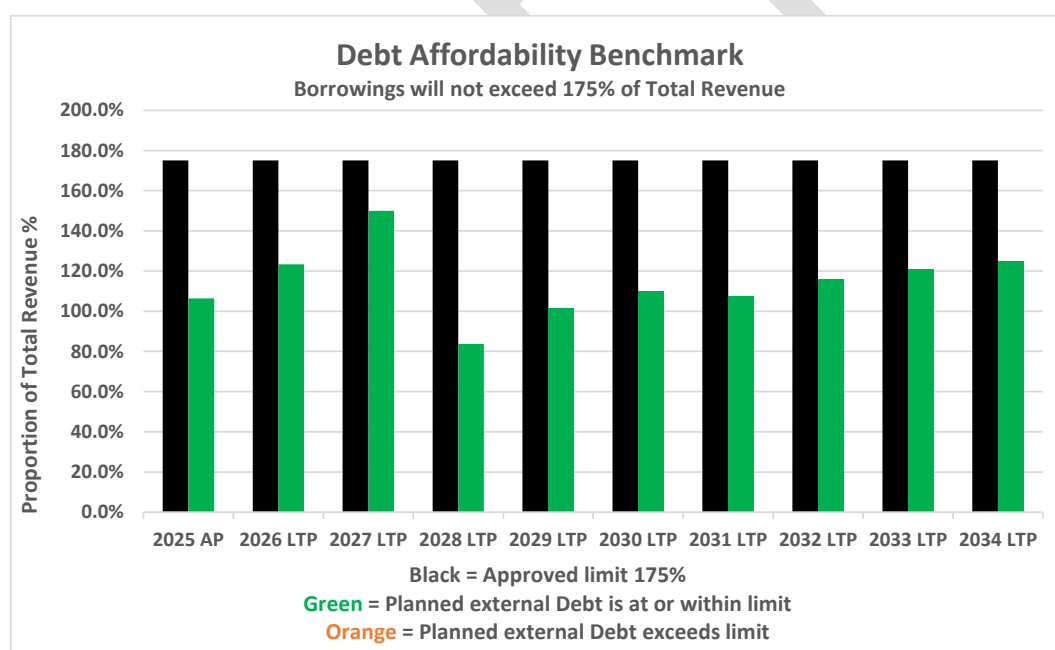
Debt Affordability Benchmark

Council meets the debt affordability benchmark if actual borrowing is within each quantified limit on borrowing. The quantified limits in the Liability Management Policy are:

- External debt will not exceed 175% of total revenue.
- Interest cost on external debt will not exceed 20% of total revenue.
- Interest cost on external debt will not exceed 25% of annual rates.
- External debt per rateable property will not exceed \$4,000.

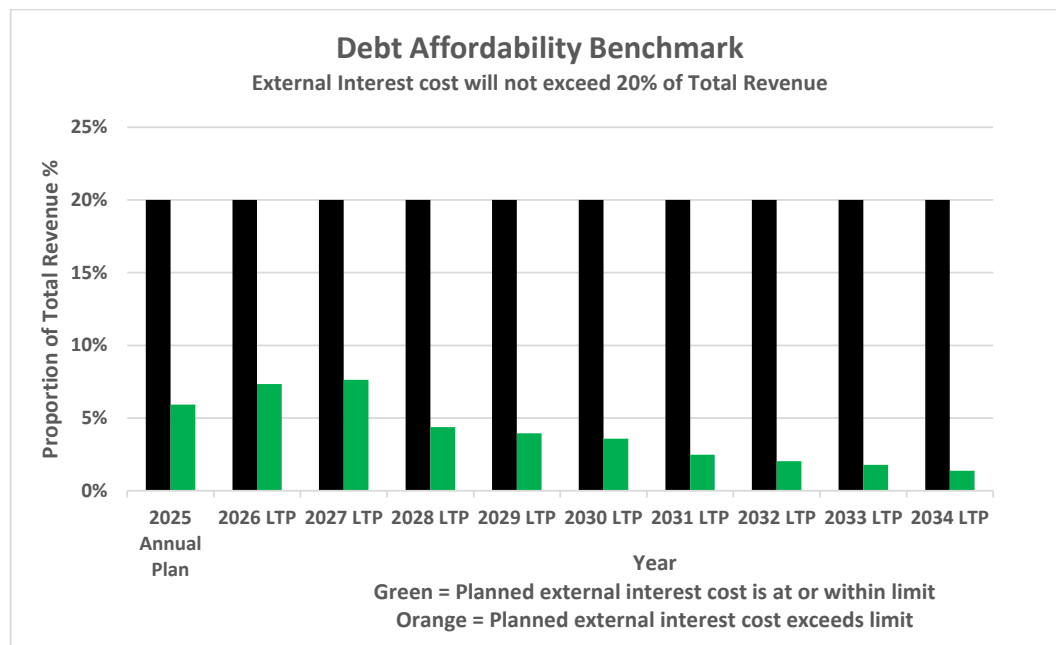
Debt Affordability benchmark

The following graph compares Council's planned debt with a quantified limit on borrowing. The quantified limit is that total external debt will not exceed 175% of total revenue.



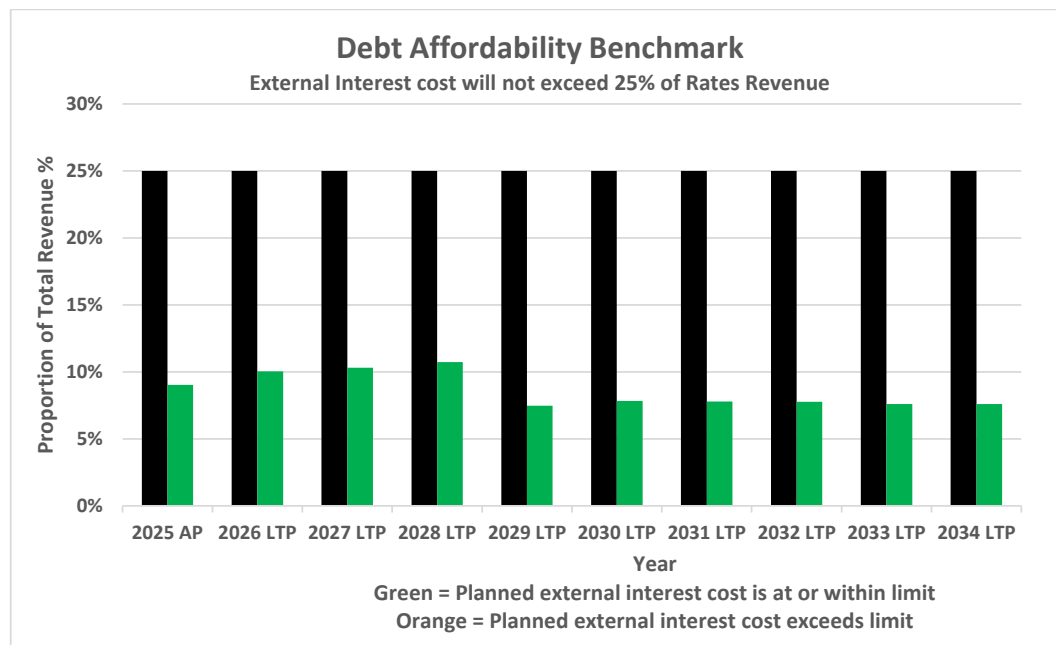
Debt Affordability benchmark

The following graph compares Council's planned debt with a quantified limit on borrowing. The quantified limit is that external interest cost will not exceed 20% of total revenue.



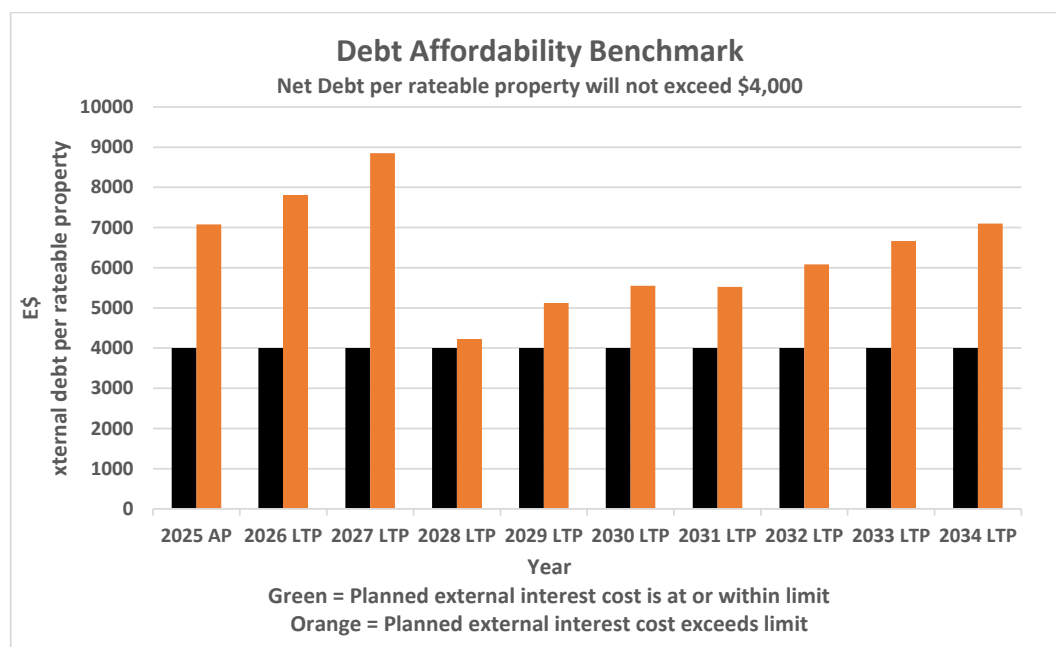
Debt Affordability benchmark

The following graph compares Council's planned debt with a quantified limit on borrowing. The quantified limit is that external interest cost will not exceed 25% of annual rates revenue.



Debt Affordability benchmark

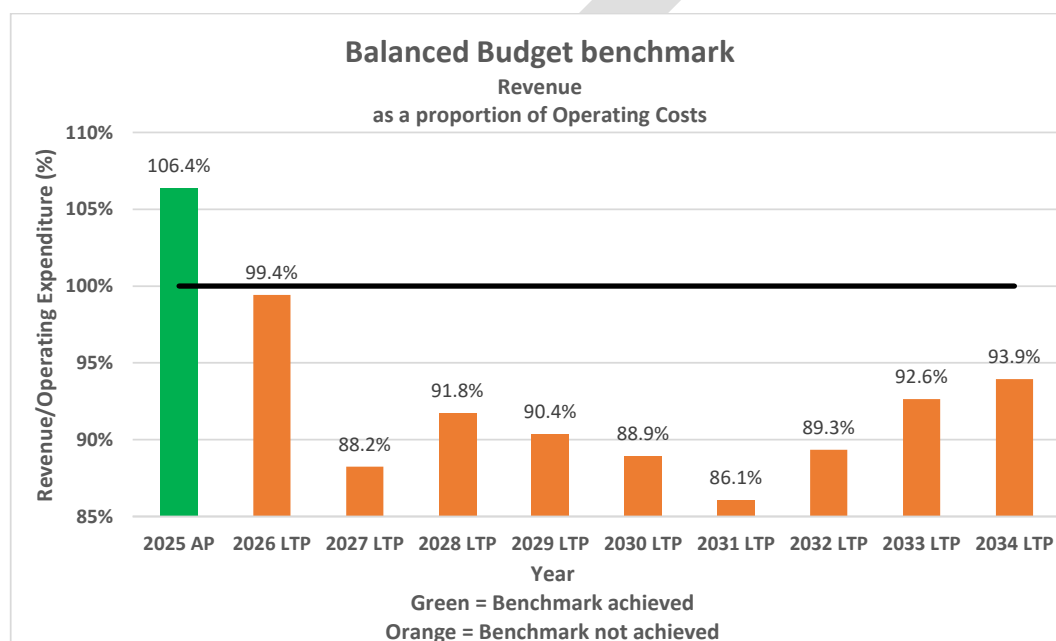
The following graph compares Council's planned debt with a quantified limit on borrowing. The quantified limit is that external debt per rateable property will not exceed \$4,000 per property.



Balanced Budget Benchmark

The following graph displays the council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



A local authority must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses. Despite this, Council has resolved that it is financially prudent to not balance the budget at this time. Instead, Council is consulting on financial projections in which its operating revenues are lower from that required to cover its operating expenses each year. This reflects the financial situation that Council is grappling with, and the Council's strong desire to not simply offset ongoing operating cost increases with increased rates.

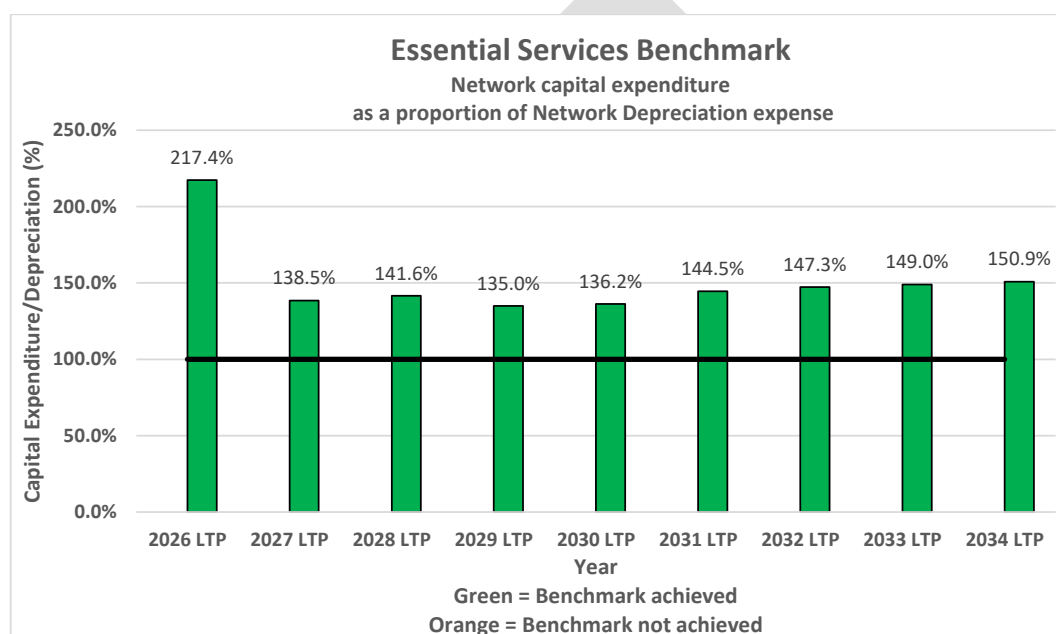
Council is currently undertaking a full transformation of its structure, systems and processes, with the intention of achieving efficiencies and operating cost reductions going forward. It is expected that this project will reduce operating costs over the life of the plan. It is also expected that overhead costs will reduce once the three waters departments move to a separate entity. Council has not factored any of these cost reductions into its current forecasts and is prudently budgeting for the worse-case scenario.

These cost reductions will be quantified in coming months, and it is anticipated that operating costs will be lower in the final financial forecasts approved in the Long-Term Plan in June 2025, and Council will meet the balanced budget requirement each year.

Essential Services Benchmark

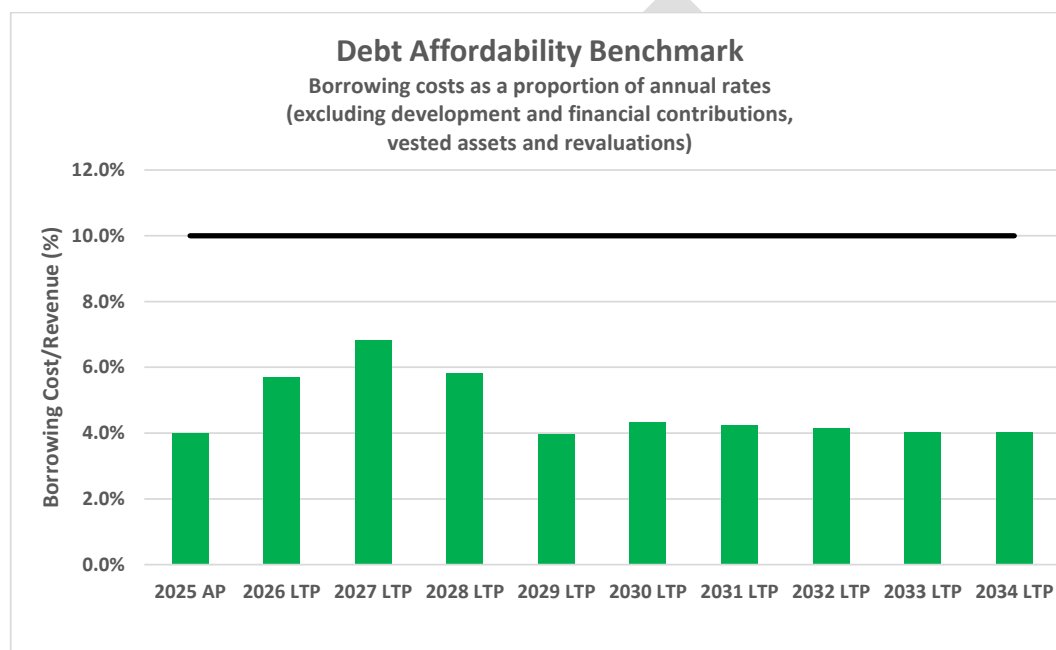
The following graph displays Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. Council meets the essential services benchmark if its planned capital expenditure equals or is greater than expected depreciation on network services. The general concept is that over time capital expenditure will be like depreciation, indicating that assets are being replaced in an appropriate and timely manner.

The term "Network Services" refers to roading, water, wastewater and stormwater infrastructural assets.



Debt Servicing Benchmark

The following graph displays Council's planned borrowing costs as a proportion of planned revenue (excluding development and financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant and equipment). Because Statistics New Zealand projects the population of the Waitaki district will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if planned borrowing costs equal or are less than 10% of its planned revenue.



2025-54 Infrastructure Strategy

Authorisation and Status			
Policy Owner	Director Strategy, Performance and Design	Version	Revised Draft – 24 January 2025
Policy Contact	Assets Planning Manager	Date adopted	
Date effective	1 July 2025	Date of Next Review	Before June 2026 or as required

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Waitaki
DISTRICT COUNCIL
TE KAUNIHERA Ā ROHE O WAITAKI

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1.0 Executive summary

This Infrastructure Strategy outlines the infrastructure owned and operated by the Council that are used to deliver core services such as roads, water, and solid waste. Community facilities, including parks, reserves, and properties, are also included as they play a vital role in the community's fabric.

The strategy serves as a 30-year roadmap, identifying the Council's key infrastructure challenges, exploring solutions, and examining the implications for our community. To achieve Waitaki's vision for the future, our infrastructure must be sufficient, functional, achievable, and sustainable with the available resources.

Developed alongside our Financial Strategy, which addresses the funding challenges over the next 10 years, this strategy is a crucial component of our community's long-term success as part of the Long-Term Plan (LTP). It will also inform our asset management and annual plans. Building on previous strategies, the Infrastructure Strategy ensures consistency in long-term asset management and investment. It aligns with various national, regional, and local plans. The legislative and strategic context is detailed in Appendix 4.

There is one very significant change to the prior Infrastructure Strategies. Water services are only included in this strategy for the first two years. This change is a direct result of the water reform program the government is undertaking. This reform programme (Local Waters Done Well) requires all Councils to describe which of five options set out in legislation it considers is most appropriate for its' community. By September 2025, the Council must set out the option it has selected, how this option will deliver water service in a financially sustainable manner and how this will be implemented in a Water Service Delivery Plan.

Council's preferred option is the services to be delivered through a stand-alone water service organisation. This will be separate from Council and will own all of the assets, be responsible for all service and finance functions. Council would be a shareholder only. The intent is for this entity to be established and operating by 1 July 2027. It is on this basis that all matters in relation to water services have been removed from this strategy after two years and will be treated in the Long-Term Plan in the same manner. However, as some matters will be delivered for two years, there are still references to water services in this document.

Further information on this matter is provided in Section 4.2, in the Consultation Document and other supporting material. This is further articulated in Council's Significant Forecasting Assumptions prepared in the development of the 2025-34 Long Term Plan.

The primary challenge for the Council is balancing spending and funding, detailed in the Financial Strategy. The debt cap will significantly influence our choices over the

strategy's lifetime. However, the Council must also be prepared to respond to unexpected events. Progress in addressing infrastructure issues will be tempered by our financial position, with the size of work programmes and projects likely needing to be reduced or deferred to remain deliverable and affordable. To achieve significant savings and reduce the community's rates burden, the Council will need to consider several trade-offs.

Over the next 30 years, our infrastructure programme, supported by our Financial Strategy, will focus on six key challenges. Table 1 summarises these challenges and the Council's high-level responses.

DRAFT

Table 1: Key responses to infrastructure issues

Our key infrastructure issues	Our high-level response	Possible implications
Financial capacity and affordability	<p><i>Levels of service reviews</i></p> <ul style="list-style-type: none"> • Review the extent of our sealed roading network. • Review service levels on our unsealed roads. • Review service levels for park and reserves eg. frequency of mowing parks and reserves, number of amenity flower gardens. • Review the demand for services, including treated water for irrigation or stock water. • Develop a strategy for the Council's role in social housing. • Review and update Council's Recreation Strategy and Reserves Management Plan • Investigate options to return Crown land such as some camping areas to government management. <p><i>Fees, charges and development costs</i></p> <ul style="list-style-type: none"> • Investigate metering to manage demand and charges for services like potable water. • Ensure users benefiting from service provision pay their fair share by reviewing activities where ratepayers subsidise private or commercial benefits. • Introduce higher user fees for trade waste discharges. • Review user charges for activities where it is feasible to recover costs. • Ensure a higher proportion of whole-of-life costs to the network are funded by developers. 	<ul style="list-style-type: none"> • Possible community dissatisfaction with lower service levels • DC waivers only where there is a clear community benefit using ratepayer money • No depreciation = no funds to replace assets, need for fundraising or asset removal, asset quality decreases when not replacing in a timely fashion • Prioritisation – mainly waters projects for years 1 and 2 • Irrigation and stock water users may need to pay more for water – user pays

	<p><i>Replacing assets</i></p> <ul style="list-style-type: none"> Carefully consider the need to replace infrastructure at end of its life. <p><i>Sale of Council assets</i></p> <ul style="list-style-type: none"> Explore the sale of surplus Council assets not bound by legislative issues eg. commercial properties, operational properties, strategic properties, forestry assets, reserves lands and paper roads. <p><i>Funding</i></p> <ul style="list-style-type: none"> Consider placing a hard cap on water services funding. <p><i>External funding</i></p> <ul style="list-style-type: none"> Partner with stakeholders, other service providers, or Councils to achieve infrastructure development that we cannot manage or afford alone. Explore opportunities for external funding when asset replacement is necessary. Explore alternative funding mechanisms. Advocate for increased funding and support from central government. <p><i>Commercialisation</i></p> <ul style="list-style-type: none"> Explore commercialisation opportunities for the Council. <p><i>Depreciation of assets</i></p> <ul style="list-style-type: none"> Consider not funding depreciation on some non-critical assets, relying on fundraising or community contributions at the end of life. <p><i>Deliverability</i></p> <ul style="list-style-type: none"> Scale the size of Council's capital programme to ensure it is deliverable and does not exceed debt levels. 	
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Our key infrastructure issues	Our high-level response	Possible implications
	<p><i>Prioritisation and resource allocation</i></p> <ul style="list-style-type: none"> • Ensure existing commitments are completed before investing in new initiatives. • Prioritise Council work programmes to focus on essential needs rather than nice to haves. • Allocate resources efficiently through thorough needs assessments and cost-benefit analyses. 	
Compliance and reform	<ul style="list-style-type: none"> • Prioritise potable drinking water and wastewater compliance. • Prioritise investment in compliance-driven roading infrastructure. • Implement compliance changes incrementally to manage financial impacts, resourcing and deliverability more effectively. • Ensure robust business cases support compliance and non-compliance-driven investment. • Investigate alternative stormwater management and treatment in urban areas acceptable to the community eg. the use of soak pits, reserve areas. • Encourage hydraulic neutrality stormwater management in new developments. • Wait for confirmation on legislative requirements for waste and further investigate kerbside service options. • Monitor and implement necessary changes related to natural hazards national directions from mid-2025. 	<ul style="list-style-type: none"> • Prosecution and fines possible when gaps in compliance • Stormwater may flood reserves at times • Limited non-compliance investment • Opportunity to simplify design of water infrastructure while still meeting standards

Our key infrastructure issues	Our high-level response	Possible implications
	<ul style="list-style-type: none"> • Monitor changes to national water, wastewater and stormwater standards and designs, factoring these into planning for renewals and upgrades. • Communicate with both regional councils - Environment Canterbury and Otago Regional Council on Regional Policy Statement changes and development and regional plan changes. • Maintain a close watch and be open to finding optimal solutions that meet central and regional government requirements. 	
Climate change and resilience	<p><i>Overall strategic direction</i></p> <ul style="list-style-type: none"> • Prioritise the protection of Council assets over private assets in response to climate change. • Build resilience into our core infrastructure to cater for future demand and other risks. • Develop a Climate Change Strategy. <p><i>Addressing coastal erosion</i></p> <ul style="list-style-type: none"> • Ōamaru Wastewater Treatment Plant: managed retreat by rebuilding the plant behind erosion potential lines. • Beach Road, Waianakarua and Shag Point Roads: managed retreat. • Central Ōamaru and Katiki Straight: co-operate with external agencies to support ongoing erosion protection of their assets. • Other high-risk locations (Ōamaru North, Hampden Cemetery, Hampden Beach Reserve and Moeraki Kaik): continue monitoring. 	<ul style="list-style-type: none"> • Managing community expectations around Council prioritising protection of its assets ahead of private assets in response to coastal erosion • Managed retreat - loss of land, displaced individuals, people may not be in position to relocate • Moeraki Kaik – vulnerability of urupā, loss of baches • Regina Lane pump station relocate within 15 years • Orwell Street pump station highly vulnerable and currently reliant on external agency erosion protection • Continued investment in Ōamaru Harbour protection anticipated

Our key infrastructure issues	Our high-level response	Possible implications
	<p><i>Addressing the Increasing Magnitude and Frequency of Storm Events</i></p> <ul style="list-style-type: none"> Stormwater Management at Hot Spots: Further investigate and find solutions in conjunction with NZTA/Waka Kotahi and both regional councils, prioritising Palmerston, Ōmārama, and Muddy Creek north of Ōamaru. Ōamaru Creek: Excavate mouth of Ōamaru Creek to open when there is a risk of flooding as a mitigation measure, and work towards building localised flood measures to protect key buildings and infrastructure. Ōamaru Harbour: Maintain the existing harbour protection of the breakwater. Moeraki Landslips: Further investigate options, which may include placing Council infrastructure on the surface (overland pipes) and not sealing roads for ease of repair. 	<ul style="list-style-type: none"> Increased flooding expected in hot spot areas anticipated along with new areas due to a changing climate – will require creative ways to manage this sometimes in conjunction with external agencies
Growth and demand	<p><i>Alignment with strategic direction</i></p> <ul style="list-style-type: none"> Ensure development aligns with national directions, including the National Policy Statement on Urban Development, regional policy statements, and local directions through the District Plan (both Operative and Proposed). Prioritise development in locations with existing or nearby appropriate infrastructure, as identified in the Proposed District Plan and the Ōamaru, Weston, and Kakanui Spatial Plan. <p><i>Demand management</i></p> <ul style="list-style-type: none"> Investigate options to manage water demand using water meters. 	<ul style="list-style-type: none"> Integrated land-use planning and infrastructure to support development Water meters will likely reduce the demand for water User pays for large industry users of wastewater treatment system – private companies being subsidised by ratepayers

Our key infrastructure issues	Our high-level response	Possible implications
	<ul style="list-style-type: none"> • Explore long-term sustainable solutions for managing Hampden/Moeraki and Duntroon wastewater. • Reassess acceptance criteria and the Council's role in receiving trade waste. • Extend supply areas (new areas or amalgamating schemes), restricted to on-demand. 	
Ageing infrastructure	<ul style="list-style-type: none"> • Prioritise asset replacement based on the asset's criticality. • Renew critical assets before they reach the end of their useful life. • Implement a prioritised, progressive replacement plan for individual assets that have reached the end of their life. • Renew non-critical infrastructure when failure rates become intolerable. • Continuously improve data collection on asset condition and performance to accurately target renewal work. 	<ul style="list-style-type: none"> • More chance of asset failure as useful life is extended • Non-critical infrastructure may not be renewed by default
Meeting community needs and expectations	<p><i>Partnering with the community and others</i></p> <ul style="list-style-type: none"> • Engage with the community to help the Council understand local priorities and gain support for necessary compliance measures. 	<ul style="list-style-type: none"> • Community needs may not be met as expected due to other constraints already identified • New locality model for Council will support identifying and responding to local priorities when resourcing and budget is available

2.0 Our future

To fully recognise the challenges faced by the district, we need to describe what the Waitaki district will look like in 30 years' time; consider the aspirations of the community and what we need to do differently to ensure infrastructure will still be meeting the needs of our residents and visitors in 2054 and beyond.

Strategic context

The Infrastructure Strategy is guided by council's strategic framework. This framework helps to steer how we dedicate our energy and resources.

Our vision for our district, is ***'Waitaki – the Best Place to Be!'***

To support and deliver this vision, Council has agreed on four community outcomes:

- **Quality services** – robust core infrastructure and services; community services we're proud of
- **Prosperous district** – attracting new opportunities; supporting local businesses; fostering a diverse and resilient economy
- **Strong communities** – enabling safe, healthy communities; connected, inclusive communities, promoting a greater voice for Waitaki, celebrating our community identity
- **Valued environment** – protecting our diverse landscapes and water bodies; meeting environmental and climate change challenges

Achieving these long-term outcomes is a team effort, involving partnerships with our communities, as well as collaborations with governmental and non-governmental entities.

To make the community outcomes a reality, the Council anchors its actions in strategic priorities. Current strategic priorities are:

- Establish Economic Development Agency
- Strengthen the community development role of Council
- Deliver Transformation programme
- Finish District Plan
- Facilitate strategic relationships
- Develop our people and attract skills for the benefit of our communities

2.1 Our communities' priorities

People are the heart of our district, and the Infrastructure Strategy aims to respond to their long-term aspirations.

Between September and October 2023, the Council collected community feedback on challenges and priorities in preparation for the 2024-25 Annual Plan. The key challenges

identified through this community engagement, which are relevant to this strategy, include:

- Climate change and environmental hazards
- Ageing population
- Waste management
- Accessible facilities and services
- Regulations and bureaucracy
- Lack of public transport

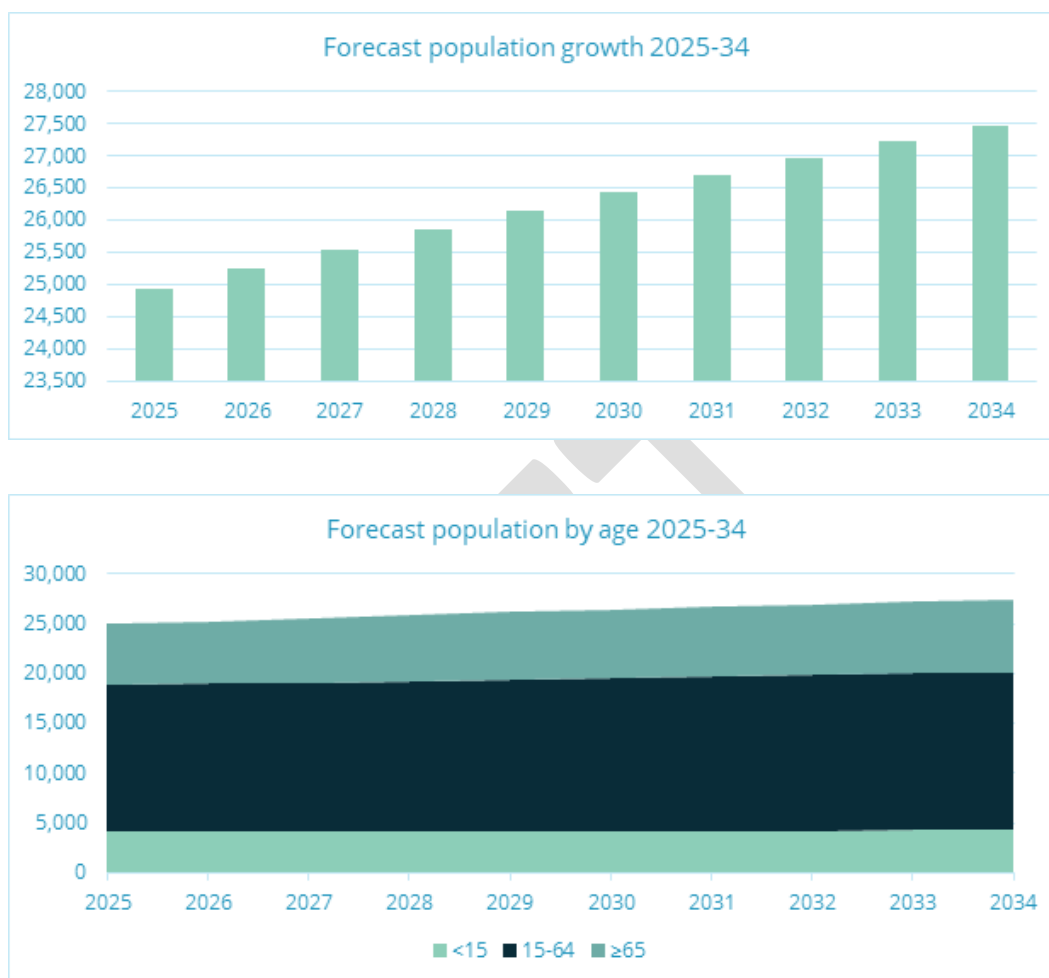
2.2 A lens into the future

Population growth and demographics

Waitaki's total population is forecast to increase by 10.1% by 2034 and by 22.1% by 2054¹. Waitaki will continue to be an ageing population over the next 10-30 years, with increasing numbers of individuals aged 65 years and above (≥ 65), and relatively stable numbers of individuals aged under 15 years (< 15).

- The total number of individuals aged under 15 years in the Waitaki District is forecast to increase by 4.6% by 2034 (to form 15.7% of Waitaki's total forecast population in 2034)
- The total number of individuals aged between 15 and 64 years in the Waitaki District is forecast to increase by 7.1% by 2034 (to form 57.3% of Waitaki's total forecast population)
- The total number of individuals aged 65 years and above in the Waitaki District is forecast to increase by 21.1% by 2034 (to form 26.9% of Waitaki's total forecast population in 2034)

¹ These and subsequent projections in this section are based on high growth rate forecasts prepared for Council by Infometrics in 2024.



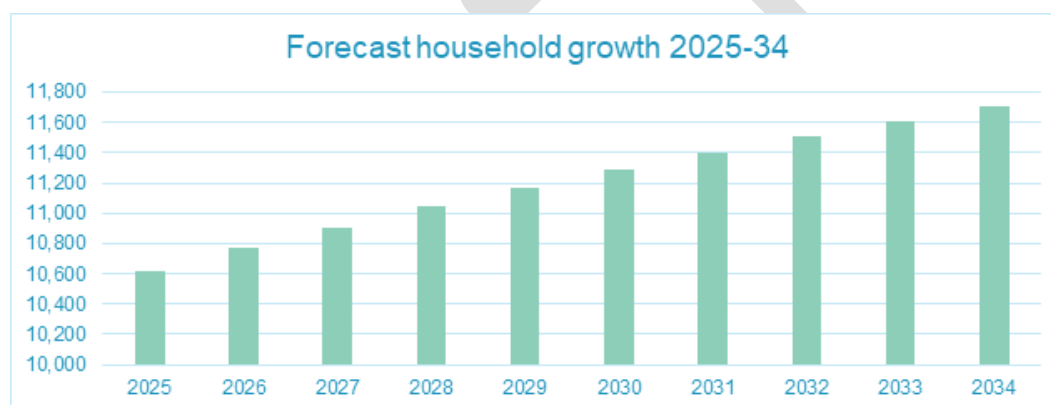
In 2034, the population will be older, with more people on fixed incomes, and more ethnically diverse. This demographic shift could lead to increased demand for services catering to different cultural needs, such as versatile recreational facilities. There may also be a higher demand for larger houses for the Pasifika community and smaller houses for the elderly. Additionally, we anticipate greater demand for healthcare and other social services.

Increasing numbers of individuals aged 65 and above in the district, and relatively stable numbers of individuals aged under 15 years, mean a high proportion of the district will likely be on fixed incomes. This will make affordability of services such as water supply a more pressing issue.

The total number of household units in Waitaki District is estimated to increase by 11.9% by 2034 (1,242 household units).

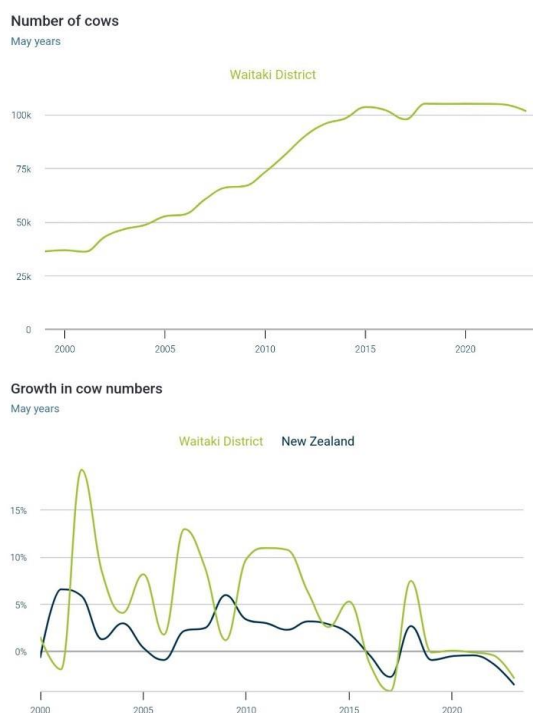
Household growth does not necessarily equate to high household occupancy rates, especially in an ageing population like Waitaki where a large percentage of household units are child-free and/or inhabited by just one or two individuals.

Over-estimating demand for infrastructure and services based on household growth could therefore lead to over-investment in infrastructure and services which are not needed, but with a limited ability for the usually resident population to pay for it, limiting Council's ability to set rates at affordable levels.



Economic growth

The majority of the district is farmland. The two decades from 2000 onwards had seen a significant change from traditional sheep farming to dairy farming, resulting in changing water use within the rural restricted supplies. The growth in dairy cow numbers has plateaued in recent years and is not expected to continue at the levels previously seen – meaning demand on these supplies is likely to remain relatively stable over the next nine years.



Source: Infometrics

Hydroelectric generation and mineral extraction continue to be key activities within the district.

Balancing affordability and essential services

The Council will continually balance affordability with maintaining essential services and infrastructure. Ensuring that all residents have access to essential services without facing prohibitive costs will be an ongoing challenge. We anticipate a push for more equitable funding systems that enable all communities to thrive, ensuring resources are distributed fairly and effectively, focusing on necessary infrastructure and services.

Central government focus

The current government has signalled to local government to “get back to the basics” and focus on core services and responsibilities such as water supply, wastewater management, road maintenance, and regulatory functions.

That statement is contrary to the purpose of local government as stated in the Local Government Act 2002 as shown below.

10 Purpose of local government

- (1) The purpose of local government is—
- to enable democratic local decision-making and action by, and on behalf of, communities; and
 - to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

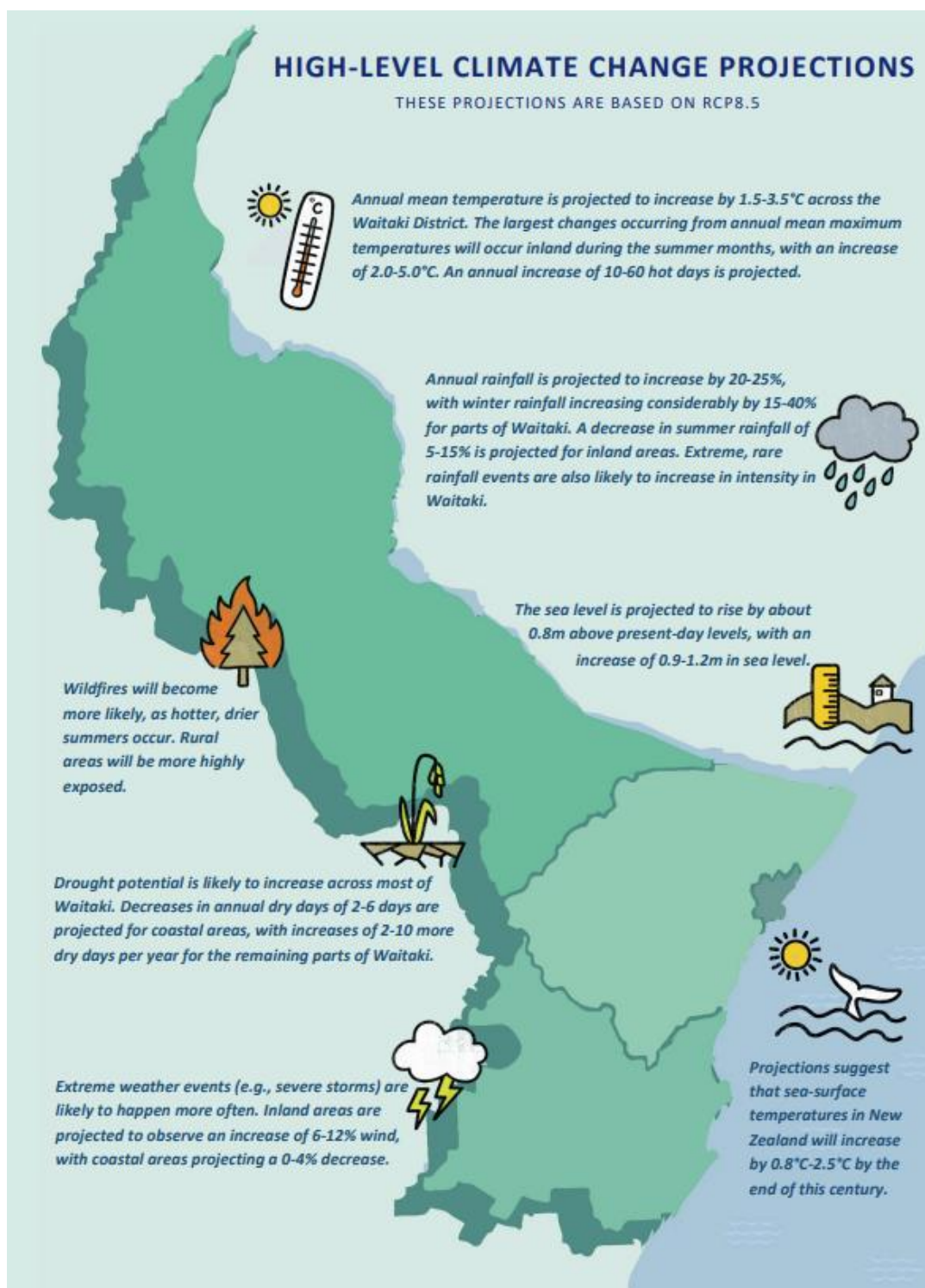
In writing the 2025-54 Infrastructure Strategy the prevailing purpose as written in the Local Government Act 2002 has been given effect to.

Climate change and resilience

The Waitaki District, like many other places, will face the threat of a changing climate. Increasing significant weather events, prolonged droughts, rising sea levels, and coastal erosion will put pressure on our infrastructure, necessitating adaptation and sustainable solutions. The Council and the community will need to respond to these impacts. Our infrastructure, from underground pipes to roads, must reflect this new reality. This means choosing projects that lower our risk during adverse weather and ensuring our community has green spaces, clean air, and strong buildings to thrive in a changing climate.

Given the increasing challenges posed by climate change, we anticipate that the Council and the community will need to invest heavily in resilience measures. This could include infrastructure upgrades to withstand extreme weather events, coastal defences to protect against sea-level rise, relocation of individuals or communities and associated infrastructure away from the coast, initiatives to mitigate flooding impacts, and providing more shade in public places and parks. Land use changes may also be necessary to accommodate a changing climate, potentially affecting the economic productivity of our rural sector.

A summary of high-level climate change projects are presented graphically below.



Ageing infrastructure

Our infrastructure will continue to age and require replacement, necessitating careful asset management planning for the future.

Technological advancements

Over the next 30 years, technology will provide new opportunities to positively affect infrastructure management. Technology may make inspections easier, quicker, and cheaper, or fill potholes more efficiently. If the demand for electric cars continues, we anticipate heavier impacts on the electricity network.

Community expectations and participation

Ongoing community expectations will require the Council to adopt a holistic approach to community wellbeing, considering social, environmental, and cultural aspects, not just the infrastructure and services provided by the Council. The Council will continue to support local economic growth and development.

Our community will continue to expect participation in local decision-making processes, including having more control and influence over decisions that affect their lives. The Council will act as a facilitator and enabler, collaborating with businesses, the local community, and other stakeholders to achieve shared outcomes and benefit the entire community.

3.0 Our assets

Council owns, manages, operates, and maintains assets in the roading, waters, property, waste and parks and reserves spaces. These assets are managed through five asset management plans (water, wastewater, stormwater, roading, parks and reserves). We have approximately \$1.760 billion of replacement value (\$1.260 billion after depreciation) in these asset groups.

Appendix 1 details our assets.

3.1 Our critical assets

Critical assets are part of a network in which their failure would compromise the performance of the entire network. Critical assets have a higher consequence of failure and are likely to result in a more significant financial, environmental, and social cost in terms of impact on the organisation. In addition, critical assets have an important role for the Waitaki community by providing resilience during natural disasters or weather events.

The following Council assets are determined to be critical:

Roading – roads (excluding state highway), bridges and crossings defined as “lifeline”	Water & Wastewater
<ul style="list-style-type: none">• Weston Road, Westview Drive and through Main Street in Weston• Weston Ngapara Road, which is the busiest route into Corriedale• Seven Mile Road, a link between SH1 and SH83• Kakanui Valley Road, a resilience route for the State Highway• Prohibition Road, Ōmārama - a link between SH83 and SH8	<p>Water</p> <ul style="list-style-type: none">• All water treatment plants• Ōamaru’s Redcastle Road Raw Water Pump Station and King George Park pump station• 66% of all plant equipment• 117 km of high or extreme criticality mains <p>Wastewater</p> <ul style="list-style-type: none">• All wastewater treatment plants• Ōamaru’s Orwell Street, Beach Road, and Regina Lane pump stations• 78% of all plant equipment• 68 km of high or extreme criticality mains

The Otago Lifelines Group’s Vulnerability and Interdependency Study – August 2024² identifies the lifeline services present within the Otago region and the specific impacts of hazards and loss of other services upon their ability to function as normal. The study

² [otago-lifelines-programme-vulnerability-study-update-2024-v20-final.pdf](#)

identifies various critical lifeline assets (power generation and supply, transport, communication etc.) in the Waitaki District that are owned and operated by other Lifeline Utilities.

Our approach to critical assets

As part of our risk-based approach, critical assets are monitored, inspected, and maintained more regularly than non-critical assets to ensure Council gets the best life out of these assets, and they remain fit for purpose. This proactive management includes:

- Prioritising condition assessments
- Adjusting economic lives with respect to renewal profiles
- Prioritising renewals
- Prioritising expenditure
- Operation and maintenance planning.

3.2 Our non-critical assets

In contrast to critical assets, non-critical assets have a lower consequence of failure where replacement can be delayed extracting maximum value from these assets. Non-critical assets are replaced generally at end of life.

Most non-critical asset replacements have historically been funded through depreciation. Recreation asset replacements have not been fully funded through depreciation.

3.3 How well do we know our assets?

While we know our assets reasonably well, there is still a lot we don't know. Some of our assets were built more than a century ago, and it's not always easy to understand the condition they're in or to predict exactly when they'll fail. We have started to improve our knowledge and understanding of our assets through:

Roads, footpaths and roadside stormwater management

- Maintaining robust asset data that is regularly reviewed and updated.
- Regular inspections, condition ratings and asset valuations.
- Condition assessments and analysis using a wide array of measures, including AI, automated objective methods, as well as 'eyes on sight' subjective rationalisation, to inform and confirm future maintenance and renewal programmes.
- Deterioration modelling of the road network using condition assessments, survey information, pavement strengths and high-speed data to renew pavements at the right time.
- An Asset Data Quality Report for 2022/23 from Transport Insights (89%).

Parks, reserves, recreational services, and the Waitaki Aquatic Centre

- Maintaining a comprehensive asset register.
- Carrying out annual condition inspections on key assets with moderate confidence in accuracy.

Waste

- Undertake regular inspections.
- Maintaining an asset register.

Commercialisation and property

- Continuing to maintain an asset register.
- Completing the development of an asset management system.

Wastewater, drinking water and stormwater

- Maintaining a robust asset condition profile, with a greater focus on assessment of critical assets.
- For water pipes - asset conditions being ascertained when carrying out repairs or renewals. Facility site visits are conducted at specified frequencies under the Operation and Maintenance Contracts.
- For wastewater - condition assessments are performed during connections and pipe installation, and man-hole repairs by pipe sampling. Wastewater pipes are also being CCTV'ed. A condition assessment of all facilities is also undertaken to the appropriate industry standard and complies with audit requirements.
- A Condition Assessment Strategic Workplan has been identified as an improvement item. This strategy will consider methods/techniques, strategies for economical assessments and risk and prioritisation.

3.4 Our levels of asset management practice

Council's Policy on the Appropriate Level of Asset Management defines infrastructure asset management practice by activity area to be managed to a minimum of the following levels:

Activity Asset Management Level	Roads, footpaths, roadside stormwater management	Parks, reserves, recreational services, and the Waitaki Aquatic Centre	Wastewater, water supply and stormwater management	Waste management and minimisation	Property and commercialisation
Advanced	Additional requirements where required by Waka Kotahi		Regulator driven additional requirements where required.		
Core Plus/ Intermediate					
Core					

'Core' Asset Management - relies primarily on the use of an asset register, maintenance management systems, top-down condition assessment, simple risk assessment and defined levels of service, in order to establish a long-term cashflow projection.

'Core Plus / Intermediate' Asset Management is undertaken at a level between 'Core' and 'Advanced' practice. The focus is to build on the basic technical asset management planning of 'Core' practice by introducing improved maintenance management and more comprehensive asset management techniques (as appropriate). Further use is made of risk management, asset lifecycle management, and service standard optimisation techniques.

'Advanced' Asset Management employs predictive modelling, risk management and optimised decision-making techniques to establish asset lifecycle treatment options and related long term cashflow predictions.

The asset management levels are reviewed every three years in conjunction with the development of the Long-Term Plan.

3.5 Resilience

Resilience is the capacity of our assets infrastructure to absorb a shock; recover from disruptions; adapt to changing conditions; and retain essentially the same function as they had before.

Council considers resilience as part of its assets project planning, and through its project business case development. When addressing identified infrastructure risks, Council considers a range of resilience responses that are linked to Council's strategic direction including:

- Ensuring that resilient thinking is embedded across the organisation.
- Appropriate financial capacity to fund resilience and adaptation responses.
- Building redundancy in design.
- Land use planning / urban form responses through district plan provisions.
- Improving organisational resilience for Council and its CDEM functions.
- Building strong networks within Council and between Council and other critical infrastructure providers.

3.5 Lifecycle management of our assets

By managing assets and long-term works programmes we aim to deliver agreed levels of service, in the most cost-effective manner, throughout their lifecycle. Figure 1 shows our asset management lifecycle strategy.

Operations and maintenance

For our roading assets, we have a specific lifecycle management strategy for each work category assisting with making informed decisions about when to maintain, renew, or upgrade an asset or its components. The lifecycle management strategy details the Council's current practices that maintain service levels and explores opportunities to enhance asset lifecycles through condition monitoring. Detailed business cases are developed for maintenance, renewal, upgrade, and asset creation. Repair of sealed road pavements is undertaken as preventative maintenance as well as on demand where required. This includes pothole and cracking repairs, edge break, surface defects and extends to and covers all emergency rainfall and snow events.

For our water assets, we develop Operations and Maintenance Plans to ensure efficient operation and serviceability of the assets so that they achieve their service potential over their useful lives. This includes the day-to-day work to keep the assets operating.

Replacement (renewals)

Renewal strategies are designed to provide for the progressive replacement of individual assets that have reached the end of their life. Required levels of expenditure will vary from year to year and will reflect:

- The age profile of the assets.
- The condition / performance profile of the assets.
- The ongoing maintenance demands and cost.
- The differing economic / useful lives of individual assets comprising the overall system of assets.
- The asset criticality.

Critical assets will be renewed before the end of useful life, whereas non-critical assets will be renewed when failure becomes intolerable.

This is in an effort to extract the maximum value from our investment in infrastructure.

Improvements (new works)

Development Plans improve parts of the system currently performing below target service standards and to allow development to meet future demand requirements.

Capital works involve the creation of new assets or works which upgrade or improve an existing asset beyond its current capacity or performance in response to changes in usage or customer expectations.

Disposals

Disposal Plans enable better planning for disposal of assets through rationalisation of asset stock or when assets become uneconomic to own and operate.

Assets may become surplus to requirements due to:

- Underutilisation.
- Obsolescence.
- Provision exceeds required level of service.
- Assets replaced before its predicted economic life.
- Uneconomic to upgrade or operate.
- Policy changes.
- Service provided by other means e.g. private sector involvement.
- Potential risk of ownership (financial, environmental, legal, social, vandalism).

Our optimised decision-making process determines when an asset is no longer required and should be disposed of, rather than renewed. Alternatively, the asset may be repurposed to fit a new or emerging community need.

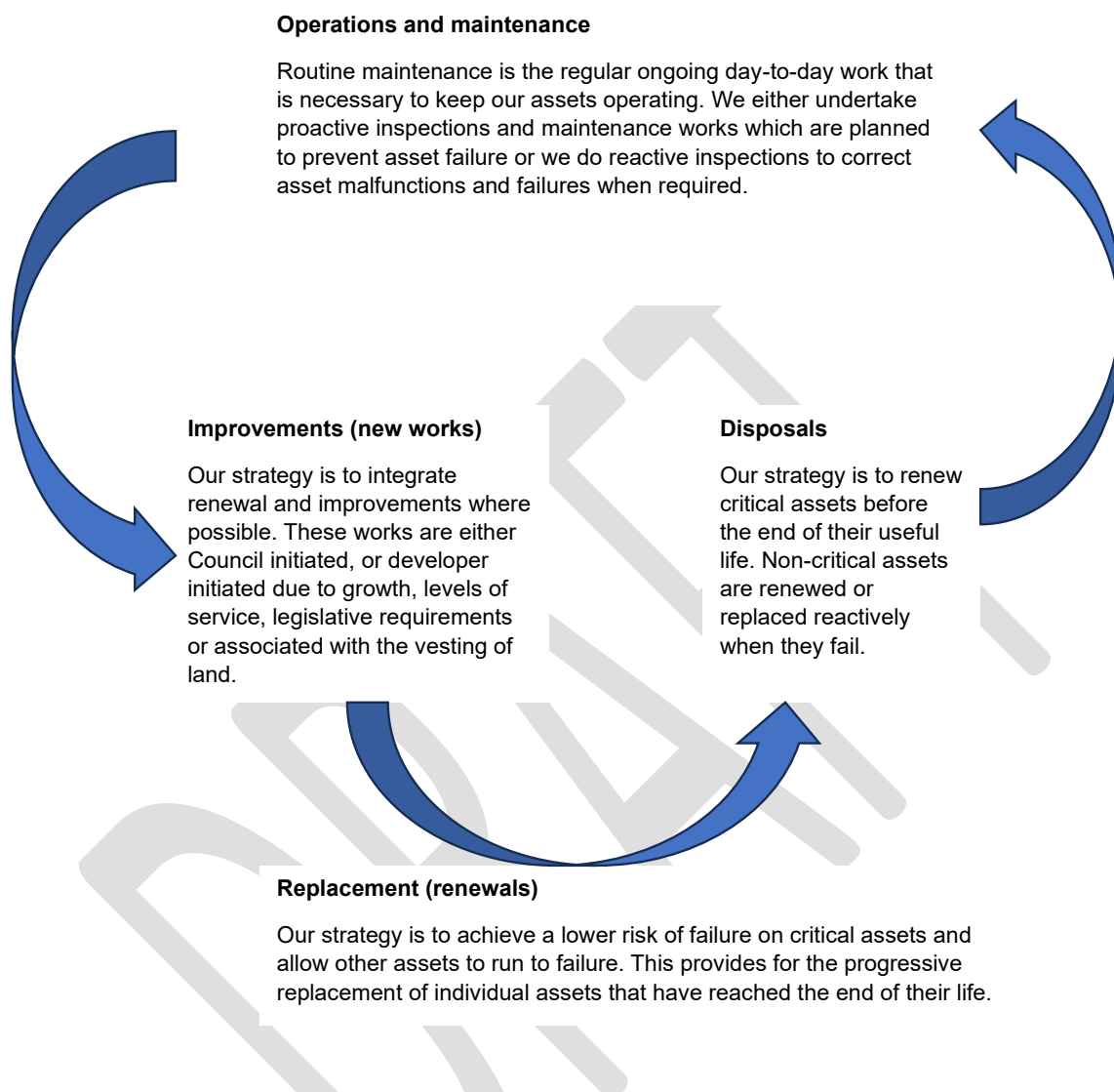


Figure 1: Asset lifecycle management

4.0 Key infrastructure challenges

Key challenges affecting Council's infrastructure in the next 30 years include:

- **Financial capacity and affordability**
- **Compliance and reform**
- **Climate change and resilience**
- **Growth and demand**
- **Ageing infrastructure**
- **Meeting community needs and expectations**

4.1 Financial capacity and affordability

Council's debt cap will significantly influence the choices available over the lifetime of this Infrastructure Strategy. However, Council also needs to have the capacity to respond to the unexpected. Council is continuing to face increasing costs to deliver infrastructure and associated services – inflation, interest rates, insurance. There are also increasing community expectations for Council to deliver more for less.

Council has a lack of financial reserves to respond to growth or replace major assets in some areas. There is also a changing focus / funding of traditional funders – NZTA/Waka Kotahi, external funders and government. Council's RMA fund is also over allocated and forecast to be in deficit for many years.

The Waitaki community also has a relatively low discretionary income and population density relative to many parts of New Zealand which can result in a reduced willingness / ability to pay.

The overarching challenge Council faces is balancing spending and funding.

4.1.1 Responding to financial capacity and affordability

The detail of financial management is described in the Financial Strategy.

Council seeks to manage its financial responsibilities prudently and provide a balanced and sustainable budget for the long term. To achieve this goal, some or all the following measures will be explored:

Levels of service reviews

Levels of service will be reviewed as part of each LTP cycle, including:

- Reviewing the extent of our sealed roading network.

- Reviewing service levels on our unsealed roads.
- Reviewing service levels for park and reserves eg. frequency of mowing parks and reserves, number of amenity flower gardens.
- Reviewing the demand for services, including treated water for irrigation or stock water.
- Developing a strategy for the Council's role in social housing.
- Reviewing and updating Council's Recreation Strategy and Reserves Management Plan
- Investigating options to return Crown land such as some camping areas to government management.

Fees, charges and development costs

- Investigating metering to manage demand and charging for services like potable water.
- Ensuring users benefiting from service provision pay their fair share by reviewing activities where ratepayers subsidise private or commercial benefits.
- Introducing higher user fees for trade waste discharges.
- Reviewing user charges for activities where it is feasible to recover costs.
- Ensuring a higher proportion of whole-of-life costs to the network are funded by developers.

Replacing assets

- Carefully considering the need to replace infrastructure at end of its life.

Sale of Council assets

- Exploring the sale of surplus Council assets not bound by legislative issues eg. commercial properties, operational properties, strategic properties, forestry assets, reserves lands and paper roads.

Funding

- In the new future an economic regulator will be in place which will stipulate the required level of funding for water services activities to promote sufficient revenue recovery and efficient investment and maintenance so that water services are delivered at a quality that communities expect.

External funding

- Partnering with stakeholders, other service providers, or Councils to achieve infrastructure development that we cannot manage or afford alone.
- Exploring opportunities for external funding when asset replacement is necessary.
- Exploring alternative funding mechanisms.
- Advocating for increased funding and support from central government.

Commercialisation

- Exploring commercialisation opportunities for the Council.

Depreciation of assets

- Considering not funding depreciation on some non-critical assets, relying on fundraising or community contributions at the end of life.

Deliverability

- Scaling the size of Council's capital programme to ensure it is deliverable and does not exceed debt levels.

Prioritisation and resource allocation

- Ensuring existing commitments are completed before investing in new initiatives.
- Prioritising Council work programmes to focus on essential needs rather than nice to haves.
- Allocating resources efficiently through thorough needs assessments and cost-benefit analyses.

4.2 Compliance and reform

Council is anticipating a number of changes in national and regional directions over the lifeline of this strategy, and this will impact how and why services are provided in the future. However, Council continues to have a duty to comply with legislation, standards and resource consents to its best ability. Council faces significant challenges into the future to service and develop fit for purpose infrastructure.

By far the most significant of these reforms are the changes in water services known as Local Water Done Well.

The key features of the reform are to “ring fence” the operation and delivery of water services, have a separate level of governance of these services and introduce a far stronger delivery, quality and economic regulatory regime. Further information on this is available through the Department of Internal Affairs website.

This reform programme requires all Councils to describe which of five options set out in legislation it considers is most appropriate for its' community. By September 2025, the Council must set out the option it has selected, how this option will deliver water service in a financially sustainable manner and how this will be implemented in a Water Service Delivery Plan.

Councils' preference of the options available under the reform process is for a single council owned CCO to deliver water services. However, Council is still investigating the option of a multi-Council owner water services organisation if it can produce better results for the community and be established in a reasonable timeframe.

Either option will see all water the services delivered through a stand-alone water service organisation. This will be separate from Council and will own all assets, be responsible for all service and make all finance and funding decisions, including setting charges. Council would be a shareholder only. The intent is for this entity to be

established and operating by 1 July 2027. It is on this basis that all matters in relation to water services have been removed from this strategy after two years and will be treated in the Long-Term Plan in the same manner. However, as some matters will be delivered for two years, there are still references to water services in this document.

Council has developed information on the likely structure of this CCO, the potential charges under this structure and the projected work programme and resulting debt levels. This is summarised in the consultation material and supported with additional material, primarily the report from Morrison Low.

This information will form the basis for the Water Services Delivery Plan (WSDP) that Council is required to develop. The WSDP will need to address many of the issues that need to be addressed through the long-term plan and infrastructure strategy process but with a focus on water services rather than the whole of Council. Once any new entity is established it will be required to develop a Water Strategy that even more closely mirrors the planning and accountability requirements of an LTP. Meeting these requirements will allow the community to be well informed on the delivery and development of water services.

The information Council has currently developed is designed to reflect the current understanding of the environment the water service organisation will operate under. This is very different from the current environment as it will be under new legislation and two new regulators. Although some legislation has already been passed the most critical piece of legislation is still at the submission stage. This creates a high level of uncertainty as to any final arrangements in terms of how any water services organisation will operate.

Further adding to this uncertainty is the role and requirements of the quality and service regulator (Taumata Arowai) and the economic regulator (the Commerce Commission). These two organisations will have a material and significant impact on all aspects of future water services delivery. These organisations will set most of the parameters the water organisations will operate under.

Councils' role will be solely as a shareholder in any new entity. It can influence the direction and hold the entity accountable for various matters but will cease to own, operate and finance water services. All these matters set out above are why Council concluded it was not appropriate to include the water activities in the Infrastructure Strategy or in the Long-Term Plan when it is finalised.

In addition to the above, the government is proposing several changes to the drinking water quality regulatory regime. These proposed changes include reducing the regulatory burden on very small drinking water supplies by excluding 'shared domestic supplies' serving 25 consumers or fewer from regulation. This change is relevant for Waitaki's rural water supply schemes.

Through changes to the Water Services Act and Resource Management Act, the government has signalled the development of a new single national standard for

wastewater treatment in New Zealand and changes to the national engineering design standards for national water services network infrastructure. For Waitaki, this will remove inconsistent resource consent requirements across Canterbury and Otago, provide easier resource consent pathways for lower-risk small scale modular wastewater treatment plants that meet the wastewater environmental performance standards, and provide Council with a greater certainty of costs in the wastewater treatment space. We anticipate these changes to be in effect from early 2025.

Central government has also signalled the introduction of a single regulatory instrument to provide direction on how to identify potential natural hazards, and guide Councils on how to assess and respond to the risk that the hazards pose. These changes are anticipated in mid-2025.

Government is building the foundations for a transformed waste system. The Waste Minimisation Act 2008 is under review and will be aligned to meet the vision stated in Te Rautaki Para – New Zealand Waste Strategy “By 2050, Aotearoa New Zealand is a low-emissions, low-waste society, built upon a circular economy”. This vision will influence how council will manage waste in our district.

Further changes to the resource management system are expected, and Environment Canterbury’s Regional Policy Statement is also in the process of being reviewed. Changes to both Canterbury and Otago regional plans are also expected. For example, there is likely to be more onus on Council to manage urban stormwater to higher standards.

Council has many Resource Consents for its various infrastructure activities, and ensuring compliance with the conditions of the consents is a priority. The majority of these will be up for renewal within the 30 year lifespan of this Infrastructure Strategy. Refer to Appendix 5 for a list of water and road-related Consents.

4.2.1 Responding to compliance and reform

Council will:

- Develop and consult on a Water Service Delivery Plan and related matters.
- Prioritise potable drinking water and wastewater compliance while it is still under Council control.
- Prioritise investment in compliance-driven roading infrastructure.
- Implement compliance changes incrementally to manage financial impacts, resourcing and deliverability more effectively.
- Ensure robust business cases support compliance and non-compliance-driven investment.
- Investigate alternative stormwater management and treatment in urban areas acceptable to the community eg. the use of soak pits, reserve areas.
- Encourage hydraulic neutrality stormwater management in new developments.

- Wait for confirmation on legislative requirements for waste and further investigate kerbside service options.
- Monitor and implement necessary changes related to natural hazards national directions from mid-2025.
- Monitor changes to national water, wastewater and stormwater standards and designs, factoring these into planning for renewals and upgrades.
- Communicate with both regional councils - Environment Canterbury and Otago Regional Council on Regional Policy Statement changes and development and regional plan changes.
- Maintain a close watch and be open to finding optimal solutions that meet central and regional government requirements.
- Prioritise Resource Consent compliance monitoring and reporting and the renewal of Consents in advance of their expiry.

4.3 Climate change and resilience

The changing climate is having a notable impact on the Waitaki district. Consequently, the resilience of Council's key infrastructure is being increasingly challenged. Climate change may mean that the lifespan of our assets is shorter than planned, or that maintenance costs increase. It may also mean that repairs are needed more frequently or that materials deteriorate more quickly.

Council's ongoing response to climate change is influenced by central and regional government direction. One challenge in this space is that the Waitaki district spans across two regional council boundaries – Canterbury and Otago. Council's [climate projections report](#) (2023) provides a current summary of climate change risks the Waitaki District will be facing, now and into the future, as shown in the table below.

Climate variable/hazard	Direction of change	Magnitude of change		
		Change in 2040	Change in 2090	
		RCP8.5	RCP4.5	RCP8.5
Temperature				
Annual mean temperature	Annual mean temperature is projected to increase across Waitaki.	Increase of 0.5-1.5°C	Increase of 0.5-2.0°C	Increase of 1.5-3.5°C
Maximum temperature	The annual mean maximum temperature is expected to increase in Waitaki, with the largest changes occurring inland during the summer months.	Increase of 0.5-2.5°C	Increase of 1.0-3.0°C	Increase of 2.0-5.0°C
Minimum temperature	Minimum temperatures are expected to increase across Waitaki from 0-2.5°C.	Increase of 0-1.0°C	Increase of 0.5-1.5°C	Increase of 1.0-2.5°C
Hot days (25°C or higher)	Autumn and spring hot days are projected to increase by 5-20 days, with summer observing 10-30 hot days for relatively low elevation areas inland.	Annual increase of 10-40 hot days	Annual increase in hot days of 10-20 hot days	Annual increase of 10-60 hot days
Frost days	Frost days are defined as daily minimum temperatures falling below 0°C. There is a considerable reduction in frost days.	Decline of 10-15 frost days	Decline of 15-20 frost days	Decline of 20-40 frost days
Precipitation				
Annual mean rainfall	Annual rainfall is expected to increase across the district	Annual and seasonal increase of 0-10% projected, with 5-20% increase inland in winter and spring, 0-10% for coastal areas and 0-5% decrease in autumn rainfall for coastal areas.	Annual rainfall projected to increase by 5-10% for coastal areas.	Annual rainfall projected to increase by 20-25% with winter rainfall increasing considerably by 15-40% for parts of Waitaki. A decrease in summer rainfall of 5-15% is projected for inland areas.
Extreme rainfall events	Extreme, rare rainfall events are likely to increase in intensity in Waitaki.	From 8% higher for a 1:100 year 1-hour	Up to 35% higher for a 1:100 year 1-hour duration rainfall event.	
Snowfall	There is a reduction in snow days throughout the Waitaki District, with the largest reductions occurring in mountainous areas.	Number of snow days are likely to reduce by 0-15 days	Number of snow days are likely to decrease by 0-20 days	
Dry days	Number of dry days is likely to decrease near the coast, with the remaining parts of Waitaki experiencing increases. Seasonally more dry days are expected for inland parts of Waitaki.	Decreases in annual dry days of 1-4 days are projected for coastal areas with increases of 2-8 more dry days annually for remaining parts of Waitaki.	decreases in annual dry days of 2-6 days are projected for coastal areas with increases of 2-10 more dry days per year for remaining parts of Waitaki.	
Flooding	Waitaki is projected to experience an increase in Mean Annual Flood (MAF). This is consistent with the increased mean annual rainfall	Between -5 to 100% reductions in MAF are projected to occur in parts of Waitaki.	Generally greater than 20% increase across the district with some areas over 100% increase in MAF.	
Sea level rise				
Sea level rise	Sea level rise is occurring throughout New Zealand. Storm surges, waves, winds and the frequency and intensity of storms are also affected by climate change. These will generate higher extreme water levels which are variable along the coast of Waitaki.	Mean SL is projected to increase by 0.21m across New Zealand.	Up to 0.9-1.2m increase in SL	
Extreme weather				
Wind	Daily mean wind speed is projected to increase in inland areas and decrease in coastal areas.	By 2040 inland areas are projected to observe an increase in wind of 4-6% and a decrease of 0-4% in coastal areas.	By 2090 inland areas are projected to observe an increase of 6-12% wind with coastal areas projecting a 0-4% decrease.	

Council's Overview of Coastal Hazards Report 2024 provides evidence of the coastal hazards that the district faces, many which will affect our roading and water infrastructure.

We are anticipating advances in coastal erosion along the district's coastline – particularly in North Ōamaru and south of Kakanui.

Storm events are anticipated to become more frequent and result in a higher magnitude of impact in the future. In central Ōamaru for example, high magnitude events can be expected to threaten the Ōamaru Top 10, the Recycling Centre in Chelmer Street, Cross Street, SH1 towards the Ōamaru Police station, the Ōamaru Hospital, Waitaki Aquatic Centre, and the Council HQ Building.

We are also anticipating ongoing issues associated with increases in high intensity storm events in Kakanui, Otematata, Ōmārama, Kurow and Ōamaru North including Muddy Creek. To provide appropriate solutions to the challenges anticipated, Council will need to address community concerns and expectations, clarify its role in the protection of private property, have a clearer picture of the value of the assets at risk, determine the beneficiaries of any proposed solutions, and the cost and liability to Council.

The Ōamaru Harbour Breakwater provides protection to Ōamaru township. It is subject to a changing climate with storm surge and high sea levels predicted to compromise the structure into the future without increased levels of ongoing maintenance.

Moeraki is subject to ongoing landslip issues primarily caused by large, slowly creeping movements in the underlying mudstone. This geological instability poses a high risk of damage to structures in certain parts of Moeraki.

4.3.1 Implications for our assets

The effects and impacts of climate change on our core infrastructure assets are summarised below:

Effects / impacts	Sea level rise and coastal erosion	Drought, rainfall and storm events	Temperature
Roads	Storm surge damage at risk roads Coastal erosion on risk roads	Road closures and reduced reliability Bridges and culverts need to be designed to cope with increased flows Increased maintenance requirements eg. increased potholes on rural roads Slips likely to become more frequent after heavy rain Additional resources needed for road clearance	Longer season for programmed works which may be interrupted by more regular storm events
Drinking water	Some pipe lines will need to be relocated outside of erosion zones.	Shift in demand profiles Increased pressure on water treatment and aquifers Increased frequency and duration of drought puts strain on water sources Increased frequency of storm-related impacts on the quality of raw water	Shift in demand profiles Increased frequency of algal blooms affecting raw water sources.
Wastewater	Key wastewater infrastructure is in the coastal erosion zone which may be compromised	Increased likelihood and magnitude of wastewater overflows and infiltration into the network	Changes in treatment processes

Effects / impacts	Sea level rise and coastal erosion	Drought, rainfall and storm events	Temperature
Stormwater	Increased incidence of tidal surge and backing up from coastal discharges.	More frequent high intensity rainfall events place greater demands on natural and engineered stormwater systems leading to increased frequency and impact of flooding. More pressure on overland flow paths	

4.3.2 Responding to Climate change

Council is a partner to the Canterbury Climate Partnership Plan showing how councils will work together on specific climate actions to help minimise the impacts of climate change on Canterbury's communities and ecosystems. The plan includes ten primary actions focused on addressing key gaps, priority risks, and opportunities.

Otago Regional Council has also prepared an Otago Climate Change Risk Assessment summarising the key risks that the Otago region is facing due to climate change.

Council has developed high level climate change projections for the Waitaki District as part of phase 1 of its Climate Change Risk Framework.

Overall strategic direction

When responding to the effects of climate change, **Council will prioritise the protection of Council assets over private assets.**

Council will:

- Build resilience into our core infrastructure to cater for future demand and other risks.
- Develop a Climate Change Strategy.

Addressing coastal erosion

Council has identified high risk erosion locations (Waitaki Coastal Hazard Strategy - High Risk Sites Options Assessment, September 2024) that are likely to need to be managed in the next 50-100 years. These include:

1. Ōamaru Wastewater Treatment Plant - 2km stretch of coastline adjacent to the Ōamaru Wastewater Treatment Plant (WWTP), from Spring Gully in the north to Landon Creek to the south.
2. Ōamaru North – stretch of coast from Orwell Street to Regina Lane.
3. KiwiRail Yard - 1.7km from Weaver Street to approximately Ōamaru Creek.
4. Beach Road North - 2.8km from where Beach Road reaches the coast down to Gardiners Road.
5. Beach Road South - 2.5km along the coastline from the intersection of Seadown Road and Thousand Acre Road to 190m north of the intersection of Beach Road and Fortification Road
6. Waianakarua Road - 3.5km from Bridge Point down to the northern end of Waianakarua River mouth.
7. Hampden Cemetery - north of Hampden directly adjacent to the Hampden Cemetery.
8. Hampden Beach Reserve - between the southern end of Hampden Cemetery and extends approximately 350m south to where Carlisle Street turns into Chelmsford Street.
9. Moeraki Kaik - extends from Tikoraki Point to Matiaha Head.
10. Katiki Beach North - runs from the north of Katiki and extends to around 4.5km in the centre of the beach.
11. Katiki Beach South - extends around 3km from Squire Road along the south of Katiki Beach.
12. Shag Point Road.

Ōamaru Wastewater Treatment Plant

The Ōamaru Wastewater Treatment Plan has upcoming resource consent renewals and is likely to require significant upgrades in the next 4-6 years.

Key options identified to address the coastal erosion issue in the vicinity of the Ōamaru Wastewater Treatment Plant include rebuilding the treatment plant in the same location and continuing to do nothing and monitor the situation; rock revetment placement to provide protection against extreme sea events; or managed retreat allowing certain areas of the coastline to erode and utilising the upcoming asset renewal in advance of the discharge consent expiry to relocate further inland.

Council's preferred option at this location is managed retreat by rebuilding the plant wastewater treatment plant behind the erosion potential lines.

Beach Road, Waianakarua Road and Shag Point Road

Existing vulnerability at Beach Road, Waianakarua Road and Shag Point Road will also require a decision from Council in the short term.

Key options identified to address the coastal erosion issue in the vicinity of Beach Road Waianakarua Road and Shag Point Road include:

- Status quo (monitoring and adding rock and fill as the bank erodes – Beach Road and Waianakarua Road; do nothing – Shag Point Road)
- Rock revetment for toe protection
- Managed retreat - road closure
- Managed retreat - road relocation.

Council's preferred option is managed retreat.

Central Ōamaru (KiwiRail Yard) and Katiki Strait

Key options identified to address the coastal erosion issue in central Ōamaru and on the Katiki Strait include:

- Status quo (emergency rock added on a needs basis)
- Managed retreat.

Council's preferred approach to the KiwiRail Yard, Ōamaru and the Katiki Straight stretch is to co-operate with external agencies to support the ongoing erosion protection that Kiwi Rail and NZTA are currently undertaking to protect their assets.

Council's Orwell Street wastewater pump-station is at high risk in this area. A decision will likely need to be made in the next 1-2 years if Council is prepared to accept the residual risk of keeping this asset in the current location.

Other identified high-risk locations (Ōamaru North, Hampden Cemetery, Hampden Beach Reserve and Moeraki Kaik)

Council's preferred approach for the remainder of the high-risk sites is to continue to monitor. In the Ōamaru North section, the assumption is that the Regina Lane wastewater pump station will need to be relocated if left unprotected.

Addressing increasing magnitude and frequency of storm events

Stormwater management at hot spots

Key options identified to manage stormwater hot spots across the district include:

- Planning investigation of the issue further to find solutions over time.
- Status quo (do nothing).

Council's preferred option is to further investigate and find solutions in conjunction with NZTA/Waka Kotahi and both regional councils, prioritising Palmerston, Ōmārama, and Muddy Creek north of Ōamaru.

Ōamaru Creek

Key options identified with respect to flooding of Ōamaru Creek include:

- Local upstream detention storage, upgrading Severn Street Bridge, S.H.1
- Reshaping S.H.1
- Opening the Ōamaru Creek when there is a risk of flooding and localised built flood measures to protect key buildings/infrastructure
- Flood walls along Ōamaru Public Gardens section to Severn Street'
- Lower Meek Street weir / increase channel slope
- Excavating gravels under the bridge at Severn Street
- Clearing lagoon gravels.

Council's preferred option is to excavate mouth of Ōamaru Creek to open when there is a risk of flooding as a mitigation measure, and work towards building localised flood measures to protect key buildings and infrastructure.

Ōamaru Harbour

Key options identified in the face of increasing magnitude and frequency of storm events in Ōamaru Harbour include:

- Increasing maintenance/upgrade to maintain levels of service and protection
- At a minimum, continuing with the same level of investment
- Removing the breakwater
- Undertaking a cost benefit analysis to armour the breakwater
- Do nothing.

Council's preferred option is to maintain the existing harbour protection of the breakwater.

Due to the anticipated implications of climate change, this is likely to result in increased maintenance requirements and upgrades to maintain the existing level of service and protection.

Addressing Moeraki landslips

Council has already identified landslip risks in Moeraki, categorizing them from very low to very high risk. These risks are considered through the building and resource consent process when land use changes are proposed. Key options identified to address Moeraki's landslips include:

- Status quo (do nothing)
- Placing Council Infrastructure on the surface and not sealing roads for ease of repair
- Improving stormwater networks
- Abandoning assets
- Requiring attenuation to predevelopment discharge levels
- Closing Haven Street and providing walkway and driveway access to residential properties.

Council's preferred option is to further investigate options, which may include placing Council infrastructure on the surface (overland pipes) and not sealing roads for ease of repair.

4.4 Growth and demand

We are forecasting that our population will increase over time with most of this increase happening amongst older adults and within urban areas.

Growth increases demand for infrastructure services in urban centres.

Our ageing population increases demand for accessibility and changes the way infrastructure assets and services are used.

The demand for water services to support industry and business continues to grow as the economy grows and diversifies.

4.4.1 Responding to growth and demand

Council remains committed to sustainable growth and effective demand management.

Our strategy involves investing in infrastructure strategically by:

Alignment with strategic direction

- Ensuring development aligns with national directions, including the National Policy Statement on Urban Development, regional policy statements, and local directions through the District Plan (both Operative and Proposed).
- Prioritising development in locations with existing or nearby appropriate infrastructure, as identified in the Proposed District Plan and the Ōamaru, Weston, and Kakanui Spatial Plan.

Demand management

- Investigating options to manage water demand using water meters.
- Exploring long-term sustainable solutions for managing Hampden/Moeraki and Duntroon wastewater.
- Reassessing acceptance criteria and the Council's role in receiving trade waste.
- Extending supply areas (new areas or amalgamating schemes), restricted to on-demand.

4.5 Ageing infrastructure

As our assets age, service interruptions or total failure become more likely, which will affect levels of service and the resilience of our networks.

Those parts of our network which are ageing or in poor condition are more likely to experience service interruptions or fail or have a negative impact on the quality of our environment and on public health.

Council has a growing infrastructure renewal programme which will increase as the ageing infrastructure networks starts to struggle with customers' expectations, and there is a higher chance of failure of old infrastructure.

4.5.1 Responding to ageing infrastructure

We are expecting operation and maintenance costs to continue to increase. Asset renewals can be predicted theoretically based on life and material, but the actual need for renewal of each individual asset is condition dependent resulting in multiple spikes of renewal which can make budgeting challenging.

Council will:

- Prioritise asset replacement based on the asset's criticality.
- Renew critical assets before they reach the end of their useful life.
- Implement a prioritised, progressive replacement plan for individual assets that have reached the end of their life.
- Renew non-critical infrastructure when failure rates become intolerable.
- Continuously improve data collection on asset condition and performance to accurately target renewal work.

4.6 Meeting community needs and expectations

Social, environmental, and cultural aspects are important for our communities, and not just the infrastructure and services that Council provides. In our core services, there is also the ongoing expectation that Council will continue to maintain current levels of service despite facing significant financial constraints.

Council will continue to ensure that community expectations and needs of our communities are well considered for current and future generations. However, meeting the current and future needs and expectations of our communities requires Council to trade-off what are often conflicting priorities.

4.6.1 Responding to meeting community needs and expectations

In addition to the measures identified to address financial capacity and affordability, conflicts in priority between core service delivery and meeting community expectations, we be addressed through:

Partnering with the community and others

- Engaging with the community to help Council understand local priorities and gain support for necessary compliance measures.
- Partnering with stakeholders, other service providers, or Councils to achieve infrastructure development that we cannot manage or afford alone.

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5.0 Significant decisions over the next 30 years

Managing infrastructure over the long term in a way that allows significant challenges to be adequately addressed requires Council to make key decisions in a timely manner. We have a number of key decisions over the coming 30 years.

Table 2 identifies the critical decisions regarding our future infrastructure investments, particularly over the next decade. This timeframe aligns with Council's 2025-34 Long-Term Plan.

Table 2: Significant decisions

Issues in response to	Significant decisions and Activities	Indicative costs
Within 1-2 years (2025/26 – 2026/27)		
Meeting community needs and expectations	Participate in the formation of the Environment Canterbury and Otago Regional Council's Regional Public Transport Plans, advocating for Public Transport networks in the District	< \$10,000 (Officer time only)
Compliance and reform Financial capacity and affordability	Confirm Council's Water services delivery (September 2025)	
Compliance and reform Growth and demand Meeting community needs and expectations	Upgrade the Duntroon Wastewater Treatment Plant	\$2.5 million
Compliance and reform Growth and demand	Upgrade the Kurow Wastewater Treatment Plant	\$5 million
Compliance and reform Meeting community needs and expectations	Upgrade Lake Ōhau Drinking water supply	\$1.2 million
Compliance and reform	Ōamaru Wastewater Treatment Plant Pond Desludging	\$1.5 million
Compliance and reform Growth and demand	Palmerston Wastewater main renewals	\$1 million
Compliance and reform	Dispose of desludging biomass currently being dewatered at the	\$5-10 million

Issues in response to	Significant decisions and Activities	Indicative costs
	Ōamaru, Ōmārama, and Palmerston Wastewater Treatment plants at the Palmerston landfill prior to formal closure in 2027	
Compliance and reform	Ōamaru North End Falling Water Main Upgrade	\$3 million
Growth and demand		
Growth and demand	Investigate implementing water metering	\$ 8 million
Financial capacity and affordability		
Climate change and resilience	Confirm Council's response to coastal erosion at the high-risk sites of Beach Road North and South	\$1 million
Meeting community needs and expectations		
Within 3-6 years (2027/28 – 2029/30)		
Compliance and reform	Council kerbside collection service	
Meeting community needs and expectations		
Climate change and resilience	Confirm Council's response to coastal erosion at the high-risk site of Ōamaru Wastewater Treatment Plant	
Meeting community needs and expectations	Participate in the formation of the Environment Canterbury and Otago Regional Council's Regional Public Transport Plans, advocating for Public Transport networks in the District	< \$10,000 (Officer time only)
Financial capacity and affordability	Undertake a Section 17A review (ref Local Government Act 2002).	< \$100,000 (Officer time only)
Compliance and Reform	In doing so, review delivery of services and service levels to right size investment in infrastructure and ensure sound operating practices. Ensure investment in infrastructure operations and maintenance is having the intended outcome. Review capital expenditure forecast, ensuring where assets are to be replaced, funding is available to do so.	
Meeting community needs and expectations	Review service levels, at a minimum to include extent of sealed roading network,	

Issues in response to	Significant decisions and Activities	Indicative costs
	expected service on unsealed roads, frequency of mowing for parks and reserves, maintenance of flower beds. Review Infrastructure Strategy	

5.1 Our projected operating expenditure

Activity group (000)					
	Roads and footpaths	Parks, reserves, recreational services, Alps to Ocean cycle trail and the Waitaki Aquatic Centre	Wastewater, water supply and stormwater management	Waste	Property and commercialisation
Year 1	11,300	6,969	13,193	3,149	6,213
Year 2	12,033	8,153	16,692	2,362	5,290
Year 3	13,049	8,633		2,392	5,323
Year 4	13,420	8,593		2,433	6,013
Year 5	13,743	8,800		2,430	6,141
Year 6	14,034	8,859		2,455	6,118
Year 7	14,341	9,029		2,485	6,296
Year 8	14,695	9,143		2,510	6,341
Year 9	14,997	9,294		2,546	6,470
Year 10	15,195	9,530		2,575	6,567

Activity group (000)					
	Roads and footpaths	Parks, reserves, recreational services, Alps to Ocean cycle trail and the Waitaki Aquatic Centre	Wastewater, water supply and stormwater management	Waste	Property and commercialisation
Years 11-15	83,095	52,112		14,080	35,910
Years 16-20	96,330	60,412		16,323	41,629
Years 21-25	111,673	70,034		18,923	48,260
Years 26-30	129,459	81,188		21,937	55,946

5.2 Our projected capital expenditure

	Activity group (000)				
	Roads and footpaths	Parks, reserves, recreational services, Alps to Ocean cycle trail and the Waitaki Aquatic Centre	Wastewater, water supply and stormwater management	Waste	Property and commercialisation
Year 1	13,225	15,882	19,193	2,648	1,578
Year 2	12,693	2,948	10,201	0	898
Year 3	14,306	1,225		0	6,225
Year 4	15,259	1,213		0	3,544
Year 5	15,762	880		0	1,100
Year 6	17,107	808		0	2,236
Year 7	18,009	708		0	759
Year 8	18,612	451		0	4,763
Year 9	19,234	731		0	5,453
Year 10	19,602	371		0	0

	Activity group (000)				
	Roads and footpaths	Parks, reserves, recreational services, Alps to Ocean cycle trail and the Waitaki Aquatic Centre	Wastewater, water supply and stormwater management	Waste	Property and commercialisation
Years 11-15	107,194	2,028		0	7,224
Years 16-20	124,267	2,351		0	8,375
Years 21-25	144,060	2,726		0	9,709
Years 26-30	167,005	3,160		0	11,255

Appendix 1: Our assets

Asset Group	Description	Replacement value	Depreciated replacement value
Roads and footpaths <i>Note: 85% of the public roads within the Waitaki District are owned and operated by Council, with the remaining 15% being state highways operated by New Zealand Transport Agency Waka Kotahi</i>	<ul style="list-style-type: none"> • 779km sealed local roads. • 1020km unsealed local roads. • 171 kilometres of footpaths. • 185 bridges and large culverts. • 8,880 signs. • 2,549 streetlights. • 6,860m of retaining walls. • 15km of railing. • 200km of surface water channels and 11,105 culverts 	976,971,966	674,804,092
Parks, reserves, recreational services (including Alps to Ocean cycle trail and the Waitaki Aquatic Centre)	<ul style="list-style-type: none"> • Managing approximately 5,507 hectares of parks, reserves, sports fields, open spaces, public gardens, and walking and cycling trails across the district. • 24 public playgrounds • Maintaining 4 school playgrounds. • 4 skateparks. • 3 bike parks. • 13 cemeteries. • 6 'kiwi experience' style camping grounds in the Waitaki Lakes. • 43 public toilet facilities. • 7 dump stations. • Maintaining heritage features in recreation areas. • Town and streetscape maintenance and beautification. • The Waitaki Aquatic Centre. • The Alps to Ocean Cycle Trail - 150km within the Waitaki District. 	36,280,565	15,437,460
Solid Waste	<ul style="list-style-type: none"> • 14 Closed landfills. • 1 Operational landfill. • 4 transfer stations. • 3 recycling hubs. • Buildings located at Waitaki Resource Recovery Park. 		126,772
Commercialisation and property	<ul style="list-style-type: none"> • Council Housing - providing Council subsidised residential accommodation, mainly for the aged community. 		

Asset Group	Description	Replacement value	Depreciated replacement value
	<ul style="list-style-type: none"> Commercial properties which Council receives rent from. Community facilities - cultural facilities and Council owned community halls. Council operational facilities - administrative office facilities, Council Chambers, yards and storage facilities and service centres. Land - endowment, fee simple and reserve parcels. Ōamaru Airport - land used for farming, runways and other aeronautical infrastructure. Ōamaru Harbour infrastructure and surrounding land. 		
Wastewater, water supply and stormwater management	Wastewater <ul style="list-style-type: none"> Operating eight wastewater systems at Duntroon (limited-service area), Kurow, Lake Ōhau, Moeraki, Ōamaru (including Kakanui and Weston), Ōmārama, Ōtematātā, and Palmerston servicing a population of over 14,000 across the district. 204 km of reticulation 2,138 manholes 29 pump stations 8 treatment plants 	282,506,771	183,204,609
	Drinking water <ul style="list-style-type: none"> Providing water supply to 90% of the district's population through the operation of 15 individual domestic water supplies (5 urban on-demand and 10 rural for domestic-use and some stock-drinking water on a continuous but restricted-supply basis). 5 bore fields 12 treatment plants 40 reservoirs with 27,947m³ of storage 20 pump stations 1,901 km of reticulation 4,335 rural restrictors 2,845 valves 1,462 hydrants 	269,620,111	162,853,995

Asset Group	Description	Replacement value	Depreciated replacement value
	<p>Stormwater management</p> <ul style="list-style-type: none"> Operating nine stormwater management systems across the district in Kurow, Lake Ōhau, Moeraki, Ōamaru, Ōmārama, Ōtematātā, Palmerston, and Weston servicing 65% of the district's population with the 52 remaining 35% being served by individual soak pits and associated disposal systems. 9 stormwater management systems 58 km of reticulation 1,015 manholes 	57,540,950	29,867,007

Appendix 2: Improvement Plan

Priority L, M, H	Driver	Activity	Responsibility
H	Compliance and reform	Maintain watching brief on changing central and regional government priorities and directions	Policy Lead Compliance Lead
M	Climate change	Develop Climate Change Strategy	Strategy and Commissioning Lead / Policy Lead
M	Asset management	Develop AMP's for the activities of parks and reserves and property	Assets Planning Manager
M	Asset management	Investigate alignment between levels of asset management / criticality of assets and the level of technology that will be used to monitor the assets	Assets Planning Manager
M	Asset management	Continue to develop an asset management system for property	Assets Planning Manager
M	Asset management	Collection of better and more reliable data, and grading of data reliability for critical infrastructure	Assets Planning Manager
M	Asset management	Finalise a Condition Assessment Strategy for waters to consider methods / techniques, strategies for economical assessments and risk and prioritisation.	Assets Planning Manager

Appendix 3: Legislative and strategic context

Infrastructure planning must be set in a wider context of what else is happening in the district, the country, and the world. We are guided by a range of factors that influence our decisions. There are some general forecasting assumptions from our 10-Year Plan which tell us about the overall direction we see the district going in. These are included in the 2025-34 Long-Term Plan. Some assumptions (population growth, household growth and population age) have been forecast for up to 2054. These are included in the 2025-34 Long-Term Plan.

Legislative context

Council's management of infrastructure needs to comply with national legislation, policies and standards. The following documents set the direction for delivering quality services.

- The Local Government Act 2002 requires the adoption of 30-year infrastructure strategy every three years.
- The Resource Management Act 1991 (RMA), National Policy Statement on Freshwater Management (NPSFM) and the New Zealand Coastal Policy Statement (NZCPS) include requirements to sustainably manage water use and discharges to coastal and freshwater water.
- The National Policy Statement for Urban Development (NPS-UD) sets out the objectives and policies for planning for well-functioning urban environments under the Resource Management Act 1991.
- The National Policy Statement for Highly Productive Land (NPS-HPL) provides direction to improve the way highly productive land is managed under the Resource Management Act 1991.
- The Local Government (Water Services Preliminary Arrangements) Act [September] 2024 establishes the Local Water Done Well framework and the preliminary arrangements for a new water services system.
- The Government Policy Statement on Land Transport (GPS) includes a hierarchy of roads to work towards national consistency for each road type throughout New Zealand.
- The Civil Defence Emergency Management Act 2002 (CDEM Act) requires lifelines utilities (which includes providers of roads, water supplies, stormwater and wastewater services) to fully ensure these services function during and after an emergency.

Relevant regional strategies and plans include:

- Otago Regional Policy Statement
- Canterbury Regional Policy Statement
- Otago Southland Regional Land Transport Plan

Relevant local strategies and plans include:

- WDC Property Strategy
- Waitaki Housing Strategy
- Ōamaru Harbour Plan
- Ōamaru Airport Strategic Masterplan (Draft)
- Waitaki Economic Development Strategy
- WDC Recreation Strategy
- Central Ōamaru Masterplan
- Ōamaru, Weston and Kakanui Spatial Plan
- Ōmārama Masterplan
- Otematata Masterplan
- Waitaki Waste Minimisation and Management Plan 2024-30
- Waitaki Operative District Plan and soon to be notified Proposed District Plan.

The Ōamaru, Weston and Kakanui Spatial Plan promotes long-term strategic planning and assists in informing planning, infrastructure and funding decisions.

Appendix 4 – Three Waters and Roothing Resource Consents

Water Consents

Region	Location	Consent No.	Expiry Date	Allowable Take (m ³ /day)	Comments
Canterbury	Awahokomo	CRC 940476	10-Nov-2028	225	Infiltration Gallery in Awahokomo Stream Bed
	Awamoko	Sand Filter - Water from Lower Waitaki Irrigation Race			
	Duntroon	CRC 982133	9-Sep-2033	306	Groundwater Via Bore
	Kurow	CRC 940477	10-Nov-2028	2419	Groundwater Via Bore - (3 Bores)
	Ōhau	CRC 001915	21 June 2035	2.2 l/s	Groundwater Via Infiltration Gallery
	Ōmārama	CRC194088	10 Sep 2034	345	To take water from Old Man Creek
		CRC213794	23-Dec-2032	3,240	Infiltration Gallery adjacent to Ōmārama Stream
	Bushy Creek	CRC084382	18 Apr-2046	1,512m ³ /consecutive 7 days	Take and use water for Bushy Creek
	Ōtematātā	CRC185065	8 May 2044	4,380	Take surface water from Ōtematātā Stream bed
	Tokarahi	CRC 960857	13-Dec-2030	1750	Infiltration Gallery adjacent to Maerewhenua
Otago	Kauru Hill	RM15.240.0 1	1-May-2051	611	Infiltration Gallery in the Kauru River
	Lower Waitaki	RM11.019.1	01 Mar-2046	1,728	Take groundwater from Lower Waitaki Plains aquifer for community supply
	Ōamaru	CRC224708	2 Mar-2030	Varies depending on river flow	Surface water – This is not a council consent. Council buy shares off LWIC, but have additional volume allocated/held/guaranteed through LW Zone Committee
	Stoneburn	RM17.121.0 1	1-Sep-2052	360	Surface Water Intake from North Branch of Waikouaiti River – Primary Allocation
		RM17.121.0 2	1-Sep-2052	40	Surface Water Intake from North Branch of Waikouaiti River – Supplementary Allocation
	Waihemo	RM11.025.1	21 Mar-2046	11,427 m ³ /week	Take water from Shag Alluvium aquifer for community supply
	Windsor	RM15.240.0 2	1-May-2051	569	River Intake on Kakanui River

Wastewater Consents

Region	Location	Consent No.	Expiry Date	Allowable Discharge	Comments
Canterbury	Ōhau	CRC 000426	1-Nov-2034	160m3/day	Discharge 160m3/day of oxidation pond effluent to ground via soakage trench
	Ōmārama	CRC200 183	4 Dec 2044		To discharge contaminants into land.
	Otematata	CRC 012181	19-Dec-2038	22 l/s	Discharge contaminants into water during extreme rainfall events
		CRC 094041	1 June 2038		Discharge contaminants to land
	Kurow	CRC 062249	31 May 2030	15 l/s maximum	Discharge contaminants to land
	Duntroon	CRC213 039	24 Feb 2026	Septic tank	To use land for a community wastewater treatment system
		CRC201 709	24 Feb 2026	8,800 Litres per day	To discharge domestic wastewater to land from a community wastewater treatment system
Otago	Ōamaru	ORC 2002.65 6	30-Apr-2038	Not applicable	Discharge to air, odours and aerosols from the Ōamaru Treatment Plant
		ORC 2002.65 5	30-Apr-2038	7500m3/day	Discharge of 7500m3/day of treated effluent to Landon Creek
		ORC 2002.70 4	30-Apr-2038	7500m3/day	Discharge of 7500m3/day of treated effluent to Land
		ORC 2004.16 3	1 Apr 2028	Not applicable	Discharge to air odours resulting from the removal of sludge
	Moeraki	RM 16.008.0 1	20 Jan 2053		To discharge contaminants to air
		RM 16.008.0 2	20 Jan 2053	25 l/s 225 m³/day	To discharge contaminants to land
	Palmerston	RM11.09 6.01.V2	23 March 2046	350 m³/day	Discharge treated wastewater to land from the Palmerston wastewater treatment plant
	Otago Region	ORC 98255	1-June-2018	Not applicable	Discharge chemically inert, non-toxic, non-radioactive tracer dye to natural water

Council has the following consent for stormwater consent with Environment Canterbury (Ecan):

Record number	CRC186252
Consent location	Lake Ōhau Village, Ōmārama, Otematata, Kurow, & Duntroon, Waitaki District
To	To discharge contaminants to land and water.
Commencement date	05 Dec 2019
Date this record number was issued	05 Dec 2019
Permit type	Discharge Permit (s15)
Record type	New Consent
Expiry date	05 Dec 2044

Roading consents

Location	Consent No.	expiry	Comments
ORC	RM19.348.01-04	29/04/2047	Global consent for road maintenance activities in the Otago Region
ORC	RM19.348.01	29/04/2047	To extend, alter, replace and reconstruct existing roading structures
ORC	RM19.348.02	29/04/2047	To undertake stream training activities
ORC	RM19.348.01	29/04/2047	To undertake maintenance activities on All Day Bridge
ORC	RM19.348.01	29/04/2047	To remove debris, vegetation and alluvium from the bed of a river
ORC	ORC 2010.228-230	1/11/2025	To occupy parts of the coastal marine area on Waianakarua Road for the purpose of coastal erosion protection
ORC	ORC 2010.228	1/11/2025	To temporarily occupy parts of the coastal marine area for the purpose of carrying out coastal protection works
ORC	ORC 2010.229	1/11/2025	To occupy parts of the coastal marine area with temporary structures for the purpose of coastal erosion protection
ORC	ORC 2010.230	1/11/2025	To place temporary rock rip-rap and gabion structures for the purpose of coastal erosion protection

ORC	RM11.079.01-03	1/07/2027	To occupy parts of the coastal marine area on Beach Road for the purpose of coastal erosion protection
ORC	RM11.079.01	1/07/2027	To occupy the coastal marine area with rock rip-rap material and any equipment used in its placement or relocation for the purpose of erosion protection
ORC	RM11.079.02	1/07/2027	To disturb the coastal marine area by placing or relocating rock rip rap material for the purpose of erosion protection
ORC	RM11.079.03	1/07/2027	To place rock rip rap structures within the coastal marine area for the purpose of erosion protection
CRC	CRC 221128-31	30/11/2036	Global consent for road maintenance activities in the Otago Region
CRC	CRC 221128	30/11/2036	Works shall be limited to the disturbance of the beds and banks of various waterways
CRC	CRC 221129	30/11/2036	The temporary diversion of water shall only be associated with works undertaken in accordance with resource consent CRC221128
CRC	CRC 221130	30/11/2036	To discharge contaminants to water
CRC	CRC 221131	30/11/2036	Land use to clear vegetation in riparian margin
			The consents listed above are the 4 main resource consents used for roads. There are specific resource consents in place for bridge and culvert renewals or upgrades.

Significant forecasting assumptions

We've made some assumptions about the future to help inform the 2025-34 LTP.

Our assumptions are based on the best available information and are important for us to be able to plan sufficiently for infrastructure needs, levels of service provision, and the costs associated with these over the next nine years, or for the lifetime of the 2025-34 LTP. Our assumptions influence our Financial Strategy, Revenue & Financing Policy, and 2025-54 Infrastructure Strategy.

In making these assumptions, we've assessed the following for each:

- The level of uncertainty associated with a particular assumption (*see Table 1 for our uncertainty criteria*);
- The potential effects of this uncertainty on Council's financial estimates;
- The level of impact the potential effects would have on Council and the district if a particular assumption were to be incorrect (*see Table 2 for our impact criteria*); and
- The measures in place to mitigate the level of uncertainty associated with a particular assumption.

Evaluating uncertainty

While we can't predict the future, we can build a reasonable picture of what the next nine years might hold for our district. It's important that the picture we build is realistic and evidence-based, to reflect what is most likely to happen in our district. By making sure that our assumptions are realistic, we can be surer about their accuracy over the lifetime of the LTP.

However, because we can't predict the future, there will always be a level of uncertainty associated with an assumption. There is more uncertainty associated with assumptions where Council has less control over the variables which contribute to the assumption.

Uncertainty isn't necessarily a bad thing, it just means that there is potential for the outcome of an assumption to be different than what we thought it would be. This is what we mean when we outline what the potential effects of the uncertainty of a given assumption are on our financial estimates.

Where the level of uncertainty associated with an assumption is high, we believe it is more possible that the outcome might turn out differently than what we assumed. This is why we have also outlined what we are doing to mitigate the uncertainty of each of our assumptions.

In assessing the level of uncertainty associated with an assumption, we have used the following criteria:

Table 1: Evaluating uncertainty

Level of uncertainty	Description
Low	The information available to Council points to a high likelihood of the assumption being accurate and/or most of the variables are within Council's control.
Medium	Council has most of the information available on the assumption but variables outside of Council's control may still affect the accuracy of the assumption.
High	Council has some of the information on the assumption but there is a high likelihood that variables outside of Council's control will impact on the accuracy of the assumption.

Evaluating impact

If any of the assumptions underpinning our LTP turn out to be incorrect, then some of the potential effects we have identified may arise and our financial estimates will be inaccurate. This inaccuracy does not guarantee bad outcomes for Council or the district – it just shows that things have developed differently to how we thought they would.

We have provided some estimates of how Council's finances and therefore the Council and district may be impacted if some of our assumptions were to be incorrect.

We have used the following criteria to assess the level (or magnitude) of impact:

Table 2: Evaluating the impact of potential effects on Council and the district

Impact rating	Financial	Service delivery	District development	Environmental
Low	Minimal impact on income generated or financial outlay.	Minimal impact on expected service delivery and levels.	Minimal negative impact on wellbeing and local economy.	Minimal negative impact on local environment and biodiversity.
Medium	Moderate impact on income generated or financial outlay, of between \$200k and \$500k per year.	Negative impact on expected service delivery for a proportion of the district.	Short to medium term (5-10 years) negative impact on district wellbeing and local economy.	Short to medium term (5-10 years) negative impact on local environment and biodiversity.
High	Significant impact on income generated or financial outlay, of \$500k or more per year.	Negative impact on expected service delivery for the whole district.	Long-term (over 10 years) negative impact on district wellbeing and local economy.	Long-term (over 10 years) negative impact on local environment and biodiversity.

Our assumptions at a glance

Category	Assumption	Uncertainty	Impact	Page
Assumptions about Waitaki's growth	1. Population growth	Medium	Medium	4
	2. Population composition	Medium	Medium	5
	3. Rating base growth	Medium	High	7
Assumptions about our environment	4. Economic environment	High	High	8
	5. Availability of resources	Medium	Medium	9
	6. Ratepayers' ability to afford rates	Low	High	10
	7. Community wellbeing	Low	High	11
	8. Legislative & policy environment	High	High	12
	9. Climate change	Medium	High	13
Assumptions about our direction	10. Our strategic direction	Low	Low	14
	11. Transformation	Low	High	14
	12. Levels of service	Low	Medium	15
	13. Capital delivery	High	High	15
	14. Water infrastructure & services	High	High	17
	15. Compulsory recycling & food scraps collection	Medium	Low	17
	16. Local government reform	Medium	High	18
	17. Resource management	Low	High	18
	18. Council-held resource consents	Medium	High	19
Assumptions about our revenue	19. External funding opportunities	Low	High	20
	20. Council-controlled organisation (CCO) income	Low	Low	20
	21. Return on investments	Medium	Medium	21
	22. NZTA Waka Kotahi funding	Low	High	21
	23. Development & financial contributions	Medium	Medium	22
Assumptions about our expenses	24. Inflation	High	Medium	22
	25. External borrowing: LGFA	Low	High	23
	26. Borrowing costs / interest rates	Medium	Medium	23
	27. Insurance costs & natural disaster funding	Medium	Medium	24
Assumptions about our assets	28. Asset revaluation	Low	Medium	24
	29. Asset replacement & useful life	Low	Medium	25
	30. Sources of funds for future replacement of significant assets	Low	Medium	25

Assumptions about Waitaki's growth

1. Population growth

Key assumption Waitaki's total population is forecast to increase by 10.1% by 2034 and by 22.1% by 2054. These estimates are based on high growth-rate forecasts prepared for Council by Infometrics in 2024.

Forecast population growth

Years 1 to 9

2025	24,934	(†1.3%)
2026	25,246	(†1.3%)
2027	25,554	(†1.2%)
2028	25,855	(†1.2%)
2029	26,148	(†1.1%)
2030	26,432	(†1.1%)
2031	26,706	(†1.0%)
2032	26,969	(†1.0%)
2033	27,220	(†0.9%)
2034	27,458	(†0.9%)

Years 10 to 29

2039	28,405	(†3.4%)
2044	29,074	(†2.3%)
2049	29,816	(†2.5%)
2054	30,444	(†2.1%)

How sure are we about this assumption? We have assessed that there is a medium level of uncertainty associated with this assumption. This is because some variables outside of Council's control may affect the accuracy of the assumption.

What are the potential effects of this uncertainty on our financial estimates? Population growth influences demand for Council infrastructure and services, and Council's ability to cover the costs. The size of our district's population can impact the size of our ratepayer base, or the number of people in which the costs of Council activities can be distributed across. Under- or over-estimating demand for infrastructure and services based on forecast population growth could have an effect on Council's financial estimates, in that a significant or sustained decrease in Waitaki's population, below the forecasts assumed, could limit Council's ability to set rates requirements at affordable levels, while a significant or sustained increase in Waitaki's population, above the forecasts assumed, could strain Council's ability to maintain levels of service provision within budgeted amounts.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council plans to monitor population growth within the district, and where necessary, can adapt or redirect activities to meet decreasing or increasing infrastructure and service demands. Generally, small decreases or increases in population can be managed within planned levels of service. Council will review its budget annually through the LTP-AP planning cycle.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a medium impact on Council and the district.

2. Population composition**Key assumption**

- Age composition:**

High growth-rate forecasts prepared for Council by Infometrics in 2024 indicate Waitaki will continue to be an ageing population over the next 10-30 years, with increasing numbers of individuals aged 65 years and above (≥65), and relatively stable numbers of individuals aged under 15 years (<15).

- The total number of individuals aged under 15 years in the Waitaki District is forecast to increase by 4.6% by 2034 (to form 15.7% of Waitaki's total forecast population in 2034) and by 3% by 2054 (to form 13.9% of Waitaki's total forecast population in 2054).
- The total number of individuals aged between 15 and 64 years in the Waitaki District is forecast to increase by 7.1% by 2034 (to form 57.3% of Waitaki's total forecast population) and by 12.9% by 2054 (to form 54.5% of Waitaki's total forecast population).
- The total number of individuals aged 65 years and above in the Waitaki District is forecast to increase by 21.1% by 2034 (to form 26.9% of Waitaki's total forecast population in 2034) and by 56.9% by 2054 (to form 31.5% of Waitaki's total forecast population in 2054).

Forecast population by age

	<15	15-64	≥65
Years 1 to 9			
2025	4,121 ('1.1%)	14,705 ('0.5%)	6,108 ('3.4%)
2026	4,159 ('0.9%)	14,789 ('0.6%)	6,299 ('3.1%)
2027	4,188 ('0.7%)	14,892 ('0.7%)	6,474 ('2.8%)
2028	4,205 ('0.4%)	15,020 ('0.9%)	6,631 ('2.4%)
2029	4,208 ('0.1%)	15,176 ('1.0%)	6,765 ('2.0%)
2030	4,204 ('0.1%)	15,343 ('1.1%)	6,885 ('1.8%)
2031	4,204 ('0.0%)	15,504 ('1.0%)	6,999 ('1.7%)
2032	4,216 ('0.3%)	15,637 ('0.9%)	7,116 ('1.7%)
2033	4,250 ('0.8%)	15,723 ('0.5%)	7,247 ('1.8%)
2034	4,311 ('1.4%)	15,749 ('0.2%)	7,398 ('2.1%)
Years 10 to 29			
2039	4,631 ('7.4%)	15,570 ('1.1%)	8,205 ('10.9%)
2044	4,482 ('3.2%)	15,867 ('1.9%)	8,724 ('6.3%)
2049	4,293 ('4.2%)	16,389 ('3.3%)	9,134 ('4.7%)
2054	4,247 ('1.0%)	16,611 ('1.3%)	9,587 ('4.9%)

- Ethnic composition:**

High growth-rate forecasts prepared for Council by Infometrics in 2024 indicate Waitaki will become more ethnically diverse over the next nine years.

- The number of individuals in Waitaki who identify as Asian is estimated to increase by 45.6% by 2034.
- The number of individuals in Waitaki who identify as Māori is estimated to increase by 34% by 2034.
- The number of individuals in Waitaki who identify as Pākehā is estimated to increase by 7.9% by 2034.
- The number of individuals in Waitaki who identify as Pacific Peoples is estimated to increase by 37.8% by 2034.

It is important to note that the number of Pacific Peoples and other migrant individuals living in Waitaki has historically been underestimated and may be underestimated in the estimates presented here. In addition, the figures listed in the table below include all individuals who self-identified with an ethnicity, so individuals may be represented more than once.

Forecast population by ethnicity

	Asian	Māori	Pākehā	Pacific Peoples
Years 1 to 9				
2025	1,762 ('4.6%)	2,601 ('3.7%)	21,564 ('1.2%)	1,447 ('4.0%)
2026	1,851 ('5.1%)	2,691 ('3.5%)	21,778 ('1.0%)	1,502 ('3.8%)
2027	1,940 ('4.8%)	2,782 ('3.4%)	21,989 ('1.0%)	1,558 ('3.7%)
2028	2,029 ('4.6%)	2,875 ('3.3%)	22,194 ('0.9%)	1,614 ('3.6%)
2029	2,118 ('4.4%)	2,973 ('3.4%)	22,396 ('0.9%)	1,676 ('3.8%)
2030	2,207 ('4.2%)	3,073 ('3.4%)	22,591 ('0.9%)	1,737 ('3.7%)
2031	2,296 ('4.0%)	3,173 ('3.3%)	22,778 ('0.8%)	1,800 ('3.6%)
2032	2,385 ('3.9%)	3,274 ('3.2%)	22,954 ('0.8%)	1,863 ('3.5%)
2033	2,473 ('3.7%)	3,377 ('3.1%)	23,120 ('0.7%)	1,927 ('3.4%)
2034	2,565 ('3.7%)	3,485 ('3.2%)	23,269 ('0.6%)	1,995 ('3.5%)

How sure are we about this assumption? We have assessed that there is a medium level of uncertainty associated with this assumption. This is because some variables outside of Council's control may affect the accuracy of the assumption.

What are the potential effects of this uncertainty on our financial estimates? The age composition of Waitaki's population influences the types of infrastructure and services Council needs to provide. Planning investment in infrastructure and services which meet the needs and aspirations of all age cohorts within the district is a balancing act. Under- or over-estimating demand for infrastructure and services based on forecast population age composition could have an effect on Council's financial estimates, in that significantly under-estimating demand could mean insufficient investment in certain types of infrastructure and services. Council's ability to set rates requirements at affordable levels may also be limited. Significantly over-estimating demand could mean overinvestment in certain types of infrastructure and services, but not enough in others, limiting Council's ability to meet actual demand. In these circumstances, Council may have to pass unplanned costs on to ratepayers, again limiting Council's ability to set rates requirements at affordable levels.

The ethnic composition of Waitaki's population can also influence the types of services Council needs to provide. Planning investment in services which meet the needs and aspirations of all residents within the district is a balancing act. Under- or over-estimating demand for services based on forecast ethnic composition could have an effect on Council's financial estimates, in that to meet actual demand, Council may find it has either not budgeted enough, potentially requiring increased investment in some services unexpectedly, or that it has budgeted to invest too much in some services, potentially causing rates requirements to have been set at unaffordable levels, or at levels which are disproportionate to the actual demand for services.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council plans to monitor population composition within the district, and where necessary, can adapt or redirect activities to meet decreasing or increasing infrastructure and service demands. Generally, small changes in population composition can be managed within planned levels of service. Council is able to make use of user charges where the benefits arising from certain types of infrastructure and/or services are realised by a small percentage of individuals within the district's overall population. Council will review its budget annually through the LTP-AP planning cycle.

Council plans to monitor population composition within the district, and where necessary, can adapt or redirect activities to meet decreasing or increasing service demands. Generally, small changes in population composition can be managed within planned levels of service. Council is able to make use of user charges where the benefits arising from certain types of services are realised by a small percentage of individuals within the district's overall population. Council will review its budget annually through the LTP-AP planning cycle.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a medium impact on Council and the district.

3. Rating base growth

Key assumption The total number of household units in Waitaki District is estimated to increase by 11.9% by 2034 (1,242 household units) and by 24.5% by 2054 (2,567 household units). These estimates are based on high growth-rate forecasts prepared for Council by Infometrics in 2024.

Forecast household growth**Years 1 to 9**

2025	10,618	(↑1.5%)
2026	10,767	(↑1.4%)
2027	10,909	(↑1.3%)
2028	11,043	(↑1.2%)
2029	11,171	(↑1.2%)
2030	11,290	(↑1.1%)
2031	11,401	(↑1.0%)
2032	11,508	(↑1.1%)
2033	11,610	(↑0.9%)
2034	11,706	(↑0.8%)
Years 10 to 29		
2039	12,089	(↑3.3%)
2044	12,352	(↑2.2%)
2049	12,712	(↑2.9%)
2054	13,031	(↑2.5%)

How sure are we about this assumption? Medium

What are the potential effects of this uncertainty on our financial estimates? Under- or over-estimating demand for infrastructure and services based on forecast growth of household units could have an effect on Council's financial estimates. Under-estimating demand could mean insufficient investment in infrastructure and services, resulting in unbudgeted costs for Council. However, household growth does not necessarily equate to high household occupancy rates, especially in an ageing population like Waitaki where a large percentage of household units are child-free and/or inhabited by just one or two individuals. Over-estimating demand for infrastructure and services based on household growth could therefore lead to over-investment in infrastructure and services which are not needed, but with a limited ability for the usually resident population to pay for it, limiting Council's ability to set rates at affordable levels.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council plans to monitor household growth within the district, and where necessary, can adapt or redirect activities to meet decreasing or increasing infrastructure and/or service demands. Council has an obligation under the National Policy Statement on Urban Development (2020) to make sure there is sufficient residential development capacity within the district. Council adopted the Ōamaru, Weston, and Kakanui Spatial Plan in May 2022, as a guiding document for growth and development in these areas over the next 30 years. The Spatial Plan identifies areas to accommodate potential future growth within the 30-year period. At the time of writing the 2024-34 LTP, Council is also reviewing the Waitaki District Plan. The updated Waitaki District Plan will address future growth and development within the district. Where household growth requires additional infrastructure, for example, through the development of subdivisions, Council can require development and financial contributions.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? High

Assumptions about our environment

4. Economic environment

Key assumption We are now beginning to realise some of COVID's impacts on the economy. In many ways the Waitaki District has felt these impacts more acutely than other parts of the country due to its large economic focus on primary industries and production.

In general, the district has seen a weaker economy than expected post-pandemic (shown through low and negative annual GDP percentage growth numbers); a challenging business environment characterised by high interest rates, lower building consent activity, and persistent inflation; a decrease in unemployment levels as households try to make ends meet; and an uptick in the number of Jobseeker Support and other benefit recipients. However, since this time last year, we have seen some non-negligible increase in consumer spending and tourism expenditure in the district as travel becomes 'normal' again.

Looking forward, we assume the biggest contributors to the district's economy – mining; agriculture, forestry, and fishing; electricity, gas, water, and waste services; and manufacturing – will remain so (in the absence of any significant structural change), and that the district's productivity level will continue to trend upward alongside the national level.

The key risk factors for economic growth within the district remain largely the same, including:

- Global economic conditions remaining weak or worsening which impacts demand for the district's exports (e.g. primary industries products) and tourism.
- Dairy payouts that are lower than expected and breakeven, impacting the commercial viability of farms within the district.
- The closure of Macraes Mine if resource consents are not approved for renewal.
- Environmental pressures (including climate events) and regulatory pressure for farmers, impacting farming viability and output.
- Resourcing and budgets not yet secured to implement the *Uplifting Waitaki Hāpaitia te Waitaki Economic Development Strategy*.

How sure are we about this assumption? We have assessed that there is a high level of uncertainty associated with this assumption. This is because there is a high likelihood that variables outside of our control will impact on the accuracy of the assumption.

What are the potential effects of this uncertainty on our financial estimates? Economic activity and/or growth affects Council's rating base, regulatory income, user fees and charges, and grants. Less growth and activity than expected will negatively affect Council's ability to collect rates from landowners, while greater growth and activity than expected will positively affect Council's ability to collect rates from landowners. This has flow-on implications for the level and scope of services Council can provide for the district.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council have developed and adopted an Economic Development Strategy, *Uplifting Waitaki Hāpaitia te Waitaki Economic Development Strategy*, with the aim of facilitating and supporting sustainable, inclusive growth of our local economy. We plan to collaborate with external stakeholders to deliver economic development initiatives outlined in the strategy and a number of other projects funded by Better-Off funding. Council also adopted the Waitaki Destination Management Plan in August 2023, outlining a strategy for Council, in collaboration with external stakeholders, to enable sustainable tourism growth within the district.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a high impact on Council and the district.

5. Availability of resources

Key assumption Our ability to procure resources may be diminished over the lifetime of the 2025-34 LTP due to external factors which are beyond our control. This could include the ability to secure skilled workers, the availability of contractors to complete programmes of work, and/or the ability to source and secure material resources.

How sure are we about this assumption? We have assessed that there is a medium level of uncertainty associated with this assumption. This is because some variables outside of Council's control may affect the accuracy of the assumption.

What are the potential effects of this uncertainty on our financial estimates? Resource constraints could disrupt Council's established levels of service provision, which in turn could have effects on Council's financial estimates, for example, cost overruns observed for capital projects, or time delays to programmes of work which would require Council's budgets to be carried-forward, and so affecting the time at which the cost is incurred.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council will review its budget annually through the LTP-AP planning cycle and can adjust work programmes as necessary. Waitaki is experiencing the urban to rural migration trend experienced nationally post-COVID, which may help Council to mitigate skill shortages by being able to offer flexible and digital working as employees look to work from home and/or prioritise lifestyles.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a medium impact on Council and the district.

6. Ratepayers' ability to afford rates

Key assumption The ability for residents to afford rates requirements set in the 2025-34 LTP and in subsequent Annual Plans will be influenced by household income and the cost of living. The ability of our communities to continue to absorb ongoing cost increases reflected in our rates will be limited.

- **Household income:** Household income is unlikely to change significantly in Waitaki over the lifetime of the 2025-34 LTP, due to the structure of the local economy and the types of jobs which are available being unlikely to change significantly. The average (mean) household income in Waitaki was \$95,721 in March 2023, which was lower than the New Zealand average of \$125,424 in March 2023 (Infometrics 2024). The median household income in Waitaki in March 2023 was \$80,273 (Infometrics 2024). Since 2000, annual household income growth in the district has reached a maximum of 8.9% (2008) and a minimum of -1.6% (2016) (Infometrics 2024).
- **Cost of living:** The Consumers Price Index (CPI) records changes in the price of goods and services in New Zealand and influences interest rates and overall trends of affordability and the cost of living in our district. New Zealand's CPI increased by 2.2% in the 12 months to the September 2024 quarter (Stats NZ 2024). Although this is a return to within the Monetary Policy Committee's 1 to 3 percent target band, it indicates that prices will likely continue to increase over the lifetime of the 2025-34 LTP, but possibly at rates lower than have been observed in the previous few quarters (Stats NZ 2024). This will continue to put pressure on the cost of living for residents in the district. Affordability will be an ongoing and principal consideration for Council over the lifetime of the 2025-34 LTP.

How sure are we about this assumption? We have assessed that there is a low level of uncertainty associated with this assumption.

What are the potential effects of this uncertainty on our financial estimates? Household income and the cost of living impact residents' ability to meet their everyday needs and achieve adequate living conditions. This includes independence and the ability to meet household costs such as heating, clothing, transport, food costs, and rates requirements set by Council. If people are on fixed incomes, or are facing high costs of living, it may impact Council's ability to set rates requirements at levels which are affordable for residents, but which can adequately cover Council's planned expenditure. More broadly, household affordability could also affect Council's ability to generate revenue (both directly and indirectly), based on residents' availability of disposable income.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council is extremely mindful of household affordability over the lifetime of the 2025-34 LTP. Council plans to monitor affordability within the district, and where necessary, can adapt or redirect activities to meet changing needs and expectations. Council will review its budget annually through the LTP-AP planning cycle.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a high impact on Council and the district.

7. Community wellbeing

Key assumption We expect that there will be a need for continued contribution by Council to the district's community wellbeing (social, cultural, economic, environmental).

How sure are we about this assumption? We have assessed that there is a low level of uncertainty associated with this assumption.

What are the potential effects of this uncertainty on our financial estimates? A decline in social infrastructure and community connectedness will lead to poorer social outcomes, which in turn will place heavier demand on council to provide certain services, which we do not currently provide, and could ultimately lead to a decline in the rating base if it leads to people choosing to move away.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council will seek low impact opportunities to provide high value wellbeing-oriented initiatives. We will continue to engage with our communities on a range of issues and decisions. Partnership and community development have been identified as strategic priorities in our strategic framework – these will remain important to ensure we are able to support the needs and aspirations of our communities.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a high impact on Council and the district.

8. Legislative & policy environment

Key assumption We may be required to significantly alter course to comply with new legislative and/or policy directives from the Government and/or Regional Council (Otago Regional Council (ORC) and Environment Canterbury (ECan)). Some of the key areas where there have been significant changes to date, or where there could be further changes observed over the lifetime of the LTP, include but are not limited to:

- **Water services reform:** See our related assumption on page 17.
- **Compulsory recycling & food scraps collection service:** See our related assumption on page 17.
- **Local government reform:** See our related assumption on page 18.
- **Resource management:** See our related assumption on page 18.

How sure are we about this assumption? We have assessed that there is a high level of uncertainty associated with this assumption.

This is because there is a high likelihood that variables outside of our control will impact on the accuracy of the assumption.

What are the potential effects of this uncertainty on Council's financial estimates? Changes to legislative and/or policy requirements can alter the scope and nature of Council's activities, potentially requiring decreased or increased Council expenditure to meet levels of service provision. If changes are made which require increased expenditure by Council, even if just to administer such changes, Council may have to pass costs on to ratepayers, limiting Council's ability to set rates at affordable levels. The programme of activities Council has planned in the 2025-34 LTP may be required to change, affecting Council's ability to deliver the full programme within planned constraints.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? The scope of changes to Central government legislation and/or policy considerations and Regional authority direction has been lightly signalled. Council will keep informed of any proposed changes as they are determined. Council will make sure it meets its obligations from central and regional governments.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) could have a high impact on Council and the district.

9. Climate change

Key assumption The most recent climate change projections from the Ministry for the Environment (2024) indicate that Waitaki is likely to experience warmer temperatures and more extreme weather patterns over the lifetime of the 2025-34 LTP and 2025-54 Infrastructure Strategy. Although the projections indicate that there will be more intense rainfall, it will likely be less frequent and as such there will be higher exposure to drought. More frequent and severe weather events causing flooding, slips, and droughts are expected. Sea-level rise will also increase exposure for assets on the coast from inundation and erosion.

How sure are we about this assumption? We have assessed that there is a medium level of uncertainty associated with this assumption. This is because some variables outside of Council's control may affect the accuracy of the assumption.

What are the potential effects of this uncertainty on Council's financial estimates? Should the effects of climate change occur sooner than anticipated, there could be implications for the financial resources of the Council. The Council's ability to uphold the same level of service for the community might face challenges in the event of an accelerated or more extensive occurrence of climate change. Such a situation could necessitate unplanned emergency projects and/or result in supplementary expenses aimed at mitigating the impacts, including the protection of critical infrastructure, or increasing maintenance efforts. Furthermore, the Council's minimal debt exposure affords us increased flexibility to address unforeseen shifts in climate conditions by enabling us to secure funding for emergency initiatives if the need arises. Increased investment in new or improved infrastructure may be required and the timing of maintenance and replacement of assets may be affected.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council has acknowledged climate change as its highest-ranked strategic risk on its Key Risk Register. A detailed assessment of the risks climate change poses to Waitaki's communities is being carried out at the time of writing the 2025-34 LTP, to better understand what initiatives are needed and how these should be prioritised. Council will continue to monitor and consider the impacts of climate change on our district and respond with changes to infrastructure where required (including through mitigation and adaptation initiatives). Planning for key vulnerable infrastructure has been considered in Council's 2025-54 Infrastructure Strategy, which outlines a coordinated plan for responding to the effects of climate change on Council's infrastructure assets. In addition to this, water-sensitive urban design (WSUD) principles are being incorporated into the Waitaki District Plan, which is being reviewed at the time of writing the 2025-34 LTP.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) could have a high impact on Council and the district.

Assumptions about our direction

10. Our strategic direction

Key assumption Our strategic direction, as outlined in our strategic framework, will be constant in Years 1 and 2 of the 2025-34 LTP. It includes an overarching vision that Council has for the district, an updated set of strategic priorities we're working towards achieving, and a continued focus on core community outcomes which align with community wellbeing.

How sure are we about this assumption? We have assessed that there is a low level of uncertainty associated with this assumption.

What are the potential effects of this uncertainty on our financial estimates? Council's strategic direction influences the level of investment budgeted for district development activities.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council has determined that its strategic direction is fit-for-purpose, however, nothing prohibits Council from changing its direction at any point to better serve Waitaki's communities and/or reflect a changed environment. Council will review its budget annually through the LTP-AP planning cycle to ensure capital expenditure aligns with the strategic direction.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a low impact on Council and the district.

11. Transformation

Key assumption Council expects the delivery of its Transformation Programme to be completed early in the lifetime of the 2025-34 LTP. Full actualisation of the Transformation Programme is assumed to transform Council into a leading, innovative council, delivering the best for our communities, by implementing initiatives which improve efficiency and the cost-effectiveness of the organisation. 10% efficiencies are expected.

How sure are we about this assumption? We have assessed that there is a low level of uncertainty associated with this assumption.

What are the potential effects of this uncertainty on our financial estimates? Could cause delays to LTP programme, effects on business as usual, inefficiencies, poor service delivery, insufficient use of ratepayer money.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? We have a transition plan in place and are developing ways of measuring the effectiveness of the changes taking place. The agile environment that has been established within the organisation means we will be able to shift with our external environment.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) could have a high impact on Council and the district.

12. Levels of service

Key assumption Council's levels of service provision will be maintained throughout the lifetime of the 2025-34 LTP, unless otherwise stated.

How sure are we about this assumption? We have assessed that there is a low level of uncertainty associated with this assumption.

What are the potential effects of this uncertainty on our financial estimates? Increased or improved levels of service would require additional cost and/or resources to provide them.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council will review its budget annually through the LTP-AP planning cycle. Budgets will be set in keeping with stated levels of service provision.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a medium impact on Council and the district.

13. Capital delivery

Key assumption Our programme of capital initiatives will be delivered on time and within budget.

How sure are we about this assumption? We have assessed that there is a high level of uncertainty associated with this assumption. This is because there is a high likelihood that variables outside of our control will impact on the accuracy of the assumption. Some possible variables which may impact the certainty of this assumption include but are not limited to:

- Unforeseen events such as natural disasters, economic downturns, or political uncertainty
- Resource constraints due to limited availability of labour or materials able to be sourced in the district
- Complex regulatory and policy or legislative compliance requirements, or significant changes to these by Central Government or Regional Councils which require a shift in the anticipated programme of delivery
- Technical challenges that are not anticipated during planning

What are the potential effects of this uncertainty on our financial estimates? The occurrence of variables outside of our control may impact our ability to deliver our programme of capital initiatives on time and within budget. This in turn could have an adverse impact on our financial estimates by way of some or all of the following potential effects:

- Increased costs and budget overruns (delays could lead to increased costs due to inflation and extended project management expenses)
- Potential need to reallocate funds from other projects or increase borrowing to complete projects with budget overruns, which could strain financial resources, affect other planned initiatives, and impact/bring about a need to reduce levels of service
- Operational disruptions (delays in capital projects could disrupt ongoing operations if the project is critical for infrastructure or service delivery)
- Initiatives that are carried forward if not completed as planned could contribute to a backlog of work which could impact levels of service

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? We recognise that not being able to deliver our programme of capital initiatives on time and within budget may not only have potential effects on our own financial estimates but could also have wider implications for our communities, as delivery delays can potentially impact the delivery of essential services, hinder local economic development, place strain on overall community wellbeing, and lead to increased costs being passed onto ratepayers. Therefore, it is important that we have measures in place to mitigate the

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uncertainty associated with being able to deliver our programme of capital initiatives on time and within budget. Such measures include:

- Comprehensive planning and risk assessments at the outset of projects
- Regular monitoring and reporting
- Leveraging technology and other opportunities for efficiencies
- Strong leadership and governance oversight of the capital programme

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a high impact on Council and the district for the reasons outlined above.

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14. Water infrastructure & services

Key assumption We (Council) will continue to deliver Water Supply, Stormwater, and Wastewater infrastructure and services in Years 1 and 2 of the 2025-34 LTP and have budgeted accordingly. For the purposes of the 2025-34 LTP, we assume that these will be owned and managed by a council-controlled organisation (CCO) from 1 July 2027.

How sure are we about this assumption? We have assessed that there is a high level of uncertainty associated with this assumption. This is because there is a high likelihood that variables outside of our control will impact on the accuracy of the assumption.

What are the potential effects of this uncertainty on our financial estimates? Water infrastructure and services makes up a large portion of Council's activities and finances. Their inclusion or exclusion from the LTP would dramatically change Council's financial estimates.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? We are required to develop and consult on a Water Services Delivery Plan by September 2025, which will outline how we propose to move forward in this space. As part of this, we will explore options for partnership with surrounding councils. Affordability for our communities is a key consideration.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a high impact on Council and the district.

15. Compulsory recycling & food scraps collection service

Key assumption The previous Labour-led Government presented its strategy, *Te Rautaki Para Waste Strategy: Getting Rid of Waste for a Circular Aotearoa New Zealand*, in March 2023. Although there has been a change in Government since then, Council may still be required to provide standardised kerbside recycling and food scraps collection services to households in urban areas by 2027. 'Urban areas' in relation to these proposals follows the Stats NZ definition of settlements with a population greater than 1,000 residents (the lower threshold for the smallest category).

How sure are we about this assumption? We have assessed that there is a medium level of uncertainty associated with this assumption. This is because some variables outside of Council's control may affect the accuracy of the assumption, for example, if the new National-led Government decides to take a different direction on the matter.

What are the potential effects of this uncertainty on our financial estimates? At the time of writing the 2025-34 LTP, it is uncertain whether central government will legislate compulsory kerbside recycling and food scraps collection service. However, if the assumption were to be incorrect, there would be limited financial implications for Council as the support that Council currently provides for recycling services within the district will remain largely the same.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council has budgets in place for supporting service provision.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a low impact on Council and the district.

16. Local government reform

Key assumption Our current structure, role, and functions will continue, except where this has been stated otherwise elsewhere in these assumptions.

How sure are we about this assumption? We have assessed that there is a medium level of uncertainty associated with this assumption. This is because the Government is progressing an ambitious programme of reform and while we have received some indication of this, a clear picture of how this will look is still evolving.

What are the potential effects of this uncertainty on our financial estimates? Reform could alter the scope and nature of Council's activities, potentially requiring decreased or increased Council expenditure to meet levels of service provision. If changes are made which require increased expenditure by Council, even if just to administer such changes, Council may have to pass costs on to ratepayers, limiting Council's ability to set rates at affordable levels. The programme of activities Council has planned in the 2025-34 LTP may be required to change, affecting Council's ability to deliver the full programme within planned constraints.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? We will keep informed of any proposed changes as they are determined. Council will make sure it meets its obligations from both central and regional governments.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) could have a high impact on Council and the district.

17. Resource management

Key assumption The Resource Management Act 1991 (RMA 1991) will continue to be the primary mechanism for resource management over the lifetime of the 2025-34 LTP. The Natural and Built Environment Act 2023 (NBA) and Spatial Planning Act 2023 (SPA) were repealed by the Government in December 2023.

How sure are we about this assumption? We have assessed that there is a low level of uncertainty associated with this assumption.

What are the potential effects of this uncertainty on our financial estimates? If the assumption turned out to be incorrect due to a new directive from the Government, Council would likely have to spend money to align itself.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? We will keep informed of any proposed changes as they are determined. Council will make sure it meets its obligations from both central and regional governments.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a high impact on Council and the district.

18. Council-held resource consents

Key assumption Council anticipates renewal requirements for Council-held resource consents to arise in relation to the following of its activities over the lifetime of the 2025-34 LTP: Parks & Recreation; Property Management & Investment; Roads & Footpaths; Waste Management & Minimisation; Wastewater; Water Supply.

- **Roads & Footpaths:** Resource consent renewals for gravel extraction, air quality, coastal protection, stormwater off roads, bridging works, archaeological authorities, dust monitoring – Land Water Regional Plans. RMA, areas of natural significance. Fewer locations for gravel extraction, further to cart material which may not be suitable. Increased flood risk and debris build up against bridge piers. Material build up in rivers reducing capacity for bridges. Disposal of stock effluent and sump clearing (heavy metals) is no longer possible within the district boundaries, creating higher costs for compliance.
- **Waste Management & Minimisation:** Council operates a landfill at Palmerston. The resource consents expire in 2027. Council manages 13 closed landfills across the district. Seven sites are within the Otago Regional Council district and six are in the Environment Canterbury district. All landfills are managed under the conditions of resource consents with varying terms and expiries. There are no plans to renew the Palmerston landfill resource consent. Council will continue to manage the 13 closed landfills as per the consents.
- **Wastewater:** Council expects there to be some changes made to resource consent requirements as a result of the Government's water services and resource management reforms, as well as an increasing emphasis on environmental and cultural considerations (e.g. Te Mana o te Wai). Council is anticipating that any consent renewals will result in more stringent consent conditions, which may require site upgrades. For the wastewater treatment plant in Ōamaru, a study is currently underway which will consider likely future legislative requirements in anticipation of the consent renewal in 2038. A key assumption is that all new site upgrades will need to be completed by the time the new consent commences. The upgrades will require considerable time for planning, design and construction, and as such an agreement on a new consent and its conditions will need to be reached within the life of the 2025-34 LTP.

How sure are we about this assumption? We have assessed that there is a medium level of uncertainty associated with this assumption. This is because some variables outside of Council's control may affect the accuracy of the assumption.

What are the potential effects of this uncertainty on our financial estimates? Conditions of resource consents altered and significant new compliance costs or consents cannot be renewed as expected. Changing legislation could impact Council's ability to progress infrastructure upgrades while future requirements are unknown.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council has budgets in place for the renewal of resource consents. Council's approach will be to engage with numerous stakeholders (such as Iwi, and Regional Councils) to ensure that Council understands what the consent applications requirements are likely to be. Budgets have been set that incorporate the considerable engagement that is expected to be needed.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a high impact on Council and the district.

Assumptions about our revenue

19. External funding opportunities

Key assumption Council will actively seek external funding opportunities where possible to top up the rating base. Council will seek external funding wherever possible. Where projects are reliant on other partners contributing some or all of the funding, it is assumed that this funding will be available.

How sure are we about this assumption? We have assessed that there is a low level of uncertainty associated with this assumption.

What are the potential effects of this uncertainty on our financial estimates? Significant changes in funding or funding sources may result in a revised capital work programme or changes in levels of service. Partners may no longer be in a position to provide funding which will result in an increased level of input from Council, or the termination of a project.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Refer to the Revenue & Financing Policy. Council will continue to monitor and consider its ongoing funding commitment as the need arises.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a high impact on Council and the district.

20. Council-controlled organisation (CCO) income

Key assumption Dividend income will be received at levels forecast in the 2025-34 LTP.

How sure are we about this assumption? We have assessed that there is a low level of uncertainty associated with this assumption.

What are the potential effects of this uncertainty on our financial estimates? The forecast level of dividend revenue is not received; therefore, rates requirements will be higher than planned.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? CCO performance is monitored and reported on a regular basis.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a low impact on Council and the district.

21. Return on investments

Key assumption The return on investments, including the returns made on loans provided to other entities, and retained earnings on subsidiaries, will continue at the level forecast in the 2024-34 LTP. Any new investments made, or loans provided will receive a higher return than the Council's cost of borrowing.

How sure are we about this assumption? We have assessed that there is a medium level of uncertainty associated with this assumption. This is because some variables outside of Council's control may affect the accuracy of the assumption.

What are the potential effects of this uncertainty on our financial estimates? Returns on investments may vary from forecast. Returns lower than expected would impact on Council's ability to fund services and infrastructure and would likely require an increase in rates.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? The performance of the Council's investments is monitored and reported on a regular basis. Refer to Council's Liability Management & Investment Policy.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a medium impact on Council and the district.

22. NZTA Waka Kotahi funding

Key assumption Council remains of the view that the roading network is vital infrastructure and that it is important to maintain the current levels of service. Council carries out its roading programme based on a contribution from our ratepayers and a contribution from Central Government (via NZTA Waka Kotahi). The Funding Assistance Rate (FAR) will be 57% for the first two years of the 2025-34 LTP, and Council has assumed for the purposes of this LTP that the new rate will remain unchanged over the term of the LTP. The FAR was confirmed by NZTA Waka Kotahi in September 2024. A FAR of 79% was confirmed in September 2024 for the Coastal Resilience project (planned to take place in Year 1 of the 2025-34 LTP).

How sure are we about this assumption? We have assessed that there is a low level of uncertainty associated with this assumption. This is because the FAR for two years of the 2025-34 LTP was confirmed by NZTA Waka Kotahi in September 2024.

What are the potential effects of this uncertainty on our financial estimates? Changes in central government funding priorities and total budget for roading significantly impact on Council's contribution to its roading programme. If Council receives less subsidy from NZTA than expected, there will be a reduction in the level of service.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council reviews its budget annually through the LTP-AP planning cycle and can adjust its programme of activities and budget as necessary. Reduced levels of service provision or make a non-financially assisted contribution. Improved planning and data collection will be required. Deferred maintenance and renewals will have greater whole of life costs in the years to come.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a high impact on Council and the district.

23. Development & financial contributions

Key assumption Assumptions related to development and financial contributions are outlined in Council's updated Development & Financial Contributions Policy (2025). Income from development contributions is included in the financial forecast statements for all asset groups showing a 10-year plan for projects for three waters for modelling purposes. Depending on how water services are delivered as part of Local Water Done Well, e.g. if these are delivered as a CCO or a shared service with another council, there may need to be a policy review prior to 2027.

How sure are we about this assumption? We have assessed that there is a medium level of uncertainty associated with this assumption. This is because some variables outside of Council's control may affect the accuracy of the assumption.

What are the potential effects of this uncertainty on our financial estimates? The level of development contributions collected could be insufficient to cover the costs of required growth infrastructure. Costs for infrastructure may need to be met from other allocations.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council will continue to refine cost estimates through the implementation of an updated Infrastructure Strategy. Council reviews its budget annually through the Long Term Plan-Annual Plan planning cycle and can adjust its programme of activities and budget as necessary. Council will continue to plan for the reform and review its Development Contributions Policy as required once the decision on how Waitaki will deliver its water services to meet new Government legislation as part of Local Water done well.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a medium impact on Council and the district.

Assumptions about our expenses**24. Inflation**

Key assumption Annual inflationary increases are based on the annual Local Government Cost Indices (LGCI), as published in the October 2024 BERL report. LGCI for each year is detailed below:

	Water Supply, Stormwater, Wastewater	Planning & regulation	Roads	Local government administration	Salary and wages – local govt sector
2025-26	5.6%	2.7%	3%	2.5%	4.5%
2026-27	5.3%	2.7%	3.1%	2.5%	4.2%
2027-28	5%	2.5%	3%	2.4%	3.8%
2028-29	4.6%	2.2%	2.7%	2.1%	3.6%
2029-30	4.2%	2.1%	2.6%	2%	3.4%
2030-31	3.4%	2.1%	2.5%	1.9%	3.2%
2031-32	3%	2%	2.4%	1.9%	3.1%
2032-33	2.4%	2%	2.4%	1.9%	3%
2033-34	2.3%	1.9%	2.2%	1.8%	2.9%
2034-35	2.3%	1.9%	2.2%	1.8%	2.8%

How sure are we about this assumption? We have assessed that there is a high level of uncertainty associated with this assumption. This is because there is a high likelihood that variables outside of our control will impact on the accuracy of the assumption.

What are the potential effects of this uncertainty on our financial estimates? Actual LGCI for the year significantly differs from that included in the budgets. Unanticipated inflationary pressure could arise outside of the forecast LGCI range which is not included in the LTP, resulting in higher costs to deliver services or projects.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council reviews its budget annually through the Long-Term Plan-Annual Plan planning cycle and can adjust its programme of activities and budget as necessary.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a medium impact on Council and the district.

25. External borrowing: LGFA

Key assumption Council obtains its external borrowing from LGFA. It is assumed that LGFA will provide additional funding as necessary and at the lowest possible cost.

How sure are we about this assumption? We have assessed that there is a low level of uncertainty associated with this assumption.

What are the potential effects of this uncertainty on our financial estimates? Council may need to borrow for unanticipated events and/or rates of borrowing are higher than forecast. Other borrowing sources will be available, but not necessarily at the lowest rate possible.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Borrowing requirements are monitored and reported on a regular basis. Council reviews its budget annually through the LTP / AP planning cycle and can adjust its programme of activities and budget as necessary. Refer to the Liability Management & Investment Policy.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a high impact on Council and the district.

26. Borrowing costs / interest rates

Key assumption It is assumed that Council will secure additional funding at the lowest possible cost through LGFA. The interest payable on LGFA loans is expected to average between 2.6% and 5.2% over the life of the 2025-34 LTP.

How sure are we about this assumption? We have assessed that there is a medium level of uncertainty associated with this assumption. This is because some variables outside of Council's control may affect the accuracy of the assumption.

What are the potential effects of this uncertainty on our financial estimates? Forecast interest rates on borrowing may be higher or lower than forecast, resulting in the costs of borrowing being higher or lower than anticipated.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Refer to Council's Liability Management & Investment Policy.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a medium impact on Council and the district.

27. Insurance costs & natural disaster funding

Key assumption Council assumes insurance premiums will continue to rise at rates in excess of inflation due to events influencing the insurance industry internationally. The Local Authority Protection Programme (LAPP) Disaster Fund has indicated a 30% premium increase in the 2024-25 renewal, and a further 30% premium increase in the 2025-26 renewal as a result of risk modelling that they have recently undertaken. Early in 2024, Marsh were declined Professional Indemnity and Public Liability cover from the London Markets, however, later secured cover elsewhere. This may be indicative of high risk that Councils are being seen as by insurers. This risk may result in higher premiums, reduced cover made available to councils, or insurance market withdrawal.

How sure are we about this assumption? We have assessed that there is a medium level of uncertainty associated with this assumption. This is because some variables outside of Council's control may affect the accuracy of the assumption.

What are the potential effects of this uncertainty on our financial estimates? Insurance premiums could increase significantly and/or Council may not be able to get 100% cover. Any increase in premiums above the level assumed will have an impact on rates.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council will continue to monitor and assess its exposure to risk in this area. Council plans to monitor insurance costs and may need to make decisions about cover levels during the lifetime of the 2025-34 LTP.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a medium impact on Council and the district.

Assumptions about our assets**28. Asset revaluation**

Key assumption Asset revaluations for roads, footpaths, and bridges will be undertaken annually, and values have been adjusted in this LTP in accordance with the assumed rates of inflation applicable each year. Asset revaluations for water infrastructure, property, parks, and recreation assets will be undertaken on a rolling three-yearly cycle, in the years and using the price level adjustments indicated below:

- **Water infrastructure:** 2027 (17.8%); 2030 (17%); 2033 (12.2%)
- **Property, parks, and recreation assets:** 2028 (10.4%); 2031 (6.7%); 2034 (6.7%)

How sure are we about this assumption? We have assessed that there is a low level of uncertainty associated with this assumption.

What are the potential effects of this uncertainty on our financial estimates? Periods of high inflation or changes in technology may affect the value of assets (and therefore depreciation and rates) requiring revaluations outside of the normal cycle.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Revaluations take place regularly. Fair value of assets is assessed annually during the regular three-yearly revaluation cycle to ensure that values are not overstated.'

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a medium impact on Council and the district.

29. Asset replacement & useful life

Key assumption Council-owned infrastructure is ageing and will require ongoing renewals and upgrades. Assets will be replaced at the end of their useful life. Council's asset information is reliable and reflects the condition and the performance of our assets. The useful lives of significant assets are detailed in Council's Asset Management Plans (AMPs), which provide information to support the renewal and/or replacement of Council infrastructure. It is assumed that significant assets will not fail earlier than estimated.

How sure are we about this assumption? We have assessed that there is a low level of uncertainty associated with this assumption.

What are the potential effects of this uncertainty on our financial estimates? Council's renewal profiles may be inaccurate. Asset lives may be shorter than expected. There may be inadequate replacement reserves.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Asset Management Plans and data are regularly reviewed and updated. Assumptions on asset lives are independently reviewed as part of the revaluation process. If assets require replacement more quickly, capital expenditure projects may need to be brought forward. Asset life is reviewed regularly through asset monitoring and testing. Council has the ability to bring capital projects forward if assets wear out earlier than projected. Mitigation may involve reprioritising the capital expenditure programme.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a medium impact on Council and the district.

30. Sources of funds for future replacement of significant assets

Key assumption Council will 'cash-fund' depreciation on significant assets, particularly those with significant intergenerational equity, including:

- Water Supply, Stormwater, and Wastewater infrastructure
- Roading network
- Council operational properties
- Computer and other key Council systems

In other cases, depreciation will not be cash-funded, for example on community buildings and harbour structures. Council may also resolve not to cash-fund depreciation in instances where there are sufficient reserves on hand for other reasons.

How sure are we about this assumption? We have assessed that there is a low level of uncertainty associated with this assumption.

What are the potential effects of this uncertainty on our financial estimates? The risk that the cost of replacing significant assets materially exceeds the level of depreciation and forecast borrowing. Risk associated with borrowing includes exposure to future interest rates, access to funding, and the rating base servicing depreciation funds.

What measures do we have in place to mitigate the level of uncertainty associated with this assumption? Council models renewal requirements and associated expenditure. If the asset replacement proves more expensive than forecast, further borrowing will be required.

If this assumption turned out to be incorrect, what level of impact would the potential effects have on Council and the district? Based on our impact criteria, we estimate that the potential effects on Council's financial estimates (if the assumption were to be incorrect) would likely have a medium impact on Council and the district.

Attachment 5

Waitaki District Council 2025-34 Long Term Plan Consultation Document

[This report is expected to be available ahead of the 3 February 2025 Extraordinary Council Meeting and will be circulated as part of an addendum to the final agenda papers for the meeting.]

Appendix 1 Balanced Budget Requirement

Section 100 of the Local Government Act 2002 outlines the Balanced budget requirement as follows:

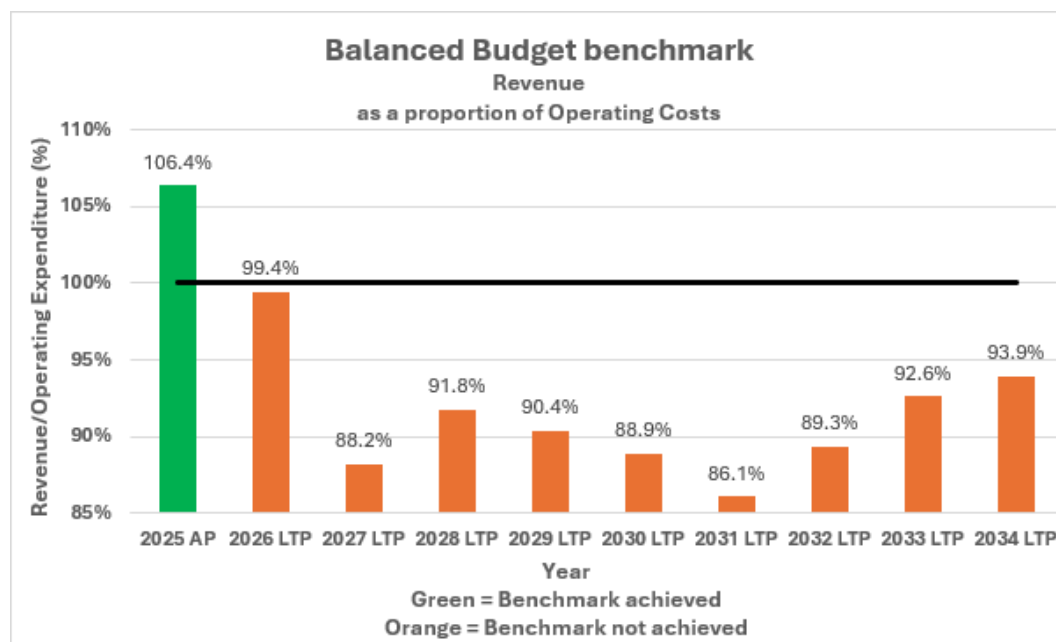
Subpart 3—Financial management

100 Balanced budget requirement

- (1) A local authority must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses.
- (2) Despite subsection (1), a local authority may set projected operating revenues at a different level from that required by that subsection if the local authority resolves that it is financially prudent to do so, having regard to—
 - (a) the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the long-term plan, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
 - (b) the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
 - (c) the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
 - (d) the funding and financial policies adopted under [section 102](#).

In the draft budgets, Council **does not currently** meet the balanced budget benchmark because its planned revenue is lower than its planned operating expenses. The budgets prior to Christmas showed an unbalanced budget in 2026 and 2027; however, the budgets now show an unbalanced budget in all years of the Plan. This is largely due to applying increased inflation and valuation indices since the initial draft budgets were completed. (Note: the new indices are independently provided by BERL and consistently applied by all Local Government entities).

This is outlined in the Financial Strategy (page 33) as follows:



The following narrative is also contained in the Financial Strategy (page 33):

A local authority must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses. Despite this, Council has resolved that it is financially prudent to not balance the budget at this time. Instead, Council is consulting on financial projections in which its operating revenues are lower from that required to cover its operating

expenses each year. This reflects the financial situation that Council is grappling with, and the Council's strong desire to not simply offset ongoing operating cost increases with increased rates.

Council is currently undertaking a full transformation of its structure, systems and processes, with the intention of achieving efficiencies and operating cost reductions going forward. It is expected that this project will reduce operating costs over the life of the plan. It is also expected that overhead costs will reduce once the three waters departments move to a separate entity.

Council has not factored any of these cost reductions into its current forecasts and is prudently budgeting for the worse-case scenario.

These cost reductions will be quantified in coming months, and it is anticipated that operating costs will be lower in the final financial forecasts approved in the Long-Term Plan in June 2025, and Council will meet the balanced budget requirement each year.

Given the points raised above, it is deemed financially prudent to consult with an unbalanced budget with regards to the following:

- The estimated expenses are fairly stated and have been prepared using the best information at the time. As noted above, we expect to have more certain information regarding transformation savings and 3 waters stranded overheads, at the time of completing and approving the final LTP budgets in June 2025.
- The estimated revenues are fairly stated and have been prepared using the best information at the time. We anticipate having clearer direction after public consultation regarding alternative revenue sources, and their opinions on the right balance between rates increases and debt levels. In our final LTP budgets, we anticipate to be in a position to set revenue at a higher level than our expenses.
- At all times the equitable allocation of responsibility for funding the provision of assets and liabilities throughout their useful life, is taken into consideration in our funding and spending decisions.
- The budgets are prepared in accordance with the Council's funding and financing policies.

**EXTRAORDINARY COUNCIL
MEETING AGENDA**

3 FEBRUARY 2025

5 MEETING CLOSE

