TARARUA DISTRICT COUNCIL

2018

Asset Management Plan Part A

April 18

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1 Introduction and Overview

Asset management is important to the Council for a number of reasons. First, many of the services delivered by the Council rely on assets to support their delivery. Secondly, assets represent a significant investment by the Community that needs to be protected. Thirdly, asset failure can have social, cultural, environmental and economic effects on the community.

In light of the above, Council has been undertaking improvements to asset management planning for over a decade.

The objective of asset management is "To meet a required level of service in the most cost effective way (through the creation, operation, maintenance, renewal and disposal of assets) to provide for existing and future customers".

Asset Management Plans (AMPs) are the tool for combining management, financial, engineering and technical practices to ensure that the level of service required by customers is provided at the lowest long-term cost to the community. The plans are intended to demonstrate that Council is managing the assets responsibly and that customers will be regularly consulted over the price/quality trade-offs resulting from alternative levels of service.

In January 2012, the Council adopted its first asset management policy. The adoption of an asset management policy ensures that the Council takes a consistent approach to asset management planning, that the asset management plans reflect the strategic direction of Council, and provide a sound basis for developing the LTP. A copy of the 2017 amended version of the adopted policy is attached as Appendix 7.1.

Many of the assets planning activities undertaken by Council are applied to all infrastructure assets. For this reason, Tararua District Council has developed asset management plans in two parts. A single Part A document provides an overview of asset management planning at Tararua District Council. A Part B document for each asset group describes the assets and how the Part A principles are applied to the management of the assets.

1.1 Objectives of the Plan

The objectives of the TDC Asset Management Plan are:

- To describe how Tararua District Council will implement the expectations that the community has about the management of its asset based activities through setting and delivering service levels within budget constraints;
- To provide clear linkages to the Annual Plan, Long Term Plan, and all other key planning processes and documents.
- To comply with the Local Government Act (LGA) 2002, specifically in relation to activities, services and assets.

The purpose of any asset management plan is to improve the stewardship of assets by Council on behalf of its customers and stakeholders and achieve compliance with statutory obligations.

The AMPs specifically do that by:

- Demonstrating responsible stewardship of the assets in question;
- Identifying minimum lifecycle (long term) costs to provide an agreed level of service;
- Improving understanding of service level standards and options;
- Assisting with an integrated approach to asset management throughout the organisation;
- Improving customer satisfaction and organisational image;
- Managing the risk of failure to deliver the required level of service;
- Supporting long term financial planning of the Council;
- Clearly justifying forward works programmes;
- Improving decision-making based on costs and benefits of alternatives.

This identification of future needs, management options and required budgets provides certainty to Council management, elected members and the public that the desired levels of service can continue to be delivered in the future.

1.2 Asset Management Plan Development and Review Process

Council's first Asset Management Plans (AMPs) were completed in 1999. Since that time, asset management practice within New Zealand has improved and several guideline documents have been developed. A major rewrite of the plans was undertaken in 2008. The 2008 plans were the version upon which the Draft LTCCP 2009 was prepared.

In his audit report on the Tararua District Council 2009 LTCCP, the Auditor General gave an overall qualified opinion, as follows.

> "In our opinion the LTCCP of the District Council dated 24 June 2009 does not provide a reasonable basis of long term integrated decision-making by the District Council and for participation in decision-making by the pubic and subsequent accountability to the community about the activities of the District council. Council does not have adequate information to support the forecast expenditure and levels of service for water and waste infrastructure."

Specifically the auditors noted that:

- The Council did not have a storm water or solid waste asset management plan.
- The asset management plans for wastewater, and water supplies, property, parks and reserves had not been revised and were based on out of date information.
- The Council had not developed an asset management policy and framework.

Since 2009 Council management worked to address the issues raised by the Auditors, but more importantly to realise the benefits to the community of improved asset management practice by delivering appropriate levels of service in an effective and sustainable manner to current and future generations.

The plans were updated and restructured in late 2011 / early 2012 to better provide the information required for good AM planning as set out in:

- LGA 2002 Schedule 10
- International Infrastructure Management Manual 2011, published by the National Asset Management Steering Group

The 2015 AMPs were updated to reflect changes in Council direction, but still lacked detailed condition rating information. Since 2015 Council has focused on improving data confidence and condition rating information. The Alliance partnership with Downers has led to substantial improvements in asset management practices. Council also decided to move to Assetic, a modern asset management information system, in 2015/16. As part of the Assetic project a wide ranging data quality and verification project was undertaken in 2016/17. Asset registers were checked against physical inspections and the accuracy of asset data was improved. This also involved componentisation of network and treatment assets to lift data confidence in the remaining life of assets.

Using the improved data as a base, the draft 2017/18 AMPs more accurately reflect the real scope, quality and condition of Council assets. The improvement process will continue as network knowledge increases and condition rating processes are embedded in operational processes. As data confidence gets closer to 100%, Council will be able to better look at options to improve resilience and service delivery.

The 2018 Transportation AMP will conform in structure to that required by NZTA as part of:

1. The implementation of the One Network Road Classification system, and
2. The requirement to take a business case approach for additional investment.

As a result, the Transportation AMP will have a different Part B structure to the Councils other AMPs.

The Tararua District Council has applied the following principles, as per the asset management policy, when reviewing the AMPs:

- Council will develop affordable and financially sustainable asset management plans (AMPs) that are to industry standard appropriate for the scale of assets and associated risks being managed;
- AMPs will reflect the strategy and priorities of Council and will be used to drive day to day management of assets and the associated services;
- Council will manage the infrastructure assets in a planned, systemic and sustainable manner;
- Specially Council will:
    - Involve and consult with the community and key stakeholders on determining the levels of service;
    - Ensure asset information is accurate and up to date, allowing for appropriate asset planning, both in the short and long term, and for informed decision making to occur;

- Allocate appropriate resources to ensure asset management practices can be undertaken and the timely maintenance and renewal of those assets so that "life cycle" costs are optimised (existing and new assets);
- Provide a framework for asset revaluation where infrastructure assets are re-valued at least once in every three years;
- Ensure that the roles and responsibilities of all asset users are well defined and understood;
- Ensure that AMPs are integrated with other relevant planning documents;
- Recognise the risks associated with delivery of agreed levels of service and manage them appropriately;
- Recognise the implications of changes in demand and actively manage demand wherever practical;
- Develop and implement a framework for the evaluation and prioritisation of capital projects; and
- Consider whole-of-life costs before initiating any major works and significant renewal of assets, or before introducing new Council activities.

AMPs are recognised by Council as key documents informing the draft LTP. They provide Councillors with the officers' best professional advice on the management of Council assets to deliver the agreed levels of service to the community.

The intention of writing an asset management plan is to set out how Council manages assets, in a way that is appropriate for a variety of readers including executive management and elected members of the Council, interest groups, stakeholders, and other interested members of general community.

This review of the asset management plans, has involved many people. There has been input from asset managers, operations staff, data operators, finance and strategic planners. The Councillor input in preparing the updated plans has been in the form of confirming the strategic direction of the Council, which in turn drives the future levels of service delivered by each activity. They have also been involved in confirming level of service measures and their preferred options to address identified level of service issues.

The status of all Tararua District Council 2018 asset management plans at this time is *Draft*. The key levels of service and projects arising from these first drafts reflect the initial political direction of Council, the Infrastructure Strategy and Financial Strategy, and the Draft LTP.

Council will formally adopt the asset management plans at the same time as the adoption of the draft 2018 LTP. Variations to the AMPs may be required following final adoption of the LTP. These variations will be identified in the LTP or Annual Plan where necessary.

AMPs will be reviewed three yearly to correspond with the Tararua Long Term Plan (LTP) cycle. A fundamental objective throughout the preparation and review of the asset management plans will be to identify potential opportunities for reductions in asset lifecycle costs.

1.3 Assets Covered by Asset Management Plans

Council applies asset management planning to all land and improvements owned by Council including: buildings and associated plant, roads, footpaths, bridges, pipes, pumps, water and waste

storage and treatment facilities, swimming pools, playgrounds, public toilets and any other structure owned by Council with a replacement value exceeding $1,000. The Council does not prepare asset management plans for Council owned furniture, IT equipment and passenger vehicles, or the assets of Council owned companies and contractors.

The assets are grouped together for asset management planning purposes according to the service delivered to the public. These services have then been grouped together to reflect groups of activities as per the Draft LTP. Accordingly, an asset management plan (Part B) has been for each of the following:

- Transportation
- Water supply
- Waste water
- Storm water
- Community facilities
- Solid waste

The value of the assets covered by Council asset management plans is summarised in Table 1.

Table 1: Value of Council Infrastructure Assets

Asset Description	Indicative Replacement Cost $ 2016/17
Roading	943,791,000
Water supply	77,657,000
Storm water	18,073,000
Waste water	54,574,000
Land Reserves	9,234,000
Council buildings	32,070,000
Other operational, restricted and work in progress	25,500,000
TOTAL 2016/17	**$1,160,899,000**

1.4 Structure of Asset Management Plans

The asset management plan is divided into two parts:

- **PART A** **OVERVIEW OF ASSET MANAGEMENT PLANNING**
  - The corporate approach to asset management
  - Strategic direction
  - Performance measures, Risk and Assumptions
- **PART B** **ASSET MANAGEMENT PLAN**
  - One plan per activity divided into eight sections

Section 1 **The activity**	- What the activity provides to the community in terms of services - Why Council is delivering these services - Significant negative effects of the activity - Significant changes planned to the activity (if any)
Section 2 **Strategic Environment**	- How Assets/Facilities support achievement of the Council vision - The AM strategy adopted to achieve the required activity outputs
Section 3 **Demand Management**	- How future demand will be addressed
Section 4 **Level of Service**	- What Council aims to deliver; the service standards adopted for the activity, in consultation with the community - Information on how well Council is doing in providing these service standards
Section 5 **Asset Management Practices**	- The management strategies used to deliver the activity - Risk issues, and how they are addressed in the plan
Section 6 **Financial Projections**	- Long term financial forecast for implementing the work programmes - Asset lives and values- including assessment of remaining life and depreciation
Section 7 **Lifecycle Management**	- The assets Council uses to deliver the services - The current condition and performance of these assets - The life cycle AM strategies applied to manage assets - The long term operational, maintenance, renewal and capital development programmes prepared to deliver the required service standard
Section 8 **Continuous improvement**	- The programme of improvements to be implemented to enhance the quality of asset management planning for this activity

The Part B plan covers the period from 1st July 2018 - 30th June 2028 in detail, and capital expenditure for years 2029 to 2048 in outline (for input into the Infrastructure Strategy). All expenditure is based on 30 June 2018 dollars.

1.5 Relationship with Other Plans

AM plans are a key component of the Council planning process, and link with a number of other plans with a Strategic focus (LTP and associated Strategies and Policies, District Plan as well as many other activity specific policy documents) as well as operational plans (Annual Plan, Activity Plans, activity specific operational plans). The AMP also reflects central and regional government requirements regarding levels of service and environmental outcomes. This is illustrated in Figure 1. AMPs are tactical plans for achieving the desired levels of service specified in the LTP. AMPs are a key component of the council planning process linking with the following documents.

- **LTP:** LTP sets strategic direction for the Council and contains financial forecast for 10 years prepared every three years. This financial forecast is drawn from the AMP.

- **Infrastructure Strategy:** Prepared under the provisions of section 101B of the Local Government Act, the strategy identifies the significant infrastructure issues for the Council over the next thirty years and the principle options for addressing those issues

- **Financial Strategy:** provides the financial framework for making decisions and outlines how Council intends to manage its finances prudently

- **Annual Plan:** Contains works programmes for a single year prepared in years in which there is not a LTP prepared. Strategies and financial forecasts are drawn from the LTP.

    - **Funding policies:** These policies state how future expenditure needs will be funded. Key policies are summarised in the LTP.

- **Business/Activity Plans:** The service level policies, processes and budgets defined in AMPs are incorporated into business plans as activity budgets, management strategies and performance measures.

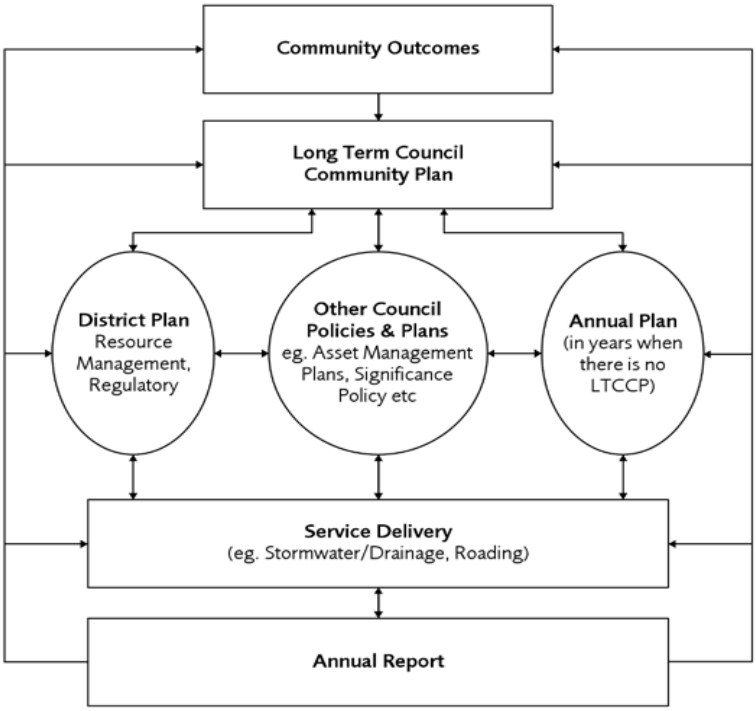
- **Contracts:** The service levels, strategies and information requirements contained in AMPs are translated into contract specifications and reporting requirements.

- **Legislation:** The AMP must comply with all relevant legislation and provide the means of meeting legislative requirements.

- **Bylaws, standards and policies:** These tools for operational management are needed to support AMP standards and procedures.

    - **Other Tararua District Council Documentation**: There are a number of other documents used on a day-to-day basis for management of the activity. These documents are indelibly linked to the AM plan as they support the underlying AM planning processes. These documents are referenced in Part B of the AM plan and, where appropriate, are included within the Appendices.

Figure 1- The Planning Process



1.6 Key Relationships

Tararua District Council is the main provider of most of the activities covered in the asset management plans in the district.

Although there are no infrastructural assets services provided to or received from other Councils, the Council maintains relationships with the staff of other Councils to facilitate the exchange of information and management practices.

The Council generally recognises the following stakeholders in its infrastructure asset planning processes:

External	• The Tararua District community, including citizens and ratepayers • Residential and individual users of services • Local Iwi • Horizons (Regional Council) • Government agencies • Community groups and clubs • Travelling public/tourists/holidaymakers • Contractors and tradespeople • Management trusts • Private operators of facilities/businesses on Council land
Internal	• Councillors • Asset managers and AM staff • Financial managers • Information technology managers

	• Strategic planning managers • Tararua Alliance staff

Part B plans list the stakeholders who are specific to each activity.

The Council receives infrastructural funding assistance from, but not limited to, the New Zealand Transport Agency (NZTA) and Ministry of Health and the Ministry for the Environment.

Introduction

2 Strategic Environment

This section sets out the strategic framework within which assets are managed, describing;

- The Council Vision
- The AM policy and strategy consistent with the vision adopted for the management of infrastructural assets
- The social, environmental, economic, cultural and technical factors driving growth and changes to the levels of service

2.1 Council Vision

A growing and prosperous District providing a wide range of employment opportunities that is underpinned by highly efficient, capable and affordable infrastructure

2.2 Council's Strategic Focus in the 2018-2028 LTP

The strategy for the 2018 Draft LTP is to continue the focus taken in the previous two LTPs. The priority is core network infrastructure, with a focus on economic development and promotion to drive an increase in wealth for existing residents, and to increase the long-term population to improve the viability of the District. These two key strategies are supported by the third leg of the strategy - financial prudence. For the 2018 LTP Council has added some additional focus on:

- Efficient transport access in response to the Manawatu Gorge closure, and the need to upgrade 'Route 52' to meet desired service levels and to cope with forestry logging trucks;
- Digital connectivity – the Council sees this as core infrastructure and will work with the community, private sector and government to deliver reasonable broadband across as much of the district as possible;
- Recreational and other lifestyle assets to improve lifestyle choices to attract and retain residents, and attract visitors.

Continued investment in core infrastructure to:	**Promoting and facilitating economic development through:**	**Continued financial viability through sustainable growth and investment, including:**
▪ increase public safety in Council roads, footpaths, recreation facilities and public buildings; ▪ build resilience in water, wastewater, stormwater, and roading networks; ▪ improve the environment and meet our commitments to the Manawatu River Accord; ▪ support efficient transport access and digital connectivity within the district and regionally; ▪ meet legally required performance standards.	• supporting and facilitating growth in local business; • building district identity; • promoting the district by telling our story; • Facilitate the development of key reserves and recreational facilities to attract (and retain) residents and visitors; • providing business friendly and welcoming support for new residents and businesses	• cost control; • affordability; • reducing financial and business risk; • financial sustainability (long-term financial health).

2.3 Council Outcomes

The Council Outcomes are the 10 year goals for the Council as part of working towards the longer term Vision. The Outcomes are the link between the Vision and the Council activities, providing the focus for the groups of activities and measures in the LTP.

Council Outcomes for the Draft LTP 2015

1.	Efficient Infrastructure	Highly efficient, fit for purpose and affordable rural and urban infrastructure.
2.	Prosperous Economy	A strong, growing, prosperous local economy that attracts, welcomes and retains businesses and residents. A district with a clear identity that promotes its lifestyle
3.	Collaborative Council	A council seen as a leader in community partnerships and collaboration to ensure services are delivered in the most effective and affordable way.
4.	Great Lifestyle	Recreation facilities, heritage and public amenities that support an outstanding lifestyle.
5.	Sustainable Environment	The District has a natural environment that is protected, preserved and enhanced for present and future generations.

The outcomes that each activity contributes to and the Council's aims for the activity, are covered in Part B, Section 2.

2.4 Statutory Requirements

The key legislation relating to the management of Council and its infrastructure based activities is outlined below:

Local Government Act 2002 - defines the purpose of local authorities as:

(a) To enable democratic local decision-making and action by, and on behalf of, communities; and

(b) To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

The Act gives the power of general competence to Councils, and has a strong focus on Councils taking a sustainable approach, giving consideration to the impact of decision making on households and businesses.

To help local authorities exercise the power of general competence appropriately and to meet the purpose of enabling local decision-making by or on behalf of local communities, the Act includes significant consultative requirements including:

- Council must, in the course of its decision making process in relation to a matter, give consideration to the views and preferences of persons likely to be affected by or have an interest in the matter and provide appropriate information delivered in ways that will enable communities to participate effectively.

- Council must, not less than once every three years, prepare a Consultation Document for a long-term plan and adopt a long-term plan in accordance with the special consultative procedure.

In the course of developing an LTP, the asset management plan provides information on the costs of the asset based activities including proposed changes to levels of service and provision in the future.

- **Resource Management Act 1991**, which requires council to;
  - Sustain the potential of natural and physical resources to meet the reasonable foreseeable needs of future generations,
  - Comply with the District and Regional Plan,
  - To avoid, remedy or mitigate any adverse effect on the environment,
  - Take into account the principles of the Treaty of Waitangi in exercising functions and powers under the Act relating to the use, development, and protection of natural and physical resources (recent amendments strengthen the requirement to work with iwi on matters of significance), and
  - Safeguard the life-supporting capacity of air, water, soil and ecosystems.
- **Reserves Act 1977** - The regulatory framework for controlling the use and effects of reserves as follows;
  - Classification of the different types of reserve and specifies the purpose of each;
  - Specification of the statutory procedures for managing each reserve;
  - Requirement of Council to protect, to an extent compatible with the principal or primary purpose of each reserve, the scenic, historical, archaeological, biological, geological or other scientific features and indigenous flora and fauna and wildlife;
  - Requirement of Council to prepare and submit to the Minister for approval a management plan for most reserves and specifies the consultation that must be carried out;
  - Governs Council's ability to grant leases or licenses over particular activities or buildings within reserves.
- **Health Act 1956 -** Under Section 23 every local authority has a general responsibility "to improve, promote and protect public health within its district". This involves identifying potential health risks and ensuring that these risks are managed to within acceptable levels.
- **Public Works Act 1981 -** Enables acquisition of land for Tararua District Council's activities and disposal of surplus land.
- **Waste Minimisation Act 2008** – Requires Council to develop a Plan to reduce waste, and establishes a funding scheme for waste minimisation activities.
- **Civil Defence Emergency Management Act 2002-** Requires councils to function at the fullest possible extent during and after an emergency and to have plans for such functioning (continuity).
- **Health & Safety at Work Act 2015 -** Requires provision of safe work places for all activities by local authority staff and contractors and the maintenance of an audit trail to demonstrate compliance.

- **Building Act 2004 -** Produce Project Information Memoranda (PIMs) that supply all available information relating to an individual property.

- **Fire Service Act 1975 -** Requires approved evacuation schemes. Applies generally to public buildings used by more than 100 people or buildings used for childcare, accommodation for more than 5 people and other users

Further legislation applicable to the management of each activity is listed in the Part B Management Plans. The legislation sets the minimum levels of service for environmental, design, and health and safety standards.

2.5 Bylaws

A number of By-laws have been enacted by Council. By-laws generally apply to an activity of Council rather than to the functioning of Council. Relevant by-laws are outlined for each activity in the Part B plans.

The bylaws are accessible to the public on the Council website. www.tararuadc.govt.nz

2.6 Taking a Sustainable Development Approach

The most widely quoted definition of sustainability and sustainable development, is that of the Brundtland Commission of the United Nations on March 20, 1987: “sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

At the 2005 World Summit it was noted that this requires the reconciliation of environmental, social and economic demands - the "three pillars" of sustainability. In New Zealand the Local Government Act 2002 also recognises a fourth pillar, that of cultural wellbeing. The four pillars of sustainability are not mutually exclusive and can be mutually reinforcing.

Asset management provides for the delivery of agreed levels of service in the most cost effective manner for present and future generations. Taking a sustainable approach is therefore an underlying principle of asset management, rather than a factor only considered when significant decisions are made. The development and implementation of this asset management plan demonstrates the commitment made by Council to the sustainable management of assets.

Part B Management Plans describe how sustainability is considered at each stage of the asset lifecycle.

2.6.1 Environmental Management Initiatives

Council has implemented new environmental initiatives. This has been in response to a number of things:

- Increased public awareness of the environment and the need to preserve and restore it

- International and national responses to climate change and its impacts

- Increases in environmental standards with respect to resource consent conditions

- Withdrawal of products considered to be harmful to the environment

The environmental initiatives for this Council include:

- Recycling paper, plastics and other office products
- Funding urban kerbside recycling and recycling centres across the district
- Disposing of hazardous goods such as chemicals and asbestos following industry approved practices
- Utilising products which have a lower carbon footprint and/or can be recycled
- Compliance with resource consent conditions to take and/or discharge from/to the environment

Note: A sustainable environmental will always be only one factor that Council considers when taking a sustainable approach to the delivery of levels of service. Although specific initiatives relating to other aspects of successful communities may not be listed in this part of the plan, consideration of the broader strategies of Council underpin decision making at all stages of the asset lifecycle.

2.6.2 Energy Management

Council is cognisant of the advantages in using energy wisely, namely the opportunities that exist to reduce operating costs by conserving energy and to reduce future costs by implementing technology, which reduces the demand for energy, whilst still delivering, agreed levels of service. Basic energy management techniques for the Council are:

- Use of building products and solutions that reduce energy transfer between the external and internal environment
- Use of new technology that delivers the same output and/or levels of service with lower energy use
- Use of sustainable energy sources such as wind and solar
- Reducing the use of vehicles
- Siting buildings to maximise solar energy gain
- Insulating individual assets to reduce heat loss-e g water heaters, hot water pipes
- Reducing energy use by 'turning off' devices when not in use and covering swimming pools when not in use

Energy management initiatives for each activity are listed in Section 2 of the Part B Management Plans.

2.7 Future Growth and Demand Management

Demand forecasting is the prediction of future demand which allows planning to provide for changing system requirements. There are a number of issues that influence demand forecasting and the associated capital works. These issues include:

- Local population trends including immigration (international and national) and natural increase
- Accuracy of predicted future populations

- Local economic trends and the diversity of industries, including the visitor industry
- Changing technology
- Changing legislation requirements
- Increased user pays for funding and managing resources
- Changing community service requirements

This subsection of the asset management plan outlines the basis for the growth (and decline) assumptions that underpin capital, operating and renewal costs in the Part B plans. This section also outlines the demand management strategies available to Council.

2.7.1 Economic Base

The Tararua District is a rural district with the economy based largely on primary production. Agriculture is the predominant land use. In the eastern rolling to steep hill country, sheep meat and beef production are the main sources of income, while on the better classes of land in the central valley dairy farming is increasing. The retail sector is also a major source of employment, and this is supported by the passing traffic on SH2.

Between 1996 and 2002 there was a significant swing to dairy cattle at the expense of sheep and beef numbers, following a national trend. Dairy Cattle numbers fell back by 2007 as serious droughts dropped stock numbers. The shift to dairying returned after this and reached record numbers by 2012. In terms of stock units, sheep farming remains the predominant land use but its dominance has been declining rapidly. The severe drop in milkfat prices during 2014/15 coupled with strong beef prices and reasonable sheep meat returns is likely to stop the shift to dairying, at least in the short term. Dairy prices have significantly recovered during 2016/17, but have stabilised at a level that is unlikely to drive further dairy conversions. Forestry is a viable land use, but after a busy planting period in the early 1990s very little expansion has taken place. There are many small plantings on farms and few large forestry plantings. The number of farms has dropped as uneconomic small units are amalgamated.

Table 2- Tararua Economic Base

	1996	2002	2007	2012
Number of Farms	1,368	1,400	1,230	1,167
Farms over 400 Ha		300	276	288
Farms Under 100 Ha		560	498	432
Grassland Ha		312,212	305,013	302,332
Forestry Plantations Ha	8,568 (1995)	16,206	12,994	16,422
Horticulture Ha		194	157	81
Dairy Cattle Number	107,223	125,565	113,775	135,575
Sheep Number	2,031,529	1,805,483	1,830,414	1,531,286
Beef Cattle Number	184,879	177,697	149,505	131,547
Deer Number	18,256	18,981	14,022	10,686

Source: Statistics NZ Agricultural Survey

The four main towns of Dannevirke, Woodville, Pahiatua and Eketahuna are service centres for the agricultural sector. In addition they service other categories of economic activity such as retail, health, education, manufacturing and tourism (mostly domestic from passing traffic).

A small number of larger industries include meat processing, dairy processing and steel fabrication, and smaller scale industries including clothing. Agriculture, retail trade, manufacturing, farm servicing, health and education services make up the bulk of employment. Cottage industries and home occupations are common. Tourism currently makes a small contribution to the District's economy.

2.7.2 Growth and Changes in Population

The base data for the population forecasts is the Census 2013, and the latest Statistics NZ sub-national population and household series released in late 2016. These forecasts are 2013 census based series updated by estimates of local developments between 2013 and 2017 and the latest trends in internal and external migration, housing patterns and birth and death rates. Some of these trends are assessed at the regional or national level and applied to area unit data from the 2013 census base.

The Current Statistics New Zealand Forecasts for the medium series (the most likely) scenario is for a steady decline in Population. These forecasts are based on what was going on 3 - 10 years ago (no census 2011). Recent activity suggests this is too negative – and Council has a vision / strategy to halt the decline over the next 10 years and facilitate slow but steady growth. The community (business, organisations and the Council) is providing activity that will affect the actual outcome.

2.7.3 Major Assumptions

These forecasts are the result of a number of assumptions around employment, births and deaths, people moving into the District and those leaving the District. As such changing national and international trends can have a major influence on the actual outcome. The forecasts are based on Statistics NZ data, school rolls, benefits, superannuation numbers, rental tenancy trends and a few assumptions around employment trends and Palmerston North City growth.

The current assumptions in the LTP is for a stabilisation of population from around 2013, followed by a slow increase from 2016. Recent estimates and actual data suggests the forecasts are correct, even conservative, with increasing confidence. While Council economic development efforts are likely to be having a positive impact on the overall economic trends, a major driver is the continuing positive international migration flows into the district. Certainly, not all recent trends are positive with major impacts from the significant fall in dairy milkfat returns over 2015 and 2016. This appears to have had a substantial impact on the number of jobs and the unemployment rate at this time. Dairy returns have since significantly increased and in 2016/17 returned to profitable levels.

There may well also be a significant impact on benefit numbers from the inflow of people from overseas, and from anecdotal reports of people moving into the District from Palmerston North in search of cheaper housing.

There are several positive activities currently underway and the Council has increased its focus on promotion and business development. These include:

- Oringi additional businesses, including the Alliance;
- Solid Beef returns;
- Recreational / lifestyle attracting more people. Success of the Te Apiti Gorge destination;

- The Business Network supporting new businesses and some success in helping to keep existing local businesses active;
- Positive international migration seeing kiwis coming home, and leading to increased investment and a turnaround in school rolls;
- Lower cost houses and rentals attracting people into the District.

Since 2013/14 there has been a major change in international migration trends, as well as continued strong retail trade sales and evidence from rental tenancies and superannuation numbers that the population is increasing. Overall the Statistics NZ medium growth scenarios are seen as being too pessimistic. Recent estimates from Stats NZ have recognised this and are now showing moderate growth. There are a number of positive trends currently underway and the Council is continuing its focus on promotion and business development. These include:

- Population stabilised and now modestly growing;
- Dairy prices recovering and could be profitable (on average farm) for 2016/17 season;
- Beef prices fair, lamb and wool prices continue to struggle;
- Climate challenges continue with dry coastal conditions;
- Stronger Palmerston North City and regional growth;
- Relative strength of NZ economy compared to Australia continues;
- Strong net NZ migration patterns continue into 2017;
- Very strong growth in visitor numbers.

The Council is forecasting that rural incomes will continue to be sound on the back of reasonable to strong food commodity prices (trend over the longer term). This should result in higher disposable incomes for many residents in the long term. Changes can happen quickly and can be generated by events outside of the Tararua area or influence (such as a major earthquake in Wellington). These impacts are normally seen through the net migration figures. New jobs and/or a greater interest in relocating in to Tararua for lifestyle reasons will result in the population continuing to grow modestly, then flatten and eventually start to decline as the ageing population fully impacts.

As a result, the Council is adopting Stats NZ High Growth assumption. These latest scenarios still take a pessimistic view of longer term net migration. Current trends match the high growth forecasts, and are considerably higher than the Medium series forecasts from 2015. In short StatsNZ are being too pessimistic as their forecasts still incorporate trends from previous census periods that completely changed by 2014.

The Statistics New Zealand population estimates are now assuming modest growth numbers from overall internal and external migration, with a smaller population gain from natural growth (births less deaths). After many years of negative forecasts this is a significant change. The June 2017 estimate of a 1.4% population growth for the year to 17,800 is the strongest growth rate in 20 years. Most of that time the direction was negative. This latest Statistics NZ estimate for June 2017 compares to our assumption for 2017 of 17,425 residents that was made in the 2015 Long Term Plan. TDC had forecast a population of 17,600 to be achieved in 2021.

The drivers of this new trend;

- Australia growing less and the 'boom' gone from the mining sector, has resulted in less opportunities in Australia
- Brexit and other unrest in Europe
- Violence in the US and uncertain political direction
- Age group of people who left for overseas opportunities in the 1990's and 2000's. Some of these people are coming home with families, skills and capital.

This has led to more kiwis returning home. Many of these returning people bring with them school age children, and are more likely to establish businesses in the District. This trend is expected to continue for the next few years at least, resulting in continued strong positive inward migration trends. Brexit could see the trend strengthening in a few years' time.

> *Note and caution – the data only states where people entering NZ on a long term basis are intending to stay in the first instance. Only the Census will tell us how many will stay long term.*

One of the most encouraging changes in trends is the number of school age children in the District. While the statistics are not complete (we don't know how many children attend schools outside the District) the latest numbers show a gain at primary school level, and overall. All the data series now support a growing total population (except for new dwelling consents).

The population forecasts are turned into household projections using the people per household ratios by area unit derived from the 2013 census. The pattern of a steady decline in the number of people per household has been continued. This is a very long term trend across most of New Zealand.

Unoccupied dwellings from the 2013 census base have been forecast to gradually reduce as a ratio. Increased population is likely to result in some unoccupied dwellings being occupied. The actual number will depend on the number of new dwellings built and the demand for different housing types. The number of forecast holiday homes in the coastal area could increase, but this is constrained by the availability of infrastructure services and issues with erosion and flooding.

The growth forecasts are based on the following assumptions:

- NZ to have average to above average economic growth
- Continued strong net NZ migration patterns until 2020, then continued net gains higher than previous trends
  - NZ continues to be seen as safe and stable location
- Tararua net migration over long term significantly higher than historical average (less departures the major driver)
  - This reduces the impact of an ageing population
- Continued strong growth in international and domestic visitors
- No large manufacturing closures and continued growth in local businesses and local spending

- Moderate Palmerston North City and Manawatu growth
- Modest population growth in Central Hawkes Bay and Masterton District
- Relative strength of NZ economy relative to Australia
    - Moderate commodity price levels (dairy, wool, beef and lamb)

2.7.4 Population to 2031

The population of the Tararua District declined over the last 12 years at around 0.5% a year. The decline was bigger from 2006 to 2013, although Council has a view that most of this decline was in the 2006 to 2011 period. This decline is estimated to have reversed with modest growth from 2015, with modest growth forecast over the next 20 years to 2038 as a result of:

- A reversal of outward net migration as less residents leave to seek employment in Australia and more people choose to live in the Tararua;
- High commodity prices result in increased disposable incomes in the rural sector (once debt levels are reduced) flowing through to increased retail and servicing profitability;
- Countered by an ageing population and a continuing shift of services to the regional centres;
- Improved infrastructure (including water, wastewater and broadband fibre) and recreational facilities;
- Employment growth in manufacturing and retail business builds on the positive initiatives currently underway, new windfarm and oil exploration investments and more promotion by the Council.

A growing population is helped by two waves of increased births working their way through the age group profiles (from 1991/96 and 2006/11). After 2016 population continues to increase as:

- Increasing demand for affordable rural lifestyles;
- Increasing demand for low cost housing in commuting distance to Hastings and Palmerston North;
- Increasing shortage of available infrastructure for industry (water and wastewater capacity especially) in the major cities;
- Sustained higher net migration into New Zealand as safe and stable location;
- Reduced outward migration as the mining boom in Australia has dramatically declined;
- Continued profitability in rural incomes;
- Business growth responds to more stable population;
- More jobs attracts families with school aged children.

It should be noted that TDC did forecast a decline to 2013 followed by a modest recovery. The actual 2013 result was a bigger decline. Current trends indicate that the forecast recovery driven by less outward migration is occurring much sooner than expected and at more positive levels. Modest growth

is now being confirmed in SNZ population estimates for 2015 and 2016. For these and other reasons outlined above using the SNZ high series is defendable.

Table 3- Population Forecast

Usually resident Population Forecasts as at 30 June					
Year	**Actual Census base**	**2016 Update 2013 base Medium Series Stats NZ forecasts**	**2016 Update 2013 base High Series Stats NZ forecasts**	**TDC 2015 LTP**	**2018 LTP draft Assumptions**
1991	19,500				
1996	19,500				
2001	18,350				
2006	18,050				
2011	17,750				
2013	17,450				
2016 e		17,600	17,600	17,400	17,600
2018 f		17,500	17,850	17,450	17,850
2023 f		17,300	18,050	17,600	18,050
2028 f		17,000	18,250	17,850	18,250
2033 f		16,600	18,300	17,950	18,300
2038 f		16,050	18,250		18,250
2043 f		15,350	18,050		18,050
2048 f					18,000

The chart below shows the huge difference a change in migration patterns can have on forecasts over time.

Figure 2- Population Growth Scenarios

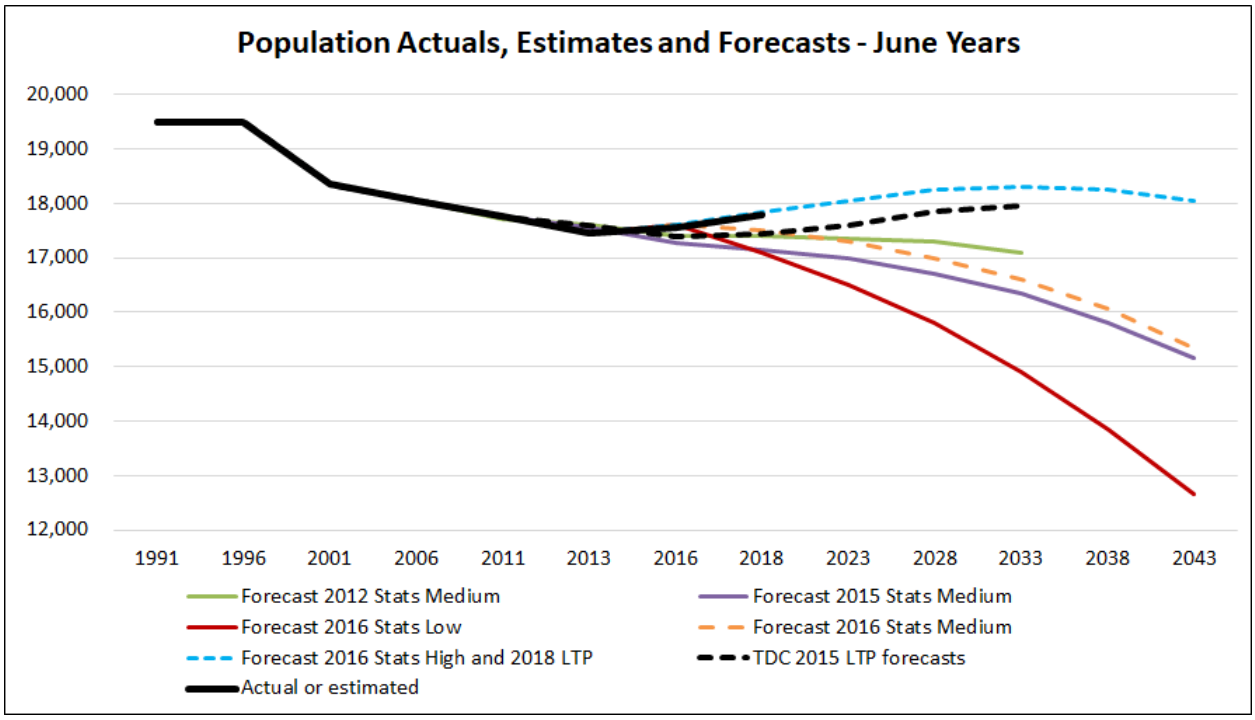


Table 4- Population Projections

TARARUA DISTRICT

Table 1 Summary of population projections, 2013(base)–2043 update

Year[1]	Population[2]	Population change		Births[3]	Annual crude birth rate[4]	Deaths[5]	Annual crude death rate[4]	Natural increase	Population age distribution(%)			Median age (years)[6]	Projection assumptions			
		Number	Average annual rate (%)						0-14	15-64	65+		Net migration[7]	Total fertility rate[8]	Life expectancy at birth (years)[9] Male	Female
Estimated																
2013	17,450	-300	-0.4	1,300	14.5	700	8.2	550	22.1	61.0	16.9	41.1	-900	2.71	78.6	82.3
High projection: assuming high fertility, low mortality and high migration																
2018	17,850	400	0.5	1,200	13.4	750	8.6	400	21.9	58.9	19.2	42.3	0	2.59	79.8	83.2
2023	18,050	200	0.2	1,200	13.2	750	8.6	400	21.4	56.0	22.5	43.6	-200	2.61	81.1	84.4
2028	18,250	150	0.2	1,150	12.9	800	8.9	350	20.9	52.9	26.2	44.6	-200	2.63	82.4	85.5
2033	18,300	50	0.1	1,100	12.3	850	9.5	250	20.5	50.7	28.8	45.7	-200	2.64	83.6	86.7
2038	18,250	-50	-0.1	1,100	11.9	950	10.4	150	20.0	49.0	31.0	46.9	-200	2.64	84.8	87.7
2043	18,050	-150	-0.2	1,050	11.7	1,050	11.4	50	19.6	48.6	31.7	47.8	-200	2.64	85.8	88.5

The major change in the makeup of the 2013 Census and forecast population is the decline in younger people and the increase in older people. While the increase in the aging population is forecast to occur across the country the decline in younger people is not. The median age of residents in the Tararua District is forecast to increase from 41 years old in 2013 to 45 years old in 2028 and 48 years old in 2048 (high growth Statistics NZ series). Under the Medium series these ages are even higher.

This is a major shift towards older people that may have impacts on the services demanded from Council, and the ability to pay for those services. Modest growth in the last two years that has been higher than previously forecast will hopefully result in an increase in the numbers of working people with families. This appears to be the case based on international migration data.

The chart below shows the proportions of total population in the high growth 2016 update series based on the 2013 Census. The proportion of residents aged 65 years or more in the Tararua District is forecast to grow from 17% in 2013 to 32% in 2043. Residents aged five to 19 years will reduce from 21% in 2013 to 19% of total population in 2043. These changes will have a major impact on the type of services delivered by the Council, businesses and community organisations, as well as the way to deliver these services. The medium growth series shows the same pattern but a greater decline in the residents aged under 40 years.

Figure 3- Tararua Forecast Demographic Profile

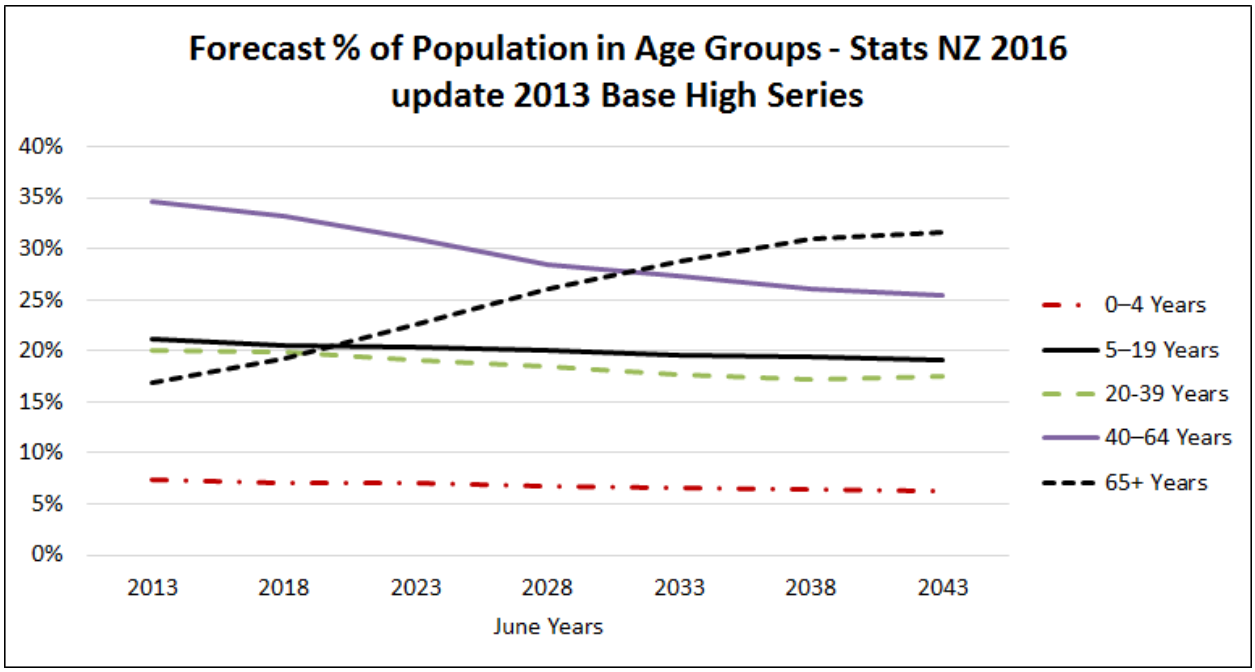
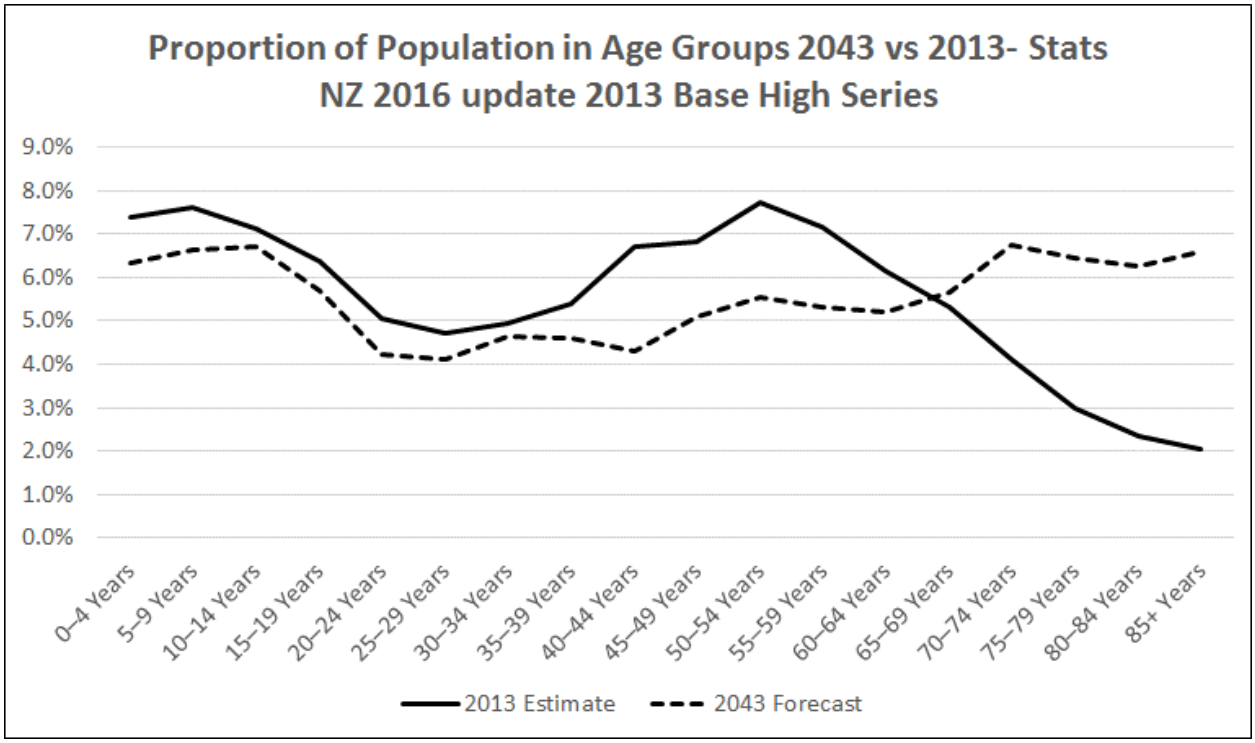


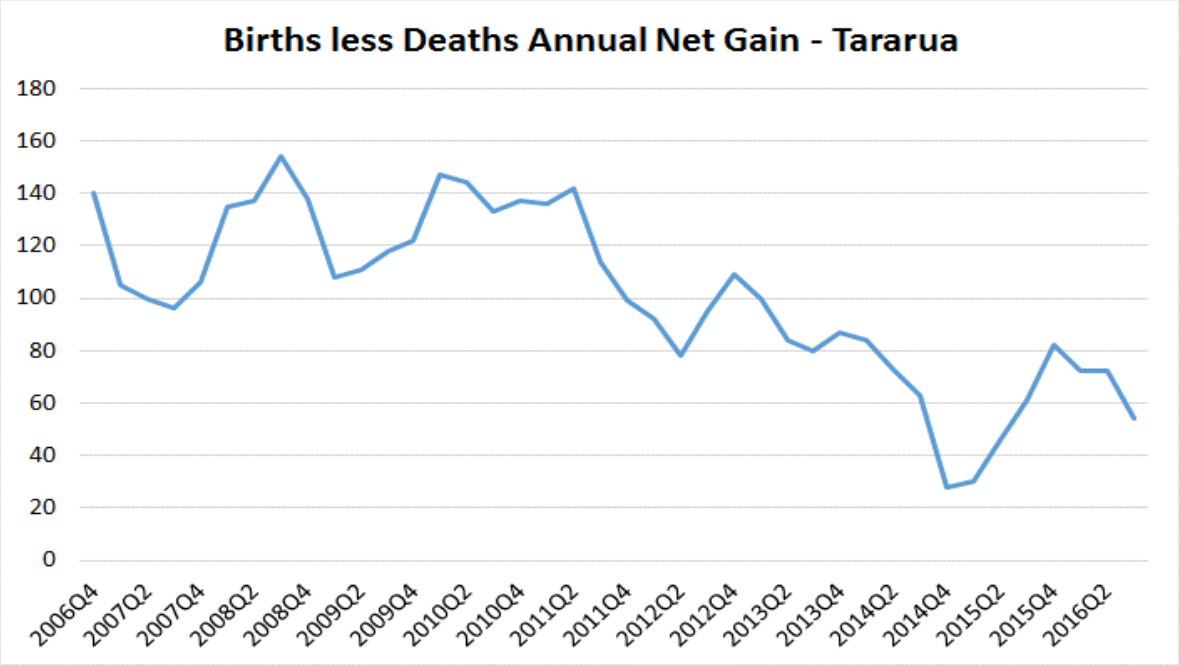
Figure 4- Age Group profiles



Major Drivers

Population change is the result of natural increase (births less deaths), plus or minus the results of residents moving between different areas (in and out movements to / from New Zealand and overseas). Tararua has a net gain from natural increase, and until 2013/14 had a significant loss from long term immigration and a domestic drift to Palmerston North, Manawatu, Hastings and other NZ areas. With migration numbers improving the natural increase will start to have a positive impact.

Figure 5 – Births less Deaths Annual Net Gain



The migration trends have changed rapidly since 2014 with the net balance from immigration (international movements) now positive on an annual basis. The annual gains over 2016/17 have been the highest ever recorded since the series began in 1990.

Figure 6- Migration Trends

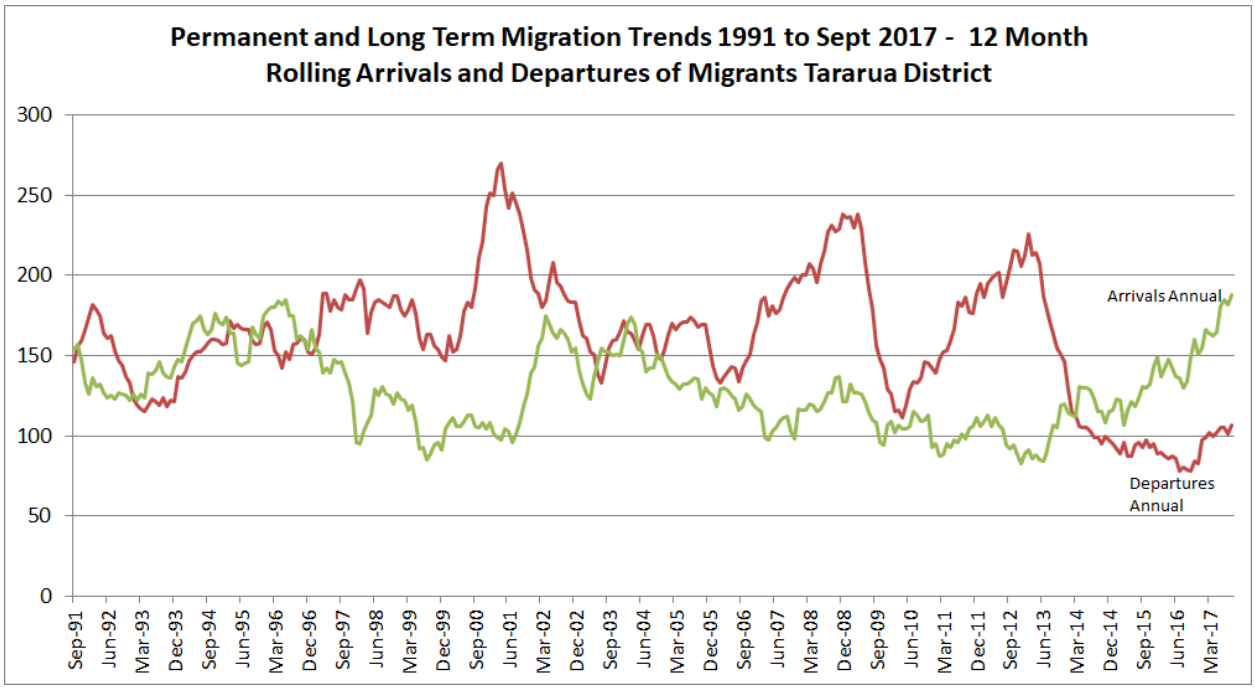
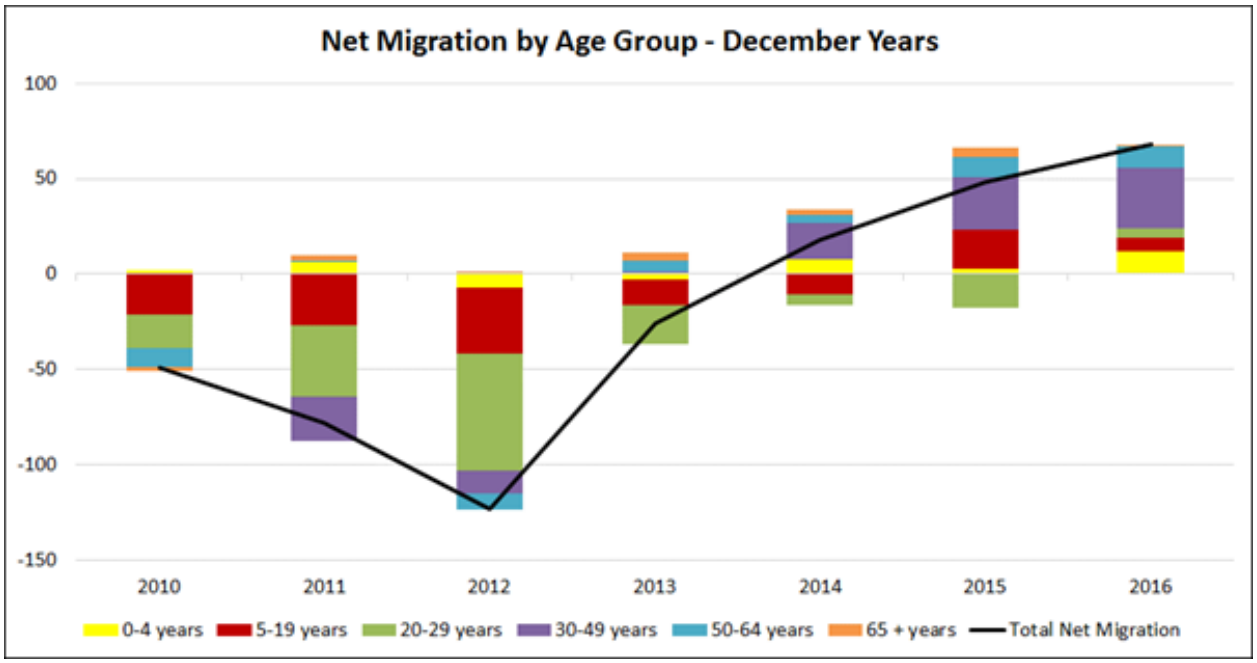


Figure 7 – Net Migration by Age Group



These local trends follow the overall NZ trend with the biggest impact being the relative health of employment in Australia. A sustained period of a neutral trend would have a major positive impact on the Tararua population. Over the seven year period between the 2006 Census and the 2013 Census there was a net loss of residents overseas of -552. This was around two thirds of the total population loss between the two census periods. From the March 2013 to September 2017 there has been a net gain of +175 people. This large relative gain should be reflected in the 2018 Census.

In addition school pupil numbers are now increasing (modestly) after many years of decline, and the number of people on superannuation benefit in Tararua increased from 3,082 in October 2015 to 3,188 in October 2016. This is an increase of 106 or 3.4%.

The number of people moving to and from the District to other places in NZ is only known at each census. Problems with this data is the large number of residents that did not fill this question out properly. The areas of largest net loss from 2006 and 2013 are all close to Tararua. Of interest was the net GAIN with Auckland.

The high series SNZ projections assumes no loss from migration from 2013 to 2018, then continued net losses of 200 over each 5 year period. Underlying this assumption is the forecast that net international migration for New Zealand will drop from the current high level to around 15,000 people a year. If inward migration remains strong then the high series forecasts will be too conservative.

Population to 2048

Detailed forecasts based on the 2013 census were updated in December 2016, but are still based on the 2013 census and go out to 2043. The proposed LGA requirement of Council preparing 30 year forecasts of core network infrastructure however requires a forecast of population and households to 2048.

The accuracy of such long term forecasts are likely to be low, with the result being driven by local employment conditions, international farm product prices and the relative attractiveness of other areas and countries. Society, government policies, technology, transport, communication etc. will likely be very different.

As such, the assumptions for population growth past 2018 will be for modest growth with no major 'game-changing' factor such as a major oil find, or the doubling of profitability of sheep. On past trends the risk is on the downside which will impact on affordability of Council services. If current migration and visitor growth trends continue then the risk is on the upside. The existing urban areas have considerable capacity to cater to stronger population growth so this upside risk has a small impact on Council infrastructure.

2.7.4.1 *Regional Population Growth*

These forecasts are based on the current Statistics NZ population forecasts. The Tararua District projections are made within the context of Statistics NZ forecasts of the surrounding Districts, including Palmerston North City and wider region. Strong growth in house prices and a shortage of rental housing in the wider Manawatu is resulting in an increase in demand for housing in Tararua. Changes to the economic performance and / or migration patterns of surrounding areas could significantly impact on the population level and demographic makeup of the Tararua District. Palmerston North City in particular is a major driver of employment for many Tararua District residents.

Table shows the following forecasts are the latest from Statistics NZ (December 2016 update on 2013 base):

Table 5 - Resident Population forecasts by Region

Population Usually Resident – Medium series				
	Manawatu District Projections	Palmerston North City Medium SNZ	Horowhenua District Medium SNZ	**Tararua District for 2018 LTP**
2006	26,800	80,800	30,600	18,050
2013	28,500	83,500	31,200	17,450
2018	30,700	88,200	32,200	17,850
2023	31,900	91,400	32,500	18,050
2028	32,900	94,200	32,600	18,250
2033	33,800	96,700	32,400	18,300
2038	34,400	98,800	32,000	18,250
2043	34,800	100,700	31,500	18,050

2.7.4.2 *Household Growth to 2048*

With limited growth in population house prices are low in the Tararua, however prices are now increasing as the rapid price growth across New Zealand impact on relative yields. In addition currently there are a significant number of unoccupied dwellings (holiday homes, vacant houses such as rural dwellings now surplus to farm operations and vacant rental properties) in both the urban and rural areas. This means that even with modest population growth there will be limited demand for new houses and additional network connections in the medium term.

Statistics NZ forecasts using the latest 2016 estimates are not available until December 2017. The forecasts below use the 2015 update series. The next update is likely to show slightly higher household numbers – in the order of 100 households for each year. Changing migration patterns can have a big impact on the forecasts. Increased migration generally results in a lower median age and a higher household occupancy rate. If the current high migration trend continues in the medium term then population and eventually household numbers will increase faster than forecast.

Overall the position being assumed for the 2018 LTP is one of modest household growth with the average annual growth rate for households at 0.3% a year. The Statistics NZ alternative series are:

Table 6 - Statistics NZ

	June Year 2015 Update 2013 Base			
SNZ Series	**2018**	**2028**	**2038**	**Average Annual % change**
High	7,300	7,700	7,800	0.3%
Medium	7,200	7,200	7,000	-0.1%
Low	7,100	6,800	6,200	-0.6%

Currently data supports the view that growth is actually exceeding the High series of growth assumptions. The Council has taken the view that it should plan for this very modest growth. The current infrastructure has the capacity to cater for this as networks were constructed when population was considerable higher than it is currently. Census results over time will allow Council to modify its planning as appropriate.

The number of people in each household then is a major driver of the number of occupied households. Future household forecasts are driven mainly by the occupancy rate in most areas except for back hill country rural areas the coastal area where holiday batches form a significant proportion of total households.

Total households are forecast to increase slowly from 2018 to 2043, with more moderate growth in the 2018 to 2028 period. This reflects the population forecasts and the forecast declining occupancy rates. Household characteristics are shown in the tables below. One person households increased 8% from 1,900 in 2006 (27% of occupied dwellings) to 2,050 in 2013 (29% of occupied dwellings), and are forecast to increase to 2,700 in 2038 (35% of occupied dwellings). This raises issues around resilience and affordability in the community.

Table 4- Forecast Household Numbers

Households – SNZ Forecasts based on High series 2015 update forecasts adjusted for 2016 update high series population forecasts and SNZ occupancy rates					
Year	**2013 Census base Occupied Dwellings**	**Unoccupied dwellings TDC forecasts from 2013 census base**	**Occupancy rate**	**Total Households**	**Implied new Dwellings**
2006	7,100	496	2.5	7,596	
2013 base	7,200	534	2.4	7,734	138
2018 forecast	7,438	400	2.4	7,838	100
2023	7,738	300	2.3	8,038	200
2028	7,935	300	2.3	8,235	200
2033	7,957	375	2.3	8,332	100
2038	8,150	350	2.2	8,500	170
2043	8,205	400	2.2	8,605	100
2048	8,182	500	2.2	8,680	75

2.7.4.3 *Area Unit Forecasts*

Historical and Census 2013 Results

Growth patterns vary across the District. Dannevirke experienced a population increase of 2% between 2001 and 2006, then a 9% decline to 2013. The impacts of major business closures such as Oringi meat works in 2006/07 had a significant impact. Pahiatua also lost population, while Woodville stayed at the 2006 level. Eketahuna declined marginally – a far better result than the massive 20% decline between 2001 and 2006. The balance of the District (largely rural) declined by 2%, the same trend seen between 2001 and 2006. The villages of Akitio and Pongaroa are in the Owahanga Area Unit and Herbertville and Norsewood are part of the Norsewood-Herbertville Area Unit.

While population fell by 4.4% the number of occupied dwellings has increased slightly overall by 1% and total households by 2%. Dannevirke and Pahiatua had declines in occupied dwellings, while the rural area increased by 2%. This reflects a lower household occupancy rate with an older population profile and less families.

Recent Estimates from Statistics NZ

The SNZ 2016 update high growth forecasts (based on the 2013 census) shows an increase in population from 2013 to 2018 for Dannevirke then resumes a steady decline. Woodville is forecast to benefit from its proximity to Palmerston North with modest growth to 2028 then a slight decline. Pahiatua and Eketahuna are forecast to remain fairly static over the long term. None of the townships are forecast to have population above the population levels of 2001.

Further declines remain a possible scenario if commodity prices fell significantly and residents left the District in large numbers looking for employment. If this occurred, it would raise serious questions as to the viability of future utility service upgrades and renewals.

The decline in population and households is forecast to largely change into modest growth over the next 20 years, with continued modest declines concentrated in the more remote hill country area units of the District. After 2033 the ageing population and moderate migration results in declining population. This reflects the continuing increases in farm size and the declining number of farms. The growth forecasts also assume:

- Demand for coastal properties in Akitio and Herbertville will continue but further subdivision will not be possible due to coastal hazard assessments (rising sea levels);
- Lifestyle property demand in rural areas close to Palmerston north City will continue;
- The urban areas will not have major greenfields development.

These assumptions support the area unit projections from SNZ from 2013 to 2043. Grouping area units into wider geographical areas gives a better view of the changes to likely population changes over time. The actual outcomes will be more variable with larger plus and minuses, however these are impossible to forecast. Most urban areas are forecast to slowly decline after 2023, with rural areas near larger urban areas growing (largely through lifestyle developments) and the more remote rural areas slowly increasing. The four main urban towns together are forecast to see population grow by 1% from 2013 to 2028, and decline by 3.5% by 2043. The proportion of residents in the four main urban areas is forecast to decrease from 55% of the District in 2013 to 53% in 2028 and 51% in 2043.

Note that these forecasts assume that rural lifestyle development will increase around urban areas in Tararua from these major trends:

- Affordable options closer to Palmerston North and Feilding become scarce;
- Increased incomes in the rural sector generates more employment;
- Increasing demand for natural living and healthy food;
- One Plan consent issues will be able to be resolved through technology or availability of Council network utilities.

The following table uses the 2016 high series area unit forecasts released in March 2017. The 2016 series generally forecast 200 to 300 additional people compared to the 2015 LTP assumptions over the next 20 years.

Table 8 –Resident Population by Area Unit

June Year	Dannevirke	Woodville	Pahiatua	Eketahuna	4 Towns	Rural North	Rural South	Rural Total	Tararua Total	Urban 4 towns %	Rural %
1996	5,690	1,610	2,770	650	10,720	4,460	4,330	8,790	19,510	55%	45%
2001	5,530	1,520	2,680	590	10,320	4,040	3,960	8,000	18,320	56%	44%
2006	5,660	1,430	2,630	470	10,190	4,080	3,810	7,890	18,080	56%	44%
2013	5,210	1,440	2,490	460	9,600	4,060	3,790	7,850	17,450	55%	45%
2018	5,310	1,460	2,550	450	9,770	4,220	3,880	8,100	17,870	55%	45%
2023	5,330	1,480	2,560	440	9,810	4,350	3,950	8,300	18,110	54%	46%
2028	5,330	1,490	2,560	440	9,820	4,480	4,000	8,480	18,300	53%	47%
2033	5,290	1,490	2,560	440	9,780	4,570	4,030	8,600	18,380	53%	47%
2038	5,190	1,470	2,550	430	9,640	4,660	4,040	8,700	18,340	52%	48%
2043	5,050	1,440	2,530	430	9,450	4,700	4,030	8,730	18,180	51%	49%

Note: The sum of the Area unit forecasts does not equal total District forecasts as set out in the District forecasts earlier in this paper. This is due to a range of rounding and cumulative assumption impacts from each series.

Table 9

% Change Census Periods									
June Year	Dannevirke	Woodville	Pahiatua	Eketahuna	4 Towns	Rural North	Rural South	Rural Total	Tararua Total
2001	-2.8%	-5.6%	-3.2%	-9.2%	-3.7%	-9.4%	-8.5%	-9.0%	-6.1%
2006	2.4%	-5.9%	-1.9%	-20.3%	-1.3%	1.0%	-3.8%	-1.4%	-1.3%
2013	-8.0%	0.7%	-5.3%	-2.1%	-5.8%	-0.5%	-0.5%	-0.5%	-3.5%
2018	1.9%	1.4%	2.4%	-2.2%	1.8%	3.9%	2.4%	3.2%	2.4%
2023	0.4%	1.4%	0.4%	-2.2%	0.4%	3.1%	1.8%	2.5%	1.3%
2028	0.0%	0.7%	0.0%	0.0%	0.1%	3.0%	1.3%	2.2%	1.0%
2033	-0.8%	0.0%	0.0%	0.0%	-0.4%	2.0%	0.8%	1.4%	0.4%
2038	-1.9%	-1.3%	-0.4%	-2.3%	-1.4%	2.0%	0.2%	1.2%	-0.2%
2043	-2.7%	-2.0%	-0.8%	0.0%	-2.0%	0.9%	-0.2%	0.3%	-0.9%

Notes

- Dannevirke Urban includes the following area units: Dannevirke East and Dannevirke West
- Rural North includes Norsewood-Herbertville, Owahanga
- Rural South includes Papatawa, Mangatainoka, Nireaha-Tiraumea
- The above area units are being revised for the 2018 census and are likely to change

The large decline in Dannevirke and Pahiatua has been a major concern for the District and is reflected in the increase in unoccupied dwellings for these towns. With major upgrades of Water and Wastewater systems continued declines in population would challenge the ongoing affordability of these services.

Detailed recent employment data for Dannevirke and the Fonterra upgrade of Pahiatua, increases in house prices and a shortage of rental properties, give some optimism that the two major urban areas are currently growing again.

Households

Total Household numbers, including unoccupied dwellings, are forecast to increase faster than population with a modest increase despite the relatively stable population. The majority of new households are likely in the rural lifestyle areas. Households in the urban areas are more driven by a declining household occupancy rate, which is a national trend reflecting an ageing population and the resulting significant increase in one person households.

These figures are adjusted to reflect additional households that SNZ normally adds to the Census figures for people overseas, elsewhere in NZ, and the normal undercount. In the 2013 census this was a factor of an additional 6%, and this proportion has been increasing over each census. SNZ household forecasts do not include unoccupied dwellings.

Table 10 - Occupied and unoccupied Dwellings by Major urban area and combined Rural areas

2013 Census Results Usually Resident						
Urban and Rural Areas	**Occupied Dwelling Count**			**Unoccupied Dwellings**		
	2001	**2006**	**2013**	**2001**	**2006**	**2013**
Dannevirke	2,064	2,133	2,121	174	189	213
Woodville	594	591	606	63	72	84
Pahiatua	1,017	1,032	990	81	84	126
Eketahuna	222	207	216	27	36	36
Rural	2,808	2,862	2,925	483	432	477
Total District	**6,705**	**6,819**	**6,858**	**828**	**813**	**936**

Table 11

Area Unit	**Occupied Dwelling Count % Change from previous Census**			**Unoccupied Dwelling Count % Change from previous Census**	
	2001	**2006**	**2013**	**2006**	**2013**
Dannevirke		3%	-1%	9%	13%
Woodville		-1%	3%	14%	17%
Pahiatua		1%	-4%	4%	50%
Eketahuna		-7%	4%	33%	0%
Rural		2%	2%	-11%	10%
Total District		**2%**	**1%**	**-2%**	**15%**

The issue for Council is that SNZ update Household forecasts are not produced at area unit level, and do not include all unoccupied dwellings. For infrastructure services Council offers connections to all urban

households regardless of whether they are occupied or not. The unoccupied dwelling stats are shown at area unit, but are not split to reflect the adjustments SNZ makes post census.

As such the table below shows the forecasts for occupied and adjusted households. There are an additional 534 households unoccupied within the district as at June 2013. Based on the census unoccupied household area unit numbers around half of these are in the 4 major towns.

The forecasts below are based on the area unit population forecasts and the occupancy rate forecasts for the district, allowing for each area unit occupancy rate evidence in the 2013 census. Stats NZ forecasts imply that most of the growth will be in lifestyle areas surrounding urban townships. Council has some issues with this forecast, but will wait until the household forecasts are updated later in 2017.

Table 12 - Year forecasts for Major urban area and combined Rural areas

Number of Households, Forecasts based on 2013 census data 2015 update household data and occupancy rate forecast for Tararua							
	2013	2018	2028	2048	% Change 2018 to 2048	% of District Households 2018	% of District Households 2048
Dannevirke	2,227	2,269	2,317	2,273	0%	31%	28%
Woodville	636	635	637	645	2%	9%	8%
Pahiatua	1,040	1,073	1,094	1,136	6%	14%	14%
Eketahuna	227	230	230	230	0%	3%	3%
Balance Rural Area	3,071	3,240	3,533	3,783	20%	44%	48%
Tararua District	7,200	7,438	7,799	8,182	10%		

Table 13 – Statistics NZ Forecasts

Base Information

Statistics NZ Forecasts 2015 update 2013 Base HIGH Growth Series				
June Year	Households	Household Occupancy Rate	One Person Households	1 Person as % of total Households
2013	7,200	2.4	2,100	29.2%
2018	7,300	2.4	2,200	30.1%
2023	7,500	2.3	2,400	32.0%
2028	7,700	2.3	2,500	32.5%
2033	7,800	2.3	2,600	33.3%
2038	7,800	2.2	2,700	34.6%

Table 14 - Statistics NZ Census 2013

Statistics NZ Census 2013 Usually Resident Data			
	Occupied Households (private and non-private)	Usually Resident Population	Occupancy Rate
Dannevirke	2,121	5,043	2.4
Woodville	606	1,401	2.3
Pahiatua	990	2,412	2.4
Eketahuna	216	441	2.0
Balance rural Area	2,925	7,557	2.6
Total District	**6,858**	**16,854**	**2.5**

2.7.5 Community Expectations and Societal Changes

There are a number of factors that influence demand for Council provided services within the Tararua District; some of which are outside of Council control. These include:

- Changes in legislation
- Technological changes
- The national and global economy
- Public expectations
- Changing social norms

A number of these outside influences on demand are already forcing changes to the existing assets and the way services are delivered. With population changes ranging from small growth to large declines these community expectations and societal changes are the primary driver of changes to the activity. The impact of these changes on each activity is covered in Section 2 of the Part B Management Plans.

2.7.6 Demand Management

The traditional organisational approach to changes in demand had largely been to upgrade or create new assets, without attempting to question or modify demand. This approach tended to raise community expectations and invariably leads to even further demand. Increasing focus on strategic planning, fiscal responsibility, user pay principles, and service level reviews has created greater awareness of the need to manage demand.

Demand management (sometimes called non-asset solutions) is a key asset management strategy that involves asset managers implementing management techniques to seek to modify demand for the services.

Demand management ensures that:

- The utilisation/ performance of existing assets is optimised
- The need for new assets is reduced or deferred

- The Council's strategic objectives are met (social, environmental, cultural and financial)
- A more sustainable service is provided
- The Council is able to respond to the community's needs

The focus of demand strategies for the Council is to:

- Reduce peak demand- which is a major factor related to the ultimate capacity of an individual Council asset or a network of assets
- Reduce average demand, seeking to modify both the peak and base demand – which is applicable where there are constraints in resources, financial gains to be made or there is an adverse environmental impact to be addressed.

2.7.6.1 *Identifying Demand Management Options*

Demand management is an integral part of the decision-making process of Council, with respect to assets. The typical process followed to evaluate demand management options is as follows:

- Scope:
  - Define scope of services to be assessed
  - Specify the objectives of the demand analysis
  - Identify criteria for selecting demand management strategy
- Research:
  - Identify current demand of services
  - Identify current service delivery potential of the asset
  - Asses future trends in demand for service
  - Identify the corporate strategies (financial, social, cultural and environmental) relevant to the service
  - Identify actual customer demands (rather than wants)
- Analyse:
  - Assess the ability of the asset to provide the required levels of service (short- and long-term)
  - Explore all demand management options which avoid investing in new assets
  - Evaluate options against selection criteria
  - Test the acceptability of the proposal with the community/ users, review and modify as appropriate
  - Adopt chosen demand management strategy
- Action:
  - Implement demand management programme
  - Put in place measures to monitor demand and asset performance

- Assess effectiveness of the demand management strategy
- Undertake an on-going review if the strategy and modify as necessary

2.7.7 Current Demand Management Techniques for Tararua District Council

The Council prefers to manage demand through education to achieve a greater efficiency of use and is developing better educational processes to achieve these objectives.

There has been little demand pressure on many of the Council services and assets to date. The Council is aware that many of the current facilities are reaching the end of their useful lives, either through age or because they are no longer fit for purpose. The renewal and/or replacement of all these assets is likely to be unaffordable for the community. One option available is to reduce the number of facilities provided, and to provide a higher level of service at those that remain. This is likely to lead to shift in demand, and may also lead to the need to employ further demand management techniques to alter demand, particularly during peak periods.

The Council currently has the following activity demand management strategies in place:

Water:	Education, Flow restriction and Metering
Waste water:	Trade Waste charges, education re storm water infiltration
Solid Waste:	Education, Waste fees
Community facilities:	User charges and rentals

These are discussed in more detail in the Part B Management Plans.

3 Levels of Service

3.1 Introduction

The Tararua District Council aims to provide sustainable levels of service to the community in all areas of its business including the delivery of services through infrastructural assets.

The term 'Level of Service' refers to the standard to which a service is delivered to the customer. This may include targets for availability, quality, quantity, responsiveness and customer satisfaction.

Defined levels of service are used to:

- Inform customers of the existing and alternate types and levels of service
- Enable customers to assess suitability and affordability of the services offered
- Develop asset management strategies to deliver the required level of service
- Measure performance against defined targets
- Identify costs and benefits of the services provided

The Council ensures that levels of service are customer focused, technically meaningful and address the issues that are important to the community.

The key drivers of the levels of service are:

- Community expectations
- Council Outcomes – As outlined in Section 2.3
- Statutory requirements - A number of statutes determine the minimum levels of service for infrastructural assets. These are summarised in

3.1.1 Development of Levels of Service

The level of service, for each activity, is the agreed quality of service that the Council has established through community consultation.

The process for the development and monitoring of levels of service can be summarised as follows:

- Identify the customers of the service and other parties with an interest (stakeholders);
- Define the current levels of service the organisation delivers;
- Design and carry out consultation to define the desired service level;
- Establish service targets and service achieved over a long period;
- Measure and report to community on level of service achieved;
- Review levels of service with stakeholders at regular intervals to check desirability and affordability of level of service provided.

- The Asset Management Plan aims to document each of these steps for each activity, identify any issues such as adequacy of consultation, suitability of standards, or service gaps, and describe plans to address or improve them.

- It is common for customers to demand a continual improvement in service, and while the Council will strive to deliver improvements, the level of service is constrained by cost considerations. It is therefore important that when Council consults with the community over levels of service, cost information is provided in order for the price/ quality trade-off to be established. The main mechanism for consultation on levels of service is via the Long Term Plan.

The level of service, for each activity, is the agreed quality of service that the Council has established through community consultation.

3.2 Customer Profile

The identified customers who use the services provided by this activity include the following:

- **Residents** – These people live in the district

- **Ratepayers** – This includes people who own properties in the district but may/not reside in the district

- **Local users** – They are the users of the services provided by this activity on an occasional or regular basis, including housing tenants

- **Businesses** – Individuals or organisations who carry out their business in the district, including schools

- **Others** – (as outlined for each activity in Part B)

- **Other Stakeholders** – Individuals or organisations that have interest or are affected by the services that are undertaken by the Council. They include neighbouring Local authorities, Horizons Regional Council, Ministry of Health, NZTA and other public service providers, Community Boards and Committees, Local Iwi, Infracon, local contractors.

- A summary of the general relationships between the identified customers and stakeholders and the Council is presented in Table 5.

Table 5 - The role of customers and stakeholders

	Monitor Regulator	Facilitator Advocate	Partner or Funder	Provider	Customer
Resident Population					✓
Ratepayers			✓		✓
Local Users					✓
Dependent users					✓
Farmers					✓
Local Businesses/Industries			✓		✓
Other TLAs			✓		
Regional Council	✓		✓		

	Monitor Regulator	Facilitator Advocate	Partner or Funder	Provider	Customer
Community Boards/ committees		✓	✓		✓
Local Iwi		✓	✓		✓
Public Service providers	✓		✓		✓
Ministry of Health	✓		✓		
Ministry for Environment			✓		
Local Contractors				✓	

3.2.1 How We Engage with Customers

The Council undertakes both customer surveys and assessments of the complaints/service request records to obtain information on the delivery of levels of service to customers.

3.2.1.1 *Council Complaints/Service Request Database*

The Council Database (CRM) has the facility to record information pertaining to a particular item and a facility to request services. It provides Council with a monitoring facility for response times to requests from Customers. The tracking of a type of activity can be monitored against contractor performance or whether a significant issue is/or has occurred within the District.

Council reports to the Community on the number of CRMS opened and closed for each activity, on a monthly basis, through the staff report on the Council order paper. Managers are able to access detailed reports on the type of faults received, and also view the details of individual CRMs.

Since 2012 there has been a concerted effort to move all customer requests over to the electronic system. The system is the primary data source for the performance measures relating to customer response *times*, including the mandatory measures.

3.2.1.2 *Community Surveys*

Council has engaged a variety of approaches both to seeking public opinion and to communicating its decisions and programmes to people resident in the area. Up to 2014 Council commissioned National Research Bureau to undertake a Communitrak™ Survey in 2003, 2004, 2005, 2008, 2011 and again in 2014. Council changed suppliers for the community survey in 2016 to Key Research, investing in a system of rolling updates of customer feedback and satisfaction measures. This will result in timely customer responses involving at quarterly surveys of around 130 residents that will build a roling annual series of measures. The survey also provides measures and analysis of overall reputation and leadership by Council.

In 2006 a community outcomes survey was conducted and some of these measures were subsequnelty incorporated into the regular community surveys.

3.2.1.3 *2016 Survey – Key Research*

The 2016 telephone based survey was conducted with 450 residents with interviewing taking place between 5 September and 26 September 2016.

Data collection was managed to quota targets by age, ward and ethnicity and post data collection the sample has been weighted so it is aligned with known population distributions as contained in the Census 2013. At an aggregate level the sample has an expected 95% confidence interval (margin of error) of +/- 4.6%.

The number of interviews undertaken in each location were as follows:

Northern Ward - 248

Southern Ward - 202

Urban - 227

Semi Urban - 54

Elsewhere in District (rural) - 169

Ratepayers - 420

Not paying rates - 17

Renting - 13

Interview Type

All interviewing was conducted by telephone.

Sample Selection

Quota sampling was used to ensure an even balance of age group respondents, a minimum number of Maori ethnicity and with the sample also stratified according to Ward. Sample sizes for these targets were aligned to the 2013 census results.

A summary of the survey results is contained in Appendix 0.

3.3 Key Levels of Service Drivers

3.3.1 Customer Drivers

One key aspect driving levels of service is the price /quality relationship; that is the balance between the quality demanded by customers and their willingness to pay. Tararua District customers largely understand the concept that higher levels of service generally come at a higher cost. The general customer levels of service drivers include:

Availability	Services and assets are available when needed
Quality	Services and asset meet user needs
Affordability	Services are provided at the least lifecycle costs and user charges are fair and reasonable
Quantity	Services and assets are sufficient to meet demand
Reliability	There is minimal disruption to the service provided
Safety	services and/or assets do not have an adverse impact on individual's or community health
Sustainability	Service and assets are provided in a manner that does compromise the community's future wellbeing

3.3.2 Legislative Requirements

Table 6 below details the statutory requirements and other guidelines that are relevant for setting service standards for most Council activities. In most cases the legislation sets the minimum levels of service that is able to be delivered.

Table 6- Impact of Statutory Guidelines on Levels of Service

Statute or Standard	Impact on Levels of Service
Local Government Act 2002	Sets statutory requirements in terms of: • Establishing minimum level of service standards • Frequency of reviewing levels of service standards • Degree of community consultation and level of information provided • Mandatory performance measures for five infrastructure activities • Requirement to review the cost-effectiveness of the current arrangements for meeting needs of the community • Identification of Council outcomes and priorities for the district or region • Frequency of the preparation and adoption of the Long Term Plan • Mandatory preparation and adoption of a 30 year Infrastructure Strategy that underpins each Long Term Plan
Civil Defence Emergency Management Act 2002	Maintain and review annually an emergency management plan that is accepted as suitable by independent review.
Resource Management Act 1991	Compliance with provisions of District and Regional Plans: • Consents are obtained and/or renewed for all activities requiring a consent, including temporary activities • All consent conditions are fulfilled and any monitoring is carried out- including recent changes imposed by horizons “One Plan” • Comply with consent conditions including monitoring requirements
Building Act 2004	Full compliance with building consent conditions Current Warrant of Fitness for Council owned buildings
Health and Safety at Work Act 2015	Processes are in place for regular hazard identification and mitigation Persons working on a building submit a health and safety plan in advance. All persons working on a site are suitably trained and conduct their activities in accordance with the site plan. No notices are received for non-compliance with the Act.
New Zealand Standards	Full compliance with the relevant standards over reasonable period of time
Public Works Act 1981	Defined procedures are followed in all cases for the purchase and

Statute or Standard	Impact on Levels of Service
	disposal of land
Fire service code of practice	Sets minimum flow and pressure standards to facilitate firefighting in urban areas
Tararua District By-Laws and Policies	Ensure permitted activities in public areas comply with all bylaws and policies as required.

Specific legislation relating to minimum levels of service for individual activities is covered in Part B, section 5.

3.3.3 Assets Constraints to Level of Service

Part B of the Asset Management Plan outlines the constraints imposed by the existing assets within each activity, asset group or community scheme, which may affect current or future levels of service, and explains why each is relevant.

3.3.4 Impact of Drivers on Future Levels of Service

The main factors limiting the levels of service Tararua is able to deliver are:

- The physical limitations of the existing assets; and
- The fiscal limitations imposed by having a small population spread over a large area with multiple small urban areas and townships.

The Council will continue to monitor what level of service is appropriate for the District. If the current moderate growth continues into the longer term and / or accelerates then Council will need to reassess service levels in regard to capacity levels and resilience. If the population returns to the historical longer term declining trend the community may be unable to adequately fund ongoing maintenance requirements. As the Council does not wish to discourage people from living in the district, rates and user charges will need to be set at a realistic level. Careful management of the current asset systems is required to balance costs and community expectations.

3.4 Levels of Service

- The Local Government Act 2002 was amended in 2010 to include standard performance measures developed by the Secretary of Local Government that are applicable to Local authorities. These mandatory measures were introduced so that the public may compare the levels of service provided in relation to a group of activities by different local authorities. The measures only apply to the mandatory groups of activities as specified in the Act, namely:

  a) Water supply

  b) Sewerage and the treatment and disposal of sewage

  c) Storm water drainage

  d) Flood (protection and control works)

  e) the provision of roads and footpaths

- The assets covered in the Transportation, Water Supply, Storm water and Wastewater plans are subject to these mandatory measures. Council included these measures in its performance measurement processes from the 2014/2015 year.

Section 4 of Schedule 10 of the LGA 2002 specifies the information to be provided in the Long Term Plan as part of the statement of service provision. As well as the performance measures for the mandatory Groups of Activities, the Act also requires that the Local Authority provide information on:

- The performance measures that the Local Authority considers will enable the public to assess the levels of service for major aspects of groups of activities for which performance measures have not been specified as mandatory measures

- The performance targets or targets set by the Local Authority for each performance measure

- The suite of levels of service measures were reviewed in 2014 to ensure that all major aspects of the activity and aspects of the service that are of interest to the community are reported upon efficiently and effectively. Officers have reviewed these measures again in 2017 and Council has confirmed these revised measures, in a Councillor workshop, in September 2017.

- The 2014 amendment to the Local Government Act introduced Section 17A. This section requires Council to review the cost-effectiveness of service delivery method, including options for governance, funding and service delivery, at least once every 6 years. This does not necessarily impact directly on the level of service provided, but can alter the delivery method and/or the provider of the service.

- During 2016 and 2017 Council has considered a series of s17A reviews. Roading, Stormwater, and the majority of 3 waters have service delivery part of a committed contract with the Alliance. As such these services were exempt from a full service review.

- Council considered a service review for Solid Waste in 2015/16 as part of the process to issue new contracts for transfer stations, as well as the recycling and kerbside contracts. Council decided to continue with a contracted out service with management and governance in-house.

- Parks and reserves, Toilets, Camping Grounds and Pools were considered in June 2017, with Council again deciding on a contracted out service with management and governance in-house. Housing was considered in 2015 as part of the decision in principle to sell the assets. Council has since resolved to place that decision on hold and will consult again on the issue as part of the 2018 LTP.

3.4.1 Levels of Service Statements

The level of service statement is the Council description of the service if Council intends to deliver:

E.g. – “a water supply suitable for drinking”.

3.4.2 Performance Measures

Performance measures are the means for determining whether the levels of service are actually being delivered: There are two types of performance measure used by Council.

- **Customer Measure**: How the customer receives or experiences the service

  e.g. “% customers satisfied with the availability of water”

- **Technical Measure** : What the organisation does

  e.g. “the number of days water restrictions are imposed”

Each activity has a range of technical service standards. These operational measures and other technical guidelines are relevant for setting service standards for Council services. The technical measures are used internally, and do not therefore appear in the LTP. The measures and targets are summarised in Part B, Section 5 for each asset group. They are also included in technical documents such as maintenance contracts, where relevant.

Performance Target: the desired levels of performance against the performance measures

Performance Results: the actual levels of performance achieved

The 2018 measures have been reviewed in light of changes in various legislation and increased knowledge about the levels of service the community desire. A large majority of the existing measures were considered to still be relevant. Some new measures and / or targets have been introduced to provide better linkages to Council’s outcomes and are written in a way that it is easy for the community to understand. The measures have been assessed by the Senior Management Team and all measures were presented to Council in a workshop in September 2017.

The new levels of service statements, customer measures and targets, for each activity, are summarised in Appendix 0. These are the measures included in the Draft LTP 2018.

4 Activity Management Practices

4.1 Introduction

This section of the plan describes how the Council manages the asset based activities on a day-to-day basis. It covers the strategies employed by Council to ensure that levels of service are delivered to the agreed level in a sustainable and cost effective manner.

More detailed information on the management of activities is included in Part B Management Plans.

4.2 Organisational Structure and Asset Responsibilities

Councillors and Council staff are the custodians of Council assets on behalf of the community. The Asset Management Policy defines the roles of the two parties as follows:

Councillors are:

- Required to make decisions for the overall benefit of the district (as opposed to the ward they were elected within), not only for the current generation, but for generations to come;
- Accountable to third parties including residents and ratepayers, Auditor General and other entities for exercising good stewardship over substantial assets;
- Operate in an area where the formal legal and administrative responsibility for handling day-day affairs is vested in a Chief Executive, and the elected member has a largely hands-off or “arm’s length” monitoring relationship.

Council staff are responsible to Council for:

- Ensuring legal obligations are met;
- Providing technical and professional advice to Councillors to enable well informed decisions to be made with regard to management of assets and the associated activities;
- Ensuring the assets are maintained, and the activities are planned for in a manner that allows it to deliver the desired level of service in the most cost effective manner for current and future generations in accordance with the guidance provided in AMPs;
- Ensuring that assets/activities are planned, created, replaced and disposed of/discontinued in accordance with Council priorities as determined by the Long Term Plan.

Within the Council, the Assets Group has responsibility for the provision of Water and Wastewater treatment asset based services, while the Roading, Water and Wastewater reticulation, and Stormwater services are provided through the Tararua Alliance. The Parks and Property section of the Assets Group manages the assets and service delivery for Parks and Reserves, buildings and properties, housing and public conveniences. Many of these assets, including public pools, are in a form of contract management with day to day management provided through community committees. The majority of maintenance services are contracted out.

The functions provided by the Assets Group and Tararua Alliance are:

- Asset Management,

- Project Management,
- Contract Management,
- Technical expertise and skills,
- Operation and Maintenance of the Water, Wastewater, Stormwater and Roading networks,
- Management, asset management and contract maintenance of Housing and Community Buildings,
- Contract management and asset management of Parks and Reserves, Forestry, public conveniences, camping grounds and Domain Boards,
- Asset renewals for Pools.

These functions are undertaken to ensure that:

- The Council's statutory obligations are met and not compromised, and
- The Council's commitments with their community are delivered, as outlined in the Long Term Plans, Asset Management Plans and other relevant plans

4.2.1 Asset Management Planning Group

The Senior Leadership Team (SLT) is the mechanism through which Council coordinates asset management. The purpose of the SLT in regards to asset management is to attain the asset management policy objectives, namely:

- To provide for a consistent approach to asset management planning within Council and to ensure plans reflect the strategic direction of Council.
- To demonstrate to the community that Council recognises the critical importance of managing the District's assets in an effective and sustainable manner in order to deliver appropriate levels of service to current and future generations.
- To confirm a coordinated process for each significant asset area that links their contribution to the Council Outcomes with specific levels of service, performance levels and desired improvement priorities and strategies.

The relatively small size of the Council means that it is relatively easy to coordinate asset management planning as an end-to-end business process without the need for lots of formal lines of communication. The wider asset planning group is involved in the updating of asset management plans and presentation of resulting capital and operational programmes to the Council for consideration in the Draft 2018 LTP, under the guidance of the Chief Financial Officer. Oversight by the SLT ensures a whole of organisation approach is taken to asset management.

- Current AM practice is assessed against the range of AM functions identified in the International Infrastructure Management Manual (2015) as well as several other functions. Current and appropriate practices are described in Section 6.2. The work required to close the gap between current and appropriate practice provides the basis of the improvements identified in the Part B Management Plans.

4.2.2 Procurement of External Services

The physical implementation of asset management strategies is largely implemented via the purchase of external goods and services. In recognition of this, the Council adopted a procurement policy in 2010. This policy is currently being reviewed to ensure alignment with currently recognised good practice.

The policy sets out a framework for the procurement of goods and services that aligns with the strategic outcomes and objectives of Tararua District Council.

The policy recognises that Council has a responsibly to its community to manage its resources effectively and efficiently and to procure goods and services in a transparent and legally compliant manner.

The policy is a Council tool that delivers 'value for money' rather than a prescriptive document which dictates a single procurement process for all goods and services. The policy covers the full range of products and services procured by Council and it is intended that implementation of the policy will provide consistency in maximising value for money, in supporting the local market and in providing fair competition.

- Infracon was the primary Council contractor for maintenance work across all activities for a number of years. In July 2014, Council elected not to renew the roading maintenance contract with Infracon, and subsequently formed the Tararua Alliance with Downers. The Alliance manages the roading, wastewater and water reticulation, and stormwater activities including the delivery of physical works.

- In September 2014, Infracon was placed into liquidation. As a result of this Council employed staff to manage the water and wastewater operation and maintenance functions and engaged the Alliance to undertake capital works on these networks. In 2016, these functions were contracted directly with the Alliance, with staff transferring into the Alliance structure. All parks maintenance contracts were tendered, and now Council engages a range of contractors for its parks, property and solid waste maintenance.

4.2.3 Asset Management Information

To help identify the asset management information needs it is helpful to break down business practice into three key asset management inputs:

- **Processes**: The necessary processes and the analysis and evaluation techniques needed for life cycle asset management

- **Data**: Data available for manipulation by information systems to produce the required outputs

- **Information systems**: The information support systems used to store and manipulate the data

4.2.3.1 *Data Management and Information Systems*

Three Waters:

Up until 2017 the asset registers for the three waters were contained within Council-owned software, Pro-Omni. This allowed geo-spatial representation (mapping) of the network components and links these components to all their relevant descriptive data (known as attributes). A Unique Identification Number (UFI) is assigned to each component. This software has some major limitations and considerable training is required to operate it. Tararua District Council is the only user of the software, and as such there is no development programme due to cost and lack of staff who know the software.

After a detailed procurement and assessment process Council has purchased new asset management data management software – Assetic. Data was transferred into Assetic during 2016/17, proceeded by asset validation and condition rating processes.

In October 2014, the asset management data function moved from the assets group to the Alliance this gives council a centralised centre of excellence for all data management. Council is currently in the process of transitioning from the Pro-Omni system to Assetic, a strategic asset management software solution. The advantages of moving to this new system is the ability to undertake strategic asset management decision making using a number of data sources, including asset information, financial information and CRMs. The system also has enhanced reporting and reporting functionality, better integration capability and a much better user interface when compared to the current system.

Essential to the AMP process is that the electronic asset register is maintained. Once the new data system is in place, data collection and verification in the field will be possible. Furthermore, it will be easier for staff to view and generate reports from the system. The continued improvement of the asset register is listed in the improvement section as an ongoing priority.

Based on the component data entered in Assetic, financial calculations (e.g. initial costs, valuations, yearly depreciation, replacement costs, total cost summaries, etc.) are generated for reporting and planning purposes. An improved asset register has been compiled to support the preparation of these AMPs and has been used to update the information currently held in Council's financial ledger system.

Field work during 2016/17 verified or upgraded the attribute data held on most components within the stormwater, waste water and water networks, as well as for assets in the Community Facilities AMP. In addition, considerable effort has been made to improve condition assessment data, and componentisation of network assets. Council staff reconfirmed the network layouts, checking dimensions and materials and physical condition. This increased data confidence and asset knowledge continues improvement processes started in the 2012 LTP process. Although there is more work to be done and improvements to be made, the current status of most assets is now much better defined and conditions known.

In 2012 Council purchased a CCTV camera and employed a staff member to investigate the condition and performance of the Council's piped network. A large amount of film footage has been captured and pipe condition and performance formally assessed. The camera has also been invaluable in assessing faults in the system and verifying private connections. The data has been used to programme pipe replacements since 2013/2014, and has led to a significant increase in planned renewal works.

Roading:

Council maintains its roading assets data within the Roads Assessment Maintenance System (RAMM). RAMM is a computer based system used throughout New Zealand for both state highway and local roads. This allows direct comparison of condition data and treatment achievements between local and national road authorities. The use of RAMM is a NZTA requirement for obtaining roading subsidy.

The RAMM inventory provides for pavement, footpaths, kerb and channel, and drainage data but relies on 'add- in' systems for other road asset groups. In conjunction with RAMM, Council also uses the following systems:

- Network Overview System (Roading Manager)
- Crash Analyses System (CAS) of NZTA
- Bridge Culvert Maintenance Management system (BCMS)

Roading data is regularly updated using condition and maintenance data collected in the field. Considerable work has been undertaken since 2011 to verify bridge data. The data is now considered to be very reliable.

Community Assets:

Core Community asset data and other property data was previously held within the fixed asset register of Council. This data is the basis upon which valuation is drawn. All renewal schedules and condition assessment results are held in Excel, but are transferring over to Assetic during 2017.

This work is partially completed. New asset records are being created, including breaking some of the assets down into components. Condition data that was collected in 2014 and again in 2016/17, but which is currently held in excel spreadsheets, is also being loaded into Assetic.

Land Identification: Property Land ID numbers are currently used with Council's GIS system – MapInfo. All water and road assets are recorded in MapInfo.

Plans and Records: Most design plans and some as-built plans are kept in hard copy form in the Tararua Alliance plan room in Oringi. There is a move towards digitising these and linking them to a property land ID number.

Customer Requests: All customer requests are received and logged by Council in CRM, a module of Authority. The customer service officers then either elevate the call to the contractor (routine matters) or the officer responsible for the activity. There is a tracking and sign –off system in place for all requests for service. There is no direct link between Pro-Omni and CRM. The link between Assetic and CRM is yet to be fully functional.

Financial Data: The financial system used is Authority. The system is entirely separate from the Assetic and RAMM databases.

The manager signs off all expenses and all costs (operation, maintenance, capex) are recorded against appropriate cost codes in the financial system. The actual costs of renewals are entered against the appropriate asset component within Assetic and RAMM.

4.2.4 Asset Categorisation / Hierarchy

Asset description classifications and standards are well documented for all significant assets and components. Asset data is stored in various locations around the Council and maintained by various staff depending on ownership and usage of the data. A more centralised and consistent approach to collecting, storing and managing the data is being worked towards, with the transfer of asset data ownership to the Tararua Alliance being the first step.

Several information management software systems are used by Council to store and manipulate asset management data but they are currently used to a limited extent only. The Geographic Information System (GIS) is in the medium stages of development; it is seen as a central information system provider to Council staff but it has only limited links to asset attribute data.

4.2.5 Organisational Strategies

The Asset Group and asset management team structure ensures that TDC progress asset management practices in a consistent way. The current practices are as follows:

4.2.5.1 *Contract Management*

Tararua District Council contract out all physical works arising from the delivery of services to the community, except the treatment of water and waste water. The management of the water and waste water networks which was brought back in-house is now delivered through the Tararua Alliance contract. The Tararua Alliance provides design and project management. The role of the senior leadership team is to identify the outcomes to be delivered and manage the budget; the Alliance specify, procure, manage and monitor the delivery of the agreed outcomes. The Alliance also provide maintenance and operations for roading, and deliver capital works projects for roading and the three waters, through direct procurement utilising Downer staff.

The contracting strategies are generally well developed and effective external contracts are in place with physical works and professional services providers. Further details on the service delivery mechanisms are covered in the part B plans.

4.2.5.2 *Condition and Performance Processes*

The assessment of asset condition is an essential part of asset management planning. Asset condition assessments are undertaken to determine:

- Where the asset is in its life cycle;
- The remaining effective life of an asset;
- The rate of deterioration of the asset;
- When asset rehabilitation or replacement will be required;
- Financial cash flow projections;
- The risk of failure;
- The frequency of inspection required to manage risk of failure.

The data collected is used to support core asset management activities such as, risk management, predictive modelling, planned maintenance and rehabilitation, asset valuation and budget forecasting.

The data collected allows for:

- Planning for the long term delivery of the required level of service;
- Prediction of future expenditure requirements;
- Management of risk associated with asset failures;
- Refinement of inspection, maintenance and rehabilitation strategies;
- Selection of work priorities;
- Utilisation of cost effective renovation options by avoiding premature asset failure;
- Identification of deferred maintenance.

Assets are assigned a grade from 0-5. The general meanings of the grades are as follows:

Table 7- Asset Grades

Grade	Condition	General Meaning
0	Non-existent	Asset absent or no longer exists
1	Excellent	Sound physical condition *No work required*
2	Good	Acceptable physical condition; minimal short term failure risk but potential for deterioration *Only minor work required (if any)*
3	Average	Significant deterioration evident; failure unlikely in near future but further deterioration likely *Work required but asset is still serviceable*
4	Poor	Failure likely in short term *Substantial work required in short term, asset barely serviceable*
5	Very Poor	Failed or failure imminent/ safety risk *Major work or replacement required urgently.*

Formal assessment of roads assets is an ongoing process. Roading data is graded using the RAMM grading scale.

Council uses the CCTV camera and physical inspection of pipes for formal grading of pipes using the NZWWA grading system and IPWEA condition assessment guidelines.

A formal assessment of the condition of all Community assets was undertaken in 2011, 2014 and again in 2016/17. The results of the assessment are presented in the Community Facilities Part B Management Plan. The assessment was undertaken using the New Zealand Parks and Recreation Asset Grading Standards (PRAMS) Manual 1998, with the 2016/17 assessment using Table 17. This manual was developed for the leisure industry and provides detailed grading assessment scores for each component within the Community Facilities portfolio.

Condition assessment primarily relates to the physical state of an asset, whereas the performance of the asset is closely aligned to the level of service provided to customers. For example, playground equipment may be ineffective because of uninteresting or non-complying design even though it may be in perfect condition. Alternatively it may be operating satisfactorily even though the condition is poor.

Performance information is maintained through investigations undertaken in response to customer requests for service/complaints and routine maintenance audits. For example, water quality testing, Hydrant flow and static pressure testing, traffic counts. Officers undertook a preliminary assessment of performance at the same time the community assets condition assessment was undertaken. The subjective assessment asked the question - *is this asset fit for purpose for which it is intended?*

The CCTV camera has allowed performance assessment of waste water and stormwater pipe aspects such as grade, lineation, security of joints, root intrusion, fat and gravel build up.

Assets are assigned a grade from 0-5. The general meanings of the grades are as follows:

Table 8- Performance Gradings

Grade	Performance	General Meaning

1	Excellent	Meets user needs in every way *No work required*
2	Very Good	Largely meets user needs *Only minor modification required (if any)*
3	Average	Meets most of the user needs, but there are levels of service gaps *Some modification needed*
4	Poor	Meets very little of the user needs *Substantial modification work required in short term*
5	Very Poor	No longer an appropriate asset to meet current levels of service *Replacement required*

There is opportunity for further development of the process for capturing performance data. The new data system has enhanced functionality for recording performance data, including photographs, and using the performance data will increase the accuracy in forecasting renewals.

4.2.5.3 *Maintenance Strategy*

The short-term maintenance strategy is intended to retain current levels of service with respect to asset condition and functionality whilst minimising costs. As data confidence increases maintenance activity will be modified as necessary to reflect:

- The age of assets relative to expected economic life cycle
- The risk of failure of critical assets
- Changes in the desired level of service
- The nature and timing of asset upgrading/development works

4.2.5.4 *Renewal Tactics*

The general renewal strategy is to rehabilitate or replace assets when justified by:

- Asset Performance
- Renewal of an asset where it fails to meet the required level of service.

Non-performing assets are identified by the monitoring of asset reliability, capacity and efficiency during planned maintenance inspections and operational activity. Indicators of non-performing assets include:

- Repeated asset failure;
- Repeated reticulation leaks;
- Ineffective and/or uneconomic operation;
- Inefficient energy consumption - New technology can also result in replacement of assets before they fail if the overall operating costs are reduced (including cost of capital).

- Economics - When it is no longer economic to continue repairing the asset (i.e. the annual cost of repairs exceeds the annualised cost of its renewal). An economic consideration is the coordination of renewal works with other planned works such as road reconstruction. Council will actively research the effectiveness of new technology which may reduce the direct and social costs of repair works.

- Risk- Risk of failure and associated environmental, public health, financial and social impact justifies proactive action.

Pro-Omni was only used to estimate future renewal budgets, due to the lack of a complete set of condition data to verify the estimated replacement dates of assets. The improved data in Assetic will more directly drive renewal budgets. The majority of 2018 LTP budgets will reflect the new data information system. Renewal budgets for waters treatment are currently forecast by the Utilities asset manager based on life and condition / performance, including CCTV footage. RAMM is used to generate renewals forecast for roads assets.

Planned and reactive works are prioritised in accordance with the criteria outlined in Table **9** and then programmed or, in urgent cases, undertaken immediately.

Table 9- Renewal Priority Rankings

Priority 1 (High)	Asset failure has occurred and renewal is the most cost effective treatment. Asset failure is imminent and failure is likely to have major impact on the environment, public health or property. Asset performance is non-compliant with resource consent requirements.
Priority 2	Asset failure is imminent, but failure is likely to have only a minor impact on the environment, public health or property. Asset failure is imminent and proactive renovation is justified economically. Road upgrading is scheduled for the current financial year. Asset renewal is justified on the basis of minimal life cycle costs and deferment would result in significant additional costs.
Priority 3 (Low)	Asset failure is imminent, but failure is likely to have a negligible impact on the environment, public health or property. Asset renewal is justified on the basis of minimal life cycle costs, but deferment would result in minimal additional cost.

The renewal strategy is used as the basis for the development of the 10-year renewal forecast. The programme of works is reviewed at least annually, with any deferred work re-prioritised along with new renewal projects and a revised programme established.

4.3 Risk Management

The Council faces a range of business risks inherent in the functions of being a local authority. The Council's objective is to integrate risk management practices and procedures that are targeted to (and appropriate for) Council's strategic and operational goals and also appropriate for Council's business functions.

Council has recognised that for its asset management planning to be robust and sustainable it must be integrated with other corporate risk management processes. This encompasses strategies for Council's most critical assets, providing for the effects of asset failure and integration with disaster recovery plans

and business continuity plans. Such integration will enhance Council's ability to optimise its decision making process for the betterment of the communities it serves.

This section looks at the risk management framework set up by the Council for assessing and managing risk. The current Tararua District Council Risk Management Plan is in draft form. A copy of the draft plan is attached as Appendix 0.

4.3.1 Risk Management Framework

The framework for successfully identifying, analysing, evaluating and managing risk is based on the Joint Australian New Zealand International Standard – Risk management – Principles and guidelines (AS/NZS ISO 31000-2009).

- The overall process framework for risk management is:
  - Establish the context (i.e. the external and internal parameters to be taken into account when managing risk);
  - Assess the risk – identification, analysis (in terms of consequence and likelihood) and evaluation;
  - Treat the risk.
- These are in the context of ensuring communication and consultation and undertaking monitoring and review.

4.3.2 Risk Management Context

Council is committed to the identification, evaluation, prioritisation and management of risks, to:

- Reduce, mitigate, transfer or eliminate threats,
- Allow for the most effective use of resources,
- Protect Council's corporate image and reputation as a responsible and ethical organisation, and
- Exploit opportunities.

The risk management framework is designed to ensure that:

- All significant operational and organisational risks are understood and identified.
- The highest risks that should be addressed in the short to medium term are identified.
- Risk reduction treatments which best meet business needs are applied.
- Responsibilities for managing risk are allocated to specific staff.

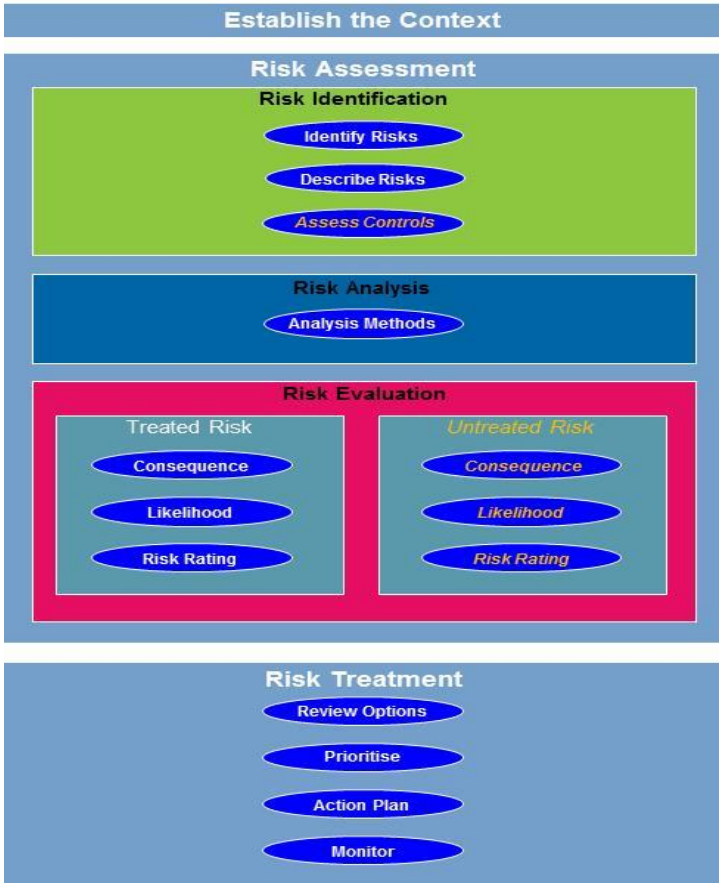
4.3.3 Risk Management Process

The major elements of the risk management process are:

- Risk management context: establishes criteria against which risk can be evaluated.

- Risk identification: identifies the risks the Council may encounter and helps explain the impact of those risks on the business.
- Risk assessment: establishes a risk rating for all assets or asset groups, and describes which assets represent the greatest risk to the business.
- Risk treatment: identifies what actions are available to reduce risk at asset or asset group level to an acceptable level, and identifies the most cost effective treatment option.
- Monitor and review: the ongoing process to ensure risk levels remain acceptable even if risks change.

Figure 8 – Risk Assessment



The risk assessment process consists of the following steps:

For each risk event identified, the consequence of failure and the likelihood of failure is assessed- using standard tables. Generally, the risks identified to date for Tararua District Council fall into three categories. Governance, Business and Strategic.

- Governance risks are those affecting the Mayor and councillors of Tararua District Council (TDC).
- Business risks are those affecting the business of TDC and may include Hazard risk (Liability torts, Property damage, Natural catastrophe) and Financial risks (Pricing risk, Asset risk, Currency risk, Liquidity risk, Operational risk, Customer satisfaction, Product failure, Integrity, Reputational risk). Further examples are: commodity price increases, exchange rate changes, access to credit, IT

failure, major failure of Subsidiaries, Trusts/entities and suppliers in which TDC has a large stake or relies upon for goods and services.

- Strategic risks are those identified during the Long Term Plan process. They may have a more global effect beyond Council's control, but still impact on Council. They may include Social trends, Capital availability and competition

The risk cost is evaluated for each risk event identified using the following formula:

Risk cost= probability of event occurring x consequence of event

The matrix of likelihood and consequence of failure ratings shown below is used by the Council to assess the level of risk, ranking events as low, medium, high or extreme risk. The matrix uses a four step risk probability and impact scale that reflects the relatively simple asset base that exists at the Tararua District. Each risk reflects the issues and challenges identified in the AMP.

Table 10

	4 Almost Certain	**3 Likely**	**2 Possible**	**1 Unlikely**
4 Catastrophic	16 Extreme	12 Extreme	8 High	4 Medium
3 Major	12 Extreme	9 Extreme	6 High	3 Medium
2 Moderate	8 High	6 High	4 Medium	2 Low
1 Minor	4 Medium	3 Medium	2 low	1 Low

Risks/issues that score 12 or 16 are the highest priority to address. Those scoring under 3 are the lowest priority.

The broad treatment strategy for the levels of risk is:

L = Low Risk: Manage by routine procedures

M = Medium Risk: Management responsibility must be specified

H = High Risk: Risk and management strategy identified in AM plan.
Failure management plans available

E = Extreme Risk: Risk and management strategy identified in AM plan.
Failure management plan specifically addressing event in place.

Strategic Risk management processes are managed by the Manager Strategy and District Development. Business continuance and disaster recovery plans will be a focus of the District Resilience Manager.

4.3.4 Corporate Risks

The Council evaluates risk at the corporate and at an activity level. The general risks identified and managed at the corporate level by Council are in the risk management plan, Appendix 0.

Once the risk cost is known, the organisation can then evaluate the risk reduction opportunities available. Risk treatments are the management practices and processes to eliminate the probability and/or lessen the consequences of the risk event are summarised in the Risk Management Plan.

Council adopts risk treatments on the basis of cost/benefit, where a reduction in risk exposure is seen as an organisational benefit. In some cases Council may choose to accept the risk, whereas in other cases it will choose to do all it can to reduce the risk cost.

The general corporate risks identified for the management of assets is:

- Inability to provide essential services following a natural disaster;
- Contamination of drinking water supply;
- Actions by the Manawatu-Wanganui Regional Council (MWRC) increase costs of supply to meet utility needs of our ratepayers;
- Failure to deliver the principal outcomes of time, cost and quality for a major infrastructure project(s);
- Failure to construct infrastructure to meet community needs;
- Consideration of cost effective mechanisms for delivering 3 Waters Services;
- The technical or structural failure of one or more major infrastructure assets.

4.3.5 Activity Risk Management

Each activity is at a different stage with respect to risk management. A table outlining the steps in the risk management process completed to date is contained within Section 5 of the Part B Management Plan for each activity.

4.3.6 Risk Treatment Options

For many risks, there are a number of options available to treat the risk. Within each Part B Management Plan, the available options for addressing the 'extreme' and 'high' risks have been detailed.

In general terms, options for mitigating risks to reduce the cause, probability or impact of failure are:

- Do nothing - accept the risk;
- Management strategies - implement enhanced strategies for demand management, contingency planning, quality processes, staff training, data analysis and reporting, reduce the target service standard, etc.;
- Operational strategies - actions to reduce peak demand or stresses on the asset, operator training, documentation of operational procedures, etc.;
- Maintenance strategies - modify the maintenance regime to make the asset more reliable or to extend its life;
- Asset renewal strategies - rehabilitation or replace assets to maintain service levels;
- Development strategies - investment to create a new asset or augment an existing asset;

- Asset Disposal/Rationalisation - divestment of assets surplus to needs because a service is determined to be a non-core activity or assets can be reconfigured to meet business needs better.

4.3.7 Business Continuity

The Council has drafted a Business Continuity Plan (BCP) to provide an appropriate response to an extended loss of service(s) to the Council through the unavailability of critical buildings, processes, equipment and/or people. The primary objectives of the BCP are to:

a. Provide an organised and coordinated approach to managing response and recovery of Council activities following any emergency or crisis event.
b. Provide a prompt and appropriate response to any incident that has significant impact on the Council, thereby reducing loss resulting from business interruptions and providing a return to service of mission critical activities.
c. Ensure that key business functions and activities of the Council can be recovered in a timely manner.
d. Outline Recovery Team members and responsibilities.

The BCP deals with all critical services, equipment and information services used by the TDC on its various sites and documents BCP documents recovery strategies for full or partial loss to the Tararua District Council of:

a. Staff resources
b. Electricity
c. Natural Gas supply
d. Water Supply
e. Wastewater disposal
f. IT and telecommunications
g. Building or building services
h. Transport

5 Financial Forecasts

5.1 Introduction

Taking a sustainable, long term approach to asset planning requires the preparation of a long term financial forecast. This enables issues such as deferred maintenance, and intergenerational equity to be addressed by infrastructure planners.

The Asset Management Plans provide detailed financial forecasts for a 10-year period. The infrastructure strategy covers a much longer planning period (30 years plus), based on developing the most cost effective solution for the life of the asset.

The information provided in the financial section of the Part B Management Plans, is a summary for the activity as a whole. Detailed financial information pertaining to each asset group is contained within Section 7 (Transportation AMP may differ in structure).

5.2 Financial Statements and Forecasts

Operational budgets were compiled generally in a manner designed to maintain current level of services as a baseline. These were then adjusted to take into account increases in costs (operating and maintenance) as a result of new assets, asset enhancements, resource consent renewal processes and changes in contracts. Where changes to the service had been made, or a new service was being offered, these budgets were developed from a zero baseline.

Capital renewal budgets were developed based on condition assessment data, customer request records and age of assets. All 2015 based LTP renewal budgets were revisited. New capital works budgets were developed and prioritised based on legislation, technology and future resource consent conditions, existing LTP 2015 projects and changes in levels of service as directed by Council through Councillor workshops held mid / late 2017. There was little need to introduce new projects to meet future demand, given the low growth projections for Tararua District Council relative to the current service capacity.

The budgets were then entered into the BIS budgeting tool. All budget figures were reviewed by the Group managers and finance. These new budgets then formed the first draft of the 2018 LTP.

The following expenditure categories were used to develop the budget forecasts.

5.2.1 Operating Expenditure

Asset operational activity is work or expenditure having no effect on asset condition but which is necessary to keep the asset functioning such as the provision of energy, staff, consumable materials, monitoring and investigation. Asset operational activities exclude maintenance work.

5.2.2 Maintenance Expenditure

Maintenance can be defined as that group of activities which preserve an asset in a condition that allows it to perform its required function.

Maintenance is regular work and immediate repairs necessary to keep the asset operational. Ongoing efficiency of routine maintenance is critical to achieving optimum asset life cycle costs and meeting the desired levels of service. Maintenance falls into two categories: planned and unplanned. Each has quite different triggering mechanisms and objectives:

Unplanned Maintenance

Corrective work carried out in response to reported problems or defects with assets (e.g. leaking pipes, vandalism, etc.).

Planned Maintenance

Preventive maintenance carried out to a predetermined schedule with the aim of ensuring continuity of service, preserving asset design life and, if economic, extending asset life (e.g. the inspection of critical system components, replacement of minor components, greasing mechanical equipment etc). On-condition maintenance is carried out as a result of condition and performance evaluations of asset components (e.g., painting, valve overhauls).

5.2.3 Capital Expenditure

Capital expenditure has been separated into the following:

- **Capital renewals** - capital expenditure to rehabilitate and/or replace existing assets in order to maintain current levels of service
- **Levels of service projects** - projects to enhance existing assets or create new assets in order to deliver increased levels of service
- **Growth projects** - projects to increase the capacity of existing assets or the creation of new assets to meet future growth and demand

5.2.3.1 *Renewals*

Asset renewal is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to extend its economic life and/or restore the life service potential. (Work which increases the design capacity of assets is defined as upgrading LoS or growth work.).

The renewal strategy is used as the basis for the development of the 30 year renewal forecast. The programme of works is reviewed at least annually, with any deferred work re-prioritised along with new renewal projects and a revised programme established.

5.3 Revenue and Financing Policy

Council's Revenue and Financing Policy sets out how the expenditure needs for Council activities will be funded. The policy is based on who benefits. Council reviewed its revenue and financing policy as part of the development of the Draft 2018 LTP.

5.3.1 Funding of operating costs

Council funds operating expenditure from the following sources:

- Rates – income generated by the collection of general, separate and differential rates.
- Fees and Charges
- Grants

Council may choose not to fund fully the operating expenditure in any particular year, if the deficit can be funded from operating surpluses in the immediately preceding or subsequent years. An operating deficit will only be budgeted when beneficial to avoid significant fluctuations in rates, fees or charges.

Council may choose to fund from the above sources more than is necessary to meet the operating expenditure in any particular year. Council will only budget for such an operating surplus if necessary to fund an operating deficit in the immediately preceding or following years, or to repay debt. Council will have regard to forecast future debt levels when ascertaining whether it is prudent to budget for an operating surplus for debt repayment.

5.3.1.1 *Funding of Capital Expenditure*

Council funds capital expenditure from borrowing and grants, and then spreads the repayment of that borrowing over several years. This enables Council to match best the charges placed on the community against the period of benefits from capital expenditure.

Borrowing is managed within the framework specified in the Liability Management Policy. While seeking to minimise interest costs and financial risks associated with borrowing is of primary importance, Council seeks to match the term of borrowings with the average life of assets when practical.

5.3.1.2 *External Funding*

External Funding varies from activity to activity, and is therefore discussed in detail in the Part B Management Plans.

A significant assumption made when the revenue forecasts were developed is that the subsidy level of 65% (for maintenance and renewal costs within the approved NZTA Roading Programme) will apply from the 2018/19 year. The 65% level of subsidy is assumed to continue after that for the long term. Council has also assumed that Health and Environment subsidies will not be available for water and wastewater network improvement projects that are additional to those already approved under the Ministry of Health and the MfE River Clean-up Fund.

5.4 Valuation Forecasts

The date of the last valuation is 30 June 2017. Standard replacement rates were analysed using actual contract unit rates where possible, and the Producer Price Index available from Statistic NZ (www.statistics.govt.nz).

5.4.1 Asset Valuation Summary

The value of the Tararua District Council infrastructure assets as at 01 July 2016, carried out in accordance with the approach and methodology outlined below, are assessed at $893M, as summarised in Table 1: Value of Council Infrastructure Assets.

5.4.2 Basis of Valuation

The basis of the valuation is in accordance with both NZ IAS 16 and NZ IAS 36, whichever is applicable. This valuation has been conducted on a basis and in a manner which provides explicit valuation detail in respect of each class of property, plant and equipment and in total for all classes.

The valuation approach taken is the Depreciated Replacement Cost approach.

5.4.3 Data Sources

The component data entered in Assetic and (if not yet transferred) Pro-Omni is the data source for the valuation of three waters assets. RAMM is the data source for Roading assets. The Fixed Asset Register is the data source for the valuation of land and buildings.

5.4.3.1 *Confidence Levels*

The confidence in the asset data used as a basis for the financial forecasts has been assessed using the grading system from the International Infrastructure Management Manual International Edition, 2015, as reproduced below.

Table 21- Data Accuracy Grading System

Confidence Grade	Description	Accuracy
1	Accurate	100%
2	Minor Inaccuracies	± 5%
3	50% estimated	± 20%
4	Significant data estimation	± 30%
5	All data estimated	± 40%

The confidence level has increased since the 2015 Amps and is now assessed at 2 overall.

5.4.3.2 *Useful Lives*

The standard useful lives for the assets have been guided by Table 5.3.1 in the NZ Infrastructure Asset Valuation and Depreciation Guidelines (2006). Useful lives have then been updated based on condition assessments that is an assessment of where in their service lives assets are relative to their physical age.

A summary of the useful lives is contained in the Appendices of Part B of each management plan.

5.4.4 Depreciation Forecasts

Assets have been depreciated on a straight-line basis (residual values are not depreciated) to determine Optimised Depreciated Replacement Cost (ODRC).

$$ODRC = Optimised\ Replacement\ Cost \times \frac{Remaining\ Useful\ Life}{Total\ Useful\ Life} \times Unit\ rate\ Factor$$

The calculation for annual depreciation used is:

$$Annual\ Depreciation = \frac{Optimised\ Replacement\ Cost}{Total\ Useful\ Life}$$

Total useful life is calculated differently depending on whether condition and performance factors are used in the valuation or if it is dependent on age alone. Condition factors are used where the manager is confident that suitable condition data is available to produce a more accurate valuation than by age alone.

$$Total\ Useful\ Life = Age + Remaining\ Useful\ Life\ (\mathrm{R.U.L})$$

$$R.U.L = \begin{cases} f(Baselife, condition, performance), condition\ based\ valuation \\ Baselife - Age, age\ based\ valuation \end{cases}$$

1	100% - 72%
2	72% - 41%
3	41% - 24%
4	24% - 11%
5	11% - 2.5%

5.4.5 Corporate Assumptions

A number of assumptions have been made which apply to all Council asset management plans. These are summarised in Appendix **Error! Reference source not found.**. Assumptions which pertain to particular ctivities are outlined in individual Part B Management Plans.

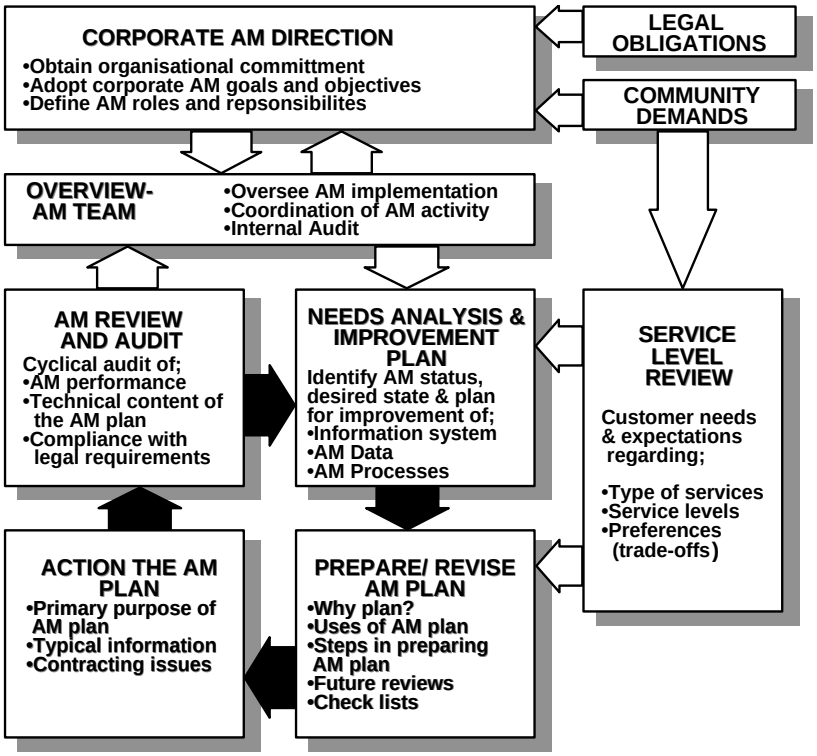
Financial Forecasts

6 Improvements to Asset Management Planning

The development of each Asset Management Plan is based on existing levels of service, except where council has agreed to changes to level of service, the best available current information and the knowledge of Council staff. It is merely a snap shot in time of the underlying planning processes of Council. The AM plan will be the subject of on-going monitoring, review and updating to improve the quality of AM planning and accuracy of the financial projections.

This process involves using improved knowledge of customer expectations and enhanced AM systems and data to optimise decision-making and activities, review outputs, develop strategies, introduce risk management and extend the planning horizon. Figure below illustrates the desired process for developing and reviewing asset management practices and the resulting AM plan;

Figure 9 -Flow Chart for Developing and Using AM Plans



The AM improvement process involves;

- The cycle of AM plan monitoring, review, revision and audit to improve the effectiveness of AM plan outputs and compliance with audit criteria, legal requirements and good practice.
- The definition of service standards reflecting community desires through public consultation (service level review). The AM plan is used to identify service standard options and costs, and the delivery of the service standards adopted is a key objective of AM planning.
- The corporate AM co-ordination role by the asset management team, which guides and audits the development of AM plans within the framework of Council's strategic direction.

6.1 AM Improvement Programme

The purpose of the Improvement Plan is to:

- Identify and develop implementation of AM planning processes,
- Identify and prioritise ways to cost-effectively improve the quality of the AM plan,
- Identify indicative time-scales, priorities, and human and financial resources required to achieve AM planning objectives.

The major improvement actions completed between the 2010 plans and the final 2018 plans include:

Improvement Action	Date
Condition assessment and renewal forecasts for all roading bridges	2011
Water, waste water treatment brought in-house	July 2011
Condition assessment of all Community assets	June 2011, and 2014
Development of new asset management plan format	August 2011
Formation of asset management team	August 2011
Forward renewals programme for three water assets (by network)	Sept. 2011
Development of 10 yr operating and capital budgets	Sept-Nov. 2011
Adoption of Waste Minimisation Plan	Dec. 2011
Review of all levels of service statement and measures	Nov 2015
Adoption of asset management policy	January 2015
1st Draft of new community assets plan	January 2012
Council joined as NAMS member	January 2012
Formalise decision making processes for capital works through business case approach	2015
Develop staff training programme for each member assets group	2015
Review maintenance contract documents- bringing in levels of service focus	2015
Condition rating data across most asset types	2017
Checking unit prices and life of asset assumptions for Community and Recreation Facilities	2017
Verification of data in current data system	Complete April 2017

The 2015 Asset Management Plan identified a number of other improvement actions that have yet to be fully completed. Table presents the current status of these improvement items.

Table 22 - Progress on 2015 Corporate Improvement Actions

Action	Improvement Tasks Required	Responsibility	Priority	Target Date	Progress
1	Complete data transition to Assetic (3 waters, R Property / Parks	Project Control Group	1	30th June 2015	By August 2017
2	Document standardised procedures for data collection	Tararua Alliance data management team	1	30th June 2015	Partly complete – Dec 2017
3	Investigate Assetic as a	Tararua Alliance	1	July 2015	Complete

Action	Improvement Tasks Required	Responsibility	Priority	Target Date	Progress
	replacement data system for RAMM	data management team Finance manager			2016 – Stay with RAMM
4	Change to solely asset data based valuation for Roads	Alliance planning manager, Chief Financial Officer	2	Prior to June 2016	Set up / trial June 2017 – complete June 2018
5	Complete majority of condition assessment for water assets – ongoing programme	Utilities manager (And since 2016 with Alliance)	2	Prior to June 2016	Progress made – ongoing task
7	Identify critical asset components for community assets	Community asset manager	2	31st December 2015	By July 2017

6.2 Current Asset Management Practice

An assessment of current asset management practice was undertaken in December 2014 and again in June 2017. The assessment covered:

- Business processes used in the implementation of AM activities, including strategic planning, data collection, and asset operations / maintenance and capital work practices.
- Information systems to support (and often replicate) AM processes and store/manipulate data.
- Asset data and knowledge, its appropriateness, reliability and accessibility.
- Implementation strategies including contractual, organisational, and people issues.

A re-assessment of overall level of asset management practice at Tararua District Council was undertaken in June 2017 using the Asset Management Maturity Index contained within the International Infrastructure Management Manual (2015). Practice is rated as minimum, core, intermediate or advanced. A copy of this matrix is contained within Appendix **Error! Reference source not found.**. The results of this assessment are ummarised in Table .

It is Council's intention to move towards "appropriate asset management practice" as part of the 2018 LTP process. Considerable improvements have been achieved since 2010. Appropriate practice has been defined in Council's asset management policy as being:

Table 11 - Appropriate Asset Management Practice

Activity	Level
Transport AMP	Intermediate/Advanced
Water Services AMP	Intermediate
Waste Water AMP	Intermediate
Storm water AMP	Intermediate
Solid Waste AMP	Core

Activity	Level
Community Facilities AMP	Core

In each of the Part B Management Plans, current AM practice is assessed against the range of AM functions identified in the International Infrastructure Management Manual as well as several other functions. Current and appropriate practices are described in sections 8.3 to 8.5. The work required to close the gap between current and appropriate practice provides the basis of the improvements identified in Section 8.7. An assessment of the overall practices across the Council is shown below.

Figure 10

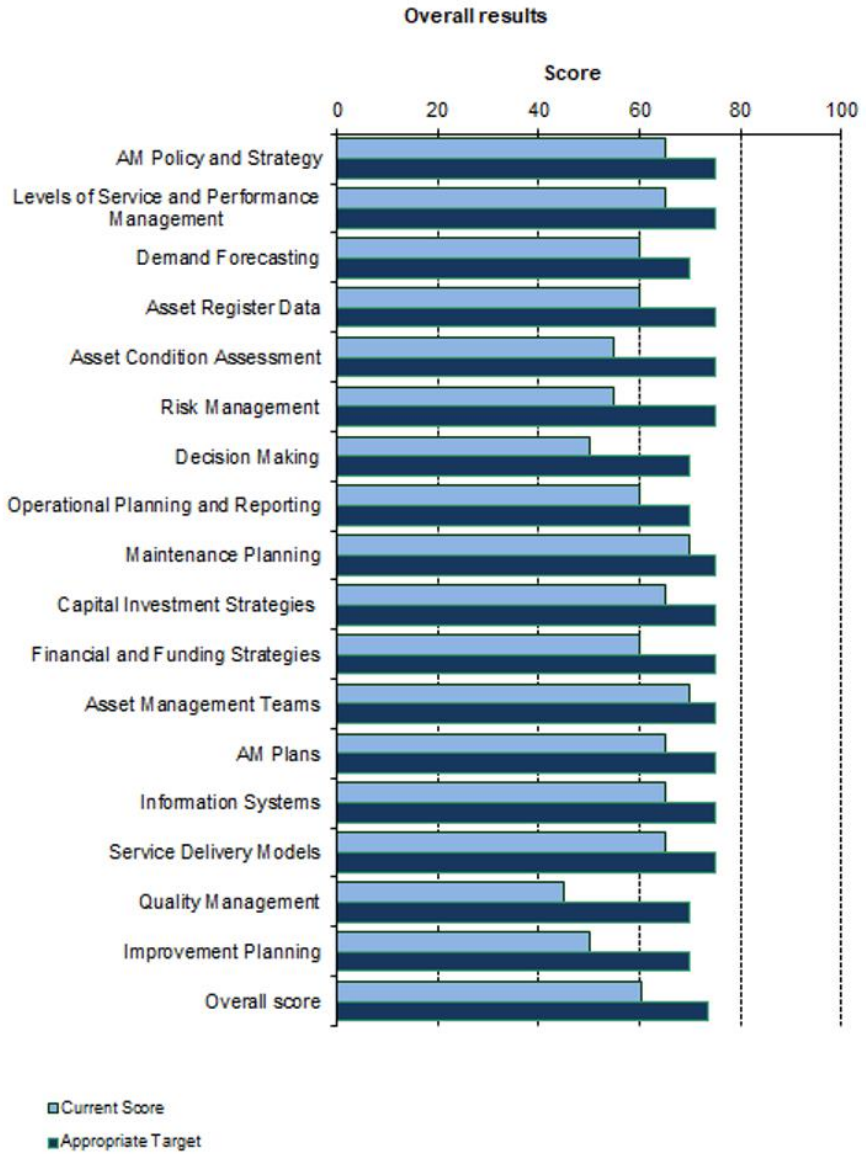


Table 24- Level of current AM practice at TDC

Section 2.1	Minimum	Core	Intermediate	Advanced
AM policy development			All	
Levels of service and Performance Management			All	
Demand Forecasting		CA, SW, W, WW, S		R
Asset register, Data		W, WW, S	R, CA, SW	
Asset Condition		S, W	R, CA, WW, SW	
Risk Management		S, W, WW, CA, SW	R	
Decision Making		S, W, WW, CA,SW		R
Operational Planning		CA, SW, W, WW	S	R
Maintenance Planning		CA, SW	R, S, W, WW	
Capital Investment Strategies		CA, S	R, W, WW, SW	
Financial and Funding Strategies		S, W, WW, CA, SW	R	
AM Teams			S, W, WW, CA, SW	R
AM Plans			ALL	
Information Systems			W, WW, S, CA, SW	R
Service Delivery mechanisms		CA, SW	R, S, W, WW	
Quality management		W, WW, S, CA, SW	R	
Improvement Planning		W, WW, S, CA, SW	R	

KEY: Roading – R, Water- W, Waste Water –WW, Stormwater- S, Community Asset- CA, Solid Waste - SW

6.3 Plan Improvement Tasks

While the gap analysis process is a subjective assessment of current practice, it provides a sound basis for prioritising and monitoring improvements to current asset management practices. This is especially true when viewed in conjunction with the outputs of the risk management process. A number of new improvement tasks were identified as part of this asset management plan review.

All tasks were then prioritised. Table 25 details those tasks which will be completed over the next three years for the organisation as a whole. These tasks have focus specifically on those areas where the gap is greatest and also where the risk is considered to be most critical.

Improvement tasks for each activity have been listed in the Part B plans. To facilitate the practical implementation of the improvement programme tasks have been designed to address a number of issues concurrently and programmed to ensure a logical progression towards the 3 year target. Resourcing for the improvement tasks, have been included in the financial forecasts.

Table 25- Corporate asset management improvement actions

Action	Improvement Tasks Required	Responsibility	Priority	Target Date
1	Transfer all data to Assetic and make fully operative with linkages from condition rating to budgeting	Management / Project Accountant Planning Manager	1	30th June 2018
2	Complete majority of condition assessment for water and stormwater assets – ongoing	Water and Waste Manager Planning Manager Alliance	1	Prior to June 2019
3	Audit asset register and valuation databases	Management / Project Accountant Asset managers	1	30th June 2018
4	Implementing quality management systems for critical processes	Water and Waste Manager Regulatory Manager	2	Prior to June 2019
5	Review improvement plan progress as part of annual budget process	Water and Waste Manager Planning Manager Alliance CFO	2	31st October 2018
6	Imbed business case processes into annual budgeting	All managers	2	31st October 2018
7	Document standardised procedures for data collection	Tararua Alliance data management team	3	30th June 2019
8	Review risk management systems to reflect new framework	Alliance planning manager, Chief Financial Officer	3	Prior to October 2019

6.4 AM Plan Review

Tararua AMPs are living documents, which are both relevant and integral to daily asset management improvement activities. To ensure plans remain useful and relevant the following on-going process of AM plan monitoring and review activity will be undertaken:

- Formal adoption of the plan by Council as part of the LTP process;
- Revise AM plan annually to incorporate and document changes to works programmes, outcome of service level reviews and new knowledge resulting from the AM improvement programme;

- Quality assurance audits of AM information to ensure the integrity and cost effectiveness of data collected.

7 APPENDICES

7.1 Asset Management Policy

7.1.1 Introduction

The Council manages activities and assets on behalf of the ratepayers of the Tararua District to a value in excess of $ 893[1] Million. The assets are part of the district's physical infrastructure and are essential to the delivery of services to meet the community's needs and for the Tararua District Council to achieve the levels of service outlined in the Long Term Plan (LTP).

In broad terms the infrastructure assets of the Council cover the following activities:

Table 26

Asset Description	Indicative Replacement Cost $ 2016/17
Roading	943,791,000
Water supply	77,657,000
Storm water	18,073,000
Waste water	54,574,000
Land Reserves	9,234,000
Council buildings	32,070,000
Other operational, restricted and work in progress	25,500,000
TOTAL 2016/17	**$1,160,899,000**

7.1.2 Asset Management is Important for a Number of Reasons

- The delivery of many of the public services essential to our community relies upon them.
- They represent a significant investment by the community, built up over the last 100 years and more.
- Asset data drives the requirement for depreciation funding and has a major impact on rating levels. Poor data can lead to:
  - Insufficient depreciation reserves and possible rating shocks from unplanned renewals of networks,
  - Rates funding being too high as assets on average are in better condition than thought and renewal cycles are longer than planned.

The Council has an obligation to manage these assets effectively and this policy sets out the Council's approach to asset management planning.

7.1.3 Objectives

- To provide for a consistent approach to asset management planning within the Council and to ensure the plans reflect the strategic direction of the Council.
- To demonstrate to the community that the Council recognises the critical importance of managing the district's assets in an effective and sustainable manner in order to deliver appropriate levels of service to current and future generations.
- To confirm a coordinated process for each significant asset area that reflects Councils strategic direction, and links their contribution to the Council Outcomes with specific levels of service, performance levels and desired improvement priorities and strategies.

7.1.4 Policy Statement

The Council will manage the district's assets and deliver associated activities in a cost effective, sustainable, well-planned and coordinated manner to provide agreed levels of service. Council will use Asset and Activity Management Plans (AMPs) as the means to fulfil its statutory obligations for compliance with the Local Government Act, Resource Management Act 1991, Building Act 2004, Land Transport Management Act 2003, Health Act 1956 and the requirements of the Office of the Auditor-General for its assets and activities.

7.1.5 Strategic Context

The strategy for the 2018 draft LTP is to continue the current focus on core network infrastructure, economic development and financial prudence. Council expects to complete the current round of Water and Wastewater upgrades during the period of the 2018-28 LTP. The focus on economic development and promotion will continue to drive an increase in wealth for existing residents, and to increase the long-term population to improve the viability of the district.

The Council Outcome most relevant to the asset management policy is:

7.1.6 Efficient Infrastructure

Highly efficient, fit for purpose and affordable rural and urban infrastructure.

The Council will continue to ensure that infrastructure delivers the agreed levels of service to the community in the most cost effective manner. The strategic focus for infrastructure over the next thirty years[2] will be 'thinking smart' as follows:

- Prudent operation and maintenance of existing infrastructure assets, as outlined in the Council's asset management plans;
- Investment in innovative and cost effective infrastructure solutions to replace aging assets and enhance the overall network performance;

[2] Tararua District Council Infrastructure Strategy 2018-2048

- Undertaking regular condition and performance monitoring of assets in order to renew and replace assets in a timely manner and ensure no loss of service;

- Honouring the commitment to the Manawatu River Accord by striving to continually achieve improvements to the quality of the district's waterways through innovation in operation and design of the Council's wastewater treatment plants and storm water networks;

- Improving resilience by building redundancy or spare capacity into systems, relocating infrastructure that is at significant risk of hazards, strengthening existing infrastructure (e.g. seismic strengthening) to withstand hazards or building assets that are less vulnerable to hazards;

- Investment in new infrastructure that provides enhanced levels of service that meets or exceeds environmental and health standards whilst being efficient to operate, maintain and upgrade as needed. This may mean increased expenditure up front in order to reduce whole of life costs;

- Managing the scale of infrastructure investment - avoiding a 'one size fits all' scenario where for smaller towns this could lead to over investment in assets that are under-utilised and a waste of the Council's financial resources. Balancing this with ensuring sufficient capacity is maintained in networks to support economic and social development of communities;

- Ensuring infrastructure investment scale and timing is consistent with the Strategic focus of financial prudence for Council and affordability for residents.

7.1.7 Application of the Policy

The Asset Management Policy applies to:

- All land and improvements owned by the Council, including buildings and associated plant, roads, footpaths, bridges, pipes, pumps, water and waste storage and treatment facilities, swimming pools, playgrounds, public toilets and any other structure owned by the Council with a replacement value exceeding $1,000.

- This policy does not apply to Council owned furniture, IT equipment and passenger vehicles, or the assets of the Council owned companies and contractors.

7.1.8 Roles

Councillors and Council staff are the custodians of Council assets on behalf of the community.

Councillors are:

- Required to make decisions for the overall benefit of the district (as opposed to the ward they were elected within), not only for the current generation, but for generations to come;

- Accountable to third parties including residents and ratepayers, the Auditor- General and other entities for exercising good stewardship over substantial assets;

- Operating in an area where the formal legal and administrative responsibility for handling the day to day affairs is vested in a Chief Executive, and the elected member has a largely hands-off or "arms-length" monitoring relationship.

The Council's staff is responsible to the Council for:

- Ensuring legal obligations are met;

- Providing technical and professional advice to Councillors to enable well informed decisions to be made with regard to the management of assets and the associated activities;
- Ensuring the assets are maintained, and the activities are planned for in a manner that allows it to deliver the desired level of service in the most cost effective manner for current and future generations in accordance with the guidance provided in Asset Management Plans;
- Ensuring that assets/activities are planned, created, replaced and disposed of/discontinued in accordance with Council priorities as determined by the Long Term Plan;
- Ensuring that procurement and operational spending meet the requirements of Council policies and delegations;
- To ensure practical systems are in place to collect data necessary to inform future planning and reporting;
- Providing regular performance information of asset activities against planned levels of service and Council performance targets.

7.1.9 Principles

Tararua District Council will adhere to the following principles in its asset management planning:

- The Council will develop affordable and financially sustainable asset management plans (AMPs) that are to industry standard appropriate for the scale of assets and associated risks being managed;
- AMPs will reflect the strategy and priorities of the Council and will be used to drive the day to day management of assets and the associated services;
- The Council will manage the infrastructure assets in a planned, systemic and sustainable manner;
- Specifically, Council will:
  - involve and consult with the community and key stakeholders on determining the levels of service;
  - ensure asset information is accurate and up to date, allowing for appropriate asset planning, both in the short and long-term, and for informed decision-making to occur;
  - allocate appropriate resources to ensure asset management practices can be undertaken and the timely maintenance and renewal of those assets so that “life cycle” costs are optimised (existing and new assets);
  - provide a framework for asset revaluation where infrastructure assets are re-valued at least once every three years;
  - ensure that the roles and responsibilities of all asset users are well defined and understood;
  - ensure that AMPs are integrated with other relevant planning documents;
  - recognise the risks associated with the delivery of agreed levels of service and manage them appropriately;
  - recognise the implications of changes in demand and actively manage demand wherever practical;

- develop and implement a framework for the evaluation and prioritisation of capital projects; and
- Consider whole-of-life costs before initiating any major works and significant renewal of assets, or before introducing new Council activities.

7.2 Asset Management Plan Approval Process

AMPs will be reviewed three yearly to correspond with the Tararua Long Term Plan (LTP) cycle.

The AMPs are recognised as key documents informing the Infrastructure Strategy and the Financial Strategy, and in turn the significant details in the draft LTP. The AMPs will be updated prior to the formation of the first draft of the Infrastructure Strategy. The AMPs will provide the Council with the officers' best professional advice on the management of the Council's assets to deliver the agreed levels of service to the community.

The key levels of service and projects arising from these first drafts will be discussed with Councillors in a series of workshops prior to the end of October of the year before the next LTP. Following these discussions officers will amend the AMPs to reflect the political direction of the Council, and the resulting plans will be used to directly inform the Infrastructure Strategy and the asset based activities in the Draft LTP.

The Council will formally adopt the asset management plans at the same time as the adoption of the Infrastructure Strategy and the draft LTP. Variations to the AMPs may be required following the adoption of the final LTP. These variations will be identified to the public in the following Annual Plan where necessary.

7.3 Consultation

The Council will not undertake a general public consultation on individual asset management plans, but may use a targeted consultation of user/focus groups to test proposed levels of service for key assets/activities. Levels of service will formally be consulted on through the draft LTP. Significant changes to asset activities will be highlighted in the Consultation Document.

7.4 Level of Asset / Activity Management

The table below sets out the level of planning appropriate to each Council AMP.

Table 27- Appropriate level of planning

	Level[3]
Transport AMP	Intermediate/Advanced
Water Services AMP	Intermediate
Waste Water AMP	Intermediate
Storm water AMP	Intermediate
Solid Waste AMP	Core

[3] Levels of planning as identified in the International Infrastructure Management Manual (2015 edition)

	Level[3]
Community Facilities AMP	Core / Intermediate

Adopted by Council	Effective Date: 25 January 2012	
Authorised by: KDT	1st Revision 9 February 2015	
MT	2nd revision November 2017	Next Review Date: June 2018

7.2 Public Survey Results

Table 28- Satisfaction with Services / Facilities

Summary Table: Satisfaction With Services/Facilities	Excludes Don't knows (2011 and 2014) – so do not add to 100% 2016 is new format - don't knows are not an option. Somewhat satisfied used as neutral rating and not counted below.					
	Tararua 2016		Tararua 2014		Tararua 2011	
	Very/fairly satisfied	Very Dissatisfied	Very/fairly satisfied	Not very satisfied	Very/fairly satisfied	Not very satisfied
	%	%	%	%	%	%
Rubbish collection# (Kerbside 2016)	91	5	54	7	58	10
Wastewater System††	87	3	57	2	61	2
Parks and reserves	86	2	92	4	91	4
Public libraries	86	1	80	4	87	1
Availability of town water throughout the year*	84	13	49	14	51	25
Cemeteries	81	6	77	3	77	1
Recycling services	81	9	70	15	73	18
Community buildings	79	2	91	4	93	2
Landfill and transfer station management	75	7	62	10	47	22
Public toilets	71	6	71	9	76	6
Public swimming pools	70	6	59	15	66	10
Civil Defence Emergency Management	66	9	63	3	58	4
Council's management of land use through the District Plan	66	9	51	6	N/A	N/A
Water Supply Urban overall management	65	16				
Urban roads	65	9				
Management of stormwater†	63	16	60	20	61	25
Community support	62	12	65	4	67	4
Town upgrades that were completed this year	60	11	77	8	NA	NA
Dog control	59	24	68	22	80	13
Footpaths	58	20	76	18	77	18
Council's efforts in economic development	52	17	51	14	51	13
Rural roads	43	29				

NB: the balance, where figures don't add to 100%, is a "don't know" (2011 and 2014) or 'somewhat satisfied' and somewhat dissatisfied (2016)
† 2011 readings relate to stormwater drainage in general
†† 2014 readings relate to the Reliability of the sewerage system
* 2011 readings relate to availability of water
# Kerbside rubbish collection 2016 is % of those residents using the service
NA: not asked

Table 29

Percent Not Very Satisfied - Comparison

Service/Facility	2016 %	2014 %	2011 %	Comparison	Driver / External Impacts
Rural Roads	29	n/a	n/a	n/a	Heavy rain at survey time
Dog control	24	22	13	↑	Public awareness and staff #s
Footpaths	20	18	18	=	Many old footpaths, Southern
Council's efforts in economic development	17	14	13	↑	Dairy payout low
Management of stormwater†	16	20	25	↓	Improved mgt and processes
Water Supply Urban overall management	16	n/a	n/a	n/a	Southern Ward
Availability of town water throughout the year*	13	14	25	↓	Building storage assets
Community support	12	4	4	↑	
Town upgrades that were completed this year	11	n/a	n/a	n/a	
Urban Roads	9	n/a	n/a	n/a	
Recycling services	9	15	18	↓	New facilities Pahiatua
Civil Defence Emergency Management	9	3	4	↑	Public awareness / earthquakes
Landfill and transfer station management	7	10	22	↓	New facilities Pahiatua
Public swimming pools	6	15	10	↓	
Cemeteries	6	3	1	↑	
Public toilets	6	9	6	=	
Rubbish collection# (Kerbside 2016)	5	7	10	↓	
Wastewater System††	3	2	2	=	
Parks and reserves	2	4	4	=	
Community buildings	2	4	2	=	
Public libraries	1	4	1	=	
Sealed roads (excluding State Highways)	n/a	24	19	n/a	
Unsealed roads	n/a	16	18	=	

Key:

↑	above/slightly above
↓	below/slightly below
=	similar/on par

† 2011 readings relate to stormwater drainage in general

†† 2014 readings relate to the Reliability of the sewerage system

* 2011 readings relate to availability of water

Kerbside rubbish collection 2016 is % of those residents using the service

n/a - not asked

7.3 Draft LTP 2018-28 Performance Measures

COMMUNITY BUILDINGS

This activity now includes the remaining surplus commercial properties that were previously part of the Commercial Investments activity. Over the last decade, Council has sold (or is currently marketing) most of these assets that have commercial value, and as such there is insufficient activity left for a separate activity.

Part 1

AIM: to provide safe and appropriate community buildings for social, cultural recreational and educational activities

Part 2: Performance Measure Framework

Note: if the measure is new, then in the 2016/17 results column indicate "New Measure".

Table 30 – Community Buildings Performance Measure Framework

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2016/17 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
1	Efficient infrastructure Great Lifestyle	Buildings support a range of activities which enhance residents' lifestyle	Council provides community buildings which are fit for purpose	Percentage residents satisfied with community buildings in the community survey.	Achieved – 96% Target – 90%	90%	90%	90%	90%
2			Facilities are well-utilised	The increase from previous year in the total number of hours per annum facilities are booked through Council	New Target	>1%	>1%	>1%	>1%

Part 3: Measures in 2015-25 LTP not included or changed in the 2018-28 LTP

Table 31 – Community Building Measures

2015-25 LTP Measure	2016/17 Results	Comments for not including/changed in the 2018-28 LTP
The total number of hours per annum facilities are booked through Council	Achieved 3,321 hours Target >3,100 hours	Target was an arbitrary baseline number from when this measure was introduced. Hard for Councillors and public to understand.
Percentage residents satisfied or very satisfied with community buildings in the community survey	92%	Easier to read and surveys are now rolling quarterly updates

Part 4: Underlying Measurement Systems and Process in Place

Note: to document the underlying measurement systems and process to collect the required data to report against each measure.

Table 32 – Community Building Underlying Measurement Systems and Process

S/N	Performance Measure	Measurement Process
1	Percentage residents satisfied with community buildings in the community survey.	Key Research residents survey
2	The increase from previous year in the total number of hours per annum facilities are booked through Council.	Council bookings as recorded in Council booking system, currently Outlook

HOUSING

Part 1

Current AIM: To provide access to affordable and suitable long-term housing for older people with limited income and assets

Part 2 – Performance Measure Framework

Note: if the measure is new, then in the 2016/17 results column indicate "New Measure".

Table 33 – Housing Performance Measure Framework

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2016/17 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
1	Efficient infrastructure	Council housing is fit for purpose	Housing units are maintained to a suitable standard	Percentage of housing units which, when inspected, are found to have maintenance issues which are more than minor	Achieved 0% Target <10%	<5%	<5%	<5%	<5%
2		Council acts as a good landlord and provides a professional tenancy service	Council acts as a good caring landlord	Tenants' satisfaction with the landlord service received from Council	Achieved 94% Target 90%	90%	90%	90%	90%

Part 3: Measures in 2015-25 LTP not included or changed in the 2018-28 LTP

Table 34 – Housing Measures

2015-25 LTP Measure	2015/16 Results	Comments for not including/changed in the 2018-28 LTP
Nil		Nil

Part 4: Underlying Measurement Systems and Process in Place

Note: to document the underlying measurement systems and process to collect the required data to report against each measure.

Table 35 – Housing Underlying Measurement Systems and Process

S/N	Performance Measure	Measurement Process
1	Percentage of housing units which, when inspected, are found to have maintenance issues which are more than minor	Six monthly tenancy inspections More than minor is defined as 'work requiring investment greater than $500'
2	Tenants' satisfaction with the landlord service received from Council	Annual tenant survey

PARKS AND RESERVES

This activity now includes the Forestry assets that are now governed directly by Council with management contracted out to FOMs.

Part 1

AIM: To protect and enhance the natural character of the district, and provide a mix of parks and reserves facilities for leisure and recreation

Part 2 – Performance Measure Framework

Note: if the measure is new, then in the 2016/17 results column indicate "New Measure".

Table 36 – Parks and Reserves Performance Measure Framework

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2016/17 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
1	Great lifestyle	People are proud of the city's parks and streetscapes	Our parks and park facilities are well presented	Percentage of residents rating parks and reserves as satisfactory in the community survey	Achieved 93% Target 90%	90%	90%	90%	90%
2	Efficient infrastructure	Facilities meet user needs	Our parks and reserves are in good condition	Number of recorded incidences where parks and reserves are found to be below the agreed maintenance standard	Achieved 1 Target <5	<5	<5	<5	<5
3		Playgrounds meet user needs	Playground equipment is safe to use and fit for purpose	Percentage of playgrounds in the district that had no faults under the 2017/18 AUS/NZ playground safety standard	New	90%	95%	100%	100%

Part 3: Measures in 2015-25 LTP not included or changed in the 2018-28 LTP

Table 37 – Parks and Reserves Measures

2015-25 LTP Measure	2016/17 Results	Comments for not including/changed in the 2018-28 LTP
Percentage of playgrounds in the district with all equipment meeting the AUS/NZ playground safety standard	85%	Standards have changed and measure is clearer
Percentage residents satisfied or very satisfied with Parks and Reserves in the community survey	93%	Changed to make it easier to read and reflect new Survey format

Part 4: Underlying measurement systems and process in place

Note: to document the underlying measurement systems and process to collect the required data to report against each measure.

Table 38 – Parks and Reserves underlying measurement systems and process

S/N	Performance Measure	Measurement Process
1	Percentage residents rating satisfied with parks and reserves in the community survey.	Quarterly residents survey
2	Number of recorded incidences where parks and reserves are found to be below the agreed maintenance standard	Council's CRM system is used to record all incidences. Recorded incidences are those where, after inspection by the Contracts supervisor, the maintenance issue is found to be a result of contractor performance as opposed to a one off event such as vandalism, storm damage etc.

S/N	Performance Measure	Measurement Process
3	Percentage of playgrounds in the district that had no faults under the 2017/18 AUS/NZ playground safety standard	Annual Playground survey - compliance assessment against standard The contractor undertakes a weekly inspection of each playground, to ensure they are safe for use. These will continue. All faults should be fixed before the annual survey.

PUBLIC CONVENIENCES

Part 1

Current AIM: To provide well maintained public conveniences in areas of frequent community activity

Proposed AIM: To provide well maintained public conveniences in areas of frequent community activity (no change)

Part 2 – Performance Measure Framework

Note: if the measure is new, then in the 2016/17 results column indicate "New Measure".

Table 39 – Public Conveniences Performance Measure Framework

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2016/17 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
1	Efficient infrastructure	Public conveniences meet user needs	Public conveniences provide are fit for purpose	Percentage of residents satisfied with public conveniences in the community survey	Not Achieved 87% Target 90%	90%	90%	90%	90%
2				The number of complaints received per annum about the maintenance and cleanliness of public toilets (excluding graffiti and vandalism)	New measure	<30	<30	<30	<25
3				Percentage of customer request responded to within 48 hours	New Measure	85%	85%	85%	90%

Part 3: Measures in 2015-25 LTP not Included or Changed in the 2018-28 LTP

Table 40 – Public Conveniences Measures

2015-25 LTP Measure	2016/17 Results	Comments for not including/changed in the 2018-28 LTP
The number of complaints received per annum about the maintenance and cleanliness of public toilets (excluding graffiti and vandalism)	102 Target <50	Most of the complaints relate to issues outside of Council control such as vandalism (except for the time taken to repair). Council should focus on what it can directly influence.
Percentage of residents rating public conveniences as "fairly satisfactory" or "very satisfactory" in the community survey	87% Target 90%	Easier to read and surveys are now rolling quarterly updates

Part 4: Underlying Measurement Systems and Process in Place

Note: to document the underlying measurement systems and process to collect the required data to report against each measure.

Table 41 – Public conveniences Underlying measurement systems and process

S/N	Performance Measure	Measurement Process
1	Percentage of residents satisfied with public conveniences in the community survey	Annual residents survey
2	The number of complaints received per annum about the condition of public toilets	CRM
3	Percentage of customer request responded to within 48 hours	CRM

SWIMMING POOLS

Part 1

AIM: To provide funding support for community pools which promote community wellbeing

Part 2 – Performance Measure Framework

Note: if the measure is new, then in the 2016/17 results column indicate "New Measure".

Table 42 - Swimming Pools Performance Measure Framework

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2016/17 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
1	Efficient infrastructure Great Lifestyle	Public pools provided meet community expectations	Public swimming pools provide a quality visitor experience	Percentage of residents satisfied with Swimming Pools in the community survey	Achieved 84% Target 80%	80%	80%	80%	80%
2			Outdoor pools open during summer months, and Wai Splash all year around	The number of weeks each year Wai Splash is open for public use	Achieved 52 weeks Target 52 weeks	50 weeks	50 weeks	50 weeks	50 weeks
3				The number of weeks each year outdoor pools are open for public use	Achieved 10 weeks average Target >10 weeks	>10 weeks	>10 weeks	>10 weeks	>10 weeks
4		The public pools are safe	Public swimming pools provide a safe swimming environment for the public	Pools meet Poolsafe standard	New measure	100%	100%	100%	100%

Part 3: Measures in 2015-25 LTP not included or changed in the 2018-28 LTP

Table 43- Swimming Pools Measures

2015-25 LTP Measure	2016/17 Results	Comments for not including/changed in the 2018-28 LTP
% of rates spent funding public swimming pools (base – average household rates)	2.5%	Not related to performance or LoS this is a financial strategy type measure.
Percentage of residents rating pools as "fairly satisfactory" or "very satisfactory" in the community survey	84% Target 80%	Easier to read and surveys are now rolling quarterly updates

Part 4: Underlying measurement systems and process in place

Note: to document the underlying measurement systems and process to collect the required data to report against each measure.

Table 44- Swimming Pools Underlying Measurement systems and process

S/N	Performance Measure	Measurement Process
1	Percentage of residents rating pools as "fairly satisfactory" or "very satisfactory" in the community survey	Quarterly residents survey
2	The number of weeks each year Wai Splash is open for public use	Annual report to Council from Trust. Changed to allow WaiSplash to shut down for maintenance.
3	The number of weeks each year outdoor pools are open for public use	Annual reports to Council from swimming pool committees
4	Pools meet Poolsafe standard	Audits of pool operations to be carried out by TBA (Waisplash)

CEMETERIES

Part 1

AIM: to provide attractive burial places where the community can remember loved ones and celebrate our district's heritage.

Part 2 – Performance Measure Framework

Table 45 – Cemeteries Performance Measure Framework

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2016/17 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
1	Efficient Infrastructure	Well-presented cemetery grounds and facilities	The cemetery grounds are presented to a high standard	Percentage residents satisfied with cemeteries in the community surveys	Achieved 93% Target 75%	90%	90%	90%	90%
2		Access to cemetery plots	Plots are available in all local open cemeteries	Percentage of cemeteries in district with plots available for next 12 months – based on historical burial data	Achieved 100% Target 100%	100%	100%	100%	100%

Part 3: Measures in 2015-25 LTP not included or changed in the 2018-28 LTP

Table 46 – Cemeteries Measures

2015-25 LTP Measure	2016/17 Results	Comments for not including/changed in the 2018-28 LTP
Percentage of residents rating cemeteries as "satisfactory" or "very satisfactory" in the community survey	93%	Easier to read and surveys are now rolling quarterly updates

Part 4: Underlying measurement systems and process in place –

Table 47 – Cemeteries Underlying Measurement systems and Process

S/N	Performance Measure	Measurement Process
1	Percentage residents satisfied with cemeteries in the community surveys	Key Research Community Survey
2	Percentage of cemeteries in district with plots available for next 12 months – based on historical burial data	Council cemetery records of number of vacant plots

SOLID WASTE

Part 1

AIM: to protect people's health and our environment by minimising the production of waste and promoting recycling and reuse

Part 2 – Performance Measure Framework

Note: if the measure is new, then in the 2016/17 results column indicate "New Measure".

Table 48 – Solid Waste Performance Measure Framework

S/N	Community Outcomes	Major Aspect	Level of Service	Performance Measure	2016/17 Result	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
1	Efficient Infrastructure	Refuse and recycling services meet the needs of the District	Refuse and recycling services meet user needs	Proportion of residents satisfied with recycling services in the community survey	81%	80%	80%	80%	85%
2				Proportion of residents satisfied with landfills/ transfer station management in the community survey	81%	75%	75%	75%	80%
3	Sustainable environment	The impact of refuse on the environment is minimised	Council will promote and encourage recycling and reuse	Kg of waste per resident sent to landfills by the Council per annum	261 kg New Measure	258 kg	256 kg	253 kg	235 kg
4				Tonnage of recycled materials processed by Council	1,174 tonnes New measure	1,198 tonnes	1,220 tonnes	1,246 tonnes	1,409 tonnes

S/N	Community Outcomes	Major Aspect	Level of Service	Performance Measure	2016/17 Result	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
5			Councils open and closed landfills are well managed	% of landfills where all Horizons resource consent conditions are met	Target 100%	100%	100%	100%	100%

Part 3: Measures in 2015-25 LTP not included or changed in the 2018-28 LTP

Table 49 – Solid Waste Measures

2015-25 LTP Measure	2016/17 Results	Comments for not including/changed in the 2018-28 LTP
Percentage of residents rating rubbish collection services as "fairly satisfactory" or" very satisfactory" in the community survey to be conducted in 2017, 2020, and 2023	*Nil*	Council has exited this service
% residents rating recycling services as very satisfied or satisfied in the annual community survey	*81%*	Easier to read and surveys are now rolling quarterly updates
% residents rating landfills/ transfer station management as very satisfied or satisfied in the annual community survey	*81%*	Easier to read and surveys are now rolling quarterly updates

Part 4: Underlying measurement systems and process in place

Note: to document the underlying measurement systems and process to collect the required data to report against each measure.

Table 50 – Solid Waste Underlying Measurement systems and process

S/N	Performance Measure	Measurement Process
1	Proportion of residents satisfied with recycling services in the community survey.	Key research quarterly residents survey
2	Proportion of residents satisfied with landfills/ transfer station management in the community survey	Key research quarterly residents survey
3	Reduce Kg of waste per resident sent to landfills by the Council per annum	Council records from weigh station, contractors returns, invoices from CHBDC and monitoring returns to MfE
4	Tonnage of recycled materials processed by Council	Council records and contracts
5	Percentage of landfills where all Horizons resource consent conditions are met	Horizons compliance monitoring reports

WASTEWATER

Part 1

AIM: To provide compliant network systems for the collection, treatment and disposal of urban wastewater to protect public and environmental health.

Part 2 – Performance Measure Framework

Note: if the measure is new, then in the 2016/17 results column indicate "New Measure".

Table 51- Wastewater Performance Measure Framework

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2015/16 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
1	Effective infrastructure Sustainable environment	Council systems are well managed	A reliable waste water service	The number of dry weather sewage overflows from the wastewater system per 1000 connections*	Achieved 1.8 Target <5	<5	<5	<5	<5
2				Proportion of residents satisfied with wastewater management in the community survey	Achieved 89% Target 70%	80%	80%	80%	85%
3			Risks to public health and our natural environment are minimised.	Number of schemes with consents which are current	Not Achieved 4 Target 5	**4**	**4**	**5**	**7**
				Number of enforcement actions against Council for not meeting resource consent conditions for sewage schemes relating to*:					
4				• abatement notices	Achieved 0 Target 0	0	0	0	0
5				• infringement notices	Achieved 0	0	0	0	0

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2015/16 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
					Target 0				
6				• enforcement orders	Achieved 0 Target 0	0	0	0	0
7				• convictions	Achieved 0 Target 0	0	0	0	0
8		Council provides a service which is responsive to the needs of the community	Council responds quickly when things go wrong	Median response time to attend a sewage fault, measured from the time Council receives notification to the time that service personnel reach the site*	Achieved 17 minutes Target 1 hour	1 hour	1 hour	1 hour	1 hour
9				Median response time to resolve a sewage fault, measured from the time Council receives notification to the time that service personnel confirm resolution of the blockage or other fault*	Achieved 42 minutes Target 8 hours	5 hours	5 hours	5 hours	5 hours
			Council services meet customer expectations	Number of complaints received about wastewater per 1,000 connections for:*					
10				• sewerage odour	Achieved 1.6 Target <5	<4	<4	<4	<4
11				• sewerage system faults	Achieved 3.6 Target <5	<5	<5	<5	<5
12				• sewerage system blockages	Achieved 6.6 Target <7	<7	<7	<7	<7
13				• Council's response to the	Achieved 0.2	<3	<3	<3	<3

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2015/16 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
				above issues	Target <10				
14				• Total number of recorded complaints	Achieved 12.1 Target <27	<19	<19	<19	<19

** These performance measures are provided by the Department of Internal Affairs and are mandatory.*

Part 3: Measures in 2015-25 LTP not included or changed in the 2018-28 LTP

Table 52 – Wastewater 2015-25 LTP Measures

2015-25 LTP Measure	2016/17 Results	Comments for not including/changed in the 2018-28 LTP
Percentage of residents rating wastewater management as "satisfactory" or "very satisfactory" in the community survey	*89%*	Easier to read and surveys are now rolling quarterly updates

Part 4: Underlying measurement systems and process in place

Note: to document the underlying measurement systems and process to collect the required data to report against each measure.

Table 53 – Wastewater Measurement Systems and process

S/N	Performance Measure	Measurement Process
1	The number of dry weather sewage overflows from the wastewater system per 1000 connections	Mandatory measure that is expressed per 1,000 connections. Connections are measured using rating base data. Number of overflows are recorded through CRM and Alliance staff
2	Proportion of residents satisfied with wastewater management in the community survey.	Quarterly Key Research residents' survey
3	Number of schemes with consents which are current	Horizon's reports
4 - 7	Number of enforcement actions against Council for not meeting resource consent conditions for sewage schemes relating to abatement notices, infringement notices, enforcement orders and convictions.	Horizon's reports
8 - 9	Median response time to attend a sewage fault	CRM records. Median time from when CRM is issued to when Alliance staff attend the site
10-14	Number of complaints received about sewage systems per 1,000 connections	Mandatory measure expressed per 1,000 connections. Connections are measured using rating base data. CRM system. Complaints cover odour, system faults, blockages, council's response to such events and the total number of complaints.

WATER SUPPLIES

Part 1

AIM: To provide a reliable, compliant and cost-effective supply of safe, potable water in reticulated communities

Part 2 – Performance Measure Framework

Note: if the measure is new, then in the 2017/18 results column indicate "New Measure".

Table 54 – Water Supplies Performance Measure Framework

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2016/17 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
1	Effective infrastructure Sustainable environment	Council provides a reliable source of drinking water which meets the community's needs	Council provides a reliable water supply	Proportion of customers satisfied with availability of water in the community survey	Achieved 90% Target 65%	75%	75%	75%	80%
				Number of recorded complaints per 1,000 connections to Council's networked reticulation system for:					
2			Council provides water at a consistent volume	drinking water pressure or flow*	Achieved 2.4 Target <5	<4	<4	<4	<4
3			Water looks and tastes good	drinking water taste*	Achieved 2.6 Target <5	<5	<5	<5	<5
4				drinking water clarity*	Not Achieved 13.5 Target <5	<5	<5	<5	<5
5				drinking water odour*	Achieved 1.2 Target <5	<4	<4	<4	<4

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2016/17 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
6			Interruptions to supply are minimised	continuity of supply*	Achieved 3.4 Target <5	<5	<5	<5	<5
7			Council is responsive to issues relating to water supplies	Council's response to the issues above*	Achieved 0.6 Target <5	<2	<2	<2	<2
8				total number of recorded complaints*	Achieved 24.1 Target <30	<25	<25	<25	<25
9			Water provided is safe to drink	Number of schemes with a Public Health Management Plan in place	Not Achieved 6 Target 7	**8**	**8**	**8**	8
10				Number of schemes which comply with Part 4 (bacteria compliance criteria) of the NZ Drinking Water Standards*	Not Achieved Target 5	**8**	**8**	**8**	8
11			Water provided is safe to drink	Number of schemes which comply with Part 5 (protozoal compliance criteria) of the NZ Drinking Water Standards*	Not Achieved Target 5	**7**	**7**	**7**	8
12		Council provides a service which is responsive to the needs of the community	Council is responsive to issues relating to water supplies	Median response time to attend an urgent call-out, measured from the time Council receives notification to the time that service personnel reach the site*	Achieved 25 minutes Target 1 hour	1 hour	1 hour	1 hour	1 hour
13				Median time to resolve an urgent call-out, measured from the time Council	Achieved 3 hours 30 minutes	5 hours	5 hours	5 hours	5 hours

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2016/17 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
				receives notification to the time that service personnel confirm resolution of the fault or interruption*	Target 8 hours				
14				Median response time to attend a non-urgent call-out, measured from the time Council receives notification to the time that service personnel reach the site*	Achieved 1 hours and 54 minutes Target 24 hours	8 hours	8 hours	8 hours	8 hours
15				Median time to resolve a non-urgent call-out, measured from the time Council receives notification to the time that service personnel confirm resolution of the fault or interruption*	Achieved 3 hours 46 minutes Target 72 hours	24 hours	24 hours	24 hours	24 hours
16		Council manages water as a valuable community resource	Wastage of water is minimised	The percentage of real water loss from the Council's networked reticulation schemes based on the minimum night flow (MNF) analysis*	Not achieved 29% Target 7%	20%	20%	20%	20%
17				Average consumption of drinking water per day per resident connected to a Council scheme*	Achieved 251 Target 300 litres	300 litres	300 litres	300 litres	300 litres

** These performance measures are provided by the Department of Internal Affairs and are mandatory.*

Part 3: Measures in 2015-25 LTP not included or changed in the 2018-28 LTP

Table 55- Water Supplies Measures in 2015-25 LTP not included or changed in the 2018-28 LTP

2015-25 LTP Measure	2016/17 Results	Comments for not including/changed in the 2018-28 LTP
Percentage of customers rating availability of water as "fairly satisfactory" or "very satisfactory" in the community survey.	*90%* *Target 65%*	Easier to read and surveys are now rolling quarterly updates

Part 4: Underlying measurement systems and process in place

Note: to document the underlying measurement systems and process to collect the required data to report against each measure.

Table 56 –Water Supplies Underlying Measurement systems and process

S/N	Performance Measure	Measurement Process
1	Percentage of residents rating wastewater management as "fairly satisfactory" or "very satisfactory" in the community survey.	Quarterly Key research Residents survey
2-8	Number of complaints/ issues with the water scheme	CRM records. These provide the data for the mandatory measures per 1,000 properties connected to council's water schemes
9	Number of schemes with a public health management plan in place	Council records
10 - 11	Number of schemes which fully comply with safety aspects of the NZ Drinking Water Standards	Recorded per scheme based on results from the National Water Information New Zealand (WINZ) database

S/N	Performance Measure	Measurement Process
12 - 15	Median response time to attend an urgent call out	Mandatory measures. CRM records. Median time from when CRM is issued to when Alliance staff attend the site and (for 2 measures) resolve the issue.
16	The percentage of real water loss from the Council's networked reticulation schemes	Methodology determined using the guidance for non-universally metered schemes as provided by IPWEA – method chosen, minimum night flow (MNF) analysis. This will require Council to install new bulk water meters, which is still underway.
17	Average consumption of drinking water per day per resident connected to a Council scheme	Methodology based on total water supplied from all schemes per annum, divided by the normal population supplied/ 365 days

ROADING

Part 1

AIM: to provide a safe and efficient transport network that improves the movement of people and products, both within and through the district.

Part 2 – Performance Measure Framework

Note: if the measure is new, then in the 2016/17 results column indicate "New Measure".

Table 57 – Roading Performance Measure Framework

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2016/17 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
1	Efficient Infrastructure	Ensure that our roading network is safe	Ensure roads are safe for all road users	The change (expressed as a number) from the previous financial year in the number of fatalities and serious injury crashes on the local road network*	Achieved -1 Target - Nil	0 or less	0 or less	0 or less	0 or less
2		Roads are maintained to the appropriate standard	Requests from the public are responded to in a timely manner	Customer service requests relating to roads are responded to within 3 working days*	Achieved - 99% Target – 85%	90%	90%	90%	90%
3				Percentage of residents satisfied with Urban roads in community survey.	New Measure	70%	75%	75%	75%
4				Percentage of residents satisfied with Rural roads in community survey.	New Measure	70%	75%	75%	75%
5	Efficient infrastructure,	Maintained roading network	Council ensures quality of roads	The average quality of the ride on the sealed road	N/A Target 95%	95%	95%	95%	95%

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2016/17 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
	Great lifestyle, Collaborative Council	provides a safe and comfortable ride quality	and safety of users	network as measured by smooth travel exposure*					
6				The percentage of the sealed local network that is resurfaced*	Achieved 5.8% Target >5%	>5%	>5%	>5%	>5%

Part 3: Measures in 2015-25 LTP not included or changed in the 2018-28 LTP

Table 58 – Roading Measures

2015-25 LTP Measure	2016/17 Results	Comments for not including/changed in the 2018-28 LTP
Initial response to impassable roads be undertaken within 24 hours	*Nil*	Does not relate to when the road is actually open. Does not produce meaningful results.
Customer requests relating to roads are responded to within 5 working days*	*99% Achieved*	Changed to 3 days and clarified it is service requests
Percentage of residents rating Urban and Rural roading as "satisfactory" or "very satisfactory" in the community survey	*64% not achieved Target 70%*	Separated these into two measures as service levels and satisfaction quite different

Part 4: Underlying measurement systems and process in place

Note: to document the underlying measurement systems and process to collect the required data to report against each measure.

Table 59 – Roading Performance Measures

S/N	Performance Measure	Measurement Process
1	The change (expressed as a number) from the previous financial year in the number of fatalities and serious injury crashes on the local road network*	• Investigations undertaken by the serious crash unit will be used to determine the cause of any fatal accidents and reported to council. • Compliance with Traffic Management Plans on Alliance sites.
2	Customer service requests relating to roads are responded to within 3 working days*	• The CRM will be the underlying system. • Response and resolution time will also be captured to: A timely response includes investigation, communication with customer if requested and/or necessary and reporting back to TDC on actions carried out, or work that has been programmed to be completed and final resolution to the initial CRM provider. • Measure effectiveness of the Alliance in responding to and resolving issues. • Target is 100% completion within 5 working days – actual completion date vs. required completion rate for all CRM.
3	Percentage of residents satisfied with Urban roads in community survey	• Community surveys carried out by Key Research – results stored in the Alliance Sharepoint site. • This measure is a key indicator in the effectiveness of routine and periodic treatments to manage the overall urban roading network asset condition.
4	Percentage of residents satisfied with Urban roads in community survey	• Community surveys carried out by Key Research – results stored in the Alliance Sharepoint site. • This measure is a key indicator in the effectiveness of routine and periodic treatments to manage the overall rural roading network asset condition.
5	The average quality of the ride on the sealed road network is measured by	• Percentage of sealed roads providing a smooth and comfortable ride as measured by RAMM Roughness Surveys for NAASRA counts lower than 220 for urban and 120 for rural • RAMM will be the underlying system used to capture data. • Annual Roughness Survey carried out by external party and results published on the NZTA website.

S/N	Performance Measure	Measurement Process
	smooth travel exposure*	• This measure looks at using the all faults programme as a key indicator in the effectiveness of routine and periodic treatments to manage the overall asset condition. • Target >95% NAASRA Urban - 220, Rural - 120.
6	The percentage of the sealed local network that is resurfaced*	• Reseal length as % of total sealed network from RAMM.

FOOTPATHS

Part 1

Current AIM: To provide safe access and walking opportunities for pedestrians in urban areas

Part 2 – Performance Measure Framework

Note: if the measure is new, then in the 2016/17 results column indicate "New Measure".

Table 60 – Footpaths Performance Measures

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2016/17 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
1	Efficient Infrastructure	Footpaths are safe for pedestrians	Council maintains footpaths to an acceptable level to customers	Percentage of residents satisfied with Footpaths in the community survey	Achieved 66% Target 75%	75%	75%	75%	75%
2				The percentage of footpaths within the district fall within the footpath condition standards set out in the Asset Management Plan	Achieved 99.7% Target 90%	90%	90%	90%	90%
3			Council ensures quality of footpaths and safety of users	Complaints regarding footpaths are responded to within 3 days*	Achieved 90% Target 85%	90%	90%	90%	90%

** These performance measures are provided by the Department of Internal Affairs and are mandatory.*

Part 3: Measures in 2015-25 LTP not included or changed in the 2018-28 LTP

Table 61 – Footpaths Measures

2015-25 LTP Measure	2016/17 Results	Comments for not including/changed in the 2018-28 LTP
Percentage of resident and non-resident ratepayers rate Urban CBD upgrades as "fairly satisfactory" or "very satisfactory" in the community survey		Only one project left and does not provide useful information
Percentage of residents rate footpaths as "satisfactory" or "very satisfactory" in the community survey	*66%* *Target 75%*	Change to quarterly survey with different wording
Customer requests relating to footpaths are responded to within 5 working days	*90%* *Target 85%*	Changed to clearly focus on complaints in line with the mandatory measure and reduces timeframe to 3 days

Part 4: Underlying measurement systems and process in place

Note: to document the underlying measurement systems and process to collect the required data to report against each measure.

Table 62 – Footpaths Underlying measurement systems and process

S/N	Performance Measure	Measurement Process
1	Percentage of residents satisfied with Footpaths in the community survey	• Community surveys – results stored in the Alliance Sharepoint site. • This measure is a key indicator in the effectiveness of routine and periodic treatments to manage the overall footpath asset condition.
2	The percentage of footpaths within the district fall within the footpath condition standards set out in the Asset Management Plan	• RAMM will be the underlying system used to capture data. • Annual Footpath Condition Rating survey carried out by external party. • This measure looks at using the all faults programme as a key indicator in the effectiveness of routine and periodic treatments to manage the overall footpath asset condition.
3	Complaints regarding footpaths are	• The CRM will be the underlying system.

S/N	Performance Measure	Measurement Process
	responded to within 3 days*	• Response and resolution time will also be captured to: A timely response includes investigation, communication with customer if requested and/or necessary and reporting back to TDC on actions carried out, or work that has been programmed to be completed and final resolution to the initial CRM provider. • Measure effectiveness of the Alliance in responding to and resolving issues. • Target is 90% completion within 3 working days – actual completion date vs. required completion rate for all CRMs

STORMWATER

Part 1

Current AIM: To provide protection of the community's assets from flooding by providing systems that enable stormwater to dissipate as quickly as practicable.

Proposed AIM: To provide affordable protection for urban community assets, commercial properties and habitable dwellings from flood events.

Part 2 – Performance Measure Framework

Note: if the measure is new, then in the 2016/17 results column indicate "New Measure".

Table 63 – Stormwater Performance Measure Framework

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2015/16 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
1	Efficient Infrastructure	Protecting people and properties from flooding caused by stormwater runoff	An effective stormwater system that protects people and properties from flooding.	The number of flooding events where an overflow of stormwater had entered a habitable floor *.	Achieved Nil Target 40	<20	<20	<20	<20
2				For each flooding event, the number of habitable floors affected, expressed per 1,000 properties connected to the stormwater system*	Achieved Nil	<5	<5	<5	<5
3			A reliable stormwater network.	Proportion of residents satisfied with stormwater management in the community survey	Not Achieved 69% Target 70%	70%	70%	70%	75%

S/N	Council Outcomes	Major Aspect	Level of Service	Performance Measure	2015/16 Results	Targets			
						Yr 1	Yr 2	Yr 3	Yrs 4-10
4				Number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the stormwater system*	Not Achieved 9.7 Target <9	<9	<9	<9	<8
5				Number of enforcement actions against Council for not meeting resource consent conditions for discharge from the stormwater system relating to*: • abatement notices • infringement notices • enforcement orders • convictions	Achieved Nil Nil Nil Nil Nil	 Nil Nil Nil Nil	 Nil Nil Nil Nil	 Nil Nil Nil Nil	 Nil Nil Nil Nil
6	Efficient Infrastructure	Responsiveness	Council ensures quality and efficiency of the stormwater network	Median time (hours) to attend a flooding event, measured from the time that Council receives a notification that service personnel reach the site*	Achieved: Nil Target 2 Hours	2 Hours	2 Hours	2 Hours	2 Hours

** These performance measures are provided by the Department of Internal Affairs and are mandatory*

Part 3: Measures in 2015-25 LTP not included or changed in the 2018-28 LTP

2015-25 LTP Measure	2016/17 Results	Comments for not including/changed in the 2018-28 LTP
Percentage of residents rating stormwater management as "fairly satisfactory "or "very satisfactory" in the community survey	*69%*	Change to quarterly survey with different wording

Part 4: Underlying measurement systems and process in place

Note: to document the underlying measurement systems and process to collect the required data to report against each measure.

Table 64 – Stormwater Underlying Measurement systems and process

S/N	Performance Measure	Measurement Process
1	The number of flooding events*	• CRM will be the underlying system. • Response and resolution time will also be captured
2	For each flooding event, the number of habitable floors affected, expressed per 1,000 properties connected to the stormwater system*.	• CRM will be the underlying system
3	Proportion of residents satisfied with stormwater management in the community survey	• Quarterly Key research survey • Community surveys – results stored in the Alliance Sharepoint site. • This measure is a key indicator in the effectiveness of routine and periodic treatments to manage the overall stormwater system effectiveness.

S/N	Performance Measure	Measurement Process
4	Number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the stormwater system*	• The CRM will be the underlying system. • Complaints will also be captured
5	Number of enforcement actions against Council for not meeting resource consent conditions for discharge from the stormwater system relating to*: • abatement notices • infringement notices • enforcement orders • convictions	Horizons monitoring reports Currently Council is not required to have a resource consent for stormwater
6	Median time (hours) to attend a flooding event, measured from the time that Council receives a notification that service personnel reach the site*	• CRM will be the underlying system. • Response and resolution time will also be captured to: A timely response includes investigation, communication with customer if requested and/or necessary and reporting back to TDC on actions carried out, or work that has been programmed to be completed and final resolution to the initial CRM provider. • Measure effectiveness of the Alliance in responding to and resolving issues.

7.4 Tararua District Council- Risk Management Framework - Draft

"Successful organisations are not afraid to take known and considered risks; Unsuccessful organisations take risks without understanding them."

Version 1.0

Creation Date 24 May 2015

Risk Matrix and identified risks updated after direction from Audit and Risk Committee March 2017.

Approved Date

Review Date Risk Assessment – May 2017

Author(s) Malcolm Thomas, Strategic Policy Advisor

Reviewed By

7.5 Introduction

Tararua District Council faces many risks. The probability of these occurring, their timing and the extent of their impact on Council will determine the level of contingency planning and mitigation. Underlying this is Council's own appetite for risk and the availability and limitation of resources of Council and its funding sources, including ratepayers.

Tararua District Council is a complex organisation, providing a diverse range of services to over 10,000 ratepayers over a large rural area. The Council works with other public, private and voluntary bodies to make Tararua a better place for people to live and work.

Overview of Framework Purpose and Current Situation

The current programme of capital upgrade projects, expected and recent changes to legislation, and the challenges of delivering all the current services, create significant risks and uncertainty. The Council has to manage the risks and opportunities associated with the delivery of our outcomes, by adopting good risk and opportunity management principles. This framework is focussed on providing the risk management principles, tools, techniques, advice and support for a successful transition from the organisation we currently are, to where we need to be.

This Risk Management Framework (RMF) signals a new intent to align risk management practices in the Council with current sector good practice and possible changes in our governance structure. Previous attempts to address a comprehensive approach to implementing risk management systems and processes have not been successful. While systems and policies have improved there is still a lack of focus on identifying and addressing risk within the organisation. Recently Councillors have identified the lack of risk management processes as an area that needs to be addressed.

Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development. The Council's overriding attitude to risk is to operate in a culture of creativity and innovation, in which all key risks are identified in all areas of the business, are understood and proactively managed, rather than avoided. Currently this is not the case with Council carrying excessive risk, and is more likely to have to allocate resources after something has gone wrong in reactive attempts to limit damage.

By identifying and assessing risks and opportunities more effectively we can provide higher quality advice to the governance group and help us make better decisions about the directions, resources and performance of our services and systems. Risk management is the responsibility of all staff and involves a balanced focus on managing risks and realising opportunities. Risks must be managed in the context of achieving our goals and objectives.

There is an increasing requirement to document and improve risk control systems and practices. The intent is not to reject risk taking; that is practically impossible given the range of issues faced and the resources available. The goal is to take a considered approach to risks and assess opportunities in response to problems to support considered risk-taking.

Generally, risks fall into three categories. Governance, Business and Strategic.

- Governance risks are those affecting the Mayor and councillors of Tararua District Council (TDC).

- Business risks are those affecting the business of TDC and may include Hazard risk (Liability torts, Property damage, Natural catastrophe) and Financial risks (Pricing risk, Asset risk, Currency risk, Liquidity risk, Operational risk, Customer satisfaction, Product failure, Integrity, Reputational risk) Further examples are: commodity price increases, exchange rate changes, access to credit, IT failure, major failure of Subsidiaries, Trusts/entities and suppliers in which TDC has a large stake or relies upon for goods and services.

- Strategic risks are those identified during the Long Term Plan process. They may have a more global effect beyond Council's control, but still impact on Council. They may include Social trends, Capital availability and competition

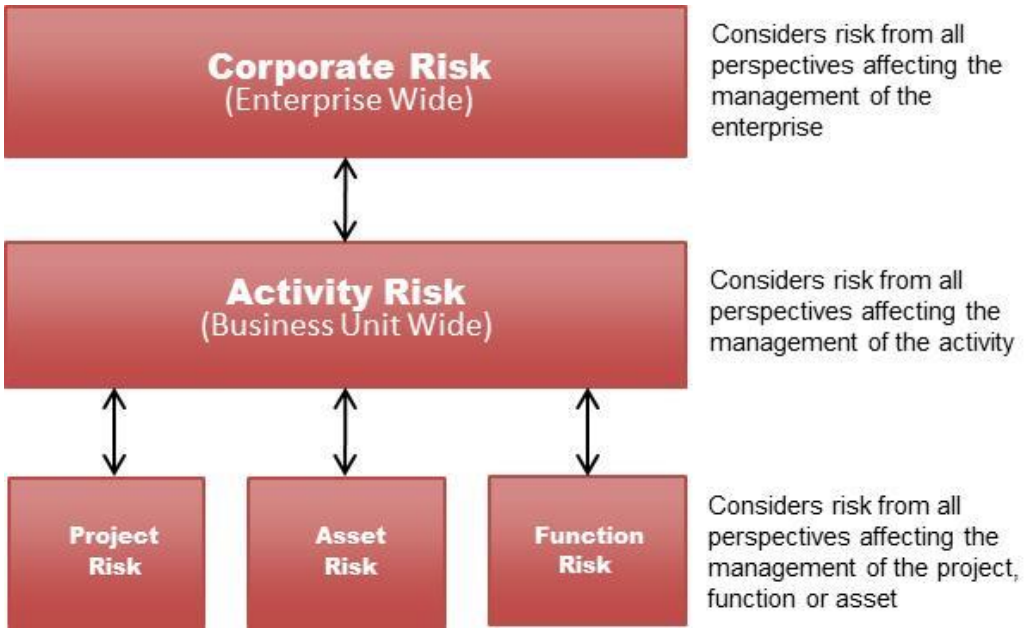
In most cases, TDC can ensure it adequately manages these risks. There are certain risks, such as energy crises or pandemic that are beyond Council's control. In these cases, Council can only make itself aware of the issues and plan to manage the effects and ensure business continuity.

Statutory Requirements and Standards

Though there is no explicit requirement for local authorities to have in place a RMF, numerous legislative requirements, particularly audit processes underpinning LTP processes and financial reporting, require risk management processes. By providing a RMF or 'whole-of-Council' approach to managing risk, based on the *ISO31000:2009 Risk Management Standard (see appendix 4)*, this RMF gives the Council a method to demonstrate appropriate risk management arrangements, now and into the future.

Risk is "the effect of uncertainty on objectives" (AS/NZS ISO 31000:2009). Risk Management is the coordination of activities to direct and control an organisation with regard to risk. Risk management can be applied across an entire organisation, to its business unit activities and to specific functions, projects and assets (see **Error! Reference source not found.**). Risk management may also be applied o specific tasks within any area of the business.

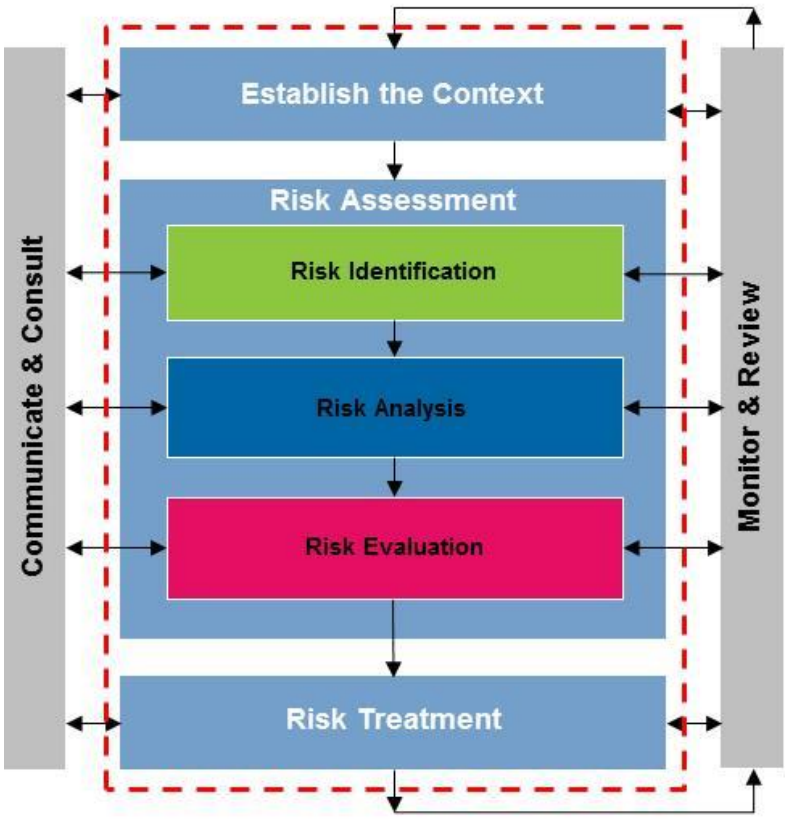
Figure 11 – Risk Management Levels



The purpose of this Activity Risk Assessment Framework is to provide guidance on how to identify, assess, and treat risks at the activity level of RDC. The scope of the framework is indicated by the dashed red box in Figure . The framework provides:

- A systematic approach to establishing the context and identifying, analysing and evaluating activity risks
- Consistent risk evaluation criteria
- Guidance for deciding risk treatment options

Figure 12: Scope of the Risk Assessment Framework



Types of Risk

This Framework sets the high level structure, priorities for improvement and objectives for risk management in the Council. The actual operational detail of dealing with risk is then identified in the appropriate policy or plan. The types of risk Council seeks to be addressed in this Framework are:

- Reputational and Strategic – are risks from decision making processes that are made in key planning and strategic plans, and employees and elected members acting in an appropriate manner that reflect the values and code of conduct. This includes meeting legal requirements under the LGA 2002, RMA etc and LGOIMA. Processes here include:
  - LTP, Annual Plans and Annual Reports
  - District Plan

- AMPs
- Valuations
- Delegations
- Procurement Policy

- Project / tactical related – the ability to deliver projects on scope, on time, and on budget. Processes include:
  - Project management and business case processes
  - Staff reports and project reporting
  - Other reporting to Horizons, MoH, MBIE, MfE
- Operational – relate to the delivery of activities and services to customers, including systems and processes that would impact achievement of specific performance objectives. Other documents that address specific processes include:
  - Business Continuity Plan
  - IT disaster recovery plan
  - HR performance agreements and processes
  - Business plans

Council's Risk Management Objectives (our approach to managing risk)

- Adopt a strategic approach to risk management to enable Councillors and staff to make better informed decisions to reduce risk;
- Establish an Audit and Risk Committee to provide greater focus on risk management;
- Set the 'tone from the top' on the level of risk we are prepared to accept on our different service delivery activities and management decisions;
- In the next 3 years focus on improving processes and systems that are known to be not up to good practice standard;
- Acknowledge that even with good risk management and our best endeavours, things can go wrong. Where this happens we use the lessons learnt to try to prevent it from happening again;
- Develop leadership capacity and skills across the Council in identifying, understanding and managing the risks facing the Council;
- Integrate risk management into how we run Council business/services;
- Support a culture of well-measured risk taking throughout the Council's business, including strategic, programme, partnership, project and operational. This includes setting risk ownership and accountabilities and responding to risk in a balanced way, considering the level of risk, reward, impact and cost of control measures.

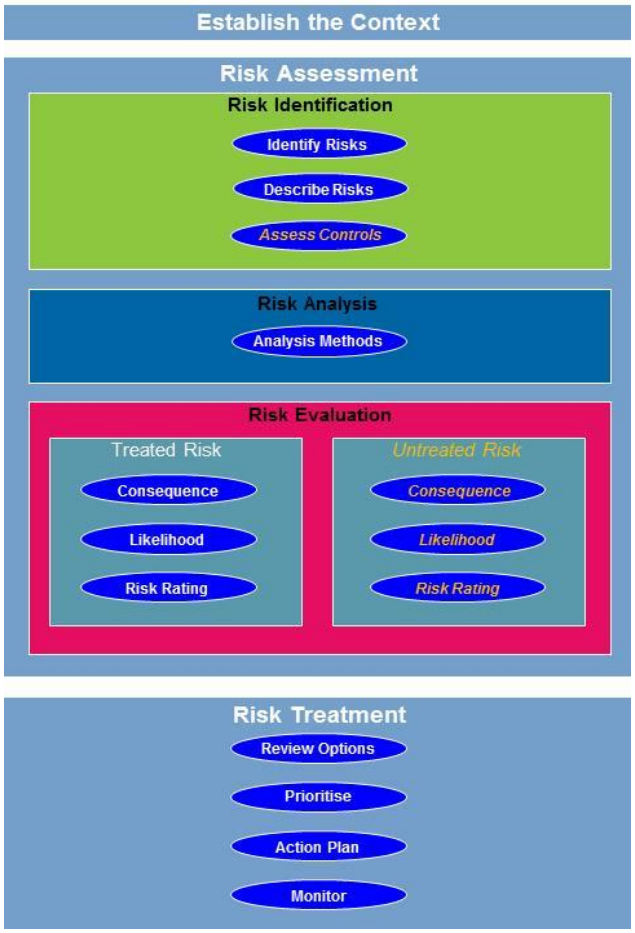
Risk Management Process

The risk management process is designed to ensure that:

- All significant known risks to the community, customers, the environment and the Council corporate are identified and understood
- The highest risks for the short to medium term are identified
- Risk treatments that best meet business needs are applied
- Responsibilities for managing risk are allocated to specific staff
- The above is recorded and monitored (need for a corporate risk register) with governance oversight.

The risk management process involves a number of steps and procedures as set out below. Often there is iterative learning over time as the Council gains more experience in assessing risks. While unknown risks or unexpected changes to the operating environment occur over time, sound systems and processes can improve responsiveness and resilience.

Figure 13: Scope of the Risk Assessment Framework



Risks currently untreated (marked in amber italics text in the risk management process above) generate the biggest threats to Council. Risk exists in all the activities we provide, and the Council can either ignore it (untreated) or try and minimise it (treated). The difference between the two states is the systems and processes that exist at present. Analysis of systems assists in identifying the more important controls and the risks associated with these controls failing. The risks recorded in the risk register include analysis of the treated risk in all cases.

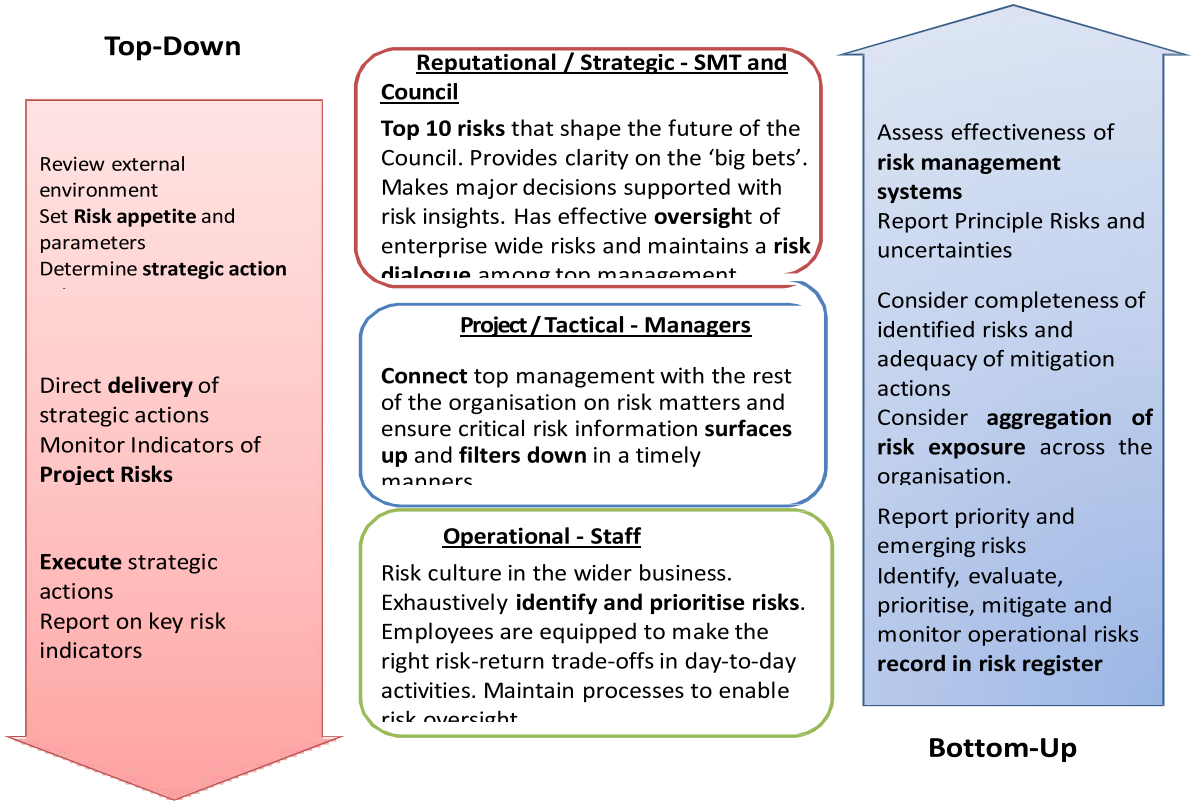
Gaps between untreated and treated risk indicate the extent that current systems and processes (controls) are fit for purpose. Accordingly, improvement actions should focus on the processes that are not sufficiently dealing with risk assessment and treatment.

Figure 14

Gaps between treated risk and an acceptable future risk require improvement actions that will ***reduce*** current risk levels. Analysis of the existing systems and processes for assessing and dealing with risks indicate some significant gaps. This area has been identified as an opportunity for future improvement in the Improvement Plan.

The figure below sets out the type of outcomes being sought from this RMF process.

Figure 15



7.6 Communication

Communication and consultation is an essential component of TDC's operating model and is a critical element of the risk management process. Communication and consultation is not a discrete step in the risk management process, as it occurs throughout the whole process either formally or informally. Risks with higher consequences need to be considered in a team approach so that a whole of Council approach to resource allocation can be made.

The governance group is a key part of the Council team, and expects a 'no surprises' approach to risk management. Generally, not communicating rising risk levels up front usually leads to risk consequences that are greater than if the risks were openly considered at management and governance levels at an early stage. Processes at Group Manager and Management Team levels need to ensure that only higher consequence risks are elevated to the governance group. Lower level risks are part of the everyday management of Council activities. The level of risk that needs to be considered at governance level is set out in Appendix 4.

The Limitations of this RMF

Risk management is an effective business tool, but it will not make decisions.

- Adopting a structured RMF approach to managing risk creates a very effective business tool and discipline to assist managers and the governance team in making optimised decisions; however, risk management is not a substitute for consideration of all relevant factors that could influence intended outcomes.

- Decisions can be influenced by the prevailing organisational culture, information available, levels of uncertainty, relevant experience of the person, analysis, assumptions, historical knowledge and any relevant external factors.

Risk management will not guarantee a 'risk free' environment.

- It is impossible to predict all risks or changes in circumstances that will impact the operating environment of the Council.

- All staff have a responsibility to prepare for and act when incidents and issues emerge to minimise the adverse consequence on PCC's intended objectives.

Establish the Context

The context for risk management is defined by:

- The external context within which TDC operates:
  - Legislation,
  - economic activity,
  - demographics,
  - social and cultural trends,
  - media relationships, and
  - views of key stakeholders.

- The internal context of the TDC organisation
    - Resources (staff and budgets)
    - Historical decisions and performance
    - governance and management roles and accountabilities
    - internal policies, standards and guidelines
    - the prevailing culture and
    - the current capabilities with respect to people, systems and processes.
- TDC's strategic and operational objectives
    - Political environment, oversight and goals
    - LTP outcomes and strategic settings
    - Financial performance.

The following steps were undertaken as part of the 2015 LTP process to establish the context:

- The relationship between TDC and the wider environment has been defined
- Internal and external stakeholders were considered and/or consulted to identify the extent of opportunities and threats
- TDC's capabilities to meet the levels of service were identified

Broad categories for sources of risk of not achieving the levels of service and areas of impact, were identified:

Figure 16 – Ruapehu District Council

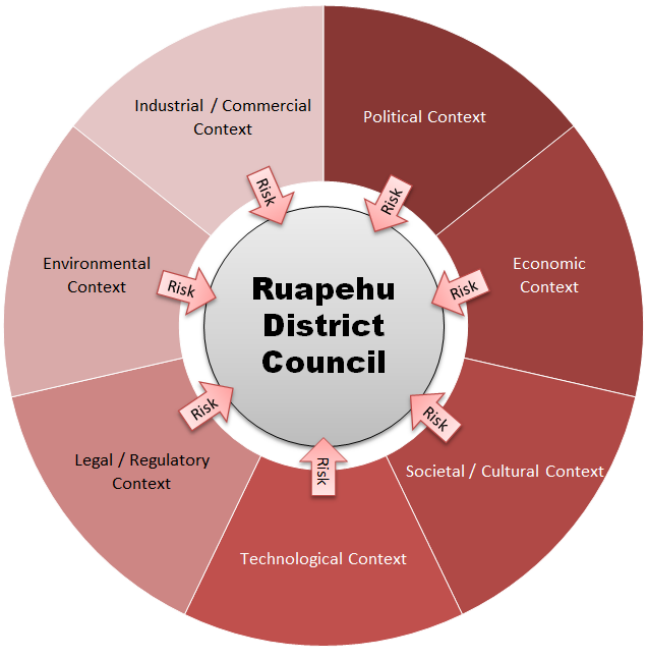


Table 65

Dimension	Description
Political	Changes in government or government policy
Economic	Economic trends, market movements (e.g. foreign exchange, interest rates, monetary policy, labour)
Societal / Cultural	Social or cultural issues, changes in demographics, public opinion
Technological	Emerging technologies and practices, innovations
Legal / Regulatory	New or changed regulations, contractual or compliance requirements
Environmental	Changes in natural environment (e.g. climate change)
Industrial / Commercial	Industry trends and pressures
All	Geographic variations across all of the above dimensions (local, regional, national)

Identify Risks

Risk identification needs to consider both internal and external sources of risk and the level of the risk assessment. Risks should be identified by examining impacts on the activity, its associated assets and desired outcomes from different types of consequences.

Risk Management should consider risks in relation to business processes across the various activities that TDC carries out. Table 66 provides a standardised and comprehensive framework for documenting, categorising and reporting risks.

Table 66– Standard Risk Categories

Process Dimension	Standard Risk Categories
Finance	• Fraud (misappropriation of TDC funds) • Inability to secure funding or credit • Inappropriate or inadequate procurement practices • Breaches of financial delegations
Governance, Control and Compliance	• Failure to comply with requirements • Ineffective relationship with Community • Ineffective relationship with Council staff • Lack of internal control
Information Management	• Inadequate technology and systems • Staff do not know how to use systems • Virus, hacking, unauthorised access, inappropriate use of IT systems
Operations and Service Delivery	• Poor operations or customer service (including poor contractor performance)
People	• Failure to provide a safe work environment • Inability to attract and retain skilled staff • Ineffective employment relations • Poor staff knowledge, skills, engagement

Process Dimension	Standard Risk Categories
	• Inadequate human resource planning
Planning and Strategy	• Inadequate business improvement planning • Inadequate planning to meet future requirements (growth, renewals, changing levels of service) • Lack of Emergency Response / Business Continuity Planning
Property and Assets	• Facilities do not meet requirements • Failure to deliver on key projects • Inadequate asset information • Lack of adequate insurance cover • Safety and security of public facilities: accidents, criminal activity, unacceptable behaviours, abuse

Each risk category is associated with a number of general causal factors and certain types of impacts that would be expected occur. These are identified in the risk register under each category.

TDC's management team manages risk in each category by:

- Monitoring the effectiveness of TDC's current systems and practices (e.g. through monitoring and reporting systems);
- Monitoring TDC's internal and external contexts to identify specific risks that may warrant further attention;
- Identifying where the effectiveness of current systems and practices needs to be improved, or where additional controls or capabilities are required to manage current risks;
- Implementing the new systems and practices and monitoring their effectiveness.

Effectiveness of Current Systems

Systems and processes need to be assessed for effectiveness on an annual basis. This will be done by:

1. Review and confirm (or alter) the risk categories
2. Identify and assess current risks
3. Identify and assess current systems and processes to address risks
4. Identify gaps and discuss at the appropriate level (line manager, group manager, management team or Audit and Risk Committee) options to address these gaps.

Systems and practices can only control risk where they are effectively applied and practised. Effectiveness refers to:

- Reliability: That systems and practices are performed at the appropriate frequencies and times

- Effectiveness: That systems and practices achieve what they were designed to achieve
- Completeness: That systems and practices provide adequate coverage in relation to the risk(s) they are intended to control

The effectiveness of the current systems and practices in controlling risk should be rated by selecting the appropriate rating from Table 67.

Table 67 – Rating effectiveness of controls

Rating	Description
Excellent	Fulfils requirements thoroughly. Robust, reliable, with positive measurable performance
Good	Generally fulfils requirements. Generally robust, reliable, and measurable but some room for improvement
Fair	Fulfils minimum requirements. Minimum levels of effectiveness and reliability achieved OR effectiveness and reliability has not been measured
Poor	Not fulfilling requirements. Considerable gaps in effectiveness and reliability
Very Poor	Current systems and practices are completely ineffective due to poor design, performance or both

Assessments of the effectiveness of business systems and practices may be based on management assertions or the results of internal audits. Where confirmation is not available from internal audits, the effectiveness of controls should be rated conservatively until audits and actual practice prove otherwise.

How Risks are Analysed

Each identified risk should be analysed to:

- Understand the source of the risk
- Understand the scope, magnitude and likelihood of the potential impacts on achievement of objectives
- Understand the effectiveness of RDC's current systems and practices with respect to controlling or mitigating the risk

Detailed analysis of individual risks may be warranted or required where there is significant uncertainty about the nature, likelihood or potential impacts of a risk or where there is a need to reliably quantify the risk to justify the business case for treatment.

The level of detail in the analysis should be commensurate with the level of risk and the ultimate purpose for which the information will be used. Reliable quantitative analysis of risk requires accurate information about probability and consequence, and considerable analytical resources. This kind of analysis will generally not be necessary in order to justify management priorities for most risks.

Risk evaluation involves evaluating the consequence and likelihood scores for each of the identified risks. Appendix 2 and 3 define the scale for evaluating consequence and evaluating likelihood. The risk score is given by the combination of the Consequence and Likelihood scores.

The evaluation of risks should take into account:

- What is known about the risk including factors influencing consequence and likelihood
- The effectiveness of TDC's current systems and practices with respect to controlling or mitigating the risk

The initial evaluation will determine the risk rating for the Treated Risk i.e. the risk as it is today with all the present controls operating as they are today.

How Council Identified the Risks

Management and Elected Members have identified risks over many years and developed techniques for managing and monitoring these risks.

Examples of these techniques include long term planning, the policies and procedures of Council, delegation and procurement, code of conduct and meeting standing orders, audit functions, advocacy roles, and internal and external reporting.

The Long Term Plan is a key document that sets out key assumptions of the strategy and attempts to assess the impact of those assumptions being incorrect. Having contingencies has a cost and can be overdone, creating a waste of effort and additional cost through duplicated or alternative (redundant) systems, maintaining extra inventory or insurance.

There are also a number of unstated assumptions that presume that society (including the economic systems and technology) and the wider environment remain largely similar to today.

Council has used the Australian & New Zealand International Standard – Risk Management – Principles and Guidelines (AS/NZS ISO 31000-2009) to establish initial risk ratings. This features a risk matrix, which assigns ratings based on the likelihood of the event taking place and the effect of the event.

The probability of the event is assessed from the historical events and/or the social or scientific context. Infrequent events may be catastrophic but may occur at any time. To ignore these types of risks is not wise, even though there is a temptation to provide a higher priority to more frequent events that have minor or moderate consequences.

Some catastrophic events are essentially certain to happen but they may take a long time to occur, or they may happen in a few minutes time. For example, there is certain to be some form of natural disaster in the Tararua district in the future. But it is impossible to say when this will be and how intense it will be, and therefore its likely effect. A catastrophic event that is almost certain to occur in our lifetime is therefore assigned an 'Extreme' risk rating. A minor event that is not likely to occur is assigned a low rating.

The probability of something adverse occurring will only be known once it has happened, and this is when contingency plans are fully activated. The significance of the event may be assessed in respect of Council's Significance and Engagement Policy, and the materiality from both financial and political points of view.

7.7 Risk Assessment Matrix

The risk rating is determined the table below based on the assessed combination of consequence and likelihood. The risk rating assigns a degree of significance to the assessed level of risk and provides guidance on the appropriate management response.

Risk = the consequence of an event occurring X the likelihood of such an event

The final outcome is a risk rating. The risk rating distinguishes between those risks that are significant and those that are of a lesser nature. Having established the comparative risk level applicable to individual risks, it is possible to rank those risks.

The matrix of consequence of failure and likelihood ratings (Table 7) is used to assess the level of risk, ranking events as low, moderate, high or extreme risk.

Note: This table has been used to assess risks identified in the risk table. For example if the identified risk of having insufficient levels of insurance protection is "Possible" and the effect if it happens is "Moderate" then the overall risk is medium.

Table 67

	4 Almost Certain	3 Likely	2 Possible	1 Unlikely
4 Very High	16 Extreme	12 Extreme	8 High	4 Medium
3 Major	12 Extreme	9 High	6 Medium	3 Low
2 Moderate	8 High	6 Medium	4 Medium	2 Low
1 Minor	4 Medium	3 Low	2 low	1 Low

Risk Tolerance and Management Response

The principles of Unacceptable, Tolerable, Acceptable, and As Low as Reasonably Practicable (ALARP) are applied to decisions about future actions to treat risk. Practicable means that the improvement or risk reduction gained outweighs the cost of developing and implementing the additional risk control measures, rather than just working from the highest risk down regardless of cost.

TDC has adopted the following broad treatment strategy for the levels of risk:

Table 68

Extreme Risk	**Unacceptable: Reduce risk immediately** Additional preventive practices and mitigation measures must be implemented as soon as practicable to reduce the risk.

High Risk	**May be Tolerable: Reduce risk** Preventive practices and mitigation measures must be in place and actively monitored to ensure the risk remains As Low As Reasonably Practicable. Implement further controls or treatments where it is cost effective to do so.
Medium Risk	**Broadly Tolerable: Monitor risk** Preventive practices and mitigation measures must be in place and actively monitored to ensure the risk remains As Low As Reasonably Practicable. Additional control or treatment ***may*** be justified where practicable and budget considerations allow.
Low Risk	**Broadly Acceptable** Continue with current practices and monitoring. No additional action required.

There are four general risk treatment options. The investigation of the proposed treatment actions should determine the expected costs of development and implementation of additional controls and whether there are any opportunities for optimisation through alignment and co-ordination with other proposed actions or existing programmes and initiatives.

Once the risk treatment has been defined and scoped, the future risk profile should be evaluated. The future risk profile is the expected level of risk assuming that the proposed treatment actions are implemented and working effectively.

Table 69

Tolerate Risk	Accept the risk and fund or resource any risk impacts
Treat Risk	Implement organisational, technological, or procedural improvements. These may include: • Actions to reinforce current systems and practices (e.g. training, improving documentation, management attention and emphasis) • Actions to further reduce risk through additional preventive practices (reducing likelihood) or mitigation strategies (reducing consequence) • Management strategies - implement enhanced strategies for demand management, contingency planning, quality processes, staff training, data analysis and reporting, reduce the target service standard, etc • Operational strategies - actions to reduce peak demand or stresses on the asset, operator training, documentation of operational procedures, etc • Maintenance strategies - modify the maintenance regime to make the asset more reliable or to extend its life • Asset renewal strategies - rehabilitation or replace assets to maintain service levels • Development strategies - investment to create a new asset or augment an existing asset
Transfer Risk	Outsourcing, improving contract terms, increased insurance
Terminate Risk	Eliminate the risk completely by selling the asset, closing the service etc. This may include:

Tolerate Risk	Accept the risk and fund or resource any risk impacts
	• Asset Disposal / Rationalisation - divestment of assets surplus to needs because a service is determined to be a non-core activity or assets can be reconfigured to better meets business needs

Where risk has been identified and a treatment plan put in place a reporting regime as set out in Appendix 4 will be followed. This also sets out the appropriate governance level to be reported to.

7.8 RMF Action Plan

This RMF is new to the Council. As such there are a number of new processes that need to be carried out, and some actions needed to set up the systems. The actions required to achieve the RMF are:

1. SMT to review RMF and agree to management responsibilities
2. SMT to review risk assessment and ratings
3. Gain Council approval of RMF
    a. Establishment of Audit and Risk Committee
    b. Resource implications from internal audit programme
4. Establish a Risk Register
5. Gain approval for programme of internal audit
6. Develop management response to identified extreme, high and moderate risks
7. Prioritise risks to be addressed, and plan for additional resources if required.
8. Adopt a multi-layer approach to the management of risk:

Table 70

Council Staff	**Responsibilities**
Risks reported to Managers	All staff including management, team leaders and General Managers are required to: • Apply the risk management framework on a day to day basis. • Identify, manage and report risks, issues and incidents that may impact on operational, project and strategic objectives. • Take ownership and demonstrate accountability for risk. • Actively promote a positive risk culture. • Participate in risk training and awareness requirements and
SMT – Group Managers	**Responsibilities**

Risks reported to SMT	• Oversight and integration of risk management activities conducted by staff into business activities. • Conduct activities to develop risk culture. • Design risk management frameworks and methodologies. • Ensure risk owners manage their risks. • Undertake risk reviews and monitor risk management control procedures and performance against risk appetite.
Internal Audit	**Responsibilities**
Risks and controls reported to Audit and Risk Committee	• Provide independent assurance and oversight for staff and management. • Provide assurance to the Council, via the Audit and Risk Committee of the design and operating effectiveness of systems and internal controls in order for the Council to discharge its governance responsibilities.

The management model above relies on the assumption that:

- Risks are best operationally handled by managers close to them;
- Corporate processes and risk culture is robust enough to avoid problems; and
- There is significant support by the SMT and Council to drive accountability of risk management.

In this model, implementation (both top-down and bottom up) is overseen by the Group Manager, Strategy and Development, who has responsibility for developing the RMF process and methodologies, and for facilitating risk discussions with the SMT, Audit and Risk Management Committee and Council.

7.9 Implementing the Risk Management Plan

Council management needs to implement this RMF as identified in the Improvement Plan. This includes assigning responsibility for monitoring and mitigation to individuals and groups. A priority order of issues to be addressed needs to be agreed by identifying the biggest gaps and opportunities for improvement.

The most suitable risk reduction actions must be determined by considering options and resources available to TDC. Costs and benefits of these actions should be analysed to determine those actions yielding the greatest benefit (risk reduction) for the least cost. The best available techniques should be utilised to analyse the options e.g. optimised decision-making (ODM).

Application of ODM applies a 'value chain' to the proposed actions rather than just working from the highest risk down regardless of cost. For example:

- A high risk may have to remain due to the prohibitive costs associated with avoidance or mitigation
- A medium risk event could be easily and cost-effectively avoided within resources available

Actions should consider the overall management of the Activity, not just the minimisation of risk. Where possible, proposed actions can align with other initiatives to:

- Reduce capital investment costs
- Reduce operating and maintenance costs
- Reduce business risk exposure
- Increase effective asset life/value
- Increase level of service

The resulting action plan for risk treatment needs to be practical and achievable e.g. the necessary resources and time frames are realistic.

The plan will be reviewed at least annually to ensure the identified risks and mitigation measures remain relevant and any new identified risks are incorporated.

Appendix 1 – Other Operational Plans focused on Mitigating Risk

Business Continuity Plans

Business continuity involves planning for keeping all aspects of a business functioning in the midst of disruptive events. Business Continuity Plans are specific plans to cope with various scenarios.

Individual Business Continuity Plans for services may consider reductions in services and/or changes in delivery of services. For example, loss of reticulated water may result in central distribution points for water. For Council, these can cross over in the response and recovery programme in a civil defence emergency.

IT Disaster Recovery Plans

IT Disaster recovery is a subset of business continuity; it focuses on the IT or technology systems that support business functions. Disaster recovery is the process, policies and procedures related to preparing for recovery or continuation of technology infrastructure critical to the organization after a natural or human-induced disaster.

Civil Defence Operational Plans

These are detailed operational plans that are designed for Tararua to respond to possible and actual civil defence emergencies.

AMP Risk Assessment

The Asset Management Plans covering Roading, Wastewater, Water Supplies, Stormwater and Parks and Reserves form a vital part of the Councils long term planning. These Plans include sections on risk management and have improvement plans to reduce risk over time.

The risk matrix assessment approach for these assets mirrors the approach taken by this RMF. This RMF will also be reflected in the next full review of the AMPs leading up to the 2018 LTP process. This includes business case preparation for the major capital and renewal projects, project reporting templates and the Procurement Strategy.

The AMPs also summarise key risks and provide estimates of the effects of assumptions changing over time. These include demand assumptions, climate risk, government policy and grants, asset lives and societal trends.

Appendix 2 – Likelihood Criteria

Table 71

	Unlikely **1**	**Possible** **2**	**Likely** **3**	**Almost Certain** **4**
Probability	**Less than 10%** chance of circumstances arising	**10% to 40%** chance of circumstances arising	**41% to 75%** chance of circumstances arising	**More than 75%** chance of circumstances arising
Timescale	Is **unlikely** to occur within the next 10 years	Possible in the **next 3 to 10 years**.	Likely to occur in the **next 1-2 years**	Occurred in the **past year** or is very likely to occur in the **next year**.

Appendix 3 – Consequences Criteria

Table 72

Consequence Table							
Category	**Financial**	**Governance, Control and Compliance**	**Information Management**	**Operations and Service delivery**	**People**	**Planning and Strategy**	**Property and Assets**
Minor 1	Direct loss or increased cost of **up to $50K**	Small, non-systematic and/or technical breaches occur. No impact to citizens. Short term negative local media attention	Minor failures of individual service that can be dealt with by support staff within a day.	Minimal disruption to operations or service delivery. e.g. <2 hr disruption for any business unit area	Negligible or isolated employee dissatisfaction.	No legal requirements missed and Strategic direction	Minor lack of information or processes not followed that do not impact on service, safety or service delivery
Moderate 2	Direct loss or increased cost of **~$50 to $200K**	Minor breaches occur, first of its kind, one-off issues Minimal loss to citizens. Adverse news in local media. Concerns of performance raised by stakeholders or the community	Staff support systems intermittent < a day per week Rating systems create additional work	Minor disruption to operations or service delivery. e.g. 2-4 hr disruption for any business unit	General employee morale and attitude problems. Increase in employee turnover.		Minor compliance requirements missed. Uncertainty around <10% of asset conditions
Major 3	Direct loss or increased cost of **~$200K to $1M**	Multiple related minor breaches. Systemic issue. Small financial impact to citizens. Reportable breach. Adverse news in the local media (paper/newspaper/tv Social medial/networking) Minor decrease in stakeholder, Council or community support	Staff support systems not available for some days Rating systems difficult to reconcile	Disruption of operations or service delivery. e.g. water delivery interrupted up to a day.	General employee morale or attitude problems in business area. Significant employee turnover in unit area.		Some compliance requirements missed and uncertainty around asset conditions and depreciation required.
Severe 4	Direct loss or increased cost of **>$1M**	Significant systemic breach or breaches. Reportable breach and action is possible – significant fines, audits/inspections or undertakings. Possible action taken against management. Adverse news in regional media. Serious decrease in stakeholder, Council or community support	Staff support systems non-functional for extended time Rating systems not accurate	Serious disruption to operations or service delivery. Impact to multiple and diverse areas of the Council. Adversely affects multiple key community groups. e.g. 1-5 day disruption for water or wastewater	High turnover across Council. Widespread employee attitude problems A large number of senior managers or experienced employees leave the Council.		Safety and service delivery compromised. Asset conditions and depreciation requirements unknown

Appendix 4 – Governance Responsibility and Reporting of Risks

Table 73

Assessment	Criteria for Management of Risk	Frequency
Extreme	Risk Acceptance: Council Risk Ownership: Audit and Risk Committee	At least monthly
	• Extreme risks can exceed risk appetite and tolerance limits. • Extreme risks within PCC's control must, where feasible, have effective key controls. • Immediate escalation to the Council is required. • Immediate action is required.	
High	Risk Acceptance: Audit and Risk Committee Risk Ownership: Management Team	At least two monthly
	• High risks usually exceed risk appetite and tolerance limits. • All High risks must, where feasible, have effective key controls. • Immediate escalation to EMT member. • Action begins within 1 day.	
Medium	Risk Acceptance: Management Team Risk Ownership: Group Manager	At least Quarterly
	• Moderate risks may exceed risk appetite and tolerance thresholds. • Moderate risks must have controls. • Escalate within 2 days to Group Manager. • Action begins within 1 week.	
Low	Risk Acceptance: Relevant Group Manager Risk Ownership: Relevant Manager	At least Annually
	• Low risks are usually within risk appetite and tolerance limits. • Low risks should have adequate controls in place. • Escalate within 1 week to Relevant Manager • Action by standard operating procedures	

Appendix 5: Risk Management Principles

a. *Risk management creates and protects value:* Risk management contributes to the demonstrable achievement of objectives and improvement of performance in business activities.

b. *Risk management is an integral part of all organisational processes:* Risk management is not a stand-alone activity that is separate from the main activities and processes of the organisation. Risk management is part of the responsibilities of management and an integral part of all organisational processes, including strategic planning and all project and change management processes.

c. *Risk management is part of decision making:* Risk management helps decision makers make informed choices, prioritize actions and distinguish among alternative courses of action.

d. *Risk management explicitly addresses uncertainty:* Risk management explicitly takes account of uncertainty, the nature of that uncertainty, and how it can be addressed.

e. *Risk management is systematic, structured and timely:* A systematic, timely and structured approach to risk management contributes to efficiency and to consistent, comparable and reliable results.

f. *Risk management is based on the best available information:* The inputs to the process of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgment. However, decision makers should inform themselves of, and take into account, any limitations of the data or modelling used or the possibility of divergence among experts.

g. *Risk management is tailored:* Risk management is aligned with the organisation's external and internal context and profile.

h. *Risk management takes human and cultural factors into account*: Risk management recognises the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of the organisation's objectives.

i. *Risk management is transparent and inclusive:* Appropriate and timely involvement of stakeholders and, in particular, decision makers at all levels of the organisation, ensures that risk management remains relevant and up-to-date. Involvement also allows stakeholders to be properly represented and to have their views taken into account in determining risk criteria.

j. *Risk management is dynamic, iterative and responsive to change: Risk* management continually senses and responds to change. As external and internal events occur, context and knowledge change, monitoring and review of risks take place, new risks emerge, some change, and others disappear.

k. *Risk management facilitates continual improvement of the organisation:* Organisations should develop and implement strategies to improve their risk management maturity alongside all other aspects of their organisation.

Appendix 6 – Risk Assessment Summary

The identified risks are listed by category and include rating and possible mitigation measures. Generally, the mitigation measures are designed to prevent the risk occurring in the first place. But, as mentioned above, there are risks over which Council has no control. It can only manage the effects. The financial crisis of 2008-09 or a major earthquake falls within this category.

Table 75

Risk Event	Consequence Description	Existing Controls	Residual Risk Rating		
			Consequence	Likelihood	Rating
Inability to provide essential services following a natural disaster (Note that in a Civil Defence emergency established CD procedures would be invoked)	Any type of natural disaster or unexpected event that affects, for whatever reason, Council's ability to provide essential services	• Scope of District Resilience Manager role. • Define / identify essential services. • Review Business Continuity Management plans. • Work around identified in some departments.	Very High	Possible	High
Significant IT failure that disrupts the organisation's ability to provide agreed levels of service	• Power outage • Server failure • Connectivity (network) failure • Cyber-attack	• Recovery plan to provide solutions to IT infrastructure issues. • Disaster Recovery Plan covers management of IT infrastructure failure. • Cyber-liability insurance arrangements are in place.	Major	Possible	Medium
Health and Safety Risk Management	Council fails to meet its Health and Safety responsibilities	• Health and Safety Risk Register complete and up-to-date. • Health and Safety Committee meet on monthly basis. • Communication to transition staff to new Health & Safety at Work Act. • Workshops to transition contractors to new Health & Safety at Work Act. • New incident investigation and reporting procedures in place.	Major	Possible	Medium
Local government elections result in significant churn in terms of Mayors and councillors	Change of Council at elections	• Review and confirm the committee structure, roles and responsibilities, with input from the existing and incoming councillors and Exec. • Review and confirm the induction process. Include an overview of emerging issues, high profile/risk projects, roles and responsibilities / governance and management, access to	Major	Possible	Medium

Risk Event	Consequence Description	Existing Controls	Residual Risk Rating		
			Consequence	Likelihood	Rating
(both our own and within the region)		management and staff, key activities and timeframes e.g long-term plan; annual plan; annual report etc.			
Climate change	Rising sea levels, rising temperatures, and exposure to extreme weather events.	• Monitoring government advice • Developing resilient infrastructure. • Building reserve funds. • Review insurance arrangements.	Major	Likely	High
Contamination of drinking water supply	Waterborne disease outbreak causes widespread public health illness/death and impacts local economy.	• Testing programme in place. • Chlorination of drinking water supplies.	Major	Unlikely	Low
Forced amalgamation of Councils into larger administrative bodies.	Government requirement, or adjacent council proposal, or community proposal.	• Monitoring Local Government Commission activity. • Workshop a set of principles by which any proposals can be measured.	Major	Unlikely	Low
A major discretionary project not supported by a credible group of ratepayers is undertaken by Council despite this opposition	Lack of support by a group of ratepayers. Correct process may not (or may) have been followed. A lack of information made available to the public to ensure informed debate.	• Identify at risk projects (those likely to create a negative reaction) and plan appropriate comms and consultation. • Monthly project reporting to Council. • Projects, as agreed, will have an appropriate strategic marketing / comms plan. Note. This may be developed in preparation for the consultation phase or following a decision to proceed.	Major	Unlikely	Low
Impact of treaty settlements	Implementation of MOU / MOP and Treaty settlements with Central Government having a significant impact on Council operations.	• Continued liaison with Treaty partners • Monitoring Treaty settlements process. • Ongoing Council review of Rangitane MOU • Combination of ad-hoc and scheduled meetings for iwi relationship building.	Major	Possible	Medium
Significant deterioration in the global economy	Changed global economic circumstances impact on liquidity, interest rates, inflation or business confidence and GDP in New Zealand and the Tararua	• Monitor economic indicators and take appropriate action as and when required.	Major	Possible	Medium

Risk Event	Consequence Description	Existing Controls	Residual Risk Rating		
			Consequence	Likelihood	Rating
	district to the extent that Council must review its financial plans.				
Failure to deliver the principal outcomes of time, cost and quality for a major infrastructure project(s)	Lack of ownership. Appropriate systems and tools for management not used. Poor monitoring and/or reporting.	• Project management training and support provided to staff. • Routine Reporting (monthly) to the Council. • Project management controls include business cases, the project plan, project risk register, reporting and monitoring to the project steering group to identify where time, cost and/or quality issues may occur.	Major	Possible	Medium
Actions by the Manawatu-Wanganui Regional Council (MWRC) increase costs of supply to meet utility needs of our ratepayers.	Consent processes and conditions incur high costs. Council breaching existing consent conditions incurring prosecution and fines. OnePlan environment policy and case law developments.	• Project planning in advance of consent deadlines. • Operational management supported by manuals and audits. • Keep MWRC informed of any consent issues. • Procure expert advice to guide Council's consenting strategy. • Advocating MWRC and Central Government policy settings change.	major	Likely	High
Failure to construct infrastructure to meet community needs.	Unclear governance and ownership structure to set expectations, monitor and make key decisions Property owners unwilling to sell land	• Regular meetings with the Project Steering Group. • Report to Exec on monthly basis to ensure projects are being monitored. • Obstacles to completion identified through project risk registers.	Very high	Unlikely	Medium
Consideration of cost effective mechanisms for delivering 3 Waters Services.	Poor consideration of best means of running our waters activity leading to loss of staff, ratepayer criticism, judicial review, and loss of reputation and influence.	• Community engagement • Independent reports by respected experts • Peer reviews of advice • Council workshops • Project Steering Group overview. • Liaison with other Councils. • Audit and Risk Committee consideration.	Major	Possible	Medium
The technical or	Act of God events	• Robust Asset Management Plans.	Very High	Unlikely	Medium

Risk Event	Consequence Description	Existing Controls	Residual Risk Rating		
			Consequence	Likelihood	Rating
structural failure of one or more major infrastructure assets	Third party damage Poor asset management Poor design Poor construction	• Determine and implement monitoring / reporting process for the risks associated with infrastructure (both existing and projects - confirm). • Research what other organisations are doing re: risk management / reporting at exec and governance levels and identify a recommended approach for Exec consideration			
Failure to attract and retain suitable skilled staff	Lower productivity Increased training costs Remediation and legal costs to fix significant mistakes. Reputation declines.	• HR polices to ensure TDC is a competitive organisation in terms of staff conditions – an employer of choice • Flexible employment options • Succession planning and cross-skilling staff where possible • Documented procedures and records mgt system	Moderate	Likely	Medium
Declining and aging population	Declining ability to fund services Changing demand for services	• Economic development strategy • Monitoring of trends • Strategic approach to service provision • Transparency around affordable LOS	Very High	Possible	High
Lack of clarity regarding the roles and responsibilities of elected representatives and management	Change of Council at elections Lack of comms / trust Strong differences of view CEO underperforming Non-disclosure of interests	• Annual assessment of working relationship between Council and Senior Leadership Team. • Council induction will include training on roles and responsibilities	Very High	Unlikely	Medium
Failure to develop and understand our relationship with our key stakeholders	Lack of effective (two-way) communication Lack of understanding of stakeholder needs and expectations Legislative / government policy change Lack of monitoring and research	• Availability of Senior Officers and Elected Members to the stakeholders • Dedicated Communications resource within Council.	Major	Possible	Medium

Risk Event	Consequence Description	Existing Controls	Residual Risk Rating		
			Consequence	Likelihood	Rating
Failure to develop and understand our relationship with our customers (ratepayers, residents, service users and others)	Legislative / government policy change Lack of monitoring and research Lack of desire to fully engage Insufficient resourcing	• Organisation Focus - customer empowerment • Communications Plan for all major projects and for all issues (such as a proposal for amalgamation) which carry a high level of public interest • Ongoing development of online forums and social media which allow more direct and immediate feedback from customers. • Customer satisfaction staff training as required. • Customer needs identified through feedback surveys.	Major	Possible	Medium
Inadequate management focus on, and action to, achieve Council's strategic vision and direction	Strategic vision and direction work programmes are not sufficiently prioritised	• Robust planning and reporting process in place that is regularly reviewed to ensure it remains relevant and aligned to best practice. • Identifying the factors to achieve the 10 year, annual and quarterly objectives and targets. • Regular reporting - monthly, quarterly and annually to monitor progress	Moderate	Unlikely	Low
Rural disease pandemic	Significant decline in local economy	• Monitor environmental indicators • Review financial planning as necessary	Major	Unlikely	Low

7.10 Long Term Plan Significant Forecasting Assumptions

The assumptions made by Council in preparing this Long Term Plan form an important part of the financial forecasts. These assumptions include the number of people and properties requiring Council services, the cost of borrowing to fund new infrastructure, cost increases for a range of materials and services and other major factors outside of Council control such as climate change and government legislation. The Council is required to identify the significant forecasting assumptions and risks underlying the forecast financial estimates. Where there is a high level of uncertainty, Council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects on the financial assumptions.

The Council has made a number of assumptions in preparing this 10 year Long Term Plan. The issues / risks chosen for the assumptions reflect the key issues that will impact on the cost and levels of service delivered by Council. These have been identified from:

- Previous LTP processes, and
- Assessing the context, trends and legislative programme over the period 2017/18.

Risks and uncertainty is based on the past trends and volatility of each issue, whether the issue can be seen to be impacting already, and the weight of expert opinion on the future likelihood of occurring. Council takes a conservative approach as the pace of change is increasing, resulting in many possible futures. Council is aiming for resilience in infrastructure and finances in order to meet the challenges of rapid change in the future.

The assumptions ensure that all estimates and forecasts are made on the same basis across all Council activities. The assumptions underlying the prospective financial information are as at 30 June 2018. These assumptions apply for the ten-year period of the Plan, while also forming the basis for the assumptions made in the 30 year Infrastructure Strategy.

Table 76 – LTP Significant Forecasting Assumptions

1. Population Growth or Decline	
Assumption	Population growth - Council has projected that over the 10 years, the district population will increase slightly by 2% with the total population in June 2028 at 18,250 compared to 17,850 forecast in June 2018 (based on Statistics NZ High scenario forecasts 2016 update – 2013 Census base). Households (including unoccupied) are forecast to increase by 5% over the 10 years, with the total 8,200 households in June 2028 compared to 7,800 forecast in June 2018 (based on Statistics NZ High scenario forecasts 2015 update 2013 Census base). These forecast growth rates are consistent with the assumptions made for the 2015 LTP.
Risk	Population and household growth is significantly different (growth or decline) to that assumed, or population / businesses in a particular locality may change significantly. This could result from: • Significant changes to migration from international or national laws and trends • Lower or higher birth and death rates • Major trend changes in the occupancy rate of households • Major changes in the economic returns for farming
Level of Uncertainty	Low to Medium
Impact	Low to Medium
Financial effect of uncertainty	• Growth - Significantly higher population growth will put pressure on existing infrastructure and services. Council will need to find ways of raising additional extra revenue required to meet the increase level of service due to growth or consider lower levels of service.

1. Population Growth or Decline	
	• Decline - A significant decrease in district population would mean a smaller ratepayer base will be expected to meet the increasing infrastructure costs (particularly urban), or Council will need to reduce the levels of service to maintain rates at an affordable level. • Sector - The demand for increased levels of service comes from a growth in population and properties. An increase in urban, rural or industrial/commercial sectors will put modest pressure on Council services and its ability to meet the additional demands.
Mitigation	• Growth - Higher than expected population growth will mean Council's rating base will increase allowing Council to collect more rates. Council's balance sheet also has sufficient capacity to meet increase levels of service due to growth. Council network infrastructure has existing capacity to meet moderate additional urban growth, reflecting the significant decline in population in the past 25 years. • Decline - Despite a long term trend of a reducing population (from 2014 changed to increasing population), the number of rateable properties has not varied significantly over the past 18 years with the rating base being maintained. This is expected to continue as a minimum. Council as part of its economic development activity has budgeted for several projects to help bring businesses and people into the district. • Sector - Council has anticipated a slight increase in population and has incorporated this in the Long Term Plan. A shift in population growth or even decline in the three sectors would mean that Council would need to review its planned projects and their timing. • Changes to government policy can adversely impact on the District economic activity. Council is a member of LGNZ and is an active member of the rural sector group that proactively lobbies government.

2. Ageing Population	
Assumption	That the median age of District residents will increase significantly over the long term leading to changes in the way Council delivers services. The number of residents aged 65+ increased by 17% from 2006 to 2013. Older people now make up 17% of the resident population (March 2013 census). This is forecast to increase to 26% of the population in 2028. This is an expected increase of 1,340 people aged 65+ over the 10 years, against a total population forecast increase of 400 people. The median age is forecast to increase from 42.3 in 2018 to 44.6 years in 2028.
Risk	The main risks are that population will continue to age significantly faster than forecast, and / or Council services do not sufficiently meet the needs of older people. The increase in older people has happened at a faster rate than forecast over the last census period, although that was during a period of population decline. If the migration flows again turn into a strong outflow to Australia then this trend will continue. Affordability will increasingly become an issue for ratepayers and threaten the ability of Council to fund the forecast levels of service.
Level of Uncertainty	Low - The long-term trend to an older population is reasonable certain. The actual outcomes are highly dependent on the migration trends. Higher inward net migration tends to slow down the ageing population trend.
Impact	Low
Financial effect of uncertainty	A major shift towards older people is likely to change the type of services demanded from Council, and the ability to pay for those services. This is unlikely to result in new

2. Ageing Population	
	activities, but rather the types of services and facilities. The specifications of Council services may change but overall this is unlikely to result in significantly higher costs. This would include recreation assets and services, footpaths design and supporting the wider elderly care sector. Council will come under increasing pressure to reduce costs and certain types of services in order to deliver rate increases close to the increases in the superannuation benefit. However, the growth forecast is likely to result in an increase in the numbers of working people with families over the short to medium term (from positive migration).
Mitigation	Changes in demands for Council services are not new and are part of the political process. The range of Council services utilised by older people is not significantly different from younger people. Council is placing more emphasis on recreational activities such as walkways and cycle ways, and the upgrading of reserve amenities. While the need for organised active team sports as traditionally catered for may decline there will still be a demand for these services. Council has included in the Long Term Plan projects (for example, a Walkways and Cycleway Strategy), to meet the increased demand where required.

3. Natural Disasters	
Assumption	Natural disasters – Council will be prepared to respond to any natural hazards including floods, storms, earthquakes and volcanic activity that occur during the life of this long-term plan. It is assumed that natural disasters will not be catastrophic in scale such as experienced by Christchurch and more recently Kaikoura. It is assumed that Council will be able to obtain cover as required from private insurance companies.
Risk	Natural disaster can cause significant damage to infrastructure and disruption of service. An increasing number of natural disasters including earthquakes, floods and volcanic events have occurred in New Zealand in the last decade. Insurance is becoming increasingly difficult to obtain at an affordable level. Council may not be adequately prepared or resourced to respond to a major natural disaster, or to a succession of natural disasters. The current risk partnership with government where the government covers 60% of costs to Water and Wastewater network assets from natural disasters (leaving Council to cover 40% through external insurance cover or self-insurance) may not continue[4]. LGNZ is currently working on options with government. Any reduction in government cover from 60% will result in increased insurance costs or higher risks. The % government contribution to emergency roading repairs through NZTA is set by the FAR plus 20% (85%) once damage costs are above 10% of the normal annual maintenance budget. The minimum subsidy level for roading repairs is 65%. A large event (flood or earthquake) will likely cause a large backlog of road repairs that would disrupt the normal maintenance programme for a few years.
Level of Uncertainty	Low
Impact	High

[4] The 1991 Disaster Recovery Plan stated that central government would pay a maximum of 60% for all costs associated with the restoration of water and sewerage services after natural disasters.

3. Natural Disasters	
Financial effect of uncertainty	A major natural event would impact on council by demanding immediate funding. This would reduce the resilience of the Council for meeting future unforeseen costs. Additional borrowing would impact on future rating levels. An earthquake may cause 10% destruction of Council's assets costing $80m-$90m. Tararua District and other district businesses could be subject to a break in business continuity in the event of a major natural event. Council services including water (treatment), the road network and wastewater networks and treatment could be disrupted for considerable periods. Depending on the severity or timing of disasters, Council may not have enough staff to rapidly manage recovery and response. Council would come under pressure to provide rates relief or financial support to properties that do not have roading access or water and wastewater services (urban).
Mitigation	The Council has prepared a detailed business continuity plan, which outlines both crisis response and recovery. Civil Defence emergency planning is in alignment with business continuity preparedness. The Council also continues to be part of the Manawatu-Wanganui Civil Defence and Emergency Management Group working to ensure preparedness for any natural disaster, co-ordinate a response and support recovery. Any major natural disaster that results in significant repair costs to Council will be largely funded by insurance (cover is in place) and/or government assistance (through various funding arrangements). Council provides funding for major disaster or civil emergency response through Council's civil defence role, a funded provision for annual flood damage on roads, insurance of operational assets and utility assets, cash reserves and an emergency loan facility for infrastructure replacement. Council has cover for 40% of the potential waters infrastructure costs from commercial insurance and the remaining 60% is covered by central government to manage this additional unexpected cost. Commercial cover for Council buildings and other assets is fully in place. Council has created a Disaster Fund Reserve to pay for any shortfall in insurance, central government and NZTA funding.

4. Infrastructural Capacity	
Assumption	That forecast population, household and business growth could be catered for by current and planned capacity of assets.
Risk	A major surge in household and/or industrial growth in a number of urban centers would place pressure on 3 waters infrastructure in those networks. This is unlikely over the short to medium term, and there is considerable existing capacity (both in infrastructure and housing) in the urban areas.
Level of Uncertainty	Low - A much higher growth rate would be required before capacity issues arose during the next 10 years.
Impact	Low
Financial effect of uncertainty	Capacity exists to cater for forecast population and business growth. Growth significantly above this level may result in the need to expand the major infrastructure networks and would require funding. Growth will place more demand on recreational and community facilities. These facilities also have considerable capacity to cater for additional residents. Urban growth that required additional infrastructure capacity would require investment by council. This could be achieved through a combination of loan funding, development contributions, reserves and by rating. Council operates within safe margins of borrowing and more borrowing could be undertaken should the need arise,

4. Infrastructural Capacity	
	although this is considered unlikely.
Mitigation	The reducing household occupancy rate will result in an increasing number of urban households. While this results in increased network connections and hard surface stormwater runoff, there is also be an offsetting trend to lower usage per connection through water saving appliances, public awareness and education, and active maintenance processes focused on locating infiltration and leakages. Additional properties results in an expansion of the rating base. Given the current and already planned infrastructural capacities the forecast growth results in a positive financial impact on Council. Current capacity is generally sufficient to cater for expected population changes.

5. Climate Change	
Assumption	It is assumed that the District will be affected by long-term climate change in parallel with predicted changes as advised by government agencies, and that any climate changes will not be significant during the 10 Year Plan.
Risk	That there will be increasing intensity of climate related event(s) requiring emergency work that cannot be funded out of normal budgetary provisions.
Level of Uncertainty	Low / medium - While the long term trend of rising temperatures and more frequent intense weather events is reasonably certain, the short to medium term impacts are less certain.
Impact	Medium
Financial effect of uncertainty	The effects of climatic change on the East Coast is likely to mean more intense periods of rain, and also more severe droughts; both of which may impact on rural ratepayers ability to remain profitable and afford the costs of Council. Unexpected pressures may come on infrastructure requiring new capital developments such as stormwater control. Pressure will increase to fund these works. While these impacts may not be significant in terms of the overall Council activities, there is expected to be impacts to the way activities allocate resources and the type of proactive projects undertaken. Many of these are already underway and are being built into normal operating budgets. • Roading – Increased frequency and intensity of rainfall events are leading to more drainage works in the road network that reduce long-term maintenance costs resulting from washouts, slumping and scouring. • Water - Longer periods of drought result in increased demand, while flood events create turbidity. Council has invested, and is continuing to invest, in bigger water storage facilities to reduce these risks. Demand management programmes (awareness, rainwater storage etc) are already underway to reduce peak demand. • Wastewater - Increased frequency and intensity of rainfall events results in infiltration and inflows that increase volumes to be treated. Programmes to address this include leak detection, CCTV inspections and new stormwater upgrades. • Stormwater - Increased frequency and intensity of rainfall events results in service levels falling. Increasing size and coverage of networks may be required. Significant impacts are not expected to be frequent in the next few decades. Council has a policy of holding depreciation renewal reserves. Costs from damages associated with extreme weather are likely to rise as the incidence of these events increases in the future. The effect of climate change on the World may continue to make NZ an attractive place

5. Climate Change	
	to immigrate to with possible increasing demand on Council Services.
Mitigation	Financial impacts will be mitigated by ensuring adequate insurance cover is used and appropriate maintenance is undertaken as a preventative measure. Climate change is not an exact science and unusual weather patterns are becoming more common at present. Much more rapid climate change is possible and could result in frequent storm damage from flooding and wind. A watching brief will be maintained. Council is already providing for many climate related risks within existing budgets such as prevention of infiltration of stormwater into sewerage from heavy rainfall, installation of larger roading culverts, development of new stormwater systems, construction of water storage facilities and identifying new sources of water in the Plan. Stormwater modelling has been carried out as a basis to identify optimal investments. Current NIWA analysis is that the climate is changing consistent to their model forecasts.

6. Inflation	
Assumption	Council has adjusted financial projections to reflect the estimated impact of inflation. Council has used the Local Government Cost Index (LGCI) forecasts of price level changes to calculate a weighted average inflation rate for each year of the plan. Appendix one contains the BERL inflation adjusters (commissioned by the Society of Local Government Managers) used in producing this plan. These forecasts were issued in September 2016.
Risk	That actual inflation will be significantly different from the assumed inflation. Council is exposed to cost increases based on international oil prices (pipes, bitumen, and fuel). Council has no control on these prices and these are often volatile due to shifts in exchange rates and international oil prices.
Level of Uncertainty	Medium
Impact	Medium
Financial effect of uncertainty	This will lead to misstatement in some of the costs in the budgeted financial statements. Council is particularly susceptible to changes in the price of imported plastics, capital equipment, petrol and diesel as about 50% of Council business is roading related.
Mitigation	The LGCI forecasts are usually above the Consumer Price Index (based on the actual outcomes in the last 10 years) and this builds in some buffer for any price increases. However, the reverse can occur as New Zealand is subject to imported inflation with limited options to avoid sudden price increases caused by overseas trends or a major devaluation of the $NZD. While individual indices will at times vary from what has been included in this Long Term Plan, over the longer term this will tend to average out.

7. Asset Lives	
Assumption	Useful lives of assets reflect those recorded in asset management plans or are based upon correct professional advice. Refer to Accounting Policies for Depreciation Rates. The overall costs of renewals and operating costs for the three waters and Roading is shown in the Infrastructure Strategy.
Risk	Assets wear out earlier or later than estimated.
Level of Uncertainty	Years 1-3 Low; Years 4-10 Medium; years 11 to 30 (as shown in Infrastructure Strategy) Medium.

7. Asset Lives	
Impact	Medium
Financial effect of uncertainty	The financial effect of the uncertainty is likely to be immaterial unless asset lives for significant assets such as bridges and / or pipe networks change significantly. Depreciation and interest costs would increase or decrease if capital expenditure were required earlier or later than anticipated.
Mitigation	Impact of increased depreciation and interest cost could be mitigated as capital projects could be reprioritised in the event of early expiration of assets or funded through use of internal borrowings. Additional condition assessment programmes and systems have been integrated into operational services for Water, Wastewater, Stormwater, Property and Roading (including bridges) to give more accurate assessments of asset lives.

8. Revaluation of Property, Plant & Equipment	
Assumption	Assets are valued as stated in the accounting policy. The following assumptions have been applied to projected asset revaluations: • The revaluations will reflect the changes predicted by BERL. • Depreciation impact of inflation will be in the year following revaluation. • Value of non-depreciable assets (e.g. land) is forecast to remain constant.
Risk	That the BERL Forecasts will be materially incorrect, leading to misstatements, in particular forecast asset values that will result in changes to the depreciation charged and hence the rates levied.
Level of Uncertainty	Medium
Impact	Medium
Financial effect of uncertainty	Increased valuations will increase depreciation and affect funding levels. Valuation changes that result in a 1% budget change in the total funded depreciation (an overall impact across all asset classes) would increase depreciation costs by $65,000 a year.
Mitigation	The 10 Year Plan for each subsequent year is reviewed by way of the Annual Plan round and a new 10 Year Plan is produced every three years. As part of the AMP process an audit of the asset register has been carried out in 2016/17 to ensure valuations include all current capital assets (and that renewed or obsolete assets are removed from the register).

9. Contracts	
Assumption	There will be no significant variations in terms of price from the re-tendering of operation and maintenance contracts and renewal of service level agreements, other than those variations recognised in this plan.
Risk	There is a significant variation in cost and / or terms from re-tendering contracts and renewal of service level agreements. Refer to the inflation assumption for more detail on cost impacts.
Level of Uncertainty	Low
Impact	Medium
Financial effect of uncertainty	Council has many contracts across different activities. These involve different competitive markets. In most cases the impacts of changes in contract costs and terms (both positive and negative) even out. The exception is where the inflation forecast is significantly wrong and costs in general are higher or lower than forecast.
Mitigation	Contracts have cost increase clauses based on inflation indexing included in the

9. Contracts	
	contract documents. Such cost increases are already factored in the financial forecast as inflation adjustments. Council is also able to review levels of service and budgets on an annual basis, through either the Draft Annual Plan or Long Term Plan processes.

10. Sources of Funds for the Replacement of Significant Assets	
Assumption	That the depreciation reserves will adequately fund the renewals of assets over the 10 year period and the longer term (to 2048). Additional details are set out in the Revenue and Finance Policy, Financial Strategy and Infrastructure Strategy.
Risk	That there will be a shortfall in funds available to replace assets.
Level of Uncertainty	Medium
Impact	Medium
Financial effect of uncertainty	Council has built depreciation reserves over time to fund the long term renewals of assets. The impact of the uncertainty on rating levels is likely to be immaterial in the short term as the depreciation funds have an overall substantial positive balance (2017/18 opening balance $19.7 million). This balance is forecast to reach $46.6 million at the end of the 10 year period (June 2028). This reflects that overall renewals are forecast to be less than the amount funded for depreciation. The assumptions on Inflation, Asset lives and Revaluation of Property, Plant and Equipment will have an impact on the required funding levels for depreciation over the medium to long term.
Mitigation	Council is able to access borrowings to supplement depreciation reserves if required at levels forecast within the Long Term Plan. Council has a conscious policy of keeping external debt at relatively modest levels in order to provide resilience and capability to borrow for unexpected financial requirements.

11. NZTA funding	
Assumption	NZ Transport Agency requirements and specifications for the performance of subsidised work will not alter to the extent that they impact adversely on operating costs. As a result of the FAR review in 2014 and a recalculation of the formula in 2017 Council is forecasting that the current subsidy level of 64% (2017/18 for maintenance and renewal costs within the approved NZTA Roading Programme) will increase to 66% in 2018/19. The 66% level of subsidy is assumed to continue after that for the long term, although is onlt certain for the 2018-21 work programme. The new One Network Road Classification process being implemented by NZTA in 2018/19 will support the current levels of service delivered by TDC. It is assumed that the 66% FAR will apply to the current total road maintenance budget.
Risk	Changes in the subsidy rate and variation in criteria for inclusion in the subsidised works programme may occur for future NZTA approved three year work programmes. The new national level of service framework (ONRC) is being implemented for 2018 onwards. This may reduce the roading programme eligible for subsidy (the FAR may be applied to a reduced approved roading programme budget). New emergency works criteria may reduce the level of subsidy to repair flood damages (this depends on the size of the event).
Level of Uncertainty	Medium (due to ONRC implementation).
Impact	Medium
Financial effect of uncertainty	Variations in subsidy rates will increase/decrease Council's subsidy revenue by $100,000 for every 1% change in subsidy.
Mitigation	NZTA completed a major review of the FAR in 2014. There is unlikely to be a major

11. NZTA funding	
	review again in the LTP timeframe. Council is able to review levels of service and community expectations through the Draft Annual Plan and Long Term Plan processes. Council, through the Alliance contract, is aiming to fully meet the process requirements to comply with the new ONRC system. Working with NZTA as funding partners will ensure early identification of any major issues with funding for the roading programme.

12. Subsidies for Water and Wastewater Upgrades	
Assumption	Health and Environment subsidies will not be available for wastewater network improvement projects that are additional to those already approved under the MfE River Clean-up Fund. Water Supply subsidies from the Ministry of Health Drinking Water Subsidy Scheme are assumed to close in 2016/17. Subsidies have been secured for some current projects that are yet to be built. Details of individual upgrade projects and the funding sources are set out in the Statement of Capital Expenditure.
Risk	There is no risk to the LTP forecasts as any variation to this assumption will be financially positive to Council.
Level of Uncertainty	Medium
Impact	Low
Financial effect of uncertainty	Any further subsidies will reduce the rate requirements and debt levels.
Mitigation	Council is able to review levels of service and community expectations through the Annual Plan and Long Term Plan processes. Council continues to actively lobby government on the need for government investment in 3 water upgrades. This is done through regional (including Manawatu River Accord) and national (LGNZ) initiatives.

13. Wind Farm Developments and Forestry Harvest Impacts (Roading)	
Assumption	Development of wind farms (if they proceed) will not have significant impact of Council renewals expenditure for the roading network. Harvesting of forests in the North East of the District will create road maintenance impacts that can be managed within the budgeted Roading budget.
Risk	Wind Farms will result in significant cost to Council in upgrades and renewals or their timing for the roading network. Forestry harvests that grow significantly over the 10 years cause major damage to some arterial roads resulting in costly renewals.
Level of Uncertainty	Low
Impact	Low
Financial effect of uncertainty	While new windfarms are becoming less likely (resource consents are expiring over time) reflecting a stable to declining demand for power, forestry harvesting is almost a certainty. Depreciation reserves will be required to fund and renewals required. For new wind farms resource consent conditions on the power generators at the time of development are expected to cover the full cost of the development. Financial contributions will not be possible after 2022 due to a recent amendment to the RMA 1991. Council will also consider bring forward some renewals expenditure to take advantage of the required upgrades due to any wind farm developments and forestry harvests.
Mitigation	Council through the resource consent application process will ensure that conditions of development include adverse impacts on existing infrastructure and the environment.

13. Wind Farm Developments and Forestry Harvest Impacts (Roading)	
	Council through the Alliance is working with the major forest owners to identify likely tonnages per year and the roading route the trucks will take. Targeted capability upgrades of key roads will be planned in order to maintain levels of service, while basic renewals will be programmed after harvest traffic where possible.

14. Legislative and One Plan Changes	
Assumption	Legislative changes are expected to have a minor effect on Council's finances and / or levels of service, but no change to the current governance arrangements. It is assumed existing shared services and collaboration will continue. The Council is assumed to retain the current boundaries and it is assumed that there will be no forced amalgamations. The One Plan will not result in farm profitability being significantly reduced (impacts from 2017 Environment Court decision). The forecasts assume: • No additional expenditure above that budgeted to assess all commercial and some multi-unit multi-story residential buildings (earthquake prone building regulations), • additional costs to meet more stringent resource consent requirements for water and wastewater consent renewals, • that the Council will continue to deliver infrastructural services within the existing legislative framework, • that legislated minimum levels of service / standards (such as drinking water quality) will not be changed.
Risk	Further legislative changes could increase the levels of service and / or number of activities Council is required to deliver. Likely areas are regulatory and compliance areas including RMA processes and freshwater standards. Recent changes to the RMA 1991 has increased levels of service required by Council but the exact costs remain uncertain. Roading, Water Supply, Wastewater and Stormwater are also the subjects of ongoing reviews that could impact on the way these services are delivered. Local Government New Zealand is leading a review of possible efficiencies in the three waters activities. The government has stated that forced amalgamations will not occur. This may change over time. Any group in the community can now initiate a review of Council boundaries. Over time, if amalgamations proceed in other regions, it is likely that the issue of amalgamation with one or more neighbours will arise and be the subject of a Local Government Commission review. The 2017 legal ruling on the implementation of the One Plan could result in some forms of intensive farming becoming un-profitable in Tararua, and a general reduction in farming income. This would have a major impact on the district economy, and the ability to pay rates over time.
Level of Uncertainty	Medium
Impact	Medium / High
Financial effect of uncertainty	Resources will be required to assess the structural rating of all the buildings required under changes to the Building Act 2004 regulations. A government decision around who will fund any additional assessments has not yet been confirmed. It is likely that additional costs will fall on Council. Council has budgeted for this but this sum may not be sufficient to meet obligations if Council is required to fund all of the work itself. Changes to RMA in 2017 has resulted in increased operating budgets. Changes to the implementation of the One Plan for farming practices has no immediate

14. Legislative and One Plan Changes	
	financial impact on Council. Reduced profitability of farming will impact on rates affordability and become a significant governance issue. Council would be under pressure to reduce rates and levels of service might have to be reduced. Ongoing increases in standards for freshwater management are resulting in likely significant increased costs to renew urban wastewater discharge consents, and may result in new treatment requirements for urban stormwater discharges. Any amalgamation process would result in policy resources being diverted or additional external advice being sought and could significantly interfere with the assumed work programme. Any changes to the delivery of infrastructure services may remove these costs from the Council, but is unlikely to reduce the costs to ratepayers who receive the services.
Mitigation	Council continues to enjoy close working relationships with neighbouring Councils at the governance and officer levels. This is particularly important with Horizons with a need to work closely together in order to meet the requirements under the One Plan. Opportunities exist at the governance level to ensure that Horizons and Tararua Councils have a clear understanding of the impacts on ratepayers of policy decisions. Council has the right to appeal resource consent conditions through the legal system as a last resort. Council also makes submissions to Horizons as part of the Annual Plan and LTP processes. Specific requirements from new legislation can be partially addressed through changes to fees and charges, or through additional targeted rates. Council will make submissions on government Bills where the impacts are substantial to ensure government policy makers are aware of the potential impacts.

15. Resource Consent Renewals	
Assumption	Conditions of existing resource consents held by Council will not be altered significantly from that budgeted. Any resource consents due for renewal during the 10-year period will be renewed accordingly. Resource consents issued for new / upgraded infrastructure will not contain significantly different conditions / standards to those anticipated in the project.
Risk	Conditions of resource consents are altered significantly resulting in major investments to meet conditions. The length of consent renewals could be reduced to 10 years or less. This would result in the need to budget for many more renewal processes. Council in some cases is unable to renew existing resource consents upon expiry. Council may be forced to consider alternative systems such as piping wastewater to another treatment plant.
Level of Uncertainty	High
Impact	Medium
Financial effect of uncertainty	The financial effect of any change to resource consent requirements would depend upon the extent of the change. A significant change in requirements could result in the Council needing to spend additional funds to enable compliance. If there were changes to conditions or consents not renewed or issued, Council would face additional costs to meet consents or to continue a process to apply for new consents. Council is well positioned to support additional consent requirements however there would be an opportunity cost of not undertaking other infrastructure works or services. Affordability of services in small communities could become increasingly difficult. Based on recent resource consent renewal outcomes for wastewater treatment and discharge in neighbouring districts the risks are increasing and potential costs are high. Council is likely to be required to increase levels of service for all wastewater treatment plants as consents expire.

15. Resource Consent Renewals	
Mitigation	Council has a good working relationship with Horizons. The Council will monitor and work with Horizons to ensure Council has sufficient notice of and is well placed to manage any change required. Council will work more closely with local iwi to build relationships and design treatment systems that better reflect local iwi views on the impact on the Manawatu and tributary rivers. Informed debate and joint solutions is more likely to reduce legal costs and the costs to the community. The government has recognised the financial impacts on smaller communities and contestable funding is available for both water and wastewater upgrades. The Council has recently been successful in obtaining some of this funding. Council will continue to lobby for more funding, and will actively apply for funding where available.

16. Interest Rates	
Assumption	Council has budgeted for this long-term plan that interest on loans raised will be 5.5% in year one and average 5.8% over 10 years. It is assumed that return on investments made by Council will be 4.5% year 1 and average 4.8% over 10 years.
Risk	Prevailing interest rates will differ significantly from those estimated.
Level of Uncertainty	Medium
Impact	Low
Financial effect of uncertainty	Based on Council projected borrowings levels, interest costs will increase / decrease by between $120,000 and $180,000 per annum for every 1% movement in interest rates. Council investments will increase / decrease by between $140,000 and $240,000 per annum for every 1% movement in interest rates
Mitigation	Interest rates are largely driven by factors external to the New Zealand economy. Council is not predicting a significant increase in borrowings over the 10-year period. Council has in place an interest rate strategy (swaps) to deliver greater certainty over the interest rate cost for the duration of the Long Term Plan. Council receives professional advice on the direction of future interest rates.

17. Access to External Funding	
Assumption	Council will be able to borrow at the required level.
Risk	Inability to fund services or capital investment if Council is not able to borrow. Risk is seen as low as Council have access to the LGFA funding market. While it is likely Council will be able to secure loans, it cannot be guaranteed.
Level of Uncertainty	Low
Impact	High
Financial effect of uncertainty	If rates are used as an alternative source of funding for capital projects, rates requirements would rise and forecast levels of service would come under review.
Mitigation	There is high demand for local government debt. The Council now has access to the LGFA that can source funds from overseas as well as NZ. The Council enjoys a strong relationship and loan facilities with its bankers, which could be drawn down if the need arose. The financial strategy is prudent in all regards with debt levels reflecting a prudent approach.

7.11 SOLGM / BERL Price Adjustors as at October 2016

The following table is extracted from the 'Forecasts of Price Level Change Adjustors – September 2016 Update Note to Society of Local Government Managers'.

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Table 4: Adjustors: % per annum change

	Adjustors				
Label	Planning and regulation	Roading	Transport	Community activities	Water and Environmental
	PR	*RD*	*TR*	*CA*	*WE*
Year ending	*% change (on year earlier)*				
Jun 14	1.5	2.4	2.1	1.7	1.2
Jun 15	1.5	2.3	1.6	1.8	3.2
Jun 16	0.8	1.4	1.1	1.6	2.1
Jun 17	1.4	1.8	1.6	1.6	1.0
Jun 18	1.6	2.1	1.8	1.8	2.3
Jun 19	2.0	3.2	2.4	2.5	2.8
Jun 20	2.1	3.1	2.4	2.5	2.7
Jun 21	2.2	3.1	2.5	2.5	2.8
Jun 22	2.2	3.0	2.5	2.5	2.8
Jun 23	2.3	2.9	2.5	2.5	2.8
Jun 24	2.3	2.8	2.5	2.5	2.8
Jun 25	2.4	2.7	2.5	2.4	2.9
Jun 26	2.5	2.6	2.5	2.4	2.9
Jun 27	2.5	2.5	2.5	2.3	2.9

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Table 6: LGCI, Index value (Jun 2016 = 1000)

Label	LGCI		
	OPEX	CAPEX	Total LGCI
Year ending	*Index value Jun 2016=1000*		
Jun 06	756	749	754
Jun 07	787	781	785
Jun 08	826	818	824
Jun 09	871	865	869
Jun 10	887	881	885
Jun 11	907	901	905
Jun 12	934	931	933
Jun 13	952	948	951
Jun 14	968	964	966
Jun 15	987	985	987
Jun 16	1000	1000	1000
Jun 17	1014	1014	1014
Jun 18	1033	1034	1034
Jun 19	1058	1062	1059
Jun 20	1084	1090	1086
Jun 21	1111	1119	1114
Jun 22	1139	1149	1142
Jun 23	1168	1179	1171
Jun 24	1198	1210	1201
Jun 25	1228	1242	1232
Jun 26	1259	1274	1264
Jun 27	1292	1307	1296

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