



# **AGENDA**

## **Audit and Risk Committee Meeting Friday, 4 June 2021**

**Date: Friday, 4 June 2021**

**Time: 9.30 am**

**Location: Ngā Hau e Whā, William Fraser Building,  
1 Dunorling Street, Alexandra**

(Unless Central Government changes COVID-19 meeting restrictions before then,  
in which case it will be held electronically using Microsoft Teams and livestreamed)

**Sanchia Jacobs  
Chief Executive Officer**





Notice is hereby given that an Audit and Risk Committee meeting will be held in Ngā Hau e Whā, William Fraser Building, 1 Dunorling Street, Alexandra on Friday, 4 June 2021 at 9.30 am

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- Members** Ms L Robertson (Chair), His Worship the Mayor T Cadogan, Cr N Gillespie, Cr S Jeffery, Cr N McKinlay,
- In Attendance** S Jacobs (Chief Executive Officer), L Macdonald (Executive Manager - Corporate Services), J Muir (Executive Manager - Infrastructure Services), L van der Voort (Executive Manager - Planning and Environment), S Righarts (Chief Advisor), G McFarlane (Business Risk and Procurement Manager), R Williams (Governance Manager)

**1 APOLOGIES**

An apology has been received from Cr Gillespie.

**2 PUBLIC FORUM**

**3 CONFIRMATION OF MINUTES**

Audit and Risk Committee meeting - 24 February 2021



**MINUTES OF A MEETING OF THE CENTRAL OTAGO DISTRICT COUNCIL'S AUDIT AND RISK COMMITTEE, HELD IN NGĀ HAU E WHĀ, WILLIAM FRASER BUILDING, 1 DUNORLING STREET, ALEXANDRA ON WEDNESDAY, 24 FEBRUARY 2021 AT 9.33 AM**

**PRESENT:** Ms L Robertson (Chair), Cr N Gillespie, Cr S Jeffery, Cr N McKinlay

**IN ATTENDANCE:** Cr T Paterson, S Jacobs (Chief Executive Officer), L Fleck (Executive Manager – People and Culture), L Macdonald (Executive Manager - Corporate Services), J Muir (Executive Manager - Infrastructure Services), L van der Voort (Executive Manager - Planning and Environment), S Righarts (Chief Advisor), G McFarlane (Business Risk and Procurement Manager), K McCulloch (Corporate Accountant), D McKewen (Accountant), E Aucherlonie (Project Manager) and R Williams (Governance Manager)

## **1 APOLOGIES**

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### **COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Gillespie

That apologies from His Worship the Mayor T Cadogan and Cr T Alley be received and accepted.

**CARRIED**

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## **2 PUBLIC FORUM**

There was no public forum.

## **3 CONFIRMATION OF MINUTES**

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### **COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Gillespie

That the minutes of the Audit and Risk Committee meeting held on 14 December 2020 be confirmed as a true and correct record.

**CARRIED**

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## **4 DECLARATION OF INTEREST**

Members were reminded of their obligations in respect of declaring any interests. There were no further declarations of interest.

**5 REPORTS FOR INFORMATION****21.1.3 AN UPDATE ON THE PREPARATION OF THE 2021-31 LONG-TERM PLAN**

To provide an update on the progress in developing the 2021-31 Long-term Plan.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Gillespie

That the report be received.

**CARRIED**

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**21.1.4 POLICY AND STRATEGY REGISTER**

To present an updated register of council's policies and strategies.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Gillespie

That the report be received.

**CARRIED**

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**21.1.5 AUDIT NZ AND INTERNAL AUDIT UPDATE**

To update the Committee on the status of the internal audit programme and any outstanding actions for completed internal and external audits.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Gillespie

That the Audit and Risk Committee receives the report.

**CARRIED**

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**21.1.6 RISK MANAGEMENT UPDATE**

To consider the Risk Management update.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Gillespie

That the report be received.

**CARRIED**

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**21.1.7 PROCUREMENT UPDATE**

To provide an update on procurement activities at Central Otago District Council.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Gillespie

That the report be received.

**CARRIED**

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**21.1.8 FINANCIAL REPORT FOR YEAR ENDING 31 DECEMBER 2020**

To consider the financial performance for the period ending 31 December 2020.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Gillespie

That the report be received.

**CARRIED**

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**21.1.9 HEALTH SAFETY AND WELL-BEING REPORT**

To provide information on key health and safety risks and the measures in place to mitigate those risks at the Central Otago District Council.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Gillespie

That the Committee receives the report.

**CARRIED**

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**6 CHAIR'S REPORT****21.1.10 CHAIR'S REPORT**

The Chair advised that she would be undertaking an evaluation of the performance of the Committee and would seek input from the members, observers and the executive team. A report back would be provided to the June meeting.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Gillespie

That the report be received.

**CARRIED**

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**7 MEMBERS' REPORTS****21.1.11 FEBRUARY MEMBERS' REPORTS**

It was noted that the June meeting would mark the midpoint of the triennium and that the two observers on the Committee would change from Crs Alley and Paterson to Crs Cooney and Laws. The Chair acknowledged Crs Alley and Paterson's participation on the Committee.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Gillespie

That the reports be received.

**CARRIED**

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**8 STATUS REPORTS****21.1.12 FEBRUARY GOVERNANCE REPORT**

To consider the legacy status reports from previous meetings.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Gillespie

That the report be received.

**CARRIED**

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**9 DATE OF THE NEXT MEETING**

The date of the next scheduled meeting is 4 June 2021. Cr Gillespie noted that he would be an apology for that meeting.

**10 RESOLUTION TO EXCLUDE THE PUBLIC****COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Gillespie

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<b>21.1.13 - Confirmation of Non-Public Minutes from the Previous Meeting</b>	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>21.1.14 - Cromwell Pool Update</b>	s7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

<b>21.1.15 - Lake Dunstan Water Supply Project Audit - Implementation Plan</b>	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>21.1.16 - Litigation Report</b>	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>21.1.17 - February 2021 Confidential Governance Report</b>	<p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

**CARRIED**

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The public were excluded at 10.42 am and the meeting closed at 11.13am.

## **4 DECLARATION OF INTEREST**

### **21.2.1 DECLARATIONS OF INTEREST REGISTER**

**Doc ID: 532765**

#### **1. Purpose**

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

#### **2. Attachments**

**Appendix 1 - Declarations of Interests** [↓](#)

<b>Name</b>	<b>Member's Declared Interests</b>	<b>Spouse/Partner's Declared Interests</b>	<b>Council Appointments</b>
Tim Cadogan	Alexandra Musical Society (member) Otago Chamber of Commerce Central Otago Advisory Group member Dunstan Golf Club (member)	Victim Support Worker Blossom Festival Committee member FarmFresh (Family member sells for this entity)	Airport Reference Group Maniototo Curling International Inc Eden Hore Steering Group Tourism Central Otago Advisory Board Ministerial Working Group on Responsible Camping LGNZ Governance and Strategy Group
Neil Gillespie	Contact Energy (Project Manager) Clyde & Districts Emergency Rescue Trust (Secretary and Trustee) Cromwell Volunteer Fire Brigade (Deputy Chief Fire Officer) Cromwell Bowling Club (patron) Otago Local Advisory Committee - Fire Emergency New Zealand		Lowburn Hall Committee Tarras Community Plan Group Tarras Hall Committee
Stephen Jeffery	G & S Smith family Trust (Trustee) K & EM Bennett's family Trust (Trustee) Roxburgh Gorge Trail Charitable Trust (Chair) Roxburgh and District Medical Services Trust (Trustee) Central Otago Clutha Trails Ltd (Director) Teviot Prospects (Trustee) Teviot Valley Community Development Scheme Governance Group Central Otago Queenstown Network Trust		

Nigel McKinlay	Transition To Work Trust (Board member) Gate 22 Vineyard Ltd (Director) Everyday Gourmet (Director) Central Otago Wine Association (member) Long Gully Irrigation Scheme (member)		
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I, **Linda May Robertson**, hereby disclose the following 'interests' and am to be regarded as interested in any transaction involving the following entities:

Nature of interest	Appointment Date	Details of relevant entities	Monetary Value of Interest (Other than director fees, if quantifiable)
Director & Shareholder	January 2008	RML Consulting Ltd	This is the company I charge my director fees through
Director	October 2013	Dunedin City Holdings Ltd	Nil
Director	October 2013	Dunedin City Treasury Ltd	Nil
Chair	November 2015	Crown Irrigation Investments Ltd (Chair from April 2019)	Nil
Director	November 2015	New Zealand Local Government Funding Agency	Nil
Chair	June 2016	Audit & Risk Committee, Central Otago District Council	Nil
Chair	December 2017	Central Lakes Trust (Chair from October 2018)	Nil
Director	July 2018	Dunedin Stadium Property Limited	Nil
Director	September 2018	Central Lakes Direct Limited	Nil
Member	February 2019	Capital Markets Advisory Committee - The Treasury	Nil
Member	March 2019	Risk and Audit Committee - The Treasury	Nil
Board Member	March 2020	AWS Legal	Nil
Director	July 2020	Dunedin Railways Ltd	Nil
Director	August 2020	Alpine Energy Ltd	Nil

Signed:



Date: 7 September 2020

## **5 REPORTS FOR DECISIONS**

### **21.2.2 AUDIT NZ AND INTERNAL AUDIT UPDATE**

**Doc ID: 534574**

#### **1. Purpose of Report**

To provide an update on the status of the internal audit programme and any outstanding actions for completed internal and external audits.

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#### **Recommendations**

That the Audit and Risk Committee receives the report.

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#### **2. Background**

Council has a legislative requirement to complete external audits of annual reports through Audit New Zealand. Audit New Zealand complete a governance report on their findings and any recommendations for improvements. A schedule of actions is then created and allocated to staff to manage the completion of these recommendations. The 2019-2020 Audit New Zealand Management Report has been released, and once this has been presented to the Committee at the June Audit and Risk meeting, any outstanding actions will be transferred to the attached register.

The 2018-2019 Audit New Zealand Management Report has one remaining action item.

In addition to external audits, council carries out several internal audits a year to provide assurance over compliance and to mitigate business risks. The cash-handling audit has been completed and any outstanding actions will also be transferred to the attached register. The GST audit has been completed and will be reported on once Deloitte's have finalised their findings.

#### **3. Discussion**

Both internal and external audits result in recommendations where council can make improvements. Staff create a register of tasks associated with these recommendations and assign a staff member to manage the implementation. Appendix 1 and 2 list the outstanding tasks and any progress with these tasks. Once the Committee have viewed the completed tasks these are removed from the schedule.

Currently the internal audit schedule has five tasks remaining in progress and is on track to complete these within the scheduled timeframe.



The following attachments include a status update on the actions resulting from the auditors' recommendations.

#### 4. Attachments

**Appendix 1 - Audit New Zealand - Audit Action Register** [↓](#)

**Appendix 2 - Internal Audit Action Register** [↓](#)

Report author:



Gabi McFarlane  
Risk and Procurement Manager  
18/05/2021

Reviewed and authorised by:



Leanne Macdonald  
Executive Manager - Corporate Services  
25/05/2021

	Urgent	Necessary	Beneficial	Assigned	Estimated Completion	Status	Comments
<b>Audit NZ 2019 Management Report</b>							
<b>Asset valuation recommendations and processes (4.1)</b>							
Management should review and address the asset valuation recommendations made by the District Council's valuer.  The valuation reports for both the roading and the 3-waters asset classes made several recommendations for improvement opportunities. In reviewing the valuation reports we concur with the valuer's recommendations and have noted the more significant recommendations below.		✓		Executive Manager - Infrastructure Services and Executive Manager - Corporate Services		In progress	Bridges are contained within the RAMM database, but are valued outside of RAMM as there are not standard rates that can be used due to the varying materials used for bridge components, and the different lives for these. Each bridge needs to be assessed by a structural engineer and valued individually. This will be done again for the 2020 Activity Management Plan. The replacement options will also be confirmed during the development of the 2020 bridge strategy, which also forms part of the 2020 Activity Management Plan. Longer term the roading industry is considering the development of a more specific bridge asset database for use in the New Zealand environment.
<b>Roadings</b> – the valuer made assumptions around installation dates for certain assets, as the construction date information was not recorded in RAMM. It is recommended that management review and update the dates for the next valuation. We note that management has performed some work already to address this, identifying that some relate to assets constructed as part of the Cromwell relocation when the Clyde Dam was constructed.							A project is currently underway to enable component information to be collected for water treatment sites. This will enable more accurate valuations to be undertaken from 2020.  The engagement of valuers for the 2018/2019 valuation was delayed, until the issues relating to the previously unaccepted 2017 valuation could be clarified. The valuations are a costly process, and it was not financially prudent to continue with these until the outstanding issues had been cleared with Audit NZ. This has now occurred, and no delays are anticipated with future valuations.
Roadings – bridge assets were revalued outside of RAMM and it was recommended these assets should be moved to RAMM. In addition it was identified that some bridges may not be replaced at the end of their useful lives and the District Council should consider this as part of its Bridging Strategy.							For the 2019/20 year the finance and Infrastructure staff created a timetable for the valuation of each activity which is reviewed on an annual basis. This improved the process somewhat. 2019/20 was the first time since the asset management process was updated where parks, reserves and pools assets have been revalued. Audit New Zealand were not expecting this, as the revaluation cycle falls outside of the three-year cycle and so was missed off their schedule. This contributed to increased audit fees. Council planned to do the land and building valuation in 202/21 however with the growth Council has been facing it was decided to do this in 2019, which caused some delays for Audit New Zealand as well.
<b>3-Waters</b> – the valuers noted that detailed component information for new plant projects completed since the previous valuation, have not been included in the plant asset register. Instead, high level project costs have been used.							
<b>Annual report preparation process (4.2)</b>							
Council should introduce a robust internal quality review process over the draft annual report to improve the quality of the draft information provided for audit.		✓		Executive Manager - Corporate Services / Finance Manager		Ongoing	Preparation for the Annual Report has been completed for 2019-20. For the first few weeks we had a more experienced team and have met our internal timetable. We also requested that Audit NZ meet their timeline. During the later part of the audit we lost two key staff which created challenges for CODC and Audit NZ also struggled with timelines due to reduced staff and delays across the councils due to COVID-19 disclosures. While there were improvements, there is still room for further improvement.
<b>Processing of NZTA claims (4.4)</b>							
The NZTA claims are submitted on a timelier basis, for example monthly.		✓		Executive Manager - Infrastructure Services		Complete	The submission of NZTA claims was sporadic due to changes in Roadings Management. This task has now been re-assigned and claims have been submitted monthly for 2019/20.

<b>2017 Management Report</b>							
<b>Review of general ledger reconciliations</b>							
We recommend that general ledger reconciliations (e.g. bank, debtors and creditors) be independently reviewed, dated and evidenced as such.		✓		Executive Manager - Corporate Services / Finance Manager		Complete	General ledger reconciliations are being digitally reviewed, dated and evidence provided.
<b>2015 Management Report</b>							
<b>Independent review of journals</b>							
We recommend, as best practice, implementation of procedures to ensure that all journals posted into the financial system have been reviewed and are complete.		✓		Executive Manager - Corporate Services / Finance Manager		Complete	Journals and supporting documentation are prepared by a member of the finance team and then reviewed by the Finance Manager. Before posting journals, the finance team is ensuring appropriate supporting documentation or narrative is provided and that the journal is correctly coded. This is all provided to the Finance Manager who reviews the documents and signs a monthly journal checklist form.

**Detailed Findings: Accounts Payable, Payroll and Information Security Risk Review**

Description	Detail	Risk Rating	Recommendation	Status	Due Date	Person Responsible	Any additional Comments
<b>Payroll</b>							
Enhancement required for manual timesheets	Central Otago District Council has both waged and salaried employees. Timesheets for waged employees are manually entered into the Pay Global system.	Moderate	Implementing an automated process of capturing the time worked by the waged staff will increase efficiency and reduce the possibility of errors.	In progress	1/03/2021 - move to 31 July 2021	Finance Manager	Libraries are up and running. . Pay Global, Payroll Software company has finished the summary report, which we needed to complete pools. Pools should be finalised end of July 2021  We will not be 100% automated because any salary staff that works extra hours is entered manually into the system.
Improvements required with respect to payroll guidelines	Central Otago District Council does not have an approved procedures manual in place.	Process Improvement	Consolidates and formalises the payroll procedures manual and the desk profile process document.	In progress	Jun-21	Payroll Officer	The Payroll Officer has created an informal step-by step guide, this needs to be consolidated.
<b>Cyber Security Improvement Programme update</b>							
Implement a register of all cloud services and ensure termination of these services at the time of staff member leaves council.	Immediately implement processes whereby Human Resources are required to provide timely notice of staff enrolments and departures. In association with this, implement a register of all cloud services used by council staff members to ensure that access to these services is terminated at the time a staff member ceases to provide services to the council.	Process Improvement	Recommendation made as part of People and Protective Technologies roadmap to utilise the new firewall capability and monitor Cloud App activity.	In progress	Dec. 2021	Information Services Manager	Technology has been deployed. We are currently monitoring the Cloud services being utilised. To date, we have not found any unknown Cloud services.  We have staff exiting processes in place for known Cloud services.
Implement information leakage controls and removable media	Implement controls to restrict the opportunity for information leakage via the internet and removable media including the locking down of USB devices.	Low	Implement controls to restrict the opportunity for information leakage via the internet and removable media including the locking down of USB devices.	In progress	Dec. 2021	Information Services Manager	This has been added to the people and protective technology roadmap for executive team decision.
Replace the current ad hoc procedures and processes within the Information Services Department	Establish a programme to formalise and document system procedures and processes to replace the current ad hoc processes that may exist in the Information Services Department.	Process Improvement	Establish a programme to formalise and document system procedures and processes to replace ad hoc processes.	In progress	Dec. 2021	Information Services Manager	These have started to be drafted and will be completed this year. These processes are already in place, just not documented.

### 21.2.3 SENSITIVE EXPENDITURE POLICY

Doc ID: 534487

#### 1. Purpose of Report

To review and recommend to Council the adoption of the Sensitive Expenditure Policy, the Travel Policy and the Credit Card Policy.

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#### Recommendations

That the Audit and Risk Committee

- A. Receives the report and accepts the level of significance.
  - B. Recommends to Council that they approve the Sensitive Expenditure Policy, the Travel Policy and the Credit Card Policy.
- 

#### 2. Background

Council's Sensitive Expenditure Policy has been reviewed following the updated good practice guide on controlling sensitive expenditure distributed by the Controller and Auditor-General.

As a result of this review, it was recommended that the policy be revised and expanded, informing the creation of the Travel Policy and the Credit Card Policy alongside the Sensitive Expenditure Policy.

Official Information Requests surrounding sensitive expenditure and gifts are regularly received by Council, with spending practices scrutinised by the public. Sensitive expenditure covers a broad range of topics and it is important that both staff and elected members have clarity and guidance surrounding these, often controversial, topics.

#### 3. Discussion

The Controller and Auditor-General have provided updated guidance around best practice, reinforcing the importance of performing in a manner which stands up to public scrutiny. Issues of sensitive expenditure arise often, and it is important that guidelines are in place and sensitive expenditure is managed diligently and robustly.

The Sensitive Expenditure Policy, Travel Policy and Credit Card Policy all provide practical guidance on specific types of expenditure and outline principles for decision-making for situations which are not clear-cut. Managing sensitive expenditure, and perceived sensitive expenditure, requires good judgement, and these policies provide a guide from which to base decisions.

There will be greater scrutiny on Sensitive Expenditure in the coming years, and it is important that these documents are robust.

#### 4. Options

##### Option 1 – (Recommended)

The Committee recommends to Council the adoption of the Sensitive Expenditure Policy, the Travel Policy and the Credit Card Policy.

Advantages:

- Protects Elected Members and Council staff by providing comprehensive guidance surrounding sensitive expenditure
- Protects Council's reputation
- Reinforces Council's approach to appropriately managing risk
- Generates awareness of the topic of Sensitive Expenditure
- Reinforces a financial prudence approach

Disadvantages:

- None.

##### Option 2

The Committee retains the existing Sensitive Expenditure Policy.

Advantages:

- None

Disadvantages:

- Lack of guidance on sensitive expenditure
- Heighten risk of public scrutiny on an item of importance
- Not meeting the Controller and Auditor-General's recommended best practice

#### 5. Compliance

<b>Local Government Act 2002 Purpose Provisions</b>	This decision ensures the organisation conducts business in an open, transparent and democratically accountable manner.
<b>Financial implications – Is this decision consistent with proposed activities and budgets in long term plan/annual plan?</b>	Yes. The review of this policy, and consequential creation of additional policies, have been conducted in house and have not raised any financial implications. There are no costs associated with the recommendation to adopt these policies.  Adequate guidance around sensitive expenditure will reduce the likelihood of financial or reputational damage to Council.
<b>Decision consistent with other Council plans and policies? Such as the District Plan, Economic Development Strategy etc.</b>	Yes. The suite of policies are a revision of the Sensitive Expenditure Policy. The policies maintain consistency with other Council policies and processes.

<b>Considerations as to sustainability, the environment and climate change impacts</b>	There are no implications.
<b>Risks Analysis</b>	<p>The existing policy is outdated. Before the draft of these policies there was no clear and comprehensive policy for travelling or the use of credit cards, which provides uncertainty and therefore ineptness, leaving many aspects open for scrutiny and creating a significant risk to the organisation. These policies reduce the risk to the organisation.</p> <p>For the mitigation of risk, these policies are comprehensive, with the Travel Policy and Credit Card Policy being separated out into standalone policies for the purposes of transparency and simplicity.</p>
<b>Significance, Consultation and Engagement (internal and external)</b>	<p>The changes proposed to the policy are not significant and are therefore unlikely to generate community or media interest.</p> <p>No consultation is required as this is not significant under the Significance and Engagement Policy.</p>

## 6. Next Steps

The policy shall be taken to Council for adoption. Staff will then be notified of the updated policy through the Council intranet.

## 7. Attachments

**Appendix 1 - Sensitive Expenditure Policy** [↓](#)

**Appendix 2 - Travel Policy** [↓](#)

**Appendix 3 - Credit Card Policy** [↓](#)

Report author:



Gabi McFarlane  
Risk and Procurement Manager  
18/05/2021

Reviewed and authorised by:



Leanne Macdonald  
Executive Manager - Corporate Services  
24/05/2021

# Sensitive Expenditure Policy



1 Dunorling Street  
PO Box 122, Alexandra 9340  
New Zealand

03 440 0056

Info@codc.govt.nz  
www.codc.govt.nz



<b>Department:</b>	<b>Business Risk and Procurement</b>
<b>Document ID:</b>	<CentralDocs ID>
<b>Approved by:</b>	<Council resolution/CEO/ET and date>
<b>Effective date:</b>	<Month and year>
<b>Next review:</b>	<Month and year>

## Purpose:

The purpose of this policy is to:

- Provide Central Otago District Council employees and Elected Members guidance surrounding sensitive expenditure and addressing conflicts of interest which may arise;
- Clearly define parameters for sensitive expenditure;
- Ensure sensitive expenditure is consistently assessed, authorised, and reviewed, ensuring Central Otago District Council is a responsible user of public money.

## Scope:

This policy shall apply to all business, service or activity conducted by Council, Elected Members and all employees of Council, irrespective of where they are working.

Items of sensitive expenditure that are specifically provided for by employment agreements, such as personal use vehicles, are not covered by this policy.

For the avoidance of any doubt, any reference to employees or staff in this policy shall include:

- the organisation's employees;
- volunteers;
- persons seconded to council;
- contractors.





## Definitions:

Word or phrase	Definition
<b>Sensitive Expenditure</b>	<p>Sensitive expenditure is any spending by an organisation that could be seen to be giving private benefit to Elected Members and staff, additional to the business benefit to the organisation. Sensitive expenditure is discretionary expenditure and may be expenditure which is highly controversial or considered unusual for the Council's purpose and/or function.</p> <p>The circumstance in which the expenditure occurs, together with the materiality of the expenditure determines whether the expenditure is potentially sensitive.</p>
<b>Credit card</b>	This has the usual meaning. For the purposes of this policy, this includes vehicle fleet fuel cards, purchase cards and equivalent cards used to obtain goods and services.
<b>Probity</b>	Uprightness, honesty, correct and ethical conduct.
<b>Conflict of interest</b>	A situation where an employee may be compromised when their personal interests or obligations conflict with the responsibilities of their job or position. It means that their independence, objectivity or impartiality can be called into question.
<b>One-up-principle</b>	<p>Relating to financial delegations, this means that delegation holders cannot approve transactions involving themselves or from which they could be seen to benefit, instead they must be approved by their one-up manager. In the instance of the Chief Executive Officer, the Mayor will approve sensitive expenditure. In the instance of the Mayor, the Deputy Mayor and the Executive Manager – Corporate Services will approve sensitive expenditure. In the instance of the Deputy Mayor, the Chief Executive Officer will approve sensitive expenditure.</p>

## Policy:

### Principles

There are principles that underpin decision making about sensitive expenditure. Expenditure decisions must:



- have a justifiable business purpose;
- preserve impartiality;
- be made with integrity;
- be moderate and conservative;
- be made transparently;
- be capable of withstanding public scrutiny;
- be in compliance with all applicable Council policies and legislative requirements;
- be made with proper authority, clearly identifiable and accurately recorded.

#### Additional Information



These principles must be applied together. None should be applied alone, and no principle should be treated as more important than any other. All principles are to be applied equally.

All sensitive expenditure must be approved in accordance with this policy, taking into account the principles outlined above. All sensitive expenditure decisions must follow the 'one up' rule.

Sensitive Expenditure must not be of a nature which could:

- compromise, or appear to have compromised judgement;
- place an employee under any obligation to a third party;
- appear to be a conflict of interest;
- damage relationships with others;
- indicate favouritism or preference.

All expenditure shall be subject to the standards of probity and financial prudence expected of a public entity and be capable of withstanding public scrutiny as justified and cost-effective business expenditure. All sensitive expenditure is subject to appropriate and robust authorisation and control processes, no matter the amount of money spent. Improper expenditure could harm the reputation of, and trust in, the organisation.

All Council employees and Elected Members are required to act with probity and to act in a way that maintains public confidence in the Council. Council staff and Elected Members must guard against actual or perceived conflicts of interest in regard to the use of Council resources. Decisions on sensitive expenditure are based on objective criteria and have no personal benefit for any employee or Elected Member.

Individual transactions and the total value of expenditure shall be considered when determining the nature and extent of sensitive expenditure. Even when sensitive expenditure



decisions can be justified at the item level, the combined amount spent on a category of expenditure may be such that, when viewed in total, Council could be considered as inappropriate and not in adherence with the principles outlined in this Policy.

## Responsibilities

The Central Otago District Council must operate with a high level of integrity. The Elected Members, Chief Executive Officer and Executive Managers set the highest standard for what is and is not acceptable sensitive expenditure. The responsibility for this should flow top-down, throughout the organisation.

It is the responsibility of all Elected Members and staff to complete a [Gift and Hospitality form](#) in accordance with this policy, ensuring the form has been approved by the relevant people.

## Controls and judgement

All expenditure must withstand internal and external scrutiny. In the absence of a specific rule for a given situation, the Mayor, Elected Members, Chief Executive Officer and the Executive Team are expected to exercise careful judgement by taking the principles in this policy into account within the particular context of the circumstance. In instances of higher risk, greater detail should be sought about the expenditure.

Transparency must be maintained in both sensitive expenditure and remuneration systems, and to avoid any trade-offs between the two.

## Sensitive Expenditure Approval

Approval for all sensitive expenditure is subject to the principles which underpin decision making outlined above. Additional to this, approval is subject to the following:

- Expenditure has a justified and appropriate business purpose;
- is approved prior to the expenditure being incurred, whenever practical;
- is moderate, conservative, and cost effective;
- complies with all applicable Council obligations, principles, and standards;
- exhibits appropriate due diligence and probity;
- is subject to budget provision and within delegated and statutory limits;
- does not pose any potential, perceived or real conflict of interest to the staff member(s) involved, including direct or indirect benefits for any third parties associated with the staff member(s).

Those approving sensitive expenditure must ensure they do not benefit from that expenditure. The 'one up' rule must apply to the approval of any and all sensitive expenditure. This encompasses the following:



- Staff sensitive expenditure must be approved by the employee's relevant manager or member of the Executive Team, according to their financial delegation;
- The Executive Team members sensitive expenditure must be approved by the Chief Executive Officer.
- The Chief Executive Officers sensitive expenditure must be approved by the Mayor;
- The Mayors sensitive expenditure must be approved by the Deputy Mayor and the Executive Manager – Corporate Services;
- The Deputy Mayors sensitive expenditure must be approved by the Chief Executive Officer.

Due to the nature of the Mayor and CEO's role, approval for sensitive expenditure (in particular travel and accommodation bookings) may be retrospective.

The Chief Executive Officer may, in exceptional circumstances, allow exemptions to this policy where necessary and justified, ensuring the transaction and authorisation is fully documented prior to expenditure.

## Payment and Reimbursement

All sensitive expenditure shall be supported by appropriate documentation and supporting records including (GST) invoices and receipts. These documents must be original (such as GST tax invoices) or electronic copies which are retained in a way that preserves the integrity and completeness of the document. Detailed justification of the business activity undertaken must be provided and names of external parties or staff involved where applicable.

All reimbursement must be formally recorded on an [Expense Claim Form](#) for each individual staff member and approved by the relevant staff member ('one up' rule), as identified within this Policy. Where a claim relates to more than one person, it should be made by the most senior person and list the other individuals to whom the expenditure relates.

### Additional Information



Credit card statements are not adequate documentation to support reimbursement claims

Claims relating to sensitive expenditure should:

- Clearly state the business purpose;
- be accompanied by supporting documentation, correctly coded; and
- be submitted promptly after the expenditure is incurred.





Sensitive expenditure will only be reimbursed if it is deemed to be reasonable, actual and has been incurred directly in relation to council's business, where possible having been approved in advance. Those approving sensitive expenditure must ensure that all transactions are reviewed and clearly evidence an appropriate business-related purpose.

#### Additional Information



Expense Claim forms should be approved no later than 30 business days after the occurrence, except in exceptional circumstances.

## Credit Cards

The use of credit cards and purchasing cards is not strictly a form of sensitive expenditure, however this is often the medium for payment of sensitive expenditure items. Please refer to the [Credit Card Policy](#) for further information.

## Travel

Council will pay for travel, meals, accommodation, and necessary incidental expenses for approved travel. All expenses incurred by employees, expected to be reimbursed as a result of undertaking travel on Council business is classified as sensitive expenditure and must be disclosed unless there is a very good justifiable reason not to. For further information on travel expenditure, please refer to the [Travel Policy](#).

## Council Assets

### Private use of Council assets

Any physical item owned, leased, or borrowed by Council is considered an asset for the purpose of this policy. This includes, but is not limited to, photocopiers, mobile devices, computer equipment, laptops, office furniture, uniforms, and stationery.

Private use of Council assets for personal purposes will only be permitted in limited circumstances and prior approval must be obtained from the employee's Executive Manager. The costs to Council of private use will be recovered unless it is impractical or uneconomic to



separately identify those costs. The private use of Council owned cell phones is permitted, however employees must follow the [Personal Use of Smart Phone Procedure](#).

### Private Vehicle Use

Pre-approval using the 'one up' rule must be obtained for a staff member to use a private vehicle for work purposes.

In the instance that parking or traffic offences are incurred while using a private vehicle on business, the employee is responsible for the payment of these fines.

The rates of reimbursement for a private vehicle are in line with the allowable expense for using a private vehicle for business purposes recommended by the Inland Revenue Department.

### Sale of assets to staff

Assets are not to be sold directly to Elected Members or employees. Staff disposing of the asset/s will not benefit from the disposal.

Please refer to the Fixed Asset and Disposal Policy for further information.

### Private use of Council suppliers

Employees must not personally benefit from the purchasing power of the organisation or incur costs to the organisation as a result of purchasing in a private capacity. These situations risk creating the perception that staff are privately benefiting from this access, which would need to be managed.

Employees cannot use purchasing privileges on behalf of any third party, such as family members or friends. Staff should pay in full and must not use the organisation as a source of credit.

### Professional memberships, registration fees and subscriptions

Individual professional memberships, registrations and subscriptions may be paid for by the Central Otago District Council where it is required by or clearly relevant to the staff member's duties.



Professional memberships must be:

- For the respective staff member only;
- Budgeted for and approved by the employee's Executive Manager or the Chief Executive Officer.

Professional memberships are for the benefit of the Council and are not intended to be a personal benefit to staff members. Where an employment contract includes provision for payment of professional memberships, the employment contract will take precedence over this policy.

Memberships must be cancelled or transferred to a replacement Council staff member should employment be terminated. Transferral of membership must be authorised by the employees Executive Manager. Any refund of fees as a result of cancellation of membership belongs to the Council and must be refunded as so.

## Entertainment and Hospitality expenditure

Entertainment and hospitality expenditure is broad ranging, from providing catering at a small event, to organisation-funded hosting at a cultural event.

The five business purposes for entertainment and hospitality expenditure:

- Building relationships;
- Representing the organisation;
- Reciprocity of hospitality where this has a clear business purpose and is within normal bounds – acceptance of hospitality is expected to be consistent with the principles and guidance for provision of hospitality;
- Recognising significant business achievement;
- Building revenue.

Alcoholic drinks must not be charged to Central Otago District Council without pre-approval from the Chief Executive Officer. Exemptions to this rule may apply for the Mayor, Chief Executive Officer and the Tourism Central Otago Team - where there is an expectation to host business guests or supply gifts as a thank you or prize.

Entertainment related expenditure should be included in pre-approved budgets. Where entertainment related expenditure is considered unreasonable by the Executive Manager – Corporate Services, the Finance Manager, or their nominee, they will seek further explanation from the approvers of the payment, or the employees respective Executive Manager.



Where possible, payment is to be made with a Council credit card and should be accompanied with a detailed description, including all attendees. Café meetings with external guests may be paid for via the credit card after careful consideration that this is appropriate.

#### Additional Information



The Council will not pay for entertainment related expenditure for spouses or other family members accompanying a staff member or Elected Member except for in certain circumstances, as approved using the one up principle.

Under no circumstances can the gifts/koha given be exchanged with the Council for cash or be used as a substitute for legitimate payment or remuneration.

### Staff Functions and Events

At the discretion of the Chief Executive Officer, Council-wide functions may be provided during work time.

In relation to an end of year function, the amount of monetary contribution will be confirmed by the Executive Team on an annual basis. The budget allocation per staff member must not be exceeded. Up to two alcoholic drinks, or equivalent, per person may be provided at the end of year function.

Team gatherings and functions such as Christmas lunches are to be self-funded. Activity Christmas lunches/events are permitted during work hours and may be no longer than two hours. Any additional time after this must be made up or taken as annual leave.

### Team Building Events and Activities

From time to time, team building events may occur offsite, typically these should be limited and approved by the Executive Manager. Any other events are expected to be held onsite. All events must be supported by an appropriate business reason or purpose.

Costs of these events are to be met from the activity managers or participating members' cost centre. Costs must be made within approved budgets and take into account any expenditure which may be considered sensitive.

### Internal Events

In the event that meetings, forums, training or conferences are hosted internally, external catering may be provided where:





- Approval has been gained by the respective budget holder;
- The meeting extends over the lunch time period;
- Costs are reasonable;
- External parties are in attendance.

Catering is generally only provided for meetings with external participants who are official representatives of their organisations. However, there may be times when it is appropriate and more cost effective and timesaving to provide food for meetings or training days where only Council staff are present. Typically, when the meeting is longer than three hours or spans a mealtime.

## Recognising achievements/rewards and recognition, farewells and long service retirements

Some occasions may be deemed appropriate for managers to provide a tangible recognition for achievements relating to the business. Achievements such as, but not limited to, staff farewells and general achievements may be recognised through expenditure on a gift, function, or other such item. This expenditure must not be extravagant or inappropriate and must adhere to the principles outlined above. Departments may provide a morning or afternoon tea for a staff member who is leaving, recognising their valuable contribution to Council. Employees from other activities may also be invited, as appropriate.

It is not expected that formal farewell functions paid for by the Council will be held for staff with less than five years of service.

Expenditure on recognising achievements must be pre-approved by the employees Executive Manager and must be supported by clear documentation outlining the justification for the expenditure. This monetary contribution must not fund the purchase of alcohol.

## Gifts

### Giving Gifts

Gifts are often provided, both internally and externally, for a number of reasons - such as a thank you for a speech or presentation, or when giving gifts is customary.

The giving of gifts up to \$100 requires the approval of the relevant Executive Manager. Any gift over this amount requires the approval of the Chief Executive Officer for staff issue, and by the Mayor for Elected Members.



The giving of gifts must be modest, appropriate, and conservative, having a justified business purpose and which would not be seen by others as an inducement or a reward.

### Staff Welfare

On occasion it is appropriate to recognise staff at key life events. Flowers or a small gift to mark a key life event such as a birth, bereavement or illness of a staff member or close relative may be sent, up to the value of \$100. Special events such as milestone birthdays are not considered appropriate.

### Receiving Gifts

It is important that receiving a gift does not affect an organisation or an individual's decision-making, as this could be perceived as acting without impartiality or integrity. Where an employee has any doubts about the appropriateness of accepting a gift, they must discuss it with their Executive Manager.

Approvers must consider the following:

- The reasons for the gift being given and whether there may be an explicit or implicit expectation of favour in return;
- The value or importance the recipient would place on the gift and whether they are likely to be influenced by receiving it;
- Whether the value of the gift is both appropriate and reasonable for the circumstances in which it is being given;
- The frequency of the gift or benefit. Even a small gift or benefit given repeatedly may be inappropriate;
- Whether the receipt of the gift is likely to receive adverse publicity or that the intention could be misconstrued.

Council staff are permitted to accept gifts if they are infrequent and/or inexpensive and are openly distributed by suppliers and clients. Infrequent is defined as no more than three times in any 12 months period and inexpensive as having a monetary value of less than \$50. These items are not normally required to be declared. However, items of a sensitive nature or perceived higher value should be declared to the staff member's manager and reported and recorded in the gift register.

The acceptance and retention, of any gift with an estimated monetary value exceeding \$50 by council staff must have the express approval of the recipient's respective Executive Manager, or the Chief Executive Officer. This must be recorded in Central Otago District Council's Gift Register.



Gifts intended for more than one individual must be recorded on the Gift Register and the Chief Executive Officer will determine how they should be used or distributed among all staff.

Prizes received from a free competition entry obtained while carrying out an organisation's business are also considered to be receiving a gift for the purposes of this policy, these must be recorded in the Gift Register.

Particularly sensitive or high value gifts will be distributed at the end of year function via a raffle or agreed distribution process.

#### Additional Information



Cash gifts are unacceptable in any circumstance

### Receiving hospitality

Invitations for hospitality and/or invitations to events or functions may arise in some instances. It is important that receiving hospitality does not impact an organisations, or an individual's decision-making as this could be perceived as acting without impartiality or integrity. The decision as to whether to accept the invitation requires consideration of whether attendance would:

- Benefit a business relationship of Central Otago District Council;
- Be consistent with the principles of this policy;
- Could be perceived as a means of influencing a council decision-making process;
- There is a cost involved that could be considered an inappropriate gift.

The invitation and its acceptance, or otherwise, should be recorded in the Gift Register.

Attendance at functions or events such as sports or cultural events or functions that involve significant work time for the employee and/or expenses for the host of over \$100, may be accepted subject to notification and the approval of the Chief Executive Officer. In cases of doubt as to whether to accept an invitation to an event, consultation should be sought from the relevant Executive Manager.

Employees may, with the approval of their Executive Manager, accept speaking or teaching commitments at conferences or similar gatherings where some or all of the costs of attending are paid, and the event is clearly relevant to their work.

Where a staff member seeks or is offered cash for employment or activities outside of Council, and where that activity is substantively similar to their role or could affect their ability to carry



out their duties, it could constitute a conflict of interest. The staff member should discuss this with their Executive Manager before accepting any such employment or activity.

## Koha

Koha is a gift, token, or contribution. The giving of koha acts to seal a relationship and is part of the protocol of reciprocation. An occasion which a koha may be suitable for could include:

- tangihanga;
- attendance at an event/meeting;
- for use on or for a marae; and
- kaumātua support for pōwhiri, mihi whakatau meetings, or other events.

Council requires donations and koha to be:

- be in the form of money;
- be paid to external person(s) or non-profit community groups who provide support, or undertake a one-off activity and expect non-payment for such activity or support in return;
- not be given in lieu of salary or as a payment for service(s) provided;
- not be given by the Council to Council employees.

The amount of koha given on behalf of Council should reflect the occasion and be approved by the relevant Executive Manager or Chief Executive Officer for staff issue and by the Mayor for Elected Members to issue. Council must give due regard to standards of probity and financial prudence while being mindful of the cultural imperative of giving adequate or reasonably generous koha. The employee should provide the following information:

- brief explanation of the reason for the koha payment;
- the date of the event;
- details of who the payment will be made to;
- details of the amount of the proposed koha payment;
- details of the account to be charged.

Depending on the size of the cash donation, Finance may require 48 hours' notice to ensure there is sufficient cash available.

## Procurement

Employees undertaking procurement processes and tendering functions must not accept gifts of any kind while engaged in these functions. Employees having significant advisory input into procurement and tendering decisions where they have provided or are likely to provide advice





must not accept gifts while engaged, or immediately before or after, undertaking these functions.

### Reporting and Monitoring

Appropriate monitoring of sensitive expenditure shall be undertaken by Finance, to ensure compliance with this policy and associated documents.

The Gift and Hospitality Register is reviewed quarterly by the Chief Executive Officer and the Executive Manager – Corporate Services to identify any trends, patterns or risks which may cause concern or require preventative actions. At the close of the financial year, the Chief Executive Officer shall sign off the Gift Register and a new register will be started for the new financial year.

### Breaches of Policy

Non-compliance with this policy may result in disciplinary action up to and including dismissal.

For contractors and consultants, non-compliance may result in the immediate termination of the contract for service.

### Relevant legislation:

- Local Authorities (Members' Interests) Act 1968
- Local Government Act 2002 (s.100 and 101)
- Public Audit Act 2001

### Related documents:

- Asset Disposal Policy
- Credit Card Policy
- Fraud, Bribery and Corruption Policy
- Fraud, Bribery and Corruption Process
- House Rules
- Register of Staff Delegations
- Risk Management Policy
- Staff Interest Policy
- Travel Policy



- Procurement Policy
- NZ Office of the Auditor General. Controlling sensitive expenditure: Guide for public organisations 2020

# Travel Policy



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## Purpose:

To provide a clear, transparent, consistent, and cost-effective approach surrounding travel undertaken on Council related business; in particular, travel-related expenses incurred by the organisation.

This policy ensures both travel risks and costs are effectively identified, managed, authorised, and monitored.

## Scope:

This policy applies to all Elected Members and Central Otago District Council employees and representatives organising, approving and/or undertaking travel for the purposes of business-related activity, at Council expense.

For the avoidance of doubt, any reference to employees or staff in this policy shall include:

- the organisation's employees;
- volunteers;
- persons seconded to council;
- contractors.

## Definitions:

Word or phrase	Definition
<b>Business related activity</b>	Referred to also as business purpose.
<b>Economy class</b>	An airline ticket which is the cheapest available.



Word or phrase	Definition
<b>High risk destination</b>	Areas determined to be potentially unsafe, deemed so by the Ministry of Foreign Affairs or the insurance provider. These areas are not recommended for travel. They may be deemed 'do not travel' or 'avoid non-essential travel'.
<b>One-up-principle</b>	Relating to financial delegations, this means that delegation holders cannot approve transactions involving themselves or from which they could be seen to benefit, instead they must be approved by their one-up manager. The Chief Executive Officers travel expenditure must be approved by the Mayor. The Mayors travel expenditure must be approved by the Deputy Mayor and the Executive Manager – Corporate Services. The Deputy Mayors travel expenditure must be approved by the Chief Executive Officer.
<b>Personal expense</b>	Any expense not directly related to Council business.

## Roles and Responsibilities

### Elected Member and employee responsibilities

Before domestic and international travel:

- Obtain the appropriate delegated approval for the travel requested;
- Utilise the correct channels for the booking of the travel;
- The employee travelling must be aware of the risks involved of undertaking the travel;
- Ensure a valid passport is held for the period of travel where necessary;
- Ensure the necessary and required vaccines are undertaken before commencing travel;
- Provide any itineraries not booked through the organisation to Council;
- Register details on the Ministry of Foreign Affairs and Trade (MFAT) website for international travel;
- Confirm appropriate insurance is held for the travel and the policy number and insurance company details are held;
- Ensure the appropriate visa is obtained.





## Executive Assistant responsibilities

- Responsible for the timely booking of appropriate transport and accommodation, adhering to the values of this policy.

## Policy:

Travel must maintain moderate and conservative expenditure, maintaining financial probity and transparency at all times, with the expenses incurred being approved by the appropriate delegated authority. Business travel must have a strong, justifiable business purpose and directly contribute a benefit to the organisation. A personal financial benefit must not be gained by the employee travelling, or an accompanying person.

Travel and accommodation expenditure shall be efficient and economical, having regard to the following:

- Purpose;
- Distance;
- Time;
- Urgency;
- Personal health;
- Safety and security.

In the event that this policy contradicts an individual employment agreement, the employee agreement will apply.

## Authorising Travel

Authorisation from the appropriate delegated authority must be gained prior to the travel being booked and undertaken. Approval for travel must only be provided when a justified business reason has been satisfied.

Approval must be made within delegated authority and only where budgetary provision exists. The “one up” principle must be applied.

The ‘one up’ principle must apply to the approval of any and all travel expenditure. This encompasses the following:

- Staff expenditure on travel must be approved by the employee’s relevant manager or member of the Executive Team, according to their financial delegation.



- The Executive Team members travel expenditure must be approved by the Chief Executive Officer.
- The Chief Executive Officers travel expenditure must be approved by the Mayor
- The Mayors travel expenditure must be approved by the Deputy Mayor and the Executive Manager – Corporate Services.
- The Deputy Mayors travel expenditure must be approved by the Chief Executive Officer.

Due to the nature of the Mayor and Chief Executive Officers role, approval for expenditure relating to travel may be retrospective.

The Chief Executive Officer may, in exceptional circumstances, allow exemptions to this policy where necessary and justified, ensuring the transaction and authorisation is fully documented prior to expenditure.

## Booking Travel

The booking of air travel, accommodation and transport must be incurred at the earliest possible convenience so as to ensure expenditure is the most cost effective.

Booking is to be conducted through the employees respective departmental Executive Assistant, *after* appropriate approval has been gained. The Executive Assistant will work in conjunction with the employee to find a suitable fit for both the organisation and the employee. The following information must be provided to the Executive Assistant:

- Date and time of the meeting – Both start times and finish times;
- Information as to whether cancellation insurance needs to be purchased;
- Mode of transport required;
- Accommodation required.

## High Risk Destinations

In the event that travel is required to a destination which may be considered a 'high risk destination', the Chief Executive Officer must provide approval prior to the booking.

The employee, their approving manager and the Chief Executive Officer must assess the current situation of the destination, including transit locations using the Ministry of Foreign Affairs and Trade (MFAT) website (<https://www.safetravel.govt.nz/travel-advice-levels>).

**The Chief Executive Officer has the right to:**

- Prohibit travel to the destination;
- Recall travellers if the situation requires and it is deemed appropriate by MFAT;
- Include destinations as high risk based on information provided from the insurance company.

**Risk Advice**

- Employees are to conduct themselves in a safe and professional manner at all times and are to follow guidelines posted on the MFAT website;
- In the event that an incident or event occurring in the vicinity or the area of the traveller, the employee shall establish contact with their manager or an employee remaining at Council offices, confirming safety and wellbeing.

**Insurance**

Central Otago District Council will provide travel insurance for international travel relating to business purposes. The insurance company and policy number must be obtained by the employee before commencing travel. For further information please contact the Business Risk and Procurement Manager.

When booking air travel, domestic insurance should be obtained at the discretion of the traveller, via the booking system relating to the chosen airline. Confirmation should be gained by the employees' respective manager.

**Air Travel**

Air Travel shall be undertaken depending on the cost, convenience, and destination. This decision will be at the discretion of the employee undertaking the travel and their manager.

Where travel has not been requested more than 10 days in advance, the lowest airfare will be the first choice. Exceptions to this shall be authorised by the employee's respective Executive Manager prior to booking.

The following factors must be considered when booking air travel:

- Flexible booking;
- Travelling on off peak times;
- Luggage allowances;
- Departure and Arrival airports and commute distance and time.



When booking travel, please check the carbon offset box. This will offset flight related emissions, as well as contribute to better climate and biodiversity outcomes for New Zealand.

The option of seat selection shall not be ticked, unless this incurs no charge to Council or circumstances dictate that this is necessary, i.e. a short transfer time between connecting flights.

## Motor Vehicle Travel

All drivers must adhere to the [Vehicle User Policy](#).

### Rental Vehicles

All drivers must be legally allowed to drive, having the appropriate license, complying with the conditions on their license and all legal requirements, road rules and those conditions imposed by the rental company.

Rental vehicles are only to be used where this is the most cost-effective option. Private use of a rental car is only permitted in exceptional circumstances, as detailed below, and requires the express pre-approval of the employee's respective manager. All additional costs as a result of private use are the responsibility of the employee.

Council requires that the most economical type and size of rental car be used, consistent with the requirements of the trip. All charges relating to the return of the vehicle must be minimised. Traffic offences and/or fines incurred while using a rental vehicle are the responsibility of the driver.

### Private Vehicle Use

Council owned vehicles must be used for work purposes. In the event that a vehicle is not available, staff may use a private vehicle in the performance of council business. Written approval from the employee's direct manager must be obtained prior to use.

For the purpose of reimbursing the staff member for the use of a private vehicle, an expense form must be completed with the following information:

- Purpose of trip
- Date and location
- Mileage
- Copy of approval from manager



Staff will be reimbursed for costs incurred at a rate based on the Inland Revenue Department (IRD) recommended rate for the vehicle type.

All additional costs, over and above the IRD recommended mileage reimbursement (cents per kilometre) are the responsibility of the employee.

### **Taxi and Shuttle Services**

Council expects the use of taxis to be moderate, conservative, and cost effective relative to other transport options. Wherever practicable shuttle or bus services are to be used in lieu of taxis.

Taxis are not to be used if significant travel distances mean that use of a taxi is not the most cost-effective option.

UBER and other rideshare services may be utilised, provided appropriate documentation is obtained for reimbursement purposes.

### **Other**

Reasonable car parking fees will be reimbursed for vehicles used on Council travel. This must be documented via an Expense Claim form.

## **Accommodation**

In the event that an employee is required to be away overnight for business purposes, the reasonable and moderate cost of accommodation may be paid.

The booking of accommodation shall be of a reasonable cost, considering cost-effectiveness, location to the event venue, safety and security considerations and personal preference - after the prior considerations have been satisfied. The standard of the accommodation must be appropriate; the use of '5 star' or 'luxury' accommodation requires the approval of the Chief Executive Officer prior to booking and requires a justifiable business purpose.

All private residence and/or home-share accommodation must be approved by the relevant Executive Manager.

Where a staff member chooses to stay in private accommodation, reimbursement of \$50 per night may be claimed in lieu of accommodation expenses. It is intended that at least a portion of this allowance is paid to the accommodation provider.





## Travel Expenses

### General

Expenses incurred during the course of Council funded travel shall be paid directly by the organisation (via credit card), if possible; in the event that this is not possible, reimbursement may occur, in accordance with the following conditions being satisfied:

- An expense claim form must be completed and signed by the relevant delegated authority using the one-up rule;
- Supporting documentation providing evidence of actual and reasonable expenditure;
- Expenses must be supported by a valid, original GST compliant receipt or tax invoice;
- All claims must clearly state the business purpose of the expenditure where it is unclear from the documentation supporting the claim.

#### Additional Information



Please note that credit card statements and receipts without a GST number do not constitute adequate documentation for reimbursement.

These expenses will only be reimbursed if the expense is deemed reasonable, actual, and incurred directly in relation to Council's business.

Expenses must be claimed within one month of incurring the cost.

### Meals

Reasonable meal expenses will be reimbursed. Meals should be reasonably priced. Separate meal expenses will not be met where a meal has been provided as part of the meeting, conference, training etc., unless there is an express business reason for this.

Snacks, including coffee, are not reimbursable unless this has been purchased in lieu of a meal.

#### Additional Information



Alcohol purchases will not be reimbursed unless expressly complying with the Sensitive Expenditure Policy.



### Other

The cost of an early check in, late check out, activities, minibars and/or movies will not be reimbursed.

Charges for business related telephone calls, faxes, email, and internet access made by an employee while travelling on Council business will be reimbursed.

Reasonable expenses will be met for unexpected events e.g. overnight expenses due to cancelled air travel.

Excess baggage will not be reimbursed unless associated with a justified business purpose.

Reasonable laundry costs and dry-cleaning charges will be reimbursed on trips lasting greater than 4 days.

### Private travel

Private travel, linked with business related travel may be undertaken, with the express approval of the employees respective Executive Manager.

Private travel may be undertaken prior to, during or at the conclusion of Council related travel provided there is no additional cost to the organisation, the intended business purpose is not disrupted, and the private travel is incidental to the business purpose of the travel.

Travel cost of accompanying spouses, partners, dependants, or other family members are a personal expense and will not be paid for or reimbursed by Council. In the rare instance where the involvement of a spouse directly contributes to a clear business purpose and pre-approval has been obtained, Council may contribute to part of or all the additional costs.

### Loyalty Reward Scheme Benefits and Clubs

Council may approve payment for individual staff or Elected Member membership of airline travel clubs (e.g. Koru Club or Qantas Club) providing it is supported by a clear business purpose and be authorised by the Chief Executive or Mayor respectively.

The Airpoints for business scheme is utilised by Council. The most frequent fliers will be added to the Airpoints for Business scheme. The individual traveller continues to earn the same number of Airpoints Dollars and Status Points as before, and the business earns



Airpoints Dollars alongside this. The traveller must check the 'travelling for business' box on the webpage when booking flights through Air New Zealand.

Due to the practical difficulties in recording, monitoring and utilising personal airpoints accumulated while on Council business, these airpoints can be utilised for personal use, provided there is no financial cost to Council.

The 'Airpoints for Business' scheme must be utilised in all instances of employees travelling by air where they are a nominated member of this scheme. The points gained from the scheme shall, where practical, go toward travel for shared purposes, such as Taituarā Management Challenge participants.

## Compliance

Failure to comply with this policy may be considered misconduct or serious misconduct. Non-compliance may result in disciplinary action.

In the event that the policy has been breached, Council may require reimbursement of costs directly from the employee travelling.

## Relevant legislation:

- Protected Disclosures Act 2000

## Related documents:

- Sensitive Expenditure Policy
- House Rules
- Fraud, Corruption and Bribery Policy
- Protected Disclosures (Whistle Blower) Policy
- Vehicle Use Policy
- Controller and Auditor General - Controlling sensitive expenditure: Guide for public organisations
- Ministry of Foreign Affairs website <https://www.safetravel.govt.nz/travel-advice-levels>



# Credit Card Policy



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<b>Department:</b>	<b>Business Risk and Procurement</b>
<b>Document ID:</b>	<CentralDocs ID>
<b>Approved by:</b>	<Council resolution/CEO/ET and date>
<b>Effective date:</b>	<Month and year>
<b>Next review:</b>	<Month and year>

## Purpose:

The purpose of this policy is to:

- Provide Central Otago District Council employees and Elected Members guidance surrounding credit cards;
- Clearly define parameters surrounding credit cards;
- Control and mitigate the risks around credit card use.

## Scope:

This policy shall apply to all business, service or activity conducted by Council, Elected Members and all employees of Council, irrespective of where they are working.

For the avoidance of any doubt, any reference to employees or staff in this policy shall include:

- the organisation's employees;
- volunteers;
- persons seconded to council;
- contractors.

## Definitions:

Word or phrase	Definition
<b>Credit card</b>	This has the usual meaning. For the purposes of this policy, this includes vehicle fleet fuel cards, purchase cards and equivalent cards used to obtain goods and services before payment is made.
<b>One-up-principle</b>	Relating to financial delegations, this means that delegation holders cannot approve transactions involving themselves or



	from which they could be seen to benefit, instead they must be approved by their one-up manager. The Chief Executive Officers credit card expenditure must be approved by the Mayor. The Mayors credit card expenditure must be approved by the Deputy Mayor and the Executive Manager – Corporate Services.
--	--

## Policy:

### Credit Cards


The use of credit cards and purchasing cards is not a form of sensitive expenditure, however this is often the medium for payment of sensitive expenditure items. Using credit cards is a common way to pay for sensitive expenditure and is more transparent than using cash. This policy aims to control and mitigate the risks around credit card use.

A Council credit card will be issued to one, named, credit card holder. It must be solely used by that person and cannot be transferred or delegated to anyone else.

If requested to do so, the credit card holder will return the credit card to the Council immediately.

Credit cards may be used for the following:

- routine purchases;
- exceptional purchases;
- emergency purchases and low value items, i.e. less than \$2,000, where there is no contracted supplier arrangement;
- when dealing with a specialised vendor;
- when the purchase method requires it.

Additional Information	
	Where a Supply Agreement exists between the Council and a Supplier, the appropriate platform for purchase will be by Purchase Order.

### Eligibility

The Chief Executive Officer may approve the issue of credit cards to roles, where required and appropriate. The issue of credit cards must have a justifiable business purpose and be necessary for the effective functioning of the organisation.



In conjunction with the issue of a credit card or purchasing card, the Chief Executive Officer will confirm the credit limit in accordance with the Register of Delegations to Staff. The credit limit will be set based on the minimum amount necessary to enable the cardholder to undertake their Council duties.

## Rules

- The use of Council credit cards for private expenditure or credit is prohibited;
- The credit card is the property of the Bank;
- The credit card holder must sign the credit card immediately upon receipt;
- The credit card holder is prohibited from disclosing the PIN to anyone, whether family or those in apparent authority, including Bank staff, or allowing such people to use the credit card;
- Appropriate documentation should be provided for all purchases, clearly showing what the money has been spent on and outlining a justifiable business purpose;
- The credit card holder must adhere to the [BNZ Credit Card Terms and Conditions](#).

## Credit limits

The limit represents the maximum aggregate value for goods and services. The credit card holder is responsible for the collection of a detailed and itemised GST tax invoice.

If a budget is approved for a set amount, the credit card holder must not exceed this amount without prior approval. Credit limits are outlined in Appendix One.

Any requests to change credit limits must be approved by the employee's manager and the Corporate Services – Executive Manager.

## Cash advances

Credit cards should not be used to obtain cash advances unless cash is required:

- in an emergency (usually related to business related travel); or
- for official purposes (in rare circumstances), with prior approval.

In the instance that cash advances do occur, these must be properly documented and accounted for and reconciled to actual expenses.

Cash in advance is not a typical function of Council credit cards, therefore this functionality would need to be implemented on an as needed basis.



## Internet purchases using credit cards

Credit card payments made on the internet must reflect good security practice in accordance with the Information Services policies and processes.

Employees and Elected Members must only purchase from reputable companies known to the public organisation. If in doubt as to if a website is secure and/or reputable, please contact the Information Services team.

The card holder must keep a copy of any online order forms completed when making purchases. Purchases must be within the card holders delegated authority and adhere to Council's Procurement Policy.

## Review and approval

Credit card and purchasing card transactions are to be reviewed and approved by a person senior to the card holder, using the 'one-up rule'. The Chief Executive Officers credit card expenditure must be approved by the Mayor. The Mayors credit card expenditure must be approved by the Deputy Mayor and the Executive Manager – Corporate Services.

Should there be any reason to question a transaction, the approver should discuss this with the credit card holder in the first instance. An audit process will investigate any 'unusual' transactions with inquiries made of the credit card holder if deemed necessary.

Monitoring and reporting on credit card use will be undertaken by the Finance Team. This will be conducted monthly, as part of the payment process. If unusual transactions have occurred, this will be followed up with the Executive Manager – Corporate Services.

## Cancelling and destroying cards

Where approval is given by the Chief Executive Officer or the Executive Manager – Corporate Services to cancel the credit card, the Finance Manager shall promptly destroy the card and advise the issuing bank of its cancellation.

Should the credit card be lost, stolen or misplaced, the credit card holder is responsible for calling the bank immediately to report the card lost or stolen, suspending the account and notifying the Finance Manager. The Finance Manager is then to arrange a replacement card with the issuing bank.



## Consequences for unauthorised use

The non-compliance of this policy or any related policy may be classified as misconduct and may result in the cancellation of the credit card and the credit card holder being held liable for any loss incurred by the Council.

If evidence of wrongdoing occurs, this may be referred to the New Zealand Police at the discretion of the Chief Executive Officer.

## Relevant legislation:

- Local Authorities (Members' Interests) Act 1968
- Local Government Act 2002

## Related documents:

- Asset Disposal
- Staff Interest Policy
- Sensitive Expenditure Policy
- Fraud, Bribery and Corruption Policy
- Fraud, Bribery and Corruption Process
- Staff Delegation Manual
- Risk Management Policy
- Procurement Policy
- House Rules
- Controller and Auditor General - Controlling sensitive expenditure: Guide for public organisations
- [BNZ Credit Card Terms and Conditions](#)





## Appendix One – Credit card holders and credit limits

Credit card holder	Credit limit
Tim Cadogan	\$5,000
Maria DeCort	\$3,000
Louise Fleck	\$10,000
Sanchia (Jacobs) Kumalija	\$10,000
Andrea Lauder	\$5,000
Anthony Longman	\$5,000
Leanne Macdonald	\$10,000
Alison Mason	\$5,000
Julie Muir	\$10,000
Damian Storey	\$1,000
Sharee Tuffley	\$2,000
Louise Van der Voort	\$10,000
Nikki Williams	\$3,000
Saskia Righarts	\$3,000

## 21.2.4 AN UPDATE ON THE PREPARATION OF THE 2021-31 LONG-TERM PLAN

Doc ID: 535176

### 1. Purpose

To provide an update on the progress in developing the 2021-31 Long-term Plan.

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### Recommendations

That the report be received.

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### 2. Discussion

Since the Committee's last meeting on 24 February 2021, Council approved the consultation document and associated supporting documents for public consultation. Public consultation occurred between 26 March and 25 April 2021. 852 submissions were received on topics contained in the consultation document as well as other matters of interest to residents. The four community boards have held their deliberations and made recommendations to Council on matters pertaining to the respective wards. Council is considering these recommendations alongside the content of all submissions at their meeting on 1 and 2 June 2021. Audit New Zealand is due to be onsite from the 8 June 2021 to conduct the final audit. The programme remains on track for the final draft 2021-31 Long-term Plan to be presented at the 30 June 2021 Council meeting for adoption (see Appendix 1 for the 2021-31 Long-term Plan timeline).

The Committee has considered the 2021-31 Long-term Plan policies and strategies and provided feedback as they have been developed. At the request of the Committee and for the sake of completeness attached is the full suite of draft policies and strategies for the 2021-31 Long-term Plan (refer to Appendix 2). Note that some sections are highlighted at the time of writing as they may change depending on the outcome of Council's deliberations on 2 June 2021 and to advise Audit New Zealand of changes since the February 2021 audit.

### 3. Attachments

**Appendix 1 - 2021-31 Long-term Plan Project Timeline** [↓](#)

**Appendix 2 - Draft 2021-31 Long-term Plan Strategies and Policies.pdf** [↓](#)

Report author:

Reviewed and authorised by:



Saskia Righarts  
Chief Advisor  
12/02/2021

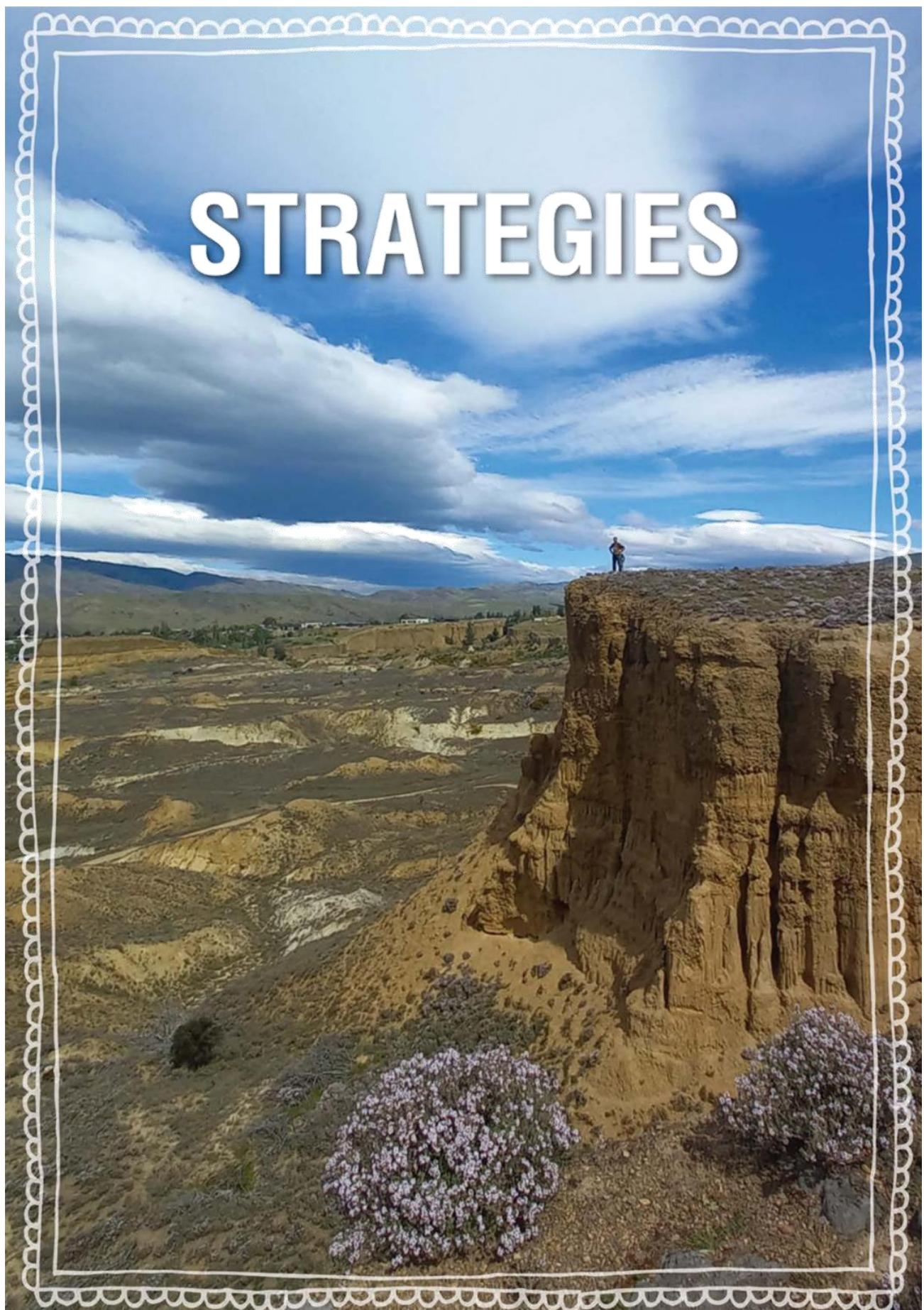


Sanchia Jacobs  
Chief Executive Officer  
15/02/2021

## CODC Long-term Plan 2021/31 Project Timeline Graphic







# Infrastructure Strategy

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## Executive summary

Council's infrastructure assets such as roads, footpaths, bridges, pump stations, sewer mains and water treatment plants are critical for the everyday lives of Central Otago residents.

Central Otago has \$895 million worth of water and roading infrastructure assets. This strategy sets out the 30-year plan for maintaining and improving levels of services for the core activities of water, wastewater and stormwater (three waters), and roading. This strategy identifies the most critical issues for these areas in the next 30 years, and Council's options for managing them. This strategy is closely linked to the financial strategy to ensure the Council has sufficient funding available to replace key assets in the future.

Central Otago's relatively small and dispersed population can put pressure on the affordability of providing and improving infrastructure. At the same time, Council must also meet the challenge of accommodating growth and funding essential improvements for the safety and well-being of the community.

It is expected that the district will continue to grow over the next 30 years with the population in 2050 projected to be 34,000 (an increase of 55% from the usual resident population in 2018 of 22,200). This equates to an average annual growth rate of 1.3%.

The key influences facing the delivery of the district's future infrastructure are:

- Government policy direction and legislative changes – The reform programme for Three Waters has resulted in uncertainty about what the future delivery of this service looks like. The community will need three waters services regardless of which entity delivers these in the medium to longer term. This strategy reflects the work needed to meet the required standards, community expectations and growth, and how the work should be prioritised.
- Government investment for the 2021/22 – 2030/31 period for Roading will be guided by four strategic priorities: safety, better travel options, climate change and improving freight connections.
- COVID-19 has had significant social, cultural, and economic implications. The full extent of these implications are not yet known, but changes are already apparent in the work patterns, work locations and lifestyle choices of Kiwis that will have some impact on future delivery of infrastructure services.



- Central Otago is a popular domestic holiday location. With the increased focus on personal health and well-being, and the increased interest in cycling following COVID-19, combined with the development of the New Zealand Cycle Trail network, increased numbers of locals and visitors cycling within the district are expected. Council plans to undertake projects to improve cyclist's connectivity and safety between town centres and cycle trails in the district.
- Environmental influences – Public and government expectations regarding how Council manages the environmental impacts from infrastructure services has increased over the past decade. This has been evidenced by government freshwater reforms, supporting legislation, changes to regional policies and plans, and increased compliance reporting and monitoring. Improved outcomes and increasing compliance expectations come with an increased cost.
- Climate change and sustainability – The potential impacts of climate change for the district's infrastructure include higher intensity and more frequent extreme rainfall events. This results in flooding and impacts on vulnerable bore sites and water supplies with dirtier source water needing to be treated and increased frequency of road closures where roads and bridges are below the flood plain.
- Council has been improving its understanding of the impacts of climate change on infrastructure. Council commissioned a report by Bodeker Scientific in 2017 and based on this, implemented a sustainability strategy in 2019. Council has implemented a series of actions (such as more hybrid vehicles in its fleet) to mitigate environmental impacts.
- Resilience – Council prepared an Infrastructure Resilience Plan and an Infrastructure Response Plan in 2020. The Resilience Plan identifies the natural events that would create risks to three waters and roading infrastructure and services, the implications, mitigations, and response.
- Change in demand – As well as a growing population, the future looks set to see an increase in our older population in Central Otago. This will affect both the demands on our infrastructure and the affordability of our services to people on fixed incomes in the long-term. An older demographic requires higher levels of service for footpaths and infrastructure that supports accessibility for people with restricted mobility. Funding has been provided to continue to extend the footpath network, and to ensure that all street crossings have cut down kerbs to enable disabled access.
- Responding to growth and anticipated future growth has seen Council embark on a series of spatial planning exercises in the past two years. Infrastructure planning is an integral part of this. Within the Long-term Plan roading budgets, financial provision has been made in resealing programmes for an increase of 850m of sealed roads per annum due to new subdivisions.

- A big challenge Council faces is that demand for contractors is high heading into the 2021-31 Long-term Plan period, and this is expected to result in higher construction costs for projects. Council has adjusted project budgets in years 1-3 to recognise this. Demand for limited engineering and construction resources are expected to extend across the initial ten-year period of the infrastructure strategy as a large infrastructure investment programme commences across the public asset portfolio.

## Key issues

Council has identified the following as the key infrastructure issues that set the prioritisation of work programmes.

- Resilience – Climate change is expected to affect the intensity and frequency of natural hazards. A number of potential mitigations have been programmed, such as investigating more secure water sources at Roxburgh, Ranfurly, Naseby and Patearoa, upgrading wastewater pump station storage volumes, and road flooding improvements such as upgrading culverts. In a major earthquake, it is likely that many roads will be blocked through landslips and the region may be isolated for some time. Council will review the required functions of 'back country' roads that may be needed as alternate routes if highway closures are prolonged and additional funding has been budgeted to undertake any necessary improvements to these potential lifeline routes.
- Water Safety – Completing water treatment upgrades to meet the New Zealand Drinking Water Standards remains a key focus. Within the first three years of this Long-term Plan, Council expects all of Council-provided water supplies to be fully compliant with the New Zealand Drinking Water Standards.
- Minimising Environmental Impacts – Reducing the environmental impacts of Council's wastewater schemes in line with the Government's essential freshwater programme, and an increased focus on resilience are our key priorities for the wastewater network.
- Council has invested in hydraulic modelling of the wastewater networks to improve understanding of growth impacts. Resilience work is programmed within the next four years to improve pump station capacity, provide emergency generation and reduce the risk of wastewater overflows occurring. Council expects environmental discharge standards for new resource consents for wastewater treatment sites to increase so projects to increase treatment processes to improve discharge quality have been programmed for each site prior to consent expiry.
- Completion of construction of Stage 1 of the wastewater reticulation on Clyde will continue into 2021/22. This project will improve the quality of groundwater discharges to the Clutha River. Public consultation on the proposal to construct the Clyde wastewater network in three stages identified that many property owners in Stage 3 wish to be connected sooner. The proposed timing of Stage 2 continues to be in 2029, but Stage 3 has now been programmed to be undertaken with Stage 2.
- Accessibility in the urban centres of Cromwell and Clyde – The growth in population, business, tourism and property development is leading to changes in demand for

parking and the use of public spaces by motorists, cyclists and pedestrians. Council has projects planned to improve safety, and make these spaces more functional and enjoyable.

- The Clyde heritage precinct upgrade proposed in the 2018 Long-term Plan has been delayed to coordinate work with the wastewater reticulation project. Stage 1 of this roading work will now be undertaken in 2021, with stages 2 and 3 completed in the 2021-23 period.
- Council has discussed options with Contact Energy to facilitate the safe access of cyclists into the Clyde Heritage Precinct. Funding has been provided to install traffic lights on the Clyde Bridge as an interim measure, and for investigation and then potential construction of an electric punt.
- The Cromwell Masterplan is supported by intersection, pedestrian and cycling improvements from 2022. This will improve the flow and safety of traffic, pedestrians and cyclists within the town centre.
- Stimulus Delivery Funding – The \$9.46 million that the Council received from Tranche 1 of the Water Stimulus Funding has enabled \$5.49 million of projects that were in years 2022 to 2027 of the 2018 Long-term Plan to be brought forward. This work will be completed by March 2022. This work includes \$3.8 million for increased reservoir capacity at Alexandra and Naseby, \$2.9 million for resilience upgrades and \$1.8 million for increasing the capacity of the Melmore Terrace and Alpha Street pump stations in Cromwell.
- If further funding packages become available, then Council will bring forward work planned in later years of the Long-term Plan. Funding has been provided in year one of the 2021-31 Long-term Plan to undertake the necessary investigation work on a number of water and wastewater projects that are in years four to ten of the programme.
- Capacity of Cromwell Water Network to meet growth demands – Projects to improve water treatment, operational performance, and distribution of water to Bannockburn and Pisa are included in the Long-term Plan. These projects include additional capacity to meet future population growth. Hydraulic modelling will be undertaken in 2021 to inform project planning for pipe replacements and reservoir upgrades, which are scheduled for 2027/28.

## Introduction

This is Central Otago District Council's third infrastructure strategy and has been prepared to meet the requirements of section 101B of the Local Government Act 2002.

The purpose of the infrastructure strategy is prescribed by the Local Government Act. The infrastructure strategy must identify the significant infrastructure issues for the Central Otago District for the next 30 years, the options for managing those issues, and the implications of the options.

Council must take into account the need to:

- renew or replace existing assets;
- respond to growth or decline in the demand for services;
- allow for planned increases or decreases in levels of service;
- maintain or improve public health and environmental outcomes or mitigate adverse effects on them;
- provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks.

The Infrastructure Strategy provides the strategic framework for the more detailed activity management plans. It is reviewed every three years and is a guiding document for the Long-term Plan.

The Strategy covers the 30-year period of 2021 to 2050 and includes the following groups of the council's activities:

- water supply;
- sewerage and the treatment and disposal of sewage (wastewater);
- stormwater drainage;
- roads and footpaths.

Central Otago District Council does not manage any flood protection and control works. The Otago Regional Council manages these activities within the Central Otago area. There are private water supplies within Central Otago that are not managed by the council. These water supplies are not included within the scope of this plan.

Community facilities, parks and properties have not been included in the Infrastructure Strategy. These may be considered for inclusion in the next review of the Strategy.

The issues discussed reflect the current legislative environment and the communities' priorities. The financial forecasts are estimates and the reliability of the forecasts decreases beyond ten years and towards the 30-year planning horizon.

The Infrastructure Strategy should be read alongside the Council's Financial Strategy, which provides the context and guidelines for Council's proposed expenditure. Detail about how Council intends to fund its activities can be found in the Revenue and Finance Policy.



This Infrastructure Strategy has been structured as shown in the diagram below.



## Section 1: Where we are now

Central Otago is New Zealand's most inland region, located in the southern half of the South Island. It's breathtakingly different from the rest of New Zealand, with vast undulating landscapes, rugged snow-capped mountains, clear blue rivers and lake, deep gorges, and tussock-clad hills.

Central Otago covers an area of 9,969km<sup>2</sup> and has one of the lowest population densities per square kilometre in New Zealand. This, together with the landscape, gives Central Otago its character.

The community consists of a variety of small towns that offer a wide range of services. It is a popular holiday destination, and the population swells over the summer months.

Central Otago has experienced a prolonged period of population growth. Between the 2001 and 2013 censuses, the usual resident population grew by 25% from 14,750 to 18,500. The resident population grew by a further 17% in the five years between the 2013 and 2018 censuses, from 18,500 to 21,558.

The 2020 estimated usual resident population of the district was 23,528 people. This swells to 45,697 in the summer. Half of the population lives in the townships of Cromwell, Alexandra, and Clyde.

A cohort of younger people between 15 and 24 leave the district for other opportunities such as education and employment. Since 2013, there has been an influx of those between 25 and 35, particularly in Cromwell due to the growing construction and horticultural industries. A high proportion of the population between 55 and 65 years moved to the area later in their career or for retirement. Elderly people (over 70) leave the area, possibly in search of better healthcare.

	2020 Usual Resident Population	2020 Peak Population
Total district	23,528	45,697
Total urban	17,765	23,152
Alexandra	6,242	7,869
Cromwell	7,105	8,796
Clyde	1,327	1,805
Omakau and Ophir	430	707
Naseby	306	902
Ranfurly	778	927
Patearoa	143	196
Roxburgh and Lake Roxburgh Village	754	1,025
Pisa Village	680	925

Table 3.0.1 Central Otago Population 2020



The Central Otago economy has a strong primary sector. Construction, tourism, hydroelectricity, and professional services are other significant contributors. Traditional sheep and beef industries are strong; there is a growing and thriving horticultural sector. Stone fruit, viticulture and apples are key horticultural growth areas.

Construction is the second largest sector and is currently driven by high demand for housing and industrial premises in both Central Otago and the neighbouring Queenstown Lakes area.

The professional, scientific, and technical sector is developing. Improved communication infrastructure and air services from Queenstown and Dunedin are enabling individuals and companies to service national and international clients while opting for the Central Otago lifestyle.

Almost a quarter of Central Otago workers are self-employed, which is significantly higher than the national average. Central Otago has maintained its high levels of employment over time and the rate of people not in employment, education or training in mid- 2020 was 8.2%.

Data from Ministry of Business, Innovation and Employment monthly regional tourism estimates shows the value of tourism in the Central Otago District had grown by 37% over a five year period, from \$155 million in 2015 to \$213 million in 2019. This was higher than the national average (+25%) and of neighbouring Dunedin at 17%. Queenstown Lakes District (including Wanaka) had growth of 40%.

COVID-19 has impacted on tourism in 2020, with Central Otago 10% down for 2020. While no one can know exactly when the border may reopen and the true speed at which visitors will return to New Zealand, Central Otago Tourism Advisory Board forecasts suggest Central Otago will return to positive growth within 12 months of borders reopening.

Growing concern at the speed of tourism growth up to 2019 was the catalyst for Central Otago District Council initiating the development of a destination management plan for Central Otago. The goal of the plan is to ensure that the Central Otago visitor economy develops over time in a way that communities are enriched, and the natural environment enhanced by attracting visitors to Central Otago. The destination management plan will help identify infrastructure needs and impacts of the visitor economy short, medium, and long term to support these goals.

Central Otago's relatively small and dispersed population can put pressure on the affordability of providing and improving infrastructure. At the same time, Council must also meet the challenge of accommodating growth and funding essential improvements for the safety and well-being of our community.

The average annual earnings in Central Otago in 2020 was \$54,080, which is 14% less than the New Zealand average of \$62,774. Ratepayers' ability to absorb rate rises will be affected as an increasing proportion of residents become over 65 years of age and potentially on fixed incomes.

## Central Otago District Council

The Central Otago District Council was formed in 1989, and amalgamated the Vincent County Council, Cromwell Borough Council, Alexandra Borough Council, Maniototo County Council, and part of the Tuapeka County Council.

The Council's primary office is located in Alexandra, with service centres located in Ranfurly, Roxburgh and Cromwell. Council employs 163 full time equivalents, and has an annual operating revenue of \$48 million.

The Council is led by the Mayor, with 11 elected councillors. There are four community boards: Vincent, Cromwell, Teviot Valley, and Maniototo.

Core infrastructure is funded and managed at a district-wide level, and all governance decisions are made by Council. Individual councillors are appointed as the portfolio lead and deputy lead for Roading, Three Waters and Waste, and Sustainable Practices.

Council also has an Audit and Risk Committee that consists of the Mayor, three councillors, and an independent representative as chair. The objective of the Audit and Risk Committee is to provide governance and oversight to ensure systems and practices are of a standard to provide assurance that sufficient risk identification and mitigation is in place. The Audit and Risk Committee provides feedback to the council on a broad range of matters, including strategic management and operational performance.

## The infrastructure assets

The 2020 replacement value for the infrastructure assets covered in this strategy is \$895 million.

Asset	Description	Replacement Value	% of total
Water	Water extraction, treatment, and distribution	\$113 M	13%
Wastewater	Wastewater collection, treatment, and discharge	\$98 M *	10% *
Stormwater	Stormwater collection and discharge	\$41 M	5%
Roads and footpaths	Roads, bridges, footpaths and carparks and associated assets.	\$643 M	72%
<b>TOTAL</b>		<b>\$895 M</b>	<b>100%</b>

Table 3.2.1 2020 replacement value for the infrastructure assets

Central Otago District Council's potable water supply network comprises 340km of water mains and 79km of service connections. There are approximately 10,000 connections, which are metered (or operate on a restricted maximum flow). Council has 10 water treatment plants, six booster pump stations and 15 storage facilities for treated water.

The wastewater reticulated main sewer network measures 188km, with a further 57km of lateral sewer connections. There are six wastewater treatment plants (this excludes the Bannockburn site which is in the process of being fully decommissioned) and 37 wastewater pump stations.

There are five reticulated stormwater networks. The stormwater reticulated pipe network measures 74km. The remaining stormwater assets that are not part of reticulated networks are included within the roading asset data and valuation.

The roading assets include 1,935km of maintained roads, 179km of formed footpaths, and 179 bridges (including five footbridges maintained by Council). There are 1,779km of rural roads and 158km of urban streets. 72% of our roads are unsealed, a total length of 1,407km. There are approximately 6.5 hectares of formed car parks across the district that are owned and maintained by Council.

## Asset Management Policy

An Asset Management Maturity Assessment was completed in October 2018. The purpose was to assess the effectiveness of the management of Council's assets and asset-related service through:

- Assessment of council's current asset management maturity;
- Confirming the appropriate levels of asset management maturity for Council's main asset-related services;
- Supporting an ongoing programme of asset management improvement;
- Providing confidence to Council in its asset management practices.

This Asset Management Maturity Assessment resulted in the Council's Asset Management Policy being reviewed in November 2020. This policy aims to provide a structured framework for Central Otago District Council to manage its assets and asset-related services effectively.

The Council is committed to ensuring that assets meet the service needs of the community over the long term. This will be achieved through consistent application of sustainable and appropriate asset management practices which provide:

- Achievable benchmarked levels of asset management maturity, in line with council's objectives;
- Transparent and effective asset management planning and decision-making.
- Infrastructure services managed by council on behalf of our communities that deliver on the overarching principles;
- Minimised lifecycle costs in maintaining the required levels of service at understood and managed levels of risk.

Council expects asset management plans and practices to meet an advanced level of maturity for roads and footpaths, an intermediate to advanced level for water and wastewater services, and a core to intermediate level for stormwater assets.

## Quality of Asset Data

The International Infrastructure Management Manual data confidence grading system is used. The following table indicates the level of confidence held in Council's data for roading and water services assets, where the confidence grades have the following meanings:

- A Highly Reliable:** Data based on sound records, procedure, investigations and analysis that is properly documented and recognised as the best method of assessment. Dataset is complete and estimated to be accurate to  $\pm 2\%$ .
- B Reliable:** Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings for example the data is old, some documentation is missing and reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate to  $\pm 10\%$ .
- C Uncertain:** Data based on sound records, procedures, investigations and analysis that is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data is available. Dataset is substantially complete, but up to 50% of data is extrapolated and estimated to be accurate to  $\pm 25\%$ .
- D Very Uncertain:** Data based on unconfirmed verbal reports and/or cursory inspection and analysis. Dataset may not be complete, and most data is extrapolated or estimated. Dataset accuracy of  $\pm 40\%$ .
- E Unknown:** No data, or very limited information held.

The effect of data confidence on individual asset groups on the financial forecasts is defined as follows:

- **Nil:** no effect
- **Minimal:** data quality has approximately  $\pm 5\%$  impact on budgets for this item
- **Minor:** data quality has  $\pm 15\%$  impact on budget impact on budgets for this item
- **Moderate:** data quality has  $\pm 25\%$  impact on budget impact on budgets for this item

Asset Group	Asset Register	Replacement Costs	Asset Lifecycle	Condition Grade	Data Confidence Effect on Forecast	Source of Rating
Land	B	B	N/A	N/A	Nil	
Sealed road surfaces	A	A	A	A	Nil	Condition rating, and high speed data collection undertaken every 3 years
Sealed pavement structures	B	B	A	B	Minimal	Condition rating, high speed data, and falling weight deflectometer testing undertaken every 3 years
Unsealed roads	A	B	B	B	Minimal	Annual inspections, and annual roughness survey
Drainage assets	B	B	B	C	Minor	Visual inspection
Footpaths	A	A	B	A	Minimal	Annual roughness survey
Signs and railings	B	A	B	B	Minimal	Visual inspection
Bridges and structures	B	C	C	B	Moderate	Visual inspection
Streetlights	A	A	B	A	Nil	Independent electricity supplier audit of asset data
<b>Water Supply</b>						
Plant (treatment) assets	B	C	C	C	Moderate	No site validation for last 5 years
Non-pipe assets	B	B	C	B	Minor	Visual inspection
Pipe assets	B	A	B	C	Minor	Review of historic records
<b>Wastewater</b>						
Plant (Treatment) assets	B	C	C	C	Moderate	No site validation for last 5 years
Non-pipe assets	B	B	C	B	Minor	Visual inspection
Pipe assets	B	A	B	B	Minimal	CCTV and review of historic records
<b>Stormwater</b>						
Non-pipe assets	B	B	B	B	Minimal	Visual inspection
Pipe assets	B	A	B	B	Minimal	Review of historic records

Table 9.1.2 Data Confidence



## Data improvement plan

Council acknowledges there are limitations with the asset and remaining life data that affect decision-making. Council will continue to undertake the following activities to ensure accurate data is available to support robust decision making:

- Update condition assessments for all assets which have not been reviewed in the past 3 years.
- Implement 3 yearly condition assessment programmes for samples of all asset groups.
- Review asset life assumptions annually based on condition, construction date, existing age, and historical replacements.
- Use non-destructive and destructive materials testing programmes to inform advanced deterioration modelling.
- Populate asset data for fields where age, or material is unknown.
- Use water balance reporting in assessing network-level performance for the council's water supply schemes. Implement additional tools to provide greater access and visibility of SCADA datasets for operations management and planning.
- Undertake advanced deterioration modelling for the water reticulation network, sealed surfaces and pavements, unsealed roads, and footpath assets. Implement deterioration modelling for bridge assets.
- Update hydraulic models to include new developments, residential zoned land, and growth forecasts.
- Review asset inventories for completeness during site inspections.
- Collect and record demand data.

In addition to continuing the above tasks, flow meters will be installed within the water network to improve capacity information. Sensors will be placed in wastewater discharges to provide real time reporting of discharges.

## Section 2: What is changing?

Change is constant, and council regularly reviews the factors that influence the future demands on infrastructure, and opportunities to deliver services differently as part of the development in the development of each three year review of the Infrastructure Strategy.

The changes that are influencing how council plans for future infrastructure needs have been grouped into six areas:

- Government policy direction and legislative changes
- COVID-19
- Environmental influences
- Climate change and sustainability
- Resilience
- Change in demand

## Government policy and legislation

A number of national policies, plans and legislation set the scene for Council's 30-year Infrastructure Strategy. This infrastructure strategy documents Central Otago District Council's response to these national policies, plans, and legislation.

### Three waters review

The Government is reviewing how to improve the regulation and supply arrangements of drinking water, wastewater and stormwater (three waters) to better support New Zealand's prosperity, health, safety and environment. Most three waters assets and services, but not all, are owned and delivered by local councils.

The Three Waters Review is a cross-government initiative led by the Minister of Local Government. The Review, beginning in mid-2017, ran in parallel to the latter stages of the Government Inquiry into Havelock North Drinking Water, which was set up following the campylobacter outbreak in 2016. Up to 5,500 people were ill as a result and four people are thought to have died from associated causes.

The initial findings of the Review were consistent with many of the Havelock North Inquiry's findings, and raised broader questions about the effectiveness of the regulatory regime for the three waters, and the capability and sustainability of water service providers.

Effective three waters services are essential for our communities.

**Our health and safety:** depends on safe drinking water, safe disposal of wastewater and effective stormwater drainage.

**Our prosperity:** depends on adequate supply of cost-effective three waters services for housing, businesses and community services.

**Our environment:** depends on well-managed extraction of drinking water, and careful disposal of wastewater and stormwater.

### Drinking Water Regulation

In August 2019 Government approved a suite of regulatory reforms to help ensure safe drinking water, and deliver improved environmental outcomes from New Zealand's wastewater and stormwater systems. The new regulatory framework for drinking water will include:

- an extension of the regulatory coverage to all drinking water suppliers, except individual household self-suppliers;
- a multi-barrier approach to drinking water safety, including mandatory disinfection of water supplies, with exemptions only in appropriate circumstances;
- stronger obligations on water suppliers and local authorities to manage risks to sources of drinking water; and
- strengthened compliance, monitoring and enforcement of drinking water regulation.

- While regional councils will remain the primary regulators for the environment, there will be stronger central oversight of wastewater and stormwater regulation, including:
  - requirements for wastewater and stormwater operators to report annually on a set of national environmental performance measures;
  - national good practice guidelines for the design and management of wastewater and stormwater networks; and
  - monitoring of emerging contaminants in wastewater and stormwater, and coordinating national responses where necessary.

The Taumata Arowai – Water Services Regulator Act was initiated in September 2019 and was passed in July 2020. This establishes the new drinking water regulator, Taumata Arowai, as an independent Crown entity. As a standalone regulator, Taumata Arowai will have a high degree of focus and independence to strengthen New Zealand's regulatory regime for drinking water. It will also contribute to fresh water outcomes by providing central oversight and guidance for the sector's wastewater and stormwater regulatory functions.

The Water Services Bill was introduced into the House in July 2020 and is expected to be passed in the second half of 2021. Key changes that have been introduced in the Water Services Bill are:

1. There will be a new compliance and accountability regime. All water suppliers, including Council, will have to be accredited to supply drinking water. This means that documented systems, policies, and processes will need to be developed. These will then need to be monitored and audited to a significantly higher standard than currently occurs.
2. There will be an increased range of suppliers that will be regulated. The proposal is that all supplies other than domestic self-suppliers will be regulated. All suppliers will be required to provide safe drinking water, and local authorities will be responsible for ensuring access to safe drinking water for communities in their districts. This will place a much greater level of responsibility on Council for knowing what the supplies are, monitoring them, and providing support for them to meet the new regulatory requirements. Changes to the Local Government Act 2002 are included as part of the water service bill.

Small suppliers will have up to five years to comply. The proposed legislation will require local authorities to provide safe water to communities where this cannot be achieved by the existing suppliers.

3. Council will also be required to work with key parties to manage risks to drinking water sources. This currently occurs now for Council operated supplies but is likely to be a more broader role in the future to include what are currently privately delivered schemes.



4. There will also be targeted changes to the wastewater and stormwater regulatory regime. The objective is to improve performance monitoring and central oversight, and guidance by the new Water Regulator. The Ministry for the Environment will be consulting on national environmental standard for wastewater discharges and overflows.

The Water Services Bill, if passed in its current form, will require increased resource capacity and capability within Council and its contractors to meet regulatory requirements to be an accredited water supplier, to collect the required information regarding private water supplies within the district, and to provide support to private suppliers.

### Three Waters Service Delivery Reform

In July 2020, the Government announced a funding package of \$761 million to provide immediate post-COVID-19 stimulus to local authorities to maintain and improve three waters infrastructure, and to support a three-year programme of reform of local government water services delivery arrangements.

While the Government's starting intention is for publicly-owned multi-regional models for water service delivery, with a preference for local authority ownership, final decisions on a service delivery model will be informed by discussion with the local government sector and the work of the stakeholder steering committee.

Funding from the stimulus package was provided to councils that signed up to a Memorandum of Understanding, and associated Funding Agreement and Delivery Plan for the first stage of the Three Waters Services Reform Programme. The Government has indicated the possibility of further tranches of stimulus funding for councils that continue to work collaboratively with the Government on the water reform programme. Councils that committed to Tranche 1 are able to opt-out of the reform process at a later stage if they do not want to continue.

Central Otago District Council signed the Memorandum of Understanding for Tranche 1 of the funding, and received \$9.46 million for operational and capital improvements to water and wastewater services. This work is required to be completed by 30 March 2022.

Council was required to complete a Request for Information by 1 February 2021 to enable national analysis of regional models for water service delivery. The amount of information provided is significant, and will be used to provide information to the community later in 2021 regarding the case for change.

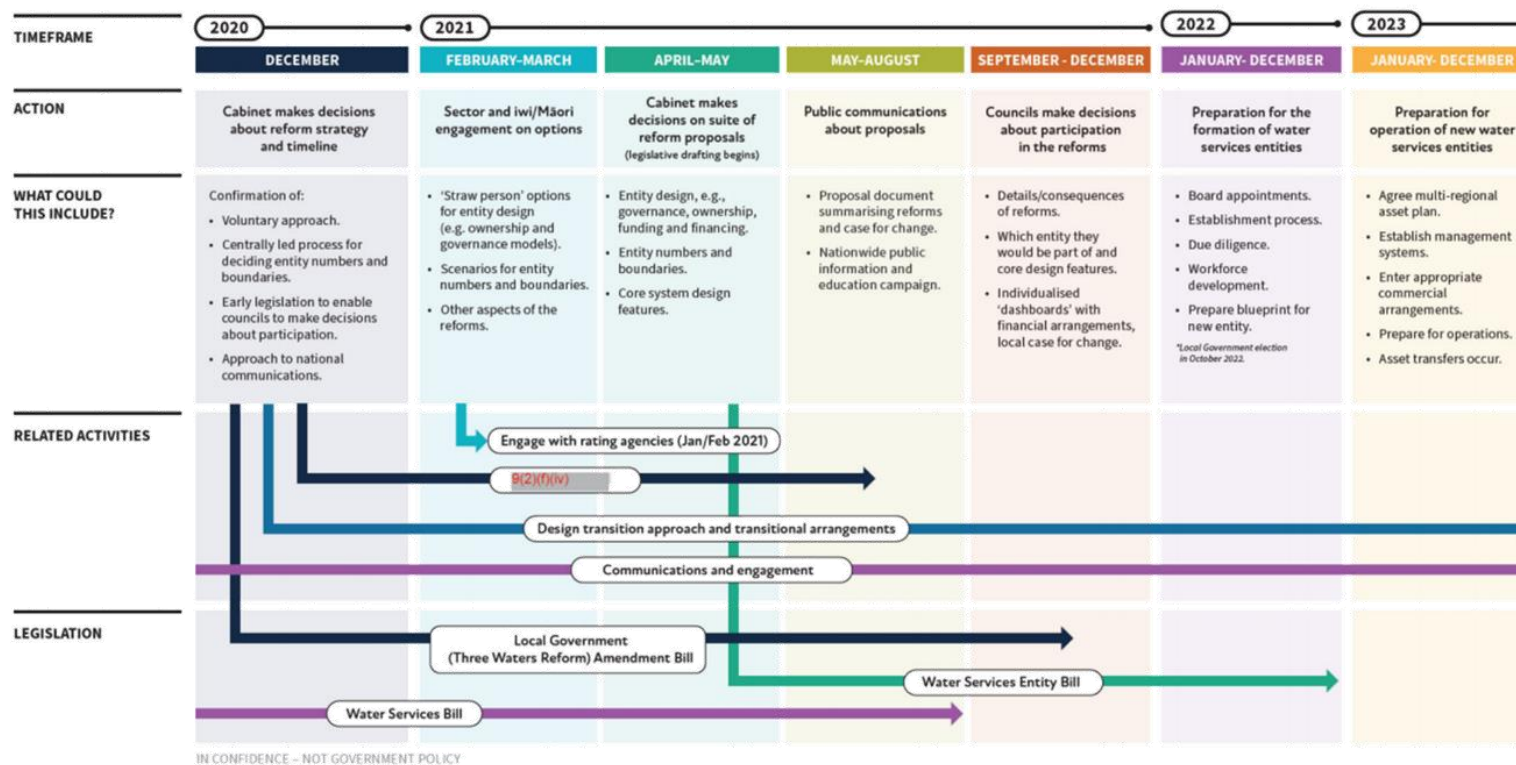
Council expects to consider proposals to continue with, or opt out of participating in further delivery reform proposals in late 2021. If a decision is made to continue to participate, then this is likely to come into effect in the 2023/24 financial year.

The community will need three waters services regardless of which entity delivers these in the medium to longer term. The forecasts that have been included in this infrastructure strategy reflect an assessment of the work that will be required.

Government has indicated that there may be further tranches of funding for councils that continue in the reform process, and that the new entities will commence operation in mid-2022 prior to local government elections.

## Three waters services delivery reform programme

Proposed reform strategy and timeline



The water reform programme is creating significant uncertainty regarding responsibility for delivery of three waters services beyond year 3 of the 2021-31 Long-term Plan. If Council is not directly responsible for three waters in the future, these services will still need to be delivered by publicly owned entities, which Council may have an ownership interest in.

The 30-year programme of work that has been developed for the 2021 Infrastructure Strategy identifies the programme of work that is required to be undertaken to meet the required standards, community expectations and growth, and funded, regardless of ownership structure.

The investment programme has been funded based on what is most important to deliver these services to the community in the face of a changing world. Council has followed advice from the Taituarā Managers in preparing this Infrastructure Strategy.

### Essential Freshwater Work Programme

In 2018 the Government announced its plan to restore and protect New Zealand's freshwater. The plan's objectives are to:

- stop further degradation of New Zealand's freshwater resources and start making immediate improvements so that water quality is materially improving within five years
- reverse past damage to bring New Zealand's freshwater resources, waterways and ecosystems to a healthy state within a generation, and
- address water allocation issues, by working to achieve efficient and fair allocation of freshwater resources, having regard to all interests including Māori, and existing and potential new users.

The Essential Freshwater package introduces new rules and regulations to:

- stop further degradation of New Zealand's freshwater resources and improve water quality within five years
- reverse past damage and bring New Zealand's freshwater resources, waterways and ecosystems to a healthy state within a generation.

New National Environmental Standards for Freshwater and a new National Policy Statement for Freshwater Management came into force on 3 September 2020.

The National Policy Statement for Freshwater Management 2020 provides direction on how local authorities should carry out their responsibilities under the Resource Management Act 1991 for managing fresh water. It also provides for amendments to the Resource Management Act 1991 to give effect to Te Mana o te Wai in regional policies, plans and decision-making.

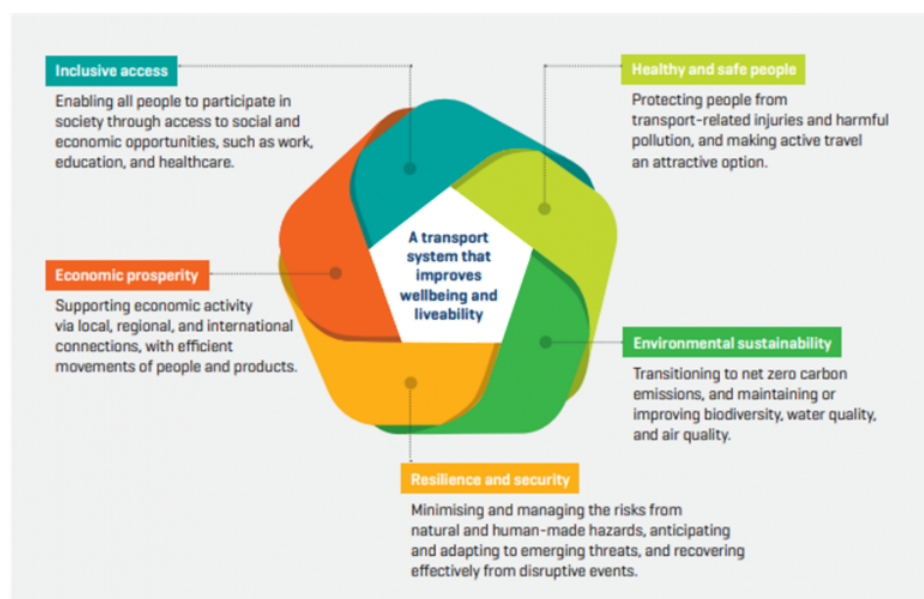
There are six principles of Te Mana o te Wai, which place obligations on every organisation managing freshwater resource to prioritise:

- The health and well-being of water resources (Mana whakahaere)
- The health of the people of New Zealand (Kaitiakitanga)
- The ability of people and communities to provide for this health and well-being (Manaakitanga)
- Governance
- Stewardship
- Care and respect for fresh water by all New Zealanders.

## Government Policy Statement on Land Transport

The Government Policy Statement on land transport 2021/22 – 2030/31 sets out how money from the National Land Transport Fund is allocated towards achieving the Government's transport priorities. It sets out ranges for funding for activities such as public transport, state highway improvements, local and regional roads and road safety. Each Government Policy Statement sets out the priorities for the following 10-year period, and is reviewed and updated every three years.

Government investment for the 2021/22 – 2030/31 period will be guided by four strategic priorities of safety, better travel options, climate change, and improving freight connections. The four strategic priorities are supported by a Transport Outcomes Framework.





## National Infrastructure Strategy

New Zealand's Infrastructure Commission – Te Waihanga, is an autonomous Crown entity that was established on 25 September 2019. The Infrastructure Commission seeks to lift infrastructure planning and delivery to a more strategic level and by doing so, improve New Zealanders' long term economic performance and social well-being. The Infrastructure Commission will produce a 30-year infrastructure strategy in 2021 to replace the government's 2015 30-year plan. This will take long-term trends into account, such as climate change, new technologies, and demographic change.

The Infrastructure Commission is also developing the Infrastructure Pipeline to give the market a better view of the timing, sequencing and scale of future credible and committed infrastructure projects. This includes information regarding central and local government work programmes, and will enable the industry to plan ahead and enhance co-ordination of resources, capability, and capacity.

## Community Well-beings

The Local Government (Community Well-being) Amendment Act was adopted in May 2019. This provides for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach. The well-beings have been incorporated into a review of the Central Otago Community Outcomes, which are detailed in Section 3.

## COVID-19

COVID-19 was an unplanned event that has had significant social, cultural, and economic implications. The full extent of these implications are not yet known, but there are already changes in the lifestyle choices, work patterns, and work locations of New Zealanders that will have some impact on future delivery of infrastructure services.

Because Central Otago does not have significant commercial centres, the relocation of workers to residential areas will have minimal impact on overall demand for three waters services. There may be some changes in the timing of peak demand during the day if there are larger numbers of people who continue to work from home.

Central Otago is a popular domestic holiday location. The increased focus on personal health and well-being, and increased interest in cycling following COVID-19, combined with the development of the New Zealand Cycle Trail network may see increased numbers of locals and visitors cycling within the district. Provision has been made in the 30-year work programme to undertake projects to improve cyclist connectivity and safety between town centres and the significant cycle trails in the district.

Significant economic stimulus funding for construction projects has been provided to Queenstown Lakes District Council, which will place pressure on local construction resources. Residential sales are still buoyant, and subdivision construction is still occurring across the region. Demand for contractors is currently high heading into the 2021-31 Long-term Plan period, and this is expected to result in higher construction costs for projects. Budgets for projects in the first three years of the programme have been adjusted to recognise this. Demand for limited engineering and construction resources are expected to extend across the initial 10 year period of the infrastructure strategy as a large infrastructure investment programme commences across the public asset portfolio.

## Environmental Change

Society's' expectations regarding mitigation of environmental impacts from infrastructure services has increased over the past decade. Practices that occurred in the past are no longer environmentally, socially or culturally acceptable or tolerated by the community.

This change is supported by government freshwater reforms, supporting legislation, changes to regional policies and plans, and increased compliance reporting and monitoring. Aside from the moral obligations to improve environmental outcomes, and reduce carbon emissions, levies and penalties are being applied to encourage improved performance.

Cost associated with activities that contribute to carbon emissions will continue to increase in the future. This includes the costs to dispose of sludge and screenings from wastewater plants to landfill as national increases to waste levies and the emissions trading scheme are implemented.

Increased treatment costs will occur to upgrade wastewater treatment plants to meet new freshwater standards, and to maintain these more technologically advanced treatment processes.

A higher level of scrutiny of compliance with national and regional standards and consent conditions is occurring. Council is required to meet the increased monitoring costs of the regulatory authorities which undertaken this work, as well as meet its own costs of increased compliance testing, monitoring, and reporting.

## Climate Change

Council commissioned Bodeker Scientific to undertake analysis and prepare a report of climate change impacts on the Central Otago District in 2017. This includes the scenario under the worst case or highest warming scenario, as well as the implications this may have for the district. The worst-case scenario is based on no behaviour change occurring to lessen the impacts of climate change.



The Otago Regional Council has engaged Tonkin and Taylor to undertake analysis of the expected impacts of climate change on the wider Otago Region. The implications of climate change on Central Otago presented in the Tonkin and Taylor report are similar to those in the Bodeker Scientific report. Council staff have also worked with the Otago Regional Council and other Otago councils to identify critical assets and services that will be vulnerable to the impacts of climate change in Otago. The Otago Regional Council has not yet published this work.

The Bodeker Scientific, and Tonkin and Taylor reports provide a common base for long term planning across Council activity areas.

Central Otago District is predicted to warm by several degrees by the end of the century. Total precipitation is not projected to change much in the district. However, the distribution and intensity of rainfall is likely to alter, with a greater likelihood of more frequent extreme rainfall events. These events have occurred infrequently in the past, which provides valuable information regarding the consequences of these events to improve planning for the future.

The potential impacts of climate change for infrastructure include:

- Higher intensity and more frequent extreme rainfall events affecting the headwaters of the Otago lakes and rivers will lead to increased frequency of flooding in the Clutha and Manuharekia River catchments. This will impact on water supplies due to flooding of vulnerable bore sites and dirtier water needing to be treated. Affected treatment sites are located at Roxburgh, Alexandra, Clyde, Omakau and to a lesser extent, Cromwell. The Omakau wastewater treatment site is also at risk of flooding from extreme events in the Manuharekia catchment.
- Higher intensity and more frequent extreme rainfall will lead to increased frequency of road closures in locations where roads and bridges are below the flood plain. There is also increased risk of landslides in the Nevis, Danseys Pass, and Beaumont areas, and damage from alluvial fans in the Teviot area. More frequent damage to bridge approaches is expected from flooded rivers, particularly in the Maniototo and Manuharekia areas.
- Increased frequency of drought, particularly in the Maniototo area, this has implications for the resilience of water supply for towns in the Maniototo.
- Higher summer temperatures have implications for fire risk, particularly associated with road maintenance work and heat stress for workers outside. High temperatures will also cause bitumen to melt, causing damage to sealed roads.
- Storm events during winter may result in very high snowfall, with implications for road availability and management, and access to treatment plants.
- A reduction in the number of winter frost days is likely to see a reduced hazard from ice on roads and freeze thaw issues on unsealed roads.

Council is improving its understanding of the impacts of climate change on infrastructure, and planning to respond to these since the Bodeker Report was commissioned in 2017. Details regarding this response is discussed under the Resilience section.

## Sustainability and Carbon Reduction

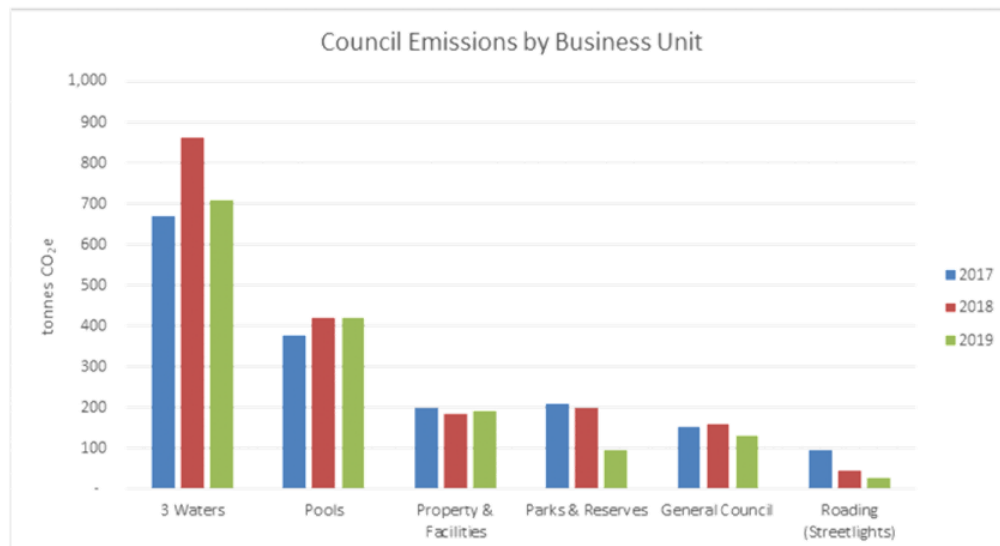
A Sustainability Strategy has been developed and was adopted by Council in 2019. The strategy builds on the community outcomes and well-beings and incorporates the United Nations Sustainability Goals. The strategy refines the council's focus on sustainability to issues it directly controls, in the first instance. This acknowledges that improvements can be made. By getting our own house in order first, we can better lead the community in wider sustainability discussions.

An organisational sustainability team was established in 2019 to provide a greater environmental consciousness withing the organisational culture. This group has failed to gain traction during 2020 due to workload and capacity constraints. Increased resourcing capacity in 2020 and 2021 will enable this group to gain momentum in 2021.

Council declared a climate crisis in September 2019.

Council has joined the Toitū carbon reduce certification scheme which measures, manages and reduces its greenhouse gas emissions. This is a key strategic focus of Council's Sustainability Strategy.

The emission sources that Council is responsible for have been measured for the 2017/18, 2018/19, and 2019/20 financial years. Emissions are broken down into three categories by the Greenhouse Gas Protocol, and by council activity in order to better understand the source. These will be audited prior to July 2021, along with Council's emissions management and reduction plan.



These graphs include the greenhouse-gas emissions from the disposal of sludge, but do not include greenhouse gas emissions from the treatment of wastewater and the disposal of treated wastewater.

The emissions for three waters will more than double once the carbon implications from treatment processes and wastewater disposal are added.

Projects have been included in the 2021 to 2024 period to change the fuel sources used for Council pools and property to lower carbon alternatives.

Projects to achieve emissions reductions that are included in current and future funding programmes are:

- Replacing gas-fired heating at the Cromwell Pool
- Replacing the coal-fired heating at the William Fraser Building
- Replacement of Council vehicles with hybrids and electric vehicles
- Encouraging walking and cycling
- Reducing water demand
- Reducing waste to landfill, including sludge.

A sludge drying facility will be included in the Alexandra wastewater treatment plant upgrade in the 2025-2028 period. This will reduce the volume of sludge that is taken to landfill by a factor of six.

Funding has been included to enable a public education campaign to be undertaken to reduce water demand. A stormwater infiltration management programme has also been included to reduce demand on wastewater treatment plants.

There was a significant reduction in electricity consumption for street lighting occurred in 2019 when LED street lights were installed. Council has been supporting the installation of electric vehicle charging stations by enabling these to be placed on Council land. Investment in improved walking and cycling facilities will continue to encourage modal shift.

Council is investing in a glass crushing facility to enable mixed colour glass to be diverted from landfill and used in construction projects. Council specifications for projects support the re-use of this material. Consideration of sustainable practices in construction is also included in the procurement process for Council infrastructure projects.

## Resilience

Council prepared an Infrastructure Resilience Plan and an Infrastructure Response Plan in 2020. The Resilience Plan identifies the natural events that will create risks to three waters and roading infrastructure and services, and the likelihood and consequence of these events occurring. The implications of climate change on the frequency and severity of natural hazards was included in the consideration. The implications to infrastructure, mitigations, and response to seismic events is also included in the resilience plan. This included a review of the seismic resilience of bridges.

The actions council is taking to provide resilient infrastructure services, and prepare for climate events is discussed in this section under Resilience and the Reliability section.

A pandemic plan was developed in March 2020 to ensure safe delivery of critical services during the COVID-19 restrictions. All but critical maintenance work to ensure public health and safety was placed on hold during the Level 4 lockdown. Critical maintenance staff, such as treatment plant operators worked in separate bubbles to reduce the risk of transmission across the wider group. Normal maintenance work resumed in Level 3 with hygiene and separation protocols in place. These plans now exist for any future events.

Council has typically managed its infrastructure services from small activity-based teams of five staff for each activity. These are small teams relative to those in similar sized councils. 25% of the infrastructure services team is approaching retirement. This, combined with the normal staff turnover due to personal factors, places a high level of risk on the continuity of delivery of service, and institutional knowledge of the networks.

Council has undertaken a review of salaries in 2020 to align existing staff salaries with the industry standard for councils in the South Island, and of a similar size to Central Otago. There is a high demand within New Zealand for both experienced and inexperienced engineering professionals. It takes an average of six months to recruit new engineering staff, and bring them on board. These gaps cause significant additional workload on the remaining staff. The alignment of salaries to industry standards has been required to reduce the likelihood of staff leaving to take up more lucrative positions elsewhere. Salary alignment is being supported by organisation culture, staff development opportunities, and improved working conditions to attract and retain capable and experienced staff.

There is a shortage of water engineers within New Zealand and the current uncertainty regarding future employment is adding to the difficulty of attracting applicants to roles within the regions. Council will consider alternative delivery contract models for water services in 2021 to ensure there is adequate resourcing to deliver operational and strategic planning needs during the water reform period.

## Change in Demand

### Population and Demographic change

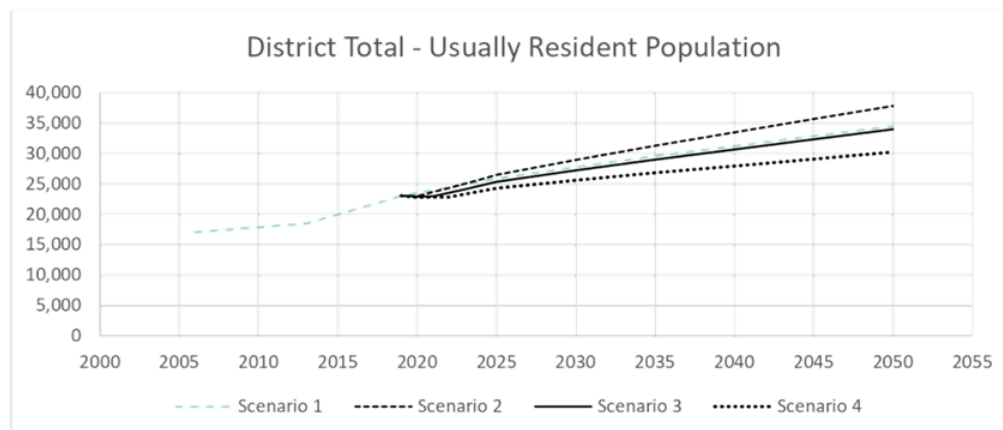
Council's growth model uses the Statistics New Zealand population projections as the basis for forecasting growth in the district. Data Ventures are a branch of Statistics New Zealand that works with cell phone providers to provide near real-time population insights to township, ward, and district level. This information was made available to Central Otago District Council following COVID-19 to help inform the health of the economy and assist in strategic planning. The growth projections were revised in June 2020, and updated again in December 2020.

Projections through to 2050 are made for the following categories:

- usually resident population
- employment
- number of dwellings
- rating units
- visitors



As seen in the graph below, Council has far exceeded the growth expected when the last growth projections were completed in 2016. The previous projections were modelled using Statistics New Zealand projections as a starting point. However, due to the delayed release of the 2018 census data, the somewhat conservative nature of these projections, and their failure to predict the growth that occurred, a new methodology has been used for the 2020 growth projections.



The 2020 projections have been developed using a bottom up approach. Individual growth drivers for each Statistical Area 2 (SA2), Alexandra and Cromwell have been developed using employment and job growth as the basis of the modelling.

Four growth scenarios have been modelled. These are:

**Scenario 1: Business as usual (Pre COVID-19)** - used as a baseline to compare the other three scenarios. It assumes that there has been no impact from COVID-19 and there is no limit on the number of dwellings that can be constructed.

**Scenario 2: High** - assumes that COVID-19 has a minimal impact on the district. While there are some job losses, the district recovers to a level above the business as usual scenario.

Migration drivers and assumptions are increased by 15%, which means more people will move to Central Otago and fewer people will leave. There has been an allowance for currently zoned land to reach capacity.

**Scenario 3: Medium** - models the expected impact from COVID-19. This assumes that all parameters return to the business as usual prediction by 2025. There is an allowance for capacity constraints of the currently zoned land.

**Scenario 4: Low** - models a situation in which COVID-19 has a higher than expected impact on the district, e.g. more job losses, and only recovers to 5% less than the business as usual scenario by 2025.

Migration drivers and assumptions are also reduced by 15%, which means fewer people will move to Central Otago and more people will leave. There is an allowance for capacity constraints of the currently zoned land.

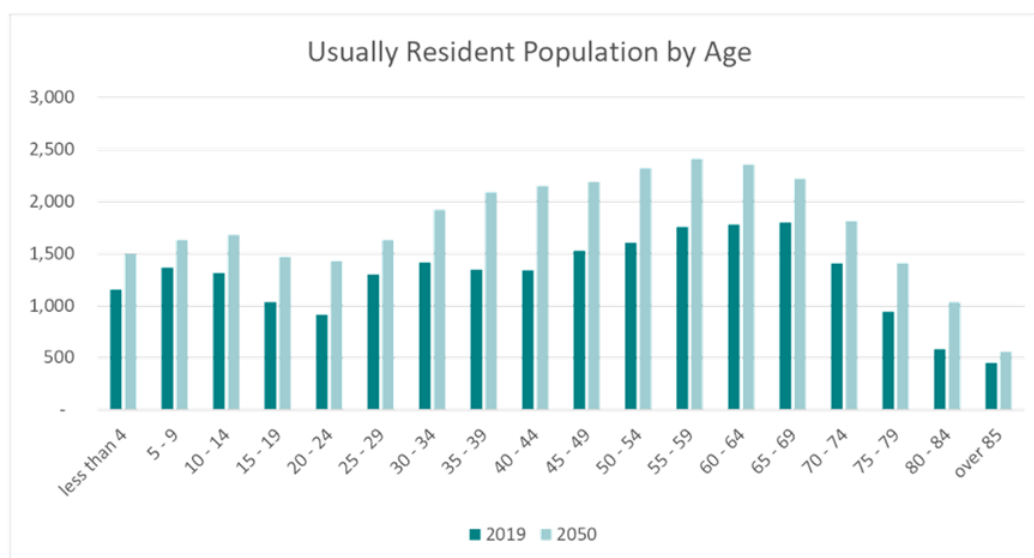
The initial recommendation in June 2020 was that Council used Scenario 3 with six-monthly check-ins to monitor against current data to understand whether the anticipated impacts of COVID-19 are occurring, and the progress of recovery. This has been undertaken in December 2020 using data from Data Ventures which is obtained from cell phones and shows that the anticipated drop in population from job losses has not occurred. The recommended scenario has been amended to Scenario 1.

Scenario 1 projects that the district population will increase by 55% from 22,200 usual resident people in 2018 to 34,474 people in 2050. This equates to an average annual growth rate of 1.3%. The average annual growth rate between 2006 and 2019 was 2.3%, and ranged from 0.6% in the Teviot Ward to 4.4% in the Cromwell Ward.

	2020 Usual Resident Population	2020 Peak Population	2050 Usual Resident Population	2050 Peak Population
District	23,528	45,696	34,474	65,591
Cromwell	9,036	17,375	15,350	27,173
Maniototo	1,697	3,294	1,663	3,873
Teviot Valley	1,225	3,399	1,926	4,943
Vincent	10,938	20,996	15,536	29,604

Table 8.3.1 Central Otago projected population growth 2020 - 2050

The projected demographic profile remains similar, although the cohort of younger people between 15 and 24 who leave the district for other opportunities such as education and employment is less pronounced. There is a high number of older residents between 55 and 65 years who move to the area later in their career or for retirement. Elderly people (over 70) leave the area, possibly in search of better healthcare and assisted living options.





The increased older population will affect both the demands on our infrastructure and the affordability of our services to people on fixed incomes in the long term. An older demographic requires higher levels of service for footpaths and infrastructure that supports accessibility for people with restricted mobility.

We have implemented an innovative method for measuring the level of service on our footpaths. This uses a phone-based application that is mounted on a mobility scooter. This records a roughness of the footpath over 5m intervals. This information is mapped, and is used to prioritise work programmes. This ensures that the work programmes are targeted to actual customer experience on the network. Funding has been provided to continue to extend the footpath network, and to ensure that all street crossings have cut down kerbs to enable disabled access to and from footpaths.

### Urban Growth

Central Otago District has experienced consistent subdivision growth over the last 18 years. Central Otago, like much of the country, has seen property values increase sharply over the past 5 years. Average house values in Central Otago have doubled since 2008, and during the same time period, there has been a noticeable decrease in the average household size with there now being an average of 2.2 people per household.

There is currently no remaining urban-zoned land available for development in Clyde until the wastewater reticulation project is complete, and very little in Cromwell and Alexandra. This is resulting in increased demand in Omakau and Roxburgh where property prices are more affordable.

This has led to a number of private plan changes being implemented. The outcome of this is that forecasting of growth areas and the subsequent infrastructure impacts is difficult.

The District Plan is currently under review, and this will include provision of sufficient zoned land to meet the expected demand for the next 20 years.

Council adopted a spatial plan for Cromwell in 2019, and modelling for upgrades in Cromwell is including the planned zone changes, and associated housing density changes. A spatial plan is being developed for the Vincent area, and the ability of infrastructure to meet the different options proposed is being included as part of the spatial plan investigation process.

Financial provision has been made in our resealing programmes for an increase of 850m of sealed roads per annum to the current network due to subdivision.

Other asset growth has been accommodated within the existing operational and renewal budgets, with depreciation being recalculated annually. The duration and extent of subdivision growth and tightening of renewal budgets means that this it is no longer possible to meet the increased work associated with larger networks where there is a direct operational cost for these assets.

Budgets have been increased to provide maintenance on a longer urban sealed network, particularly for routine street cleaning. Further analysis is required to understand the asset and operational cost implications of subdivision growth on the water services assets.

### Technology Advancement

Council has embraced technology and it is widely used for quick notification of events such as road conditions and disruptions to service. This technology is also widely used for managing the water, wastewater and roading networks.

Electric vehicle charge stations are being installed across the network. These are often located on Council land but are funded by commercial providers.

The introduction of autonomous (driverless) vehicles will have a significant impact on the way travel is undertaken in the future. For the purposes of this strategy, we have assumed that vehicle ownership will continue in rural areas. We expect autonomous vehicles to result in substantial reductions in road crashes and associated deaths and injuries in the longer term. While we recognise that change is coming, no specific provisions have been made in our plans for the introduction of autonomous vehicles. Council will monitor the impacts of this technology on larger metropolitan areas to guide future planning.

The development of technology that provides improved data for decision-making is rapidly advancing. This technology is being incorporated into Council's operational activities where appropriate. It is being used to mitigate risk, and to provide data for hydraulic and asset deterioration modelling. It is also used to provide early notification of issues with plant, and of weather conditions.

## Section 3: Key infrastructure issues

### Resilience – Water, Wastewater, and Roads

Over the last decade, Council has undertaken several studies aimed at understanding and improving the resilience of its three-waters and roads networks. The 2020 Resilience Plan collates information from those studies, along with more recent information, to provide a consolidated view of Council's critical assets and risks from hazards. The study also identifies potential mitigations to improve network resilience.

The assessment looked at risks from both a 'hazards' perspective (what are the potential impacts of various hazards) and an 'assets' perspective (what is the consequence of failure of an asset, regardless of cause).

A significant amount of information has been collected as GIS data as part of this study. This information aims to facilitate hazard assessment, such as enabling the overlay of hazard maps (earthquake, flooding, slips) with critical asset maps to identify which assets are most exposed to the hazard. It also assists with rapid response, such as knowing how quickly wastewater will overflow from a pump station in a power outage, which assets are most critical and should be inspected and restored as a priority, and the backup capabilities for communications and power failures.

Many significant weather events have occurred in the District's recorded history causing flooding, wind/snow damage and drought, and climate change is expected to exacerbate these hazards. A number of potential mitigations have been programmed, such as investigating more secure water sources at Roxburgh, Ranfurly, Naseby and Patearoa, upgrading wastewater pump station storage volumes (some only have a few minutes before they overflow if pumps fail) and road flooding mitigations such as upgrading culverts.

It is well known that the earthquake hazard poses a major risk for the district. The recent Alpine Fault Study AF8 confirms that a major Alpine Fault rupture occurs every 300 years (and the last one occurred around 300 years ago) and there are many other local faults. In a major earthquake, it is likely that many roads will be blocked through landslips and the region may be isolated for some time. An improvement action identified is to review the required functions of back country roads that may be needed as alternative routes if highway closures are prolonged, such as in the 2016 Kaikoura earthquake. Additional funding has been provided within the roading programme to enable drainage and metalling to be undertaken on back country tracks.

The water and wastewater pipe networks are highly vulnerable to seismic damage, particularly the older pipe materials such as asbestos cement (as was evidenced in the Canterbury earthquakes). Replacement of the older and most critical pipes, i.e. those that are most likely to fail and cause outages to larger populations, will be prioritised over the next three years.

These hazards will also have secondary effects through power and communications failures. Communication backup arrangements have been established by Council and CDEM, including satellite and radio. However, there is very little existing backup electricity generation capability on Council's water and wastewater networks, with only two mobile generators available. Funding has been included to install permanent back-up generators at Clyde, Roxburgh, and Cromwell bore fields, and at 10 wastewater pump station and treatment sites.

### Safety - Water Treatment

Water treatment upgrades are required to meet national drinking water standards on Clyde, Alexandra, Cromwell, Ranfurly and Patearoa, water supplies.

All Council water supplies are chlorinated to mitigate the risk of bacterial contamination such as E. coli. Treatment for virus and protozoa contamination occurs for the Roxburgh supply only. The Roxburgh supply is not meeting the compliance requirements due to sediment from the existing borefield. A project is proposed in 2022 to develop new bores to address this problem.

Work is currently underway on the Naseby supply which will provide protection against protozoa and virus in 2021. Work is programmed in 2020/21 on Omakau, Ranfurly, and Patearoa supplies to enable compliance.

The Lake Dunstan Water Supply Project will continue into 2021/22, and will provide compliant water for Alexandra and Clyde.

Investigation work into upgrading of the Cromwell treatment plant has commenced, with construction programmed in 2022-2024. The initial investigation work has identified that a lake take is likely to be the most viable option, due to the hardness of the water from the existing borefield.

The budgets for the Cromwell water treatment plant have been increased to provide for a membrane filtration system to be installed, instead of the originally proposed cartridge system. Investigation work for the Lake Dunstan Water Treatment plant identified the presence of the algae lindavia in Lake Dunstan. Trials of different filter systems have identified that the membrane system is the most appropriate to cope with the presence of these algae.

### Minimising Environmental Impacts

Completion of construction of stage 1 of the wastewater reticulation on Clyde will continue into 2021/22. The scope of this stage has increased to include connection of 235 properties, instead of the originally proposed 171 properties. This project will improve the quality of groundwater discharges to the Clutha River. It will enable further growth to occur within Clyde on properties that can be connected to Stage 1.

Public consultation on the proposal to construct the Clyde wastewater network in three stages identified that many property owners in Stage 3 wish to be connected sooner. The proposed timing of Stage 2 continues to be in 2029, but Stage 3 has now been programmed to be undertaken with Stage 2.



It is expected that there will be increased environmental discharge standards applied to a new resource consents for wastewater treatment sites. Projects to increase treatment processes to improve discharge quality have been programmed for each site prior to consent expiry years. Funding is included in 2021 to undertake investigation into options to reduce nitrogen in discharges from both the Cromwell and Alexandra treatment sites.

The resource consent for the Lake Roxburgh Village wastewater treatment site will expire in 2023. It is expected that there will be increased environmental discharge standards applied to a new consent. The options to address this are to undertake a costly upgrade to the existing treatment site with associated increased operational costs, or alternatively to pipe wastewater from Lake Roxburgh Village to the Roxburgh treatment site. Provision has been made to pipe wastewater from Lake Roxburgh Village to Roxburgh in 2022, as this will provide the lowest capital and whole of life cost.

Capacity and treatment process upgrades were programmed at the Alexandra wastewater treatment site for 2029 to provide sufficient capacity to enable stage 2 of Clyde wastewater reticulation to be connected to Alexandra, and to meet existing resource consent requirements for treatment upgrades.

This work has been brought forward to 2024. The existing plant was constructed in the 1980s and there is no redundancy within the process. This means that it is not possible to take the plant offline to undertake mechanical maintenance or renewals without significantly impacting on discharge quality.

Commencing in 2021, funding is provided to progress investigations into the upgrades required at the Alexandra treatment site to meet consent conditions, and into options to provide redundancy in the interim. This will enable maintenance work to be undertaken on the existing plant without breaching consent limits.

The alternative would be to continue to accept the risk of unconsented discharge in the increasingly likely event of plant failure.

Council has been phasing out the practice of using oil for dust suppression on gravel roads since 2009. Council has constructed a 100m length of more environmentally appropriate low cost seal (EcoSeal) where there is a house within 100m of a gravel road when undertaking routine gravel renewals. From 2020 oiling is no longer permissible within the Otago Region. Additional funding has been provided in 2021 to EcoSeal the remaining backlog of sites where there is a house within 100m of a gravel road. The alternative would be to use a canola oil product which would provide a significantly higher whole of life cost than the EcoSeal option.

### **Accessibility in Urban Centres of Cromwell and Clyde**

The growth in population, business, tourism, property development, and jobs days is leading to changes in demand for parking, and use of public spaces, potentially eroding the experience for visitors and locals. Traffic, parking, cyclist, and pedestrian volumes within a confined area in Clyde and Cromwell have increased significantly.

The way key streets and lanes are used by pedestrians, cyclists and drivers, and the lack of clarity of the function and purpose of these streets is confusing and potentially unsafe.

The continued development of the New Zealand Cycle Trail route within Central Otago will result in an ongoing growth in cycle tourism and cyclists on the Central Otago Road network. The new trails will eventually provide over 500 kilometres of 'destination' off-road cycle trails that connect Queenstown, Wanaka and Cromwell with the existing Central Otago trail network at Clyde. The Lake Dunstan Cycle Trail between Pisa Moorings, Cromwell and the Clyde Dam will be operational in early 2021.

Work proposed in Clyde in the 2018 Long-term Plan has been delayed to co-ordinate this with the wastewater reticulation project. The stage 1 heritage precinct roading work that was planned will be undertaken in 2021. A project is proposed which will see stages 2 and 3 completed in the 2021-23 period.

Council has discussed options with Contact Energy to facilitate the safe access of cyclists who finish the New Zealand Cycle Trail network at Clyde into the Clyde Heritage Precinct. Cyclists are currently required to travel along Fruitgrowers Road along a one-lane section of road through an active landslide, and across the single-lane Clyde Bridge. A more desirable option would be for cyclists to cross Lake Dunstan near the Clyde Dam, and travel down Sunderland Street into the Heritage Precinct.

There are operational limitations on the use of the Clyde Dam as a cycle route, and an alternative would be to install an electric punt adjacent to the log boom. This would take cyclists across the lake. Funding has been provided to install traffic lights on the Clyde Bridge as an interim measure, and for investigation and then potential construction of an electric punt.

The Cromwell Masterplan is supported by intersection, pedestrian and cycling improvements from 2022. This will improve the flow and safety of traffic, pedestrians, and cyclists within the town centre. A new cycle path along Neplusltra Street will improve cyclist connectivity between the New Zealand Cycle Trail network, Old Cromwell, and the Town Centre.

### Capacity of Cromwell Water Network to Meet Growth Demands

Volumetric charging for water was introduced in Central Otago on 1 July 2012. A 30% reduction in water consumption was achieved through volumetric charging. Increase in water demand from population growth in Cromwell has now consumed the original capacity savings that were achieved through the introduction of volumetric charging and demand is now back at the 2012 levels.

The adoption of a spatial plan for Cromwell in May 2019 provides a basis for reassessment of the future water capacity needs for Cromwell.

Projects to improve water treatment, operational performance, and distribution of water to Bannockburn and Pisa are included in the Long-term Plan. These projects include additional capacity to meet future population growth.



Further investigation is required now that the spatial plan has been adopted to ensure that the distribution network and storage provisions for Cromwell township meet future growth demand. Hydraulic modelling will be undertaken in 2021 to inform project planning for pipe replacements and reservoir upgrades. A project has been included in 2027/28 to upgrade pipe sizes and provide increased reservoir capacity.

### Stimulus Delivery Programme

The \$9.46 million that Central Otago District Council received from Tranche 1 of the Water Stimulus Funding has enabled \$5.49 million of projects that were in years 2022 to 2027 of the 2018-28 Long-term Plan to be brought forward. This work is required to be completed by 30 March 2022.

\$6.7 million of Tranche 1 of the Water Stimulus Funding is being spent on water projects. This includes \$3.8 million for increased reservoir capacity at Alexandra and Naseby, and \$2.9 million for resilience upgrades to replace old falling mains, protect the Roxburgh Treatment Plant from scour damage, and improve water pressure at Omakau and Roxburgh.

\$1.8 million of the Tranche 1 funding is being spent on increasing the capacity of the Melmore Terrace and Alpha Street pump stations in Cromwell, and on providing a separate pipe between the Tarbert Street pump station and the Alexandra wastewater treatment plant. The Tarbert Street pump station currently pumps to the Dunorling Street pump station, and then across the Manuherikia River to the Alexandra Treatment Plant. Increased resilience will be achieved by separating the two pump stations, as either can then operate independently of the other.

While no commitment has been provided by Government to further tranches of funding, it is anticipated that a funding package will form part of the discussion regarding councils continuing to participate in the reform process. If this occurs, then Council needs to be ready to bring forward further work within the Long-term Plan. Funding has been provided in year one of the 2021-31 Long-term Plan to undertake the necessary investigation work on a number of water and wastewater projects that are in years four to ten of the programme. If further Government funding becomes available, then these projects will then be ready to be brought forward.

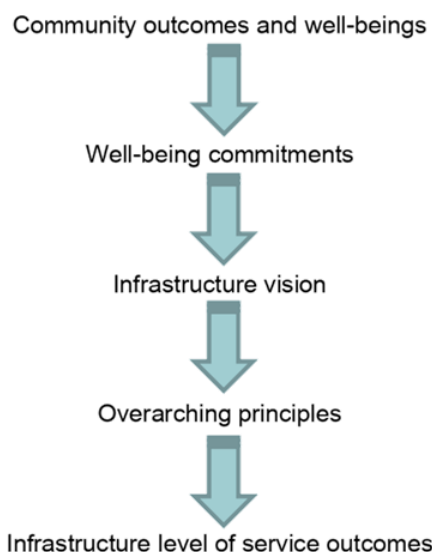
A further \$8.7 million of water projects could be brought forward if further funding becomes available. This includes construction of a dedicated rising main for Cromwell, increased capacity in the Bannockburn pipeline, construction of the Pisa reservoir and pipeline, Gilligans Gully upgrade, separation of irrigation connections from treated supplies to increase capacity, construction of reservoir bypass tanks to improve operational efficiency, and installation of backup generators at Clyde, Roxburgh, and Cromwell.

Increased storage capacity is required at a further five pump stations to provide a minimum of eight hours storage. A project costing \$3.6 million to complete this work can be brought forward if further stimulus funding becomes available.

## Section 4: Strategic priorities

Central Otago infrastructure services are delivered within a framework of strategic objectives. This enables the alignment of strategic priorities across multiple activity and asset groups. This framework ensures that the understanding of need is the same between asset managers and governance decision makers, and that the work that is planned underpins the strategic direction set by Council and the community.

### ***This strategic framework is:***



Council reviewed the community outcomes, well-being framework, infrastructure vision, overarching principles, and level of service outcomes in 2020.

### **Central Otago Community Outcomes and Well-beings**

Central Otago District Council community outcomes have been changed in 2020 to incorporate the four well-beings. These reflect the community values that have been expressed during different engagement processes in the 2018-2020 period.

Connected community	Thriving economy	Sustainable environment
Sense of community (caring, relaxed small-town feel, 'togetherness')	Vibrancy of town centres and local businesses	Outdoor recreational opportunities (water-sports, hunting, dark skies, etc.)
Welcoming and family-friendly	Managed growth (in line with community values)	Natural environment (open spaces, landscapes and vistas)
Peaceful	Visitor destination	Clean lakes and rivers
Rural feel	IT connectivity	Cycling and walking tracks
Enabling connections through quality services (e.g. internet, transport)	Protection of productive lands	Protect our unique heritage

### Central Otago Well-being Commitments

Council has identified a series of commitments to deliver the well-being aspirations of the community. The commitments that are enhanced by infrastructure delivery are shown bold.

Council's Commitment to Our Community Outcomes		
<b>1. Provide community facilities that are fit for purpose and cost effective.</b>	<b>2. Develop a masterplan that encourages urban growth to revitalise the town centre and protect productive land and rural settlements.</b>	<b>3. Protect and enhance the landscape and environment by advocating the Central Otago World of Difference values.</b>
4. Support newcomers to the district and encourage events and projects that celebrate inclusive communities.	5. Uphold the District Plan to ensure that the effects of using, developing and protecting the districts natural and physical resources will be managed in the future.	<b>6. Profile and reduce Council's environmental footprint, and manage environmental impacts through the District Plan.</b>
7. Provide contestable funding for community-driven initiatives, experiences and events that promote local and visitor well-being.	<b>8. Support and encourage a business-friendly community.</b>	<b>9 Invest in Council infrastructure to renew plant when needed, to accommodate population growth, and to meet environmental and health standards.</b>
<b>10. Advocate for improved connectivity and infrastructure across the district, to support community resilience.</b>	11. Encourage visitors to the region to create value to our communities.	<b>12. Work with other agencies to improve health and water standards in the district.</b>
13. Advocate for improved mobile coverage and broadband rollout.	14. Encourage high-value visitor experiences in this district, through the provision of a mix of products and experiences that is matched both to community aspirations and the needs of our target markets.	<b>15. Continue to develop culture and heritage opportunities in the district.</b>

## Infrastructure Vision and Overarching Principles

The vision for Infrastructure is:

*We will deliver infrastructure services that support our community*

The vision is supported by six overarching principles which underpin all decisions relating to delivery of infrastructure services.

The overarching principles are to deliver infrastructure services that:

- Represent value for money and are affordable
- Are integrated, consistent, and fit for purpose
- Are environmentally conscious
- Are reflective, innovative, and forward thinking
- Meet legal requirements
- Are equitable for current and future generations.

### Value for Money and Affordability

Value for money and whole of life cost is considered in determining the best option to address maintenance, renewal, and improvement work. Council uses advanced deterioration modelling of sealed roads and pavements, gravel roads, water pipes, and footpaths. This identifies the optimal mix of maintenance and replacement budgets and work programmes for these assets.

Advanced asset management tools require complete and accurate asset data to produce robust outputs. Council invests in the collection of data for roading and below ground three waters assets to ensure that accurate outputs can be produced.

In the past five years, Council has been investing in improving asset data for water services. This has included:

- implementing a new asset management system (Assetic)
- closed circuit television (CCTV) inspections of the wastewater pipes
- laboratory sampling of water pipes
- hydraulic modelling of the council's water and wastewater reticulation schemes, with focus on the modelling needed to support growth in Alexandra and Cromwell.

### Integrated, Consistent, and Fit for Purpose

District-wide funding is applied to all core infrastructure activities. All properties that receive Council three waters services pay the same rates for these activities regardless of their location. All properties pay for roads and footpaths.

District-wide funding has enabled Council to undertake work where it is needed, when it is needed, and to set a consistent level of service for infrastructure across the district. This is providing improved value for money, and improved affordability of services.



Levels of service are set to meet the legal and resource consent requirements for treatment of three waters. Roding levels of service are set based on the national One Network road classification framework. Levels of service for capacity, and response to failures for all infrastructure services are based on the criticality of the service. This is largely driven by the numbers of people impacted by the failure.

### Environmentally Conscious

Council expects all decisions made in regard to delivery of infrastructure to be environmentally conscious, and consider the environmental implications as well as the financial and level of service implications. Council's goal is to meet all environmental consent requirements, and to minimise the impacts that infrastructure services have on the environment.

A consents management system was implemented in 2019. This system allows Council staff to access, manage, and ensure compliance with conditions from Otago Regional Council and other organisations. This tool also increases awareness of the range of environmental conditions that need to be managed as part of the Council's infrastructure service delivery.

The structure of Council's Water Services Team has been changed in 2020 to enable a greater level of management and oversight to three waters activities. This includes providing a dedicated consents compliance and monitoring role, increased strategic planning, and operations management capability and capacity to the team. This will increase Council ownership of environmental impacts from three waters activities. This will also enable proactive renewals and maintenance work to be undertaken to reduce environmental impacts from unplanned outages and asset failure.

The 2021 Infrastructure Strategy provides funding to increase storage capacity and emergency generators at wastewater pump stations. Funding has been provided to install devices that provide real-time in-flow measurements on all wastewater discharges from treatment sites and improve screening of material entering wastewater treatment. Significant funding has been provided for investigation of improved treatment processes at the Alexandra wastewater treatment site. This includes investigation, resource consent renewal, design and construction commencing in 2025. Funding for investigations into options to reduce nitrogen loadings from wastewater discharges has also been provided in 2021-22.

### Reflective, Innovative and Forward Thinking

Central Otago District Council has the second lowest cost roading network in New Zealand. This has in part been achieved through a culture of reflection, and making changes in practices to improve service based on customer feedback and learnings. An all-inclusive, collaborative contracting model has been in place on roading since 2009, and this has provided a culture where ideas and innovative practices have been encouraged from both the contractor and council staff. These are then trialled and rolled out where they are proved to add value.

The three waters maintenance contract is a traditional contracting model with lump sum and unit rate payment methods. This contracting model, combined with management capacity challenges has resulted in less innovation in the delivery of three waters maintenance. Council will consider the potential for improvements from changes to the form of the contracting model in 2021.

Three waters capital improvements have been delivered separately to the maintenance contract. Significant investigation work is undertaken on large capital improvement projects to ensure that innovative designs can be implemented while still managing risk. A variety of contracting models, including design build and maintain, collaborative, and traditional are being used. The procurement model selected for each project depends on the understanding of risks and cost-effective allocation of these, and the capability and capacity of the contracting market to deliver the work. A review of projects is occurring during and after final delivery to enable learnings to be incorporated into future projects.

Infrastructure planning involves the regular review of development and forecasts relating to technological advancements, government policy direction, society attitudes, population and demographic changes, and environmental and climate change and science. Council infrastructure staff participate in national workshops and meetings, regional work groups and attend industry presentations to ensure they are informed of changes and advancements in infrastructure delivery.

### Meet Legal Requirements

Council has had a programme of water treatment upgrades underway since 2018, with the goal of having all schemes fully compliant with the New Zealand Drinking Water Standards by 2023. There have been delays in the delivery of projects in the 2018-2020 period due to unexpected issues being identified with the source water. This has required further investigation work, and changes to the proposed treatment processes. While the initial projects will be completed later than initially proposed, it is expected that all the supplies will still be compliant by 2023.

Additional staff resources have been provided to enable full compliance with all consent monitoring and reporting requirements. Investment has also been provided to enable upgrading of wastewater pump stations to ensure emergency storage and power supply is provided to avoid unconsented discharges.

### Equitable for Current and Future Generations

One of the biggest challenges a council faces is balancing its community's ability to pay, with the need to maintain infrastructure and deliver services. The COVID-19 pandemic has added to this challenge. Council aims to keep rates and charges affordable for current and future generations. At the same time, Council needs to focus on building community resilience, supporting economic development and promoting opportunities for growth that ensures our community is sustainable into the future.

To ensure that we continue with a balanced approach, we keep the two guiding principles of affordability and sustainability at the forefront of how we develop our infrastructure and financial strategies.

The desired outcome of this strategy is that Central Otago District Council's asset base and operational expenditure are managed in a cost-effective manner and continue to be funded in a manner that is sustainable for current and future generations.

Council rates for the majority of its depreciation, which is held in reserve to be spent on replacement assets and the payment of borrowings required to fund these assets. All roading and three waters infrastructure renewals are funded by depreciation reserves.



Council may also choose to loan or rate-fund replacement assets if there are insufficient depreciation reserves.

Council has not previously rate-funded depreciation for bridge renewals, so there are limited reserves set aside for the programme of bridge renewals in the 30 year infrastructure strategy. Ratepayers are being asked to fund the increased depreciation costs that result as well as the interest cost for the use of money in the early years of the programme. Because bridges are long-life assets, external loan funding may be appropriate. Council has the capacity to borrow further in terms of its limit to total assets.

Increased level of service for significant capital works is primarily funded by loan. These loans will typically be for no longer than 30 years and funded either internally or externally dependent on the availability of cash reserves. Taking a loan in this instance means that future users of the asset help to pay for it over the asset's lifespan and current ratepayers are not burdened with the full cost.

To ensure that Council manages the cost of borrowings to mitigate unnecessary costs to the capital programme, Council consulted with the community in the 2020-21 Annual Plan and has joined the Local Government Funding Agency.

As part of the consultation on the 2018-28 Long-term Plan, it was decided that all properties connected to the Clyde Wastewater project will pay a connection fee. For stage one this is \$10,000 and will be paid either as a one-off payment in full or spread over ten-years with a 5% interest charge per annum.

When replacing or putting in new assets, Council will consider whether to build the asset to cater for future growth. This may mean, for example, putting in a larger pipe than is needed for today's use to accommodate additional users in the future. Developers contribute to the capacity upgrades on existing infrastructure networks to service growth through payment of development contributions. This money is put in a reserve and used for the growth portion of capital projects.

Typically, building additional capacity for growth in a network precedes the actual growth demand. The growth portion of the capital programme is funded through development contribution reserves. In most instances these reserves for growth typically run as deficits attracting interest that is in turn funded by development contributions.

## Infrastructure Level of Service Outcomes

The Infrastructure Strategy sets a common level of service framework for all infrastructure activities. Levels of service are both defined and measured against the following outcomes:

- Safe and healthy
- Accessibility
- Resilience and reliability
- Aesthetics (amenity and comfort provided for customers)
- Sustainability.

### Safe and Healthy

This requires infrastructure which supports a safe and healthy community, and ensures the safety and well-being of our workforce.

Council will:

- maintain and operate our infrastructure in a safe condition
- provide guidance on safe use and warn of hazards
- adopt the appropriate level of risk for our services.

Safe and healthy infrastructure is provided through ensuring that our roading network is safe to use for all modes, support healthy transport choices, provide streetlighting and street layouts that promote safe communities, safe water supplies, and wastewater treatment and discharges that support community health and well-being.

Projects are included in the 2021 Infrastructure Strategy to improve the safety of water supplies, reduce the risks of wastewater overflows to waterways from pump stations, increase the level of wastewater treatment on all plants, and to improve road safety.

Our objective level of service	How we measure success	Our aim
Provide a safe and healthy roading network	Change from previous year in number of fatalities and serious injury crashes on local roading network	Stable or decreasing trend
Provide a safe and healthy roading network	The percentage of footpaths that fall within the Council's level of service standard for the condition of footpaths	> 70%
Provide a safe and healthy water network	Compliance with the NZ Drinking Water Standards Part 4: Bacterial Compliance	All schemes to comply
	Pt5: Protozoal:	Part 5: Protozoal compliance Omakau to comply 2022 Naseby to comply 2022 Alexandra/Clyde (Lake Dunstan Water Supply) to comply 2022 Patearoa to comply 2023 Ranfurly to comply 2023 Cromwell/Pisa to comply 2023
Provide a safe and healthy wastewater network	Compliance with discharge consents	Nil abatement notices, infringement notices, enforcement orders, and convictions
Provide a safe and healthy wastewater network	Number of dry weather sewerage overflows from sewerage scheme	Number of dry weather sewerage overflows ≤ 1 per 1,000 connections
Provide a safe and healthy work environment	No loss of time injuries by contractors and staff.	Nil

### Accessibility

Accessibility relates to the ability and ease of accessing our infrastructure networks and services.

Council will:

- Manage infrastructure assets and services to ensure accessibility for users wherever possible
- Provide customer-focussed processes for those requesting access.

Road accessibility includes all modes of transport, access to land, heavy vehicles accessibility, and access for services, and public events for social and cultural well-being. Water and wastewater accessibility includes connection to Council managed and maintained supplies where this is practical.

The water, wastewater and stormwater networks have been designed to supply properties within the designated supply areas. Council has hydraulic models for the existing water and wastewater networks. Further modelling is underway to understand the implications on water and wastewater networks from the adopted Cromwell spatial plan, and for the options identified for the proposed Vincent spatial plan.

Projects to provide increased capacity and accessibility are included in the 2021 Infrastructure strategy. This includes extensions to the water and wastewater networks, treatment capacity upgrades, and road capacity upgrades in Clyde and Cromwell town centres. Proposed bridge upgrades will improve accessibility for heavy vehicles. There are a number of roading projects designed to improve accessibility for pedestrians and cyclists. Increased investment has been provided to improve the level of service on the lowest classification of roads (tracks), which will improve accessibility to back country areas.

Our objective level of service	How we measure success	Our aim
Provide a fully accessible roading network	Average length of time to issue a consent for access to a road	≤ 2 days
Provide a fully accessible roading network	The percentage of footpaths that fall within the Council's level of service standard for the condition of footpaths	> 70%
Provide a fully accessible roading network	Length of roading network not available to class 1 vehicles	4.7%
Provide an accessible water network	<b>Total number of customer complaints for:</b> Water clarity Water taste Water odour <b>Water pressure and flow</b> Continuity of water supply Responses to water service requests	≤ 13 per 1,000 connections
Provide efficient water and wastewater networks	Average length of time to issue a consent for access to a road	≤ 5 days

### Resilience and Reliability

This relates to the consistency of service that users can expect both under normal operating conditions and during emergency or extreme weather events. It also includes provisions for restoration of service following an event and alternative service, and public information.

Council will:

- Provide increasingly consistent levels of service
- Advise customers and keep them informed of interruptions to service, and when service will be restored
- Be prepared for response to incidents and emergency events
- Provide alternatives when feasible
- Carry out mitigation to avoid disruption for critical services where appropriate.

The 2020 Infrastructure Resilience Plan, and Infrastructure Response Plans have been used to inform resilience mitigation projects that have been included in the work programme for the next 30 years.

Improvements will also be undertaken in conjunction with future renewals where required. This includes the provision of secondary flow paths around bridges. The road approach is designed to be washed away to preserve the bridge structure. The road can be replaced at a lower cost, and more quickly than the bridge.

Stormwater management in urban areas is being reviewed as part of updating of Council's engineering standards for development. In urban areas, streets are designed to act as secondary flow paths in extreme events. This enables the street to be flooded, rather than private property.

Water treatment upgrades are being designed to accommodate the implications of flood events on source water quality. Additional reservoir capacity is also being provided to increase storage of clean water.

Consideration of alternative water sources, or pre-treatment processes to address turbidity which results in boil water notices is being investigated in 2021. The Naseby, Ranfurly, and Patearoa networks are particularly vulnerable to dirty water impacting on treatment processes following storm events. Supply of water to these towns is also impacted by drought conditions within the Maniototo area impacting on availability of water, and limited water source options other than surface water takes.

Stormwater infiltration investigation and follow-up with property owners is being undertaken to reduce the impact of extreme rain on wastewater networks.

The Infrastructure Response Plan details the response processes for infrastructure failures. These may be as a result of a number of events, including:

- Natural disasters (e.g. extreme weather events, earthquake)
- Loss of dependent supplies (e.g., electricity, telecommunications)
- Critical asset failure/breakages from any other cause.

These are further refined following a review of the response to each major event.



Council sets aside \$50,000 each year in an emergency response fund specifically for roading, and has an emergency event fund that can be accessed if required for other Council services, including water and wastewater. This accumulates to provide funding for reinstatement following emergency or extreme weather events.

Council has insurance for above ground water and wastewater assets. Below ground assets, roads, and bridges are not insured. Council assumes that all below ground infrastructure would not be damaged in a single event. Council's general emergency event fund can be accessed for underground assets, with the added ability to loan fund reinstatement following an emergency event.

Our objective level of service	How we measure success	Our aim
Water resilience and reliability	Fault response time to urgent call-outs Attendance:	Target median time to get to site $\leq 1$ hour
	Resolution:	Target median time to resolve $\leq 4$ hours
	Fault response time to non-urgent call-outs Attendance:	Target median time to get to site $\leq 8$ hours
	Resolution:	Target median time to resolve $\leq 24$ hours
Water resilience and reliability	Number of boil water notices	Nil (measured under bacterial compliance in LTP)
Wastewater resilience and reliability	Fault response times Attendance:	Target median time to get to site $\leq 1$ hour
		Target median time to resolve the problem $\leq 4$ hours
Stormwater resilience and reliability	Number of flooding events that occurred	Nil
Stormwater resilience and reliability	Number of habitable floors affected in flooding events	Target number of habitable floors affected $\leq 1$ per 1,000 properties per flood event
Stormwater resilience and reliability	Response time to attend flood events	Target median time to get to site $\leq 1$ hour
Stormwater resilience and reliability	Number of complaints received about stormwater performance	Total number of customer complaints $\leq 2$ per 1,000 properties
Roading resilience and reliability	Number of journeys affected by unplanned events	$<20,000$
Roading resilience and reliability	Number of service requests from customers responded to within 10 days	$\geq 90\%$



### Aesthetics

This relates to the look, taste, smell, and feel of our services. This includes the comfort of the drive on roads, maintenance of the road sides, and street cleaning in urban areas. It addresses the taste and smell of water, tidiness and smell of wastewater sites, and visual and odour impacts of discharges.

The Residents' Survey has specifically demonstrated customer dissatisfaction with water quality and lime scale. Most of the respondents of the survey want to see progress on improved water quality and supply, particularly Alexandra and Cromwell.

Clyde township does not have a wastewater network. High population and visitor numbers over the summer is placing pressure on private systems on commercial properties in the historic precinct. This generates odour issues.

Specific projects in the 30-year plan to address customer concerns are:

- Lake Dunstan Water Supply, which will extend the Clyde water supply to Alexandra and address lime scale concerns
- Cromwell water treatment upgrade
- Improved treatment of water at Omakau, Naseby, Ranfurly and Patearoa
- Wastewater reticulation for Clyde township
- Increased investment for vegetation control on rural sealed roads.

Our objective level of service	How we measure success	Our aim
Wastewater aesthetics	Total number of complaints for: <ul style="list-style-type: none"> <li>• Odour</li> <li>• Faults</li> <li>• Blockages</li> </ul> Responses to wastewater service requests	Total number of complaints ≤ 10 per 1,000 connections
Water aesthetics	Total number of customer complaints for: <ul style="list-style-type: none"> <li>Water clarity</li> <li>Water taste</li> <li>Water odour</li> <li>Water pressure and flow</li> <li>Continuity of water supply</li> <li>Responses to water service requests</li> </ul>	≤ 13 per 1,000 connections
Roading aesthetics	The average quality of ride on the sealed road network, measured by smooth travel exposure	Smooth Travel Exposure ≥ 90%
Roading aesthetics	Percentage of sealed local road network that is resurfaced	> 3.9% of sealed road length resurfaced per annum
Roading aesthetics	Customer satisfaction with unsealed roads	To maintain customer satisfaction at or above 70%

### Sustainability

Sustainability has been included as an infrastructure level of service outcome from 2021. This recognises that a greater level focus on sustainability in the delivery of service will provide improved environmental outcomes through reduced resource consumption, reduce costs and provide more sustainable services for the future.

An Environmental Engineering Team was established in 2017 to provide focus and resources to improving sustainable practices in the delivery of infrastructure. This includes an increased emphasis on engineering and design practises used in subdivision development, energy use, use of green technologies, and project design.

Measurement of carbon emissions over the 2017-2020 period is providing evidence to understand the carbon implications of infrastructure services. Electricity consumption for water and wastewater will continue to increase as higher technology treatment plants are completed, and as a consequence of population growth. A water demand management programme has been included in the 2021-13 Long-term Plan. This includes public education on improved use of water, removal of irrigation networks from the treated water supply, and a review of pump operating practices.

Water meter installation was undertaken in most parts of the district in 2012. As the original meters reach the end of their economic life they will be replaced with more technologically advanced meters. These will provide for remote reading and enable real time information for residents.

Specifications for new and renewal of pipes includes the use of crushed glass as a construction material. Offcuts of pipes are being recycled, and sustainability is being included as an attribute in procurement processes.

Increased funding has been included to enable all dust suppression sites to be sealed using a low cost sealing method, and use of waste oil as a dust suppressant has been discontinued.

Deterioration software is being used to optimise the renewal and maintenance of sealed roads, unsealed roads, and water pipes. This reduces premature replacement of assets, and reduces resource consumption and costs.

Our objective level of service	How we measure success	Our aim
Wastewater sustainability	Compliance with discharge consents Responses to wastewater service requests	Nil abatement notices, infringement notices, enforcement orders, and convictions
Wastewater sustainability	Number of dry weather sewerage overflows from sewerage scheme	Number of dry weather sewerage overflows $\leq 1$ per 1,000 connections
Water sustainability	The percentage of real water loss from the network reticulation system (leaks, metering inaccuracies)	Target current annual real losses from the networked reticulation system $\leq 30\%$ of water produced
Water sustainability	The average consumption of water per day per resident	To maintain water demand at $<600$ L/person/day
Stormwater sustainability	Compliance with discharge consents	Nil abatement notices, infringement notices, enforcement orders, and convictions
Roading sustainability	The percentage of footpaths that fall within the Council's level of service standard for the condition of footpaths	$> 70\%$

## Section 5: Summary of significant infrastructure projects

Cost in \$1000s	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/36	2036/41	2041/46	2046/51
<b>Roading</b>														
Roading renewals	5,055	5,055	5,255	5,206	5,356	5,729	5,671	5,836	6,243	6,184	33,722	38,936	41,036	42,988
Walking and cycling improvements	550	1,370	150	2,193	1,112	164	168	173	178	183	730	770	812	850
Clyde Heritage Precinct	1,365	0	1,600	0	0	0	0	0	0	0	0	0	0	0
Cromwell town centre improvements	0	350	0	705	3,041	3,832	0	0	0	0	0	0	0	0
Alexandra Improvements	0	0	0	0	0	0	0	0	475	0	1,888	0	0	0
Seal Extensions	100	317	100	2,114	540	109	112	115	119	122	126	0	0	0
Large Bridge Replacements	0	0	0	0	0	0	0	404	0	2,434	0	0	6,362	0
<b>Total capital investment roading</b>	<b>7,070</b>	<b>7,092</b>	<b>7,105</b>	<b>10,219</b>	<b>10,049</b>	<b>9,834</b>	<b>5,952</b>	<b>6,528</b>	<b>7,015</b>	<b>8,924</b>	<b>36,466</b>	<b>39,706</b>	<b>48,209</b>	<b>43,839</b>
<b>Stormwater</b>	<b>380</b>	<b>380</b>	<b>380</b>	<b>390</b>	<b>391</b>	<b>391</b>	<b>391</b>	<b>392</b>	<b>393</b>	<b>393</b>	<b>2,038</b>	<b>2,251</b>	<b>2,485</b>	<b>2,963</b>
<b>Wastewater</b>														
Wastewater renewals	1,073	1,148	1,217	1,460	1,912	1,914	1,913	1,919	1,924	1,925	9,282	10,064	11,111	13,250
Alexandra treatment upgrades	500	500	1,200	410	6,783	6,790	5,140	0	0	0	0	0	0	0
Cromwell treatment upgrades	250	0	0	0	0	0	0	5,158	0	0	0	0	0	0
Lake Roxburgh village treatment upgrade	100	800	0	0	0	0	0	0	0	0	0	0	0	0
Omakau treatment upgrades	300	0	0	0	0	0	0	0	0	0	0	3,696	0	0
Ranfurly treatment upgrades	0	0	0	0	0	0	0	0	0	0	0	0	4,080	0
Naseby treatment upgrades	0	0	0	0	0	0	0	0	0	0	0	0	0	4,162
Ranfurly treatment upgrades	0	0	0	205	0	0	0	0	0	0	0	0	4,080	0
Roxburgh treatment upgrades	0	0	100	103	0	0	0	0	0	0	0	3,696	0	0
Pump station storage	300	0	0	3,702	0	0	0	0	0	0	0	0	0	0
Upgrades with development	30	30	30	338	339	340	339	340	341	341	1,770	1,954	2,158	2,573
Clyde reticulation	3,700	0	0	0	0	0	0	516	0	3,206	5,463	0	0	0
Network improvements	0	1,140	1,320	0	0	0	0	0	0	0	0	0	0	0
<b>Total capital investment wastewater</b>	<b>6,253</b>	<b>3,618</b>	<b>3,867</b>	<b>6,219</b>	<b>9,034</b>	<b>9,044</b>	<b>7,392</b>	<b>7,933</b>	<b>2,265</b>	<b>5,472</b>	<b>16,515</b>	<b>19,410</b>	<b>21,429</b>	<b>19,984</b>

Cost in \$1000s	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/36	2036/41	2041/46	2046/51
<b>Water</b>														
Water Renewals	1,660	1,832	2,050	2,224	2,169	2,172	2,170	2,177	2,182	2,183	11,323	12,501	13,802	16,459
Lake Dunstan Water Supply Treatment	4,300	0	0	0	0	0	0	0	0	0	0	0	0	0
Cromwell Treatment	800	4,700	4,700	0	0	0	0	0	0	0	0	0	0	0
Reticulation Extensions	0	0	0	5,139	5,144	5,140	0	0	0	0	0	0	0	0
Cromwell Distribution Improvements	375	0	0	5,948	0	0	4,626	0	0	0	0	0	0	0
Lake Dunstan Supply Distribution improvements	0	500	0	0	0	823	0	0	0	0	0	0	1,300	0
Demand Management	150	0	0	974	0	0	0	0	0	0	0	0	0	0
Upgrades with development	75	75	75	384	385	386	386	387	388	388	2,012	2,221	2,452	2,924
Resilience Improvements	0	400	600	0	1,182	0	0	0	0	362	0	0	0	0
Network Improvements	250	500	500	0	0	0	0	0	0	0	0	0	0	0
<b>Total capital investment Water</b>	<b>7,610</b>	<b>8,007</b>	<b>7,925</b>	<b>14,373</b>	<b>8,726</b>	<b>8,347</b>	<b>7,171</b>	<b>2,552</b>	<b>2,557</b>	<b>2,908</b>	<b>13,198</b>	<b>14,376</b>	<b>16,977</b>	<b>18,159</b>
<b>Total Infrastructure Investment</b>	<b>21,313</b>	<b>19,097</b>	<b>19,277</b>	<b>31,201</b>	<b>28,200</b>	<b>27,615</b>	<b>20,905</b>	<b>17,406</b>	<b>12,230</b>	<b>17,698</b>	<b>68,217</b>	<b>75,743</b>	<b>89,099</b>	<b>84,945</b>

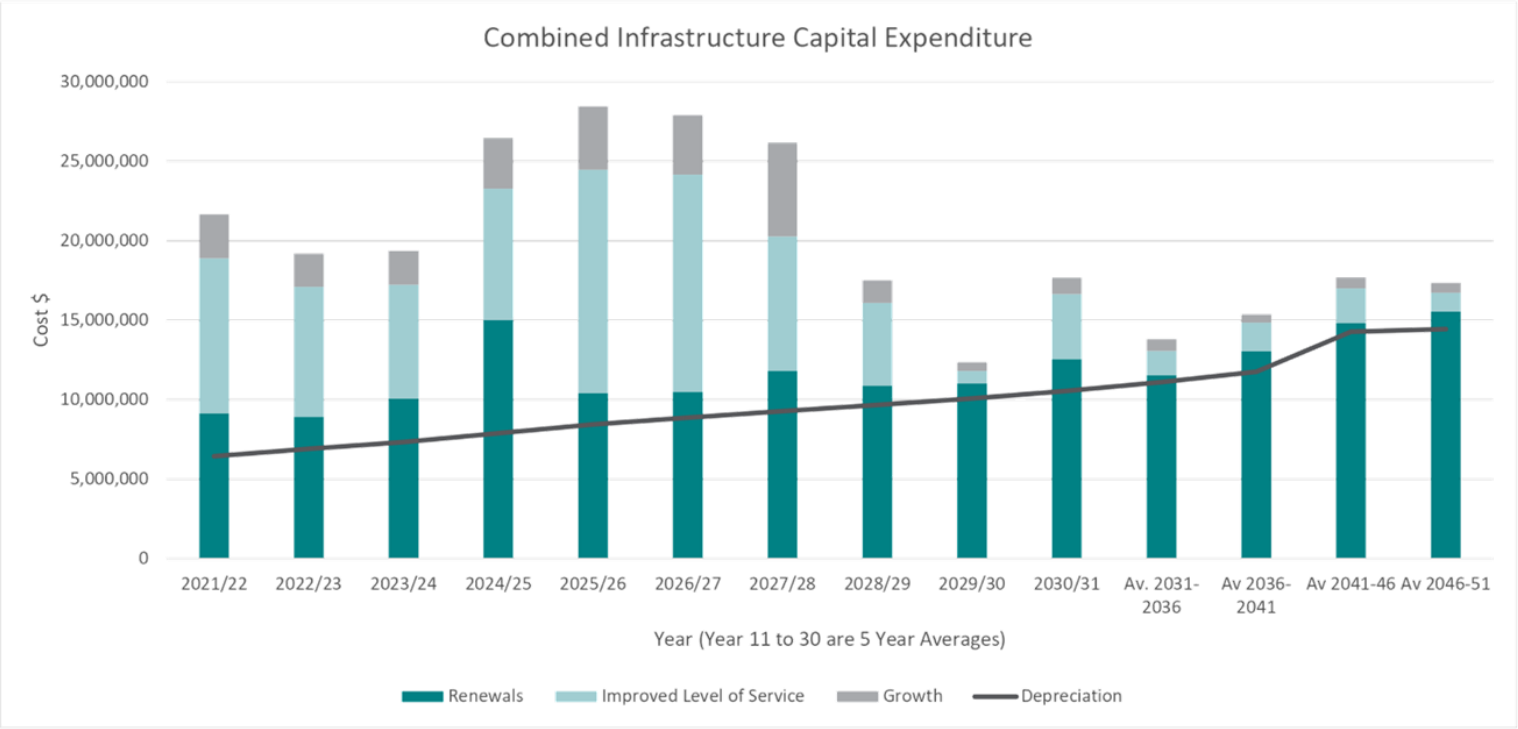


### Inflation Provisions

Inflation reflects erosion in the buying power of money. Each dollar buys fewer goods and services over time. Depreciation staff, costs and some expenditure items have inflation applied from year 1 of the plan. The majority of the balance of the expenditure forecasts for each activity are input in the dollars of the relevant year for the first three years (e.g. water and wastewater renewals and other operational expenditure lines such as maintenance contracts). Where cost change has been applied for year four onwards, Council has used the BERL indices shown below. There is a medium risk that inflation may increase at a higher rate. This would impact on the affordability of Council's services and would be addressed as part of Council's annual planning process.

	<b>Roothing</b>	<b>3 Waters</b>
Year 1	1	1
Year 2	1	1
Year 3	1	1
Year 4	1.0298	1.0256
Year 5	1.0595	1.0277
Year 6	1.0902	1.0288
Year 7	1.1219	1.028
Year 8	1.1544	1.0315
Year 9	1.1879	1.0338
Year 10	1.2233	1.0343
Year 11	1.2586	1.0308
Year 12	1.2953	1.0514
Year 13	1.3331	1.0724
Year 14	1.372	1.0938
Year 15	1.412	1.1157
Year 16	1.4532	1.138
Year 17	1.4956	1.1608
Year 18	1.5392	1.184
Year 19	1.5841	1.2077
Year 20	1.6303	1.2319
Year 21	1.6779	1.2565
Year 22	1.7268	1.2816
Year 23	1.54	1.3072
Year 24	1.571	1.3333
Year 25	1.602	1.36
Year 26	1.634	1.3872
Year 27	1.667	1.4149
Year 28	1.7	1.4432
Year 29	1.734	1.776
Year 30	1.769	1.776

Section 6: Combined infrastructure financial estimates



## Section 7: Activity summaries

### Water

Central Otago's vision for water services is "to deliver safe and wholesome water supplies that support a healthy community and environment".

Council provides potable water to properties within nine water schemes. Population growth is forecast to continue on the Alexandra, Clyde and Cromwell schemes. Visitor growth is projected to increase across all schemes.

There are a number of private water supplies within Central Otago that are not managed by Council. These water supplies are not included within the scope of this plan, but work will be undertaken over the next three years to understand the extent and condition of these supplies.

*Improving the safety and resilience of all schemes, while meeting the additional demands of growth, legislative change and delivery reform growth is a challenge.*

*Regardless of which entity delivers water in the future, delivering improved quality of water, servicing a larger area, will result in increased costs to consumers.*

Completing water treatment upgrades to meet the New Zealand Drinking Water Standards remains a key issue. All Council schemes are chlorinated.

Work is underway to upgrade the Clyde and Alexandra water supplies to meet the New Zealand Drinking Water standards. This will involve construction of a new treatment plant at Lake Dunstan which will treat water to both of these towns, with the potential to also supply rural residential areas in the Springvale area in the future. Construction of the new treatment plant is expected to be completed in early 2022.

Investigations and design have progressed on upgrading of the Omakau/Ophir water supplies to meet the New Zealand Drinking Water Standards. Construction of a new borefield, pipeline, and treatment plant is expected to be completed in 2021.

Investigations and design of upgrades to the Patearoa and Ranfurly supplies are also progressing. Design will be finalised in 2021, and these projects will then progress to construction.

Upgrades to the Naseby Water Treatment plant will be completed in 2021, which will make this scheme compliant.

Investigations on a new bore site are progressing at Roxburgh. Construction of the new bore is programmed for 2022. This is expected to enable the existing Roxburgh treatment plant to achieve compliance.

Investigation work has commenced for upgrading Cromwell water treatment, and detailed design will commence in 2021, with construction between 2022 and 2024. The Pisa supply will be connected to the Cromwell supply in 2023-25.

Council has been investing in hydraulic modelling of the networks to improve understanding of growth impacts. More advanced measurement devices will be installed in the next three years to improve understanding of demand on sections of individual networks. This work will feed into updated models and refine designs for future capacity upgrades. This is particularly relevant for the Cromwell water network to support the new spatial plan, high growth, and increased density of housing.

Council has been programming for small numbers of backflow prevention devices to be installed on an annual basis. Increased investment has been provided in 2021 to 2023 to enable this work to be completed.

Council reduced its renewal programme over the 2018-21 period to enable more evidence to be collected to inform renewal programming. The investment into renewals has been increased from 2021 to follow a similar profile to annual depreciation funding. This will enable water meters that were installed in 2012 to be replaced, as well as targeting a programme of replacement of old asbestos pipes.

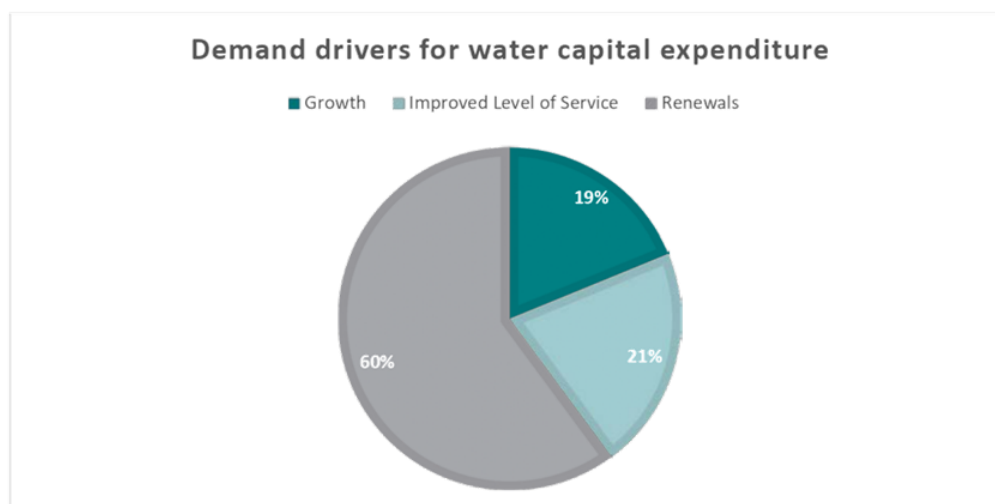


Figure 12.1.1 Drivers of Demand for Water

Figure 12.1.2 Projected Capital Expenditure – Water graph shows depreciation comparable to the overall renewal programme for water.

Water treatment assets have a data confidence rating of uncertain. This is estimated to have a moderate ( $\pm 25\%$ ) impact on budgets. A project to update condition assessments has been included in the water stimulus delivery plan.

The programme of significant investment on new water infrastructure that commenced in 2018 will continue through the next seven years of this plan. These new assets will add to depreciation costs.

The more technically complex treatment plants will result in higher electricity and operational costs, as well as routine renewal of membranes at 10 year intervals.



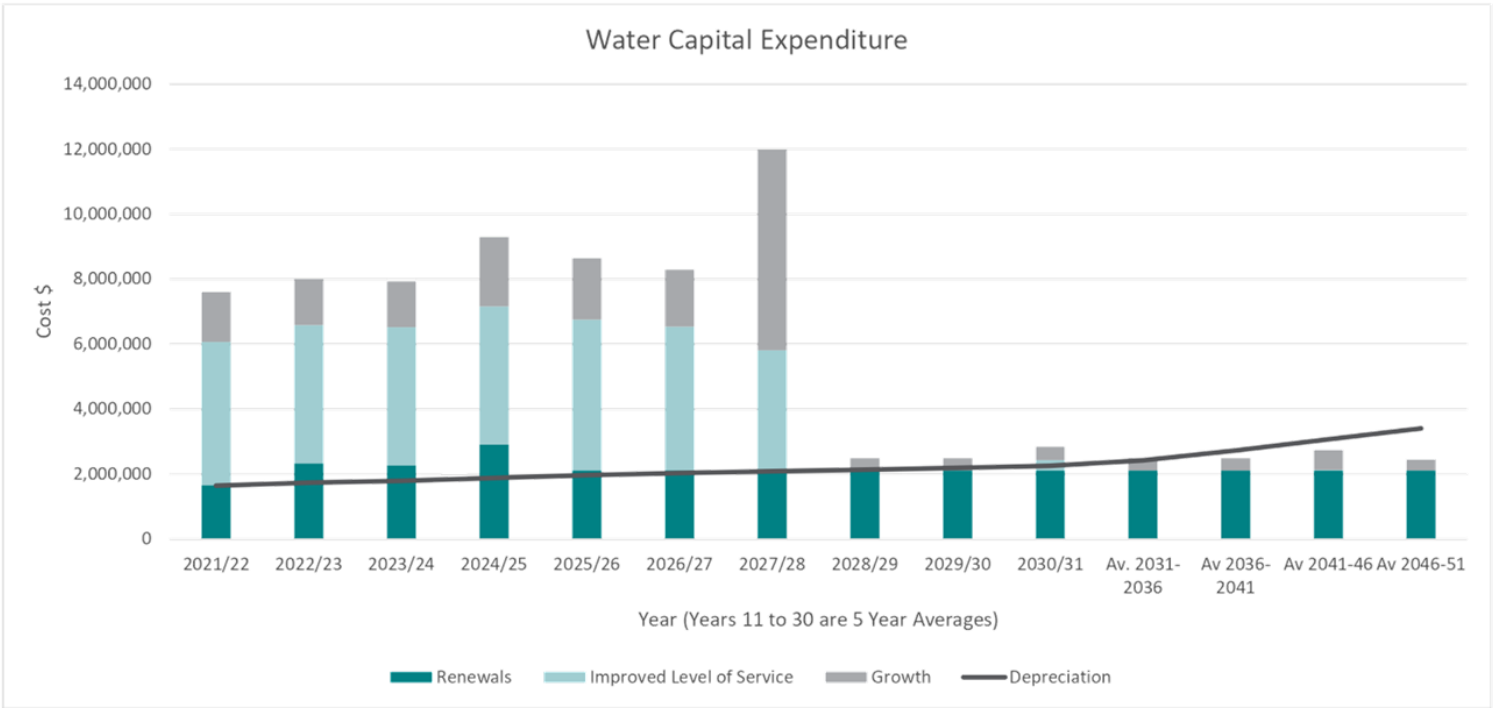


Figure 12.1.2 Projected Capital Expenditure – Water

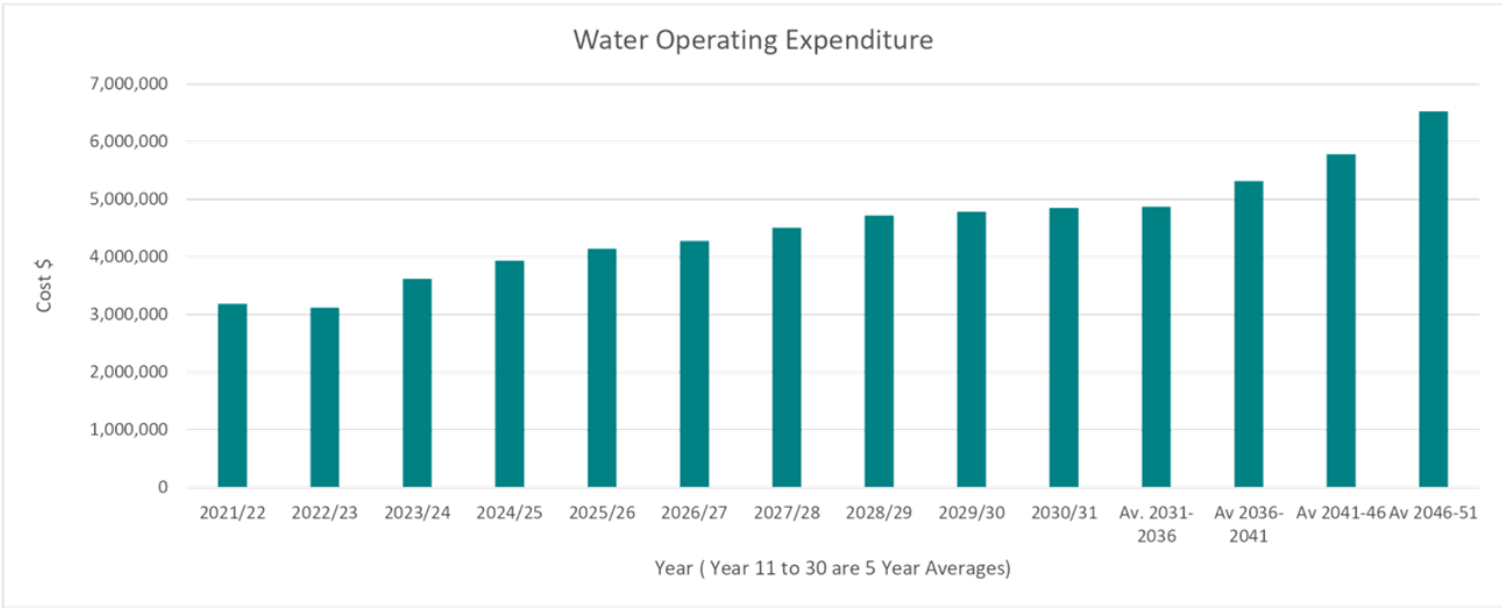


Figure 12.1.3 Projected Operational Expenditure – Water

Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2021 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
<b>Completion of Lake Dunstan water supply treatment</b>	Existing treatment does not meet protozoa treatment requirements	Install membrane treatment plants		74% Level of service 26% growth	\$4.3	2021-22	\$4.3
<b>Cromwell treatment and bore field development</b>	Existing treatment does not meet protozoa treatment requirements, insufficient bore capacity to optimise treatment plant and meet future demand	Construct more bores at existing bore field and build membrane treatment plant		74% Level of service 26% growth	\$0.8	2021-22	\$0.8
					\$4.7	2022-23	\$4.7
					\$4.7	2023-24	\$4.7
<b>Cromwell rising main</b>	Water from the bores is pumped through the network to the reservoir. This causes pressure fluctuations, and increases risk	Construct a dedicated rising main to the existing reservoir that will improve operational efficiency, improve capacity of flow to the reservoir, and improves resilience	Continue to pipe water to the reservoir through the existing network and accept pressure and reservoir fluctuation issues	74% Level of service 26% growth	\$0.2	2021-22	\$0.2
					\$2.2	2024-25	\$2.3
<b>Pisa reservoir and rising main</b>	Separate schemes for part of Pisa and Cromwell. Pisa scheme has insufficient capacity to meet growth, and	Connect the Pisa scheme to the Cromwell network by constructing a new reservoir at Pisa Disestablish	Maintain two separate schemes, and increase capacity and level of	74% Level of service 26% growth	\$0.1 \$2.6	2021-22 2024-25	\$0.1 \$2.7

Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2021 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
	does not meet NZ Drinking Water Standards	the Pisa treatment facility	treatment on the Pisa scheme				
<b>Bannockburn pipeline</b>	Insufficient capacity in existing pipeline Bannockburn to meet firefighting requirements and growth demand	Construct larger pipeline to Bannockburn	Construct an additional pipeline	74% Renewal 26% growth	\$1.0	2024-25	\$1.3
<b>Backflow prevention</b>	Risk of contaminated water flowing back into the network due to pressure variances	Installation of backflow prevention devices to reduce risk of water contaminations	Accept a higher level of risk of drinking water contamination	89% Level of service 11% growth	\$0.25 \$0.5	2021-22 2022-23	\$0.25 \$0.5
<b>Network isolation valves</b>	Shutdowns due to failure result in widespread loss of supply, unable to close parts of the network if there is a contamination risk	Install valves to enable areas of the network to be isolated	Maintain a higher risk level and supply outages during repairs.	44% Level of service 45% renewal 11% growth	\$0.5	2023-24	\$0.5
<b>Generators for Bore fields (Clyde, Roxburgh, Cromwell)</b>	Bores stop operating due to power outages	Install permanently located emergency generators for Lake Dunstan, Cromwell and Roxburgh bore fields	Increase reservoir capacity to accommodate power outages power outage periods	82% Level of service 18% growth	\$0.45	2025-26	\$0.46

Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2021 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
<b>Reservoir bypass tanks</b>	Unable to take reservoirs offline for maintenance without affecting supply of water to town	Install bypass tanks to enable maintenance of main tank	Install two reservoirs	82% Level of service 18% growth	\$0.7	2025-26	\$0.72
<b>Site fencing</b>	Sites do not have fencing adequate to restrict access	Install high fencing	Install low fencing	82% Level of service 18% growth	\$0.4	2022-23	\$0.4
<b>Roxburgh bore</b>	Sediment is entering the bore field from the adjacent Clutha River	Install a new bore	Add additional treatment processes	91% Level of service 9% growth	\$0.3	2023-24	\$0.3
<b>Bridge Hill falling main</b>	Falling main is nearing the end of its useful life	Replace falling main	Accept higher risk of failure	100% Renewal	\$0.5	2023-24	\$0.5
<b>Demand management</b>	Treated water is being used for irrigating reserves, reducing capacity for growth and peak demand	Construct bores to enable irrigation to be split off from town supplies	Increase capacity of schemes to accommodate irrigation needs	74% Level of service 26% growth	\$0.15 \$0.95	2021-22 2024-25	\$0.15 \$0.97
<b>Naseby clarifier</b>	To assist in addressing turbidity issues from source water	Install additional treatment process	Pipe water from an alternative source	91% Level of service 9% growth	\$0.15	2023-24	\$0.15



Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2021 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
<b>Patearoa firefighting</b>	To improve the level of service for firefighting requirements			91% Level of service 9% growth	\$0.15	2023-24	\$0.15
<b>Gilligans Gully capacity and pressure improvements</b>	Pipe and pump capacity is insufficient to meet growth and level of service requirements for pressure	Upgrade supply main to Letts Gully with pump station at Gilligans Gully to provide sufficient capacity for growth	Construct a new network from the reservoir to service Gilligans Gully and Letts Gully areas.	91% Level of service 9% growth	\$0.8	2027-28	\$0.82
<b>Lake Dunstan water supply booster pump</b>	New pipeline between Clyde and Alexandra will have insufficient capacity to meet expected growth in 2045	Install a booster pump	Install a larger pipe, or a second pipe	100% Growth	\$0.4	2045-46	\$0.5
<b>Additional bridge hill reservoir</b>	A new reservoir will be required to provide capacity for growth in the Bridge Hill Area	Construct an additional reservoir at a higher elevation to the existing Bridge Hill site to service properties above the reservoir	Construct an additional reservoir on the existing Bridge Hill site and pump to houses above the reservoir	10% Level of service 90% growth	\$0.9	2043-45	\$1.2
<b>Ophir trunk main relocation</b>	The existing pipe is located in the bed of the Manuhirikia	Relocate the pipe onto the Omakau	Leave the pipe in the river bed and continue to	91% Level of service 9% growth	\$0.35	2030	\$0.36

Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2021 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
	river, which is prone to excessive scouring at this location	Bridge when the bridge is replaced	undertake remedial works following floods				
<b>Cromwell town centre capacity upgrades</b>	Higher density zoning in new spatial plan will increase water demand within the town centre area	Replace under capacity pipes and provide more reservoir storage	Increase bore and treatment capacity and upgrade under capacity pipes	100% growth	\$4.5	2027-28	\$4.6
<b>Network upgrades with developments and to meet growth</b>	Opportunities occur to upgrade the capacity of pipes installed during developments to service the wider community	Provision to enable cost-effective upgrades to be undertaken when they are presented due to development	Miss opportunities to include cost-effective capacity improvements when development work is occurring and programme these separately through future long term plans	44% Level of service 45% renewal 11% growth	\$10.2	2021-51	\$12.5
<b>Reticulated water supply to the Dunstan Flats area</b>	Bores on some rural residential properties in the Dunstan Flats area run dry during summer months. This may get worse	Reticulated supply fed from a reservoir off the new Lake Dunstan Water Supply pipeline	Reticulated supply fed off the Clyde or Alexandra networks	74% Level of service 26% growth	\$15.0	2025-28	\$15.4

Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2021 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
	as irrigation practices change, and climate change occurs						

Table 12.1.1

## Wastewater

Central Otago's vision for wastewater services is "to deliver safe and compliant wastewater networks which support a healthy community and environment".

The wastewater services activities enable the collection, conveyance, treatment and disposal of wastewater within seven schemes across the district.

*Reducing the environmental impacts of all schemes, and ensuring the network is resilient to disruptions are priorities.*

Council has been investing in hydraulic modelling of the wastewater networks to improve understanding of growth impacts. Resilience work is programmed within the next four years to improve pump station capacity, provide emergency generation, and reduce the risk of wastewater overflows occurring.

Continuing investigation and following up on stormwater infiltration will reduce the demand on the reticulation, pump and treatment networks. This will help to lessen the impacts of growth and provide improved resilience to intense rainfall events.

Council reduced its renewal programme over the 2018-21 period as CCTV inspections identified that the condition of the pipes was better than expected. The renewals programme has been increased from 2021 to enable increase renewals to be undertaken on mechanical and electrical componentry to reduce the risks of asset failures.

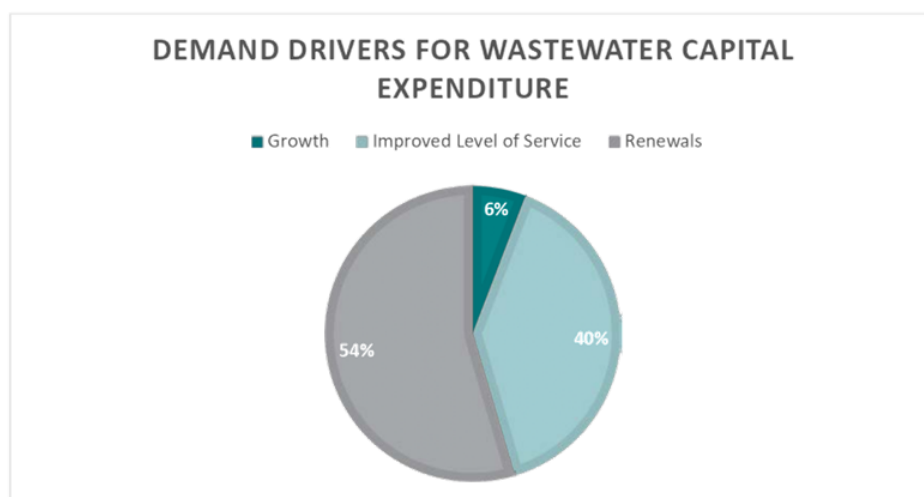


Figure 12.2.2 Demand Drivers for Growth.

Wastewater treatment assets have a data confidence rating of uncertain. This is estimated to have a moderate ( $\pm 25\%$ ) impact on budgets. Further work is planned to update condition assessments, and review asset life assumptions based on condition, construction date, existing age, and historical replacements in the next three years.

The programme of significant investment on new wastewater infrastructure that commenced in 2018 will continue through the next seven years of this plan. These new assets will add to depreciation costs.

The more technically complex Cromwell treatment plant has resulted in higher electricity and operational costs, as well as routine renewal of membranes at 10 year intervals.



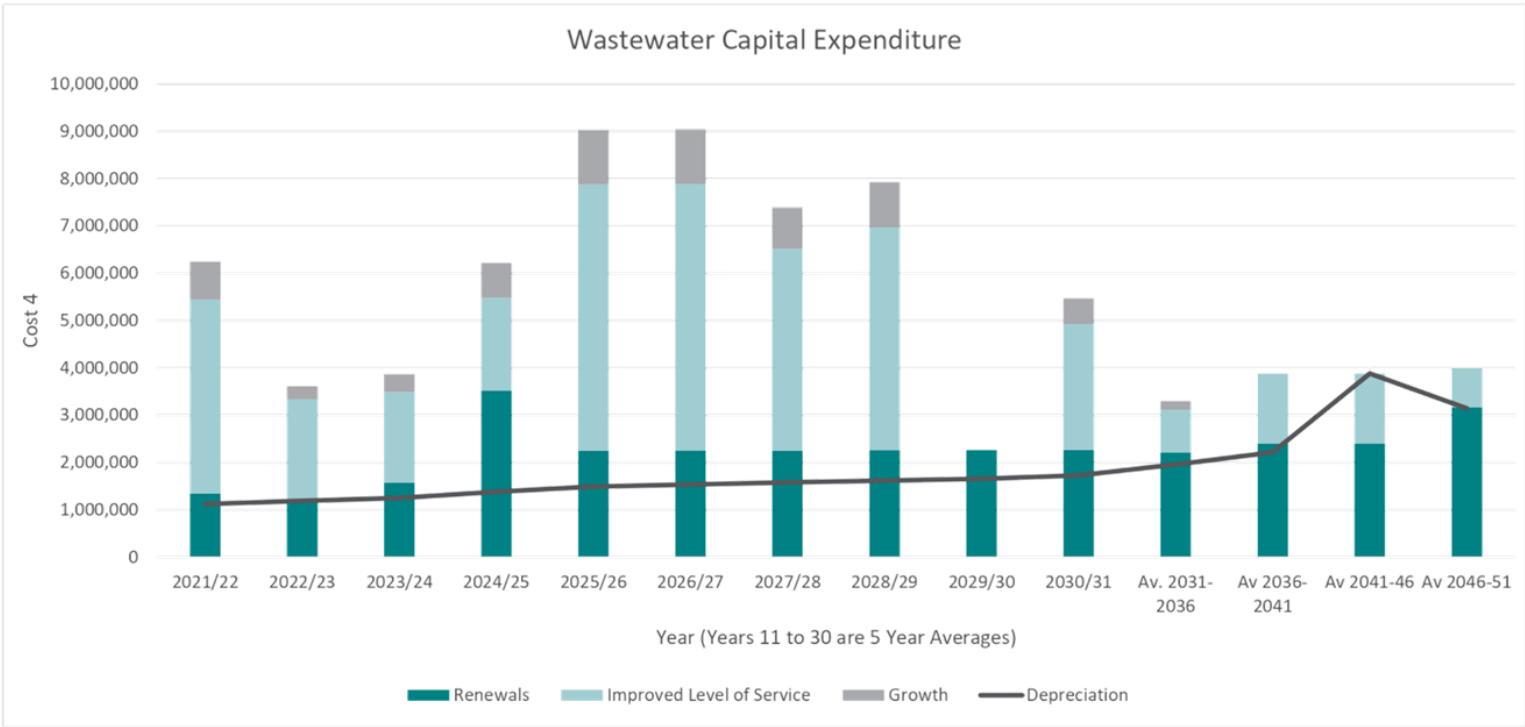


Figure 12.2.2 Projected Capital Expenditure – Wastewater

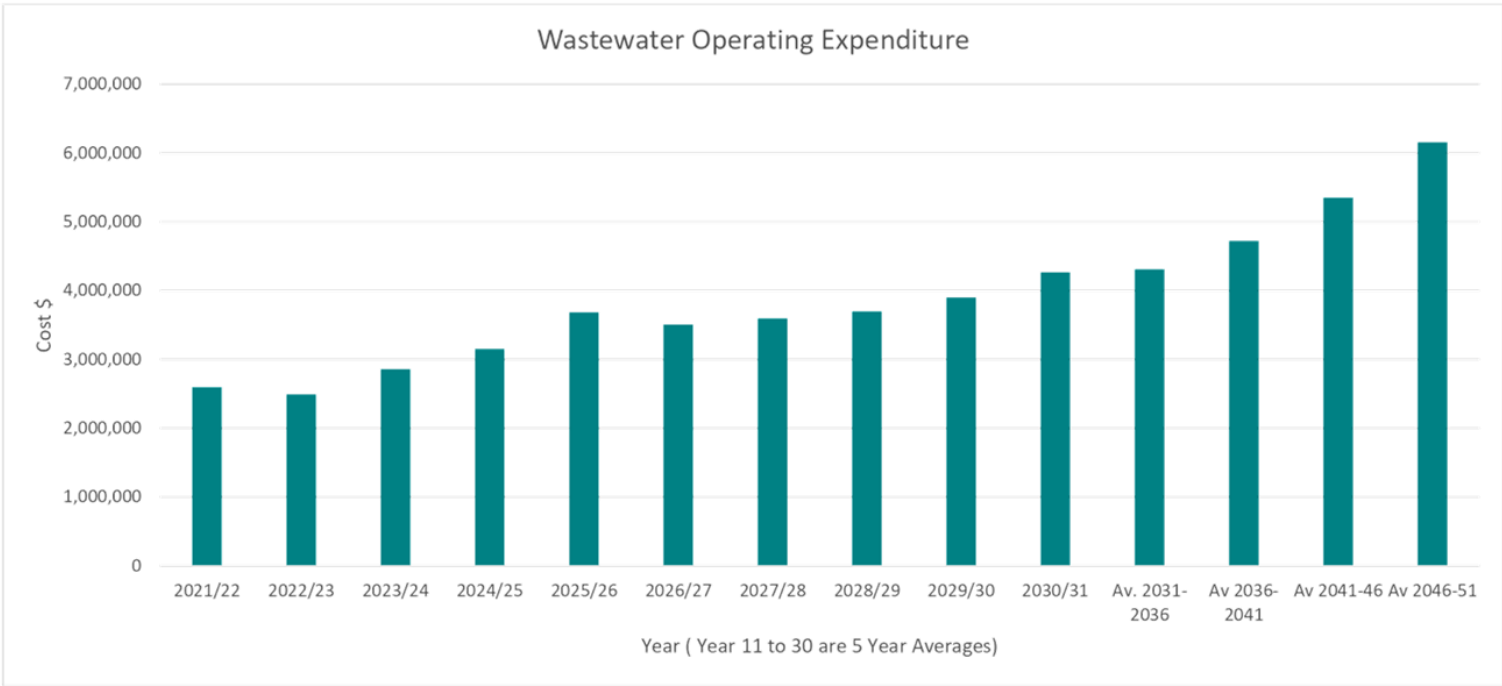


Figure 12.2.2 Projected Operational Expenditure – Wastewater

Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2021 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
<b>Earnsclough road pumpstation</b>	Pumpstation is located in middle of road causing operational issues for maintenance of pumpstation and retaining road access	Relocate pumpstation	Close road while maintenance is undertaken	44% Level of service 45% renewal 11% growth	\$0.36	2023-24	\$0.36
<b>Alexandra wastewater treatment upgrade</b>	The Alexandra Treatment Plant requires upgrading to accommodate increased capacity from stage 2 of Clyde reticulation, and to meet changes to conditions when the consent expires. There is no redundancy within the existing plant, meaning that it cannot be shut down for repairs and maintenance without impacting on discharge quality and breaching consent requirements	Duplicate the existing process plant to provide increased capacity and ability to shut part down for repairs and maintenance	Build a new plant at another location	83% Level of service 17% growth	\$15.8	2021-26	\$16.18
<b>Alexandra wastewater treatment nitrogen removal</b>	Additional treatment upgrade will be required to ensure the impacts of additional loading due to population growth does not negatively impact on the quality of discharges. This is also a resource consent requirement	Nitrogen removal process added to treatment	Alternative discharge method	83% Level of service 17% growth	\$5.0	2027-28	\$5.14

Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2021 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
<b>Cromwell wastewater treatment nitrogen removal</b>	Additional treatment upgrade will be required to ensure the impacts of additional loading due to population growth does not negatively impact on the quality of discharges. This is also a resource consent requirement	Nitrogen removal process added to treatment	Alternative discharge method	83% Level of service 17% growth	\$0.25 \$5.0	2021-22 2028-29	\$0.25 \$5.2
<b>Clyde wastewater complete stage 1-commercial area and oldest part of town</b>	The density of septic tanks in Clyde may not meet more stringent discharge controls for urban areas. There is anecdotal evidence that on site systems in the commercial area are struggling during peak times resulting in odour issues. Clyde is unable to grow further unless a wastewater system is implemented	Construct a reticulated wastewater system for Clyde. Pipe wastewater from Clyde to Alexandra, and treat at the existing Alexandra Wastewater treatment plant. Implement reticulation in three stages	Construct a reticulated wastewater system for Clyde. Construct a separate treatment facility for Clyde at Muttontown. Implement reticulation in a single stage.	83% Level of service 17% growth	\$3.7	2021-22	\$3.7
<b>Clyde wastewater Stage 2 – pre 1997 development</b>					\$0.5 \$3.1	2028-29 2030-31	\$0.52 \$3.2
<b>Clyde wastewater Stage 3 – later development</b>					\$5.3	2032-33	\$5.5
<b>Omakau treatment Upgrade – stage 1</b>	Treatment modifications are required to improve environmental outcomes and meet discharge requirements on existing resource consents	Aeration added to ponds	Install a tertiary treatment system	83% Level of service 17% growth	\$0.3	2021-22	\$0.3

Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2021 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
<b>Omakau treatment upgrade – stage 2</b>	Treatment modifications are required to improve environmental outcomes and meet discharge requirements on new resource consents	Install a tertiary treatment system, discharge to river	Additional biological treatment in pond, discharge to land	83% Level of service 17% growth	\$3.0	2040-41	\$3.7
<b>Flow meters on pump stations</b>	Stormwater infiltration into the Alexandra wastewater network is not well understood. This could result in unnecessary capacity being provided to meet demand during rain events	Install flow devices on pump stations to monitor difference in flow during rain events	Provide additional capacity within the network and treatment plant to accommodate stormwater infiltration	46% Level of service 46% renewal 8% growth	\$0.36	2023-24	\$0.36
<b>Pumpstation storage capacity upgrades</b>	Limited pumping and storage capacity to accommodate inflow during high flow, resulting in overflows	Increase pump station storage capacity	Install larger pump and main pipe.	41% Level of service 41% renewal 18% growth	\$0.3 \$3.61	2021-22 2024-25	\$0.39
<b>Upgrade inlet screens– Naseby, Roxburgh and Ranfurly treatment sites</b>	Quality of inflow affects pond and plant performance, and reduces discharge quality	Install new inlet screens	Increase pond cleaning and treatment processes	83% Level of service 17% growth	\$0.54	2022-23	\$0.54
<b>Install S-scan devices on six sites</b>	New environmental standards require real time data on discharge quality	Install S-scan devices	Fail to meet legal requirements	83% Level of service 17% growth	\$0.6	2022-23	\$0.6



Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2021 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
<b>Install generators on all pump stations with risk of overflow to watercourse</b>	Power outages cause overflow to watercourse	Install permanent generators	Increase storage capacity, provide mobile generators	83% Level of service 17% growth	\$0.6	2023-24	\$0.6
<b>Lake Roxburgh village treatment</b>	Consent expires, requiring increased treatment to meet expected new consent conditions	Pipe to Roxburgh and combine the treatment to the existing Roxburgh site	Increase treatment processes at Lake Roxburgh Village	46% Level of service 46% renewal 8% growth	\$0.1 \$0.8	2021-22 2022-23	\$0.1 \$0.8
<b>Ranfurly treatment</b>	Consent expires, requiring increased treatment to meet expected new consent conditions	Increase treatment processes	Additional biological treatment	100% Level of service	\$3.0	2045-46	\$4.1
<b>Naseby treatment</b>	Consent expires, requiring increased treatment to meet expected new consent conditions	Increase treatment processes	Pipe to Ranfurly and combine treatment at one site	46% Level of service 46% renewal 8% growth	\$3.0	2046-47	\$4.2
<b>Roxburgh treatment</b>	Consent expires, requiring increased treatment to meet expected new consent conditions	Increase treatment processes	Additional biological treatment	100% Level of service	\$3.0	2040-41	\$3.7
<b>Electricity supply to Roxburgh wastewater site</b>	Electricity required to enable remote monitoring of the site. Solar panels are not working in winter	Install electricity supply	Manually monitor and operate plant during winter	100% level of service	\$0.2	2022-24	\$0.02

Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2021 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
<b>Ranfurly sludge drying beds</b>	Existing drying beds in poor condition	Replace and upgrade existing beds	Transport and process sludge at another site	100% Level of service	\$0.2	2024-25	\$0.21
<b>Network upgrades with developments</b>	Opportunities occur to upgrade the capacity of existing pipes and pumps installed during developments and long-term forecasts do not include provision to address the implications of growth on capacity of the network	Provision to enable cost effective upgrades to be undertaken when they are presented due to development and recognise future capacity requirements to meet growth	Miss opportunities to include cost-effective capacity improvements when development work is occurring and program these separately through future long term plans	100% growth	\$0.9 (0.03/ Annum (0.33 Annum)	2021-24 2024-50	\$10.9

## Stormwater

Central Otago's vision for stormwater services is "To deliver safe and compliant stormwater networks which support a healthy community and environment".

The stormwater services activity enables the collection, conveyance, and disposal of stormwater within Cromwell, Alexandra, Roxburgh, Omakau, and Ranfurly. These towns have reticulated stormwater systems to manage drainage and prevent flooding. The remaining towns have mudtanks connected to soakpits, open channels, and culverts across roads. This infrastructure is maintained as part of the roading activities.

Renewal expenditure in the next ten years will be focussed on addressing discharge infrastructure.

Central Otago has low rainfall, and minimal stormwater discharges to waterways. It has been assumed that there will be minimal additional requirements on stormwater discharges within the Central Otago area from increased regional controls on urban water discharges.

In the next three years Council will collect a detailed inventory of discharge locations and undertake flow monitoring to identify where further work may be required to improve environmental outcomes.

Council expects to be able to accommodate improvements required for environmental reasons, or upgrades for climate change within the renewals program in the 30-year plan.

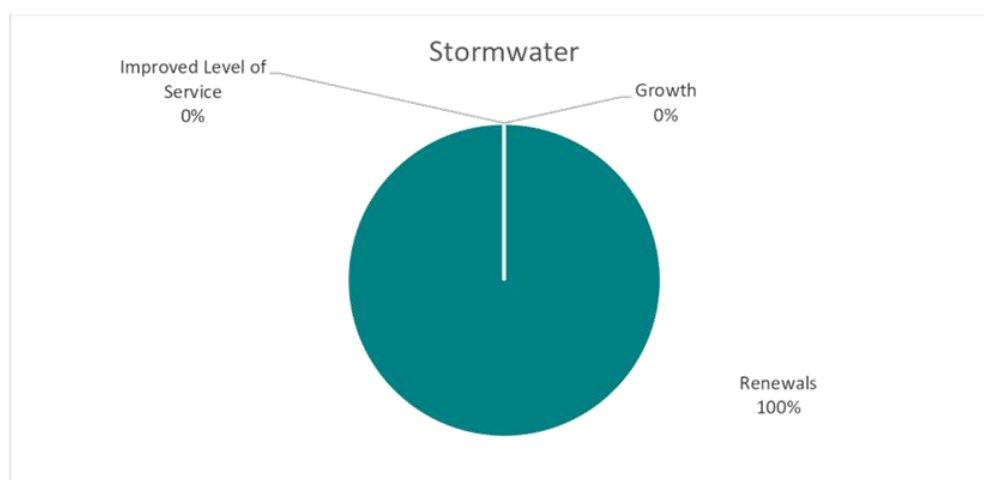


Figure 12.3.1 Demand Drivers for Stormwater Capital Expenditure

Figure 12.3.2 Projected Capital Expenditure – Stormwater graph shows depreciation is the same as programmed renewals expenditure over the next 30 years.

Council reduced its renewal programme over the 2018-21 period to reflect the relatively young age of the pipe infrastructure. The investment into renewals has been increased from 2021 to follow a similar profile to annual depreciation funding. This will enable long-standing issues in the urban areas to be addressed.

Most point assets (mudtanks, soakpits, etc) which have shorter lives are maintained as roading assets.

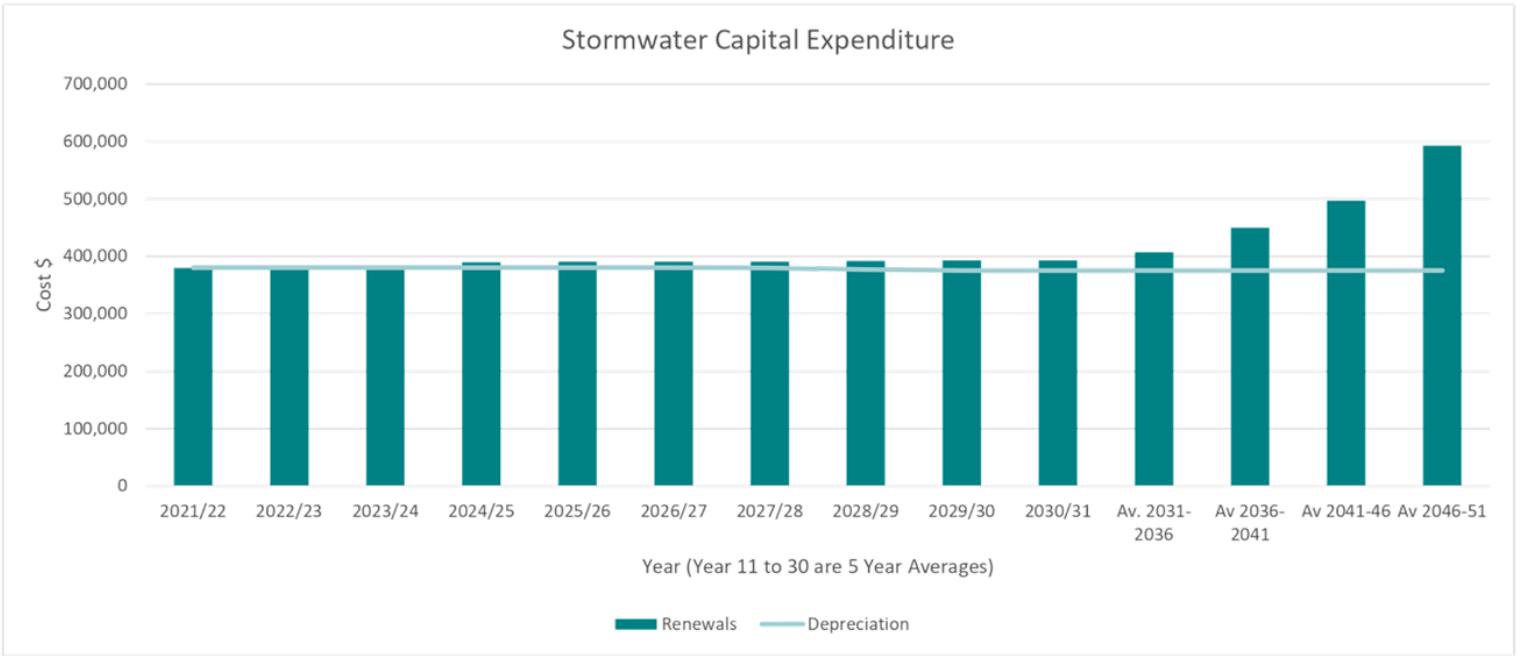


Figure 12.3.2 Projected Capital Expenditure – Stormwater



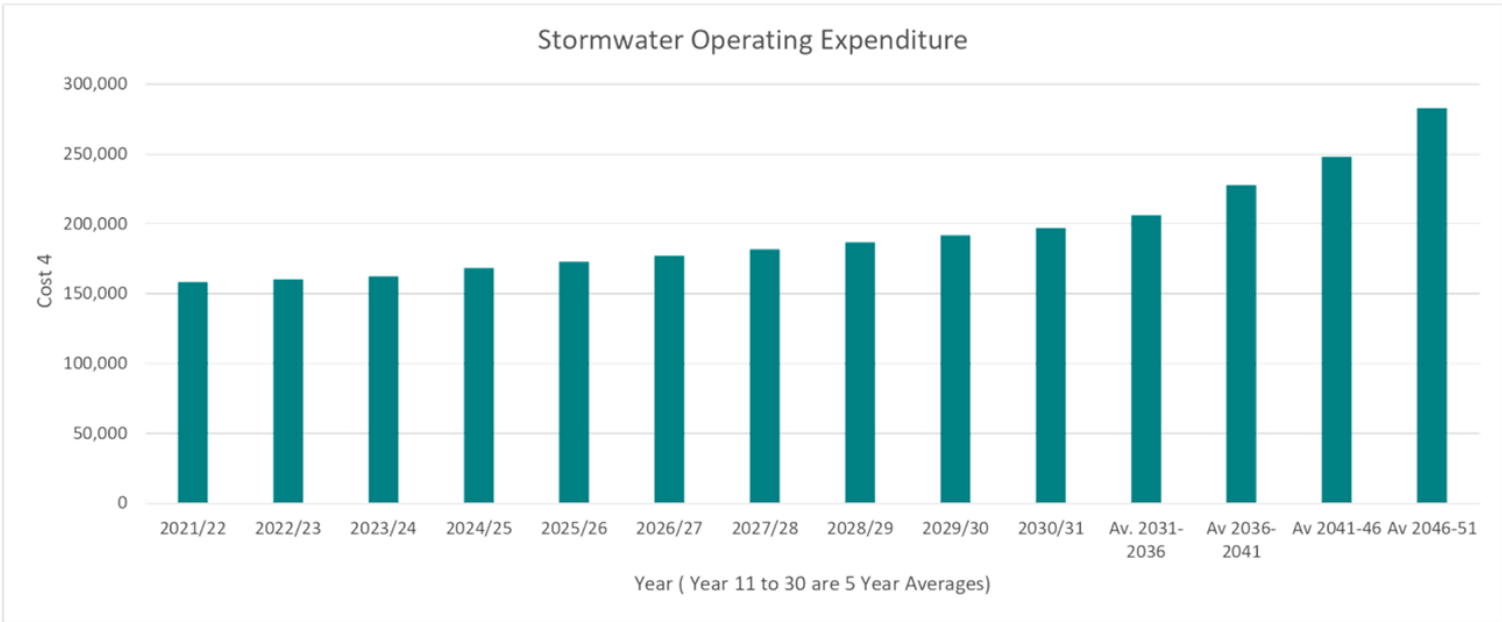


Figure 12.3.3 Projected Operational Expenditure – Stormwater

## Roads and Footpaths

Central Otago's vision for roads and footpaths is "to ensure an efficient, fully accessible, safe network".

*The costs of our unsealed road network are increasing due to traffic demand and reduced material availability.*

Unsealed roads make up 72% of roads and account for approximately one third of proposed roading investment. There is a backlog of renewals work on unsealed roads, particularly on the lowest volume roads, which service land and back country areas.

Improved productivity on rural land is generating more heavy vehicles on the gravel road network, and on bridges. Higher land use returns for agriculture and horticulture activities has resulted in reduced access to suitable gravel supplies, and higher royalty costs. This is increasing costs to provide a fit for purpose unsealed road network.

Renewals investment for unsealed roads has been increased to enable Council to meet increased costs to deliver the same level of service. While not fully addressing the backlog, this will enable an increased metalling and drainage programme to be undertaken on the lowest volume roads.

*An aging bridge network will require us to consider options on how we provide an affordable level of service that meets future demands.*

Central Otago has 179 bridges with 72 expected to reach the end of their economic life within the next 30 years. Many of these are on low volume roads where alternative routes exist. The economic viability of replacement options needs to be considered.

The number and weight of trucks on bridges are also increasing, as a result of regulatory changes and improvements in land productivity.

Replacement of structural components and small bridges will continue. This programme is based on an assumption that not all bridges will be replaced, and further discussion will be held with the community regarding this.

Detailed structural inspections are underway, and impact assessments will be undertaken during 2021 to inform community discussion regarding the shape of the bridge network in the future.

*High growth is increasing the asset base that needs to be maintained and renewed.  
Older assets are servicing increased demand and higher customer expectations.*

Growth is increasing traffic volumes in urban centres, on unsealed roads, and bridges, and development is increasing the length of road that needs to be maintained. There is approximately 850m of new urban streets, and 2-3km of rural sealed road being vested in Council each year. This is increasing both operational and renewal costs.

Council has agreed to a managed risk approach to the sealed road renewals programme. This is supported by an optimised decision-making framework that makes extensive use of modelling, which is then validated in the field. The resurfacing programme has been increased to approximately 4.5% of the total sealed road length per annum in response to the 2020 modelling work.

A very small proportion of the pavements of our urban streets are beginning to fail. It is no longer cost-effective to undertake routine maintenance and resurfacing of these sections of road. We will continue to reconstruct approximately 300m of urban streets each year. This has been identified as being the optimal length of annual reconstruction from deterioration modelling.

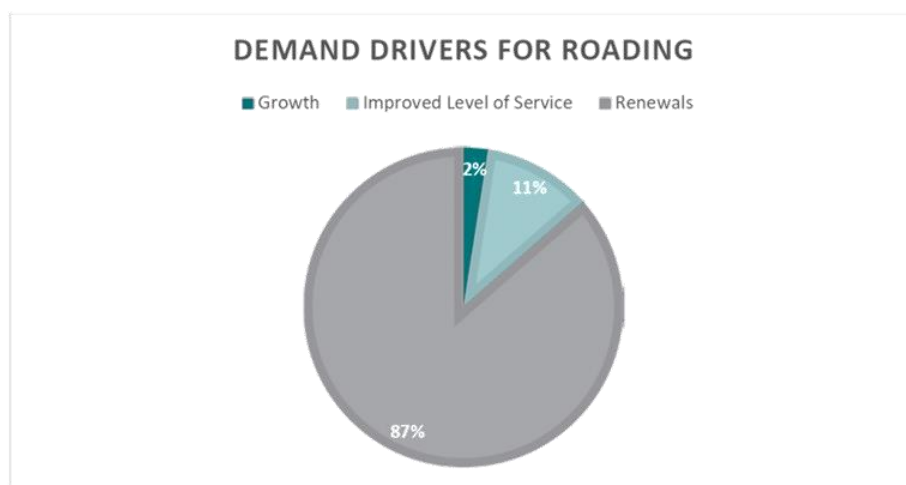


Figure 12.4.1 Demand Drivers For Roading Capital Expenditure

The capital expenditure that has been programmed receives a 51% subsidy from Waka Kotahi New Zealand Transport Agency. For this reason only 49% of the depreciation cost is funded.

Depreciation will be accrued on bridges and sealed pavements that have long lives, and Council has modest renewal programmes for both of these assets. This is due to the good condition of the sealed pavements, and uncertainty on the need for bridge renewals.

As discussed above, Council will be reviewing the bridge network and consulting with the community to determine which bridges should be retained. This may result to changes in the bridge depreciation funding and renewal programme depending on the outcome of this consultation.

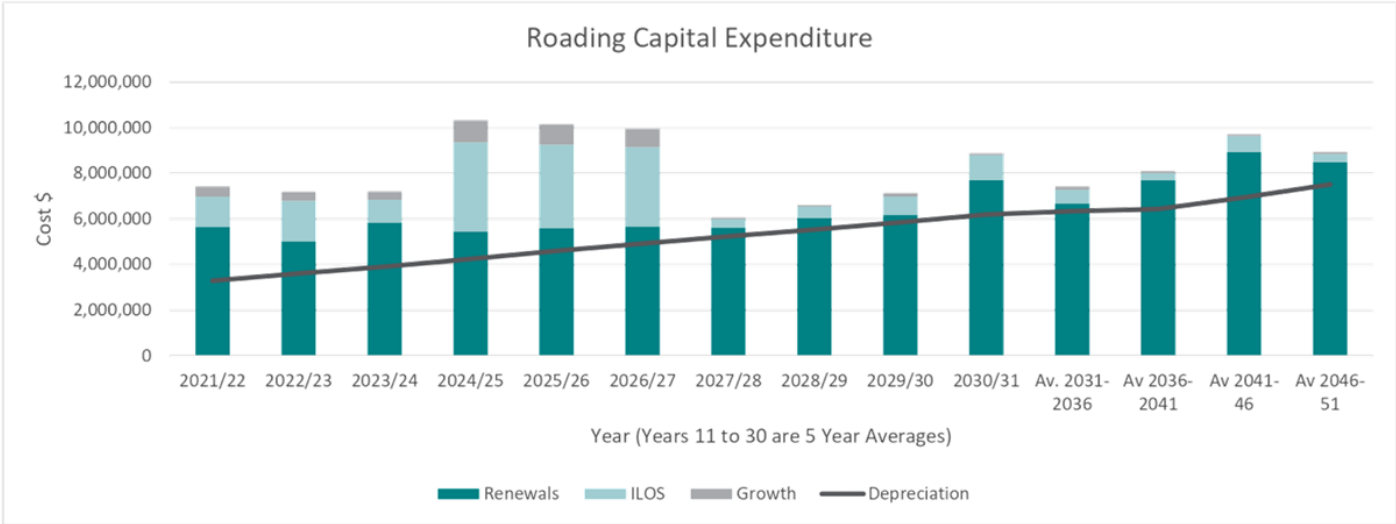


Figure 12.4.2 Projected Capital Expenditure – Roading

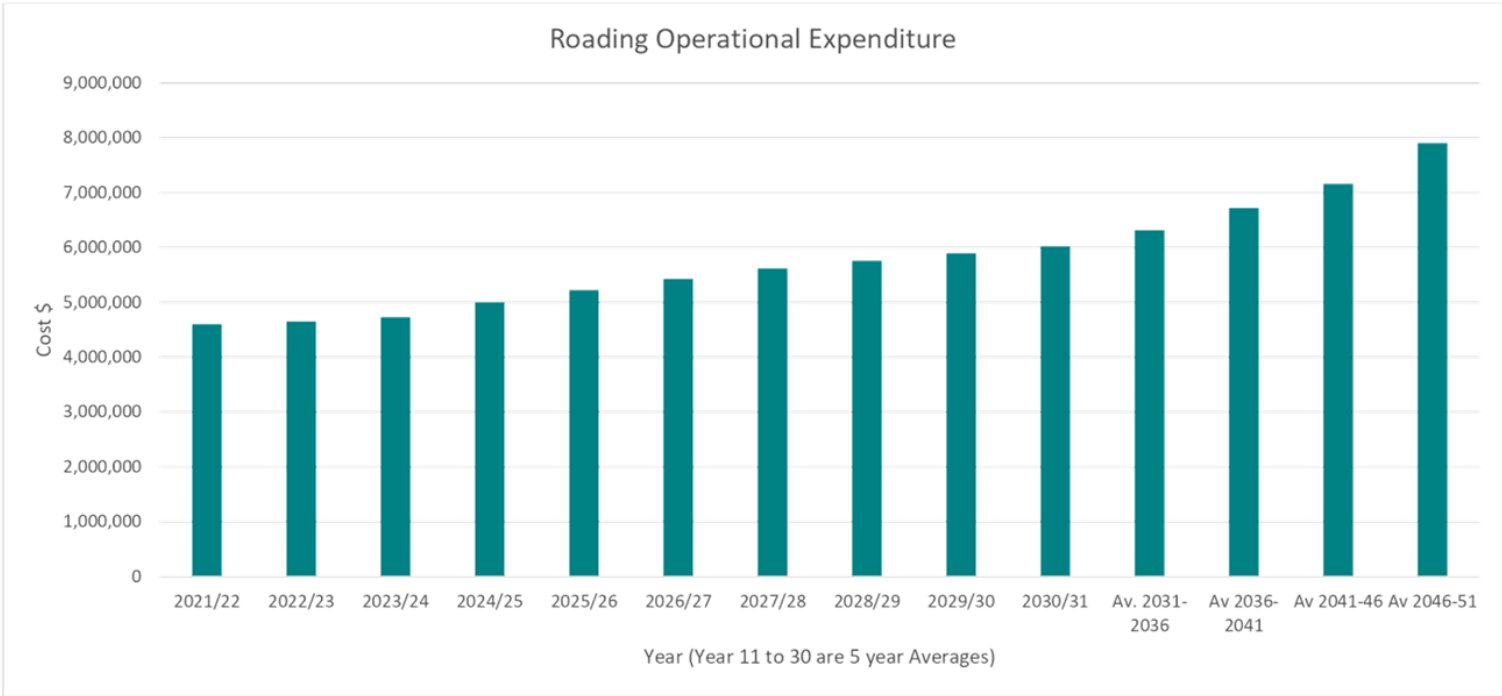


Figure 12.4.3 Projected Operational Expenditure – Roding



Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2020 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
<b>Clyde Historic Precinct – road upgrades</b>	Growth is resulting in increased demand for parking, and use of public spaces, eroding the experience for visitors and locals, and creating safety issues	Completion of remaining two stages: Lodge Lane, Holloway Street, and angle parking on Fache Street, and Sunderland Street upgrade	Addressing parking by improving access to car parking beside river, reducing speed on Sunderland Street	81% Level of service 19% growth	\$1.365	2021-22	\$1.365
					\$1.60	2023-24	\$1.60
<b>Dedicated cycle path on Alexandra bridge</b>	Link required between Roxburgh Gorge NZ cycle trail and Otago Rail Trail to complete the NZ Cycle Trail link. Include viewing platform to view old bridge piers	Construct a clip-on pathway on side of bridge	Separate bridge is constructed for cyclists and pedestrians, or they share the existing road across the bridge with traffic	41% Level of service 40% renewal 19% growth	\$0.22	2022-23	\$0.22
					\$1.98	2024-25	\$2.04
<b>Clyde cycle trail connections</b>	No separated cycle paths between the new Lake Dunstan Cycle Trail and Clyde Historic Precinct. Unclear wayfinding between Clyde Historic Precinct and Otago Central Rail Trail	Provide Traffic Lights on Clyde Bridge. Provide access across Lake Dunstan using a punt and upgraded path to the Clyde Historic Precinct. Improve cycling connections between the Precinct and the State Highway 8 underpass	Provide access to the south-eastern end of the Clyde Historic Precinct via the Clyde Bridge	41% Level of service 40% renewal 19% growth	\$0.4	2021-22	\$0.4
					\$0.1	2022-23	\$0.1
					\$0.9	2025-26	\$0.95

Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2020 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
<b>New footpaths</b>	Growth, aging demographic and increased traffic exacerbates safety issues where there are gaps in the existing footpath network	Construction of new footpaths and cycle ways, in conjunction with providing compliant crossing facilities	Vulnerable users share the road with vehicles or walk on road verges.	81% Level of service 19% growth	\$3.0 (0.1 annum)	2021-50	\$4.19
<b>Cromwell town centre intersection upgrades</b>	Growth in population and visitors is placing pressure on key intersections. Safety issues at intersections will be exacerbated with higher traffic demand	Sargood Road/ /Murray Terrace roundabout	Install traffic lights	81% Level of service 19% growth	\$0.1 \$1.9	2022-23 2026-27	\$0.1 \$2.07
		Realignment of Murray Terrace	Upgrade Illes Street intersection (2 intersection upgrades instead of 1)	81% Level of service 19% growth	\$0.85 \$1.615	2022-23 2026-27	\$0.85 \$1.76
		Barry Avenue/Murray Terrace Intersection and traffic calming	Install roundabouts or traffic lights	81% Level of service 19% growth	\$0.2 \$0.38	2022-23 2025-26	\$0.2 \$0.40
		Waenga Drive/Murray Terrace Intersection and traffic calming	Install roundabouts or traffic lights	81% Level of service 19% growth	\$0.2 \$0.38	2022-23 2025-26	\$0.2 \$0.4
		Barry Avenue/Waenga Drive roundabout	Install traffic lights	81% Level of service 19% growth	\$0.75 \$1.425	2022-23 2025-26	\$0.75 \$1.51

Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2020 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
<b>Cromwell town centre lanes</b>	Lack of definition of road and carpark areas in Cromwell town centre causes confusion and safety issues for pedestrians, cyclists and vehicles	Change existing lane through carpark to a defined road	Leave existing informal carpark through routes	41% Level of service 40% renewal 19% growth	\$0.05 \$1.374	2022-23 2024-26	\$0.05 \$1.431
<b>Alexandra intersection upgrades</b>	Growth in population and visitors is placing pressure on key intersections. Safety issues at intersections will be exacerbated with higher traffic demand	Traffic calming, installation of turning bays and splitter islands	Roundabouts or traffic lights	81% Level of service 19% growth	\$1.5	2031-32	\$1.89
<b>Construction of Alexandra northern access road</b>	Access to residential and industrial development will result in a new road being built to provide access from SH8.  There will be a gap between the developers' projects across Council reserve land which will be funded by Council	Construct approximately 310m of new road between MacLean Road and State Highway 8 – across Council owned land, in co-ordination with road construction by developers	Construct full length of road between McLean Road and Dunstan Road, including a roundabout at SH 8.	81% Level of service 19% growth	\$0.41	2025-26	\$0.48
<b>Seal extension sandflat road</b>	Growth in traffic volumes resulting in excessive maintenance costs and safety issues due to dust.	1.2 km seal extension	More frequent maintenance and renewal, use of dust suppression products	81% Level of service 19% growth	\$0.41	2024	\$0.43

Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2020 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
<b>Seal extension Maori Point road</b>	Growth in traffic volumes resulting in excessive maintenance costs and safety issues due to dust	Seal extension for 5.85km	More frequent maintenance and renewal, use of dust suppression products	81% Level of service 19% growth	\$0.217 \$1.95	2022-23 2024-25	\$0.217 \$2.01
<b>Speed limit signs</b>	Review of Speed Limit Bylaw will result in changes to speed limits and changes to signs	Install signs to reflect new speed limits	Don't change the speed limits	40% Level of service 40% renewal 20% growth	\$0.25	2021-22	\$0.25
<b>Small safety projects</b>	Growth in traffic volumes and network usage is resulting in some minor deficiencies in roading geometry, intersections and surfacing presenting an increased risk to road users	Construction of reconfigured intersections and minor geometric improvements, in conjunction with short sections of sealing	Existing Levels of Service are maintained	60% Level of service 20% renewal 20% growth	\$3.0 (0.10/annum)	2021-50	\$4.19
<b>New dropped kerb crossings</b>	Growth, aging demographic and Increased traffic exacerbates safety issues where there are no cutdowns in the kerbs to facilitate disabled access from the road to the path	Construction compliant crossing facilities	Vulnerable users share the road with vehicles	70% Level of service 20% renewal 10% growth	\$0.55 (\$0.05/annum)	2021-32	\$0.61
<b>Neplusltra street cycle Path</b>	Construction of shared path to connect Alpha Street and the Lake Dunstan Trail to the Cromwell town centre	2.2km of separated cycle path and road crossing upgrades within existing road reserves	On-road cycling facilities	81% Level of service 19% growth	\$0.90	2022-23	\$0.90

Project	Problem	Principal Option	Principal Alternatives	Capital Expenditure Split	2020 Cost (\$ Million)	Year	Escalated Cost (\$ Million)
<b>Sealing rural gravel road/sealed road intersections</b>	Gravel from the side road migrates onto the intersection causing a safety issue, edgebreak occurs on the edge of the seal	Seal back 30-50m on the gravel side road	More frequent maintenance sweeping, grading, and edge break repair	50% Level of service 47% renewal 3% growth	\$1.1 (\$0.1/annum)	2021-32	\$1.25
<b>Omakau bridge replacement</b>	Settlement is occurring in the piers. The singlelane bridge is not wide enough to take farm vehicles. The existing structure is nearing the end of its economic life	Construction of a new concrete bridge	Jacking of existing piers, and widening of existing deck	28% Level of service 65% renewal 7% growth	\$0.35 \$1.99	2028-29 2030-31	\$0.4 \$2.43
<b>Little valley road bridge replacement</b>	Timber decked railway bridge on concrete abutments is nearing the end of its economic life. Substandard seismic performance	Construction of a new concrete bridge	Replacement of structural components, and seismic strengthening	20% Level of service 60% renewal 20% growth	\$0.35 \$3.5	2042-43 2045-46	\$0.86 \$5.5

Table 12.4.1

## Section 8: Assumptions and risk

Section 4 of both the Water Services and Rooding Activity Management Plans outline the assumptions, negative effects and risks for the individual activities. These include specific activity risk registers that follow Councils Corporate Risk Management Policy.

The following tables identify the assumptions that have been made in developing the 30 Year Infrastructure Strategy and associated work programme, and the risks associated with these assumptions.

Assumption	Risk	Consequence	Likelihood	Mitigation
The growth scenario used is appropriate for Council's long-term planning	Growth occurs at a different rate to the medium growth projections	Capacity improvements will need to occur sooner, or be delayed	Moderate	Growth projections are reviewed every three years, and project timing is reconsidered based on updated data
There will be more stringent requirements for Urban Water Quality discharges under new National Environmental Standards	The requirements, and timing of compliance are not yet known	The standard of discharge assumed may be over estimated or further costs if standard of discharge assumed is under estimated	Moderate	Upgrade requirements are reviewed every three years as new standards are developed
The implementation period for compliance with new National Environmental Standards will occur when existing consents are due for renewal	The implementation period to comply with new requirements may be shorter than allowed for in project planning in this Infrastructure Strategy	Costly upgrades will need to be undertaken earlier	Moderate	Upgrade timelines are reviewed every three years as new standards are developed
There will be no legislative changes regarding the level of treatment required to comply with the NZ Drinking Water Standards	It is expected that there will be legislative change as a result of the Havelock North Inquiry. It is unknown whether this will change the level of treatment required	Financial penalties if prosecuted for not meeting the required standards	Unlikely	Projects to improve treatment of water schemes to meet the bacteria and protozoa requirements will be completed within the first 3 years of this LTP



Assumption	Risk	Consequence	Likelihood	Mitigation
There will be legislative changes regarding treatment operations, monitoring, and reporting with the NZ Drinking Water Standards	These changes have been indicated through early engagement with Taumata Arowai and the proposed Water Services Bill	Financial penalties if prosecuted for not meeting the required standards	Almost certain	Council has proposed to increase operational funding for resourcing to improve management and operations of water schemes
The options to solve the problems will be the same in the future as they are today	Technology advances may provide more cost-effective options for addressing the problems in the future	Council may over-estimate the cost of addressing some of the problems	Moderate	Constant review of emerging technologies. Three-yearly reviews of the Asset Management Plans, Long-term Plan, and Infrastructure Strategy
The existing infrastructure will perform as expected and expected useful lives will be achieved on significant assets	Mechanical, electrical, biological, and complex process equipment could fail earlier than expected. Climatic conditions could impact on the effectiveness of biological processes. Sedimentation could affect bores at water sources	Additional renewal work could be required	Moderate	Performance monitoring of assets along with condition assessments to determine the timing of replacement of end of life assets
Inadequate human resources to deliver council services	Council is unable to attract or retain a sufficient number of people with the capabilities to deliver agreed services	Lowering levels of service and delays in capital projects Increase use of consultants at higher cost	Almost certain	Workload management, positive workplace culture and leadership. Use consultants to assist with peak workloads. Streamline work processes to make better use of staff time. Use of collaborative contracting models with contractors and consultants to best optimise staff resources across all organisations

Assumption	Risk	Consequence	Likelihood	Mitigation
The contracting industry does not have the resources to respond to the projected bow wave of central and local government investment in infrastructure	Contractors, consultants, and materials are not available	Higher tendered costs due to reduced competitiveness in the market	Almost certain	Council staff meet with representatives from local large and medium-sized contractors monthly to keep informed of workloads and contractor capacity. This provides information regarding the local market, and feedback from contractors is used to ensure tendering is timed to meet capacity, material order and lead times are considered in programming, and contract deadlines are realistic and achievable. Contractor feedback is also considered when determining procurement options. Councils across Otago and Southland are also sharing information on upcoming tenders and construction work programmes to manage conflicting demands on the market. Where practical, contracts within Central Otago will be of a size to enable medium-sized contractors within the region to tender the work
Projects will be delivered on time in accordance with the funding timeline	Inadequate lead times are provided on projects to undertake investigations and consent work prior to programmed construction dates	Public dissatisfaction and reputational risk due to late delivery on consulted projects	Moderate	Provide adequate lead times during project and financial planning to enable preliminary investigation, consent, and design work to be undertaken in preceding years to construction

Assumption	Risk	Consequence	Likelihood	Mitigation
There will be no significant earthquakes that cause widespread damage to Council infrastructure	A significant earthquake could have a catastrophic impact on Council core infrastructure	Service could be lost on parts of the networks	Unlikely	Network resilience and emergency response plans will be developed in 2018-19 to improve our ability to respond to an event
There will be moderate natural disasters that interrupt day-to-day business and cause damage to Council infrastructure	That events are more severe or more frequent than anticipated	Loss of business continuity, significant damage to underground assets that are self-insured and increased insurance premiums	Almost Certain	Business continuity planning Council sets aside \$120,000 per annum for disaster recovery to cover moderate events and damage to underground assets. Council also has the ability to raise debt for costs above the fund balance, which currently sit at around \$2million
Population growth will occur in the expected locations	Demand for property, and increasing land value in Cromwell, Clyde and Alexandra may result in lower cost alternatives such as Maniototo and Roxburgh experiencing higher than anticipated demand	Greater demand will be placed on infrastructure in Maniototo, and Roxburgh	Moderate	Infrastructure staff monitor resource consent applications to get early warning of issues such as this. Models will be updated more frequently if development occurs in different places than anticipated
External interest income rates are assumed to be 2% to 3% over the life of the plan	Interest rates move affecting interest income	Greater cost through a either lower interest income	Moderate	Duration of investments are set to minimise interest rate exposure Council invests in accordance with the Investment Policy
Internal interest rates are assumed to be 2% to 3% over the life of the plan	Interest rates move affecting interest income and the cost of borrowing	Greater cost through either a lower interest income or higher borrowing costs	Moderate	Duration of loans and investments are set to minimise interest rate exposure Council invests and borrows in accordance with the Investment Policy and Liability Management Policy

Assumption	Risk	Consequence	Likelihood	Mitigation
Economic growth will continue, and a recession will not occur	Austerity measures are required to reduce public spending	Reductions in levels of service, deferral of improvement and growth related work	Moderate	Annual plan revisions, three-yearly reviews of the Asset Management Plans, Long-term Plan, Financial Strategy and Infrastructure Strategy
That inflation will occur at the rates forecast in the 2020 BERL report	Inflation costs may be much higher, particularly in the next three years	Insufficient budgets to deliver proposed programmes, or levels of service	Unlikely	Work programmes will be reprioritised to minimise impacts on levels of service Three-yearly reviews of the Long-term Plan, Financial Strategy and Infrastructure Strategy
Net operational savings will be achieved equivalent to year 2 and 3's inflation rate	Savings are not achieved	Higher rates or reduced levels of service	Moderate	Depreciation and staff cost are excluded for this assumption Management committed to the process
Net expenditure in 2020-21 is the same as planned through the 2020-21 Annual Plan	Net expenditure does not equal the annual plan	Cash reserves and or fixed assets are not equal to the opening position for the 10 year plan	Moderate	Significant unspent expenditure is carried forward to year one of the plan with little effect on the Long-term Plan. Other variance to operating budgets are moved to reserves
The Roothing programme presented in Council's Long-term Plan will be funded by Waka Kotahi NZTA	Waka Kotahi NZTA may not fund the full programme as presented	Reduced levels of service for roading activities, deferral of renewals work, which could result in increased future cost	Moderate	Waka Kotahi NZTA have been involved during the development of the programme. Where increased expenditure is proposed, this is supported by evidence and a robust business case which meets Waka Kotahi NZTA requirements. Increased budget has been included following advice from

Assumption	Risk	Consequence	Likelihood	Mitigation
				Waka Kotahi NZTA auditors in October 2020
Levels of service will not significantly change	Public expectations may change drastically, along with demand for improved levels of service	Reduced public satisfaction	Moderate	Three-yearly reviews of the Asset Management Plans, Long-term Plan, Financial Strategy and Infrastructure Strategy
Council will continue to deliver the core services included in this strategy	Legislation may be changed to place responsibility for some core services with regional or national authorities	The responsibility and cost of delivering these services will be transferred to a different organisation	Almost certain	Three-yearly reviews of the Asset Management Plans, Long-term Plan, Financial Strategy and Infrastructure Strategy
The asset base increases beyond predicted. (Private water supplies)	Operational budgets are insufficient to meet demand from increased assets	Level of service failure or unbudgeted expenditure occurs	Likely	Council has resolved that any share of the initial costs to upgrade private supplies to meet the New Zealand Drinking Water Standards that transfer to Council ownership and management are to be met by the private supplier and/or by the Council and will be considered case by case
Assets are vested in Council that do not meet level of service requirements and require immediate investment. (Private water supplies)	Capital budgets are insufficient to meet the costs of upgrading new vested assets to meet service requirements	Level of service failure or unbudgeted expenditure occurs	Likely	
There will be no further tranches of government stimulus funding for water or wastewater upgrades, or to facilitate water reform	Work in later years of the programme may need to be brought forward. Inadequate staffing levels to deliver increased programme of work	Opportunities to progress work that is of greatest value to the community may be missed.	Moderate	Progress planning for work that is in years 4 – 10 of the programmes, so these are ready to proceed if funding is made available
Council will meet its proposed capital expenditure programme of work	The programme of work is not delivered resulting in a backlog, and financial risk with the introduction of external borrowings to fund Council's capital programme of work	Possible impact on levels of service, delays in replacing assets and cost increases. Assets could fail before they can be replaced	Moderate to likely	Council can revise the speed of delivery in future annual plans. Any money already collected can be carried forward to a later year to be used at the point of construction

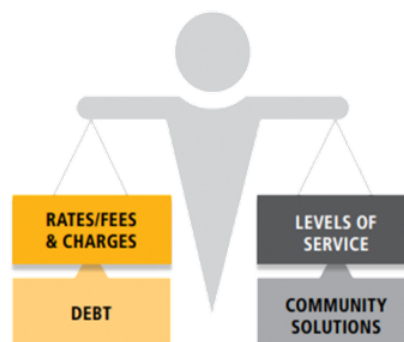
Table 14.1.1



# Financial Strategy 2021

## Investing in our future

One of the biggest challenges a council faces is balancing its community's ability to pay with the need to maintain infrastructure and deliver services. The COVID-19 pandemic has added to this challenge. Council aims to keep rates and charges affordable for current and future generations. At the same time, Council needs to focus on building its community resilience, supporting economic development and promoting opportunities for growth that ensures the community is sustainable into the future. To ensure that Council will continue with a balanced approach, keeping the two guiding principles of affordability and sustainability at the forefront when developing the financial strategy.



Environmental and national standards are impacting Council's infrastructure projects and heavy investment is required to improve the quality of our services and to meet the higher standards. This is further challenged by the Government's proposed changes to the management of New Zealand three waters. Council has signed a Memorandum of Understanding (MoU) with central government to agree to work together to identify approaches that consider the design of the new entities. This reform programme is outlined in the infrastructure strategy. What does this mean for the funding of water under this Long-term Plan (LTP)? There will not be a significant difference from the previous LTP, as the infrastructure issues and the financial implications will still need to be funded by ratepayers until clear decisions are made.

Going into this Long-term Plan, Central Otago District Council is in a good financial position. CODC holds cash reserves of \$13.74 million (June 2020) and while at the time of writing this strategy the council has no external debt, the 2020-21 Annual Plan has signalled Council's intention to move into debt to ensure it meets its intensive capital programme. It is anticipated that this level of debt will increase through the course of this Long-term Plan in order to balance the community's need for new infrastructure and accommodate the growth anticipated for Central Otago.

The desired outcome of this strategy is that Central Otago District Council's asset base and operational expenditure are managed in a cost-effective manner and continue to be funded in a manner that is sustainable for the Council and our communities.



## Funding Our Expenditure

### Assets Replacement

Investment in the current asset base will continue with replacement of assets funded through depreciation reserves. Council rates for the majority of its depreciation, which is held in reserve to be spent on replacement assets and the payment of borrowings required to fund these assets. All renewals are funded by depreciation reserves. For renewal of assets where depreciation has not been fully funded, it is expected that the unfunded portion of the renewal will be funded by a third party or external debt.

For long-life assets, the renewal programme will fluctuate from year to year. If the reserve is underspent, the reserve will earn interest. At times these reserves may be overspent, in which case any interest cost will be rated for (except for development contribution reserves). Council may also choose to loan or rate-fund replacement assets if there are insufficient depreciation reserves.

### Growth Assets

When replacing or putting in new assets, Council will consider whether to build the asset to cater for future growth. This may mean, for example, putting in a larger pipe than is needed for today's use to accommodate additional users in the future. Council will fund the additional capacity through developers' contribution reserves. As part of a subdivision process, developers will contribute to the future growth of infrastructure networks. This money is put in a reserve and used for the growth portion of capital projects.

### The Development Contribution Reserve

Typically, building additional capacity for growth in a network precedes the actual growth demand. The growth portion of the capital programme is funded through development contribution reserves. In most instances, these reserves for growth typically run as deficits attracting interest that are in turn funded by developers' contributions.

### Asset Increased Levels of Service

The Long-term Plan will respond to increasing environmental and national standards.

While this plan concentrates on asset replacement and growth, there are a number of key projects that will increase the level of service provided by Council. These projects are in addition to the continuation of the Clyde Wastewater project that will see the township move from septic tanks to a new Council service of reticulated wastewater. The first stage of this project is expected to be completed in time for year two of this current LTP.

1. Completing water treatment upgrades to meet the New Zealand Drinking Water Standards remains a key focus. Within the first three years of this LTP Council expects all of Council-provided water supplies to be fully compliant with the New Zealand Drinking Water Standards.

2. This plan includes investigating more secure water sources at Roxburgh, Ranfurly, Naseby and Patearoa, upgrading wastewater pump station storage volumes, and road flooding improvements such as upgrading culverts.
3. The current water reforms and the receipt of \$9.46 million that Central Otago District Council received from Tranche 1 of the Water Stimulus Funding has enabled \$5.49 million of projects that were in years 2022 to 2027 of the 2018 LTP to be brought forward. This work is required to be completed by March 2022.
4. Projects to improve water treatment, operational performance, and distribution of water to Bannockburn and Pisa are included in the LTP. These projects include additional capacity to meet future population growth. Hydraulic modelling will be undertaken in 2021 to inform project planning for pipe replacements and reservoir upgrades, which are scheduled for 2027 to 2028.
5. Growth in population, business, tourism and property development is leading to changes in demand for parking and the use of public spaces by motorists, cyclists and pedestrians. For this reason, Council has projects lined up to improve safety, and make these spaces more functional and enjoyable.

Increased level of service for significant capital works is to be primarily funded by loans. To ensure that today's ratepayers do not pay for the building and using of the asset, loan repayment will be rate-funded. Council will rate-fund the depreciation collected on the asset and use these funds to pay the loan principal. This means that the cost of this asset is shared amongst current and future users of the asset. These loans will typically be for no longer than 30 years and funded either internally or externally dependent on the availability of cash reserves. Taking a loan in this instance means that future users of the asset help to pay for it over the asset's lifespan and current ratepayers are not burdened with the full cost. To ensure Council manages the cost of borrowings to mitigate unnecessary costs to the capital programme, Council consulted with the community in the 2020-21 Annual Plan seeking support to join the Local Government Funding Agency (LGFA). With support from the community to join LGFA, Council has joined, and this will help Council manage the cost of borrowings.

In regard to the Clyde Wastewater project, as decided as part of the 2018-28 LTP consultation, all properties connected will pay a connection fee. For stage one this is \$10,000 and will be paid either as a one-off payment in full or spread over ten years with a 5% interest charge per annum.

## Operational Costs

Funding of operational costs come from a number of sources such as rates, user fees, grants and subsidies. The plan has no significant changes in operational funded levels of service but is impacted by interest rates, population growth and inflation. Where possible and practicable, operational spending is funded through user fees or targeted rates.

## Growth and Land Use

### Growth in the district

The district has experienced strong growth, particularly around Cromwell and Alexandra. This was anticipated to start slowing in the first year of this LTP. However, analysis shows

that growth is expected to average at 1.9% for the first five years and to slow to 1.6% for the final five years. Post COVID-19, the number of applications for resource and building consents has slowed to 90% in the 2020-21 year compared to the previous year. This has been reflected in reduced income across the Long-term Plan.

In Alexandra, Council has released reserve land back to the Crown to enable the land to be sold and developed into residential lots. The Vincent Community Board is currently undertaking a residential subdivision development of its freehold land in Alexandra, which adds sections of a range of different sizes to the market. To assist in meeting demand in Cromwell, the Cromwell Community Board is freeing up land for residential and industrial development. The Board has embarked on a Masterplan project for the wider Cromwell area, to address growth. The plan includes infrastructure planning, transport planning and cover community facility requirements to cater for growth. A spatial framework has been produced that addresses zoning and urban development, which will be implemented through a series of plan changes.

Council is in the process of reviewing its District Plan. This is a critical piece of work that helps us to set the standards for how our district responds to growth in a proactive and sustainable way. The plan review will look at all matters required under the Resource Management Act, with a particular emphasis on ensuring sufficient land is zoned for residential, commercial and industrial purposes for the next 10 to 20 years.

Underspends in years that have fewer costs associated with the District Plan are put into reserve to contribute to future years to help manage the cost of the District Plan. An assessment of the district's growth to 2050 was undertaken in July 2020. Four scenarios were modelled:

- Low growth
- Medium growth
- High growth
- Business as usual (assuming no impact from COVID-19).

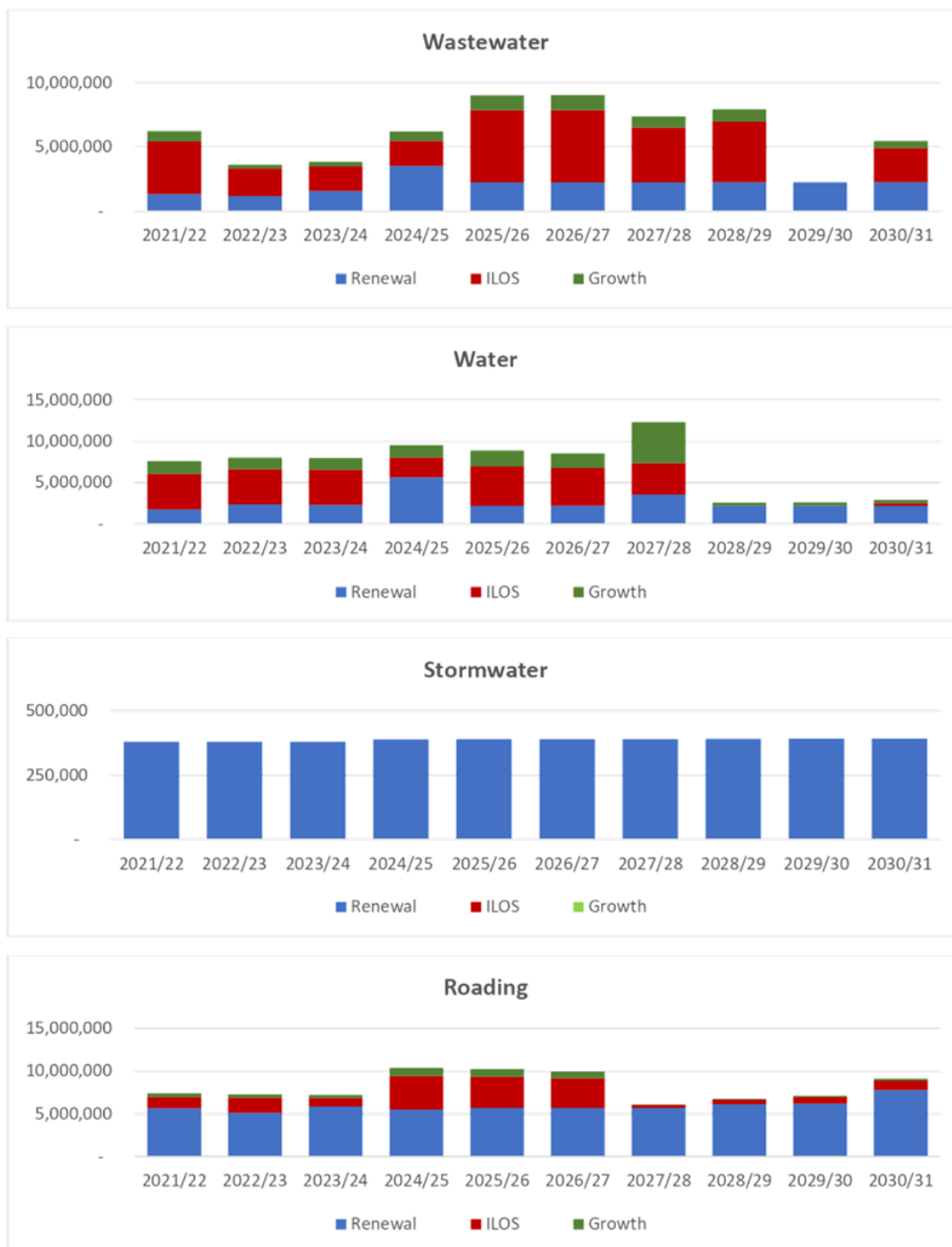
For this Long-term Plan, Council has used the business-as-usual model, which is 1.9% yearly average for the first five years, slowing to 1.6% in the final five years of the plan. This is down on the previous two years, when an average of 2.5% was experienced.

## Capital Expenditure

### Capital project

The following graphs show the split between growth, changes to levels of service, and renewal or replacement of existing assets. Level of service represents the amount of capital expenditure that is planned as an increase to current levels of service.

The amounts spent on renewals are required to maintain the current levels of service. Renewals are funded by rates through depreciation charges. Expenditure for growth will provide existing levels of service to new ratepayers and is funded by development contributions.





## Other Factors

### Emergency Event

Council continues to build its initial response fund for any costs that are considered a Council essential service or group within the district that has been affected by an "act of God" or an "unplanned event" such as a pandemic, and which is not already covered by insurance. Essential service can include any services Council provides that impact on the four community well-beings (social, economic, environmental and cultural).

Due to the size and geographical distribution of the community, Council consider it unlikely that an event would affect the entire district at any one time, so modelling of Council exposure has taken this into account to determine the share of the funds required. Currently, the Emergency Event Reserve stands at \$2.61 million and is projected to reach \$4.323 million by Year 10. If an event caused damage that exceeded the balance of the reserve, Council has the borrowing capacity to raise debt for the balance.

### Insurance

Council will insure all Council-owned assets with the exception of underground assets and bridges, as underground infrastructure became difficult and expensive to insure following the Christchurch earthquakes. Council adopts the policy of self-funding underground infrastructure. As of year four, Council will revert to setting aside \$120,000 each year into the Emergency Event Reserve, which can contribute towards Council's excess that is not funded by Central Government. This fund covers any non-funded or uninsured expenses incurred in relation to natural disasters (an "act of God") and unplanned events, including pandemics. In the event of a catastrophic event, Council would loan fund any expenses not covered by Central Government funding and the Emergency Event Reserve.

### Debt Security

Council's Liability Management Policy currently allows Local Authority Bonds (which includes loan funding through LGFA) to be secured by either a general charge over rates or a specific asset of council.

### Bridges

There are 179 bridges on the district's roading network. Seventy-two bridges are expected to reach the end of their economic life within the next 30 years, with a further 30 requiring significant renewal work. A significant number of these bridges are located on low volume roads, and the economic viability of like-for-like replacement of these bridges will need to be reviewed. Further investigation and analysis work is planned for the next three years, before any actual investment will occur.

Council has not previously rate-funded depreciation for bridge renewals, so there are limited reserves set aside for the programme of renewals that will emerge over the next three years. The current projections take into account our current assessment of the increased work required, so ratepayers are being asked to fund the increased depreciation costs that result, as well as the interest cost for the use of money. Council now funds depreciation and maintenance to ensure it's in a position to continually renew those assets as required.

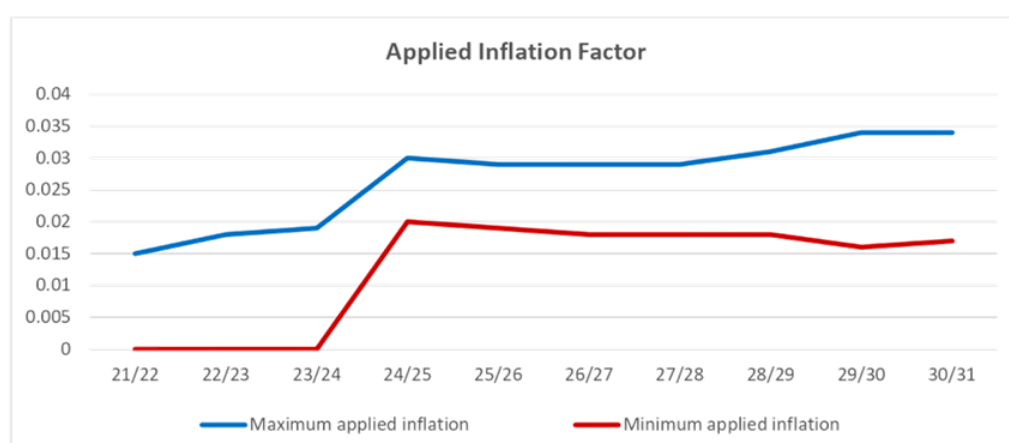
Once a clear work programme is established for the maintenance and renewals of our bridge network, Council can then better consider the funding options available to us. Because bridges are long-life assets, external loan funding may be appropriate. Council has the capacity to borrow further in terms of its limit to total assets. However, Council first needs to assess whether it wants to go down that path or rate-fund the replacements by taking longer to build the self-insurance fund.

## Inflation

Inflation reflects erosion in the buying power of money. Each dollar buys fewer goods and services over time. Expenditure forecasts for each activity are input in the dollars of the relevant year for the first three years. This means that planned cost movements or inflation adjustments are expected, the cost movements have been taken into account.

Applying blanket inflation rates over these first three years would then overinflate these costs. If some costs rise due to unplanned inflation, Council may seek alternative measures, such as finding savings where possible or the use of reserves. Alternatively, Council may review its programme of works to ensure it stays within the proposed budget overall.

An inflation factor of zero has been applied to costs for the first three years to reflect that the base figures include known movements in costs for those years. The exceptions to this are depreciation, depreciation and staff costs, which are inflated from year 1.



During the course of the plan, inflation factors of between 0% (where Council does not apply inflation) and 3.4% have been applied. The difference is reflective of variations in inflation expectations year on year, along with various rates being applied to different costs, for example, water supply inflation factors compared to expected inflation on road construction.



## Development Contribution Reserve

In 2007-2008, when development contributions were in their infancy, the estimation of the growth portion of some roading assets was too high. This has left this reserve in a deficit that with interest charges would not recover to a sustainable point. This deficit was remedied by using general reserves and roading depreciation reserves to bring the account back to a sustainable level during years one to three of the 2018-28 LTP.

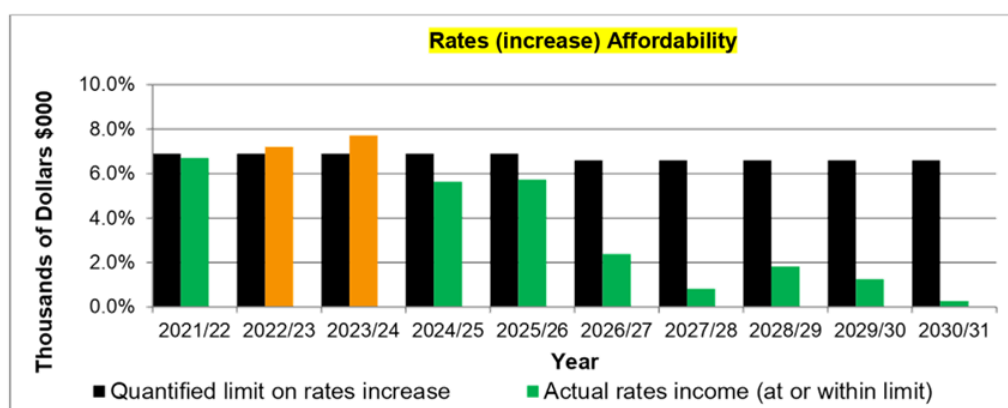
## Impact to Deliver Proposed Levels of Service

Just as the cost of running your household increases every year with inflation, so too does the cost of providing our services. This is because costs like energy, property, labour and construction continue to increase. This in turn affects how much it costs us to deliver services to you. Council has used inflation assumptions, provided by Business and Economic Research Limited (BERL), that are particular to councils. These assumptions underpin this Financial Strategy and are outlined in the financial section.

In planning for the long term, the only certainty is uncertainty. Therefore, creating a plan that accounts for every eventuality would be impossible. So Council bases its forecasting on a set of assumptions and assesses the risks associated with each assumption to determine how to mitigate the consequences and ensure a robust plan that delivers on our promised levels of service.

A positive challenge is that our district is still a desirable place to live for many people. So although Council has a responsibility to provide infrastructure in anticipation of growth, it has the ability to more accurately plan for provision of services in areas where growth is projected to occur.

The review of Council's District Plan will also create a significant opportunity to set the speed of development and growth, and more accurately forecast the demand on levels of service. Council has entered into a number of partnerships that help us deliver our services in a more efficient way. Council has some strong relationships with neighboring councils that its using to the benefit of our communities. One example is our shared library service with Queenstown Lakes District Council.



## Financial Prudence Benchmarks

### Disclosure Statement

#### What is the purpose of this statement?

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

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

### Rates Affordability Benchmark

To maintain an element of affordability, Council has worked towards maintaining a limit on rates increases of 5% per annum for *existing* ratepayers. This does not include the provision for growth currently projected at an average of 1.9% for growth for the first five years decreasing to 1.6% for the final five years.

Anticipated Annual Growth	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2028/29
Rating Units	14,084	14,352	14,624	14,902	15,185	15,474	15,721	15,973	16,228	16,488	16,752

This rate cap is an average for the whole district, which means that on an individual basis the combined cap does not apply. These rate increases will go beyond the 10 years, given the level of investment still to occur.

Due to planned rates reduction in 2020-21 as a result of COVID-19, the need to bring some large infrastructure projects forward and to incorporate projects that raise quality standards to meet predicted legislation changes, it is anticipated that Council will slightly exceed the 6.9% cap in years 2 and 3 (7.2% and 7.7% respectively).

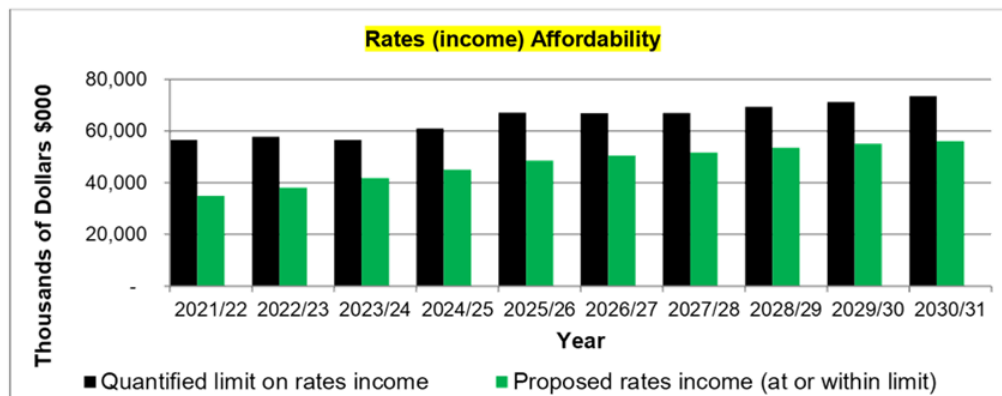
The Council meets the rates affordability benchmark if its planned rates income equals or is less than each quantified limit on rates. Council also sets a rate limit based on total expenditure. This limit has been set at 80% of total revenue and is a measure used across all local authorities. For the 10 years of this plan rates income does not breach this limit.

It is important to remember that this is an average across the district and that rate increases will vary from property to property, with some individual properties seeing increases above this limit, depending on a range of factors such as property valuations and targeted rates assessed on a ward basis.

Rates are the main source of income for councils. Currently Central Otago District Council draws about 60% of our revenue from rates and proposes to limit the rates collected each year to a maximum of 80% of total Council revenue.

Council's strategy is to ensure that both current and future ratepayers pay their fair share of the cost of providing services. This intergenerational equity is achieved through loan funding

the increased level of service of long-term assets and drawing rates to pay for the loan over an extended period of time. The loan will be funded by internal or external borrowing depending on availability of funds. This ensures that both current and future users pay for the service.

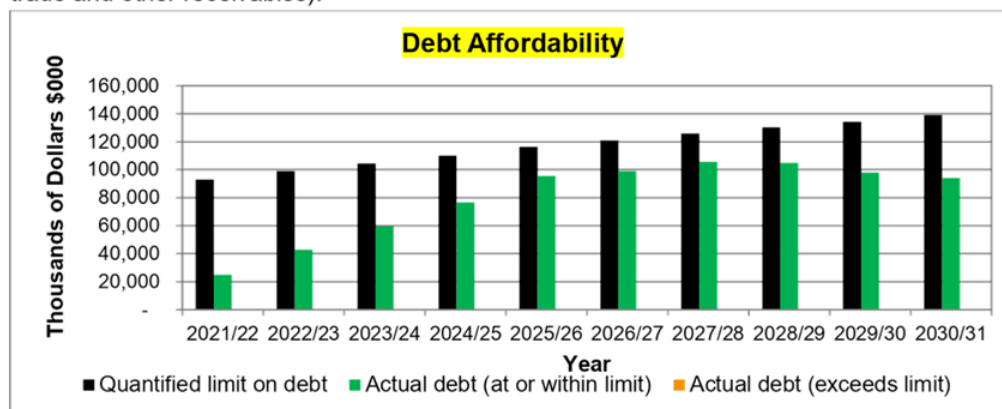


Rates (income) affordability compares the relationship between total revenue and total rates collected. The limit for total rates is set at 80% of total income. **This benchmark has been met in each of the 10 years of the plan.**

### Debt Affordability

The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following graph compares the Council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this LTP. The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, **net debt** means financial liabilities less financial assets (excluding trade and other receivables).

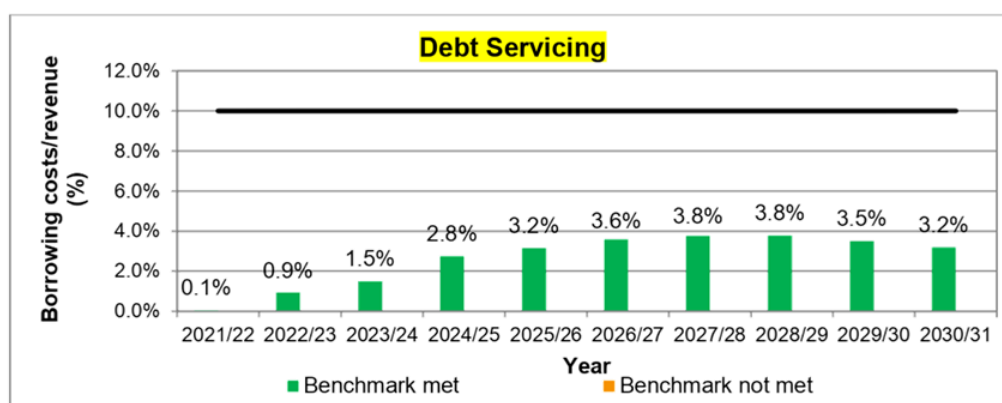


## Debt Servicing

A borrowing limit of 10% of total assets has been set to assist in prudently managing borrowing. As the plan has sufficient cash reserves to internally fund any projects that need to be loan funded, debt in this 10-Year Plan will not exceed the 10% of total assets benchmark.

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

Because Statistics New Zealand projects that the Council's population will grow as fast as the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



## Investment

Council recognises that as a responsible public authority, any investments that Council holds should be of a relatively low risk. Council also recognise that lower risk generally means lower returns. Council aims to maximise investment income within a prudent level of investment risks. Currently Council has money invested with banks in New Zealand and its aim is to achieve market rates for these investments. Council may also consider other investments in accordance with the Investment Policy. Council's quantified target for returns on financial investments is to achieve a return equivalent to market rates. Council will ensure that all funds are placed in suitable deposit accounts and excess funds will be put on deposit.

## Cash Reserves and Debt

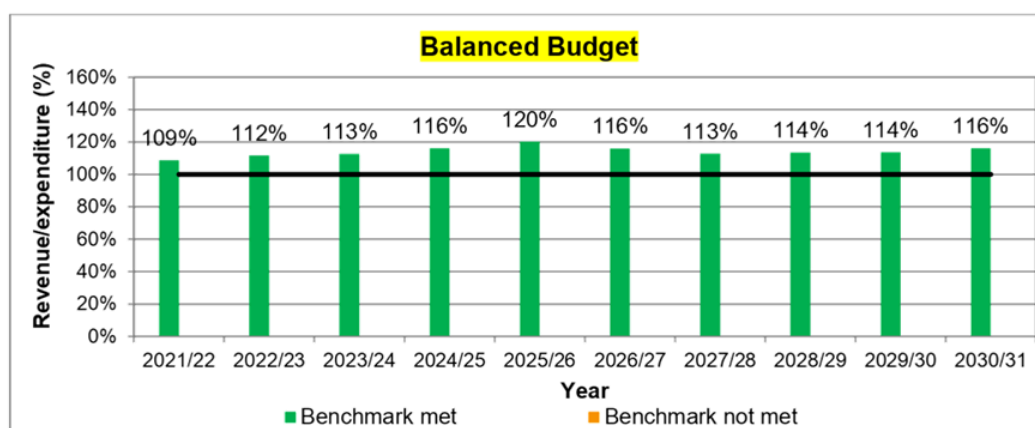
Council currently has reasonable cash reserves. While much of these reserves relate to money set aside for asset replacement, there is a significant amount that has come from Cromwell land sales. In the next 10 years, sale of land is forecast to be a net value of \$40 million, which will add to the estimated cash position. The plan reflects the reinvestment of the land proceeds into assets other than cash, such as the planned development for Cromwell.



Significant non-growth expenditure that is not depreciation funded or subsidised will be loan funded. Loans will be set up with repayments (less depreciation) being rated for. The source of these loans are forecast to come out of cash reserves or external borrowings.

### Balanced Budget

Council is required to operate a balanced budget, in which operating revenues are set at a level sufficient to meet that year's operating expenses. A balanced budget is achieved when total revenue (less revaluations, developers' contributions and vested assets) is greater than operating expenditure. **This plan achieves a balanced budget for each of the 10 years of the plan.**



### Surpluses can result when:

Rates are raised to repay loans. The rates income appears in the prospective statement of comprehensive revenue but the repayment is a prospective statement of financial position item.

Income for capital purposes such as development contributions and capital donations appear in the prospective statement of comprehensive revenue. However, the corresponding capital expenditure is a prospective statement of financial position item.

Waka Kotahi New Zealand Transport Agency grants for roading are included in the prospective statement of comprehensive revenue. These are largely used to fund renewal expenditure, which is a prospective statement of financial position item.

Rates have been raised to build the self-insurance fund for emergency events. The rates income appears in the prospective statement of comprehensive revenue, but the reserve fund is a prospective statement of financial position item.

### Deficits can result when:

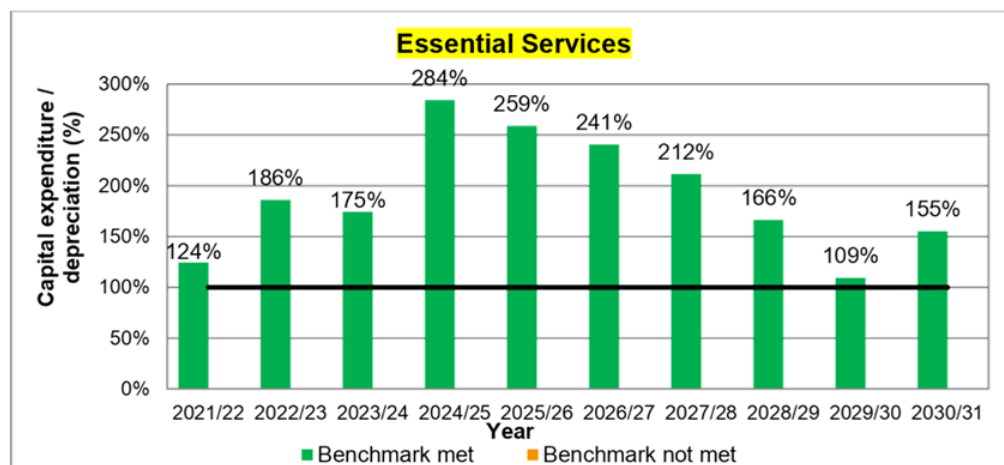
Council's Revenue and Financing Policy indicates that in certain circumstances Council will not fully fund depreciation from rates income, for example, Council does not fully fund depreciation on roading assets. Most roading capital expenditure attracts a government subsidy; therefore, there is no need to fully fund depreciation for the portion that is subsidised.



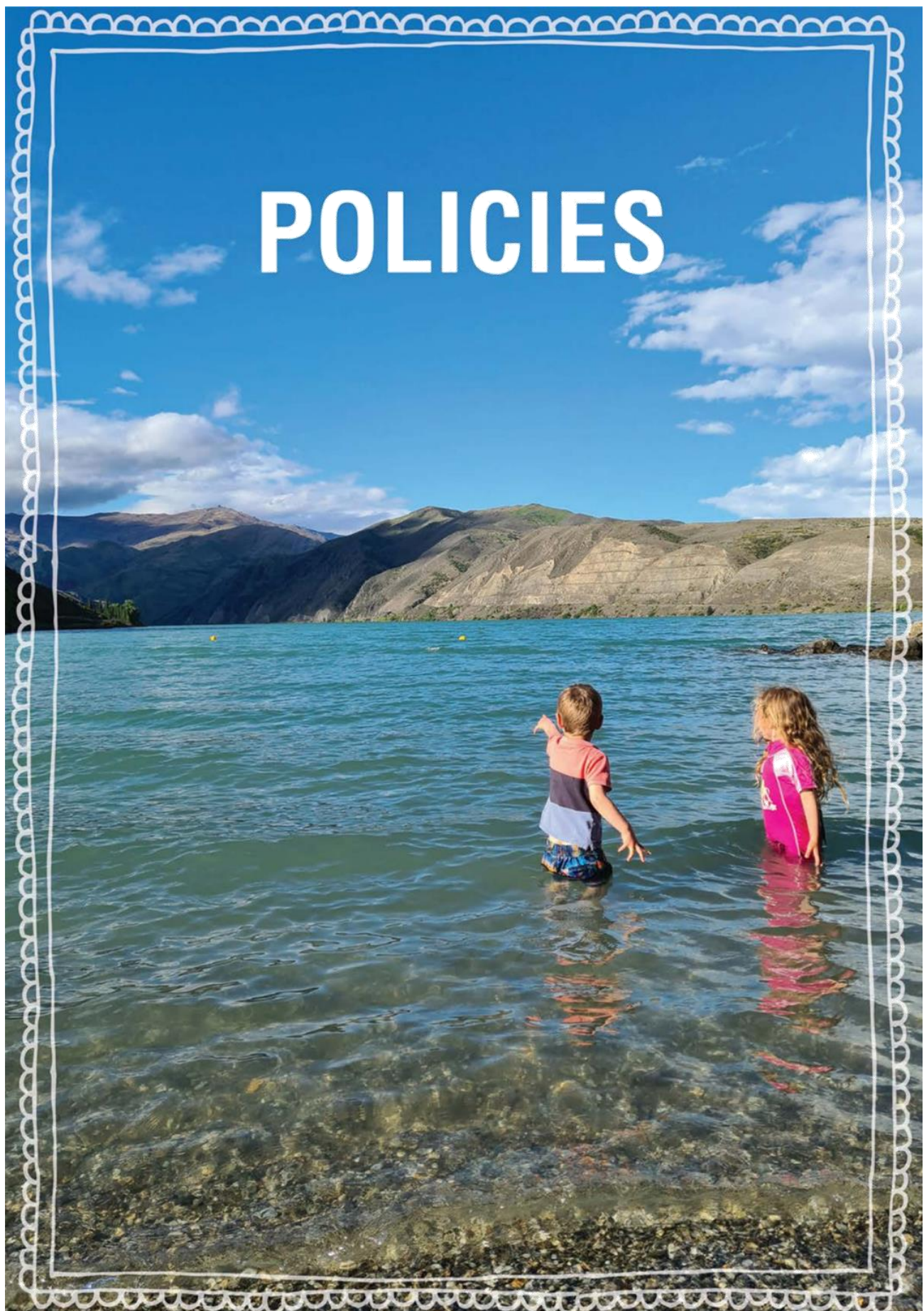
There are circumstances when fully rate funding depreciation may result in some ratepayers bearing a funding burden that is not entirely fair and equitable. This is where funds for capital project replacement are provided from sources outside Council – for example, where a community has raised funds for a hall. Council would not rate-fund the depreciation on the hall, as any replacement of that facility would be the responsibility of that community.

### Essential Services Benchmark

The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



*Council's approach will involve maintaining a focus on affordability and the long-term consequences of decision-making. Council needs to balance affordability with suitable investment in our district to ensure progress continues and this remains a great place to live, work and play.*



# Revenue and Financing Policy

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## Purpose:

This policy sets out the council's policies in respect of funding operating and capital expenditure. This policy has been reviewed in line with the Council's Long-term Plan and has considered the principles of our Financial Strategy.

Council's overall approach is that, where practicable, areas that directly benefit fund the service/activity or bundle of services in that area. It implements this philosophy through the use of district ward rating areas.

## Principles and objectives:

Council has reviewed each individual activity with a view to determining an equitable funding policy. In doing so, Council considered the nature of the service and the benefits and beneficiaries for each service. Items considered during that deliberation were:

- Community outcomes to which an activity contributes
- The distribution of benefits between the community, identifiable parts of the community and individuals
- The period during which the benefits are expected to occur
- The extent to which actions, or inactions, of individuals or groups contribute to the need to undertake the activity
- Costs and benefits of funding the activity distinctly from other activities

The revenue and financing policy is not just an aggregation of policies for the individual activities Council carries out, but is also a means for Council to consider the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community.



## Scope:

This Policy applies to Central Otago District Council staff and elected members.

## Definitions:

UAGC - Uniform Annual General Charge (Also refer to Delegations for further explanation).

## Policy:

### Financial Management

The Local Government Act 2002 places specific responsibility on Council to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the Central Otago District community. In doing so, Council is required to make adequate and effective provision for the expenditure needs of the Council.

### Funding of Operating Expenditure

Council is required to have a balanced budget. It must set each year's projected operating revenues at a level sufficient to meet that year's projected operating expenses. Council may only vary this when it is financially prudent to do so.

Council must also consider the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life.

Operational expenditure is the cost of providing the level of service in a given year and includes depreciation on assets. Depreciation is defined as the measure of consumption of the economic benefits of an asset arising from its use over time. Those who benefit from the use of an asset should contribute towards its cost/consumption.

Because of the size of Council's depreciation expenses within a balanced budget, rate funding of depreciation provides resources to pay for the renewal of the asset at the end of its useful life or for related debt repayment.

There are circumstances when fully rate funding depreciation may result in some ratepayers bearing a funding burden that is not entirely fair and equitable. This is where funds for capital project replacement are provided from sources outside Council, for example where a community has raised funds for a hall. Council would not rate fund the depreciation on the hall, as any replacement of that facility would be the responsibility of that community.

Council reviews the effects on ratepayers of fully rate funding increased depreciation from the revaluation of assets. Council considers each revaluation and may in fact choose to not fully rate fund an increase or to introduce the increase in funding required over time.

## Overview of Funding Mechanisms used by Council

Council will make use of a mix of revenue sources to meet operating expenses.

The extent to which the provision of a service by the Council is a public or private good will largely determine the extent to which rates, fees and charges become the funding source. The income from fees and charges and subsidies may vary based on economic circumstances. The mechanisms are outlined below:

### General Rate

General rates are used to fund activities where it is not possible to clearly identify customers or users. The general rate is also used to fund activities where, for reasons of fairness and equity, consideration of the wider community good indicates that this is the most appropriate way to fund an activity.

Differentials detailed in the Schedule of Rates are applied to this rate. Differentials are applied to hydro-electric dams to ensure that their overall rate changes are kept in line with the overall change in total rates for Council. This differential recognises the disproportionately large capital value of hydro-electric dams in relation to their actual benefit from or burden on Council activity.

### Targeted Rates

Targeted rates are rates that are aimed at a specific activity, group of activities, group of ratepayers or combination of the three. Differentials may be set on these rates to reflect a different extent of benefit to each group of ratepayers of the targeted activity. Targeted rates may also be set as an alternative to lump sum contributions for capital projects.

### Lump sum contributions

Lump sum contributions are used to fund capital projects and will be charged to ratepayers at the time of connection.

### Fees and Charges

These are direct charges to individuals or organisations who use certain activities such as pools and building consents. These are published each year in Council's Schedule of Fees and Charges.

### Other Sources of Funding

Other sources of funding received by Council include dividends, interest, proceeds from asset sales and income from external agencies. These are used to support an activity for example, government assistance such as the New Zealand Transport Agency for the roading activity.

The table on following pages outlines the funding mechanisms used for the individual activities. These mechanisms fall under three headings: general rates, targeted rates, and fees and subsidies.



## Funding of Capital Expenditure

Council categorises capital expenditure into three main areas:

- Renewal of existing assets at the end of their useful lives
- Growth related assets
- Expenditure on assets that are an improvement or addition to the asset including expenditure on assets driven by statutory requirement. This expenditure is seen as an increase in the level of service provided and intergenerational by nature.

Council's use of funding mechanisms to fund capital expenditure are as follows:


Council will first apply any relevant subsidies, for example relevant NZ Transport Agency subsidies, and development contributions for any growth-related assets.

Special Funds are also used for funding new capital and/or renewals. These funds are contributed from several sources, for example, historical funds, proceeds from the sale of assets and proceeds from the sale of endowment land.


It is intended that Council will get to the point where asset renewals are being met from operating rates revenue through depreciation, except for assets where the Council's policy is not to fund depreciation. To ensure the Council achieves value for money, there will be times where Council groups works in one year, but equalises the rate take over a period of years.

Borrowing will be applied to new capital works subject to the preceding statement on the use of rates. The Council views debt as a smoothing mechanism and a means of achieving equity between time periods. However, the Council does not have an unlimited capacity to borrow and the community does not have unlimited capacity to service those loans into the future. Therefore, the Council adopts a prudent approach to debt and its capital programme to ensure that the burden of debt and the interest cost does not place an impossible burden on the community. In doing so the Council is conscious of its use of internal funds as a source of borrowing.

Proceeds from asset sales may be used to fund capital works or repay debt. This method is favoured due to its transparency and the neutral effect it has on rating. Land available for sale across the District may also be sold in order to fund capital projects and reduce borrowings.


ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
THREE WATERS							
<div>THREE WATERS</div> <div></div>	<b>Water</b>  Council supplies households and the community with treated water at a suitable pressure and quantity. Water is treated to a required health standard and then pressurised for distribution and public firefighting. All water usage is measured through meters. From July 2012, Council introduced volumetric charging across the district (except Roxburgh). Income from volumetric charging reflects the private benefit of water at the connection but is priced to achieve an overall objective of reducing per connection usage.			Majority fixed charge per connection or serviceable rating unit		Residually funded by volumetric charge per unit from metered water supply	Residual grants and water fees
Connected – any rating unit (including vacant sections) that is connected to (lateral/s provided) a Council operated water supply charged at 100%.							


ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
	Serviceable – any rating unit (including vacant sections) that is not connected to (no lateral provided) a council operated water supply but is within 100 metres of a Council operated water supply reticulation system, charged at 50%.						
	<b>Wastewater</b>  Wastewater generated by private and public premises is conveyed and treated to minimise public health risks and impacts on the environment. Where wastes from industrial processes are known to dramatically increase demand for the activity, Council capture costs through our Trade Waste Bylaw.			Majority fixed charge per connection or serviceable rating unit		Lump sum contribution to fund new wastewater scheme and connection	Minority funded by trade waste fees
	Connected – any rating unit (including vacant sections) that is connected to (lateral/s provided) a Council operated wastewater system charged at 100%.  Serviceable – any rating unit (including vacant sections) that is not connected to (no lateral provided) a Council operated wastewater system but is within 30 metres of a wastewater drain, charged at 50%. An additional 25% charge for subsequent urinal or water closet for commercial accommodation uses and rest homes for the elderly will apply.  Clyde – a targeted rate set as a fixed charge per rating unit will fund the costs arising from wastewater activities in Clyde.						
	<b>Stormwater</b>  The stormwater activity provides for the safe removal				Fully funding from district-		



ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
	of excess rainfall that does not naturally permeate into the ground. Council has a responsibility to ensure individuals, households and businesses are not adversely impacted by localised flooding. Localised flooding risk is greater in urban areas where development reduces the permeability of the ground. Flood risks from large catchments, like the Clutha and Taieri rivers, are managed separately by the Otago Regional Council (ORC).				wide rate on capital value		
		This is funded by a rate on capital value to reflect the fact that all ratepayers derive a benefit from this activity.					
<div>ROADING</div> <div></div>	Subsidised Roading – A core service for the public providing roads, bridges, road marking, signage, lighting, road safety and transport planning. The public benefits from our	Minority general rate, assessed differentially					Majority subsidy and fuel tax



ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
	roading network by enabling economic activity throughout the district. The NZTA subsidises 51% of expenditure. This subsidy is funded through fuel taxes, road user charges, etc. and reflects the private benefit received.	This is funded by a rate on land value to reflect the fact that all ratepayers derive a benefit from this activity.					
	Non-Subsidised Transportation – The provision of infrastructure and service such as footpaths, car parks, vehicle crossings, street lighting, access ways and corridor gardens benefits all ratepayers.				Majority district-wide rate set on capital value		Minority funded by inspection fees
		This is funded by a rate on capital value to reflect the fact that all ratepayers derive a benefit from this activity.					









ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
ENVIRONMENTAL SERVICES							
<div>ENVIRONMENTAL SERVICES</div> <div><div><div><div>Pe Pūtea e Te Kaitiaki</div><div>Thriving Community</div></div><div><div>Pe Hapori e Te Hāpai</div><div>Council Community</div></div><div><div>Te Kaitiaki e Te Hāpai</div><div>Sustainable Environment</div></div></div></div> <td><p>Waste Minimisation involves the education of the public and the provision, to the public, of services to minimise the impact of solid waste on our environment. The targeted rate has a fixed element per rating unit to fund core activities such as education and monitoring. Council use a “polluter pays” approach to fund the kerbside collection service and waste transfer. This is reflected in a targeted rate assessed on the level of service and transfer station fees.</p></td> <td></td> <td></td> <td>Majority targeted rate set by District, assessed differentially</td> <td></td> <td></td> <td>Minority transfer station charges and residual grants and subsidies</td>	<p>Waste Minimisation involves the education of the public and the provision, to the public, of services to minimise the impact of solid waste on our environment. The targeted rate has a fixed element per rating unit to fund core activities such as education and monitoring. Council use a “polluter pays” approach to fund the kerbside collection service and waste transfer. This is reflected in a targeted rate assessed on the level of service and transfer station fees.</p>			Majority targeted rate set by District, assessed differentially			Minority transfer station charges and residual grants and subsidies
<p>The targeted rate will be assessed on the basis of where the rateable land is situated. The targeted rate will be assessed on rating units. The targeted rate will be assessed based on the level of service provided, that is with a Council provided collection service or not.</p>							

ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
PLANNING AND REGULATORY							
<div>PLANNING AND REGULATORY</div> <div><div><div><div>Be Kinder, Be Bigger</div><div>Stronger Community</div></div><div><div>Be Happier, Be Healthier</div><div>Healthier Community</div></div><div><div>Take It Whole</div><div>Sustainable Environment</div></div></div></div> <td>Council prepare and manage the District Plan under the Resource Management Act (RMA). The District Plan controls the way Council use, develop and subdivide land by identifying what activities can take place, and what landscapes and features should be protected. The activity controls the development of the district and the protection of the natural environment for all. Council implements the District Plan by processing resource consent and LIM applications for individuals, companies and groups</td> <td></td> <td></td> <td></td> <td>Majority funded from a targeted rate set by district</td> <td></td> <td>Resource consent and enforcement fees</td>	Council prepare and manage the District Plan under the Resource Management Act (RMA). The District Plan controls the way Council use, develop and subdivide land by identifying what activities can take place, and what landscapes and features should be protected. The activity controls the development of the district and the protection of the natural environment for all. Council implements the District Plan by processing resource consent and LIM applications for individuals, companies and groups				Majority funded from a targeted rate set by district		Resource consent and enforcement fees
Council waives resource consent fees for heritage items, or activities in a heritage precinct which require consent solely because of the rules relating to heritage values.							


ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
<b>BUILDING CONTROL</b> 	The purpose of building control is to uphold public safety in generally privately owned buildings. Council do this by issuing building consents, carrying out building inspections and responding to building-related enquiries and complaints. Buildings and their owners directly benefit also through consent that the building is safe and complies with the law.				Residual targeted rate set by district		Majority building consent fees
<b>ENVIRONMENTAL HEALTH</b> 	This activity provides confidence to the public and visitors that our water, food premises, hairdressers, camping grounds and funeral directors are free from harmful contaminants. Premises directly benefit also by receiving certification that they are safe and comply with the law.				Residual targeted rate set by district		Majority enforcement fees



ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
<div>DOG CONTROL AND REGISTRATION</div> <div><div><div><div>Be Outcome Driven</div><div>Driving Economy</div></div><div><div>Be People Driven</div><div>Connected Community</div></div><div><div>Take to Heart</div><div>Sustainable Environment</div></div></div></div> <td>Provide the public a healthy and safe environment, free from dangerous and aggressive dogs and to minimise nuisance. Dog owners benefit from legal registrations and impounded dogs being returned. Council feels, on the grounds of fairness and equity, the costs of controlling and registering dogs should be borne by those generating the demand: dog owners.</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Full funding from registrations and fines</td>	Provide the public a healthy and safe environment, free from dangerous and aggressive dogs and to minimise nuisance. Dog owners benefit from legal registrations and impounded dogs being returned. Council feels, on the grounds of fairness and equity, the costs of controlling and registering dogs should be borne by those generating the demand: dog owners.						Full funding from registrations and fines
<div>COMMUNITY DEVELOPMENT</div> <div><div><div><div>Be Outcome Driven</div><div>Driving Economy</div></div><div><div>Be People Driven</div><div>Connected Community</div></div><div><div>Take to Heart</div><div>Sustainable Environment</div></div></div></div> <td>We facilitate community planning and a modest promotional grants fund. There is direct benefit in community planning which assists our communities to grow in a sustainable way.</td> <td>Full funding from UAGC</td> <td></td> <td></td> <td></td> <td></td> <td></td>	We facilitate community planning and a modest promotional grants fund. There is direct benefit in community planning which assists our communities to grow in a sustainable way.	Full funding from UAGC					

ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
POOLS, PARKS AND CEMETERIES							
<div>PARKS AND RECREATION</div> <div></div>	Access to parks, reserves, rivers and recreational facilities are important for individual and public well-being. Maintaining high quality open spaces is what makes our district an attractive place to live, work and play. This includes Clutha River and Lake Dunstan recreation. Private users of sports fields and courts also benefit directly.			Majority targeted rate set by ward and district, assessed differentially			Minority user charges and residual grants and subsidies
The targeted rate will be assessed based on where the rateable land is situated and by rating unit. Molyneux Park rate will be assessed across the entire district on the basis of where the rateable land is situated. Maintenance and enforcement costs for tracks and waterways will be assessed across the entire district.							
<div>CEMETERIES</div> <div></div>	The provision of cemeteries assists with peace of mind for people, knowing their loved ones will rest in peaceful, well-kept environments. We have a responsibility to the public, and under the law, for			Residual targeted rate set by ward			Majority fees



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ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
	the maintenance of burial records, maintenance of cemetery grounds, burial of human remains, interment of human ashes and protection of the district's heritage.						
		The targeted rate will be assessed on the basis of where the rateable land is situated and assessed by rating unit.					
<b>SWIMMING POOLS</b> 	Swimming pools contribute to the health and well-being of the community and add to the attractiveness of the area. They provide a place for people to be active and to learn to swim, particularly for our young people, which we have recognised as being increasingly important when so much of our district is surrounded by water. We also acknowledge that making charges too high would decrease usage.			Majority targeted rate set by ward			Minority user charges
		The targeted rate will be assessed on the basis of where the rateable land is situated and assessed by rating unit.					

ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
PROPERTY AND COMMUNITY FACILITIES							
<div>ELDERLY PERSONS' HOUSING</div> <div><div><div>It's Our Life We Live</div><div>Strong Economy</div></div><div><div>It's People We Meet</div><div>Careful Community</div></div><div><div>It's To Whom</div><div>Sustainable Environment</div></div></div>	We provide housing predominately for the elderly. Council owns flats in Alexandra, Clyde, Cromwell, Ranfurly and Roxburgh. This activity provides direct social and economic benefits to residents within housing. It also provides comfort to the wider community that our elderly residents are being assisted.	Residual general rate set by District					Majority market rents
<div>PUBLIC TOILETS</div> <div><div><div>It's Our Life We Live</div><div>Strong Economy</div></div><div><div>It's People We Meet</div><div>Careful Community</div></div><div><div>It's To Whom</div><div>Sustainable Environment</div></div></div>	Public toilets are provided by Council across the district. They provide social well-being to the public by maintaining health and hygiene. They also provide economic well-being by supporting tourism activity. We feel it is uneconomic and impractical to charge a fee for using public toilets.			Full funding obtained from a targeted rate set by district			

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ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
<div>FORESTRY</div> <div> <small>We Own &amp; Use Resources Strong Economy</small> <small>We Support the Assets Council Community</small> <small>Trade to Win Sustainable Environment</small></div>	We own and manage a number of forestry blocks across the district. These forests are regarded as a financial investment while providing land stabilisation and amenity value for the community for walking and biking. Council seeks to obtain maximum value for timber sold with the aim of recovering costs plus some return on capital invested. Income will be raised on and by sale only.						Sale via tender or quote
<div>PROPERTY</div> <div> <small>We Own &amp; Use Resources Strong Economy</small> <small>We Support the Assets Council Community</small> <small>Trade to Win Sustainable Environment</small></div>	We own and lease a variety of commercial and farm properties. We also develop land for sale that is not contributing to community outcomes and where it is considered unlikely to do so in the future.				Residual targeted rate set by ward		Majority market rents

ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
<div><div> <small>We Share &amp; Grow Stronger Thriving Economy</small></div><div> <small>We Support Our Nearest Camaraderie Community</small></div><div> <small>Take to Wholeness Sustainable Environment</small></div></div> <div>AIRPORTS</div>	We manage the assets at the aerodromes at Alexandra, Cromwell and Roxburgh. Council believes the aerodromes are assets of importance to all residents of the district due to the potential role they play in emergencies and alternative transport options for tourists and business. The users are generally recreational private pilots and some commercial users for such things as top dressing of farms.	Minority general rate set by district, assessed differentially on hydroelectric dams					Majority landing fees and rental
<div><div> <small>We Share &amp; Grow Stronger Thriving Economy</small></div><div> <small>We Support Our Nearest Camaraderie Community</small></div><div> <small>Take to Wholeness Sustainable Environment</small></div></div> <div>COMMUNITY FACILITIES</div>	Our community facilities and buildings provide places for social, sporting and cultural interaction. They provide both private and public well-being to users within the respective ward, unless regarded as a district facility.			Majority targeted rate set by ward			Minority user charges
The targeted rate will be assessed on the basis of where the rateable land is situated and assessed by rating unit.							



ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
SERVICE CENTRES AND LIBRARIES							
<div><div>VISITOR INFORMATION CENTRE</div><div></div></div>	We directly facilitate economic opportunity with the provision of a business development programme, a regional tourism organisation, community planning, visitor centres, managing the regional brand and a modest promotional grants fund. There is direct benefit in district promotion to all in the form of increased economic activity, but particularly to tourism operators.				Majority targeted rate set by District assessed differentially		Minority user charges
Differentials assessed on land use: Residential 1.00, Rural 0.77, Commercial/Industrial 5.37, Dams and Utilities 0.69.							
<div><div>LIBRARIES</div><div></div></div>	Our libraries promote literacy, education and the exchange of information and ideas. We run libraries in Alexandra, Clyde,			Majority targeted rate set by District			Minority fees, fines and charges


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ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
	Cromwell and Roxburgh and share resources of those based in the Queenstown Lakes District. We also have a partnership with schools in Millers Flat, Omakau and Maniototo. We recognise the private benefits of literacy and education but feel there should be equal access to all users, especially children and low-income households who could not afford this service if it was funded completely by user fees.						
		The targeted rate will be assessed by rating unit.					
<div>SERVICE CENTRES</div> <div></div>	We operate Service Centres in Cromwell, Roxburgh and Ranfurly. These provide the community with access to Council services such as payment of rates, building						Minority funded by internal cost transfer residual fees and charges

ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
	control, consent applications, access to property files and lodging service requests.						



ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
COMMUNITY, ECONOMIC AND STRATEGIC DEVELOPMENT							
<div><b>BUSINESS DEVELOPMENT</b></div> <div> <small>We Share The Rewards During Learning</small> <small>We Support The Vision Catalyzed Community</small> <small>Leaf To Wholeness Sustainable Learning</small></div>	We directly facilitate economic opportunity with the provision of a business development programme, a regional tourism organisation, community planning, visitor centres, managing the regional brand and a modest promotional grants fund. There is direct benefit in district promotion to all in the form of increased economic activity, but particularly to tourism operators.				Full funding obtained from a targeted rate set by district		
		This is funded by a rate on capital value to reflect the fact that all ratepayers derive a benefit from this activity but that the extent of benefit is more urban than rural.					
<div><b>TOURISM</b></div> <div> <small>We Share The Rewards During Learning</small> <small>We Support The Vision Catalyzed Community</small> <small>Leaf To Wholeness Sustainable Learning</small></div>	We directly facilitate economic opportunity with the provision of a business development programme, a				Majority targeted rate set by District assessed differentially		Minority user charges


ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES	
		GENERAL RATE		TARGET RATE				
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER		
	regional tourism organisation, community planning, visitor centres, managing the regional brand and a modest promotional grants fund. There is direct benefit in district promotion to all in the form of increased economic activity, but particularly to tourism operators.							
		Differentials assessed on land use: Residential 1.00, Rural 0.77, Commercial/Industrial 5.37, Dams and Utilities 0.69.						
<div>CENTRAL OTAGO REGIONAL IDENTITY</div> <div></div>	We directly facilitate economic opportunity with the provision of a business development programme, a regional tourism organisation, community planning, visitor centres, managing the regional brand and a modest promotional grants fund. There is direct benefit in district promotion to all in the	Full funding by general rate, differential on hydroelectric dams						

ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES	
		GENERAL RATE		TARGET RATE				
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER		
	form of increased economic activity, but particularly to tourism operators.							
		General rates differential assessed on hydro-electric dams to keep their change in rates in line with the total change in rates.						
<div><div><div><p>We Share The Revenue Strong Economy</p></div><div><p>We Support The People Cautious Community</p></div><div><p>We Lead The Way Sustainable Community</p></div></div><div><b>PROMOTIONS AND GRANTS</b></div></div>	We directly facilitate economic opportunity with the provision of a business development programme, a regional tourism organisation, community planning, visitor centres, managing the regional brand and a modest promotional grants fund. There is direct benefit in district promotion to all in the form of increased economic activity, but particularly to tourism operators.	Full funding of district grants by general rate, differential on hydroelectric dams			Full funding of promotion grants differential targeted rates  Full funding of community board grants by differential targeted rates		Residual grants and subsidies	



ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
		District grants are funded by General rates with differentials on hydro-electric dams to keep their change in rates in line with the total change in rates. Promotion differentials assessed on location of the rating unit and land use: Residential 1.00, Rural 0.77, Commercial/Industrial 5.37, Dams and Utilities 0.69. Community Board grant differentials based on the location of the rating unit.					

ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES
		GENERAL RATE		TARGET RATE			
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER	
GOVERNANCE AND CORPORATE SERVICES							
<div>GOVERNANCE</div> <div></div>	While the Council and Community Boards provide many different services, it is the governance activity that supports elected members to be effective and responsible decision-makers. Each person has an equal right to partake in the democratic process of Council and so benefit equally. Community Boards represent residents of each ward and are funded as such.	Full funding of Councillors from UAGC	Community Boards targeted rate set by ward				
The targeted rate will be assessed on the basis of where the rateable land is situated.							
<div>EMERGENCY MANAGEMENT</div> <div></div>	We have the responsibility to plan and provide for civil defence emergency management within the district. This activity is for the safety of our community, as any part or all of the District may be affected by an emergency event. An emergency may be declared in response to threats to			Full targeted rate set by district			

ACTIVITY GROUP AND COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	FUNDING SOURCE					FEES AND CHARGES	
		GENERAL RATE		TARGET RATE				
		LAND VALUE	UNIFORM ANNUAL GENERAL CHARGE (UAGC)	FIXED CHARGE	CAPITAL VALUE	OTHER		
	life or property. We fund this activity to reflect the property and residents we work to protect.							
<div>CORPORATE SERVICES</div> <div><div><div><div>\$</div><div>No Budget Too Small Doing Good</div></div><div><div>Hand in Hand</div><div>No Matter the Size Council Community</div></div><div><div>Leaf in Motion</div><div>Sustainable Communities</div></div></div></div>	The corporate services activities provide both direct and indirect support across the organisation that allows Council to function efficiently and effectively. Residents requesting information or staff time is a direct private benefit.							Staff time charged and user charges

## Explanation of notations made in the table

1. **Full** means that all, or almost all, of the cost of the activity is funded from that particular source. If the comment is made in the rates column it does not preclude making minor charges for the service but indicates that the charges are a negligible part of the total funding.
2. **Majority** means the majority of the service is funded from this source. When used in the fees and charges column it reflects the view that the services should be recovered from users but that legislation imposes some constraints which may mean that full recovery is not possible.
3. **Minority** means a minority of the service or activity is funded from this source. When used in the fees and charges column it reflects the view that the majority of income should be recovered from ratepayers.
4. **Residual** indicates that a portion of funds comes from this source. It reflects that in some circumstances there are constraints on Council charges, or that the alternative revenue source may include enforcement revenue which is imposed to achieve compliance and may not always cover the costs of enforcement
5. **Availability** means that the cost of having the service available is met from that funding source. For these services, Council believes that charges can be a major barrier to access for some members of the community. Revenue in these services reflects revenue from programmes, hire of the facility and added value services.
6. **Subsidy** means that a portion of the activity is funded from a Government subsidy. In some instances, the subsidy makes a relatively minor contribution, but in others, such as roading, the subsidy is a substantial contributor to the cost of the activity. Those subsidies are identified within the individual plan of the activity.
7. **Marginal** reflects that the service has a level of public benefit but also recognises that the level of the service required is influenced by the actions or inactions of others. The revenue reflects a contribution to the cost from those parties.
8. **Market** means that the Council attempts to set its charges at a level that is affordable for the users and competitive with similar services either within the city or outside the city. It is used where market rates are not sufficient to meet the full costs of the service. The balance is funded from rates.

9. **LICENCE AND ENFORCEMENT FEES** can be charged for some services. Licence fees may be set by the Council or by regulation and may not always cover the full costs of the service. Enforcement fees are charged to achieve compliance and do not necessarily meet the full costs of the enforcement activity.
10. The Local Government Rating Act 2002 defines matters that may be used to define categories of rateable land. These are outlined below as per Schedule 2 of the Rating Act. CODC Uses Schedule 2 to define the apportionment of land for rateable purposes, and for the setting of differentials.

### Relevant legislation:

- Local Government Act 2002
- Local Government (Rating) Act 2002

### Related documents:

- Rating Policy
- Investment Policy
- Liability Management Policy



# Rating Policy

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## Extract from Local Government (Rating) Act 2002

### Schedule 2 – Matters that may be used to define categories of Rateable Land

1. The use to which the land is put.
2. The activities that are permitted, controlled, or discretionary for the area in which the land is situated, and the rules to which the land is subject under an operative district plan or regional plan under the Resource Management Act 1991.
3. The activities that are proposed to be permitted, controlled, or discretionary activities, and the proposed rules for the area in which the land is situated under a proposed district plan or proposed regional plan under the Resource Management Act 1991, but only if –
  - no submissions in opposition have been made under clause 6 of Schedule 1 of that Act on those proposed activities or rules, and the time for making submissions has expired; or
    - a. all submissions in opposition, and any appeals, have been determined, withdrawn, or dismissed.
4. The area of land within each rating unit.
5. The provision or availability to the land of a service provided by, or on behalf of, the local authority.
6. Where the land is situated.
7. The annual value of the land.
8. The capital value of the land.
9. The land value of the land.

### Schedule of rates (Funding Impact Statement – rates)

#### General

Uneconomic Rates: Rates levied on any one rating unit of less than \$10 for the year are deemed by the Council to be uneconomic to collect.

Allocation: Where a payment made by a ratepayer is less than the amount now payable, the Council will apply the payment firstly to any arrears from previous years, and then proportionately across all current year rates due.

Invoice Rounding: Where an invoice owing is under \$1, this will be written off.

## Due dates for payment of rates

All rates other than metered water charges will be payable in four instalments due on:

- 20 August 2021
- 22 November 2021
- 21 February 2022
- 20 May 2022

## Charges for metered water will be due on

Bannockburn, Ranfurly, Naseby, Patearoa, Omakau, Clyde and Roxburgh:

- 21 October 2021, reading taken in September 2021
- 21 April 2022, reading taken in March 2022

Cromwell and Pisa:

- 23 December 2021, reading taken in November 2021
- 23 June 2022, reading taken in May 2022

Alexandra:

- 25 November 2021, reading taken in October 2021
- 26 May 2022, reading taken in April 2022

Read dates are an approximation depending on property numbers.

## Penalties

The Council will apply penalties under section 57 and 58 of the Local Government (Rating) Act 2002 on unpaid rates (other than metered water rates) as follows:

- 10% on any outstanding amount of any instalment not paid by the due date.
- The penalty will be applied on 27 August 2021, 26 November 2021, 28 February 2022 and 27 May 2022 respectively for each instalment;
- 10% on amounts outstanding from earlier years, such penalty being applied on 1 October and 1 April.
- Requests for waiver of penalties should be sent, in writing, to the Rates Officer as per Council Remission of Penalties Policy.

The Council will apply penalties under section 57 and 58 of the Local Government (Rating) Act 2002 on unpaid metered water rates as follows:

- 10% on any metered water rates unpaid after the due date. The penalty will be applied on the date below for the respective instalments:
  - Bannockburn, Ranfurly, Naseby, Patearoa, Omakau, Clyde and Roxburgh - 29 October 2021 and 29 April 2022
  - Cromwell and Pisa Moorings - 21 January 2022 and 30 June 2022
  - Alexandra - 3 December 2021 and 3 June 2022
- Requests for waiver of penalties on water accounts should be sent, in writing, to the Water Billing Officer, in accordance with the Council's Remission of Penalties Policy.

## Differentials based on land use

The Council proposes to use this matter to differentiate the general rate, tourism rate, promotion rate, wastewater rate (Second and subsequent pan/urinal).

The differential categories are:

### General Rate

The General Rate differentials exist to ensure that the overall increase in rates liability for the dams remain closely aligned with the overall average increase in rates.

Large Dams: Clyde Dam – Earnscleugh and Roxburgh Dam – Roxburgh. Paerau Dam – Maniototo Teviot Dams – Roxburgh. All other properties.

### Tourism and Promotion

Residential – all rating units categorised as residential by Council's valuation service provider.

Rural – all rating units used categorised as dairy, horticulture, forestry, mining, lifestyle or specialist agricultural use by Council's valuation service provider.

Commercial and industrial – all rating units categorised as commercial or industrial by Council's valuation service provider.

Dams, utilities and other - the Clyde Dam, Roxburgh Dam, Paerau Dam, Teviot Dam and all rating units categorised as utilities by Council's valuation service provider, sports groups and other non-commercial community groups.

### Wastewater Additional Pan / Urinal

Commercial properties providing accommodation including motels, camping grounds and commercial rest homes for the elderly.

## Differentials based on location

### Molyneux Park rate

- The Council uses this to assess rates for the Molyneux Park Rate
- Vincent - all rating units within the area covered by Vincent Community Board
- District - all other rating units in the district located outside of the area covered by Vincent Community Board

*Refer to the Molyneux Park map on the Council website under Property & Rates quick links.*

### Ward services, work and services charge, recreation and culture charge and promotions rate

These rates are assessed differentially on the following locations:

- Vincent – the area covered by the Vincent Community Board
- Cromwell – the area covered by the Cromwell Community Board
- Teviot Valley – the area covered by the Teviot Valley Community Board
- Maniototo – the area covered by the Maniototo Community Board

*Refer to the ward map on the Council website under Property & Rates quick links*

## Differentials based on Availability of Service

### Water Supply

The categories for the proposed water supply rates are:

- Connected: any rating unit (including vacant sections) that is connected to (lateral/s provided) a council operated water supply
- Serviceable: any rating unit (including vacant sections) that is not connected to (no lateral provided) a council operated wastewater system but is within 100 metres of a wastewater network

### Wastewater

The categories for the proposed wastewater rates are:

- Connected: any rating unit (including vacant sections) that is connected to (lateral/s provided) a council operated wastewater system
- Serviceable: any rating unit (including vacant sections) that is not connected to (no lateral provided) a council operated wastewater system but is within 30 metres of a wastewater network

### Environmental Services - Waste Management

The categories for waste management rates are:

- Waste management with collection: wheelie bins are provided by the Council and a kerb-side collection service is available to the rating unit
- Waste management without collection: no wheelie bins are provided, and no weekly collection service is available to the rating unit
- Additional rubbish bin: additional rubbish bins supplied over and above the initial supply of service
- Additional mixed recycle bin: additional mixed recycle bins supplied over and above the initial supply of service
- Additional glass recycle bin: additional glass recycle bins supplied over and above the initial supply of service

## Water Rates and Charges

These targeted rates are assessed differentially, per connection to any rating unit (including vacant sections) within the district which is either connected to (lateral provided) at 100% charge, or serviceable, any rating unit (including vacant sections) that is not connected (no lateral provided) to a Council operated water supply but is within 100 metres of a water supply reticulation system, at 50% charge. Rating units which are not connected to a scheme, and which are not serviceable will not be liable for this rate. The rates for the water supply are shown below:

CONNECTED (LATERAL PROVIDED) \$	SERVICEABLE (NO LATERAL PROVIDED) \$
358.84 per connection	179.16



The Council sets targeted rates for water charges that are based on volume of water supplied to consumers who will be metered and billed under the Council Water Supply Bylaw 2008. The charge will be \$0.60 per cubic metre for all users with a water meter on a Council supply.

## Waste Management and Waste Collection Charges

Where the Council waste collection service is available, the charge is set on the basis of the number of containers of waste that the Council collects as part of its standard waste collection service, which is one household rubbish bin, one mixed recycling bin and one glass recycling bin. Household rubbish will be collected fortnightly and each recycling bin will be collected four-weekly. Where a household rubbish bin, mixed recycling bin or glass recycling bin is provided in addition to the standard services, Council will charge additional rates per additional bin. Standard waste collection service is compulsory for all improved residential rating units that are situated within a collection area.

*Refer to the Ward map on the Council website under Property & Rates quick links.*

WASTE MANAGEMENT AND COLLECTION RATES AND CHARGES		\$
Waste collection, three bins (availability of service)	Per rating unit	448.49
Waste collection additional household rubbish bin (red)	Per additional bin	266.85
Waste collection additional mixed recycling bin (yellow)	Per additional bin	56.06
Waste collection additional glass recycling bin (blue)	Per additional bin	56.06

The Council sets a waste management charge which contributes to Environmental education and districtwide waste collection activities such as public bins. All residential land in the district is liable for this charge which is a uniform amount per rating unit.

WASTE MANAGEMENT AND COLLECTION RATES AND CHARGES		\$
Waste management charge (no collection from rating unit)	Per rating unit	69.92

## Wastewater Rates and Charges

The Council sets a targeted rate for wastewater as a uniform charge assessed differentially per connection to any rating unit (including vacant sections) within the district that is connected to (lateral/s provided) a council operated wastewater system at 100% or serviceable. Any rating unit (including vacant sections) that is not connected to (no lateral provided) a council operated wastewater scheme, but is within 30 metres of a wastewater drain is rated at 50%. Rating units which are not connected to a scheme, and which are not serviceable will not be liable for this rate. The Council sets a targeted rate as a uniform charge for each additional pan or urinal in excess of one for those rating units providing commercial accommodation or commercial rest homes for the elderly. The rates for this service are shown below:

CONNECTED (LATERAL PROVIDED) \$	SERVICEABLE (NO LATERAL PROVIDED) \$	ADDITIONAL PAN ACCOMMODATION \$
492.92	246.14	123.07

The Council sets a targeted rate for wastewater management as a fixed charge per rating unit within Clyde (identified by Valuation Roll 28461).

	\$
Clyde Wastewater Management	85.02

The wastewater management charges will be applied for ground water monitoring and preliminary costs for a Clyde wastewater scheme.

## Works and Services

The Council sets a targeted rate for each ward for ward services calculated on the basis of capital value for each rating unit for housing and property, grants, recreation reserve committees and other works.

WARD/COMMUNITY BOARD	RATE IN \$
Cromwell	0.00003
Maniototo	0.00005
Teviot Valley	0.00005
Vincent	0.00009

Refer to the Ward map on the Council website under Property & Rates quick links.

The Council sets a targeted rate for unsubsidised roading, stormwater and public toilets calculated on the basis of capital value on all rateable land in the District.

	RATE IN \$
District Works and public toilets	0.0001458

The Council sets targeted rates for ward services within each ward on the basis of a uniform charge for each rating unit. The rates are shown in the table below:

WARD/COMMUNITY BOARD	PER RATING UNIT \$
Cromwell	33.97
Maniototo	83.08
Teviot Valley	93.34
Vincent	38.90

Refer to the Ward map on the Council website under Property & Rates quick links.



Ward services charges are used to fund community board elected members' costs and other works for each respective ward.

## Recreation and Culture

The Council sets a targeted rate for recreation and culture within each ward. The targeted rates will be based on a uniform charge per rating unit as shown in the table below:

*Refer to the Ward map on the Council website under Property & Rates quick links.*

WARD/COMMUNITY BOARD	PER RATING UNIT \$
Cromwell	593.41
Maniototo	627.56
Teviot Valley	373.91
Vincent	488.77

*Refer to the Ward map on the Council website under Property & Rates quick links.*

Recreation and culture charges fund the operations and maintenance of parks and reserves, swimming pools, museums, sports club loan assistance, community halls and other recreation facilities and amenities.

The Council sets a targeted rate for Molyneux Park differentially across the District. This is set as a fixed charge per rating unit where rating units outside the Vincent Community Board area pay one third of the charge payable by those rating units situated within this area as shown in the table below:

CATEGORY	PER UNIT \$
Molyneux Park Vincent	37.93
Molyneux Park District	12.66

*Refer to the Molyneux Park map on the Council website under Property & Rates quick links.*

The Council sets a targeted rate for library services as a uniform charge per rating unit. The targeted rates will be based as a uniform charge for each rating unit as shown in the table below:

CATEGORY	PER RATING UNIT \$
District Library	96.89

Library charges are applied to operations and maintenance of libraries.

The Council sets a targeted rate for tracks and waterways as a uniform charge per rating unit, across the District. The targeted rate is based as a uniform charge for each rating unit as follows:

CATEGORY	PER RATING UNIT \$
Tracks and waterways	9.98

Tracks and waterways charges are applied to operations and maintenance of facilities associated with Lake Dunstan, the Clutha River and other tracks and waterways throughout the District.

## Promotion

The Council sets a targeted rate for promotion within each community board. For each community board, the rate will be on a differential basis, based on the use to which the rating unit is placed (as defined in the general rate category). The targeted rates are based on the capital value of all rating units as shown in the table as follows:

RATES IN \$	
<b>Cromwell Community Board</b>	
Commercial and industrial	0.0000925
Residential	0.0000172
Rural	0.0000133
Dams and utilities	0.0000119
<b>Vincent Community Board</b>	
Commercial and industrial	0.0000479
Residential	0.0000089
Rural	0.0000069
Dams and utilities	0.0000062
<b>Teviot Community Board</b>	
Commercial and industrial	0.0000132
Residential	0.0000025
Rural	0.0000019
Dams and utilities	0.0000017
<b>Maniototo Community Board</b>	
Commercial and industrial	0.0000246
Residential	0.0000046
Rural	0.0000035
Dams and Utilities	0.0000031

The rate revenue is used to provide grants to promote local areas within the District.

## Planning and Environment

The Council sets a planning and environment rate on all rating units. The rate is based on the capital value of all rating units in the District according to the table below:

	RATES IN \$
Planning and Environment	0.0002215

Planning and environment rates are used to fund functions including resource management, environmental health and building, civil defence and rural fire.

## Economic Development

The Council sets an economic development rate on all rating units. The rate is based on the capital value of all rating units in the District according to the table below:

	RATES IN \$
Economic Development	0.0000174

## Tourism

The Council sets a tourism rate on a differential basis based on use (with the differential categories being "residential", "rural", "commercial and industrial", "dams and utilities") on all rating units (as defined in the general rate category). The rate is based on the capital value of all rating units in the District except "sport and recreation" in accordance with the table below:

	RATES IN \$
Residential	0.0000729
Rural	0.0000562
Commercial and industrial	0.0003916
Dams, utilities	0.0000503

The tourism rate will be used to fund visitor information centres and tourism development within the district.

## General Rate

The Council sets a general rate on a differential basis based on use (with the differential categories being "large dams", "Paerau dam - Maniototo", "Teviot power scheme - Roxburgh" and "all areas excluding large dams, Paerau dam - Maniototo, Teviot dam - Roxburgh") on all rating units (as defined in the general rate category). The rate is based on the land value of all rating units in the District according to the table below:

RATES IN \$	
All areas excluding large dams, Paerau dam - Maniototo, and Teviot dam - Roxburgh	0.00107
Large dams	0.15362
Paerau dam – Maniototo	0.08121
Teviot power scheme – Roxburgh	0.11835

General rates are used to fund the costs of functions not delegated to a Community Board and not covered by any other rate or charge. Included are housing, district grants, regional identity, roading (other than the uniform charge contribution), noxious plant control, airports and other infrastructure.

### Uniform Annual General Charge

The Council sets a uniform annual charge on every rating unit.

PER RATING UNIT \$	
All areas	88.19

The uniform annual general charge is used to fund democracy, and other amenities controlled by the Council.

### Funding Impact Statement: Total Rates to be collected

The revenue and financing mechanisms to be used by the Council, including the amount to be produced by each mechanism, are as follows (all GST inclusive):

REVENUE AND FINANCING MECHANISMS	2021/22 \$000s	2020/21 \$000s
<b>GENERAL RATES</b>		
General Rate	7,769	3,447
Uniform Annual General Charge	1,194	1,340
<b>TARGETED RATES</b>		
Planning and Environment Rate	2,741	2,475
Economic Development Rate	215	266
Tracks and Waterways Charge	135	253
Tourism Rate	1,114	1,108
Waste Management and Collection Charge	4,744	4,257
District Library Charge	1,311	1,429
Molyneux Park Charge	316	431
District Works and Public Toilets Rate	1,805	2,265
District Water Supply	3,704	4,428
District Wastewater	4,276	5,390
<b>WARD TARGETED RATES</b>		
<b>Vincent Community Board</b>		
Vincent Promotion Rate	48	7
Vincent Recreation and Culture Charge	2,794	2,425
Vincent Ward Services Charge	222	252
Vincent Ward Services Rate	435	495
Clyde Wastewater Management	72	72
<b>Cromwell Community Board</b>		
Cromwell Promotion Rate	129	83
Cromwell Recreation and Culture Charge	3,101	2,467
Cromwell Ward Services Charge	178	189
Cromwell Ward Services Rate	146	392
<b>Maniototo Community Board</b>		
Maniototo Promotion Rate	6	-
Maniototo Recreation and Culture Charge	905	748
Maniototo Ward Services Charge	120	120
Maniototo Ward Services Rate	60	96
<b>Teviot Valley Community Board</b>		
Teviot Valley Promotion	2	-
Teviot Valley Recreation and Culture	420	337

REVENUE AND FINANCING MECHANISMS	2021/22 \$000s	2020/21 \$000s
Teviot Valley Ward Services Charge	105	85
Teviot Ward Services Rate	52	

Note: These figures are GST inclusive whereas the Activity Funding Impact Statements are GST exclusive. These rates to be collected do not include volumetric water charges.



**Rating Examples**

Property Description	2020 Capital Value	2020 Land Value	2020/21 Rates	2021/22 Rates	Change \$	Change %
Alexandra Commercial	485,000	160,000	4,069.20	4,061.09	-8.11	-0.2%
Alexandra Hotel	960,000	630,000	6,020.32	5,699.76	-320.56	-5.3%
Alexandra Lifestyle Block	860,000	520,000	1,539.08	1,853.94	314.86	20.5%
Alexandra Major Motel	4,810,000	1,070,000	14,790.04	13,978.99	-811.05	-5.5%
Alexandra Motel	750,000	335,000	3,816.91	3,723.79	-93.12	-2.4%
Alexandra Residential	440,000	245,000	2,581.18	2,570.17	-11.01	-0.4%
Bannockburn Hotel	1,200,000	680,000	3,638.63	3,943.46	304.83	8.4%
Bannockburn Residence	643,000	610,000	1,898.61	2,230.03	331.42	17.5%
Bannockburn Vineyard	2,720,000	1,290,000	2,829.04	3,605.54	776.50	27.4%
Clyde Commercial	1,290,000	400,000	3,692.32	3,947.17	254.85	6.9%
Clyde Motel	1,270,000	620,000	3,956.45	4,201.16	244.71	6.2%
Clyde Residence	530,000	255,000	2,087.94	2,223.33	135.39	6.5%
Cromwell Commercial	900,000	760,000	3,425.41	3,760.06	334.65	9.8%
Cromwell Farm	2,490,000	1,940,000	3,085.74	4,192.83	1,107.09	35.9%
Cromwell Large Farm	9,500,000	5,380,000	8,320.37	11,276.63	2,956.26	35.5%
Cromwell Lifestyle Block	1,090,000	580,000	2,003.56	2,433.53	429.97	21.5%
Cromwell Major Hotel	9,040,000	3,160,000	22,956.33	22,518.38	-437.95	-1.9%
Cromwell Motel	2,690,000	1,740,000	9,259.89	9,640.85	380.96	4.1%
Cromwell Residence	540,000	340,000	2,680.40	2,772.83	92.43	3.4%
Cromwell Storage	4,130,000	1,560,000	6,654.92	7,519.79	864.87	13.0%
Earnsclough Lifestyle Block	680,000	355,000	1,350.38	1,579.40	229.02	17.0%
Earnsclough Orchard	1,670,000	510,000	1,909.22	2,280.80	371.58	19.5%
Earnsclough Vineyard	2,330,000	790,000	2,394.24	2,938.23	543.99	22.7%
Maniototo Farm	1,750,000	1,430,000	2,464.39	3,382.82	918.43	37.3%
Maniototo Large Farm	18,660,000	16,050,000	17,958.67	27,382.92	9,424.25	52.5%
Maniototo Lifestyle Block	305,000	140,000	1,118.61	1,288.24	169.63	15.2%
Maniototo Rural - Hotel	670,000	210,000	1,550.21	1,781.24	231.03	14.9%
Manuherikia Farm	4,630,000	4,080,000	5,557.63	7,715.96	2,158.33	38.8%
Manuherikia Large Farm	12,800,000	11,200,000	13,887.57	19,780.35	5,892.78	42.4%
Manuherikia Lifestyle Block	280,000	160,000	1,040.32	1,153.77	113.45	10.9%
Millers Flat Residence	280,000	49,000	1,186.14	1,318.86	132.72	11.2%
Naseby Residence	305,000	102,000	2,509.15	2,483.18	-25.97	-1.0%
Omakau Hotel	1,190,000	330,000	6,837.89	6,213.97	-623.92	-9.1%
Omakau Residence	380,000	107,000	2,464.41	2,388.34	-76.07	-3.1%
Ophir Commercial	1,520,000	160,000	3,398.32	3,667.06	268.74	7.9%
Ophir Residence	410,000	122,000	1,860.44	1,928.31	67.87	3.6%
Patearoa Residence	210,000	70,000	1,475.03	1,529.03	54.00	3.7%
Pisa Moorings Residential	740,000	315,000	2,331.62	2,487.92	156.30	6.7%
Ranfurly - Hotel	360,000	144,000	3,417.49	3,293.52	-123.97	-3.6%

Property Description	2020 Capital Value	2020 Land Value	2020/21 Rates	2021/22 Rates	Change \$	Change %
Ranfurly Commercial Property	190,000	32,000	2,477.91	2,413.88	-64.03	-2.6%
Roxburgh - Commercial	230,000	104,000	2,326.65	2,279.99	-46.66	-2.0%

## Operational Rating Principles

### Payment Options

Rates may be paid by:

- Cash
- EFTPOS (excluding from a credit card account)
- Direct debit (Council's preferred method of payment)
- Internet transfer or telephone initiated direct credit
- Or by prior arrangement with the Rates Department on (03) 440 0617
- Credit card via [www.codc.govt.nz](http://www.codc.govt.nz). There will be a service charge payable direct to Council's bankers by ratepayers who use this option.

During the hours of 8.30am to 5pm, Monday to Friday at any of the following:

- Council Offices, William Fraser Building, Dunorling Street, Alexandra
- Cromwell Service Centre, 42 The Mall, Cromwell
- Maniototo Service Centre, 15 Pery Street, Ranfurly
- Roxburgh Service Centre, 120 Scotland Street, Roxburgh (9am to 4.30pm)

### Inspection of and Objection to Rating Information and Records

The Complete Rating Information Database (CRID) and the Rating Information Database and related rates records are available for inspection between 8.30am to 4.30pm, Monday to Friday, at any of the following:

- Council Offices, William Fraser Building, 1 Dunorling Street, Alexandra
- Cromwell Service Centre, 42 The Mall, Cromwell
- Maniototo Service Centre, 15 Pery Street, Ranfurly
- Roxburgh Service Centre, 120 Scotland Street, Roxburgh (9am to 4pm)

Any interested person may inspect the CRID. Inspection is free but there may be a fee payable for the supply of particulars from the CRID.

- The following persons may inspect the rates records for a rating unit in accordance with the Local Government (Rating) Act 2002:
- The ratepayer
- Anyone authorised, in writing, by the ratepayer to do so
- Any person who has become liable to pay the rates under the recovery provisions of the Local Government (Rating) Act 2002
- A solicitor, landbroker or real estate agent
- Any member of the public with respect to rates assessed, but not including arrears, remissions or postponed rates

Any ratepayer named in the Rating Information Database (RID) can object to the information in the RID on the following grounds:

- Rating unit listed in the District Valuation Roll (DVR) has been omitted from the RID
- Information from the DVR has been omitted or incorrectly entered in the RID
- Information entered in the RID (other than information from the DVR) is incorrect
- A lawful amendment to the DVR has not been entered in the RID

Objections to the rates records of a rating unit may only be made by:

- The ratepayer, or
- Someone who has become liable to pay the rates on the unit under the recovery provisions

Objections to rates records may only be made on the following grounds:

- The rates have been incorrectly calculated, or
- The balance shown as owing on the rating unit is incorrect

The Council will notify objectors in writing of its decision regarding an objection.

## Delegation

Section 132 of the Local Government (Rating) Act 2002 allows Council to delegate the exercise of functions, powers or duties conferred by this Act on the local authority to:

- its chief executive officer; or
- any other specified officer of the local authority.

Council has put in place the following delegations:

1. The decision whether disclosure of a name is necessary to identify a rating unit (s28 (2) of the Act) – to the Chief Executive Officer (CEO) and Executive Manager – Corporate Services, acting alone.
2. Authority to determine the fee payable for supplying a copy of the Rates Information Database (RID) (Section 28 (3) of the Act) – to the Executive Manager – Corporate Services.
3. Authority to determine objections to the RID (Section 29 of the Act) – to the CEO, Executive Manager – Corporate Services and Finance Manager, any two acting jointly.
4. Authority to remove names from the RID (Section 35 (b) of the Act) – to the Executive Manager – Corporate Services, Finance Manager, and Rates Officer acting alone.
5. Authority to determine objections to rates records (Section 39 of the Act) – to the CEO, Executive Manager – Corporate Services and Finance Manager, any two acting jointly.
6. Authority to correct errors in RIDs and Rate Records (Section 40 of the Act) – to the Executive Manager – Corporate Services, Finance Manager and Rates Officer, acting alone.
7. Authority to fix the interest rate to be charged on reassessed rates (Section 42 (3) of the Act) – to the Executive Manager – Corporate Services.
8. Authority to issue invoices based on previous year's rates (Section 50 of the Act) – to the Executive Manager – Corporate Services and Finance Manager, acting alone.

9. Determine agreeable method of rates payments (Section 52 (2) of the Act) – to the Executive Manager – Corporate Services.
10. Authority to recover unpaid rates from owner (Section 61 (1) of the Act) – to the Executive Manager – Corporate Services, Finance Manager and Rates Officer, any two acting jointly.
11. Authority to recover unpaid rates from persons other than owners (Section 62 of the Act) – to the Executive Manager – Corporate Services, Finance Manager and Rates Officer, acting alone.
12. Authority to commence proceedings for unpaid rates (Section 63 of the Act) – to the CEO and Executive Manager – Corporate Services, acting jointly.
13. Commencement of rating sale or lease provisions (Section 67 of the Act) – to the CEO and Executive Manager – Corporate Services, acting jointly.
14. Authority to sell by private treaty (Section 72 of the Act) – to the CEO and Executive Manager – Corporate Services, acting jointly.
15. Authority to sell abandoned land (Section 77 to 83 of the Act) – to the Executive Manager – Corporate Services and Property Officer, acting alone.
16. Authority to administer remission and postponement policies (Sections 85/87 of the Act) – to the Executive Manager – Corporate Services.
17. Authority to impose penalties on unpaid rates (Section 57 and 58 of the Act) - to the Executive Manager – Corporate Services.
18. Authority to remit rates penalties as applied in accordance with section 57 and 58 of the Act to the Executive Manager – Corporate Services, Finance Manager or Rates Officer acting alone.
19. Authority to remit water rates penalties as applied in accordance with section 57 and 58 of the Act to the Executive Manager – Corporate Services, Finance Manager, Rates Officer or Water Billing Officer, acting alone.

## Operational Rating Policies

### Maori Freehold Land

Central Otago District Council has no Maori freehold land and, therefore, has no policy relating to rates relief thereon.

### Postponement of Rates

The objective of the Council's policy on postponement of rates is to assist ratepayers experiencing extreme financial circumstances that affect their ability to pay rates.

Only rating units used solely for residential purposes (as defined by the Council) will be eligible for consideration for rates postponement for extreme financial circumstances.

Only the ratepayer, or his/her authorised agent, may make application for rates postponement. Such application must be in writing to the Rates Officer.



The ratepayer must have owned the rating unit for at least five years.

When considering whether extreme financial circumstances exist, all of the ratepayer's circumstances will be relevant, including:

- Age
- Physical and/or mental disability
- Injury or illness
- Family circumstances
- Eligibility for DIA Rate Rebate

Additionally, Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for:

- Normal health care
- Proper provision for maintenance of his/her home and chattels at an adequate standard
- Normal day to day living expenses.

Any postponed rates will be postponed until the earlier of:

- The death of the ratepayer; or
- The sale of the rating unit.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

Postponement of rates will apply from the beginning of the rating year in which the application is made.

Postponed rates will incur a postponement fee, equivalent to interest calculated on the total amount postponed at 30 June each year, plus an administrative charge. The interest will be calculated at Council's internal investment rate, as used for internal loans.

### Remission of Rates

The general objectives of the Council's policy on remission of rates are to:

- Mitigate the effects of anomalies and inequities in its rating system, i.e. fairness and equity, i.e. economic well-being
- Assist new and existing businesses to increase their contribution to district employment, i.e. social and economic well-being
- Assist conservation of natural, historic and cultural resources, i.e. environmental and cultural well-being. Specific objectives are set out in each element of the policy

### Remission of Penalties

The objective is to enable Council to act fairly and reasonably in its consideration of rates which have not been received by the due date due to circumstances outside a ratepayer's control.

A good payment history will be taken into account when considering any remission of penalty. Remission of penalty will be considered in the case of death, illness or accident of a close family member (as defined by Council) as at the due date.



Remission of penalty will be considered when a payment plan for arrears is agreed and operational.

Remission of penalty will be considered where it facilitates the future payment of rates by direct debit within a specified timeframe.

Remission of penalty will be considered where remission will facilitate the collection of overdue rates and results in full payment of arrears and saving on debt recovery costs.

Remission of penalty will be considered if the ratepayer is able to provide evidence that payment has gone astray in the post or by failure to act by a bank in the case of direct debits or credits.

Remission of penalty will be considered where the penalty has been incurred during the processing of settlements following changes in ownership of rating units.

Application for remission of penalty must be in writing to the Rates Officer, or in the case of volumetric water charges, the Water Billing Officer.

Penalties will not be applied to rates accounts with an outstanding balance where an agreed payment arrangement is in place.

### **Remission of Uniform Annual Charges and Fixed Charge Targeted Rates on Rural Rating Units**

The objective is to prevent a ratepayer paying several uniform annual charges and fixed charge targeted rates on rural land where land is contiguous, farmed as a single entity but is owned by more than one family member, including a family trust (but excluding a limited liability company).

Application for remission of uniform annual charges must be in writing to the Rates Officer. It will not be necessary to reapply each year unless circumstances change.

Remission will include any targeted rate set on the basis of a fixed dollar charge per rating unit, as well as any uniform annual charges, with the exception of water and wastewater.

The ratepayer will remain liable for at least one set of each charge.

Remission of uniform annual charges and fixed charge targeted rates, where granted, will take effect from the commencement of the next rating year.

Remissions will not be granted where the Council views the contiguous properties as held for investment purposes; for example, where a new deposited plan has been approved. [Refer also to the Council's policy on remission for development land.]

Where a remission of uniform annual charges and fixed charge targeted rates has been granted to a rating unit, and that remission ceases to be applicable through change in ownership or usage, the rating unit will be charged a proportion of the targeted rates and uniform annual charges applicable for the remainder of the year, commencing from the beginning of the next rating instalment period.

### **Remission for Extreme Financial Hardship**

The objective is to assist ratepayers who experience temporary extreme financial circumstances which affect their ability to pay rates.

To enable Council to verify that extreme financial circumstances exist, an application must be in writing, on the prescribed form (available at Council offices or website). This form contains a statutory declaration, which must be completed in front of a Justice of the Peace, solicitor or another person authorised to take a statutory declaration. This statutory declaration is a legal document and should be treated as such. Claimants must ensure that information is true and correct to the best of their knowledge and belief. They may face criminal charges if they knowingly make a false oath or affirmation.

This form must also be completed by the registered owner and occupier of the property and must relate to a residential property in the Central Otago District. This form is for residential ratepayers only. This application is not for commercial ratepayers.

This application is valid for 12 months. A consecutive application may be considered, but to a maximum of 2 years in totality.

Water, wastewater and refuse charges will be excluded and not subject to remission under the Remission of Rates for Extreme Financial Hardship Policy.

If the ratepayer would not qualify for the DIA rates rebate, Council may remit some of the rates due, based on its assessment of the situation.

Applications must be in writing to the Rates Officer, on the prescribed form (available on our website). This is to enable Council to verify that extreme financial circumstances exist.

### **Remission for Anomalous Rates and/or Inequitable Rates Increases**

The objective is to allow Council to mitigate any unforeseen effects of:

- Changes in funding policies
- Changes arising from general revaluation of the district's rating units
- Changes in legislation
- Changes arising from unforeseen and/or unusual circumstances.

Council will each year receive a report, as part of its Annual Plan process, detailing properties which, unless remissions were granted, would suffer an anomalous or inequitable rates increase in the year to which the Annual Plan relates.

Council may remit such part of the potential increase as it sees fit, subject to such remission not being so great that the rating unit pays a lesser increase than the average for the ward or district.

Ratepayers eligible for such remission will be notified in writing before the first instalment falls due. However, ratepayers not so notified may make application in writing for such remission.

### **Remission of Rates on Rural Land (with a Capital Value less than \$1,000)**

The objective is to recognise that undeveloped rural land with a capital value below \$1,000 should only pay minimum rates.

To qualify, ratepayers must hold other land in the district on which full rates are payable.

The minimum rate may vary, but is currently deemed to be \$10.

Ratepayers eligible for such remission will be notified in writing before the first instalment falls due.

Water, wastewater and refuse charges will be excluded and not subject to remission under this policy.

### **Remission of Rates on Land Protected for Natural, Historic or Cultural Conservation Purposes**

The objective is to preserve and promote natural resources and heritage by encouraging the protection of land held for natural, historical or cultural purposes.

Ratepayers who own rating units that have some feature of cultural, natural or historical heritage that is voluntarily protected may qualify for remission of rates under this policy.

Applications must be made in writing to the Rates Officer and be supported by documented evidence of the protected status of the rating unit, for example a copy of the covenant or other legal mechanism.

In considering any application for remission of rates under this part of the policy, the Council will consider the following criteria:

- The extent to which the preservation of natural, cultural or historic heritage will be promoted by granting remission on rates on the rating unit
- The degree to which features of natural, cultural or historic heritage are present on the land
- The degree to which features of natural, cultural or historic heritage inhibit the economic use of the land
- The use of the property.

In granting remissions under this policy, the Council may specify certain conditions before remission will be granted.

Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

Council reserves discretion in the awarding of all remissions, with the value and duration being relative to scale of the maintenance or restoration project.

Ratepayers are only eligible to apply for this remission if they voluntarily protect any features of cultural, natural or historic heritage.

Water, wastewater and refuse charges will be excluded and not subject to remission under this policy.

Land that is non-rateable under section 8 of the Local Government (Rating) Act 2002 and is liable only for rates for water supply, sewage disposal or refuse collection will not qualify for remission under this part of the policy.

### **Remission of Rates for Heritage Buildings**

The objective is to provide for the preservation of Central Otago's heritage by encouraging the maintenance and restoration of historic buildings. Provision of a rates remission recognises that there are private costs incurred for public benefit.

Applications must be made in writing to the Rates Officer and be supported by documented evidence.

Ratepayers who have buildings with a heritage classification may apply for a rates remission providing the following conditions are met:

- Buildings dated pre-1900 or are listed on the Central Otago District Plan Schedule 19.4: Register of Heritage Buildings, Places, Sites and Objects and Notable Trees
- The property must not be owned by the Council or the Crown, or their agencies
- Building owners will need to make a commitment to the ongoing maintenance of their building; or
- Provide details of the restoration project.

Eligible ratepayers will receive a 50% remission of rates for two years commencing 1 July on the year following application.

Water, wastewater and refuse charges will be excluded and not subject to remission under this policy.

### Remissions for Community, Sporting and Other Organisations

The objective is to facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities.

The purpose of granting rates remission to an organisation is to:

- Recognise the public good contribution to community well-being made by such organisations
- Assist the organisation's survival
- Make membership of the organisation more accessible to the general public, particularly disadvantaged groups including children, youth, young families, aged people and economically disadvantaged people.

Council supports applications for financial assistance by any organisation not conducted for private profit.

The principal object of the organisation should be to promote the development of Central Otago and provide for at least one of the following: the public, recreation, health, enjoyment, instruction, sport or any form of culture, or for improving or developing amenities, where the provisions of any one of these areas is to the benefit of the area.

An organisation making an application should include the following information in support of its application:

- Evidence that other areas of assistance have been investigated if available
- That there is a need for assistance
- That there has been a reasonable effort made to meet the need by the organisation itself
- The organisation's most recent financial accounts.

Applications must be made in writing to the Rates Officer and be supported by documented evidence.

Each application will be considered by Council on its merits, and provision of a remission in any year does not set a precedent for similar remissions in any future year.



Remissions to any qualifying organisation shall be on a case-by-case basis of reduction in rates and charges, except that no remission will be granted on targeted rates/charges for water supply, sewage disposal/wastewater or refuse collection, or areas used for bars.

Eligible ratepayers will receive a 50% remission of rates for the year commencing 1 July on the year following application.

### **Remission for Crown or Council Land used for Private or Commercial Purposes**

The objective is to ensure lessees using Crown or Council land for private or commercial use do not pay unreasonable levels of rates. Such land is subject to the remissions supporting contiguous land.

Part 1 of Schedule 1 of the Local Government (Rating) Act 2002 states that Crown land is non-rateable, but excludes land used primarily or exclusively for private or commercial purposes under a lease, licence or other agreement.

Application for remission of uniform annual charges must be in writing to the Rates Officer. It will not be necessary to reapply each year unless circumstances change.

Remission will include any targeted rate set on the basis of a fixed dollar charge per rating unit, with the exception of water, wastewater and refuse charges .

Applications for remission under this part of the policy must be in writing to the Rates Officer. Applications should give evidence as to why it is unreasonable for the ratepayer to be assessed for rates on the land.

### **Remission for Land Affected by Natural Disasters**

The objective is to provide relief to ratepayers whose land or property has been seriously adversely affected by a natural disaster. A natural disaster is considered as including, but not necessarily limited to, flooding, earthquake damage, wildfire or storm.

Applications for remission under this part of the policy must be in writing to the Rates Officer . Applications should give evidence as to why the ratepayer's enjoyment of the land or property has been seriously adversely affected by the natural disaster.

This part of the policy will only be relevant if the natural disaster had a widespread effect in the district.

### **Remission for Development Land**

The objective is to ensure that unsold development land that is in one parcel, but has separate valuation assessment numbers, does not pay more than one set of uniform annual charges and fixed charge targeted rates, excluding volumetric water charges.

Council reserves discretion to consider other requests for remission for development land, which vary from that outlined above.

Applications under this part of the policy must be in writing to the Rates Officer.

Any remission granted shall be for four years, effective 1 July on the year following the application.

For each development (defined as one deposited plan):

- In Years 1 and 2 the ratepayer shall pay uniform annual charges and fixed charge targeted rates on one allotment and receive 100% remission on second and subsequent allotments
- In Years 3 and 4 the ratepayer shall pay uniform annual charges and fixed charge targeted rates on one allotment and receive 50% remission on second and subsequent allotments
- Remission shall cease for any allotment if:
  - any interest in the land is passed by the developer to another party, or
  - an application for a building consent is granted, or
  - the land is developed in some other way

Remission ceases from the end of the quarter in which any of these events occur.

### Remission for Business Development

The objective is to promote employment and economic development within the district by assisting new businesses (i.e. not in competition with existing businesses) and/or the expansion of existing businesses.

This part of the policy applies to:

- Commercial and/or industrial development that involves the construction, erection or alteration of any building, fixed plant and machinery, or other works intended to be used for industrial, commercial or administrative purposes
- Investment in capital improvements (excluding the cost of the land) must be in excess of \$1,000,000 and significant new employment opportunities created
- Residential developments are specifically excluded from consideration for remission under this part of the policy.

Applications must be made in writing to the Rates Officer and must be supported by:

- A description of the development
- A plan of the development (where possible)
- An estimate of costs
- An estimate of the likely number of new jobs to be created by the development

Any rates remission granted will apply during the course of the development for a period of up to three years, with the first year being 1 July on the year following the application.

The amount of remission to be granted will be on a case-by-case basis, subject to a maximum of 50% of rates assessed. Water, wastewater and refuse charges will be excluded and not subject to remission under this policy.

In granting any remission under this part of the policy, the Council may specify certain conditions before the remission will be granted. Applicants will be required to agree in writing to such conditions and to pay any remitted rates if the conditions are violated.



## Remission of Water Rates Attributable to Leakage

### Background

From time to time, water consumers experience a loss as a result of leaks or damage to their water supply system. It is the normal practice for the consumer to be responsible for the maintenance of the reticulation from the water meter to the property, and to account for any consumption of water supplied through the meter. This is currently enforced through the Water Supply Bylaw 2008.

Council has taken the view that some consumers may experience an occasional water leak without them being aware of the problem. They have, therefore, decided that it would be reasonable to allow for a reduction in charges to these consumers in certain circumstances. This policy statement addresses that decision.

### Objective of the Policy

To standardise procedures to assist ratepayers who have excessive water rates due to a fault (leak) in the internal reticulation serving their rating unit.

At the same time ensuring that consumers retain responsibility for the maintenance of their private reticulation, as required by the Water Supply Bylaw 9.15.

### Conditions and Criteria

The Council may remit the excess water rates where the application meets the following criteria:

- The policy will apply to applications from ratepayers who have excess water rates due to a fault(s) in the internal reticulation
- That all applicants are requested to submit their application in writing before the due date of an invoice
- That a report from a registered plumber be supplied stating that the property has experienced a water loss as a result of a leak
- That proof of the repairs to the internal reticulation be submitted for verification (e.g. plumber's repair account) within 60 days of the due date of an invoice
- That the ratepayer be charged the full charge for normal consumption
- The maximum relief that will be provided will be 50% of the difference between the normal consumption and the actual water consumption for that period. Any remission under this policy will be limited to one application within any two-year period for any particular rating unit
- The Executive Manager – Corporate Services be delegated authority to consider applications for remission of excess water rates and, if appropriate, approve or decline them.

### Notes

- "Internal reticulation" refers to the underground and indoor pipe work and specifically excludes irrigation and leaking toilets, taps etc
- The "normal consumption" will be calculated at Council's discretion from the information available
- No adjustment shall be backdated beyond the current period invoiced
- This is a financial remission only based on the volumetric charge.

**General**

The application will be referred to Council for a decision.

In certain cases, particularly requests for remission for:

- Business development
- Land protected for natural, historic or cultural conservation purposes
- Land affected by natural disaster
- Remission for anomalous rates increases
- Heritage buildings
- Community sporting and other organisations

All applications considered by Council will be discussed in open session, or the results of its deliberations in closed session will be disclosed in open session at its next meeting.

All other applications for remissions will be decided by the Executive Manager – Corporate Services or duly delegated officer.

**Relevant legislation:**

- Local Government Act 2002
- Local Government (Rating) Act 2002.

**Related documents:**

This Policy should be read in conjunction with the Revenue and Financing Policy.

# Investment Policy

## 1. Purpose

- 1.1 Sections 102(2)(c) and 105 of the Local Government Act 2002 (the Act) require local authorities to adopt an investment policy. It discloses the Council's principles of prudent financial management and risk mitigation strategies and they relate to the management of external debt.
- 1.2 The purpose of the policy is to establish a framework and guidelines within which the Council manages its treasury risks. While the Council does not seek to speculatively profit from its treasury activities, it recognises that active and prudent management of all its treasury risks, within defined management parameters, will assist the Council in achieving its overall commercial objectives.
- 1.3 It is recognised that the policy is an evolving document which can be amended and expanded to take account of changes in the Council's operational activities and operating structure. The policy must be regularly monitored for compliance and appropriateness and, where necessary, the document updated with any changes to be approved by the Council through its Annual Plan or Long-term Plan process. Notwithstanding this, a formal review of the policy must be completed every three years, or more frequently if required.
- 1.4 It is also recognised that the Council does not have a dedicated treasury function and the Executive Manager – Corporate Services will effectively be responsible for treasury risk management as well as other duties. Hence it is essential that this policy reflects this structure and the other resources available to assist in this area.
- 1.5 Legal requirements and cross references thereto (including the Act and the Trustee Act 1956) are:

Requirement	Reference
General policy	Entire policy
Shares	Section 8.1
Property held	Section 8.2
Mix of investments	Section 7.1
Revenue from investments	Section 5
Proceeds of sale of assets	Section 9
Procedures and reporting	Schedule 1
Risk assessment and management	Section 6

- 1.6 This policy will be reviewed by Council every three years or as required.

## 2. Principles and objectives

- 2.1 The objectives of this treasury function should be consistent with the Councils' overall commercial objectives, in particular recognising that the Council is a risk adverse organisation, which does not seek to profit from any speculative treasury activity.
- 2.2 The primary objectives of this investment policy are:
- Minimise the cost of the Council's borrowings through monitoring and implementation of cost-effective financing techniques giving consideration to balance sheet and other strategic limitations
  - To ensure Council has appropriate working capital funds available to carry out its Long-term Plan, Financial Strategy and core objectives
  - To ensure that funds are immediately accessible in the event of a disaster or unexpected failure of infrastructure
  - To ensure that Council is able to meet its liability commitments as they fall due
  - To ensure that legally restricted funds are appropriately accounted for and invested so as to earn reasonable income towards their purposes. (Legally restricted funds include trust funds, and bonds / deposits etc.)
  - To ensure that where Council has resolved to set aside investments for particular purposes, these funds earn interest towards those purposes and are readily available when called upon. (It should be recognised that these funds are by policy of Council only and have no enduring legal status that would bind a future Council)
  - Maintain dialogue and information flows to the Council's funding providers to enhance the commercial relationship between the parties
  - To firstly protect Council/ratepayers capital and to secondly earn an acceptable income
  - To ensure that all statutory requirements are met
  - Safeguard Council's financial market investments by establishing and regularly reviewing investment parameters and ensuring that all investment activities are carried out within these parameters
  - Produce accurate and timely information that can be relied on by senior management and Council for control and exposure monitoring purposes in relation to the investment activities of Council
  - Ensure compliance with the Council's financing and borrowing covenants and ratios specified in this document
  - Maintain adequate internal controls to minimise operational risk while recognising the limited number of personnel who participate in the Council's treasury function.
  - Control cash in an effective and efficient manner.

## 3. Scope

- 3.1 This document is binding on Council, Committees of Council, Recreation Reserve Committees, Community Boards, Committees of Community Boards and any Trusts whose accounts are incorporated in the Council's Annual Report and Accounts. The term "Council" includes all the above bodies.

## 4. Investing Priorities

4.1 Council's priorities with regards to investing are:

- Disaster relief funds, working capital and contingency liquidity
- Capital expenditure that meets Council goals and strategic plan criteria
- Repayment of debt and internal loans (to reduce external risk exposures)
- Diversify investment portfolios where appropriate
- Financial instruments are diversified in term and institution.

## 5. Acceptable Uses of Investment Funds

5.1 The following are the guidelines for permitted uses of Council's investment funds:

### Income/interest

- Reduction of rates (maintenance and operations)
- Capital expenditure and one-off projects
- Add to capital to increase ability of fund to meet intentions
- Reinvestment as part of a diversified portfolio
- Disaster relief funds and contingency liquidity.

### Capital

- Capital expenditure
- One-off projects
- Disaster relief
- Debt repayment.

## 6. Risk Profile

6.1 This policy ranks investment opportunities as follows:

### High risk

- Equity shares (other than those currently held)
- Real estate, commercial property and unit trusts (other than those properties held for Council operations)
- Forestry
- Managed investment funds
- Community groups and other local investments
- Repayment of current Council debt including internal loans
- Appropriately-rated fixed interest investments
- Cash on short and long term bank deposits should only be transacted with appropriately rated institutions.

6.2 To reduce interest rate exposure, instruments set out in Council's Liability Management Policy may also be utilised as part of this Investment Policy.

## 7. Policy Relating to Cash and Term Investments

7.1 All cash funds for the time being surplus are to be invested in New Zealand Registered Banks with a short term rating of at least A-. The terms or maturities for short term



investments will be a mixture of on call up to 274 days, so that if necessary, the Council can call upon the funds at relatively short notice, after taking into account projected cashflows.

7.2 Longer term investments are entered into where:

- The investments can be traded on an efficient market.

7.3 Approved Investment Categories

7.3.1 Appropriately rated investments are:

- New Zealand Government investments
- New Zealand registered banks
- Local authority stock
- State owned enterprises
- Regional health entities
- Corporates.

7.4 On a case by case basis and approved by Council

- Building societies.

7.4.1 Council will not consider investing with third party institutions unless they meet an acceptable Standard and Poor's (or equivalent) credit rating, where applicable.



## 7.5 Diversification

7.5.1 Maximum amount per institution as set out in the table below:

**Short Term and Long Term Investments (Approved Issuers, Instruments and Limits)**

Authorised Asset Classes	Overall Portfolio Limit (as a % of the total portfolio)	Approved Financial Market (must be demonstrated in NZ dollars) Instruments	Credit Rating Criteria: Standard and Poor's or Moody's or Fitch equivalents)	Limit for Each Issuer Subject to Overall Portfolio Limit for Issuer Class
New Zealand Government	100%	<ul style="list-style-type: none"> <li>Treasury bills</li> <li>Government stock</li> </ul>	Not applicable	Unlimited
Rated Local Authorities	70%	<ul style="list-style-type: none"> <li>Commercial paper</li> <li>Bonds/MTNS/FRNS</li> </ul>	Short-term S&P rating of A1 or better Long-term S&P rating of A- or better Long-term S&P rating of A+ or better Long-term S&P rating of AA or better	\$3 million \$2 million \$3 million \$5 million
Unrated Local Authorities	50%	<ul style="list-style-type: none"> <li>Commercial paper</li> <li>Bonds/MTNS/FRNS</li> </ul>	not applicable	\$2 million \$2 million
New Zealand Registered Banks	100%	<ul style="list-style-type: none"> <li>Call/term deposits, bank bills/ commercial papers</li> <li>Bonds/MTNS/FRNS</li> </ul>	Short-term S&P rating of A1 or better Long-term S&P rating of A- or better long-term S&P rating of A+ or better	\$20 million \$3 million \$5 million
State Owned Enterprises	50%	<ul style="list-style-type: none"> <li>Commercial paper</li> <li>Bonds/MTNS/FRNS</li> </ul>	Short-term S&P rating of A1 or better Long-term S&P rating of BBB+ or better Long-term S&P rating of A+ or better	\$3 million \$1 million \$3 million
Corporates*	50%	<ul style="list-style-type: none"> <li>Commercial paper</li> <li>Bonds/MTNS/FRNS</li> </ul>	Short-term S&P rating of A1 or better Long-term S&P rating of A- or better Long-term S&P rating of A+ or better Long-term S&P rating of AA or better	\$2 million \$1 million \$2 million \$3 million

Authorised Asset Classes	Overall Portfolio Limit (as a % of the total portfolio)	Approved Financial Market (must be demonstrated in NZ dollars) Instruments	Credit Rating Criteria: Standard and Poor's or Moody's or Fitch equivalents)	Limit for Each Issuer Subject to Overall Portfolio Limit for Issuer Class
Financials*	30%		Short-term S&P rating of A1 or better Long-term S&P rating of A- or better Long-term S&P rating of A+ or better Long-term S&P rating of AA or better	\$2 million \$1 million \$2 million \$3 million

\* The combined holding of Corporates and Financials shall not exceed 70% of the portfolio

#### 7.6 Interest rate risk and term profile

- 7.6.1 There is a trade-off between availability of funds and interest rate risk. This policy accepts a greater degree of interest rate risk in order to have accessible funds.

#### 7.7 Current account management

- 7.7.1 The current account credit balance should not exceed \$750,000 for more than four continuous working days.
- 7.7.2 It is permitted to go into overdraft for up to \$500,000 on a maximum of 10 days per year.

#### 7.8 Average return - Comparative benchmark

- 7.8.1 The short term portfolio shall be benchmarked against the published 90 day bank bill rate.
- 7.8.2 The emphasis is on capital protection rather than maximising returns. Nevertheless, returns should be maximised within the parameters of this policy.
- 7.8.3 The short term portfolio will be benchmarked against the ANZ 90 day bill index on a quarterly basis.
- 7.8.4 The long term portfolio will be benchmarked against the ANZ Corporate A Grade Index on a quarterly basis measurement, and this will be required to be within 2.5 and 3.5 years.

Compliance with the benchmarking and duration requirements is not necessary if the nominal value of the portfolio is less than \$20 million.

## 8. Policy on other Forms of Investing

### 8.1 Equity Investments

- 8.1.1 Equity investments may be entered into by specific resolution of Council. Any equity sales must be by specific resolution of Council unless the shares are externally managed through a managed equity fund.

### 8.2 Real Estate, Commercial Property and Unit Trusts

#### 8.2.1 There will be:

- Investment allowed by way of specific resolution of the Council
- Investment in property not directly contributing to community outcomes/activities where the investment is supported by a positive business case and provides income in addition to rating income.

### 8.3 Forestry

- 8.3.1 Existing forestry investment will continue having regard to existing contractual Arrangements, commercial return, best forms of land use, environmental and community outcomes.

#### 8.3.2 Additional investment in forestry is permitted:

- On existing Council land subject to approval by Council, providing there is reasonable evidence to suggest that it is the best and highest use of that land; or
- In conjunction with meeting other goals, in which case it becomes a higher priority investment.

- 8.3.3 Expenditure incurred in developing and growing forestry will be treated as capital/investing expenditure for accounting purposes. Forestry will be valued annually at fair value less estimated costs to sell in the Council's Annual Report.

### 8.4 Repayment of Debt

- 8.4.1 Subject to Council resolution or a stated intention in the Annual Plan, it is permitted to use existing funds to repay debt, providing suitable internal arrangements are put in place to prevent any change in rates distribution among particular groups of ratepayers.

### 8.5 Community Groups

#### 8.5.1 If there is to be investment in a community group, then:

- Consideration will be given as to whether a guarantee would be more appropriate
- Funds will only be lent upon a resolution of the Council
- No funds are to be lent until all conditions of approval are satisfied and it is unconditional.

- 8.5.2 A community group is defined as a non-profit locally based group.

8.5.3 Minimum securities and assurances are:

- Going concern assurance from committee; and
- Written agreement that assets financed will vest in Council or the community and will not be offered as security to any other party; and
- Legal advice and formalised security to be obtained for sums over \$25,000 unless for buildings on Council land that would already vest in the Council pursuant to a clause in a lease document that has been prepared pursuant to legal advice; and
- Provision of annual audited accounts or, if in inaugural year, projections/budgets.

8.6 Advances to promote other objectives will be made:

- Only by specific resolution of Council; and
- Council require first mortgage over the property / assets

8.7 Market interest rates will be charged or where economic benefit to the District/community is considered greater sole discretion is given to Council.

8.8 New Zealand Local Government Funding Authority (LGFA)

8.8.1 Despite anything earlier in this policy, Council may invest in shares and other financial instruments in the LGFA, and may borrow to fund that investment. The Council's objective in making such an investment will be to:

- Obtain a return of the investment, and
- Ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for Council.

8.8.2 Because of the dual objective, the Council may invest in LGFA shares in circumstances in which the return on investment is potentially lower than the return it could achieve with alternative investments

8.8.3 If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

## 9. Proceeds from Sale of Assets

9.1 Net proceeds from asset sales will be invested for the following purposes:

- Capital expenditure; or
- Contingencies; or
- One-off operational items (e.g. grants if the Council is satisfied that the receiver of the grant is likely to be able to maintain the worth of the asset to the Community); or
- Reduce external debt; or
- Reinvestment for future gains.

## Schedule 1

### Organisational Responsibilities and Internal Controls

#### 1. Council

- Approves any annual borrowing programme contained in the Annual Plan
- Approves any risk management strategy outside the delegated authorities outlined in this policy document
- Approve Investment policy
- Review treasury activity through regular reporting
- Approves new borrowing facilities from the banking sector and capital markets, including the Local Government Funding Agency (LGFA), upon recommendation from the Chief Executive (CE).

#### 2. Chief Executive

- Submits to the Council new or amended borrowing facilities which have been negotiated by the Executive Manager – Corporate Services (EM-CS)
- Approves all debt-related interest management strategies submitted by the EM-CS
- Approves any amendments to the Investment Policy recommended by EM-CS, prior to submission to Council for approval
- Approve authorised electronic signatory positions
- In the absence of the EM-CS, undertakes the following treasury transactions or delegates to the Finance Manager where permissible under his/her permissions:
  - a. Funding from bank facilities and the capital markets including the LGFA
  - b. Interest rate derivatives transactions relating to the hedging of Council's debt.

#### 3. Executive Manager - Corporate Services

- Overall responsibility for the treasury function and the regular review of the Investment Policy
- Approve opening and closing of bank accounts and new banking facilities
- Arranges all new or amended borrowing facilities to then submit to the CE for approval and then to Council for final approval
- Submits all debt related interest management strategies to the CE for approval
- Provide policy advice as needed and reports to the CE and Council on overall treasury risk management issues regularly
- Manages the funding and liquidity activities of the Council
- Authority to electronically transfer funds between specified bank accounts that have been set up on the Council's bank cash management system
- Approve authorised electronic signatory positions
- Maintains lender relationships with the banks and capital markets, including the LGFA
- Monitors and reviews the ongoing treasury risk management performance of Council to ensure compliance with the policy parameters.

#### 4. Finance Manager

- Undertakes all treasury activities, which include but are not limited to:
  - Investing activity, maximise returns within policy and legal requirements
  - Interest rate derivatives relating to the hedging of the Council's debt
  - Undertaking short-term borrowing transactions with the bank of LGFA for terms not exceeding 12 months
  - Investing in bonds in the fixed interest market
- Authority to electronically transfer funds between specified bank accounts that have been set up on the Council's bank cash management system
- Approve authorised electronic signatory positions
- Current account management within policy
- Record keeping of all transactions and quotes for audit and review as required
- Reconciliation of all bank accounts and other investment and borrowing accounts
- Borrowing activity, minimising costs in accordance with policy and legal requirements, by seeking competitive bids for borrowing, subject to management approval as above
- Prepare quarterly treasury reports
- Checks external counterparty advices on treasury transactions to records generated internally by other staff.



# Liability Management Policy

## 1. Purpose

- 1.1 Sections 102(2)(b) and 104 of the Local Government Act 2002 (the Act) require local authorities to adopt a liability management policy. Sub Part 4 of Part 6 of the Act (Sections 112 to 122) sets out the statutory framework for local authority borrowing.
- 1.2 The statutory definition of borrowing is:
- 'Borrowing'—*
- a) *Means the incurring by any means of debt to raise money; and*
  - b) *Includes the incurring of debt—*
    - (i) Under any contract or arrangement for hire purchase, deferred payment, instalment payment, sale and lease back or buy back, financial lease, loan, overdraft, or other arrangement for obtaining debt finance; or
    - (ii) By the drawing, acceptance, making, endorsement, issue, or sale of bills of exchange, promissory notes and other negotiable instruments and debt securities; or
    - (iii) by the use, for any purpose, of funds received or invested by the local authority for any other purpose if the local authority has resolved to repay, with or without interest, the funds used; but
  - c) Does not include debt incurred in connection with the hire purchase of goods, the deferred purchase of goods or services, or the giving of credit for the purchase of goods or services, if-
    - (i) The period for which the indebtedness is outstanding is less than 91 days and the indebtedness is not incurred again promptly after payment; or
    - (ii) The goods or services are obtained in the ordinary course of the local authority's performance of its lawful responsibilities, on terms and conditions available generally to parties of equivalent credit worthiness, for amounts not exceeding in aggregate an amount—
      - (A) Determined by resolution of the local authority as not being so significant as to require specific authorisation; or
      - (B) Recorded for the purposes of this subparagraph of this paragraph of this definition in the then current borrowing management policy of the local authority; and "borrow" has a corresponding meaning:
- 1.3 This policy will be reviewed by Council every three years or as required.
- 1.4 The policy recognises that Council has a strong preference for certainty in relation to debt repayment, is averse to risk and wishes to avoid administrative complexity.

1.5 Legal requirements and their cross references are:

Requirement	Reference
General policy	Entire policy
Interest rate exposure	3.1.4
Liquidity	3.17
Credit exposure	3.2
Debt repayment	3.3

## 2. Objectives

2.1 The objectives of this policy are:

- To ensure Council has appropriate working capital funds available to carry out its strategic plans as outlined in the Annual Plan and Long-term Plan
- To ensure that the costs of any expenditure can be recovered at the time that the benefits of that expenditure accrue in accordance with Council's Revenue and Financing policies. In particular, debt will normally be used to fund capital expenditure that provides future service benefits
- Ensure that Council has an ongoing ability to meet its debts in an orderly manner as and when they fall due in both the short term and long term, through appropriate liquidity and funding risk management
- Arrange appropriate funding facilities for Council ensuring they are at market related margins utilising bank debt facilities and/or capital markets including the Local Government Funding Authority (LGFA) as appropriate
- Maintain lender relationships with Council's general borrowing profile in the local debt and, if applicable, capital markets (including LGFA), so that Council is able to fund itself appropriately at all times
- Control Council's cost of borrowing through the effective management of its interest rate risks, within the interest risk management limits established by the Liability Management Policy
- Ensure compliance with any financing/borrowing covenants and ratios
- Maintain adequate internal controls to mitigate operational risks
- Produce accurate and timely reports that can be relied upon by senior management and Council for control and exposure monitoring purposes in relation to the debt raising activities of Council.

### 3. Policies

#### 3.1 General

3.1.1 The Council should only raise debt in relation to its Long-term Plan, Annual Plan, specific council resolutions or the Financial Strategy, and core objectives after having first ascertained that there are no readily available uncommitted funds as outlined below:

- Cash investments under the control of the community board or committee responsible for the particular activity (repay by funded depreciation or internal loan methods).
- Cash investments under the control of the Council (repay by funded depreciation or internal loan methods).

3.1.2 Council maintains external borrowings in order to:

- Raise specific debt associated with projects and capital expenditures;
- Fund the balance sheet as a whole, including working capital requirements; and
- Fund assets whose useful lives extend over several generations of ratepayers.

3.1.3 External loans will normally be repaid as soon as possible from funds generated by operations and depreciation rated for and not otherwise committed, in accordance with revenue and financing policies.

Borrowing provides a basis to achieve intergenerational equity by aligning long-term assets with long-term funding sources and ensure that the costs are met by those ratepayers benefiting from the investment.

3.1.4 The interest rate exposures of Council shall be managed according to the parameters detailed in the following table and shall apply to the core debt of Council. Core debt is defined as the level of debt determined by the Executive Manager – Corporate Services (EM-CS).

Fixed Rate Hedging Percentages		
Term	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0 - 2 Years	40%	100%
2 - 4 Years	25%	80%
4 - 8 years	0%	60%

To manage the interest rate risk associated with its debt, Council may use the following interest rate risk management instruments:

- Interest rate swaps
- Swaptions
- Interest rate options
- Interest rate collar structures but only in a ratio of 1:1
- Forward rate agreements.

Definitions of these can be found in Schedule One.

- 3.1.5 To avoid a concentration of debt maturity, Council will, where applicable, aim to have no more than 50% of debt subject to refinancing in any 12-month period, excluding short-term loan facilities of less than 12-months.
- 3.1.6 These risk controls will only be activated once external core debt is forecast to exceed \$30M.
- 3.1.7 For liquidity purposes, Council shall aim to maintain committed funding lines of not less than 110% of projected core debt. Core debt is defined as that determined by EM-CS.
- 3.1.8 Unencumbered liquid financial investments (cash/cash equivalents) used for liquidity management purposes are not to have a maturity term greater than 30-days.

### 3.2 Counterparty Exposure

- 3.2.1 Counterparty credit risk is the risk of losses (realised or unrealised) arising from counterparty defaulting on a financial instrument where the Council is a party.
- 3.2.2 Credit exposure or credit risk will be regularly reviewed by the Executive Manager – Corporate Services at least six-monthly. Treasury related transactions will be entered into with approved counterparties.
- 3.2.3 Interest rate derivative transactions and foreign exchange contracts must be transacted with NZ registered banks that have a minimum Standard and Poor's (S&P) (or Moody's Investors Services (Moody's) or Fitch Ratings (Fitch) equivalents) long term credit rating of A or better.

### 3.2.4 New Zealand Local Government Funding Authority (LGFA)

Despite anything earlier in this policy, the Council may borrow from the LGFA and, in conjunction with that borrowing, may enter into the following related transactions to the extent it considers it necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA;
- Provide guarantees of indebtedness of other local authorities to the LGFA and of the indebtedness to the LGFA itself;
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required; and
- Secure its borrowings from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

### 3.3 Debt Repayment

Borrowings are to be repaid from:

- Sale of assets;
- Realisation of investments;
- General funds and/or specific function revenues including rates and depreciation covered by revenue or rates; or
- Raising of other loans.

## 4. Internal Loans

- 4.1 General Council (including ward, community board or committee) investments may be used as a source for internal loans in relation to expenditure of a capital (or one-off) nature related to any activity that would normally be funded by external loan.
- 4.2 The interest to be applied to internal loans will be determined at the commencement of each financial year based on, and not exceeding, the interest offered on a 12-month investment by the Council's bank at 1 July. It is permitted to apply rates of interest below that or zero in specific cases, after taking into account fairness and equity.
- 4.3 The term for any internal loan shall be not more than 50 years and will be set taking into account the ability to pay off the ratepayers affected, alternative uses of the funds, and the life of the assets to be funded; all terms of internal loans will be subject to review during the course of the loan.

## 5. Borrowing Limits

- 5.1 Borrowing will be managed within the following limits

Item	Borrowing Limit / LGFA Lending Covenant
Net external debt as a percentage of total revenue*	<175%
Net external debt as a total value of assets	<10%
Net external interest as a percentage of total revenue*	<20%
Net external interest as a percentage of annual rates revenue (debt secured under debenture)	<25%
Liquidity (term debt + committed loan facilities + available cash or cash equivalent) over existing external debt	>110%

For the purpose of calculating the above ratios:

- Revenue is defined as revenue from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue. It excludes government capital contributions (eg. developer contributions and vested assets).
- Annual rates revenue is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).

Cash/cash equivalents are defined as:

- Overnight bank cash deposits;
- Wholesale/retail bank term deposits no greater than 30 days;
- Bank issued RCDs less than 181 days;
- Wholesale/retail bank term deposits linked to pre-funding of maturing term debt amounts; or
- Net external debt is defined as total external debt less cash/cash equivalents that would be available to repay debt.



## 6. Repayment of Borrowings

### 6.1 Repayment of Debt

- 6.1.1 Subject to Council resolution or a stated intention in the Annual Plan, it is permitted to use existing funds to repay debt, providing suitable internal arrangements are put into place to prevent any change in rates distribution among particular groups of ratepayers.

Council may also elect to use:

- Rating revenues established for that purpose;
- Proceeds from the disposition of surplus assets or investments;
- Regular instalments of principal and interest, especially with internal scheme capital works loans; and/or
- Refinancing with new debt.

Total debt levels are determined through the Long-term Plan, annual plans and asset management plans.

## 7. Authorised External Borrowing Sources

- 7.1 The following external borrowing sources will be utilised:

### Bank Sourced Debt

Council may borrow from any New Zealand registered bank with a minimum Standard and Poor's (or equivalent) short term rating of A-1 and a minimum long term rating of A. There will be no limit set on the amount of funds which any of the authorised banks may lend to the Council. When borrowing, Council will go out to tender in order to obtain the best rate possible.

Where debt is sourced from New Zealand registered banks, the following borrowing facilities may be used:

- Overdraft facilities;
- Committed term loan/cash advance facilities; and
- Standby term loan/cash advance facilities

Borrowings will be secured by either a general charge over rates or over a specific asset of the Council.

### Local Authority Bonds

Council may authorise the issuance of local authority bonds (medium term notes), fixed rate bonds and floating rate notes.

The bonds will be secured by either a general charge over rates or over a specific asset of the Council.



This method of borrowing will be authorised by specific Council resolution in each instance.

#### **Local Government Funding Agency (LGFA)**

There is no limit set on the amount of funds that are allowed to be borrowed from this agency. LGFA funding will be secured by a general charge over rates.

## **8. Benchmarking**

- 8.1 For performance measurement purposes, the actual borrowing performance of Council shall be compared with the following external benchmark, which is predicted off the midpoints of the risk control bands contained in the fixed rate hedging percentages table contained in Section 3 of this policy.

## **9. Treasury Responsibilities, Compliance and Controls**

### **9.1 Council**

- Approves overall borrowing limits each year through the Annual Plan process
- Approves for charging assets a security over borrowing
- Approves any risk management strategy outside the delegated authorities outlined in this policy document
- Monitor treasury performance through the receipt of appropriate reporting, as per Schedule Two
- Approve new borrowing facilities from the banking sector and capital markets, including the Local Government Funding Agency (LGFA), upon recommendation from the Chief Executive (CE)
- Approve on an individual basis investments in Building Societies
- Approve Liability Management and Investment Policy
- Approve any hedging outside the parameters of this policy.

### **9.2 Chief Executive**

- In the absence of the Executive Manager – Corporate Services (EM-CS), oversee the funding, interest rate risk management and financial market investment activities of Council
- Approves any amendments to the Liability Policy recommended by EM-CS, prior to submission to Council for approval
- In the absence of the EM-CS undertakes the duties as detailed in this document as appropriate, including checking external confirmations against internal records
- Approve authorised electronic signatory positions
- Signs the documents relating to the financial market activities of Council.

### **9.3 Executive Manager - Corporate Services**

- Makes decisions regarding all funding and interest rate risk management activities of Council prior to implementation/execution
- Makes decisions regarding all financial market investment activities of Council prior to execution
- Refinancing of existing debt

- Manages the bank lender and capital markets relationships, providing financial information to lenders and negotiates new/amended borrowing facilities or methods for approval by Council
- Approves opening and closing of bank accounts and new banking facilities
- Approves authorised electronic signatory positions
- Provides policy advice as needed and reports to the CE and Council on overall treasury risk management issues regularly
- Conducts a review of the Liability Management and Investment Policy every three years or as required basis and submits any recommended changes to Council for approval once the CE has approved them and the necessary statutory processes have been followed
- Signs documents relating to the borrowing and financial market investment activities of Council
- Executes treasury transactions in the absence of the Finance Manager
- Checks external confirmations against internal records.

#### 9.4 Finance Manager

- In the absence of the EM-CS undertakes all his/her duties under a delegated authority authorised by the CE
- Approves authorised electronic signatory positions
- Executes treasury transactions
- Prepares regular reports to Council
- Checks external confirmations against internal records.

## 10. Internal Controls

### 10.1 Introduction

Arranging and agreeing transactions with external counterparties are required to occur in a framework of control and accuracy. It is vital to the internal control of Council that all transactions are captured, recorded, reconciled and reported in a timely fashion within a process that has necessary checks and balances, so that unintentional errors and/or fraud are identified early and clearly. Movements in financial market variables can be rapid, and exposures to such movements that are not known about due to inadequate transaction recording and reporting systems should not be allowed to occur.

### 10.2 Transaction Origination

The following authorities shall apply in respect to the execution of transactions with bank dealers and brokers on behalf of Council that can commit Council to all related contractual obligations under these transactions. All such transactions are generally originated and agreed either verbally by telephone or by email. Therefore, it is important that procedures are in place to control the activity.

### 10.3 Funding from bank facilities, issuing Council debt, undertaking financial market investment transactions, including LGFA and entering into interest rate derivative transactions

- Funding from bank facilities, issuing council debt, undertaking Financial Market Investment Transactions, including LGFA and entering into Interest Rate Derivative Transactions with an approved banker broking counterparty entails the personnel of Council, who are approved to undertake these activities, verbally or by email agreeing with the bank or broker amount, term selection, rate accepted and the type of instrument being issued (in the case of borrowing), or transacted (in the case of a derivative transaction).
- Once the deal is agreed, details of the transaction shall be entered on the internal system
- Once the bank or broker confirmation of the transaction is received, the details should then be checked to ensure that the bank or broker confirmation is in accordance with the details on the Council's internal system.

Any discrepancies noted in the above procedures should immediately be communicated to the bank or broker so that the correct details of the deal can be agreed on. Where the EM-CS has transacted the deal in the first place, the deal shall be ratified and signed off by either the CE or the Finance Manager, and where the CE has transacted the deal in the first place, the deal shall be ratified and signed off by the EM-CS of Finance Manager. In this way, there is a clear division of responsibility and a self-checking system.

#### 10.4 Settlement Procedure

All transactions are to be confirmed and reconciled to external confirmations and internal documentation before settlement.

## Schedule 1

### Definitions of interest rate risk management instruments

#### **Forward Rate Agreement (FRA)**

An agreement between Central Otago District Council (CODC) and a counterparty (usually a bank) protecting CODC against a future adverse interest rate movement. CODC and the counterparty agree to a notional principal amount, the future interest rate, the date and the benchmark rate, which is usually as detailed on the daily bank bill reference (BKBM) page, on the Reuters' financial market information system.

##### *Objective*

To provide CODC with certainty as to its interest rate cost on an agreed principal amount for an agreed period. An FRA typically applies to a three-month period, starting at some point within the next 12 months.

#### **Interest Rate Swap (IRS)**

An interest rate swap is an agreement between CODC and a counterparty (usually a bank) to manage Council's exposure to interest rate movements. CODC pays (or receives) a fixed interest rate and receives (or pays) a floating interest rate. The parties agree to a notional principal amount, the fixed interest rate, the settlement dates and the benchmark floating rate, which is usually BKBM off the Reuters' page containing the daily rate sets for various market reference rates.

##### *Objective*

To provide CODC with certainty as to its interest rate cost on an agreed principal amount for an agreed period. Floating rate periods are typically quarterly or semi-annual.

#### **Forward Start Interest Rate Swap**

##### *Objective*

To provide CODC with certainty as to its interest rate cost on an agreed principal amount for an agreed period which commences at a future point in time. All other conditions are as with an interest rate swap.

#### **Option on a Swap Agreement – Swap Option**

##### *Objective*

To provide CODC with the right but not the obligation to enter into a fixed rate swap at a future point in time on an agreed principal amount for an agreed period. A swap option is an option on a swap and typically requires a premium to be paid.

#### **Interest Rate Options**

The purchase of an interest rate option gives the holder (in return for the payment of a premium) the right but not the obligation to borrow (described as a cap) or invest (described as a floor) at a future date. CODC and the counterparty agree to a notional future principal amount, the future interest rate, the benchmark dates and the benchmark floating rate (usually BKBM on Reuters).

*Objective*

To provide CODC with worst case cover on its interest rate cost on an agreed principal amount for an agreed period. As for an interest rate swap, rate sets are typically quarterly or semi-annual for the life of the option.

**Interest Rate Collar**

The combined purchase (or sale) of a cap and the sale (or purchase) of a floor.

*Objective*

To provide CODC with certainty as to its interest rate cost on an agreed principal amount for an agreed period, but by limiting CODC's downside participation, typically avoiding the payment of a premium.

**Limits on Selling Options**

CODC will only sell an option if at the same time it purchases an option for a similar term with the same notional value.

The reasons for the use of any incidental arrangements will be explained within a specific resolution of Council, enabling such arrangements to be entered into.

## Schedule 2

### Quarterly Reporting Requirements

A quarterly report should contain the following:

- Total debt utilisation, including sources of debt
- Interest rate hedging profile against hedging percentage limits
- New interest rate hedging transactions completed
- Weighted average cost of funds
- Performance measurement
- A statement of policy compliance
- Details of any exception reports including remedial action taken or intended to be taken.



# Significance and Engagement Policy

## Purpose

The purpose of this policy is:

- To allow the Council and the community to identify the degree of significance attached to issues, proposals or decisions; and
- To provide clarity about how and when communities can expect to be engaged in decision-making processes; and
- To inform the Council from the beginning of a decision-making process about:
  - The level of any public engagement that is expected before a decision is made; and
  - The type of engagement required.

## The general approach

The Council will follow a three-step process to inform decision making:

**Step 1 – Determine significance** – The Council will use criteria to decide whether a matter is of higher or lower significance. This part of the policy also explains how to approach matters of high significance.

**Step 2 – Determine whether engagement is required** – The Council will evaluate what it knows about community views and decide whom should be engaged.

**Step 3 – Decide an approach** – The level of significance and the information being sought will guide Council staff on how and when engagement occurs. This part of the policy clarifies how and when communities can expect to be engaged on different issues.

## Step 1 – Determine significance

Significance is about measuring the importance of an issue, proposal or decision. The Council needs to determine how people, services, infrastructure and well-being in the district will be affected. During the development stages of work on a project, significance must be considered because it will guide both the extent to which options should be developed, and the degree to which advantages and disadvantages are evaluated.

## Significance indicators

The Council will consider the following factors when determining the level of significance. They are of equal weighting and the greater the cumulative impact of a matter assessed by these factors, the more significant the decision will be. Significance means the degree of importance as assessed by its likely impact on, and likely consequences for:

- The current and future social, economic, environmental or cultural wellbeing of the district;
- The people who are likely to be significantly affected by or interested in the matter;



- The financial, rating, resource and other cost impacts of the decision;
  - Consider:
    - What is the likely increase in rates going to be from a decision?
    - Is this decision likely to significantly deplete financial reserves?
    - Will the decision lead to an increased level of Council debt?
- The capacity of the Council to perform its role or maintain levels of service;
- The ownership or function of a strategic asset;
- Other situations where there is thought to be a strong community interest in a matter.

In considering these factors, the Council will also consider knowledge it has previously gained about community views.

## Responding to significant matters

If a matter is significant, Council reports must explain why. The statement will identify the factors that indicate that the decision is significant and the potential implications of a decision. Reports will also explore the range of community views that may exist and assess whether there is a need for further community engagement before a final decision is made.

## Step 2 - Determine whether engagement is required

### When to engage

#### When it is required by legislation

The Council will consider community views when it has a legislative requirement to do so (as set out by relevant legislation such as the Local Government Act 2002). Examples of when Council staff will identify community views include the adoption and amendment of both the Long-term Plan and changes to financial policies.

The Council is required at times to use a special consultative procedure, as set out in section 83 of the Local Government Act 2002. The special consultative procedure requires the Council to issue and widely distribute a proposal that is open for consultation for at least one month. This procedure may also be used for any other decision the Council wishes to consult on.

Some decisions can only be made if they are explicitly provided for in the Council's Long-term Plan. These decisions involve:

- Altering significantly the intended level of service provision for any significant activity undertaken by or behalf of the Council;
- Transferring the ownership or control of a strategic asset to or from the Council.

### Strategic assets

Strategic assets are essential to the continued delivery of Council services or activities. The Council takes a whole-of-asset approach for groups or networks of strategic assets as opposed to listing each individual asset within a group. The Council also lists individual assets where these are thought to be of critical strategic significance to the district.

The Council considers strategic assets to be:

- The roading network as a whole

- The three waters network as a whole
- The Council's waste assets portfolio as a whole
- The Council's portfolio of reserves as a whole
- Molyneux Pool and Cromwell Pool
- Alexandra Airport
- Molyneux Stadium
- The Council's portfolio of elderly persons housing as a whole
- The Council's portfolio of cemeteries as a whole
- The Council's portfolio of libraries as a whole.

### When it relates to a significant matter

The Council will identify community views whenever a 'significant decision' needs to be made. A significant decision is one that has been identified as such under step 1 of this Policy. Note: a 'significant' decision will not automatically trigger consultation or application of the special consultative procedure.

### When engagement is not required

There are times when the Council will not normally engage with the community because the matter is routine, operational or because there is an emergency. The Council will not engage on:

- Matters where the Council already has a sound understanding of the views and preferences of those likely to be affected or interested in the matter;
- Situations where there is a need for confidentiality or commercial sensitivity;
- Emergency management activities;
- Organisational decisions (such as staff changes and operational matters) that do not materially change a level of service;
- Matters where the costs of engagement outweigh the benefits of it;
- Matters that have already been addressed by the Council's strategies or plans, which have previously been consulted on;
- Issues where an immediate or quick response is needed, or it is not practical to engage;
- Business as usual: the works are related to the operation and maintenance of a Council asset and responsible management requires the works to take place;
- Matters where the Council has engaged on the unchanged issue in the last 3 years.

When the above circumstances apply and community feedback is not sought, the Council is still required to consider the views and opinions of those likely to be affected by a decision. Consideration of these perspectives can be achieved without using formal engagement processes.

## Step 3 – Deciding how to engage

Once the Council decides it needs more information, Council staff will consider how to engage with the community. Depending on the matter being considered and the stakeholders involved, different engagement tools will be applied to meet the goals of the project.

## Choosing an approach

It is important that the approach to engagement responds to the circumstances of an individual project and is tailored to support its underlying goals. Projects should consider the following factors when determining the methods of engagement to be used:

- **Community focus:** Central Otago communities are at the core of the Council's purpose and objectives, and engagement will reflect the need for community input into council decision making.
- **Flexibility:** it is important the Council can adapt engagement processes to suit a project and its target audience. This involves both looking to previous methods which have worked well and being open to new and developing methods of engagement.
- **Legislative requirements:** sometimes legislation will prescribe the approach to engagement on a particular issue.
- **The role of elected members:** engagement processes should recognise the valued role of elected representatives as voices of the communities they represent.

## Consultation or engagement

Consultation involves obtaining public feedback on proposals, but it is only one form of engagement. The Council regularly consults communities through processes such as the Long-term Plan, which determines the Council's strategic direction.

Engagement is a broader and ongoing process of sharing information with the community and seeking its feedback, with the purpose of involving the community in the process of decision making. This process may include a more formal consultation process to meet legal requirements. The Council takes a spectrum-based approach to engagement which is set out in Table 1.

## The level of engagement

Using the International Association of Public Participation's engagement spectrum as a basis, the methods of engagement adopted by the Council before it decides may depend on whether:

- The matter is of low or no significance and there may be a very small group of people affected by or with an interest in the decision. The Council is unlikely to engage on these matters;
- The matter is significant to a relatively small group of people or is of low impact to many. The group should be informed about the problem, alternatives and solutions so that any concerns they have are understood;
- The matter is significant not only to a small group of people particularly affected but also to the wider community who may have an interest in the decision to be made. The community may be informed, consulted and/or involved to seek feedback;
- For more significant matters, the Council may elect to collaborate, or partner with a community in any aspect of a decision including the development of potential options. This is more likely to occur when there is a distinct group of affected or particularly interested people.

Depending on the level of significance and the nature of the situation, a range of engagement methods may be used to empower communities to participate in the decision-making process. The various levels of engagement are elaborated on in Table 1 below.

**Table 1: Council's engagement spectrum**

	INCREASING LEVEL OF PUBLIC IMPACT				
	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
<b>Goal</b>	To provide balanced and objective information in a timely manner.	To obtain feedback on analysis, issues, alternatives and decisions.	To work with the public to make sure that concerns and aspirations are considered and understood.	To partner with the public in each aspect of the decision making.	To place final decision-making in the hands of the public.
<b>Promise</b>	"We will keep you informed."	"We will listen to and account for your concerns."	"We will work with you to ensure your concepts and aspirations are directly reflected in the decisions made."	"We will look to you for advice and innovation and incorporate this in decisions as much as possible."	"We will implement what you decide."
<b>Examples</b>	Council website, social media, newspapers, radio.	Submissions and hearings.	Meetings with stakeholders and local community organisations.	Cromwell Masterplan process (community drop-in sessions, attend community events, opinion surveys).	Roading Team asks the community how they would like the \$100,000 street beautification budget to be spent and carries out their decisions.

**Relevant legislation:**

Local Government Act 2002



# Development and Financial Contributions Policy

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## Purpose

1. Population and business growth create the need for new subdivisions and developments, and these place increasing demands on the assets and services provided by Central Otago District Council (Council). As a result, significant investment in new or upgraded assets and services is required to meet the demands of growth.
2. The purpose of the Policy is to ensure that a fair, equitable, and proportionate share of the cost of that infrastructure is funded by development. Council intends to achieve this by using:
  - development contributions under the Local Government Act 2002 (LGA02) for network infrastructure (water supplies, wastewater and transport) across the district including Alexandra, Clyde, Cromwell, Omakau, Ranfurly, Roxburgh, Naseby and Patearoa; and
  - financial contributions under the Resource Management Act 1991 (RMA) for reserves across the district.

## Navigating this document

3. The Policy outlines Council's approach to funding development infrastructure via development contributions under the LGA02 and financial contributions under the RMA.
4. The Policy has three main parts:
  - Part 1: Policy operation
  - Part 2: Policy background and supporting information
  - Part 3: Catchment maps for the development contributions.

## PART 1: Policy operation

5. Part 1 provides information needed to understand if, when, and how development contributions and financial contributions will apply to developments. It also explains peoples' rights and the steps required to properly operate the Policy.
6. The key sections of Part 1 are:
  - The charges
  - Liability for development contributions
  - When development contributions are levied
  - Determining infrastructure impact
  - Review rights
  - Other operational matters

- Summary of financial contributions
- Definitions.

## **PART 2: Background and supporting information**

7. Part 2 provides the information needed to meet the accountability and transparency requirements of the LGA02 for the Policy, including explaining Council's policy decisions, how the development contributions were calculated, and what assets the development contributions are intended to be used towards.
8. The key sections of part 2 are:
  - Requirement to have the Policy
  - Funding summary
  - Funding policy summary
  - Catchment determination
  - Significant assumptions of the Policy
  - Cost allocation
  - Calculating the development contributions
  - Schedule 1 Development contribution calculations
  - Schedule 2 Future assets and programmes funded by development contributions
  - Schedule 3 Past assets and programmes funded by development contributions.

## **PART 3: Catchment maps**

9. Part 3 provides the catchment maps that show where the development contributions in the Policy apply.



## PART 1: Policy operation

### Development contributions

#### The charges

10. There are seven areas (catchments) within the Central Otago district (the District) where development contributions apply. The catchments where development contributions apply for each infrastructure activity are mapped in Part 3 of the Policy.
11. The related charges per Household Unit Equivalent (HUE) for each activity are in Table 1. See the *Determining infrastructure impact* section below for an explanation of a HUE.
12. For each infrastructure activity for which development contributions are required, the development contribution payable is calculated by multiplying the number of HUEs generated through the development by the charge for that activity. This is then aggregated for all activities to give the total charge.
13. For example, subject to any credits that may apply for the original lot, a three-lot residential development in Alexandra will pay three times the water, wastewater, transport and community infrastructure charges, totalling \$49,158 (GST inc) plus financial contributions.
14. These charges may be adjusted for inflation annually in line with the Producers Price Index Outputs for Construction, as permitted by sections 106 (2B) and (2C) of the LGA02. The latest charges will be published on Council's website <https://www.codc.govt.nz/services/planning/development-contributions>.

Table 1: Charge per HUE at 1 July 2021 (GST inclusive)<sup>1</sup>

ACTIVITY	CHARGE PER HUE (GST INC)		
Water	Scheme (\$)	District (\$)	Total (\$)
Alexandra and Clyde	7,042	89	7,131
Cromwell	3,788	89	3,877
Naseby	3,956	89	4,044
Omakau	10,828	89	10,917
Patearoa	3,178	89	3,267
Ranfurly	2,404	89	2,493
Roxburgh	5,323	89	3,321
Wastewater			
Alexandra and Clyde	7,140	396	7,536
Cromwell	2,743	396	3,139
Naseby	3,004	396	3,399

ACTIVITY	CHARGE PER HUE (GST INC)		
Omakau	4,597	396	4,992
Ranfurly	400	396	796
Roxburgh	4,275	396	4,670
<b>Stormwater</b>	<b>Scheme (\$)</b>	<b>District (\$)</b>	<b>Total (\$)</b>
District	-	-	-
Reserves			
Urban areas		Financial contribution	
Rural areas		Financial contribution	
<b>Transport</b>			
District	-	1,719	1,719
<b>Community infrastructure</b>			
District	-	-	-

*This table has rounding ( $\pm 1$ )*

<sup>1</sup> GST has been applied at the rate of GST as at 1 July 2021 (15%). Should the rate of GST change, the charges will be adjusted accordingly. The GST exclusive charge per activity can be found in Schedule 1.

## Liability for Development Contributions

15. If subdividing, building, connecting to Council's services, or otherwise undertaking development in the District, development contributions may need to be paid. Development contributions apply to developments within the areas shown in the Development Contribution Catchment Maps in Part 3.
16. In some circumstances, development contributions may not apply or may be reduced. Further information on these circumstances can be found in the sections When development contributions are levied, Credits, and Limitations on imposing development contributions.
17. Financial contributions may also be required in some cases. This is discussed later in the Policy.
18. Development of new infrastructure sometimes means that areas not previously subject to the development contributions policy development contribution become so. For example, a bare section in a subdivision may be liable for development contributions whereas previously constructed houses on the same subdivision were not.
19. Council officers will be available to help resolve any uncertainty about development contribution liabilities.

## When Development Contributions are levied

20. Once an application for a resource consent, building consent, certificate of acceptance, or service connection has been made with all the required information, the normal steps for assessing and requiring payment of development contributions are:



21. These steps are explained in more detail below.

## Trigger for requiring development contributions

22. Subject to the 3-step initial assessment outlined in paragraph 25 below, Council can require development contributions for a development upon the granting of:
- A resource consent
  - A building consent or certificate of acceptance
  - An authorisation for a service connection.
23. Council will generally require development contributions at the earliest possible point (i.e. whichever consent, certificate, or authorisation listed above is granted first). For new developments, the resource consent is often the first step in the process and therefore the first opportunity to levy development contributions. Where development contributions were not assessed (or only part assessed) on the first consent, certificate or authorisation for a development, this does not prevent the Council assessing contributions on a subsequent consent, certificate or authorisation for the same development (for the reasons set out in the following paragraphs).
24. Development contributions will be assessed under the Policy in force at the time the application for resource consent, building consent, certificate of acceptance, or service connection was submitted with all required information.

### Initial Assessment

25. On receiving an application for resource consent, building consent, certificate of acceptance, or service connection, Council will check that:
- A. the development (subdivision, building, land use, or work) generates a demand for reserves, community infrastructure or network infrastructure; and

- B. the effect of that development (together with other developments) is to require new or additional assets or assets of increased capacity in terms of reserves, community infrastructure or network infrastructure; and
  - C. Council has incurred or will incur capital expenditure to provide appropriately for those assets. This includes capital expenditure already incurred by Council in anticipation of development.
26. Council has identified the assets and areas that are likely to meet the requirements of (B) and (C), and these are outlined in Schedules 2 and 3 (Past and future assets funded by development contributions) and Part 3 Development contribution catchment maps). In general, if a development is within one of the areas covered by the catchment maps, it is likely that development contributions will be required.

Development contributions may be waived or reduced if:

- a resource consent or building consent does not generate additional demand for any community facilities (such as a minor boundary adjustment); or
  - one of the circumstances outlined in the section Limitations on imposing development contributions apply; or
  - credits apply as outlined in the Credits section.
27. If a subsequent resource consent (including a change to a condition of a resource consent), building consent, certificate of acceptance, or service connection is sought, a new assessment may be undertaken using the policy in force at that time. Any increase or decrease in the number of HUEs, relative to the original assessment, will be calculated and the contributions adjusted to reflect this.
28. This means Council will require additional development contributions where additional units of demand are created, and development contributions for those additional units of demand have not already been required.
29. Examples of where additional development contributions may apply after a subsequent trigger event include:
- Minimal development contributions have been levied on a commercial development at subdivision or land use consent stage, as the type of development that will happen will only be known at building consent stage.
  - Development contributions levied at the subdivision or land use consent stage were for a small home, but the home built is larger or is subsequently extended.
  - The nature of use has changed, for example from a low infrastructure demand commercial use to a high infrastructure demand commercial use.

## NOTICE

30. A development contribution notice will normally be issued when a resource consent, building consent, certificate of acceptance, or service connection authorisation is granted. In some cases, the notice may be issued or reissued later. The notice is an important step in the process, as it outlines the activities and the number of HUEs assessed for development contributions, as well as the charges that will apply to the development. It also triggers rights to request a development contributions reconsideration or to lodge an objection (see the section on Review rights below).
31. If multiple consents or authorisations are being issued for a development, a development contribution notice may be issued for each.
32. Development contribution notices do not constitute an invoice or an obligation to pay for the purposes of the Goods and Services Tax Act 1985.

## INVOICE

33. An invoice for development contributions will be issued to provide an accounting record and to initiate the payment process. The timing of the invoice is different for different types of consents or authorisations (see Table 2).

Table 2: Invoice timing

	Invoice timing
Building consent	At granting of the building consent
Certificate of acceptance	At the time of application for a certificate of acceptance
Resource consent for subdivision	At the time of application for a certificate under section 224(c) of the RMA (the 224(c) certificate). An invoice will be issued for each stage of a development for which 224(c) certificates are sought, even where separate stages are part of the same consent.
Resource consent (other)	At granting of the resource consent
Service connection	At the time of application for the service connection

34. Despite the provisions set out above, if a development contribution required by Council is not invoiced at the specified time as a result of an error or omission on the part of Council, the invoice will be issued when the error or omission is identified. The development contributions remain payable.



**PAYMENT**

35. Development contributions must be paid by the due dates in Table 3.

Table 3: Payment due date

	Payment due date
Building consent	20 <sup>th</sup> of the month following the issue of the invoice
Certificate of acceptance	At issue of the certificate of acceptance
Resource consent for subdivision	Prior to release of the certificate under section 224(c) of the RMA
Resource consent (other)	20 <sup>th</sup> of the month following the issue of the invoice
Service connection	At issue of the connection approval

36. On time payment is important because, until the development contributions have been paid in full, Council may:
- Prevent the commencement of a resource consent.
  - Withhold a certificate under section 224(c) of the RMA.
  - Withhold a code compliance certificate under section 95 of the Building Act 2004.
  - Withhold a service connection to the development.
  - Withhold a certificate of acceptance under section 99 of the Building Act 2004.
37. Where invoices remain unpaid beyond the payment terms set out in the Policy, Council will start debt collection proceedings, which may involve the use of a credit recovery agent. Council may also register the development contribution under the Land Transfer Act 2017, as a charge on the title of the land in respect of which the development contribution was required.

**Determining Infrastructure Impact**

38. In order to have a consistent method of charging for development contributions, the Policy is centred around the concept of a household unit equivalent or "HUE" for infrastructure. In other words, an average household in a standard residential unit and the demands they typically place on community facilities. Table 4 summarises the demand characteristics of each HUE.

Table 4: HUE demand measures

Activity	Unit of measurement	Demand per hue
Water	Occupancy	2.2 people
Wastewater	Occupancy	2.2 people
Stormwater	N/A	N/A
Transport	Trips per day	8 trips per day
Reserves	N/A	N/A
Community infrastructure	N/A	N/A

**RESIDENTIAL DEVELOPMENT**

39. In general, the number of HUEs charged is one per new allotment or residential unit created, although lower assessments can apply in some cases for minor and small residential units.
40. When calculating the number of HUEs for a residential subdivision, Council will adjust the assessment to account for any:
- Credits relating to the site (refer to the Credits section below).
  - Allotment which, by agreement, is to be vested in Council for a public purpose.
  - Allotment required as a condition of consent to be amalgamated with another allotment.
41. A retirement unit or visitor accommodation unit will be assessed as generating 0.5 HUEs for each activity. If a unit could be used for residential or visitor accommodation purposes Council will determine the most appropriate classification based on the nature of the development.

**Minor and small residential units**

42. Council will permit lower assessments for minor or small residential units in relation to:
- Building consents or certificates of acceptance.
  - Subdivision, land use consents, or connection authorisations where information is provided by the applicant that demonstrates that a minor or small residential unit(s) will be provided, to the satisfaction of Council. Council may enter into agreements with developers or landowners to give effect to a minor or small residential unit assessment and bind the applicant to any conditions that accompany the assessment.
43. Such assessments are guided by the parameters outlined in Table 5.

**Table 5: Small residential unit (RU) assessment guidance**

	Minor	Small	Standard
No. of bedrooms*	1	2	3 or more
HUE Discount (all services)	50%	25%	Nil
Proportion of HUE payable for all charges	0.5	0.75	1

\* A definition of bedroom is provided in the glossary

44. Alternatively, for subdivisions, Council will assess each allotment as 1 HUE and may agree to postpone payment by the person undertaking the subdivision until a building consent is issued for an allotment. At that time, Council will adjust the assessment and the payment required accordingly. See the section on Postponement.

45. Should additional bedrooms be proposed to a minor or small residential unit that has been assessed under this section, Council will require additional development contributions in line with Table 6.

**Table 6: Small residential unit (RU) extension assessment guidance (HUEs)**

Type of extension	Top up proportion payable	Total proportion paid
Extended minor RU to a small RU	0.25	0.75
Extended minor RU to a standard RU	0.5	1
Extended small RU to a standard RU	0.25	1

46. Multi-unit development that comprises the provision of a second one-bedroomed residential unit limited by consent to be for family use, whether attached or unattached to the main residence, shall be exempt from development contributions.

#### **Non-residential development**

47. Non-residential subdivisions, land uses, or building developments are more complicated as they do not usually conform with typical household demands for each service.
48. In these cases, Council makes a HUE equivalent assessment based on the characteristics of the development and demand loadings likely to be placed on the services. To provide consistency, the demand measures in Table 4 have been converted for assessing non-residential developments based on gross floor area, or GFA (Table 7). Council will use these rates for determining HUEs for non-residential developments for water and wastewater unless it seeks or accepts a special assessment.

Table 7: HUE per 100 m2 GFA (\*except stormwater, which is based on total impervious surface area)

Development type	Water	Wastewater	Stormwater*	Transport	Community infrastructure	Reserves
Industrial	0.4	0.4	N/A	0.4	N/A	N/A
Commercial	0.4	0.4	N/A	0.4	N/A	N/A
Retail	0.4	0.4	N/A	3.0	N/A	N/A
Places of assembly	1.0	1.0	N/A	1.0	N/A	N/A
Other non-residential	Special assessment	Special assessment	N/A	Special assessment	N/A	N/A

49. If no proper assessment of the likely demand for activities can be carried out at the subdivision consent stage, a development contribution based on one HUE will be charged for each new allotment created and Council will require an assessment to be carried out at the building consent stage. This later assessment will credit any development contributions paid at the subdivision consent stage.

### Special assessments

50. Developments sometimes require a special level of service or are of a type or scale which is not readily assessed in terms of HUEs – such as large-scale primary sector processors or service stations. In these cases, Council may decide to make a special assessment of the HUEs applicable to the development. In general, Council will evaluate the need for a special assessment for one or more activities where it considers that:
- the development is of relatively large scale or uses; or
  - The development has more than 6 bedrooms
  - The development is likely to have less than half or more than twice the demand for an activity listed in Table 7 for that development type; or
  - a non-residential development does not fit into an industrial, retail or commercial land use and must be considered under the other category in Table 7; or
  - a non-residential development may use more than 5m<sup>3</sup> of water per day.
51. The demand measures in Table 4 will be used to help guide special assessments.
52. If a special assessment is sought, Council may require the developer to provide information on the demand for community facilities generated by the development. Council may also carry out its own assessment for any development and may determine the applicable development contributions based on its estimates.

### Credits

53. Credits are a way of acknowledging that the lot, home or business may already be connected to, or lawfully entitled to use, one or more Council service, or a development contribution has been paid previously. Credits can reduce or even eliminate the need for a development contribution. Credits cannot be refunded and can only be used for development on the same site and for the same service for which they were created.
54. Credits will be given for properties when:
- a development contribution for a lot has already been paid (at least in part). For example, most new subdivision lots will already have had development contributions levied and paid for at least one HUE; or
  - the lot existed before 1 July 2004 and was within an urban zoning at that time under the District Plan (i.e. urban residential or urban industrial, commercial, or retail zoning). This excludes rural or rural residential properties; or
  - the property was otherwise lawfully connected to a service as at 1 July 2004; or
  - a rural or rural residential lot existed before 1 July 2004 (transport, community infrastructure and reserves only).
55. Credits given will be determined in accordance with Table 8.



Table 8: Standard credits

	Credit for each service for which a development contribution has been paid	Credit for urban lots that existed before 1 July 2004	Credit for lawfully connected service as at 1 July 2004	Rural residential lots that existed before * 1 July 2004	Rural lots that existed before * 1 July 2004
Residential units or lots	The number of HUEs	1 HUE for all services	1 HUE for the service(s) connected	1 HUE	1 HUE for any residential units on a lot as at 1 July 2004
Non-residential buildings or lots		Any underlying business lot shall be allocated a credit of one HUE, except for transport where deemed credits will not apply.			

\* Transport, community infrastructure, and reserves only.

## Review Rights

56. Developers are entitled under the LGA02 to request a reconsideration or lodge a formal objection if they believe Council has made a mistake in assessing the level of development contributions for their development.

### Reconsideration

57. Reconsideration requests are a process that formally requires Council to reconsider its assessment of development contributions for a development. Reconsideration requests can be made where the developer has grounds to believe that:
- the development contribution levied was incorrectly calculated or assessed under the Policy; or
  - Council has incorrectly applied the Policy; or
  - the information Council used to assess the development against the Policy, or the way that Council has recorded or used that information when requiring a development contribution, was incomplete or contained errors.
58. To seek a reconsideration, the developer must:
- Lodge the reconsideration request within 10 working days of receiving the development contribution notice.
  - Use the reconsideration form (found on <https://www.codc.govt.nz/services/planning/development-contributions>) and supply any supporting information with the form.

- Pay the reconsideration fee at the time of application, as set out in Council's Schedule of Fees and Charges.
59. Applications with insufficient information or without payment of fee will be returned to the applicant, with a request for additional information or payment.
60. Once Council has received all required information and the reconsideration fee, the request will be considered by a panel of a minimum of two and a maximum of three people. The panel will comprise people who were not involved in the original assessment. Notice of Council's decision will be given to the applicant within 15 working days from the date on which Council receives all required relevant information relating to the request.

### Objections

61. Objections are a more formal process that allow developers to seek a review of Council's decision. Developers have the right to pursue an objection regardless of whether a reconsideration request has been made. A panel of up to three independent commissioners will consider the objection. The decision of the commissioners is binding on the developer and Council, although either party may seek a judicial review of the decision.
62. Objections may only be made on the grounds that Council has:
- failed to properly take into account features of the development that, on their own or cumulatively with those of other developments, would substantially reduce the impact of the development on requirements for community facilities in the District or parts of the District; or
  - required a development contribution for community facilities not required by, or related to, the development, whether on its own or cumulatively with other developments; or
  - required a development contribution in breach of section 200 of the LGA02; or
  - incorrectly applied the Policy to the development.
63. Schedule 13A of the LGA02 sets out the objection process. To pursue an objection, the developer must:
- lodge the request for an objection within 15 working days of receiving notice to pay a development contribution, or within 15 working days of receiving the outcome of any request for a reconsideration; and
  - use the objection form (found on <https://www.codc.govt.nz/services/planning/development-contributions>) and supply any supporting information with the form; and
  - pay a deposit.

64. Objectors are liable for Council's actual and reasonable costs incurred in the objection process including staff arranging and administering the process, commissioner's time, and other costs incurred by Council associated with any hearings such as room hire and associated expenses, as provided by section 150A of LGA02. However, objectors are not liable for the fees and allowances costs associated with any Council witnesses.

## Other Operational Matters

### Refunds

65. Sections 209 and 210 of the LGA02 state the circumstances where development contributions must be refunded, or land returned. In summary, Council will refund development contributions paid if:
- the resource consent:
    - lapses under section 125 of the RMA; or
    - is surrendered under section 138 of the RMA; or
  - the building consent lapses under section 52 of the Building Act 2004; or
  - the development or building in respect of which the resource consent or building consent was granted does not proceed; or
  - Council does not provide the reserve or network infrastructure for which the development contributions were required.
66. Council may retain any portion of a development contribution referred to above of a value equivalent to the costs incurred by Council in relation to the development or building and its discontinuance.
67. Council may retain a portion of a development contribution (or land) refunded of a value equivalent to:
- Any administrative and legal costs it has incurred in assessing, imposing, and refunding a development contribution or returning land for network infrastructure or community infrastructure development contributions.
  - Any administrative and legal costs it has incurred in refunding a development contribution or returning land for reserve development contributions.

### Limitations on imposing development contributions

68. Council is unable to require a development contribution in certain circumstances, as outlined in section 200 of the LGA02, if, and to the extent that:
- it has, under section 108(2)(a) of the RMA, imposed a condition on a resource consent in relation to the same development for the same purpose; or
  - the developer will fund or otherwise provide for the same reserve, network infrastructure or community infrastructure; or
  - a third party has funded or provided, or undertaken to fund or provide, the same reserve, network infrastructure or community infrastructure; or

- Council has already required a development contribution for the same purpose in respect of the same building work, whether on the granting of a building consent or a certificate of acceptance.
69. In addition, Council will not require a development contribution in any of the following cases:
- Where, except in the case of a new dwelling, the value of any building work for which a building consent is required is less than \$20,000 exclusive of GST, unless the building consent is for a change of use
  - Where, in relation to any dwelling, replacement development, repair or renovation work generates no additional demand for reserve or network infrastructure
  - Where a building consent is for a bridge, dam (confined to the dam structure and any tailrace) or other public utility
  - The application for a resource or building consent, authorisation, or certificate of acceptance is made by the Crown.

#### **POSTPONEMENT AND REMISSIONS**

70. Postponement of development contribution payment will only be permitted at Council's discretion and only:
- for development contributions over \$50,000; and
  - where a bond or guarantee equal in value to the payment owed is provided.
71. The request for postponement must be made at the time a resource consent, building consent or service connection is granted. Bonds or guarantees:
- Will only be accepted from a registered trading bank.
  - Shall be for a maximum period of 24 months beyond the normal payment date set out in the Policy, subject to later extension as agreed by Council.
  - Will have an interest component added, at an interest rate of 2 percent per annum above the Reserve Bank 90-day bank bill rate on the day the bond document is prepared. The bonded sum will include interest, calculated using the maximum term set out in the bond document. If Council agrees to an extension of the term of the guarantee beyond 24 months, the applicable interest rate will be reassessed from the date of Council's decision and the guaranteed sum will be amended accordingly.
  - Shall be based on the GST inclusive amount of the contribution.
72. At the end of the term of the guarantee, the development contribution (together with interest) is payable immediately to Council.
73. If the discretion to allow a bond is exercised, all costs for preparation of the bond documents will be met by the applicant.

## 74. Bonds:

- Will only be accepted where the bond is guaranteed by a registered trading bank
- Shall be for a maximum period of 24 months, subject to later extension as agreed by an authorised officer
- Will have an interest component added, at an interest rate of 2 percent per annum above the Reserve Bank 90-day bank bill rate on the day the bond document is prepared. The bonded sum will include interest, calculated using the maximum term set out in the bond document
- Shall be based on the GST inclusive amount of the contribution.

75. If the discretion to allow a bond is exercised, all costs of preparation of the bond documents will be met by the developer.

76. When considering a request for remission, Council will take into account:

- The purpose of development contributions, Council's financial modelling, and Council's funding and financial policies
- The extent to which the value and nature of the works proposed by the applicant reduces the need for works proposed by Council in its capital works programme
- Any other matter(s) that Council considers relevant.

**DEVELOPMENT AGREEMENTS**

77. Council may enter into specific arrangements with a developer for the provision and funding of particular infrastructure under a development agreement, including the development contributions payable, as provided for under sections 207A-207F of the LGA02. For activities covered by a development agreement, the agreement overrides the development contributions normally assessed as payable under the Policy.



## Financial contributions

### Summary of Financial Contributions under the District Plan

78. Council charges financial contributions under the RMA in the District for reserves.
79. Financial contributions are defined by section 108 of the Resource Management Act (RMA) 1991 and collected using the provisions of the District Plan. Contributions are assessed based on the environmental effects of growth. These are defined in Chapter 15 of the Central Otago District Plan.
80. These charges are adjusted annually using the Special Consultative Procedure under section 83 of the LGA02 – so the Council's Schedule of Fees and Charges should be reviewed to see the current charges. These changes need to maintain compliance with section 108 of the RMA. Further information on financial contributions can be found in the District Plan on Council's website <https://www.codc.govt.nz/publications/fees-and-charges>.

Table 9: Financial contribution charges at 1 July 2021 (GST inclusive at 15%).

Financial contribution	Financial contribution charge	Comment
Reserve – Urban	\$2,380 per allotment or dwelling	Land; or cash in lieu of land; or both
Reserve – Rural	\$1,190 per allotment or dwelling	Land; or cash in lieu of land; or both

#### Financial contributions for reserves – urban

81. A financial contribution of money (except as determined in accordance with Policy 15.4.5) towards the provision and/or enhancement of open space, recreation and reserve needs of the District may be levied on subdivision or land use resource consents, or for the erection of new dwellings where no subdivision is required in the residential, business, and industrial resource areas (excluding boundary adjustments or subdivision resulting in an amalgamation of titles) and a financial contribution in terms of this rule shall be made with respect to allotments intended to accommodate a residential activity.

### Financial contributions for reserves – rural

82. A financial contribution of money (except as determined in accordance with Policy 15.4.5) towards the provision and/or enhancement of open space, recreation and reserve needs of the District may be levied on subdivision or land use resource consents, or for the erection of new dwellings where no subdivision is required in the Rural Settlement and Rural Resource Areas (excluding boundary adjustments or subdivision resulting in an amalgamation of titles) and a financial contribution in terms of this rule shall be made with respect to allotments intended to accommodate a residential activity.

### Definitions

83. In the Policy, unless the context otherwise requires, the following applies:

**Accommodation unit** has the meaning given in section 197 of the LGA02.

**Activity** means the provision of facilities and amenities within the meaning of network infrastructure, reserves, or community infrastructure for which a development contribution exists under the Policy.

**Allotment (or lot)** has the meaning given to allotment in section 218(2) of the RMA.

**Asset Management Plan** means Council plan for the management of assets within an activity that applies technical and financial management techniques to ensure that specified levels of service are provided in the most cost-effective manner over the life-cycle of the asset.

**Bedroom** means any habitable space within a residential unit capable of being used for sleeping purposes and can be partitioned or closed for privacy including spaces such as a “games”, “family”, “recreation”, “study”, “office”, “sewing”, “den”, or “works room” but excludes:

- any kitchen or pantry;
- bathroom or toilet;
- laundry or clothes-drying room;
- walk-in wardrobe;
- corridor, hallway, or lobby;
- garage; and
- any other room smaller than 6m<sup>2</sup>.

Where a residential unit has any *living* or *dining* rooms that can be partitioned or closed for privacy, all such rooms except one shall be considered a bedroom.

**Capacity life** means the number of years that the infrastructure will provide capacity for and associated HUEs.

**Catchment** means the areas within which development contributions charges are determined and charged.

**Commercial activity** means any activity associated with (but not limited to): communication services, financial services, insurance, services to finance and investment, real estate, business services, central government administration, public order and safety services, tertiary education provision, local government administration services and civil defence, and commercial offices.

**Community facilities** means reserves, network infrastructure, or community infrastructure as defined by the LGA02, for which development contributions may be required.

**Community infrastructure** means:

- land, or development assets on land, owned or controlled by Council for the purpose of providing public amenities; and
- includes land that Council will acquire for that purpose.

**Council** means Central Otago District Council.

**Development** means any subdivision, building, land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure (but does not include the pipes or lines of a network utility operator).

**District** means Central Otago.

**Gross floor area (GFA)** means the sum of the total area of all floors of a building or buildings (including any void area in each of those floors, such as service shafts, liftwells or stairwells) measured:

- where there are exterior walls, from the exterior faces of those exterior walls;
- where there are walls separating two buildings, from the centre lines of the walls separating the two buildings;
- where a wall or walls are lacking (for example, a mezzanine floor) and the edge of the floor is discernible, from the edge of the floor.

[See the National Planning Standards 2019.](#)

**Household unit equivalent (HUE)** means demand for Council services equivalent to that produced by a nominal household in a standard residential unit.

**Industrial activity** means an activity that manufactures, fabricates, processes, packages, distributes, repairs, stores, or disposes of materials (including raw, processed, or partly processed materials) or goods. It includes any ancillary activity to the industrial activity.

**LGA02** means the Local Government Act 2002.

**Network infrastructure** means the provision of transportation (roading), water, wastewater and stormwater infrastructure.

**Place of assembly** means marae, community centres or facilities, halls, places of worship, indoor cultural, recreation, or sporting facilities, clubrooms, cinemas, theatres, and conference facilities.

**Policy** means this Development and Financial Contributions Policy.

**Reserve** means land for public open space and improvements to that land needed for it to function as an area of usable green open space. This land is used for recreation, sporting activities and the physical welfare and enjoyment of the public, as well as for the protection of the natural environment and beauty of the countryside (including landscaping, sports and play equipment, walkways and cycleways, carparks, and toilets). In the Policy, reserve does not include land that forms, or is to form, part of any road; or is used, or is to be used, for stormwater management purposes].

**Residential unit** means building(s) or part of a building that is used for a residential activity exclusively by one household, and must include sleeping, cooking, bathing and toilet facilities. [See the National Planning Standards 2019.](#)

**Retail activity** means any activity trading in goods, equipment or services that is not an industrial activity or commercial activity.

**Retirement unit** means any dwelling unit in a retirement village but does not include aged care rooms in a hospital or similar facility.

**Retirement village** has the meaning given in section 6 of the Retirement Villages Act 2003.

**RMA** means the Resource Management Act 1991.

**Service connection** means a physical connection to an activity provided by, or on behalf of, Council (such as water, wastewater or stormwater services).

## Requirement to have a policy

## Funding Summary

84. From 2001/02 to 2030/31 Council plans to incur \$47,282,613 (before interest costs) on infrastructure partially or wholly needed to meet the increased demand for community facilities resulting from growth. This includes works undertaken in anticipation of growth, and future planned works. Of this cost, 11 percent will be funded from development contributions. Including interest costs, the total amount to be funded is \$49,459,907.
85. Table 10 provides a summary of the total costs of growth-related capital expenditure and the funding sought by development contributions for all activities and catchments.



Table 10. Total cost of capital expenditure for growth and funding sources

Activity	Total CAPEX	Growth CAPEX	Development contribution funded CAPEX	Total CAPEX proportion funded by development contributions	CAPEX proportion funded from other sources	Development contribution interest	Total amount to be funded by development contributions
Calculations	A	B	C	C/A*100	((A- C)/A)*100	D	C+D
<b>Total water supply</b>	<b>133,390,725</b>	<b>21,509,677</b>	<b>21,509,677</b>	<b>16%</b>	<b>84%</b>	<b>743,997</b>	<b>22,253,674</b>
Greater Alexandra	57,848,685	11,266,757	11,266,757	19%	81%	0	11,266,757
Cromwell	33,233,372	9,044,994	9,044,994	27%	73%	721,538	9,766,533
Omakau	3,493,040	705,862	705,862	20%	80%	0	705,862
Ranfurly	2,122,006	102,510	102,510	5%	95%	0	102,510
Naseby	2,044,848	84,554	84,554	4%	96%	0	84,554
Roxburgh	3,965,414	61,488	61,488	2%	98%	0	61,488
Patearoa	1,063,585	12,096	12,096	1%	99%	0	12,096
District Wide	29,619,773	231,415	231,415	1%	99%	22,459	253,874
<b>Total Wastewater</b>	<b>113,273,226</b>	<b>13,814,403</b>	<b>13,814,403</b>	<b>12%</b>	<b>88%</b>	<b>431,901</b>	<b>14,246,305</b>
Greater Alexandra	53,902,873	4,994,933	4,994,933	9%	91%	0	4,994,933
Cromwell	25,275,286	7,595,306	7,595,306	30%	70%	344,203	7,939,509
Omakau	1,236,783	159,180	159,180	13%	87%	16,606	175,786
Naseby	1,071,240	41,483	41,483	4%	96%	0	41,483
Roxburgh	2,293,457	60,786	60,786	3%	97%	0	60,786
District Wide	28,403,656	938,844	938,844	3%	97%	71,092	1,009,936
<b>Total Transport</b>	<b>177,514,960</b>	<b>11,958,532</b>	<b>11,958,532</b>	<b>7%</b>	<b>93%</b>	<b>1,001,396</b>	<b>12,959,928</b>
<b>Grand Total</b>	<b>424,178,910</b>	<b>47,282,613</b>	<b>47,282,613</b>	<b>11%</b>	<b>89%</b>	<b>2,177,294</b>	<b>49,459,907</b>

This table has rounding (± 1)

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## Funding policy summary

### Funding growth expenditure

86. Council considers the provision of suitable infrastructure as one of its key strategic activities that aid in the provision of social, economic, environmental and cultural well-being of the community. Providing infrastructure in anticipation of growth is an obligation of Council. Council will often invest in infrastructure capacity well in advance of the uptake of that capacity. Therefore, recouping the growth component of this investment is an obligation Council has on behalf of the community.
87. Population and business growth create the need for new subdivisions and development, and these place increasing demands on the assets and services provided by Council. Accordingly, significant investment in new or upgraded assets and services are required to meet the demands of growth.
88. Council has decided to fund these costs from:
- Development contributions under the LGA02 for:
    - water supply;
    - wastewater and
    - transport.
  - Financial contributions under the RMA for:
    - reserves.
89. In forming this view, Council has considered the matters set out in section 101(3) of the LGA02 within its Revenue and Financing Policy, and within the Policy.
90. The Revenue and Financing Policy is Council's primary and over-arching statement on its approach to funding its activities. It outlines how all activities will be funded, and the rationale for Council's preferred funding approach.
91. In addition, Council is required under section 106(2)(c) of the LGA02 to explain within the Policy why it has decided to use development contributions and financial contributions to fund capital expenditure relating to the cost of growth. This assessment is below.
92. Council has chosen to use development contributions for water supply, wastewater and transport activities, and financial contributions for reserves. As Council works through the district plan review, the transfer of reserves over to development contributions will be considered.
93. Council has considered whether development contributions and financial contributions] are an appropriate source of funding considering each activity, the outcomes sought, and their links to growth infrastructure. Council has developed three outcomes to help achieve our vision of:

- A connected community
- A thriving economy; and
- A sustainable environment

94. These outcomes seek a well serviced growing community that is financially sustainable. Council is committed to investing in Council infrastructure to renew plant when needed, to accommodate population growth, and to meet environmental and health standards. Development contributions and financial contributions provide a mechanism for funding of water, wastewater, stormwater, roading, and reserves needed to achieve our growth ambitions that may not otherwise be affordable to our community. As a dedicated growth funding source, they also offer more secure funding through which we can deliver on our outcomes for our growing communities.

Other funding decision factors (sections 101(3)(a)(ii) – (v))

95. Council has considered the funding of growth-related community facilities against the following matters:
- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals, and the extent to which the actions or inaction of particular groups or individuals contribute to the need to undertake the activity.
  - The period in or over which those benefits are expected to occur.
  - The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.
96. A summary of this assessment is below.

Table 11: Other funding decision factors

<p><b>Who benefits / whose act creates the need</b></p>	<p>A significant portion of Council's work programme over the next 10 years is driven by development or has been scoped to ensure it provides for new developments. The extent to which growth is serviced by, and benefits from, an asset or programme as well as how much it serves and benefits existing ratepayers is determined for each asset or programme.</p> <p>Council believes that the growth costs identified through this process should be recovered from development, as this is what creates the need for the expenditure and/or benefits principally from new assets and additional network capacity. Where and to the extent that works benefit existing residents and businesses, those costs are recovered through rates.</p> <p>The Catchment determination section below outlines how Council determined the catchments for development contributions in the Policy.</p>
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<b>Period of benefit</b>	<p>The assets constructed for development provide benefits and capacity for developments now and developments in the future. In many cases, the "capacity life" of such assets spans decades.</p> <p>Development contributions allow development related capital expenditure to be apportioned over the capacity life of assets. Developments that benefit from the assets will contribute to their cost, regardless of whether the developments happen now or in the future.</p> <p>Financial contributions to be secured on land use activities and/or subdivision activities which represent the cost imposed on the wider community in relation to remedying or mitigating adverse effects as a consequence of that land use activity and/or subdivision activity.</p>
<b>Funding sources and rationale including rationale for separate funding</b>	<p>The cost of supporting development in the Central Otago District is significant. Development contributions and financial contributions send clear signals to the development community about the cost of growth and the capital costs of providing infrastructure to support that growth.</p> <p>The benefits to the community are significantly greater than the cost of policy making, calculations, collection, accounting and distribution of funding for development contributions.</p>

#### Overall impact of liability on the community (section 101(3)(b))

97. The liability for revenue falls directly with the growth community. At the effective date of this Policy, Council considers that any negative impact on the social, economic, environmental and cultural well-being of this particular sector of the community is outweighed by a positive impact on the wider community. At any stage in the future where there may be impacts of this nature, Council may revisit this policy.
98. Council has also considered the impact of the overall allocation of liability on the community. In this case, the liability for revenue falls directly with the development community. Council considers that the level of development and financial contributions is affordable and does not consider it likely that there will be an undue or unreasonable impact on the social, economic, environmental and cultural wellbeing of this section of the community.
99. Moreover, shifting development costs onto ratepayers is likely to be perceived as unfair and would significantly impact the rates revenue required from existing residents who do not cause the need for, or benefit directly from, the growth infrastructure needed to service new developments.
100. Overall, Council considers it fair and reasonable, and that the social, economic, environmental and cultural interests of the District's communities are best advanced through using development contributions and financial contributions to fund the costs of growth-related capital expenditure for community facilities.

#### Catchment determination

101. When setting development contributions, Council must consider how it sets its catchments for grouping charges by geographic area.



102. The LGA02 gives Council wide scope to determine these catchments, provided that:
- The grouping is done in a manner that balances practical and administrative efficiencies with considerations of fairness and equity; and
  - Grouping by geographic area avoids grouping across an entire district wherever practical.
103. Council has determined that there will be:
- Scheme based catchments for water supply and wastewater
  - One district-wide catchment for transport
104. Council considers that this strikes the right balance between practical and administrative efficiency, and considerations of fairness and equity for the following reasons:
- Using scheme-based catchments for water supply and wastewater ensures that there is a direct link between additional demand and growth costs imposed on the scheme.
  - Going down a further level to consider additional demand to individual supply zones is considered inefficient and would likely result in significant movements in the contributions from policy to policy.
  - All developments within the district's boundaries have the ability to use the transport network. Therefore, all developments shall be assessed for a development contribution. Transport development contributions fund growth-related capital expenditure for all components of the transportation network.

## Significant assumptions of the policy

### METHODOLOGY

105. In developing a methodology for the development contributions in the Policy, Council has taken an approach to ensure that the cumulative effect of development is considered across each catchment.

### PLANNING HORIZONS

106. A 10 to 30-year timeframe has been used as a basis for forecasting growth and growth-related assets and programmes. This is set out in Council's asset management plans.

### PROJECTING GROWTH

107. The District has experienced strong population and economic growth, and this growth is forecast to increase further. Statistics New Zealand (Stats NZ) figures indicate strong population growth in the District, with the number of residents increasing by 3.3% per annum since 2013.



108. Using growth projections developed by Rationale Ltd as a base, the key assumptions about future growth are:

- Years 2021-2031:
  - Population growth in the District of around 1.7% (or around 420 people) per annum.
  - Residential unit growth in the District of around 1.6% (or around 210 units) per annum.
  - Commercial and industrial rating unit growth in the District of around 1.5% (or around 20 units) per annum.
- Years 2031-2051:
  - Population growth in the District of around 1.1% (or around 220 people) per annum.
  - Residential unit growth in the District of around 1.1% (or around 110 units) per annum.
  - Commercial and industrial rating unit growth in the District of around 1.0% (or around 10 units) per annum.

109. A five-yearly breakdown of population and household forecasts is in Table 13.

Table 12: Five-yearly breakdown of population and household forecasts

	2021	2026	2031	2036	2041	2046	2051
<b>Alexandra and Clyde</b>							
Population	5,741	7,161	7,692	7,875	8,030	8,204	8,379
Households	3,341	3,938	3,846	3,938	4,013	4,095	4,179
<b>Cromwell</b>							
Population	4,688	6,111	7,688	8,111	8,514	8,938	9,366
Households	2,344	3,660	4,479	4,660	4,829	5,011	5,205
<b>Omakau</b>							
Population	2,338	3,400	378	400	424	450	478
Households	1,222	2,264	250	264	280	298	316
<b>Ranfurly</b>							
Population	6,747	7,760	759	760	751	735	715
Households	4,444	4,481	480	481	481	481	481
<b>Roxburgh</b>							
Population	6,668	6,694	689	694	697	702	704
Households	4,444	4,429	426	429	431	434	436
<b>Naseby</b>							
Population	1,112	1,129	129	129	127	125	121
Households	2,333	3,311	311	311	311	311	311

	2021	2022	2023	2031	2036	2041	2046	2051
<b>Patearoa</b>								
<b>Population</b>	1	1	2	203	203	201	197	192
<b>Households</b>	7	7	7	79	79	79	79	79
<b>Other</b>								
<b>Population</b>	5	8	8	10,045	11,167	12,251	13,309	14,351
<b>Households</b>	2	3	3	4,161	4,735	5,296	5,845	6,378
<b>District Total</b>								
<b>Population</b>	1	2	2	27,582	29,338	30,995	32,660	34,306
<b>Households</b>	1	1	1	14,032	14,898	15,721	16,555	17,385

*This table has rounding ( $\pm 1$ )*

110. Council forecasts demand of approximately 450 rating units for business development over the next 30 years to accommodate population growth.
111. The combined demand forecast is approximately 5,550 rating units over 30 years – 5,100 HUEs for households and 450 HUEs for business. Further information about these forecasts can be found in Council's 2021-2031 Long-term Plan and on Council's website <https://www.codc.govt.nz>.

#### Best available knowledge

112. Development contributions are based on capital expenditure budgets included in Council's asset management plans. The capital expenditure budgets and projected estimates of future asset works are based on the best available knowledge at the time of preparation. As better information becomes available, the Policy will be updated, generally through the annual plan process.

#### Key risks/effects

113. There are two key risks and resulting effects associated with administering development contributions. These are:
- That the growth predictions do not eventuate, resulting in a change to the assumed rate of development. In that event, Council will continue to monitor the rate of growth and will update assumptions in the growth and funding predictions, as required.
  - That the time lag between expenditure incurred by Council and development contributions received from those undertaking developments is different from that assumed in the funding model, and that the costs of capital are greater than expected. This would result in an increase in debt servicing costs. To guard against that occurrence, Council will continue to monitor the rate of growth and will update assumptions in the growth and funding models as required.

### Service assumptions

114. It is assumed that methods of service delivery and levels of service will remain substantially unchanged and in accordance with Council's Long-term Plan, asset management plans and Infrastructure Strategy.

### Funding model

115. A funding model has been developed to calculate development contributions under the Policy. It accounts for the activities for which contributions are sought, the assets and programmes related to growth, forecast growth and associated revenue. The funding model embodies several important assumptions, including that:
- All capital expenditure estimates are inflation adjusted and GST exclusive.
  - The levels of service (LOS)/backlog, renewal and maintenance portions of each asset or programme will not be funded by development contributions. See the Cost allocation section below.
  - The growth costs associated with an asset are spread over the capacity life of the asset and any debt incurred in relation to that asset will be fully repaid by the end of that capacity life.
  - Interest expenses incurred on debt accrued will be recovered via development contributions and shared equally over all forecast HUEs over a 10-year period for each activity/catchment.

### Cost allocation

116. Council must consider how to allocate the cost of each asset or programme between three principal drivers – growth, LOS/backlog, and renewal. Council's general approach to cost allocation is summarised as:
- Where a project provides for and benefits only growth, 100% of a project's cost is attributed to growth. To qualify for this, there would have to be no renewal element (see below) or material level of service benefit or capacity provided for existing residents and businesses.
  - Where a project involves renewal of existing capacity, the following approach is used.
    - i. A renewal project that renews an asset to its original condition and capacity is 100% renewal.
    - ii. If the capacity is increased as part of the renewal, then the renewal portion is estimated using the age of the asset over its expected standard life.
    - iii. If the asset age is unknown, then the growth portion will be based on the proportion that growth (in HUEs) will make up of the future community (in HUEs). The remainder is apportioned to renewal.
  - If a project provides for growth and LOS, after deducting any share of costs attributable to renewal, Council will split the cost between growth and LOS based on the future beneficiary split. Under this approach, the cost attributed to:
    - iv. Growth will be based on the proportion that growth (in HUEs) will make up of the future community (in HUEs)".]

- v. LOS will be based on the proportion that the existing community (in HUEs) will make up of the future community (in HUEs).
  - vi. If the asset age is unknown, then the growth portion will be based on the proportion that growth (in HUEs) will make up of the future community (in HUEs). The remainder is split between LOS and renewal.
117. For particularly large and expensive projects, Council may undertake a specific cost apportionment assessment that differs from the general approach outlined above.

### Calculating the development contributions

118. This section outlines how the development contributions were calculated in accordance with section 203 and Schedule 13 of the LGA02.

#### Process

119. The steps needed to determine growth, growth projects, cost allocations, and to calculate the development contributions charges are summarised in Table 14.

Table 13: Summary of development contribution calculation methodology

Step	Description / comment	Example (\$ GST exc)
<b>1. Forecast growth</b>	Council estimates potential land supply and likely take up of that land. The estimates help provide household and business growth forecasts for up to 30 years. See the <i>Projecting growth</i> section above for further information.	Existing Cromwell HUEs = 4,800. 20 yr growth = 1,500 HUEs
<b>2. Identify projects required to facilitate growth</b>	Council develops the works programme needed to facilitate growth. In some cases, Council may have already undertaken the work. The future programme in the Policy is for 10 years.	WS Cromwell WTP Upgrade = \$10.2M
<b>3. Determine the cost allocation for projects</b>	The cost of each asset or programme is apportioned between renewal, growth, and LOS/backlog in accordance with the approach outline in the <i>Cost allocation</i> section of the Policy. Schedules 2 and 3 of the Policy outline the amount required to fund growth from development contributions for each of these assets or programmes.	Growth % = $1500 / (4800 + 1500) = 24\%$ Growth \$ = $24\% \times \$10.2M = \$2.4M$
<b>4. Determine growth costs to be funded by development contributions</b>	Council determines whether to recover all of the growth costs identified in step 3 from development contributions, or whether some of the growth costs will be funded from other sources.	100% of growth costs funded from development = \$2.4M
<b>5. Adjust for interest costs and charge inflation adjustments</b>	The raw cost requires adjustments in the funding model to ensure total revenue received over 10 years equals total costs after accounting for interest costs. These costs are shared equally among all HUEs in the relevant catchment over 10 years. These adjustments impact the final charges.	Interest costs estimated at \$0.14M means total cost to fund via DCs = \$2.54M
<b>6. Divide development contribution funded growth costs by capacity lives</b>	The growth costs from step 5 are divided by the estimated capacity life (defined in HUEs) to provide a charge per HUE for each future and past asset and programme. This is done year by year so that the consumption of an asset's capacity can be considered annually.	Cost per HUE = $\$2.54M / 1500 \text{ HUEs} = \$1,700 \text{ per HUE}$
<b>7. Sum all per asset charges</b>	For each catchment and activity, add up the per HUE asset or programme charges to provide a total development contribution. This is done over the future 10 year analysis window to give a charge that reflects the capacity consumed over the next 10 years. For each activity and catchment, development contributions fund the programme on an aggregated basis.	Total growth costs in 10 yr analysis window = \$1.25M. Total HUEs in 10 yr analysis window = 909 HUEs. Charge per HUE = $\$1.25M / 909 \text{ HUEs} = \$1,374 \text{ per HUE}$



**Summary of calculations**

120. Schedule 1 summarises the calculation of the charge per HUE for each activity/catchment (step 7). Schedules 2 and 3 provide information on each asset or programme including the information in steps 2 - 6.

## Schedule 1 – Charge per HUE calculations

This schedule summarises the calculation of the charge per HUE for each activity for each catchment. This includes the components of the charge related to capital expenditure on past assets, capital expenditure on future assets, and interest costs. All figures exclude GST.

### Water

Reference	Development contribution funded \$	Development contribution funded in analysis period \$	Interest cost \$	Total DC funded in analysis period \$	Recoverable growth/capacity life (HUEs)	Charge per HUE (GST exc)
<b>Greater Alexandra</b>	<b>11,266,757</b>	<b>4,929,267</b>	<b>0</b>	<b>4,929,267</b>	<b>805</b>	<b>6,124</b>
Future assets or programmes (refer schedule 2)	5,861,292	1,931,989	0	1,931,989	805	2,400
Past assets or programmes (refer schedule 3)		2,997,278	0	2,997,278	805	3,724
<b>Cromwell</b>	<b>9,044,994</b>	<b>2,779,633</b>	<b>215,403</b>	<b>2,995,037</b>	<b>909</b>	<b>3,294</b>
Future assets or programmes (refer schedule 2)	5,703,633	1,978,195	137,269	2,115,464	909	2,327
Past assets or programmes (refer schedule 3)	3,341,362	801,439	78,134	879,573	909	968
<b>Naseby</b>	<b>84,554</b>	<b>31,308</b>	<b>0</b>	<b>31,308</b>	<b>9</b>	<b>3,440</b>
Future assets or programmes (refer schedule 2)	3,165	1,975	0	1,975	9	217
Past assets or programmes (refer schedule 3)	81,389	29,333	0	29,333	9	3,223
<b>Omakau</b>	<b>705,862</b>	<b>253,516</b>	<b>0</b>	<b>253,516</b>	<b>27</b>	<b>9,416</b>
Future assets or programmes (refer schedule 2)	130,871	2,124	0	2,124	27	79

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Reference	Development contribution funded \$	Development contribution funded in analysis period \$	Interest cost \$	Total DC funded in analysis period \$	Recoverable growth/capacity life (HUEs)	Charge per HUE (GST exc)
Past assets or programmes (refer schedule 3)	574,990	251,392	0	251,392	27	9,337
<b>Patearoa</b>	<b>12,096</b>	<b>6,116</b>	<b>0</b>	<b>6,116</b>	<b>2</b>	<b>2,764</b>
Future assets or programmes (refer schedule 2)	1,446	1,177	0	1,177	2	532
Past assets or programmes (refer schedule 3)	10,649	4,939	0	4,939	2	2,232
<b>Ranfurly</b>	<b>102,510</b>	<b>31,480</b>	<b>0</b>	<b>31,480</b>	<b>15</b>	<b>2,090</b>
Future assets or programmes (refer schedule 2)	0	0	0	0	0	0
Past assets or programmes (refer schedule 3)	102,510	31,480	0	31,480	15	2,090
<b>Roxburgh</b>	<b>61,488</b>	<b>12,094</b>	<b>0</b>	<b>12,094</b>	<b>4</b>	<b>2,811</b>
Future assets or programmes (refer schedule 2)	2,425	2,425	0	2,425	4	564
Past assets or programmes (refer schedule 3)	59,063	9,669	0	9,669	4	2,247
<b>District wide</b>	<b>231,415</b>	<b>89,094</b>	<b>8,646</b>	<b>97,740</b>	<b>1,272</b>	<b>77</b>
Future assets or programmes (refer schedule 2)	231,410	89,092	8,646	97,738	1,272	77
Past assets or programmes (refer schedule 3)	5	2	0	2	1,272	0

*This table has rounding (± 1)*

## WASTEWATER

Reference	Development contribution funded \$	Development contribution funded in analysis period \$	Interest cost \$	Total DC funded in analysis period \$	Recoverable growth/capacity life (HUEs)	Charge per HUE (GST exc)
<b>Greater Alexandra</b>	<b>4,994,933</b>	<b>1,871,374</b>	<b>0</b>	<b>1,871,374</b>	<b>301</b>	<b>6,209</b>
Future assets or programmes (refer schedule 2)	2,636,572	885,123	0	885,123	301	2,937
Past assets or programmes (refer schedule 3)	2,358,360	986,251	0	986,251	301	3,272
<b>Cromwell</b>	<b>7,595,306</b>	<b>2,115,594</b>	<b>97,684</b>	<b>2,213,277</b>	<b>928</b>	<b>2,386</b>
Future assets or programmes (refer schedule 2)	1,444,013	266,158	9,195	275,352	928	297
Past assets or programmes (refer schedule 3)	6,151,294	1,849,436	88,489	1,937,925	928	2,089
<b>Naseby</b>	<b>41,483</b>	<b>23,729</b>	<b>0</b>	<b>23,729</b>	<b>9</b>	<b>2,612</b>
Future assets or programmes (refer schedule 2)	0	0	0	0	0	0
Past assets or programmes (refer schedule 3)	41,483	23,729	0	23,729	9	2,612
<b>Omakau</b>	<b>159,180</b>	<b>71,127</b>	<b>7,421</b>	<b>78,548</b>	<b>20</b>	<b>3,997</b>
Future assets or programmes (refer schedule 2)	52,598	23,759	2,498	26,256	20	1,336
Past assets or programmes (refer schedule 3)	106,582	47,369	4,923	52,292	20	2,661
<b>Ranfurly</b>	<b>23,871</b>	<b>5,121</b>	<b>0</b>	<b>5,121</b>	<b>15</b>	<b>348</b>
Future assets or programmes (refer schedule 2)	3,250	1,826	0	1,826	15	124
Past assets or programmes (refer schedule 3)	20,621	3,296	0	3,296	15	224
<b>Roxburgh</b>	<b>60,786</b>	<b>14,029</b>	<b>0</b>	<b>14,029</b>	<b>4</b>	<b>3,717</b>
Future assets or programmes (refer schedule 2)	19,055	9,835	0	9,835	4	2,606
Past assets or programmes (refer schedule 3)	41,732	4,194	0	4,194	4	1,111
<b>District Wide</b>	<b>938,844</b>	<b>408,134</b>	<b>30,905</b>	<b>439,040</b>	<b>1,276</b>	<b>344</b>
Future assets or programmes (refer schedule 2)	938,844	408,134	30,905	439,040	1,276	344
Past assets or programmes (refer schedule 3)	0	0	0	0	1,276	0

This table has rounding ( $\pm 1$ )

TRANSPORT

Reference	Development contribution funded \$	Development contribution funded in analysis period \$	Interest cost \$	Total DC funded in analysis period \$	Recoverable growth/capacity life (HUEs)	Charge per HUE (GST exc)
District	11,958,532	3,190,116	268,565	3,458,681	2,314	1,495
Future assets or programmes (refer schedule 2)	4,933,218	1,372,976	135,182	1,508,158	2,314	652
Past assets or programmes (refer schedule 3)	7,025,314	1,817,140	133,383	1,950,523	2,314	843

This table has rounding (± 1)



## Schedule 2 – Future Assets

Schedule 2 provides the forecast future capital expenditure on assets or programmes attributable to new growth in accordance with section 201A of the LGA02. All figures exclude GST.

### WATER

ID	Description	Total Cost \$	% Funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	RECOVER-ABLE GROWTH / CAPACITY LIFE (HUES)	Charge per HUE
<b>Greater Alexandra</b>		<b>23,025,000</b>	<b>44%</b>	<b>5,861,292</b>	<b>0</b>	<b>81,595</b>	<b>113,916</b>	<b>99,248</b>	<b>107,045</b>	<b>182,271</b>	<b>269,106</b>	<b>346,150</b>	<b>334,813</b>	<b>283,767</b>	<b>114,078</b>	<b>3,929,303</b>	<b>1,931,989</b>	<b>805</b>	<b>2,400</b>
PJ19060	Dunstan flats reticulation	15,000,000	22%	3,348,119	0	0	0	0	0	67,067	134,605	202,614	191,180	157,996	61,921	2,532,735	815,384	805	1,013
PJ20110	LDWS water treatment plant construction	4,300,000	19%	811,574	0	81,095	81,724	65,496	65,852	66,209	66,567	66,926	63,149	52,188	20,453	181,914	629,659	805	782
314	WS Alex Network Extensions and Upgrades with Growth	875,000	100%	875,000	0	0	0	0	6,857	14,069	21,669	29,692	35,833	36,370	16,997	713,512	161,488	805	201
303	WS Alex network upgrade Gilligans Gully	800,000	22%	178,565	0	0	0	0	0	0	10,748	10,806	10,196	8,426	3,302	135,086	43,479	805	54
PJ18309	WS Alexandra backflow prevention	750,000	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	805	0
316	WS Clyde network extensions and upgrades	500,000	100%	500,000	0	0	31,185	24,993	25,128	25,265	25,401	25,538	24,097	19,914	7,805	290,674	209,326	805	260
PJ18308	WS Alexandra valve upgrades	500,000	16%	79,049	0	0	0	7,551	7,592	7,633	7,674	7,716	7,280	6,017	2,358	25,227	53,822	805	67
PJ18313	WS Alexandra network upgrades with developments	300,000	23%	68,987	0	500	1,007	1,208	1,616	2,027	2,441	2,858	3,077	2,855	1,241	50,155	18,831	805	23
<b>Cromwell</b>		<b>22,550,000</b>	<b>48%</b>	<b>5,703,633</b>	<b>395,781</b>	<b>24,435</b>	<b>128,379</b>	<b>154,694</b>	<b>236,016</b>	<b>245,719</b>	<b>255,719</b>	<b>333,008</b>	<b>238,460</b>	<b>245,780</b>	<b>253,253</b>	<b>3,983,950</b>	<b>2,115,464</b>	<b>909</b>	<b>2,327</b>
PJ20115	WS Cromwell WTP upgrade	10,200,000	24%	2,435,128	141,582	17,086	120,027	148,574	151,267	154,009	156,801	159,644	112,395	113,932	115,493	1,327,482	1,249,228	909	1,374
55723	WS Cromwell network capacity upgrade	4,500,000	21%	945,545	54,975	0	0	0	0	0	0	66,983	47,158	47,803	48,458	790,119	210,402	909	231
327	WS Cromwell Pisa reservoir and rising main	2,700,000	15%	363,400	9,754	2,326	2,400	1,612	42,801	43,577	44,367	45,171	31,802	32,237	32,679	94,181	278,973	909	307
PJ19058	WS Cromwell capacity upgrades	2,400,000	24%	548,572	31,895	4,272	4,407	2,959	35,063	35,698	36,345	37,004	26,052	26,409	26,770	345,487	234,981	909	258
318	WS Cromwell network extensions and upgrades with growth	1,225,000	100%	1,225,000	136,805	0	0	0	4,792	9,782	14,977	20,387	17,993	21,923	25,954	1,245,997	115,807	909	127
1330	WS Bannockburn pressure management	1,000,000	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	909	0

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ID	Description	Total Cost \$	% Funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	RECOVER-ABLE GROWTH / CAPACITY LIFE (HUES)	Charge per HUE
PJ18317	WS Cromwell network upgrades with developments	450,000	41%	185,987	20,771	751	1,544	1,549	2,093	2,653	3,228	3,819	3,060	3,476	3,899	180,684	26,073	909	29
1331	WS Bannockburn reservoir power supply	75,000	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	909	0
<b>Naseby</b>		<b>150,000</b>	<b>2%</b>	<b>3,165</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>297</b>	<b>299</b>	<b>300</b>	<b>301</b>	<b>302</b>	<b>158</b>	<b>159</b>	<b>159</b>	<b>1,190</b>	<b>1,975</b>	<b>9</b>	<b>217</b>
337	WS Patearoa firefighting LOS upgrades	150,000	2%	3,165	0	0	0	297	299	300	301	302	158	159	159	1,190	1,975	9	217
<b>Omakau</b>		<b>350,000</b>	<b>37%</b>	<b>130,871</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,124</b>	<b>128,748</b>	<b>2,124</b>	<b>27</b>	<b>79</b>
334	WS Ophir trunk main duplication	350,000	37%	130,871	0	0	0	0	0	0	0	0	0	0	2,124	128,748	2,124	27	79
<b>Patearoa</b>		<b>150,000</b>	<b>1%</b>	<b>1,446</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>191</b>	<b>191</b>	<b>191</b>	<b>192</b>	<b>192</b>	<b>73</b>	<b>73</b>	<b>73</b>	<b>269</b>	<b>1,177</b>	<b>2</b>	<b>532</b>
337	WS Patearoa firefighting LOS upgrades	150,000	1%	1,446	0	0	0	191	191	191	192	192	73	73	73	269	1,177	2	532
<b>Roxburgh</b>		<b>300,000</b>	<b>1%</b>	<b>2,425</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>479</b>	<b>482</b>	<b>485</b>	<b>488</b>	<b>491</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,425</b>	<b>4</b>	<b>564</b>
PJ19111	WS Roxburgh source investigation	300,000	1%	2,425	0	0	0	479	482	485	488	491	0	0	0	0	2,425	4	564
<b>District Wide</b>		<b>23,024,248</b>	<b>1%</b>	<b>231,410</b>	<b>22,458</b>	<b>0</b>	<b>6,168</b>	<b>3,985</b>	<b>4,045</b>	<b>15,658</b>	<b>15,895</b>	<b>16,135</b>	<b>11,816</b>	<b>11,950</b>	<b>12,087</b>	<b>156,130</b>	<b>97,738</b>	<b>1,272</b>	<b>77</b>
PJ17156	WS districtwide piped network renewals	9,862,163	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	0
PJ18294	WS piped network fixture renewals	5,542,345	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	0
PJ18292	WS mechanical / process plant renewals	4,969,740	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	0
PJ17161	WS districtwide improvements	1,550,000	15%	231,410	22,458	0	6,168	3,985	4,045	15,658	15,895	16,135	11,816	11,950	12,087	156,130	97,738	1,272	77
55612	WS districtwide demand management	1,100,000	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	0

This table has rounding ( $\pm 1$ )

## WASTEWATER

ID	Description	Total Cost \$	% Funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	Recov-erable growth/ capacity life (hues)	Charge per HUE
<b>Greater Alexandra</b>		<b>29,260,000</b>	<b>9%</b>	<b>2,636,572</b>	<b>0</b>	<b>41,816</b>	<b>47,399</b>	<b>35,620</b>	<b>38,738</b>	<b>76,958</b>	<b>115,530</b>	<b>145,361</b>	<b>121,939</b>	<b>123,094</b>	<b>138,667</b>	<b>1,751,449</b>	<b>885,123</b>	<b>301</b>	<b>2,937</b>
PJ18344	WW Alex WWTP upgrades	20,800,000	9%	1,846,967	0	4,966	10,025	12,420	14,761	52,197	89,978	119,011	97,518	98,034	98,552	1,249,505	597,462	301	1,982
PJ18350	WW Clyde wastewater implementation	7,300,000	9%	686,781	0	36,750	37,173	21,005	21,146	21,288	21,432	21,576	19,999	20,105	34,622	431,684	255,097	301	846
PJ18346	WW Alex network upgrades with developments	800,000	9%	69,368	0	99	201	170	791	1,419	2,052	2,692	2,716	3,241	3,769	52,218	17,150	301	57
348	WW Alex Earnsclough road PS	360,000	9%	33,456	0	0	0	2,026	2,040	2,054	2,068	2,082	1,706	1,715	1,724	18,042	15,414	301	51
<b>Cromwell</b>		<b>6,850,000</b>	<b>22%</b>	<b>1,444,013</b>	<b>49,884</b>	<b>5,702</b>	<b>6,316</b>	<b>4,496</b>	<b>7,725</b>	<b>11,034</b>	<b>14,426</b>	<b>17,903</b>	<b>66,066</b>	<b>69,233</b>	<b>72,452</b>	<b>1,168,660</b>	<b>275,352</b>	<b>928</b>	<b>297</b>
351	WW Cromwell WWTP nitrogen removal	5,250,000	23%	1,099,495	37,983	5,279	5,449	3,634	3,700	3,767	3,835	3,905	53,908	54,651	55,405	905,961	193,533	928	209
PJ18352	WW Cromwell network-upgrades with developments	1,600,000	22%	344,518	11,902	422	867	862	4,025	7,267	10,591	13,998	12,158	14,582	17,047	262,699	81,819	928	88
<b>Omakau</b>		<b>300,000</b>	<b>18%</b>	<b>52,598</b>	<b>5,529</b>	<b>1,942</b>	<b>1,958</b>	<b>2,710</b>	<b>2,738</b>	<b>2,767</b>	<b>2,796</b>	<b>2,826</b>	<b>2,811</b>	<b>2,840</b>	<b>2,869</b>	<b>26,342</b>	<b>26,256</b>	<b>20</b>	<b>1,336</b>
PJ18357	WW Omakau WWTP upgrades	300,000	18%	52,598	5,529	1,942	1,958	2,710	2,738	2,767	2,796	2,826	2,811	2,840	2,869	26,342	26,256	20	1,336
<b>Ranfurly</b>		<b>200,000</b>	<b>2%</b>	<b>3,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>324</b>	<b>325</b>	<b>326</b>	<b>328</b>	<b>173</b>	<b>174</b>	<b>175</b>	<b>1,424</b>	<b>1,826</b>	<b>15</b>	<b>124</b>
1329	WW Ranfurly WWTP sludge drying bed improvements	200,000	2%	3,250	0	0	0	0	324	325	326	328	173	174	175	1,424	1,826	15	124
<b>Roxburgh</b>		<b>1,100,000</b>	<b>2%</b>	<b>19,055</b>	<b>0</b>	<b>-187</b>	<b>-1,651</b>	<b>1,553</b>	<b>1,718</b>	<b>1,729</b>	<b>1,740</b>	<b>1,751</b>	<b>1,053</b>	<b>1,061</b>	<b>1,068</b>	<b>9,220</b>	<b>9,835</b>	<b>4</b>	<b>2,606</b>
355	WW LRV WWTP treatment improvements	900,000	2%	15,177	0	-187	-1,651	1,398	1,406	1,415	1,424	1,433	862	868	874	7,336	7,842	4	2,077
360	WW Roxburgh WWTP treatment improvements	200,000	2%	3,877	0	0	0	155	312	314	316	318	191	193	194	1,884	1,993	4	528
<b>District Wide</b>		<b>22,037,548</b>	<b>3%</b>	<b>938,844</b>	<b>71,092</b>	<b>4,590</b>	<b>22,470</b>	<b>23,951</b>	<b>60,424</b>	<b>61,342</b>	<b>62,275</b>	<b>63,225</b>	<b>46,384</b>	<b>46,919</b>	<b>47,461</b>	<b>499,804</b>	<b>439,040</b>	<b>1,276</b>	<b>344</b>
PJ17150	WW districtwide reticulation renewals	9,446,135	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,276	0
PJ18299	WW mechanical / process plant renewals	5,223,563	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,276	0
55511	WW districtwide PS storage upgrades	3,910,000	16%	602,594	45,630	4,590	4,709	3,023	39,178	39,774	40,379	40,995	30,075	30,422	30,773	338,676	263,918	1,276	207
PJ18301	WW piped network fixture renewals	1,357,850	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,276	0

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ID	Description	Total Cost \$	% Funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	Recov-erable growth/ capacity life (hues)	Charge per HUE
55512	WW districtwide generators	600,000	16%	93,444	7,076	0	0	5,955	6,045	6,137	6,230	6,325	4,641	4,694	4,748	48,668	44,776	1,276	35
55509	WW districtwide S-scan	600,000	16%	98,284	7,442	0	9,348	6,000	6,091	6,184	6,278	6,373	4,676	4,730	4,784	43,820	54,463	1,276	43
55499	WW districtwide screens	540,000	16%	88,456	6,698	0	8,413	5,400	5,482	5,565	5,650	5,736	4,208	4,257	4,306	39,438	49,017	1,276	38
55510	WW districtwide PS flowmeters	360,000	16%	56,066	4,246	0	0	3,573	3,627	3,682	3,738	3,795	2,784	2,816	2,849	29,201	26,865	1,276	21

This table has rounding (± 1)



## TRANSPORT

ID	Description	Total Cost \$	Average of FAR %	% funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	Recoverable growth/capacity life (HUEs)	Charge per HUE
<b>Drainage</b>																				
	Drainage renewals roading	4,420,000	51%	3%	69,968	8,645	246	502	769	762	1,031	1,256	1,486	1,723	1,666	1,985	67,186	11,427	2,314	5
	Kerb cutdowns	500,000	51%	3%	7,915	978	28	57	87	86	117	142	168	195	189	225	7,600	1,293	2,314	1
<b>Footpaths</b>																				
	District wide footpath renewals	4,500,000	0%	2%	71,006	4,138	562	1,152	1,774	1,771	2,406	2,938	3,486	4,050	3,927	4,687	48,393	26,752	2,314	12
	Alexandra cycle clip on	2,200,000	51%	33%	360,051	26,159	0	2,424	2,465	18,751	20,255	20,515	20,778	21,045	18,068	19,353	242,555	143,655	2,314	62
	New footpaths/ cycle paths	1,000,000	51%	33%	163,660	11,890	1,069	2,189	3,362	3,345	4,539	5,538	6,566	7,623	7,383	8,805	125,130	50,419	2,314	22
	Clyde cycle trail punt	1,000,000	51%	33%	163,660	11,890	0	1,102	1,120	830	9,227	9,345	9,465	9,587	8,230	8,816	117,829	57,721	2,314	25
	Neplusutra street shared path improvements	900,000	51%	33%	147,294	8,584	0	12,056	12,258	9,081	9,809	9,935	10,063	10,192	8,750	9,373	64,361	91,517	2,314	40
<b>Minor Improvements</b>																				
	Sargood Road/Murray Terrace roundabout	2,000,000	51%	33%	319,051	39,423	0	574	584	433	467	9,621	9,745	9,870	8,474	9,076	309,630	48,844	2,314	21
	Realignment of Murray Terrace	1,700,000	51%	33%	271,193	33,509	0	488	496	368	397	8,178	8,283	8,389	7,203	7,715	263,185	41,517	2,314	18
	Barry Avenue/ Waenga Drive roundabout	1,500,000	51%	33%	239,288	29,567	0	431	438	324	7,114	7,205	7,297	7,391	6,346	6,797	225,513	43,343	2,314	19
	Development of Link Lane and other lane improvements	1,420,000	51%	39%	271,500	37,888	0	234	238	2,620	5,470	5,540	5,611	5,683	4,879	5,226	273,886	35,502	2,314	15
	Small safety projects (<\$100K)	1,000,000	51%	33%	159,526	19,711	561	1,145	1,752	1,738	2,352	2,863	3,389	3,928	3,799	4,527	153,183	26,054	2,314	11
	Barry Avenue/Murray Terrace intersection improvements	400,000	51%	33%	63,810	7,885	0	115	117	87	1,897	1,921	1,946	1,971	1,692	1,813	60,137	11,558	2,314	5
	Alexandra northern access route	400,000	51%	33%	63,810	7,885	0	0	0	0	0	0	0	0	1,708	1,829	68,157	3,537	2,314	2
	Waenga Drive/Murray Terrace intersection improvements	400,000	51%	33%	63,810	7,885	0	115	117	87	1,897	1,921	1,946	1,971	1,692	1,813	60,137	11,558	2,314	5
<b>Pavement</b>																				

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ID	Description	Total Cost \$	Average of FAR %	% funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	Recoverable growth/capacity life (HUEs)	Charge per HUE
<b>Reconstruction</b>																				
	Pavement reconstruction (NZTA WC214)	2,400,000	51%	17%	198,343	14,410	1,296	2,653	4,075	4,054	5,501	6,712	7,957	9,238	8,948	10,671	151,648	61,104	2,314	26
<b>Reseals</b>																				
	Sealed road renewals	13,263,000	51%	2%	102,547	5,976	811	1,664	2,561	2,557	3,474	4,243	5,034	5,848	5,671	6,769	69,888	38,635	2,314	17
	District renewals	1,100,000	44%	2%	9,647	562	35	71	258	219	268	426	463	501	569	639	6,761	3,448	2,314	1
<b>Seal Extensions</b>																				
	Maori Point Road seal extension	2,170,000	51%	11%	112,962	8,207	0	761	773	5,883	6,355	6,436	6,519	6,603	5,669	6,072	76,099	45,070	2,314	19
	Seal extensions at intersections	1,000,000	51%	11%	52,056	3,782	340	696	1,069	1,064	1,444	1,762	2,088	2,425	2,348	2,801	39,801	16,037	2,314	7
	Sandflat Road seal extension	410,000	51%	11%	21,343	1,551	0	0	0	0	1,207	1,223	1,238	1,254	1,077	1,153	15,742	7,152	2,314	3
<b>Structure</b>																				
	Structures renewal	5,100,000	51%	28%	709,892	99,066	2,037	4,153	6,353	6,295	8,515	10,364	12,262	14,210	13,741	16,367	714,661	94,297	2,314	41
	Omakau new bridge	2,340,000	51%	42%	477,276	66,604	0	0	0	0	0	0	0	1,501	1,288	9,233	531,858	12,022	2,314	5
<b>Town Centre</b>																				
	Clyde Heritage precinct - Stage 3	1,600,000	51%	33%	261,855	8,782	0	0	33,671	24,944	26,944	27,290	27,640	27,995	24,035	25,745	52,375	218,263	2,314	94
	Clyde Heritage precinct - Stage 2	1,365,000	51%	33%	223,395	7,493	26,483	26,927	27,379	20,283	21,909	22,190	22,475	22,764	19,544	20,934	0	230,888	2,314	100
<b>Traffic Services</b>																				
	Traffic services renewals	2,000,000	51%	8%	74,407	2,496	882	1,815	2,802	2,803	3,820	4,678	5,564	6,482	6,298	7,533	34,225	42,678	2,314	18
	Clyde bridge traffic lights	400,000	51%	8%	14,881	499	1,764	1,794	1,824	1,351	1,459	1,478	1,497	1,516	1,302	1,395	0	15,380	2,314	7
	Speed limit signage	250,000	51%	9%	10,418	607	824	838	852	631	682	691	700	709	608	652	3,838	7,187	2,314	3
<b>Unsealed Road Metaling</b>																				
	Gravel road renewals	16,467,760	51%	3%	205,000	8,652	2,069	4,245	6,561	6,572	8,949	10,947	13,008	15,145	14,711	17,579	113,866	99,786	2,314	43
	Gravel purchases	1,900,000	51%	3%	23,652	998	239	490	757	758	1,032	1,263	1,501	1,747	1,697	2,028	13,138	11,513	2,314	5

*This table has rounding (± 1)*

### Schedule 3 – Past Assets

Schedule 3 provides the capital expenditure incurred on assets and programmes attributable to new growth constructed in anticipation of growth, in accordance with section 201A of the LGA02. All figures exclude GST. Due to the large quantity of capital expenditure reported on past assets, a limited number is provided below, with further records available on request.

### WATER

ID	Description	Total Cost \$	% Funded by DCs	DC funded cosVit \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	Recoverable growth /capacity life (HUEs)	Charge per HUE
<b>Greater Alexandra</b>		<b>34,479,603</b>	<b>11%</b>	<b>5,405,465</b>	<b>0</b>	<b>430,084</b>	<b>429,169</b>	<b>329,620</b>	<b>320,187</b>	<b>314,134</b>	<b>306,452</b>	<b>297,934</b>	<b>269,476</b>	<b>218,002</b>	<b>82,219</b>	<b>2,408,187</b>	<b>2,997,278</b>	<b>805</b>	<b>3,724</b>
	PJ11710-4 - WS LDWS construction / capital works	6,281,795	22%	1,383,331	0	119,566	120,494	96,568	97,092	97,619	98,146	98,675	93,107	76,946	30,156	454,961	928,370	805	1,153
	PJ20110 - LDWS water treatment plant construction	4,962,000	20%	1,012,546	0	93,980	94,710	75,903	76,315	76,729	77,144	77,560	73,183	60,480	23,703	282,839	729,707	805	907
	Greater Alexandra - reticulation	4,370,254	22%	1,033,003	0	62,860	63,348	45,791	43,812	40,131	32,204	28,569	20,561	14,150	5,038	676,539	356,464	805	443
	Greater Alexandra – flow metering	1,782,741	10%	211,112	0	14,463	14,576	11,681	11,730	11,794	11,770	11,824	8,519	6,267	0	108,489	102,623	805	127
	25717675. WatAlex - piped network renewals	1,243,031	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	805	0
	Greater Alexandra - plant and machinery	1,164,307	19%	177,917	0	9,550	5,799	4,073	4,095	4,117	4,140	4,025	1,308	156	0	140,654	37,263	805	46
	Greater Alexandra - demand management	1,125,144	11%	132,802	0	9,468	9,542	7,647	7,689	7,730	7,772	7,814	7,373	6,093	2,388	59,285	73,517	805	91
	Greater Alexandra - Vested Assets	1,058,660	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	805	0
	PJ11710-4 - LDWS construction/capital works	1,035,859	27%	276,789	0	18,873	19,020	15,243	15,326	15,409	15,492	15,576	14,697	12,146	4,760	130,249	146,541	805	182
	Greater Alexandra - storage	943,765	23%	127,664	0	9,038	9,108	7,299	7,339	7,062	6,339	500	553	299	117	80,009	47,655	805	59
	PJ11710-2 - WS LDWS professional services	757,131	10%	76,352	0	16,629	16,758	6,698	1,741	0	0	0	0	0	0	34,527	41,825	805	52
	PJ11710-5 - WS LDWS pump test & filter trial	680,151	22%	152,807	0	12,992	13,093	10,493	10,550	10,608	10,665	10,722	10,117	8,361	3,277	51,927	100,880	805	125
	Greater Alexandra - Water reticulation mwl	677,741	6%	38,662	0	2,689	2,710	2,172	2,184	2,196	2,208	2,219	2,094	1,731	678	17,781	20,881	805	26
<b>Cromwell</b>		<b>9,658,872</b>	<b>20%</b>	<b>3,341,362</b>	<b>325,757</b>	<b>127,888</b>	<b>131,505</b>	<b>87,567</b>	<b>88,690</b>	<b>89,570</b>	<b>90,833</b>	<b>89,712</b>	<b>62,357</b>	<b>56,338</b>	<b>55,113</b>	<b>2,787,546</b>	<b>879,573</b>	<b>909</b>	<b>968</b>
	Cromwell - reticulation	2,692,980	42%	2,371,549	260,051	75,021	77,406	51,977	52,919	53,855	54,571	54,607	37,812	38,023	37,814	2,097,595	534,005	909	587

ID	Description	Total Cost \$	% Funded by DCs	DC funded cosVit \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	Recoverable growth /capacity life (HUEs)	Charge per HUE
	Cromwell - vested assets	1,790,050	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	909	0
	Cromwell – Flow metering	831,348	19%	220,340	12,811	12,124	12,510	8,400	8,552	8,707	8,865	9,026	6,355	1,250	0	157,362	75,789	909	83
	Pj20115 - WS Cromwell WTP upgrade	700,000	27%	186,200	10,826	15,122	15,603	10,477	10,667	10,860	11,057	11,258	7,926	8,034	8,144	87,879	109,147	909	120
	Cromwell - plant and machinery	526,867	25%	87,465	5,085	4,785	4,937	2,686	2,735	2,081	2,018	240	0	0	0	73,067	19,483	909	21
	Cromwell - piped network renewals	485,207	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	909	0
	Cromwell - water investigations	284,110	7%	26,260	231	0	0	0	0	0	0	0	0	0	0	26,491	0	909	0
	Cromwell - non pipe renewals	266,800	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	909	0
	Cromwell - storage	216,979	71%	115,256	10,324	4,716	4,866	3,251	3,310	3,370	3,431	3,493	2,459	1,118	1,133	94,433	31,148	909	34
	Pj18317-3 - WS Cromwell network upgrades RC 160069	185,340	47%	86,399	9,649	3,152	3,252	2,184	2,223	2,264	2,305	2,346	1,652	1,675	1,697	73,299	22,750	909	25
	Cromwell - water fixture renewals	173,274	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	909	0
	Pj18320 - WS Cromwell backflow prevention	168,232	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	909	0
	Cromwell - Water reticulation extension	151,974	53%	81,345	4,830	4,951	5,109	3,431	3,493	3,556	3,621	3,686	2,595	2,631	2,667	50,436	35,739	909	39
	Cromwell - piped N/W renewals	120,904	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	909	0
	Cromwell - backflow prevention	93,947	4%	669	39	45	46	31	32	32	33	34	24	24	24	383	325	909	0
	PJ18317 - WS Cromwell network upgrades with developments	81,488	47%	37,494	4,187	1,378	1,422	955	972	990	1,008	1,026	722	732	742	31,733	9,948	909	11
	Cromwell - instrumentation	78,526	19%	14,535	390	0	0	0	0	0	0	0	0	0	0	14,925	0	909	0
	Cromwell - telemetry	69,739	7%	7,859	211	567	135	0	0	0	0	0	0	0	0	7,368	702	909	1
	Cromwell - demand management	68,470	22%	15,315	890	944	974	654	666	678	690	703	495	502	508	9,392	6,813	909	7
	Cromwell - valves and hydrants	66,832	6%	32	2	2	2	1	1	1	1	1	1	1	1	20	14	909	0

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ID	Description	Total Cost \$	% Funded by DCs	DC funded cosVit \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	Recoverable growth /capacity life (HUEs)	Charge per HUE
<b>Naseby</b>		<b>2,069,002</b>	<b>4%</b>	<b>81,389</b>	<b>0</b>	<b>7,088</b>	<b>7,136</b>	<b>2,533</b>	<b>2,446</b>	<b>2,373</b>	<b>2,316</b>	<b>2,287</b>	<b>1,094</b>	<b>1,061</b>	<b>998</b>	<b>52,056</b>	<b>29,333</b>	<b>9</b>	<b>3,223</b>
	PJ17163 - WS Naseby WTP upgrade	588,117	4%	25,551	0	3,269	3,291	1,168	1,173	1,179	1,184	1,189	620	623	627	11,228	14,323	9	1,574
	Naseby - machinery and plant	393,627	5%	20,019	0	1,909	1,922	682	685	688	691	694	362	364	366	11,654	8,365	9	919
	Naseby - storage	166,791	6%	8,404	0	472	476	169	122	123	71	71	0	0	0	6,900	1,504	9	165
	Naseby - reticulation	159,784	8%	11,663	0	702	707	251	216	133	133	123	11	8	0	9,380	2,283	9	251
	Naseby – flow metering	150,918	7%	9,020	0	545	549	195	196	197	198	198	97	61	0	6,784	2,236	9	246
	Naseby - tank replacement programme	113,892	4%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	Naseby - piped network renewals	82,400	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	Naseby - water reticulation mwl	67,062	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	Naseby - non pipe renewals	63,858	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	Naseby - piped network renewals	60,880	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	PJ11413-8 - WS Naseby piped network renewals	50,671	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	Naseby - treatment	48,379	9%	2,803	0	4	4	1	1	1	1	1	1	0	0	2,789	15	9	2
	Naseby - instrumentation	24,728	9%	2,469	0	146	147	52	44	44	29	0	0	0	0	2,007	462	9	51
	Naseby - water investigations	19,580	1%	276	0	0	0	0	0	0	0	0	0	0	0	276	0	9	0
	Naseby - Capital expenditure machinery and plant	17,084	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	Naseby - management	15,475	3%	485	0	0	0	0	0	0	0	0	0	0	0	485	0	9	0
	Naseby - demand management	12,015	3%	376	0	26	26	9	9	9	9	9	5	5	5	264	112	9	12
	Naseby - elect control and instr renewals	11,064	1%	35	0	3	3	1	0	0	0	0	0	0	0	28	7	9	1
	Naseby – mech and process plant renewals	8,785	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	Naseby - plant and machinery	4,316	6%	241	0	10	10	4	0	0	0	0	0	0	0	216	24	9	3

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ID	Description	Total Cost \$	% Funded by DCs	DC funded cosVit \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	Recoverable growth /capacity life (HUEs)	Charge per HUE
	PJ17163 - WS Naseby WTP Upgrade	588,117	4%	25,551	0	3,269	3,291	1,168	1,173	1,179	1,184	1,189	620	623	627	11,228	14,323	9	1,574
	Naseby - machinery and plant	393,627	5%	20,019	0	1,909	1,922	682	685	688	691	694	362	364	366	11,654	8,365	9	919
<b>Omakau</b>		<b>3,201,999</b>	<b>11%</b>	<b>574,990</b>	<b>0</b>	<b>21,698</b>	<b>18,560</b>	<b>26,190</b>	<b>26,466</b>	<b>26,692</b>	<b>26,978</b>	<b>27,002</b>	<b>26,359</b>	<b>25,728</b>	<b>25,719</b>	<b>323,598</b>	<b>251,392</b>	<b>27</b>	<b>9,337</b>
	Omakau - Machinery and plant	1,036,870	11%	219,858	0	7,995	8,062	11,399	11,521	11,645	11,770	11,896	11,815	11,939	12,065	109,750	110,108	27	4,090
	PJ17164 - WS Omakau WTP upgrade	583,047	17%	100,099	0	3,396	3,424	4,841	4,893	4,946	4,999	5,053	5,018	5,071	5,124	53,334	46,765	27	1,737
	Omakau - Water reticulation reservoir	342,594	22%	73,007	0	2,655	2,678	3,786	3,822	3,863	3,905	3,947	3,920	3,961	4,003	36,467	36,540	27	1,357
	Omakau - Water reticulation extension	176,096	21%	37,566	0	1,366	1,378	1,948	1,969	1,990	2,012	2,033	2,019	2,041	2,062	18,747	18,819	27	699
	PJ11471 - Water improvements	165,738	10%	16,838	0	3,292	0	0	0	0	0	0	0	0	0	13,545	3,292	27	122
	Omakau - Reticulation	148,273	31%	52,960	0	701	707	999	1,010	1,021	1,032	926	810	818	827	44,110	8,849	27	329
	Omakau - Water improvements	135,485	16%	26,496	0	884	892	1,261	1,274	1,288	1,302	1,316	1,307	1,320	1,334	14,319	12,177	27	452
	Omakau - Storage	118,259	32%	18,210	0	540	544	770	778	786	795	798	720	34	29	12,415	5,795	27	215
	Omakau – Flow metering	102,985	11%	14,127	0	441	444	628	635	642	649	656	482	272	0	9,278	4,848	27	180
	Omakau - Water fixture renewals	100,980	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	27	0
	Omakau - Instrumentation	42,155	10%	3,493	0	108	109	154	155	157	159	18	0	0	0	2,634	860	27	32
	Omakau - Water investigations	38,418	2%	820	0	0	0	0	0	0	0	0	0	0	0	820	0	27	0
	Omakau - Piped network renewals	31,315	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	27	0
	Omakau - Management	24,974	6%	1,560	0	0	0	0	0	0	0	0	0	0	0	1,560	0	27	0
	Omakau - Plant and machinery	22,478	10%	3,063	0	97	98	86	87	88	89	90	0	0	0	2,426	637	27	24
	PJ11471 - WS Omakau Improvements	21,896	17%	3,641	0	130	131	185	187	189	191	193	192	194	196	1,852	1,790	27	66
	Omakau - Mechanical and process plant renewals	18,921	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	27	0
	Omakau - Demand Management	16,428	7%	1,522	0	46	46	65	66	66	67	68	67	68	69	895	627	27	23

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ID	Description	Total Cost \$	% Funded by DCs	DC funded cosVit \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	Recoverable growth /capacity life (HUEs)	Charge per HUE
	Omakau - Piped Network Renewals	14,037	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	27	0
	Omakau - Intake	11,397	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	27	0
	Omakau - Machinery and plant	1,036,870	11%	219,858	0	7,995	8,062	11,399	11,521	11,645	11,770	11,896	11,815	11,939	12,065	109,750	110,108	27	4,090
	PJ17164 - WS Omakau WTP upgrade	583,047	17%	100,099	0	3,396	3,424	4,841	4,893	4,946	4,999	5,053	5,018	5,071	5,124	53,334	46,765	27	1,737
<b>Patearoa</b>		<b>1,002,365</b>	<b>1%</b>	<b>10,649</b>	<b>0</b>	<b>1,210</b>	<b>1,213</b>	<b>312</b>	<b>441</b>	<b>439</b>	<b>440</b>	<b>429</b>	<b>152</b>	<b>152</b>	<b>152</b>	<b>5,710</b>	<b>4,939</b>	<b>2</b>	<b>2,232</b>
	PJ19061 - WS Patearoa WTP Upgrade	300,284	3%	7,247	0	1,475	1,485	382	383	383	384	385	147	147	147	1,931	5,316	2	2,402
	Patearoa - Pump Station and Storage Renewals	116,679	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0
	Patearoa - Reticulation	84,367	1%	461	0	27	27	7	7	7	7	0	0	0	0	379	82	2	37
	Patearoa - Storage	80,938	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0
	Patearoa - Piped network renewals	48,225	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0
	Patearoa - Water refurbish restric	41,449	2%	724	0	-456	-459	-118	0	0	0	0	0	0	0	1,757	-1,032	2	-467
	Patearoa - Water reticulation reservoir	38,897	0%	255	0	17	17	4	4	4	4	4	2	2	2	193	62	2	28
	Patearoa - Water reticulation mwl	36,445	1%	248	0	17	17	4	4	4	4	4	2	2	2	188	60	2	27
	Patearoa - Water reticulation reservoir	31,223	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0
	Patearoa - Telemetry	27,729	0%	78	0	5	0	0	0	0	0	0	0	0	0	73	5	2	2
	Patearoa - Plant and machinery	27,089	1%	356	0	-23	-23	-6	4	4	4	0	0	0	0	395	-39	2	-18
	PJ18790 - WS Pat reservoir outlet analysers	24,394	3%	753	0	120	121	31	31	31	31	31	0	0	0	356	397	2	180
	Patearoa - Intake upgrade	22,778	1%	155	0	10	11	3	3	3	3	3	1	1	1	117	38	2	17
	Patearoa - Reservoir renewals	19,555	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0
	Patearoa - instrumentation	14,244	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0
	Patearoa - Pipes intake shed	11,969	2%	215	0	12	12	3	3	0	0	0	0	0	0	184	30	2	14

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	Patearoa - Elect control and Instr Rnwls	10,411	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0
	Patearoa - water investigations	9,794	0%	29	0	0	0	0	0	0	0	0	0	0	0	29	0	2	0
	Patearoa - water investigation	9,165	1%	60	0	0	0	0	0	0	0	0	0	0	0	60	0	2	0
	Patearoa - non pipe renewals	9,002	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0
	Pj19061 - WS Patearoa wtp upgrade	300,284	3%	7,247	0	1,475	1,485	382	383	383	384	385	147	147	147	1,931	5,316	2	2,402
	Patearoa - pump station & storage renewals	116,679	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0
<b>Ranfurly</b>		<b>2,337,308</b>	<b>6%</b>	<b>102,510</b>	<b>0</b>	<b>8,973</b>	<b>8,960</b>	<b>2,205</b>	<b>2,173</b>	<b>2,180</b>	<b>2,173</b>	<b>2,120</b>	<b>1,003</b>	<b>932</b>	<b>761</b>	<b>71,030</b>	<b>31,480</b>	<b>15</b>	<b>2,090</b>
	PJ19062 - WS Ranfurly WTP upgrade	602,181	4%	20,950	0	3,859	3,890	957	961	964	968	971	509	511	514	6,847	14,104	15	936
	Ranfurly – flow metering	345,798	12%	37,278	0	2,190	2,208	543	545	547	549	551	207	151	0	29,787	7,490	15	497
	Ranfurly - Water reticulation mwl	217,907	4%	3,620	0	220	222	55	55	55	55	55	29	29	29	2,815	805	15	53
	Ranfurly - piped network renewals	184,083	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	Ranfurly - Water reticulation extn	131,443	7%	9,423	0	682	688	169	170	170	171	172	90	90	91	6,931	2,493	15	166
	Ranfurly - Reticulation renewal	102,764	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	Ranfurly - demand management	97,795	7%	7,162	0	422	426	105	105	105	106	106	56	56	56	5,619	1,543	15	102
	Ranfurly - Water investigations	77,174	1%	483	0	0	0	0	0	0	0	0	0	0	0	483	0	15	0
	Ranfurly - Reticulation	71,744	13%	8,796	0	508	512	126	119	120	120	86	35	19	0	7,152	1,645	15	109
	Ranfurly - Pipe replacement 2015/16	66,618	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	Ranfurly - Mechanical and process plant renewals	57,595	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	Ranfurly - Non pipe Renewals	51,608	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	Ranfurly - Telemetry	51,467	4%	2,223	0	146	60	15	15	15	0	0	0	0	0	1,972	250	15	17
	Ranfurly - Mech and Process Plnt Rnwls	36,162	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0

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	Ranfurly - Cap exp Machinery & plant	34,578	5%	447	0	26	27	7	7	7	7	7	3	4	4	350	97	15	6
	Ranfurly - Pump Station & Storage Renewals	33,521	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	PJ11413-7 - WS Ranfurly Piped Network Renewals	18,771	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	PJ18791 - WS Ranf WTP Raw Water Analysers	18,210	4%	731	0	118	119	29	29	29	29	30	0	0	0	347	383	15	25
	Ranfurly - Plant and Machinery	16,806	17%	2,935	0	132	133	33	0	0	0	0	0	0	0	2,637	298	15	20
	Ranfurly - Water fixture renewals	16,467	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
<b>Roxburgh</b>		<b>4,094,205</b>	<b>3%</b>	<b>59,063</b>	<b>0</b>	<b>-3,505</b>	<b>-3,426</b>	<b>3,171</b>	<b>3,179</b>	<b>2,648</b>	<b>2,509</b>	<b>2,154</b>	<b>1,140</b>	<b>998</b>	<b>800</b>	<b>49,395</b>	<b>9,669</b>	<b>4</b>	<b>2,247</b>
	Roxburgh - Water investigations	614,776	0%	702	0	0	0	0	0	0	0	0	0	0	0	702	0	4	0
	Roxburgh - Treatment	516,054	6%	10,034	0	-363	-357	330	332	334	336	338	205	206	134	8,538	1,496	4	348
	PJ11413-9 - WS Roxburgh Piped Network Renewals	319,745	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	Roxburgh - Water Fixture Renewals	305,776	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	Roxburgh - Reticulation Renewal	280,142	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	Roxburgh - Demand Management	275,857	2%	3,447	0	-245	-241	223	224	225	227	228	138	139	140	2,389	1,057	4	246
	Roxburgh - Tobies	180,501	6%	8,514	0	-505	-496	459	450	216	211	121	0	0	0	8,056	458	4	106
	Roxburgh - Water Reticulation Reservoir	172,943	5%	5,332	0	-510	-501	464	466	237	238	239	145	146	147	4,262	1,070	4	249
	Roxburgh - Flowmetering	152,154	6%	8,238	0	-363	-356	330	332	334	336	338	179	92	0	7,017	1,221	4	284
	Roxburgh - Piped Net/Wrk Renewals	140,655	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	Roxburgh - Reticulation	127,248	4%	4,445	0	-201	-197	182	183	185	186	162	98	39	0	3,809	637	4	148
	Roxburgh - Machinery & plant	98,363	2%	2,421	0	-217	-213	197	198	200	201	202	122	123	124	1,485	937	4	218
	Roxburgh - Pump Station & Storage Renewals	84,801	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0

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	PJ11419-9 - WS Roxburgh Fixture Renewals	82,992	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	PJ17153 - Districtwide Demand Management Water	80,797	2%	1,797	0	-269	-264	244	246	247	249	250	151	152	153	637	1,160	4	270
	Roxburgh - Piped network renewals	74,956	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	Roxburgh - Plant and Machinery	57,696	4%	3,134	0	-187	-184	170	171	91	92	93	0	0	0	2,888	247	4	57
	Roxburgh - Instrumentation	57,316	8%	5,196	0	-293	-287	266	268	269	252	0	0	0	0	4,721	475	4	110
	Roxburgh - Mech & Process Plant Rnwl	48,605	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	Roxburgh - Water reticn mwl	46,570	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	Roxburgh - Water Investigations	614,776	0%	702	0	0	0	0	0	0	0	0	0	0	0	702	0	4	0
<b>District Wide</b>		<b>2,682,700</b>	<b>0%</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>1,272</b>	<b>0</b>
	PJ17156 - WS Districtwide Piped Network Renewals	1,000,285	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	
	PJ17158 - Districtwide Reservoir Renewals Water	414,344	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	
	PJ18294 - WS Piped Network Fixture Renewals	281,229	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	
	PJ18292 - WS Mechanical / Process Plant Renewals	268,443	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	
	PJ17160 - Districtwide Water Fixture Renewals	207,172	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	
	PJ18295 - WS Pump Station Renewals	152,306	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	
	PJ18291 - WS Electrical Control/Instrumentation Renewals	114,385	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	
	PJ17156 - Districtwide Piped Network Renewals	93,227	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	
	District Wide - Demand Management	56,946	0%	5	0	0	0	0	0	0	0	0	0	0	0	3	2	1,272	
	PJ18296 - WS Reservoir Renewals	50,893	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	
	PJ17162 - Mechanical and Process Plant Renewals Water	31,076	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	



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	PJ18290 - WS Buildings/Land Addition Renewals	10,433	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	
	PJ19145 - Water Supply Renewals - Consents	1,962	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,272	

This table has rounding ( $\pm 1$ )

### Wastewater

ID	Description	Total Cost \$	% Funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	RECOVERABLE GROWTH / CAPACITY LIFE (HUES)	Charge per HUE
<b>Greater Alexandra</b>		<b>21,176,131</b>	<b>12%</b>	<b>2,358,360</b>	<b>0</b>	<b>161,450</b>	<b>162,867</b>	<b>91,091</b>	<b>91,489</b>	<b>90,458</b>	<b>90,155</b>	<b>89,214</b>	<b>70,177</b>	<b>69,979</b>	<b>69,372</b>	<b>1,372,109</b>	<b>986,251</b>	<b>301</b>	<b>3,272</b>
	PJ18350 - WW Clyde Wastewater Implementation	3,007,544	12%	339,413	0	30,032	30,377	17,165	17,280	17,397	17,514	17,632	14,448	14,524	14,601	148,443	190,970	301	634
	PJ18350-2 - WW Clyde to Alexandra Pipeline Construction	2,998,370	12%	355,211	0	30,058	30,404	17,180	17,295	17,412	17,529	17,647	14,460	14,537	14,614	164,074	191,136	301	634
	Reticulation - Alexandra	2,265,665	29%	360,818	0	15,439	15,617	8,028	7,884	6,387	5,599	5,443	2,133	2,144	2,155	289,989	70,830	301	235
	Alexandra - Treatment Plant Upgrade	1,760,748	12%	214,670	0	11,464	11,596	6,552	6,596	6,641	6,686	6,731	5,515	5,544	5,574	141,770	72,900	301	242
	PJ18344 - WW Alex WWTP Upgrades	1,500,003	12%	182,292	0	15,069	15,242	8,613	8,671	8,729	8,788	8,847	7,249	7,288	7,326	86,469	95,823	301	318
	WW Piped Network Fixture Renewals	1,464,471	7%	118,624	0	7,494	7,580	4,283	4,312	4,341	4,370	4,400	3,605	3,624	3,643	70,974	47,650	301	158
	25517671. WWAlex - Piped network renewals	662,950	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	301	0
	WW Buildings/Land Addition Renewals	513,340	7%	51,104	0	2,807	2,839	1,604	1,615	1,626	1,637	1,648	1,350	1,357	1,364	33,258	17,846	301	59
	Alexandra - Reticulation Renewal	504,405	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	301	0
	PJ18350-1 - WW Clyde Detailed Design of Pipeline and Pump Station	478,685	12%	57,354	0	4,803	4,858	2,745	2,764	2,782	2,801	2,820	2,311	2,323	2,335	26,811	30,543	301	101
	WW Pump Station / Storage Renewals	455,150	4%	660	0	42	42	24	24	24	24	25	20	20	20	394	266	301	1
<b>Cromwell</b>		<b>18,581,582</b>	<b>23%</b>	<b>6,151,294</b>	<b>294,318</b>	<b>275,214</b>	<b>284,051</b>	<b>188,971</b>	<b>191,947</b>	<b>194,991</b>	<b>196,330</b>	<b>197,219</b>	<b>139,163</b>	<b>135,886</b>	<b>134,154</b>	<b>4,213,369</b>	<b>1,937,925</b>	<b>928</b>	<b>2,089</b>
	355277626. WWCrom – CWW Physical Wks	6,215,157	29%	1,789,893	86,747	91,826	94,775	63,208	64,356	65,524	66,713	67,924	48,078	48,740	49,413	1,129,336	660,557	928	712
	Reticulation - Cromwell	2,565,375	45%	2,111,969	122,431	78,266	80,779	53,855	54,832	55,613	56,618	56,713	40,048	39,941	40,139	1,555,165	556,804	928	600

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	Treatment - Cromwell	1,172,969	22%	272,787	8,952	13,390	13,820	9,217	9,384	9,555	8,605	8,761	6,201	2,315	0	191,539	81,249	928	88
	WWCrom - Process Tmt Bannockburn	1,053,399	28%	291,357	15,733	12,750	13,160	8,777	8,936	9,098	9,263	9,432	6,676	6,768	6,861	199,636	91,721	928	99
	WWCrm - Vested assets	741,351	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	928	0
	WW Pump Station / Storage Renewals	536,747	18%	296,884	17,247	11,568	11,940	7,963	8,108	8,255	8,405	8,557	6,057	6,140	6,225	213,666	83,219	928	90
	PJ11740-4 - WW Bannockburn PS Construction	446,727	29%	130,030	4,492	9,764	10,077	6,721	6,843	6,967	7,093	7,222	5,112	5,182	5,254	59,795	70,235	928	76
	WWCrom - Sludge	430,774	28%	119,147	624	0	0	0	0	0	0	0	0	0	0	119,147	0	928	0
	PJ11760-6 - WW Crom WWTP Plant Operation After Commissioning SP3	429,604	29%	122,644	4,237	9,337	9,637	6,427	6,544	6,663	6,784	6,907	4,889	4,956	5,025	55,476	67,168	928	72
	Pump Stn Upgrade	385,266	23%	90,467	3,125	5,015	5,176	3,452	3,515	3,578	3,643	3,709	2,626	2,662	2,699	54,393	36,074	928	39
	WWCrom - Vested assets	322,362	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	928	0
	Cromwell - Land based Tmnt Upgrade	296,550	23%	69,635	2,406	3,860	3,984	2,657	2,705	2,754	2,804	2,855	2,021	2,049	2,077	41,868	27,767	928	30
	WW Mechanical / Process Plant Renewals	277,742	23%	51,021	1,314	2,003	2,067	1,379	1,404	1,429	1,455	1,482	1,049	1,063	1,078	36,612	14,409	928	16
	WWCrom - CWW Physical Wks	264,425	28%	73,137	3,949	3,201	3,303	2,203	2,243	2,284	2,325	2,368	1,676	1,699	1,722	50,113	23,024	928	25
	Plant and Machinery - Cromwell	262,428	26%	67,134	2,319	3,716	3,836	2,106	2,144	2,183	2,222	1,920	1,271	797	0	46,939	20,194	928	22
	PJ11760-5 - WW Crom WWTP Construction / Capital Works SP2	237,948	29%	68,144	2,354	5,176	5,343	3,563	3,628	3,694	3,761	3,829	2,710	2,748	2,785	30,908	37,236	928	40
<b>Naseby</b>		<b>1,095,583</b>	<b>5%</b>	<b>41,483</b>	<b>0</b>	<b>5,041</b>	<b>5,075</b>	<b>2,044</b>	<b>2,053</b>	<b>2,062</b>	<b>2,071</b>	<b>2,080</b>	<b>1,095</b>	<b>1,101</b>	<b>1,107</b>	<b>17,754</b>	<b>23,729</b>	<b>9</b>	<b>2,612</b>
	PJ18793 - WW Naseby WWTP Upgrades	867,357	4%	36,167	0	4,884	4,917	1,737	1,745	1,753	1,760	1,768	931	937	942	14,794	21,373	9	2,352
	PJ20111 - WW Naseby WWTP Fencing	120,000	4%	4,393	0	675	680	240	241	242	243	245	129	129	130	1,437	2,955	9	325
	Reticulation - Naseby	31,391	33%	1,995	0	79	79	28	28	28	28	28	15	15	15	1,651	344	9	38
	WWNas - Naseby Consent renewal	26,185	2%	604	0	45	46	16	16	16	16	16	9	9	9	406	198	9	22

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	WWNase - Piped network renewals	24,472	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	WW Renewal Project Management	23,501	1%	672	0	0	0	0	0	0	0	0	0	0	0	672	0	9	0
	Naseby - Condition Assessments	23,052	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	Naseby - Resource Consents	21,065	3%	737	0	43	44	15	16	16	16	16	8	8	8	547	190	9	21
	WWNas - Mech & Process Plnt Rnwls	16,293	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	WWNase - Mechanical & process plant renewals	14,191	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	
	Naseby - Reticulation Renewal	9,896	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	WWNas - CCTV Inspections	7,886	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	Naseby - CCTV Inspections	7,061	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	Naseby - Treatment Plant Minor Improvement	5,989	3%	179	0	11	11	4	4	4	4	4	2	2	2	130	49	9	5
	Naseby - Minor Renewals	5,695	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0
	Naseby - Modelling	5,695	2%	87	0	0	0	0	0	0	0	0	0	0	0	87	0	9	0
	Naseby - Telemetry	3,604	1%	41	0	2	2	1	1	1	1	1	0	0	0	30	10	9	1
	Instrumentation - Naseby	1,840	5%	92	0	6	6	2	2	2	2	2	1	1	0	69	23	9	3
<b>Omakau</b>		<b>987,218</b>	<b>5%</b>	<b>106,582</b>	<b>11,077</b>	<b>4,112</b>	<b>4,146</b>	<b>5,382</b>	<b>5,439</b>	<b>5,497</b>	<b>5,554</b>	<b>5,523</b>	<b>5,494</b>	<b>5,547</b>	<b>5,599</b>	<b>54,290</b>	<b>52,292</b>	<b>20</b>	<b>2,661</b>
	PJ18357 - WW Omakau WWTP Upgrades	538,743	17%	90,803	9,546	3,573	3,603	4,986	5,039	5,092	5,146	5,200	5,173	5,227	5,281	42,483	48,320	20	2,459
	WWOm - Piped N/Wrk Renewals	120,046	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20	0
	WWOm - Piped network renewals	66,448	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20	0
	Plant and Machinery - Omakau	38,849	18%	6,832	718	255	257	0	0	0	0	0	0	0	0	6,320	512	20	26
	WWOm - Resource Consents	31,907	9%	2,715	285	107	108	149	150	152	154	155	154	156	158	1,273	1,442	20	73
	PJ11302-5 - WW Omakau Electrical Controls	25,989	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20	0

ID	Description	Total Cost \$	% Funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	RECOVER-ABLE GROWTH / CAPACITY LIFE (HUES)	Charge per HUE
	Reticulation - Omakau	23,669	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20	0
	PJ18792 - WW Omak Diffuse Discharge Consent	22,226	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20	0
	Instrumentation - Omakau	16,807	11%	1,898	200	69	69	96	97	98	99	9	9	6	0	1,347	551	20	28
	WWOmak - Land based treatment upgrade	16,198	9%	1,383	145	54	55	76	77	77	78	79	79	79	80	649	735	20	37
	WWOm - Future Development	14,908	9%	1,271	20	0	0	0	0	0	0	0	0	0	0	1,271	0	20	0
	Omakau - CCTV Inspections	13,882	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20	0
	PJ11306-5 - WW Omakau Machinery & Plant Renewals	10,469	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20	0
	WW Renewal Project Management	9,857	9%	840	88	30	31	42	43	43	44	44	44	44	45	430	411	20	21
	WW Mechanical / Process Plant Renewals	7,152	4%	109	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Omakau - Treatment Plant Minor Improvement	6,235	9%	540	57	19	19	26	27	27	27	27	27	28	28	286	254	20	13
<b>Ranfurly</b>		<b>989,915</b>	<b>3%</b>	<b>20,621</b>	<b>0</b>	<b>988</b>	<b>996</b>	<b>246</b>	<b>244</b>	<b>208</b>	<b>199</b>	<b>200</b>	<b>80</b>	<b>79</b>	<b>56</b>	<b>17,325</b>	<b>3,296</b>	<b>15</b>	<b>224</b>
	Ranfurly - Reticulation Renewal	151,476	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	Machinery and Plant - Ranfurly	124,189	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	PJ11306-7 - WW Ranfurly Machinery & Plant Renewals	103,790	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	PJ20112 - WW Ranfurly WWTP Fencing	85,000	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	Ranfurly - Treatment Plant Upgrade	69,552	5%	3,664	0	217	219	54	54	55	55	55	29	29	29	2,867	797	15	54
	PJ11309-7 - WW Ranfurly Reticulation Renewals	66,462	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	Non-Pipe Renewals - Ranfurly	47,508	6%	3,339	0	196	198	49	49	49	49	50	0	0	0	2,699	640	15	44
	Reticulation - Ranfurly	46,642	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	Treatment - Ranfurly	38,158	12%	3,060	0	177	178	44	41	41	42	42	22	22	0	2,451	609	15	41

ID	Description	Total Cost \$	% Funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	RECOVER-ABLE GROWTH / CAPACITY LIFE (HUES)	Charge per HUE
	Emergency Conveyance - Ranfurly	36,155	11%	3,769	0	0	0	0	0	0	0	0	0	0	0	3,769	0	15	0
	Plant and Machinery - Ranfurly	30,095	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	WW Renewal Project Management	26,091	2%	807	0	54	55	13	14	14	14	14	7	7	7	609	198	15	13
	Ranfurly - Condition Assessments	22,710	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	PJ19127 - Wastewater Improvements Ranfurly - Trailer	16,100	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	C/Van Dump Point	15,312	16%	2,447	0	146	148	36	37	0	0	0	0	0	0	2,080	367	15	25
	WWRan - CCTV Inspections	14,723	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0
	WWRanf - Land based treatment upgrade	12,202	9%	1,042	0	82	3	20	20	21	21	21	11	11	11	742	300	15	20
<b>Roxburgh</b>		<b>1,322,294</b>	<b>5%</b>	<b>41,732</b>	<b>0</b>	<b>-1,692</b>	<b>-1,662</b>	<b>1,407</b>	<b>1,416</b>	<b>1,228</b>	<b>1,112</b>	<b>1,016</b>	<b>567</b>	<b>423</b>	<b>381</b>	<b>37,538</b>	<b>4,194</b>	<b>4</b>	<b>1,111</b>
	Land based Tmnt Up	301,720	2%	7,505	0	-310	-304	258	259	261	262	264	159	160	161	6,335	1,170	4	310
	Treatment - Roxburgh	165,950	6%	9,772	0	-265	-260	220	221	223	224	226	136	41	0	9,006	766	4	203
	Reticulation - Roxburgh	119,518	18%	12,029	0	-575	-565	478	481	448	427	327	152	154	155	10,546	1,483	4	393
	PJ20113 - WW Roxburgh WWTP Fencing	90,000	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	Pump Station - Roxburgh	70,352	2%	2,257	0	-192	-188	160	161	0	0	0	0	0	0	2,317	-60	4	-16
	Emergency Conveyance - Roxburgh	64,215	8%	4,954	0	-8	-8	7	7	7	0	0	0	0	0	4,949	4	4	1
	PJ18800 - WW Roxb Network Fixture Improvements	59,566	1%	361	0	-112	-110	93	93	94	95	95	57	58	58	-61	422	4	112
	W Water - Piped N/Wrk Renewal	56,563	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	PJ11302-9 - WW Roxburgh Electrical Controls	50,917	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	PJ11307-9 - WW Roxburgh Manhole Renewals	43,278	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	Plant and Machinery - Roxburgh	41,647	4%	2,047	0	-100	-98	83	84	84	85	85	51	0	0	1,773	274	4	73

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	RoxSewOps - Pump Stn & Storage Rnws	38,110	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	Roxburgh - Reticulation Renewal	36,531	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	WW Renewal Project Management	32,379	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
	Roxburgh - Non-Pipe Renewals	28,198	1%	291	0	-12	-12	10	10	10	10	10	6	6	6	246	45	4	12
	WWRoxb - Electrical control & instrumentation renewals	23,147	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0
<b>District Wide</b>		<b>2,759,805</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,276</b>	<b>0</b>
	PJ17150 - WW Districtwide Reticulation Renewals	1,688,575	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,276	0
	PJ18298 - WW Electrical Control/Instrumentation Renewals	364,924	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,276	0
	PJ18302 - WW Pump Station / Storage Renewals	301,381	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,276	0
	PJ18299 - WW Mechanical / Process Plant Renewals	136,937	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,276	0
	PJ17147 - WW Districtwide Reline Sewer Pipes	116,189	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,276	0
	PJ17145 - WW Mechanical and Process Plant Renewals	87,177	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,276	0
	PJ18301 - WW Piped Network Fixture Renewals	44,594	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,276	0
	<b>PJ17148 - WW Districtwide Resource Consent Renewal</b>	<b>20,028</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,276</b>	<b>0</b>



## TRANSPORT

ID	Description	Total Cost \$	Average of FAR %	% funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	RECOVER-ABLE GROWTH / CAPACITY LIFE (HUES)	Charge per HUE
<b>Asset Management</b>		<b>141,440</b>	<b>0%</b>	<b>23%</b>	<b>16,824</b>	<b>1,222</b>	<b>999</b>	<b>1,016</b>	<b>1,033</b>	<b>765</b>	<b>499</b>	<b>139</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,594</b>	<b>4,452</b>	<b>2,314</b>	<b>2</b>
	Road Const. Prof	130,184	0%	23%	14,187	1,031	844	858	872	646	370	8	0	0	0	0	11,620	3,598	2,314	2
	PolyRds - Land	11,257	0%	23%	2,637	192	156	158	161	119	129	131	0	0	0	0	1,974	854	2,314	0
<b>Car Parking</b>		<b>217,251</b>	<b>0%</b>	<b>6%</b>	<b>18,418</b>	<b>1,534</b>	<b>636</b>	<b>646</b>	<b>657</b>	<b>487</b>	<b>526</b>	<b>533</b>	<b>540</b>	<b>547</b>	<b>469</b>	<b>503</b>	<b>14,409</b>	<b>5,543</b>	<b>2,314</b>	<b>2</b>
	Carpark Renewals	74,582	0%	18%	13,159	1,341	584	594	604	447	483	489	496	502	431	462	9,407	5,093	2,314	2
	Unsubsidised Rooding Alexandra	58,943	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%	2,314	0
	CrmCarP - Carpark Renewals	40,750	0%	11%	4,580	154	0	0	0	0	0	0	0	0	0	0	4,734	0	2,314	0
	Maniototo Carpark Renewals	25,876	0%	2%	408	24	31	31	32	24	26	26	26	27	23	24	162	270	2,314	0
	Cromwell Carparks New	17,100	0%	2%	270	16	21	21	21	16	17	17	18	18	15	16	105	180	2,314	0
<b>Drainage</b>		<b>7,058,644</b>	<b>6%</b>	<b>4%</b>	<b>135,367</b>	<b>15,874</b>	<b>6,921</b>	<b>6,862</b>	<b>6,732</b>	<b>4,987</b>	<b>5,387</b>	<b>5,456</b>	<b>5,526</b>	<b>5,597</b>	<b>4,805</b>	<b>5,147</b>	<b>93,822</b>	<b>57,419</b>	<b>2,314</b>	<b>25</b>
	Drainage	1,999,805	0%	4%	40,292	4,979	1,370	1,393	1,416	1,049	1,133	1,148	1,163	1,178	1,011	1,083	33,326	11,944	2,314	5
	Drainage Renewals	1,628,590	0%	4%	29,561	2,778	1,081	924	695	515	556	563	570	578	496	531	25,829	6,510	2,314	3
	Renewal of Local Roads	1,460,135	0%	3%	24,669	3,048	822	836	850	630	680	689	698	707	607	650	20,551	7,166	2,314	3
	Drainage Renewals Rooding	1,159,948	51%	3%	18,362	2,269	638	649	660	489	528	535	542	549	471	505	15,065	5,566	2,314	2
	Kerb and Channel Con	443,426	0%	3%	15,289	1,889	2,228	2,266	2,304	1,707	1,843	1,867	1,891	1,915	1,644	1,761	-2,248	19,426	2,314	8
	Major Drainage Control	115,663	0%	3%	1,874	232	346	351	357	265	286	290	293	297	255	273	-907	3,013	2,314	1
	Naseby township drainage upgrades	90,000	51%	3%	1,425	199	41	41	42	31	34	34	35	35	30	32	1,269	354	2,314	0
	Drainage Facility Renewals	81,868	0%	3%	1,383	171	46	47	48	35	38	39	39	40	34	36	1,152	402	2,314	0
	Kerb and Channel Construction	47,385	0%	3%	1,634	202	319	324	330	244	264	267	271	274	235	252	-946	2,782	2,314	1
	Maniototo K& C	19,315	0%	3%	666	82	22	23	23	17	18	19	19	19	16	18	555	193	2,314	0

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	Drainage New Capex	12,509	0%	3%	211	26	7	7	7	5	6	6	6	6	5	6	176	61	2,314	0
<b>Footpaths</b>		<b>7,414,221</b>	<b>4%</b>	<b>23%</b>	<b>1,294,961</b>	<b>109,022</b>	<b>35,631</b>	<b>46,723</b>	<b>47,507</b>	<b>44,321</b>	<b>43,487</b>	<b>39,260</b>	<b>35,127</b>	<b>31,163</b>	<b>26,754</b>	<b>28,477</b>	<b>1,025,532</b>	<b>378,451</b>	<b>2,314</b>	<b>164</b>
	Footpaths and Pedestrians	4,497,553	0%	23%	868,806	78,380	15,377	26,229	26,669	25,923	23,613	19,273	15,289	11,408	9,794	10,491	763,122	184,065	2,314	80
	District Wide Footpath Renewals	770,755	0%	2%	12,162	709	941	957	973	720	778	788	798	809	694	744	4,669	8,202	2,314	4
	Bannockburn bridge cycle facility	677,534	51%	33%	110,885	8,056	7,088	7,206	7,327	5,428	5,864	5,939	6,015	6,092	5,230	5,603	57,149	61,792	2,314	27
	Unsubsidised Roding Alexandra	369,198	0%	23%	87,118	6,329	5,172	5,258	5,347	3,961	4,278	4,333	4,389	4,445	3,816	4,088	48,360	45,088	2,314	19
	Unsubsidised Roding Cromwell	277,520	0%	24%	68,246	4,958	4,045	4,112	4,181	3,098	3,346	3,389	3,433	3,477	2,985	3,197	37,942	35,262	2,314	15
	37537698. CrmPths - Footpaths & pedestri	215,340	0%	19%	20,211	1,468	1,265	1,286	1,308	969	1,046	1,060	1,073	1,087	933	1,000	10,651	11,028	2,314	5
	New Footpaths	111,782	51%	31%	16,854	1,225	1,082	1,100	1,119	829	895	907	918	930	799	855	8,645	9,434	2,314	4
	Unsubsidised Roding Maniototo	95,023	0%	22%	21,245	1,543	1,265	1,286	1,307	969	1,046	1,060	1,073	1,087	933	1,000	11,763	11,026	2,314	5
	Landscaping	92,206	0%	26%	24,293	1,765	-2,571	-2,614	-2,658	0	0	0	0	0	0	0	33,902	-7,844	2,314	-3
	Omakau - Ophir Cycle Path	91,140	51%	33%	14,916	1,084	948	964	980	726	784	794	805	815	700	749	7,735	8,265	2,314	4
	Roxburgh streetscape improvements	90,000	51%	4%	1,966	66	228	232	236	175	189	191	194	196	168	0	224	1,808	2,314	1
	Unsubsidised Roding Roxburgh	59,431	0%	22%	13,287	965	792	805	819	607	655	664	672	681	585	626	7,346	6,906	2,314	3
	Unsubsidised Roding Earnsclough	56,890	0%	24%	13,693	995	813	826	840	622	672	681	690	698	600	642	7,604	7,084	2,314	3
	47537698. NsrClyde - Footpaths & pedestr	52,841	0%	19%	4,959	360	310	316	321	238	257	260	263	267	229	245	2,614	2,706	2,314	1
	Lighting	46,441	0%	26%	12,236	889	-1,295	-1,317	-1,339	0	0	0	0	0	0	0	17,075	-3,951	2,314	-2
	Unsub Roding	42,102	0%	26%	11,092	806	656	667	678	502	543	408	8	0	0	0	8,436	3,462	2,314	1
	Pedestrian Footbridges	24,826	0%	26%	6,541	475	385	391	398	295	318	323	327	0	0	0	4,579	2,437	2,314	1
	Unsubsidised Work	20,800	0%	4%	827	28	0	0	0	0	0	0	0	0	0	0	854	0	2,314	0
	47527698. NsrOmak - Footpaths & pedestri	14,916	0%	19%	1,400	102	88	89	91	67	72	73	74	75	65	69	738	764	2,314	0

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ID	Description	Total Cost \$	Average of FAR %	% funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	RECOVER-ABLE GROWTH / CAPACITY LIFE (HUES)	Charge per HUE
	Unsubsidised Roding Manuhierikia	10,801	0%	24%	2,742	199	162	165	168	124	134	136	138	139	120	128	1,527	1,414	2,314	1
	Footpaths and Pedestrians	4,497,553	0%	23%	868,806	78,380	15,377	26,229	26,669	25,923	23,613	19,273	15,289	11,408	9,794	10,491	763,122	184,065	2,314	80
	District Wide Footpath Renewals	770,755	0%	2%	12,162	709	941	957	973	720	778	788	798	809	694	744	4,669	8,202	2,314	4
	Bannockburn bridge cycle facility	677,534	51%	33%	110,885	8,056	7,088	7,206	7,327	5,428	5,864	5,939	6,015	6,092	5,230	5,603	57,149	61,792	2,314	27
	Unsubsidised Roding Alexandra	369,198	0%	23%	87,118	6,329	5,172	5,258	5,347	3,961	4,278	4,333	4,389	4,445	3,816	4,088	48,360	45,088	2,314	19
	Unsubsidised Roding Cromwell	277,520	0%	24%	68,246	4,958	4,045	4,112	4,181	3,098	3,346	3,389	3,433	3,477	2,985	3,197	37,942	35,262	2,314	15
	37537698. CrmPths - Footpaths & pedestri	215,340	0%	19%	20,211	1,468	1,265	1,286	1,308	969	1,046	1,060	1,073	1,087	933	1,000	10,651	11,028	2,314	5
<b>Minor Improvements</b>		<b>7,035,962</b>	<b>13%</b>	<b>20%</b>	<b>608,292</b>	<b>58,313</b>	<b>29,511</b>	<b>30,005</b>	<b>30,509</b>	<b>22,601</b>	<b>24,414</b>	<b>24,727</b>	<b>25,044</b>	<b>25,366</b>	<b>20,998</b>	<b>21,596</b>	<b>411,835</b>	<b>254,770</b>	<b>2,314</b>	<b>110</b>
	Minor Improvements	2,087,019	0%	22%	214,480	18,954	11,230	11,418	11,610	8,601	9,290	9,409	9,530	9,653	8,287	8,877	135,528	97,905	2,314	42
	Improvement of Local Roads	1,367,951	0%	8%	21,974	1,596	1,292	1,314	1,336	990	1,069	1,083	1,096	1,111	510	0	13,771	9,799	2,314	4
	Minor improvements (includes LED Lights)	722,767	51%	33%	115,300	14,247	3,994	4,061	4,129	3,059	3,305	3,347	3,390	3,433	2,948	3,157	94,722	34,824	2,314	15
	Other	720,930	0%	22%	64,949	4,719	3,839	3,903	3,968	2,940	3,176	3,216	3,258	3,299	2,833	3,034	36,203	33,465	2,314	14
	RdAss - Other cap exp	408,305	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,314	0
	1723769341. AssocImpr - Minor Improvements	338,015	0%	19%	31,725	2,305	1,986	2,019	2,053	1,521	1,643	1,664	1,685	1,707	1,465	1,569	16,719	17,311	2,314	7
	Associated Improvements	328,014	17%	25%	35,542	2,608	2,104	2,139	2,175	1,611	1,740	1,763	1,785	1,808	1,553	1,663	19,808	18,342	2,314	8
	Emergency Work - Natural Disaster	305,098	51%	33%	48,671	6,014	1,687	1,716	1,744	1,292	1,396	1,414	1,432	1,450	1,245	1,334	39,974	14,711	2,314	6
	Minor improvements McNulty Road	214,439	51%	33%	34,208	4,227	1,188	1,208	1,228	910	983	995	1,008	1,021	877	939	28,078	10,358	2,314	4
	Renewal of Local Roads	200,529	0%	16%	15,262	1,109	897	912	928	687	742	752	761	771	326	0	9,594	6,777	2,314	3
	47537720. NsrClyde - Improvements	98,686	0%	19%	9,262	673	580	589	599	444	480	486	492	498	428	458	4,881	5,054	2,314	2
	Central Otago touring route	77,382	51%	33%	12,344	1,525	430	438	445	330	356	361	365	370	318	340	10,118	3,752	2,314	2

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ID	Description	Total Cost \$	Average of FAR %	% funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	RECOVER-ABLE GROWTH / CAPACITY LIFE (HUES)	Charge per HUE
	Unsubsidised Roding Cromwell	66,469	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,314	0
	Roding Unit : RdgUnit - Motor cars & utes	37,398	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,314	0
	77537720. RoxFPaths - Improvements	24,343	0%	19%	2,285	166	143	145	148	110	118	120	121	123	106	113	1,204	1,247	2,314	1
	37537720. CrmPths - Improvements	23,381	0%	19%	2,194	159	137	140	142	105	114	115	117	118	101	109	1,157	1,197	2,314	1
	Other Cap Exp	14,639	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,314	0
	Boundary Road improvements	595	51%	33%	95	12	3	3	3	3	3	3	3	3	2	3	78	29	2,314	0
	Minor Improvements	2,087,019	0%	22%	214,480	18,954	11,230	11,418	11,610	8,601	9,290	9,409	9,530	9,653	8,287	8,877	135,528	97,905	2,314	42
<b>Pavement Reconstruction</b>		<b>8,460,717</b>	<b>3%</b>	<b>10%</b>	<b>304,597</b>	<b>16,025</b>	<b>2,968</b>	<b>4,981</b>	<b>6,991</b>	<b>5,179</b>	<b>3,830</b>	<b>2,181</b>	<b>1,320</b>	<b>1,336</b>	<b>1,147</b>	<b>1,229</b>	<b>289,460</b>	<b>31,162</b>	<b>2,314</b>	<b>13</b>
	Metalling	3,646,202	0%	5%	94,099	3,156	0	0	0	0	0	0	0	0	0	0	97,255	0	2,314	0
	Renewal of Local Roads	1,870,542	0%	4%	36,431	1,222	0	0	0	0	0	0	0	0	0	0	37,653	0	2,314	0
	Road Construction	1,184,157	0%	21%	124,645	8,998	1,413	3,400	5,384	3,988	2,544	878	0	0	0	0	116,036	17,607	2,314	8
	Royalties Gravel	562,105	0%	3%	9,116	306	0	0	0	0	0	0	0	0	0	0	9,422	0	2,314	0
	Pavement Reconstruction (NZTA WC214)	288,314	51%	17%	23,827	1,731	1,533	1,558	1,585	1,174	1,268	1,284	1,301	1,317	1,131	1,212	12,195	13,363	2,314	6
	Culverts	270,757	0%	4%	5,058	170	0	0	0	0	0	0	0	0	0	0	5,228	0	2,314	0
	Drainage Renewal	250,318	0%	2%	1,891	63	0	0	0	0	0	0	0	0	0	0	1,954	0	2,314	0
	Sealed Culvert Renewals	154,971	0%	5%	4,088	137	0	0	0	0	0	0	0	0	0	0	4,225	0	2,314	0
	PaveMaint - Drainage Rnwl unse	84,111	0%	2%	635	21	0	0	0	0	0	0	0	0	0	0	657	0	2,314	0
	Unsealed Culvert Renewals	57,011	0%	4%	1,212	41	0	0	0	0	0	0	0	0	0	0	1,253	0	2,314	0
	New Culverts Sealed Roads	50,808	0%	9%	2,358	79	0	0	0	0	0	0	0	0	0	0	2,437	0	2,314	0
	Bldgs/Improves	25,253	0%	4%	492	16	0	0	0	0	0	0	0	0	0	0	508	0	2,314	0



ID	Description	Total Cost \$	Average of FAR %	% funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	RECOVERABLE GROWTH / CAPACITY LIFE (HUES)	Charge per HUE
	PaveMaint - Culvts Unseal New	10,778	0%	2%	81	3	0	0	0	0	0	0	0	0	0	0	84	0	2,314	0
	AreaPave - Prof Services	5,391	0%	25%	663	82	22	22	23	17	18	19	19	19	16	17	553	193	2,314	0
<b>Reseals</b>		<b>23,962,792</b>	<b>4%</b>	<b>10%</b>	<b>1,184,933</b>	<b>43,317</b>	<b>57,205</b>	<b>46,227</b>	<b>34,211</b>	<b>19,293</b>	<b>16,478</b>	<b>9,132</b>	<b>9,250</b>	<b>9,369</b>	<b>8,043</b>	<b>8,615</b>	<b>1,010,425</b>	<b>217,824</b>	<b>2,314</b>	<b>94</b>
	Sealed Road Renewals	9,406,001	10%	11%	458,208	18,674	34,182	22,818	10,409	7,711	8,330	8,436	8,545	8,654	7,430	7,959	352,407	124,474	2,314	54
	Mntnce Chip Seals	5,741,070	0%	7%	196,441	6,588	0	0	0	0	0	0	0	0	0	0	203,030	0	2,314	0
	Reseals	3,879,814	0%	11%	205,731	6,900	22,192	22,564	22,943	10,946	7,461	0	0	0	0	0	126,525	86,106	2,314	37
	Renewal of Local Roads	3,804,495	0%	16%	298,642	10,016	0	0	0	0	0	0	0	0	0	0	308,658	0	2,314	0
	District Renewals	690,215	0%	2%	10,891	635	831	845	859	636	687	696	705	714	613	657	4,283	7,243	2,314	3
	Thin AC	405,156	0%	7%	13,752	461	0	0	0	0	0	0	0	0	0	0	14,213	0	2,314	0
	Reseal Rds - Prof Services	36,041	0%	7%	1,267	42	0	0	0	0	0	0	0	0	0	0	1,310	0	2,314	0
<b>Road Construction</b>		<b>2,699,979</b>	<b>0%</b>	<b>24%</b>	<b>582,096</b>	<b>44,457</b>	<b>21,292</b>	<b>26,544</b>	<b>30,065</b>	<b>22,272</b>	<b>19,273</b>	<b>7,464</b>	<b>6,626</b>	<b>6,711</b>	<b>5,762</b>	<b>6,172</b>	<b>474,372</b>	<b>152,181</b>	<b>2,314</b>	<b>66</b>
	Road Construction	2,526,456	0%	23%	540,963	39,302	19,995	25,226	28,725	21,280	18,201	6,378	5,526	5,597	4,805	5,147	439,386	140,879	2,314	61
	57537691. MtoFPths - Road construction	93,227	0%	19%	8,750	636	548	557	566	419	453	459	465	471	404	433	4,611	4,774	2,314	2
	CrmPths - Other cap exp	80,296	0%	40%	32,382	4,519	749	761	774	573	619	627	635	644	552	592	30,374	6,527	2,314	3
<b>Seal Extensions</b>		<b>3,510,432</b>	<b>6%</b>	<b>16%</b>	<b>358,304</b>	<b>26,032</b>	<b>16,025</b>	<b>19,641</b>	<b>19,970</b>	<b>14,794</b>	<b>15,981</b>	<b>10,844</b>	<b>10,937</b>	<b>11,077</b>	<b>4,993</b>	<b>1</b>	<b>260,073</b>	<b>124,263</b>	<b>2,314</b>	<b>54</b>
	Road Construction	2,181,777	0%	17%	138,975	10,097	3,129	6,529	6,639	4,918	5,312	38	0	0	0	0	122,507	26,565	2,314	11
	Unsubsidised Work	1,326,003	0%	17%	219,163	15,923	12,886	13,102	13,322	9,869	10,660	10,797	10,936	11,076	4,992	0	137,446	97,639	2,314	42
	SealExSub - Seal extn Ophir Br	2,274	0%	17%	147	11	9	9	9	7	7	7	0	0	0	0	110	47	2,314	0
	Seal Extensions at Intersections	378	51%	11%	20	1	1	1	1	1	1	1	1	1	1	1	10	11	2,314	0
<b>Structure</b>		<b>4,550,697</b>	<b>7%</b>	<b>26%</b>	<b>666,368</b>	<b>91,026</b>	<b>25,701</b>	<b>26,132</b>	<b>26,570</b>	<b>19,684</b>	<b>21,262</b>	<b>21,535</b>	<b>21,811</b>	<b>22,092</b>	<b>18,966</b>	<b>20,316</b>	<b>533,324</b>	<b>224,070</b>	<b>2,314</b>	<b>97</b>
	Structures Renewals	1,831,700	22%	28%	255,416	35,076	7,437	7,562	7,689	5,696	6,153	6,232	6,312	6,393	5,488	5,879	225,654	64,839	2,314	28

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ID	Description	Total Cost \$	Average of FAR %	% funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	RECOVERABLE GROWTH / CAPACITY LIFE (HUES)	Charge per HUE
	Bridge Renewals	1,404,599	0%	31%	209,494	29,235	13,091	13,310	13,534	10,026	10,830	10,969	11,110	11,252	9,661	10,348	124,598	114,131	2,314	49
	Structure	273,509	0%	29%	38,505	5,373	1,077	1,095	1,113	825	891	902	914	926	795	851	34,490	9,388	2,314	4
	Bridge Upgrades	263,648	0%	31%	39,571	5,522	1,087	1,105	1,124	832	899	911	922	934	802	859	35,618	9,476	2,314	4
	Greenbridge	258,895	0%	31%	38,040	5,309	1,046	1,063	1,081	801	865	876	887	899	772	827	34,233	9,116	2,314	4
	Small bridge replacement	216,000	51%	42%	44,056	6,148	1,053	1,070	1,088	806	871	882	893	905	777	832	41,028	9,176	2,314	4
	Renewal of Local Roads	176,327	0%	30%	25,494	3,558	700	712	724	536	579	586	594	602	516	553	22,949	6,102	2,314	3
	Decorations	94,933	0%	11%	10,671	358	0	0	0	0	0	0	0	0	0	0	11,028	0	2,314	0
	Pedestrian Services	22,475	0%	11%	2,526	85	0	0	0	0	0	0	0	0	0	0	2,611	0	2,314	0
	Bridge Piers	8,003	0%	31%	2,502	349	209	212	216	160	173	175	177	179	154	165	1,032	1,819	2,314	1
	BrdgRenRds - Prof Services	607	0%	31%	93	13	3	3	3	2	2	2	2	2	2	2	84	22	2,314	0
<b>Town Centre</b>		<b>1,924,813</b>	<b>14%</b>	<b>12%</b>	<b>216,180</b>	<b>7,251</b>	<b>18,356</b>	<b>18,664</b>	<b>18,977</b>	<b>14,058</b>	<b>15,186</b>	<b>15,380</b>	<b>15,578</b>	<b>15,721</b>	<b>11,627</b>	<b>0</b>	<b>79,884</b>	<b>143,547</b>	<b>2,314</b>	<b>62</b>
	Clyde Historic Precinct	1,053,497	51%	31%	158,846	5,328	18,356	18,664	18,977	14,058	15,186	15,380	15,578	15,721	11,627	0	20,626	143,547	2,314	62
	Alexandra Town Centre - Other Capital Expenditure	617,466	0%	7%	40,761	1,367	0	0	0	0	0	0	0	0	0	0	42,128	0	2,314	0
	CrmTwnCtr - Upgrade Stream	124,952	0%	7%	8,249	277	0	0	0	0	0	0	0	0	0	0	8,525	0	2,314	0
	CrmTwnCtr - Other Capital Expenditure	97,781	0%	7%	6,455	216	0	0	0	0	0	0	0	0	0	0	6,671	0	2,314	0
	Alexandra Town Centre - Decorations	16,768	0%	7%	1,107	37	0	0	0	0	0	0	0	0	0	0	1,144	0	2,314	0
	Cromwell Town Centre	10,035	0%	7%	662	22	0	0	0	0	0	0	0	0	0	0	685	0	2,314	0
	Town Centre: AlxTC - Signs/Bins/Structures	2,080	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,314	0
	Unsubsidised Work	1,526	0%	7%	101	3	0	0	0	0	0	0	0	0	0	0	104	0	2,314	0
	Town Centre: AlxTC - Irrigation	706	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,314	0

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<b>Traffic Services</b>		<b>11,811,208</b>	<b>3%</b>	<b>15%</b>	<b>975,190</b>	<b>63,336</b>	<b>-8,091</b>	<b>-6,394</b>	<b>10,746</b>	<b>18,501</b>	<b>17,386</b>	<b>14,819</b>	<b>12,314</b>	<b>7,993</b>	<b>6,396</b>	<b>6,282</b>	<b>958,574</b>	<b>79,953</b>	<b>2,314</b>	<b>35</b>
	New Safety Project	2,554,561	0%	26%	254,540	18,493	-2,084	294	2,781	6,851	5,095	2,661	0	0	0	0	257,435	15,597	2,314	7
	Road Construction	2,001,186	0%	18%	169,023	7,976	-6,278	-6,383	-1,816	0	0	0	0	0	0	0	191,477	-14,478	2,314	-6
	Mntnce Chip Seals	1,100,596	0%	7%	37,116	1,245	0	0	0	0	0	0	0	0	0	0	38,361	0	2,314	0
	Metalling	752,873	0%	5%	19,047	639	0	0	0	0	0	0	0	0	0	0	19,686	0	2,314	0
	Signs	743,419	0%	10%	41,528	1,393	0	0	0	0	0	0	0	0	0	0	42,921	0	2,314	0
	Renewal of Local Roads	596,481	0%	15%	49,257	2,771	1,683	1,711	1,740	1,289	1,392	1,410	1,428	0	0	0	41,374	10,654	2,314	5
	Bridge Renewals	564,776	0%	31%	82,984	11,580	7,095	7,214	7,335	5,434	5,870	5,945	6,021	6,099	5,236	5,609	32,707	61,858	2,314	27
	Improvement of Local Roads	496,146	0%	26%	51,017	3,706	3,003	3,053	3,104	2,300	2,484	2,516	2,548	0	0	0	35,716	19,007	2,314	8
	Traffic Services Renewals	352,553	51%	8%	13,116	440	1,496	1,521	1,547	1,146	1,238	1,253	1,270	833	379	0	2,874	10,682	2,314	5
	Signs & Railings Renewals	350,559	0%	9%	13,929	467	951	387	0	0	0	0	0	0	0	0	13,058	1,338	2,314	1
	Traffic Services	346,206	0%	5%	9,031	303	975	991	1,008	536	286	0	0	0	0	0	5,538	3,796	2,314	2
	Signs & posts and railings	254,198	0%	9%	11,111	373	0	0	0	0	0	0	0	0	0	0	11,484	0	2,314	0
	Footpaths and Pedestr	251,254	0%	26%	66,198	4,809	-7,026	-7,144	-4,590	0	0	0	0	0	0	0	89,767	-18,759	2,314	-8
	Footpaths and Pedestri	198,473	0%	26%	52,291	3,799	-5,577	-5,670	0	0	0	0	0	0	0	0	67,337	-11,247	2,314	-5
	Car Park Construction	182,506	0%	11%	20,514	688	0	0	0	0	0	0	0	0	0	0	21,202	0	2,314	0
	Thin Asphaltic Su	151,413	0%	7%	5,106	171	0	0	0	0	0	0	0	0	0	0	5,277	0	2,314	0
	Edgemarkers	117,075	0%	17%	9,723	326	0	0	0	0	0	0	0	0	0	0	10,049	0	2,314	0
	Other Capital Expenditure	115,062	0%	7%	7,596	8	0	0	0	0	0	0	0	0	0	0	7,604	0	2,314	0
	Traffic Services	100,476	0%	8%	3,966	231	298	303	308	228	246	250	253	256	220	235	1,600	2,597	2,314	1
	Culverts	67,999	0%	4%	1,270	43	0	0	0	0	0	0	0	0	0	0	1,313	0	2,314	0

416

ID	Description	Total Cost \$	Average of FAR %	% funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	RECOVER-ABLE GROWTH / CAPACITY LIFE (HUES)	Charge per HUE
	Royalties Gravel	64,782	0%	3%	1,033	35	0	0	0	0	0	0	0	0	0	0	1,067	0	2,314	0
	Speed Limit Thresholds	60,000	51%	6%	1,772	59	205	209	212	157	170	172	174	177	152	0	202	1,629	2,314	1
	Road Const. Prof	56,536	0%	23%	5,827	423	-617	-627	-638	0	0	0	0	0	0	0	8,132	-1,881	2,314	-1
	Footpaths & Pedestr	48,018	0%	26%	12,651	919	-1,349	-1,372	0	0	0	0	0	0	0	0	16,291	-2,721	2,314	-1
	Furniture and Fittings	40,015	0%	9%	3,570	120	0	0	0	0	0	0	0	0	0	0	3,689	0	2,314	0
	Vehicle-activated speed warning signage	37,302	51%	9%	1,554	52	176	179	182	135	145	147	149	151	0	0	343	1,264	2,314	1
	Landscaping	34,686	0%	26%	9,139	664	-967	-983	-1,000	0	0	0	0	0	0	0	12,753	-2,951	2,314	-1
	Major Drainage Control	30,561	0%	3%	495	61	99	101	103	76	82	83	84	86	73	79	-311	867	2,314	0
	Structures Renewals	30,226	0%	29%	4,254	309	251	256	260	193	208	211	213	216	186	199	2,371	2,192	2,314	1
	Decorations	27,115	0%	11%	3,048	102	0	0	0	0	0	0	0	0	0	0	3,150	0	2,314	0
	Footpaths and Pedest	22,408	0%	26%	5,904	429	-630	-640	0	0	0	0	0	0	0	0	7,603	-1,270	2,314	-1
	Bus Shelter	16,006	0%	9%	1,428	48	0	0	0	0	0	0	0	0	0	0	1,476	0	2,314	0
	Bridge Piers	12,497	0%	31%	3,907	545	334	340	345	256	276	280	283	287	247	264	1,540	2,912	2,314	1
	Traffic Island	9,604	0%	9%	857	29	0	0	0	0	0	0	0	0	0	0	885	0	2,314	0
	CapEx Landscaping	8,003	0%	3%	257	26	-162	-164	-167	-124	-134	-135	-137	-139	-119	-128	1,692	-1,410	2,314	-1
	X-Mas Decorations	4,802	0%	9%	428	14	0	0	0	0	0	0	0	0	0	0	443	0	2,314	0
	Irrigation	4,802	0%	3%	166	20	31	32	33	24	26	26	27	27	23	25	-88	274	2,314	0
	Cromwell Car Parking -	3,980	0%	11%	447	15	0	0	0	0	0	0	0	0	0	0	462	0	2,314	0
	New Signs	2,055	0%	9%	90	3	0	0	0	0	0	0	0	0	0	0	93	0	2,314	0

ID	Description	Total Cost \$	Average of FAR %	% funded by DCs	DC funded cost \$	Interest Cost \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum of Years 10+	Sum of Analysis Window Growth Cost	RECOVER-ABLE GROWTH / CAPACITY LIFE (HUES)	Charge per HUE
<b>Unsealed Road Metalling</b>		<b>17,059,755</b>	<b>13%</b>	<b>6%</b>	<b>470,559</b>	<b>17,220</b>	<b>39,029</b>	<b>37,107</b>	<b>34,931</b>	<b>24,493</b>	<b>24,527</b>	<b>22,907</b>	<b>23,201</b>	<b>5,121</b>	<b>4,397</b>	<b>3,036</b>	<b>269,030</b>	<b>218,749</b>	<b>2,314</b>	<b>95</b>
	Gravel Road Renewals	9,968,481	14%	5%	335,897	12,669	32,190	30,154	27,861	20,640	22,295	22,581	22,871	4,787	4,110	2,770	158,309	190,257	2,314	82
	Unsealed Road Metalling	4,386,462	0%	3%	59,748	2,004	6,450	6,558	6,668	3,556	1,911	0	0	0	0	0	36,609	25,143	2,314	11
	Renewal of Local Roads	2,387,432	0%	15%	70,963	2,380	0	0	0	0	0	0	0	0	0	0	73,343	0	2,314	0
	Gravel Purchases	317,379	51%	3%	3,951	167	389	395	402	298	322	326	330	334	287	266	769	3,349	2,314	1
<b>Unsubsidised Rooding</b>		<b>506,733</b>	<b>0%</b>	<b>28%</b>	<b>158,235</b>	<b>18,736</b>	<b>5,494</b>	<b>5,586</b>	<b>5,680</b>	<b>4,208</b>	<b>4,545</b>	<b>4,604</b>	<b>4,663</b>	<b>4,723</b>	<b>2,739</b>	<b>2,934</b>	<b>131,795</b>	<b>45,176</b>	<b>2,314</b>	<b>20</b>
	Unsubsidised Work	343,888	0%	40%	138,685	17,320	4,289	4,361	4,434	3,285	3,548	3,594	3,640	3,687	1,849	1,981	121,338	34,667	2,314	15
	Unsubsidised Rooding	90,981	0%	13%	5,907	429	358	364	370	274	296	300	304	308	264	283	3,213	3,123	2,314	1
	57537718. MtoFPths - Unsub Rooding.	70,671	0%	19%	13,537	983	847	861	876	649	701	710	719	728	625	670	7,134	7,386	2,314	3
	Signs/Bins/Structures	1,193	0%	9%	106	4	0	0	0	0	0	0	0	0	0	0	110	0	2,314	0
<b>Vested Assets</b>		<b>8,950,474</b>	<b>0%</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,314</b>	<b>0</b>
	Vested Assets	7,409,599	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,314	0
	RdAss - Vested assets	1,314,312	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,314	0
	CrmPths - Vested assets	102,090	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,314	0
	Rooding: RdAss - Vested assets	57,522	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,314	0
	Vestd Assets	57,357	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,314	0
	Unsub Rooding Cromwell: CrmPths - Vested assets	9,593	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,314	0
<b>Ward Renewals</b>		<b>887,779</b>	<b>0%</b>	<b>4%</b>	<b>34,990</b>	<b>2,310</b>	<b>1,708</b>	<b>1,737</b>	<b>1,766</b>	<b>1,308</b>	<b>1,413</b>	<b>1,431</b>	<b>1,450</b>	<b>1,468</b>	<b>682</b>	<b>0</b>	<b>24,337</b>	<b>12,963</b>	<b>2,314</b>	<b>6</b>
	Unsubsidised Work	887,779	0%	4%	34,990	2,310	1,708	1,737	1,766	1,308	1,413	1,431	1,450	1,468	682	0	24,337	12,963	2,314	6

This table has rounding ( $\pm 1$ )

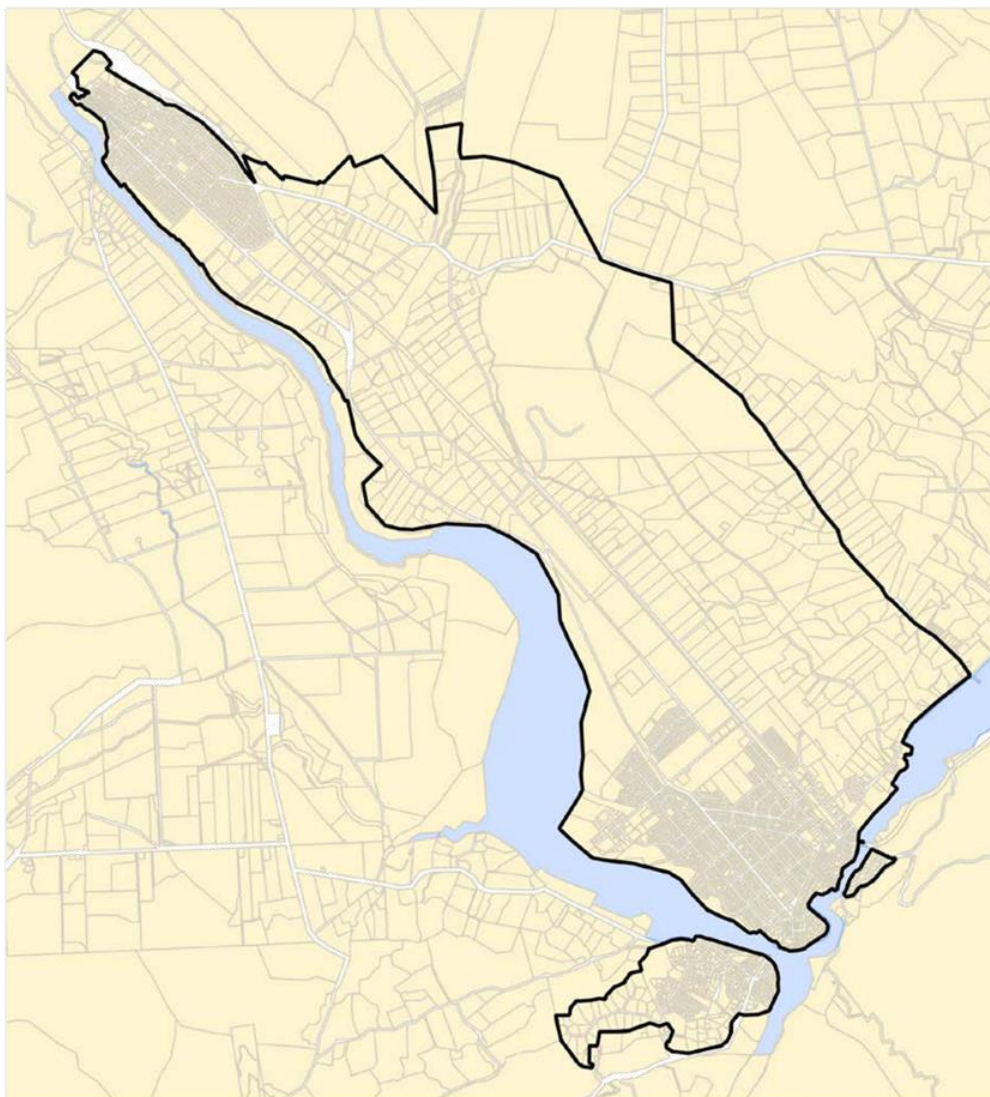


## PART 3: Catchment Maps

The maps in this section outline the boundaries of the catchments within which development contributions will apply.

### Water catchment maps

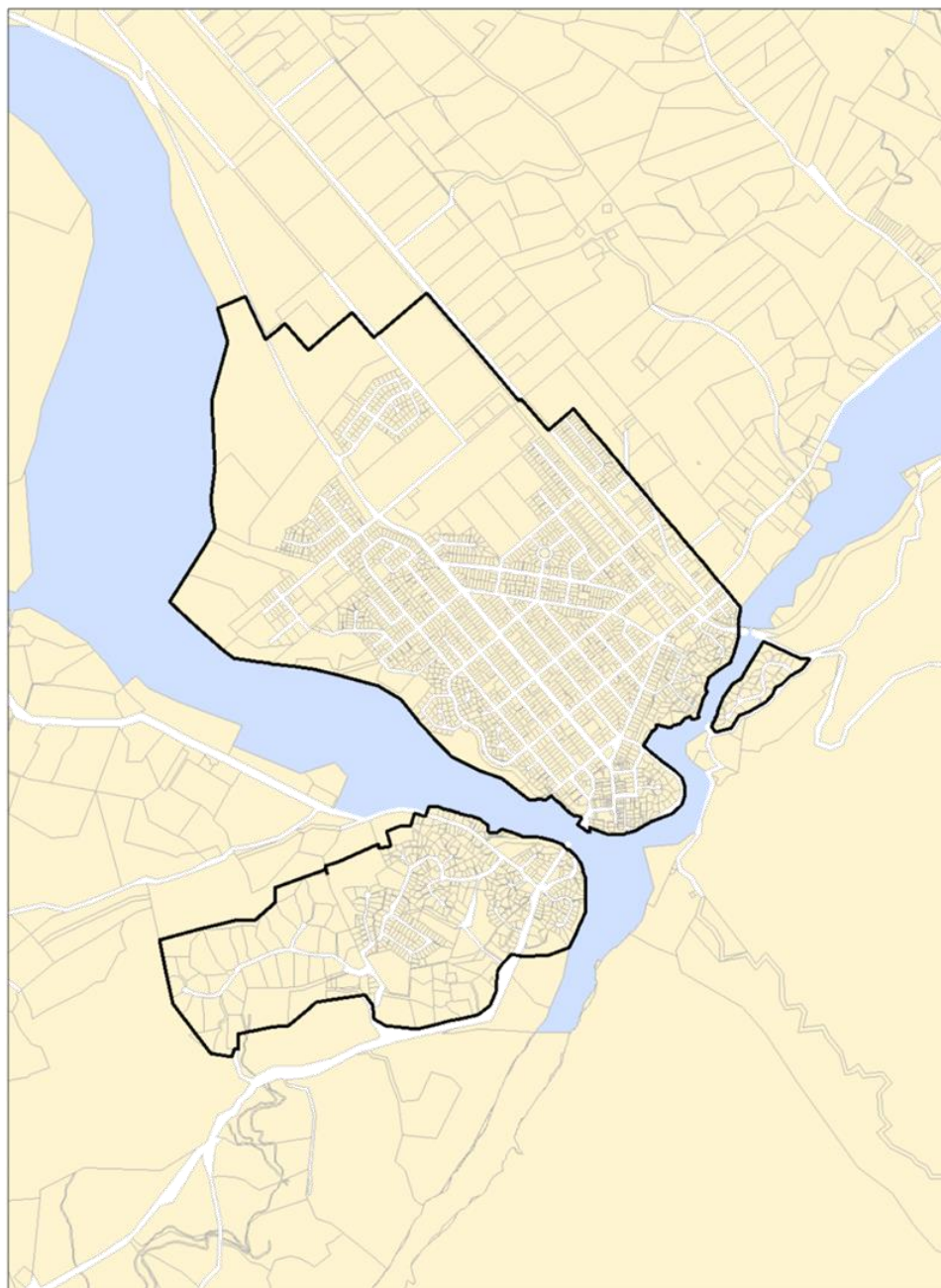
#### Alexandra and Clyde water supply – scheme boundary





## Wastewater catchment maps

### Alexandra wastewater – scheme boundary



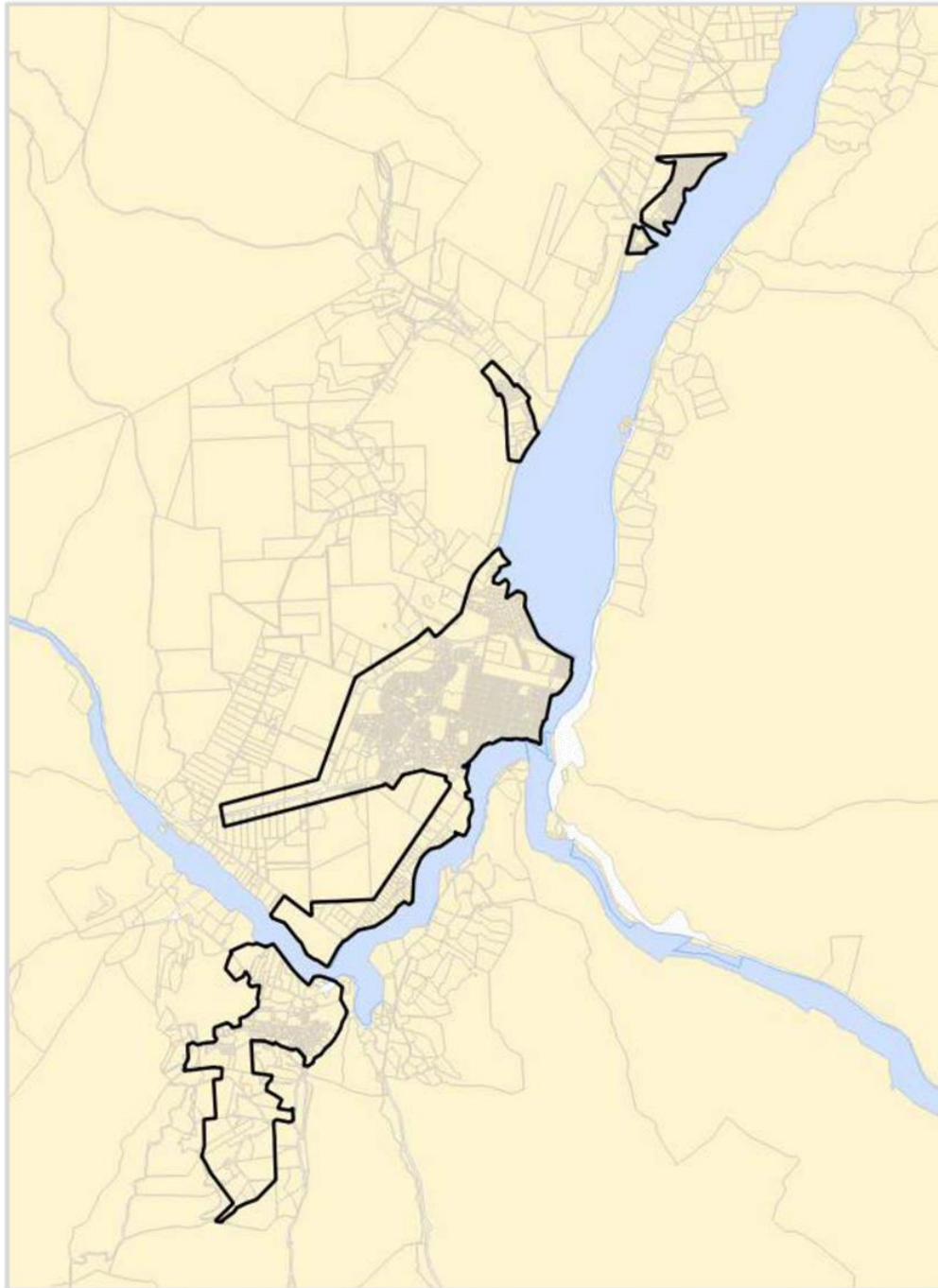
420

**Clyde wastewater – scheme boundary**

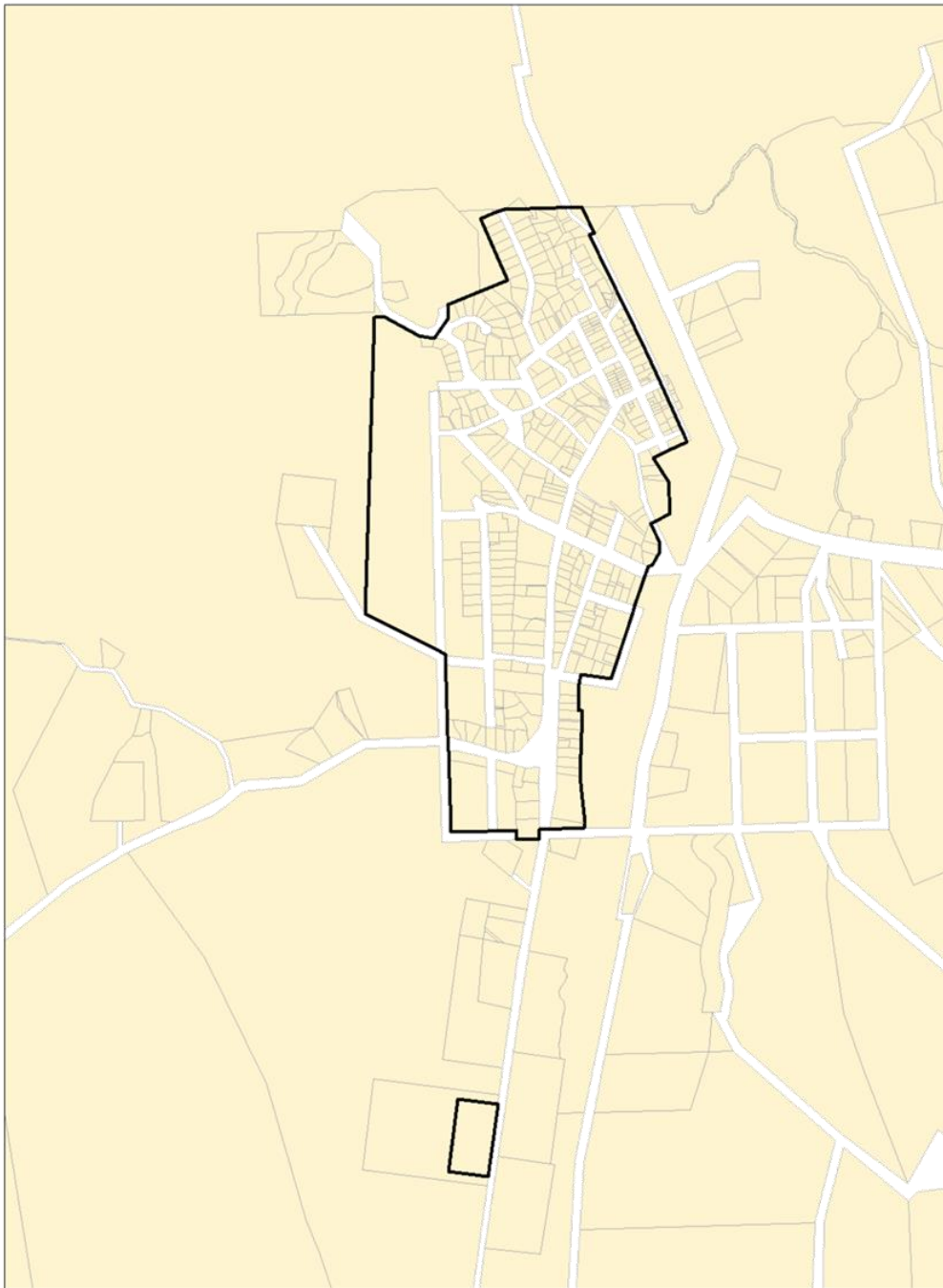
421

**Omakau / Ophir water supply & wastewater – scheme boundaries**

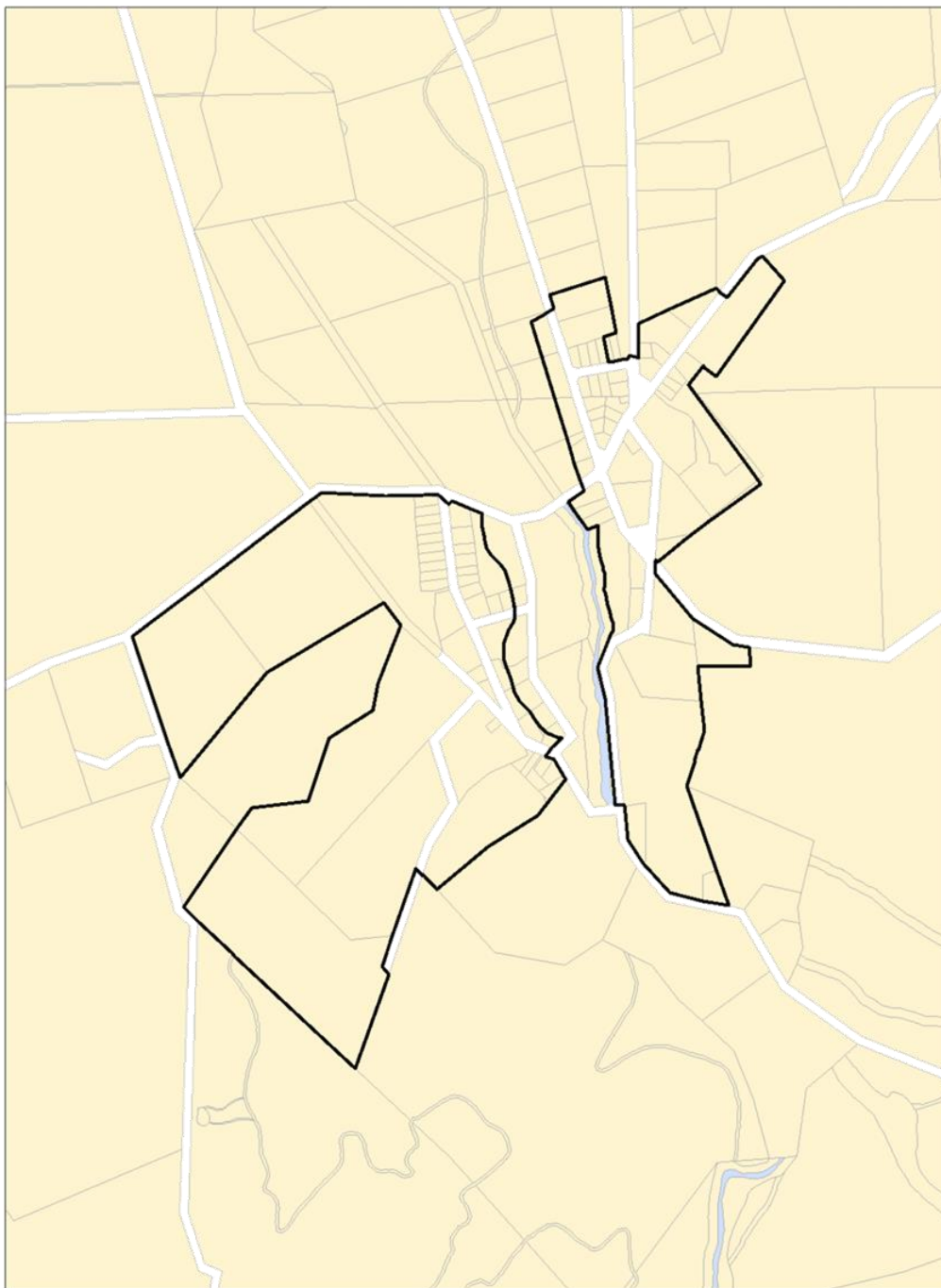


**Cromwell water supply & wastewater – scheme boundary**

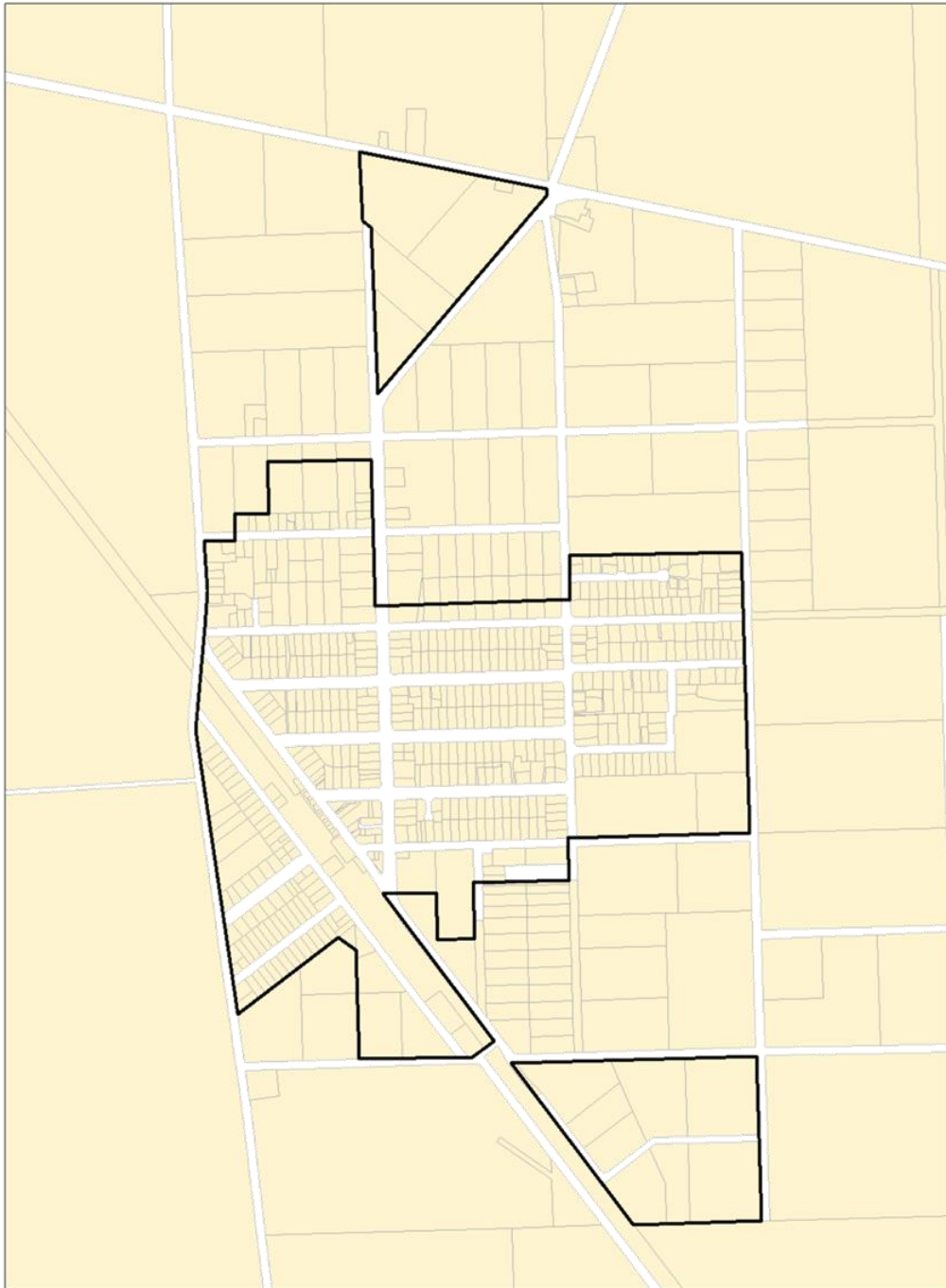
423

**Naseby urban water supply and wastewater – scheme boundary**



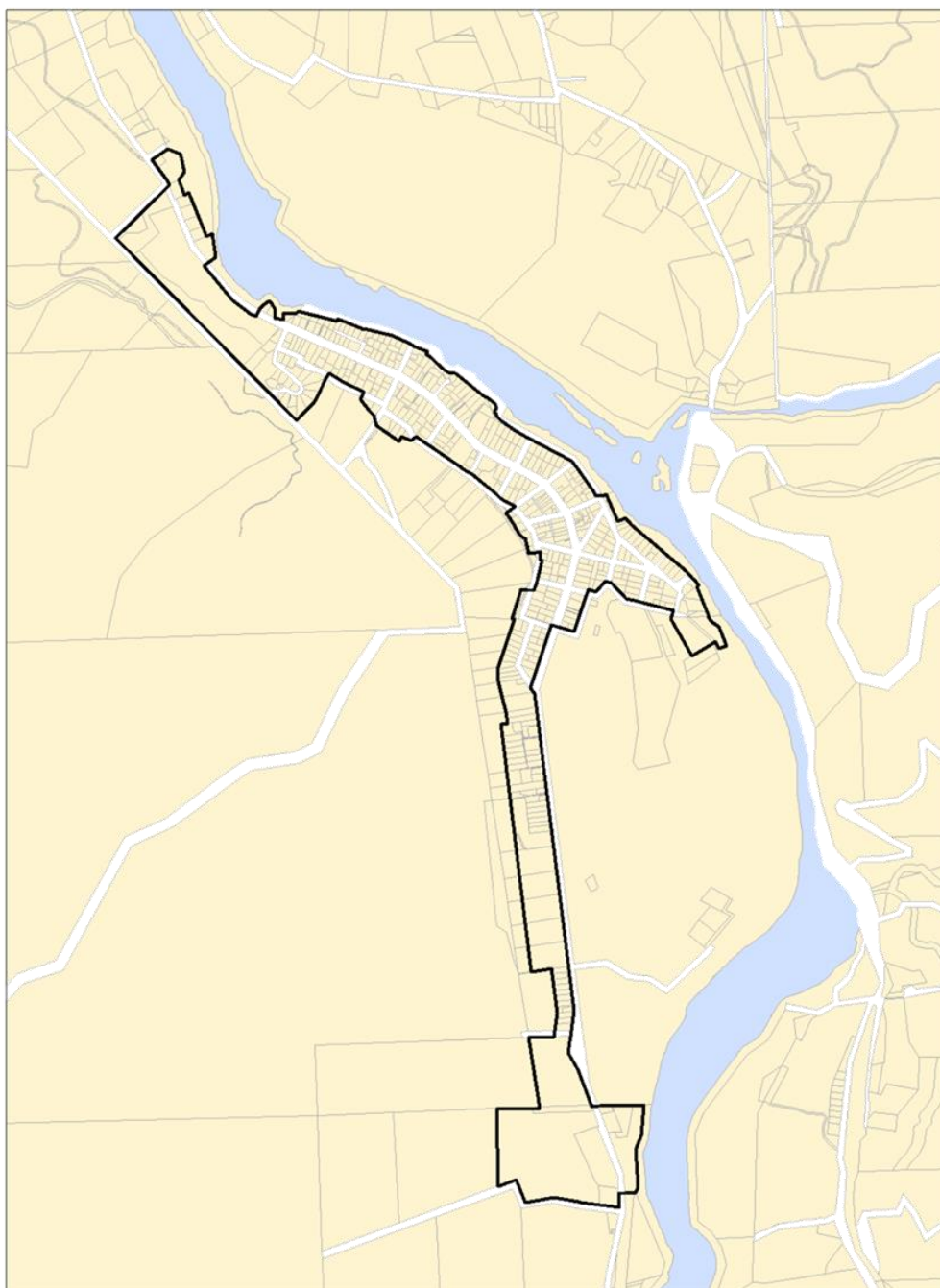
**Patearoa urban water supply – scheme boundary**

425

**Ranfurly urban water supply and wastewater – scheme boundary**

**Roxburgh water supply and wastewater – scheme boundary  
(shown on two maps)**

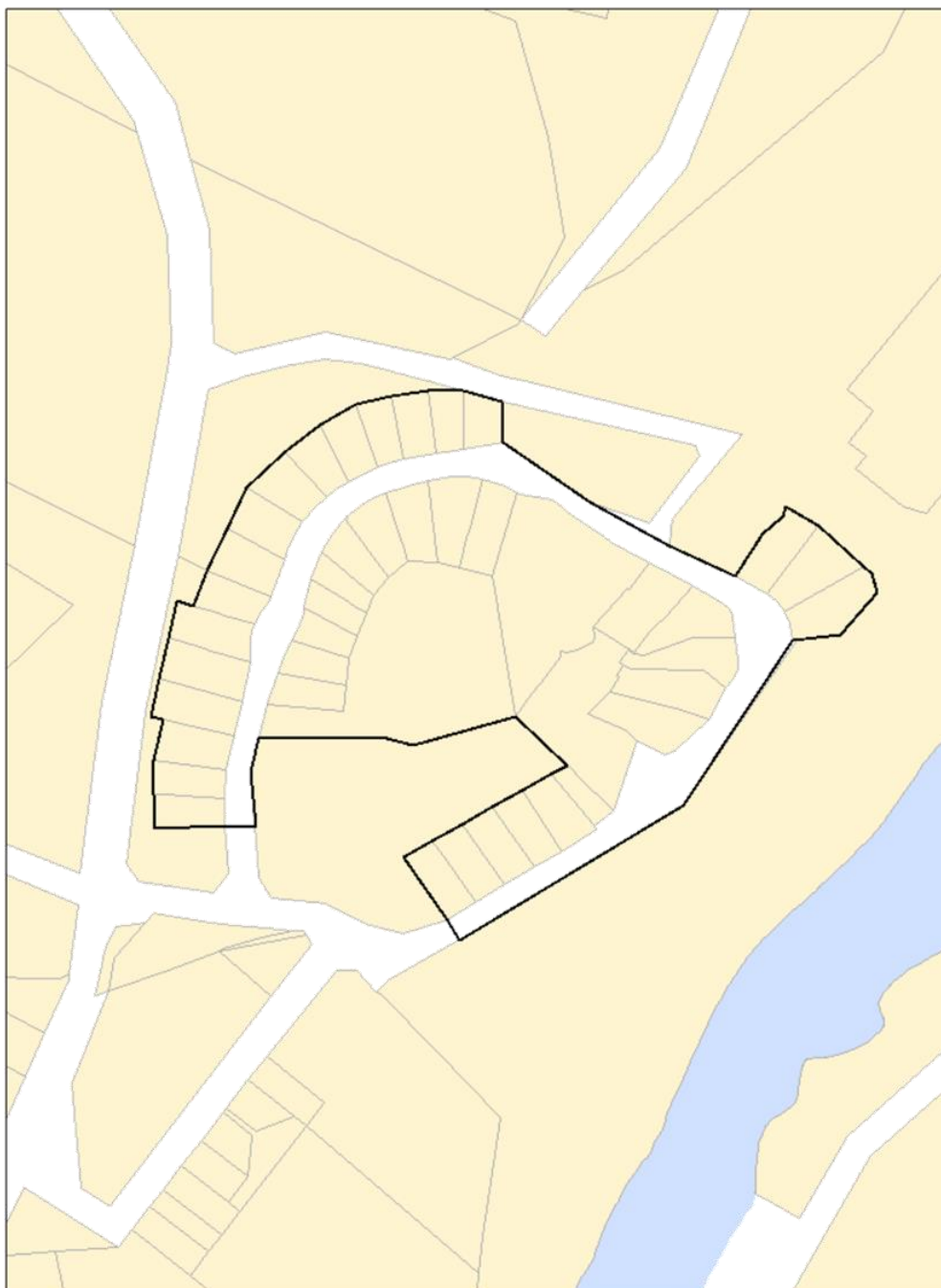
**1. Roxburgh**



427

**Roxburgh water supply and wastewater – scheme boundary  
(shown on two maps)**

**2. Lake roxburgh village**



## **21.2.5 AUDIT NZ INTERIM REPORT ON THE AUDIT OF THE 2021-31 LONG-TERM PLAN CONSULTATION DOCUMENT**

**Doc ID: 533836**

### **1. Purpose**

To receive Audit NZ's Report to Council on the audit of the 2021-31 Long-term Plan Consultation Document.

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### **Recommendations**

That the report be received.

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### **2. Discussion**

Central Otago District Council is in the process of completing the 2021-31 Long-term Plan. The first stage is the preparation of the Consultation Document and the supporting information behind this. These documents are audited ahead of Council going out to consultation. A second audit will commence 8 June, in which Audit NZ audits the final 2021-31 Long-term Plan.

Audit NZ issued an unmodified audit report on 24 March 2021. This included an emphasis of a matter regarding the Government's intention to make three waters reform decisions during 2021 and acknowledging the long term uncertainty of what this means to Council.

The report details the areas of focus and these can be found in section 3 and 4 of the report. There appeared to be no areas of concern raised by Audit New Zealand.

The next steps in the final audit of the 2021-31 Long-term Plan, is a tight turnaround of information as deliberations are proposed to end 3 June 2021, leaving two working days to complete the LTP book ahead of Audit NZ's arrival on 8 June 2021. While council staff are forward-planning as much as possible, there is a possibility that the quality review ahead of 8 June audit commencement may be inadequate due to resourcing and time constraints. The final LTP will be reviewed by the executive team while Audit NZ is on site.

### **3. Attachments**

**Appendix 1 - Audit NZ - Management Report for LTP Consultation Document - July 21 to 30 June 31** [↓](#)



Report author:



Leanne Macdonald  
Executive Manager - Corporate Services  
12/05/2021

Reviewed and authorised by:



Sanchia Jacobs  
Chief Executive Officer  
24/05/2021

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## **Report to the Council on the audit of**

Central Otago District Council's  
Long-term Plan Consultation  
Document for the period  
1 July 2021 to 30 June 2031

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## Key messages

We have completed the audit of Central Otago District Council's (the Council's) Consultation Document (the CD) for its 10-year Long-term Plan (LTP) covering the period 1 July 2021 to 30 June 2031. The Council will adopt its LTP in June 2021. This report sets out our findings from the audit of the CD stage of the LTP.

### Audit opinion

We issued an unmodified opinion on Council's CD on 24 March 2021. This means that we are of the opinion that the CD provides an effective basis for public participation in the Council's decision-making processes relating to the content of the 2021-31 LTP.

We included an emphasis of matter paragraph in the opinion drawing attention to the disclosure in the CD outlining the Government's intention to make three waters reform decisions during 2021.

### Areas of audit focus

#### Preparation of the CD and underlying information

The development of a CD together with the required underlying information is a large and complex task. For this LTP there were restraints outside of Council's control with staff members leaving part way through the preparation and audit process. This included members of both the infrastructure and finance teams. The buy-in of other members of the team was important in ensuring Council met agreed timelines and whilst we were able to issue an audit opinion on the agreed date, we acknowledge that there was significant pressure on both the council and audit teams as a result of delays across the organisation and less than ideal communication between teams within the Council's organisation.

Unfortunately, the time constraints and workload had a detrimental impact on not just the timeliness of the information we received but also meant that there was limited time for quality review by those preparing the information. This meant it fell on Audit NZ to complete some of those quality assurance tasks that Council did not have the capacity to do, such as identifying inconsistencies between documents and spotting modelling errors. Some of this is expected to be done in any audit, but more was done than planned.

#### Audit of the final LTP

As well as the opinion issued on the CD, we will also issue an opinion on the final LTP that will be adopted by 30 June 2021, following the Council's consideration of public submissions. To ensure our audit of the final LTP is efficient, we expect the Council to prepare and provide us with a schedule of changes to the financial forecasts and other underlying information that were the basis for the CD.

**Thank you**

We would like to thank the Council, management and staff for their assistance during the audit.

A handwritten signature in black ink, appearing to read 'Dereck Ollsson', with a stylized, cursive script.

Dereck Ollsson  
Audit Director  
24 March 2021



## 1 Our audit report

### 1.1 We issued an unmodified audit report on the CD



We issued an unmodified audit report on 24 March 2021.

This means we were satisfied the CD meets the statutory purpose and provides an effective basis for public participation in the Council's decision about the proposed content of the 2021-31 LTP. We also found the underlying information and assumptions used to prepare the CD are reasonable.

We included an 'emphasis of matter' paragraph in our audit opinion to draw the reader's attention to the disclosure in the CD outlining the Government's intention to make three waters reform decisions during 2021. The effect that the reforms may have on three waters services provided by the Council is currently uncertain because no decisions have been made. The CD was prepared as if these services will continue to be provided by the Council, but future decisions may result in significant changes, which would affect the information on which the CD has been based.

### 1.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. The misstatements that have not been corrected are listed below along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

- Working capital was not inflated throughout the 10 year period, using the inflation rate provided by Council, and used in other forecasting, the impact in any given year varies between a minimum of \$39,000 in year six to a maximum of \$1,628,000 in year 10.

Management did not adjust this misstatement on the basis of materiality.

## 2 Control environment



Our approach to the audit was to identify, confirm and assess the Council's key processes and controls over the underlying information and ultimate production of both the LTP CD and the LTP. The purpose of this assessment was to enable us to plan the most effective and efficient approach to the audit work needed to provide our two audit opinions.

We consider the asset management control environment to be sufficiently reliable for the purpose of supporting the LTP CD and LTP. We consider the Council's overall control environment sufficiently effective for the purpose of producing the LTP CD and LTP documents.

### 3 Areas of audit focus



During the planning stage of the audit, and our review of the content of the LTP CD, we identified the following key risks and issues which were areas of focus during our audit. In this section of the report, we comment on our findings on those matters.

#### 3.1 Covid-19

The response to manage the impacts of the Covid-19 pandemic has created significant uncertainty for businesses, local and central government organisations, as well as communities and families.

The Council assumed a business as usual approach to forecasts, with no assumed periods of lockdown or community transmission of Covid-19, and an assigned low level of uncertainty to the assumption.

Council have not seen a significant impact on its revenue streams or activities yet and is therefore assuming normal land sales and relevant development and financial contributions. Our testing of the assumption included ensuring that it is applied consistently through the underlying information, as well as its application in the financial model. We confirmed that no reduction in revenue or changes to levels of service have been applied in the forecasts as the Council has assumed no significant periods of lockdown.

The ongoing impacts of Covid-19 have been considered as part of the LTP through:

- The population growth assumption whereby Rationale provided their external expertise to Council on the impact, or lack of, Covid-19 on the growth of the District.
- The BERL inflation rate which already has updated economic scenarios since Covid-19, and therefore we are comfortable that appropriate consideration has been made.

We concluded that the Covid-19 assumption is reasonable, and Council have appropriately considered the impact on its financial & infrastructure strategies, and key underlying assumptions.

#### 3.2 Climate change

The Council declared a climate crisis in September 2019 and have developed an organisational sustainability team along with a sustainability strategy that was adopted by Council in 2019.

Council have outlined the potential impacts of climate change for infrastructure in its infrastructure strategy. We also understand Council are measuring emissions and plan to

use the results of this to make more conscious decisions. Council have included projects in their infrastructure strategy that they are planning to complete that will reduce emissions. By measuring emissions, Council are going to be able to utilise this information to make better informed procurement plans in the future to ensure environmentally conscious decisions are made.

Council have illustrated in their infrastructure strategy, the potential impacts on communities from climate change, along with the initiatives they are undertaking to mitigate these. This largely focuses on the impacts of flooding and overflows on the three waters and roading infrastructures in parts of the district. We are comfortable that these have been appropriately considered and disclosed.

We have reviewed the Council's climate change assumption and conclude it is reasonable and supportable with an appropriate level of uncertainty of medium. The Council has been taking steps in the right direction to identify and mitigate climate change. This has been clearly set out within the LTP, CD and the Infrastructure strategy.

### 3.3 Capital expenditure "do-ability"

We noted in the past that the Council has mostly met its capital programme with the following analysis performed on whole of council capital expenditure in annual reports comparative to the 2018-2028 LTP.

Application of Capital expenditure	Actual to Budget
To meet additional demand	112%
To improve the level of service	86%
To replace existing assets	106%

We have assessed the capital programme for each of the next 10 years and consider it reasonable compared to what the Council has been able to deliver in the last few years.

Council have appropriately disclosed a capital expenditure completion rate with an appropriate level of uncertainty of medium to high. This is based on the above historical performance.

### 3.4 Three waters reform

Council have made the assumption it will continue to own and directly operate the three waters networks and have indicated a high level of uncertainty around this assumption. The impact on its operations and finances has also been included.

The Council has included disclosure around the three-waters reforms in the consultation document. We accept the Council assumptions as reasonable as they have assumed business as usual (BAU) for the full LTP period. We have confirmed BAU for the three

waters through our discussions with management and review of the asset management plans, which we have also confirmed are correctly flowed through to the LTP. Due to the significant impact the three waters reform would have on the Council, we included an EOM paragraph in our audit report to draw attention to the disclosure made by the Council.

### **3.5 Asset information to inform its renewals expenditure**

The renewals programme, which is a significant part of the total capital programme, is based on a number of factors, including the condition and performance of the Council's assets. As such, it is important that the Council has good knowledge of the condition and performance of its assets.

In respect of these activities, the infrastructure strategy discloses information on the asset condition, the effect on forecast, and the source of rating for Council's infrastructure assets.

Overall, we were satisfied that the asset information was sufficient to allow for informed renewals and forecasting in the LTP. Areas of focus for us included water supply pipes, water supply and wastewater treatment plants which all had a confidence grade of "C".

Water supply pipe assets confidence grades were derived from a desktop assessment and physical examination of forty pipes of similar materials. Given the average age of water supply's pipe network, planned renewals comparative to useful lives, and our materiality we concluded that the information Council has for planning purposes is reasonable.

We acknowledge the Council's data improvement plan and the project to update condition assessments as part of the water stimulus delivery plan and we encourage this.

Water supply and wastewater treatment plants are identified in Council's infrastructure strategy as having a moderate effect on the forecasts and no formal condition assessment has been performed. We acknowledge that proactive maintenance programmes are in place for pump stations and treatment plants. These aren't specifically condition assessments, but we understand the inspections include physical inspections and cleaning/recalibration of key parts of the assets. Quality of water and volume data is recorded, and any faults are reported. Given this, our materiality, and Council's plans to undertake a project in 2021 to re-collect treatment site asset data and undertake a condition rating of these assets, we have concluded the information Council has for planning purposes is reasonable.

### **3.6 Financial Strategy**

The financial strategy seeks to address anticipated pressures arising from increased demand for levels of service due to growth, as well as from the requirements of the national standards. These pressures will inevitably have an impact on rates and Council has outlined plans to use debt to manage these pressures and to ensure that the future ratepayers, who will use these services, pay an appropriate share of these significant costs. Council are focused on managing its asset base and operational expenditure in a



cost-effective manner and continuing to fund these activities in a manner that is sustainable for the Council and its communities.

The Council is in a strong financial position with borrowings well below the quantified limit for the first four years of the LTP, and no breaches in covenants or limits forecast.

The key elements of the financial strategy are:

- Debt Limit: A borrowing limit of 10 percent of total assets has been set.
- Rate Revenue Limit: Rates Income will not exceed 80 percent of Council's total income.
- Rate Increase Limit: Average rate increases to existing ratepayers will not exceed 5 percent per annum. This excludes the provision for growth.
- While the District Council is contributing significantly to growth, the strategy is that those users who benefit from growth should pay for their appropriate share, through Development Contributions or Financial Contributions.
- To respond to increasing environmental and national standards through significant capital projects such as water treatment upgrades, more secure water sources, upgraded wastewater pump station storage volumes and road flooding improvements.

The Council has forecast operating surpluses, so the balanced budget is achieved for each of the 10 years of the LTP. Operating surpluses are generally allocated to fund capital works or transferred to reserves to fund expenditure in future years.

We are satisfied that the financial strategy is fit for purpose and the supporting underlying information is considered reasonable. We have confirmed that the strategy complies with the requirements of section 101A of the Local Government Authority Act 2002 and it meets the purpose outlined in subsection 2. We have reviewed the Financial Strategy's links to the financial model, asset management plans (AMPs) and infrastructure Strategy. We are satisfied that these are appropriately aligned.

### **3.7 Infrastructure Strategy**

We have developed an understanding of the District's infrastructure strategy and evaluated the local authority's compliance with the requirements of the Local Government Act 2002. We also gained an understanding as to how it is funding renewals and its overall approach to managing the assets laid out in the infrastructure strategy.

The infrastructure strategy clearly outlines that maintaining the infrastructure the Council owns is priority. A renewals programme has been developed for the Council assets over the 30-year period and revenue levels are set to ensure sufficient funds are available for when the renewal needs to occur. Council have considered growth demands detailed in the infrastructure strategy and AMPs, and the document is clear that the aging and increasing

population will have an impact on assets and appropriately outlines how this will likely occur.

We performed work to ensure that the:

- Infrastructure Strategy is aligned with the financial strategy;
- information in the financial model reconciles with the Infrastructure Strategy;
- Infrastructure Strategy supports accountability;
- correlation between depreciation and renewals is reasonable; and
- content of the Infrastructure Strategy document includes everything necessary to achieve its statutory purpose.

Overall, we are satisfied that the Infrastructure Strategy is fit for purpose and the supporting underlying information is considered reasonable. It fulfils the legislative purpose and meets our expectations of such a document and is consistent with our knowledge of asset management planning for the Council.

## 4 Other matters



### 4.1 Growth assumption and the National Policy Statement on Urban Development 2020

The Council has assumed the district's population will grow to 34,474 by 2050. This assumption is based on a report from external experts Rationale. The assumption included in the Council's underlying information is in line with our expectations and has been allocated an appropriate level of uncertainty.

Our testing of the assumption included ensuring that it is applied consistently through the underlying information, including its application in the financial model. We are satisfied that the growth assumption is supported, reasonable, and consistently applied throughout the underlying information.

The National Policy Statement (NPS) on Urban Development 2020 came into effect in August 2020. The Council has been identified as being a "tier 3" Council. The Policy Statement requires local authorities to plan well for growth and ensure a well-functioning urban environment for their communities and future generations. CODC is a Tier 3 urban environment so the requirements are less challenging than for other councils and the updates to forecasts are only due to be done for tier 1 entities by 30 June 2021. The Council has not factored the National Policy Statement on Urban Development into their growth assumption however we do not deem this a significant issue.

### 4.2 National Policy Statement on Freshwater Management 2020

While the Freshwater National Policy Statement is largely the responsibility of Regional Councils, the Council has acknowledged that they have a role to play under the policy and have included detail in their AMPs for the obligations they are required to meet.

### 4.3 Other assumptions

We have also reviewed how the other significant assumptions are derived, including for inflation, interest, NZTA funding, depreciation, and revaluations. We are satisfied that the Council has an appropriate system to determine these assumptions and that they are reasonable, supportable, and are appropriately applied in the financial forecasts.

## 5 Next steps for Council



### **Audit of the final LTP**

The next step in the LTP audit process will be the audit of the final LTP. This is scheduled to be undertaken in the week commencing 8 June 2021. To ensure our audit of the LTP is efficient we expect the Council to prepare a schedule of changes to the financial forecasts and other associated documents that were the basis of the LTP CD. This will enable us to assess the extent of changes as a result of community consultation and tailor our audit work accordingly.

Under section 94(1) of the Act, our audit report on the final LTP forms part of the LTP, which the Council is required to adopt before 1 July 2021 (section 93(3)). Our agreed timeframes will enable us to issue our audit report in time for the Council meeting on 30 June 2021, at which time the 2021-31 LTP will be formally adopted.

We are responsible for reporting on whether the LTP meets the statutory purpose and provides a reasonable basis for integrated decision making by the Council and accountability to the community. We considered the quality of the underlying information and assumptions as part of the audit of the LTP CD. Our next visit we will focus on how these are reflected in the LTP. We will consider the effect of the decisions that come out of the consultation process and review the LTP to gain assurance that appropriate, material, consequential changes and disclosures have been made.

At the conclusion of the LTP audit, we will ask the Council to provide us with a signed management representation letter on the LTP. The audit team will provide the letter template during the LTP audit.

## Appendix 1: Mandatory Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the consultation document and reporting that opinion to you. This responsibility arises from section 93C(4) of the Local Government Act 2002.</p> <p>The audit of the consultation document does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter dated 14 October 2020 contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carry out our audit in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): <i>Assurance Engagements Other Than Audits or Reviews of Historical Financial Information</i>, the International Standard on Assurance Engagements 3400: <i>The Examination of Prospective Financial Information</i>, and the Auditor-General's auditing standards.</p>
Auditor independence	<p>We are independent of the Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): <i>Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the audit of the Consultation Document we have carried out engagements in the areas of the annual report, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Council.</p>
Fees	<p>The audit fee for the year is \$85,200 (excl. GST), as detailed in our Audit Engagement Letter.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Council during or since the end of the financial year.</p>





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## 21.2.6 RISK MANAGEMENT UPDATE

Doc ID: 534566

### 1. Purpose

To consider the Risk Management update.

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### Recommendations

That the report be received.

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### 2. Discussion

The Strategic Risk Register remains under development. Four workshops have been undertaken with the Executive Team, determining the top strategic risks which the organisation faces. It is expected that the completed Strategic Risk Register will be presented at the October 2021 Audit and Risk meeting.

### 3. Attachments

Nil

Report author:



Gabi McFarlane  
Risk and Procurement Manager  
18/05/2021

Reviewed and authorised by:



Leanne Macdonald  
Executive Manager - Corporate Services  
24/05/2021

## 21.2.7 FINANCIAL RESERVES POLICY

Doc ID: 534573

### 1. Purpose of Report

To consider and provide feedback on the draft Financial Reserves Policy before submitting to Council for consideration at their 30 June meeting.

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### Recommendations

That the Audit and Risk Committee

- A. Receives the report and accepts the level of significance.
  - B. Review and provide feedback on the draft Financial Reserves Policy.
  - C. Note the Financial Reserves Policy will be considered at the Council 30 June meeting.
- 

### 2. Background

Council has a long record of managing financial reserves in a financially prudent manner that promotes and protects the current and future interests of the community.

Council is required to maintain a range of financial reserves and has chosen to create other financial reserves for the purpose of separately managing funds. Over time these funds have accumulated and now total significant sums. It is therefore important that they are managed consistently, accurately, and transparently.

A draft Financial Reserves Policy (refer appendix 1) has been created to provide guidance to council staff so they are able to manage reserves consistently, accurately and transparently with clearly defined parameters.

### 3. Discussion

Council staff seek to manage the reserves in a clear and transparent manner, to enable elected members comfort when authorising the use of these reserves. The reserves form part of the end of year annual report audits.

Reserves serve as a “rainy day fund” to lessen the impact on rates or to fund unplanned, additional, or delayed programmes of work as per Council or community board resolutions. Whether reserves have accumulated by way of under-spending of an activity in a specific year or collected for a specific targeted activity (such as an emergency event), the expectation applies that the use of the reserves is in a consistent manner that supports the initial intention behind the collection of the income relating to the activity it has originated from.

This policy will give staff guidance when seeking permission to use these funds to support operational and capital expenditure in the later years and ensure that the use of these funds reflects the intent behind the collection of these reserves, while offering transparency in the use of these funds.

#### 4. Options

##### Option 1 – (Recommended)

The Committee shall provide feedback to be incorporated into the draft Financial Reserves Policy before its taken to Council for adoption.

Advantages:

- Maintain a consistent approach to the review of policies
- Complies with the Committee's expectation of their role in policy overview
- Supports the intention to maintain transparency, consistency, and accurate management of reserve funds
- Protects Council reputation
- Supports the community's expectation that council will use funds for the intention that they were collected for.

Disadvantages:

- None identified.

##### Option 2

Do not provide feedback and recommend to Council the Financial Reserves policy for adoption.

Advantages:

- None

Disadvantages:

- A lack of policy causes confusion at times when determining how and when to use reserves.
- A lack of understanding across Council as to when to use reserves and for which purpose when requiring additional support to fund for operational and capital expenditure in years when funding is not available.
- Inconsistencies in the recording of such reserves may not balance with the expectation of staff or elected members when seeking to use or when approving the use of specific reserves.
- Lack of guidance to council staff
- Staff may seek to rate unnecessarily for activities that have appropriate reserves.

#### 5. Compliance

<b>Local Government Act 2002 Purpose Provisions</b>	<p>This decision enables democratic local decision making and action by, and on behalf of communities through the annual planning and reporting process.</p> <p>AND</p> <p>This decision promotes the economic well-being of communities, in the present and for the future</p>
---	---

	by prudently managing the financial reserves of the Council on their behalf.
<b>Financial implications – Is this decision consistent with proposed activities and budgets in long term plan/annual plan?</b>	The financial implications of this new policy have been considered and is consistent with the proposed activities contained within the long-term and annual planning processes.
<b>Decision consistent with other Council plans and policies? Such as the District Plan, Economic Development Strategy etc.</b>	Other council policies and plans have been considered when creating this policy.
<b>Considerations as to sustainability, the environment and climate change impacts</b>	There are no implications.
<b>Risks Analysis</b>	Whilst there is no current policy to consider, this new policy supports best practice with no known risks.
<b>Significance, Consultation and Engagement (internal and external)</b>	<p>No consultation is required in the creation of this policy.</p> <p>There are no significant issues arising from this new policy and should not generate media or community interest.</p>

## 6. Next Steps

This policy will be taken to Council for adoption, with recommended amendments (if any). Staff will be notified of the update and uploaded on the Council website.

## 7. Attachments

### Appendix 1 - Financial Reserves Policy [↓](#)

Report author:



Leanne Macdonald  
Executive Manager - Corporate Services  
21/05/2021

Reviewed and authorised by:



Sanchia Jacobs  
Chief Executive Officer  
24/05/2021



# Financial Reserves Policy



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<b>Department:</b>	Finance
<b>Document ID:</b>	534305
<b>Approved by:</b>	Council
<b>Effective date:</b>	1 July 2021
<b>Next review:</b>	30 June 2024

## Purpose:

The purpose of this policy is to:

- provide guidance to Central Otago District Council employees in regard to the accounting and management of Council's financial reserves;
- Clearly define parameters surrounding Council's financial reserves;
- Ensure Council's financial reserves are managed consistently, accurately and transparently.

## Principles and objectives:

Financial Reserves serve as a "rainy day fund". Using them can be useful and lessen the impact on rates but once spent, the money is gone.

Financial Reserves are typically generated through funds accumulating as a result of the under-spending of an activity in a specific year, or where Council has rated specifically to create an emergency fund for an unplanned event, or occasionally funds are vested with the council for future use. As a general rule, income and expenditure should be budgeted in the financial year in which it occurs and should not be "set aside" in financial reserves for future use. However, the creation of financial reserves is acceptable where:

- It is anticipated that extensive works will require funding over a period of time;
- Funds are collected specifically for funding of capital works;
- To fund an unexpected, unplanned event such as an emergency event.
- Funds are vested to council for specific activities or groups.

Council manages financial reserves in a financially prudent manner that promotes and protects the current and future interests of the community. Financial reserves must be managed consistently, accurately and transparently. The management of Reserves is essential to the effective and efficient running of Council operations, enabling organisational objectives to be carried out. This may include, but not limited to the following:

- Ensuring adequate funds available for the replacement of assets;



- Maintaining appropriate intergenerational equity for the funding of assets and large projects
- Balancing the budget across years
- Managing unplanned events such as a rain event or the impact of a pandemic
- Managing unplanned expenditure requests from staff or the community.

#### Additional Information



The balance of financial reserve accounts may go into deficit where Council elects to fund an activity in advance and then rate to restore the reserve back to nil across the years to support intergenerational equity.

### Scope and background:

Council is required to maintain a range of financial reserves and has also chosen to create financial reserves for the purpose of separately managing funds and for providing into the future. Over time these funds have accumulated and amount to significant sums. It is therefore important that they are managed consistently, accurately, and transparently.

The policy excludes non-cash reserves such as revaluation reserves. It also excludes restricted reserves that are subject to specific conditions which are binding by Council and which may not be revised by Council without reference to a third party.

This policy therefore excludes:

- **Revaluations reserves;** created to account for movements in the fair value of assets – see Council's Accounting Policies.
- **Depreciation Reserves;** created to fund renewals – see Council's Financial Strategy
- **Development and Financial Contributions Reserves;** created to fund growth – see Council's Development and Financial Contributions Policy.
- **Endowment Land Reserves** – which may contain specific use or terms, including the use of interest earned during the life of the reserve.



## Definitions:

Word or phrase	Definition
<b>Financial Reserves</b>	<p>Funds that have been set aside from operating and capital funding programmes for future funding of projects or activities. Or it may be that Council intentionally created financial reserves that have been established to manage activities that have a specific purpose. Council and community boards may also elect to use financial reserves to offset the cost of rate increases.</p> <p>From an accounting perspective the value of these funds is recorded in equity balance sheet ledger accounts.</p>
<b>Targeted Reserve</b>	A financial reserve that has been collected as the result of a specified activity.
<b>General Reserve</b>	Financial reserves that have been collected for general activities that are not targeted or specified.
<b>Ward-based reserves</b>	Financial reserves which can be either targeted or general, but are defined by the ward in which they are collected in.
<b>Emergency Reserves</b>	Financial reserves which are collected in advance to build a reserve of cash, either to restore specified assets after an unplanned event such as Emergency Roadway Reserve, or they may be collected to subsidise costs post a pandemic as per the Emergency Event Policy.

## Policy:

- Authority to use financial reserves is as per Council's and Community Boards Register of Delegations to Community Boards, Portfolios, Committees and the Chief Executive Officer.
- Where possible the use of a financial reserve should be proposed and planned for as part of the annual planning process.
- Where the use of a financial reserve being sought is from a targeted reserve, the purpose being used must be in line with the activity it was collected for in the first instance.
- Where the use of a financial reserve being sought is from a ward-based reserve, the purpose being used must be in line with the activity it was collected for in the first instance and within the ward that collected the funds.
- When the use of a financial reserve is being proposed and has not been planned for, the Finance Manager or the Executive Manager, Corporate Services must be notified



in the first instance to verify the validity of the request and the availability of the funds.

- Further to this any council or community board report and resolution pertaining to the use of a reserve, the resolution should be forward to the Finance Manager or Executive Manager, Corporate Services to ensure the funds are recorded accordingly.

## Relevant legislation:

Local Government Act 2002

## Related documents:

Revenue and Finance Policy

Development and Financial Contributions Policy

Financial Strategy

Register of Delegations to Community Boards, Portfolios, Committees and the Chief

Executive Officer

Register of Delegations to Staff

## 21.2.8 FIXED ASSET AND DISPOSAL POLICY

Doc ID: 535074

### 1. Purpose of Report

To consider and provide feedback on the draft Fixed Asset and Disposal Policy before requesting that the Chief Executive approves this policy for council staff use.

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### Recommendations

That the Audit and Risk Committee

- A. Receives the report and accepts the level of significance.
  - B. Review and provide feedback on the draft Fixed Asset and Disposal policy.
  - C. Note the draft policy, with any amendments, will be signed-off by the Chief Executive and issued to staff for implementation.
- 

### 2. Background

Council and staff have a requirement to manage all assets in a fiscally responsible manner that best protects the community's interest.

Council assets make up a significant component of the council's balance sheet. The value of these assets is audited on an annual basis. It is therefore important that they are managed consistently, accurately, and transparently.

A draft Fixed Asset and Disposal Policy (refer appendix 1) has been created to provide guidance to council staff, so they are able to appropriately manage assets with clearly defined parameters, particularly when disposing of assets.

### 3. Discussion

Council staff seek to manage and dispose of assets in a clear and transparent manner. Staff also aim to maximise the life of assets and minimise the cost to rate-payers for managing and disposing of these assets. It is important when disposing of assets to protect the reputation of staff and Council through a transparent, arms-length disposal process. This also gives the community an assurance that their assets are being managed to best protect their interests.

This policy seeks to provide assurance across a wide group of stakeholders.

### 4. Options

#### Option 1 – (Recommended)

The Committee provides feedback to be considered and incorporated into the draft Fixed Asset and Disposal Policy before Chief Executive sign-off.



## Advantages:

- Maintain a consistent approach to the review of policies
- Complies with the Committee's expectation of their role in policy overview
- Supports the intention to maintain transparency, consistency, and fiscally responsible management and disposal of council assets
- Protects Council and staff reputation
- Supports the community's expectation that council will manage council assets on their behalf in a fiscally responsible and ethical manner
- Meets Audit New Zealand's expectations and supports the annual reporting process.

## Disadvantages:

- None identified.

Option 2

Do not recommend to the Chief Executive the Fixed Asset and Disposal Policy for sign-off.

## Advantages:

- None

## Disadvantages:

- Council assets may be disposed of in a manner that could cause reputational harm to council
- The selling of assets if not managed in a transparent manner, with the appropriate arm-length process could result in council receiving a lower price than the asset is worth
- A potential lack of confidence by the community and by Audit NZ
- Council staff do not meet the Committee's expectations in the deliverance of a policy
- There is a risk that the management and subsequent disposal of council assets may not be consistent with best practice and council expectations
- Risk of reputational harm to council and staff
- Lack of guidance to council staff
- The rate-paying community may not have confidence in council's management of rate-funded asset
- Challenges in meeting Audit New Zealand's expectations and receiving an annual report clearance.

**5. Compliance**

<b>Local Government Act 2002 Purpose Provisions</b>	This decision enables democratic local decision making and action by, and on behalf of communities through the annual planning and reporting process.  AND  This decision promotes the economic well-being of communities, in the present and for the future by prudently managing the assets of the Council on their behalf.
<b>Financial implications – Is this decision consistent with</b>	The financial implications of this new policy have been considered and is consistent with the

<b>proposed activities and budgets in long term plan/annual plan?</b>	proposed activities contained within the long-term and annual planning processes.
<b>Decision consistent with other Council plans and policies? Such as the District Plan, Economic Development Strategy etc.</b>	Other council policies and plans have been considered when creating this policy.
<b>Considerations as to sustainability, the environment and climate change impacts</b>	There are no implications, as the asset management plans consider the implications to sustainability, environment and climate change impacts.
<b>Risks Analysis</b>	This new policy supports best practice and through the policy mitigates the risk of reputational and fiscal harm to Council, staff and the community.
<b>Significance, Consultation and Engagement (internal and external)</b>	No consultation is required in the creation of this policy.  There are no significant issues arising from this new policy and should not generate media or community interest.

## 6. Next Steps

This policy will be taken to Chief Executive for sign-off with recommended amendments (if any). Staff will be notified of the update and the policy will be uploaded on the Council intranet.

## 7. Attachments

### Appendix 1 - Draft Fixed Asset and Disposal Policy [↓](#)

Report author:

Reviewed and authorised by:



Leanne Macdonald  
Executive Manager - Corporate Services  
21/05/2021



Sanchia Jacobs  
Chief Executive Officer  
24/05/2021

# Fixed Asset and Disposal Policy



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<b>Department:</b>	Finance
<b>Document ID:</b>	515363
<b>Approved by:</b>	CEO
<b>Effective date:</b>	To be confirmed
<b>Next review:</b>	2 years

## Purpose:

The purpose of this policy is to:

- Provide Central Otago District Council employees guidance and clarity surrounding management and disposal of Council assets;
- Ensure probity, accountability and transparency in the management and disposal of Councils assets.

## Principles and objectives

This policy has been set to ensure that the management and disposal of assets are appropriately authorised, monitored and documented and that disposal processes are transparent and conducted in a timely manner, with disposal risks managed and conducted so that they maximise value for money for Council.

Under no circumstances shall an asset be disposed of in a manner that may be perceived of as exhibiting bias, preferential treatment, or which exposes employees to any conflict of interest.

## Scope:

This policy applies to all elected members, Central Otago District Council employees and representatives involved in the management and disposal of Council owned assets.

For the avoidance of doubt, any reference to employees or staff in this policy shall include:

- the organisation's employees;
- volunteers;
- persons seconded to council; and
- contractors.



This policy excludes vehicle management and disposal. Further information pertaining to this may be found in the [Vehicle Procurement, Maintenance and Disposal Policy](#).

## Definitions:

Definition	Detail
Fixed Asset	Any item that is recorded in Council's fixed asset registers, has a value over \$2,000 (excluding GST) and meets the accounting definition of a fixed asset: (a) Are held for use in the production or supply of goods or services, (b) Are expected to be used during more than one reporting period; and (c) There is an expectation that it will provide a future benefit.
Asset Manager	A council employee responsible for managing and/or disposing of assets.
Conflict of interest	Where a staff member is compromised when their personal interests or obligations conflict with the responsibilities of their job or position. It means that their independence, objectivity or impartiality can be called into question.
Asset Disposal	The process of removing an asset from Council ownership either by selling or otherwise.
One-up principle	Approval hierarchy that ensures separation of duties and approval from a line manager. Delegation holders cannot approve transactions involving themselves or from which they could be seen to benefit, instead they must be approved by their one-up manager.
Write-off	The removal of the asset from Council asset registers and Statement of Financial Position, at nil compensation.
Work in Progress	The value of construction projects that are currently being worked on.

## Policy:

### 1. Capitalisation criteria

In making the assessment of whether an asset will be capitalised (versus an item of operating expenditure), the Finance Manager or Executive Manager - Corporate Services together with the Asset Manager, will take into consideration:



- Accounting definition of a fixed asset;
- The nature and context of the transaction;
- Where the transaction relates to a component of an existing asset, the transaction will result in increased economic benefit to Council and is not purely a reinstatement of that component.

## 2. Authorisation

Approvals for the purchase and disposal of fixed asset items will be made in accordance with Council's [Procurement Policy](#) and the [Register of Delegations to Staff](#).

## 3. Accountabilities

Asset Managers are responsible for managing assets in accordance with Council's asset management plans, programmes and policies.

It is the Asset Managers responsibility to ensure that any incident or changes to assets that have a financial impact on Council are reported to the Finance Manager or Executive Manager - Corporate Services in a timely manner. Examples of changes will include impairment, revaluation, loss or capitalisation information.

The Finance Department is responsible for maintaining Council's Fixed Asset Register and, in partnership with the relevant Asset Manager, ensure asset data and information is accurate, in line with relevant accounting policy and reconciled to the relevant Asset Management System.

## 4. Fixed Asset Reviews

A review of Council's Fixed Asset Register is to be conducted by the relevant Asset Manager and Finance Staff at regular intervals throughout the year, and in accordance with Audit NZ and the accounting standards at the end of each financial year. These reviews are conducted to ensure the accuracy of asset information, including work in progress, remaining useful lives and depreciation rates. Fixed asset reviews will also ensure the on-going reconciliation of information between Councils Fixed Asset Register and the relevant Asset Management System and ensure that the financial values reported in Council's balance sheet are reported accurately.

## 5. Revaluations

It is the responsibility of the relevant Asset Manager to ensure revaluations are conducted in accordance with the relevant Accounting Standards and Policies with guidance from the finance team. Independent revaluations are to be conducted by suitably qualified valuers, working with the Asset Manager and the Finance Department and undertaken in a timely





manner to ensure revaluation adjustments and disclosures meet Annual Report and annual audit timeframes.

## 6. Asset disposals

The initial decision to dispose of an asset should come from the third-tier manager responsible for the asset. This should occur when the asset becomes redundant, obsolete, damaged, is surplus to requirements or requires replacement. Documented authorisation to dispose of the asset must be obtained from the employees Executive Manager or the Chief Executive Officer, or in the instance of land acquisition or disposal – the Council, prior to commencing this process.

All asset disposals must be fully documented, clearly identifying the asset, reason for the disposal, who authorised its disposal, to whom it was disposed, and these details recorded in a timely and accurate manner against the fixed asset record and in accordance with Council's Information Management Policy.

Independent appraisals of value shall be obtained for higher value assets (expected to realise more than \$20,000) prior to their disposal. Where possible, three appraisals should be acquired, and recorded, to ensure a transparent process has been followed. Refer to the Vehicle Procurement, Maintenance and Disposal Policy.

At no time shall an asset be disposed of directly to employees, contractors or elected members.

Additional Information	
	<p>Staff and/or elected members may purchase an asset in an open tender process - provided they have no decision-making involvement in the sale process, and Council is not exposed to (potential or perceived) conflict of interest.</p>

Before disposing of an asset, due diligence must be carried out to ensure assets do not contain;

- additional items not intended for disposal;
- confidential documents (hard copy and electronic);
- identifying marks or Council logo;
- hazardous materials;
- hard drives with council operated software.



In facilitating a sale, the use of a third-party agency/person is to be used in the first instance to ensure an arms-length approach is taken, i.e. Real Estate agent, TradeMe or Turners.

When disposing of assets vested or gifted to Council, any conditions imposed at the time of vesting or gifting must be considered and adhered to where applicable.

Assets must not be disposed of by way of a cash sale and must follow the Council external sales invoicing process. The exception is where an external agent is engaged to sell the asset and full supporting documentation/evidence of the sale price is received and paid to Council. This documentation must be retained for audit purposes.

Disposal processes will ensure that assets that are disposed of are removed appropriately from the asset register and financial records updated in accordance with Generally Accepted Accounting Practice.

Disposal methods by asset type are tabled below:

Disposal method	Description	Land & Buildings	Infrastructure assets	All other assets
Tender	Openly seek bids through closed or open tender process	✓	✓	✓
Auction	Public auction through auction house or similar agency	✓	✓	✓
Private contract	Arranged through independent agent	✓	✓	✓
Open market		✓	✓	✓
Land exchange		✓		
Trade-in			✓	✓
Expressions of interest	Seeking expressions of interest from buyers	✓	✓	✓
Reuse	Used by another department		✓	✓
Recycle	Broken down for parts Sold for scrap		✓	✓



Disposal method	Description	Land & Buildings	Infrastructure assets	All other assets
	Gifted to non-profit organisation or charity			
Redevelop	Incorporate into another asset		✓	✓
Scrap	Decommission, destroy and dump	Building only	✓	✓
Leave in ground	Underground assets		✓	

### Relevant legislation:

- Local Government Act 2002

### Related documents:

- Council's Accounting Standards and Policies
- Procurement Policy
- Delegations Policy
- Asset Management Policy
- Staff Interest Policy
- Information Management Policy
- Sensitive Expenditure Policy
- House Rules
- Fraud, Bribery and Corruption Policy
- Protected Disclosures (Whistle Blower) Policy
- Vehicle Procurement, Maintenance and Disposal Policy

## 21.2.9 FINANCIAL REPORT FOR THE PERIOD ENDING 31 MARCH 2021

Doc ID: 531295

### 1. Purpose

To consider the financial performance for the period ending 31 March 2021.

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### Recommendations

That the report be received.

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### 2. Background

The Committee has requested regular financial updates.

### 3. Financial Reporting

March 2020-21 YTD operating surplus is \$10.04M and is largely the result of external funding received for the Three Waters reform and land sales. The activity managers have reforecast their budgets in February 2021 based on year-to-date actuals as of 31 December 2020. This forecast was approved by Council in March and subsequently the revised budget has been updated to incorporate the forecast.

- i. Land sales of \$6.2M which relates to the Gair Avenue development and Cemetery Road/Harvest Road creating a \$2.2M positive variance in income. This income is partly offset by \$3.7M of costs that council has incurred including developer costs and profit-sharing costs.
- ii. Funding received for the Three Waters reform is \$4.73M.
- iii. Expenditure is higher than budget by \$112k attributed to a late settlement of Harvest Road from 2018 as well as refuse and recycling costs.

Attached to this report is the Council financial report presented in March 2021, which includes a variance analysis against the general ledger profit and loss statement, plus an activity level variance (Appendix 1).

The report also details the expenditure of the capital works programme across activities to enable oversight on progress of these projects.

### 4. Accounts Receivable

As of 31 March 2021, council had \$59k outstanding in accounts receivables greater than 90 days. Resource consents are the key contributors and include:  
The Canyon Vineyard \$13.3k (objections to fees heard by hearings panel)  
M N Shaw \$8.5k (awaiting payment options)

Other includes:

ZK – RMH Trust \$10k (dispute relating to airport rental)

## Top Shelf Productions \$5.7k (agreement to fund people on Bikes Series 2)

Type of Debtor	Current	30 Days	60 Days	> 90 Days
Other	\$ 29,820	\$ 20,943	\$ 8,356	\$ 23,569
Building Consents	\$ 33,670	\$ 1,420	\$ 6,195	\$ 1,905
Resource Consents	\$ 83,108	\$ 46,673	\$ 28,778	\$ 33,894
<b>TOTAL</b>	<b>\$ 146,598</b>	<b>\$ 69,036</b>	<b>\$ 43,329</b>	<b>\$ 59,368</b>

Debt is actively managed and monitored and if a debtor is past our three-month threshold, their information is sent to our debt collection agency, Receivables Management Limited.

Sundry Debtor	Totals	Under 500	500 to \$1k	\$1k to \$2k	\$2k to \$10k	\$10k to \$50k	Over \$50K
Current	\$ 146,598	\$ (69,539)	\$ 16,924	\$ 28,407	\$ 77,453	\$ 15,027	\$ 78,325
Percentage	100%	-47%	12%	19%	53%	10%	53%
No. of Invoices	438	371	26	22	17	1	1
30 Days	\$ 69,036	\$ 10,320	\$ 2,659	\$ 11,907	\$ 29,941	\$ 14,209	\$ -
Percentage	100%	15%	4%	17%	43%	21%	0%
No. of Invoices	132	112	4	8	7	1	0
60 Days	\$ 43,329	\$ 3,714	\$ 3,251	\$ 5,966	\$ 3,010	\$ 27,388	\$ -
Percentage	100%	9%	8%	14%	7%	63%	0%
No. of Invoices	57	45	5	4	1	2	0
> 90 Days	\$ 59,368	\$ 6,145	\$ 1,342	\$ 6,539	\$ 22,043	\$ 23,299	\$ -
Percentage	100%	10%	2%	11%	37%	39%	0%
No. of Invoices	49	35	2	5	5	2	0

## 5. Investment

As at 31 March 2021, Council had cash balances of \$13.5M, of which term deposits of \$6M mature within 90 days.

Bank	Amount	Term (Mnth)	Start Date	End Date	Fixed Rate
BNZ	4,500,000	9	2 Mar 2021	2 Dec 2021	0.96%
BNZ	1,000,000	4	7 Dec 2020	6 Apr 2021	0.55%
BNZ	3,000,000	6	7 Dec 2020	8 Jun 2021	0.89%
KiwiBank	2,000,000	7	14 Sep 2020	19 Apr 2021	1.50%
KiwiBank	1,500,000	6	25 Jan 2021	26 Jul 2021	1.10%
KiwiBank	1,500,000	6	1 Mar 2021	30 Aug 2021	1.05%

Weighted average interest rates for all council term deposits is 1.02%.

## 6. Internal Loans

Forecast closing balance for 30 June 2021 is \$4.270M.



Owed By	Original Loan	30-Jun-20 Closing Balance
Public Toilets - Roxburgh & Cromwell	670,000	513,510
Tarbert St Bldg	25,868	14,502
Alex Town Centre	94,420	54,766
Alex Town Centre	186,398	101,720
Alex Town Centre	290,600	170,912
Centennial Milkbar	47,821	24,252
Water Ranfurly	96,000	1,000
Vincent Grants	95,000	28,500
Pioneer Store Naseby	21,589	12,236
Roxburgh Water	867,000	743,391
ANZ Bank Seismic Strengthening	180,000	154,337
Molyneux Pool	650,000	604,400
Maniototo Hospital	1,873,000	1,824,913
Alexandra Airport	218,000	211,407
	<b>5,315,695</b>	<b>4,459,846</b>

## 7. External Community Loans

The total amount of external loans at the beginning of the financial year 2020-21 was \$241k and as of 31 March 2021, the outstanding balance was \$202k. Council has received \$38k in principal payments and \$9.3k in interest payments.

Owed By	Original Loan	1 July 2020 Actual Opening Balance	Principal	Interest	31 Mar 2021 Actual Closing Balance
Cromwell College	400,000	164,184	24,877	6,711	139,306
Maniototo Curling	160,000	48,743	9,750	1,666	38,993
Oturehua Water	46,471	28,122	4,098	1,004	24,024
	<b>606,471</b>	<b>241,049</b>	<b>38,725</b>	<b>9,381</b>	<b>202,324</b>

## 8. Attachments

### Appendix 1 - Financial Report for the period ending March 2021 [↓](#)

Report author:



Kim McCulloch  
Corporate Accountant  
14/05/2021

Reviewed and authorised by:



Leanne Macdonald  
Executive Manager - Corporate Services  
14/05/2021

## ATTACHMENT 1

## AUDIT &amp; RISK COMMITTEE – FINANCIALS FOR THE PERIOD ENDING 31 MARCH 2021

## Statement of Financial Performance for the period ending 31 March 2021

	9 MONTHS ENDING 31 MARCH 2021				2020/21	2020/21
	YTD	YTD	YTD		Annual	Revised
	Actual	Revised	Variance		Plan	Budget
	\$000	\$000	\$000		\$000	\$000
<b>Income</b>						
Development Contributions	588	1,382	(794)	●	2,347	2,365
Interest & Dividends	432	301	131	●	401	401
Rates	23,361	23,286	75	●	30,437	30,437
Reserves Contributions	161	-	161	●	-	-
User Fees & Other	5,883	5,625	258	●	7,066	7,796
Profit on Sale of Assets	150	124	26	●	-	124
Other Capital Contributions	287	268	19	●	1	268
Regulatory Fees	1,682	1,643	39	●	2,356	2,036
Land Sales	6,236	4,016	2,220	●	-	4,016
Govt Grants & Subsidies	8,272	9,028	(756)	●	5,102	10,257
<b>Total Income</b>	<b>47,052</b>	<b>45,673</b>	<b>1,379</b>	●	<b>47,710</b>	<b>57,700</b>
<b>Expenditure</b>						
Costs of Sales	3,700	1,797	(1,903)	●	-	1,797
Rates Expense	423	432	9	●	406	432
Electricity & Gas	1,049	1,051	2	●	1,311	1,433
Depreciation	7,678	7,664	(14)	●	10,209	10,209
Loss on Sale of Asset	-	-	-	●	-	-
Grants	554	590	36	●	628	725
Cost Allocations	(9)	(11)	(2)	●	-	(9)
Building Repairs & Mtce.	532	580	48	●	832	846
Members Remuneration	400	460	60	●	640	608
Contracts	6,150	6,621	471	●	7,949	8,792
Technology Costs	633	664	31	●	1,006	907
Refuse & Recycling Costs	2,666	2,393	(273)	●	3,476	3,534
Insurance	391	391	-	●	481	404
Staff	8,124	8,610	486	●	11,635	11,974
Professional Fees	1,886	2,409	523	●	2,604	3,653
Other Costs	2,832	3,246	414	●	3,861	5,274
<b>Total Expenses</b>	<b>37,009</b>	<b>36,897</b>	<b>(112)</b>	●	<b>45,038</b>	<b>50,579</b>
<b>Operating Surplus / (Deficit)</b>	<b>10,043</b>	<b>8,776</b>	<b>1,267</b>		<b>2,672</b>	<b>7,121</b>

This table has rounding (+/- 1)

The financials for March 2021 show an overall favourable variance of \$1.26M. The main driver is in land sales at \$2.2M being the delayed settlement of the Cemetery Road/Harvest Road land sale from 2018.

Overall income has a favourable variance against the revised budget of \$1.3M. This relates to the above delayed settlement of Cemetery Road/Harvest Road.

Expenditure has an unfavourable variance of (\$112k). The main drivers behind the unfavourable variance is the cost of sales related to the delayed settlement of Cemetery Road/Harvest Road, and

refuse and recycling costs. Offsetting this is favourable variance are contracts, staff, professional fees, and other costs.

### **Income of \$47.052M against the year-to-date budget of \$45.673M**

The main variances are:

- Development contributions has an unfavourable variance of (\$794k). Lower than expected contributions are linked with the timing of developments in Cromwell and Alexandra with the balance in district roading. It should be noted that \$417k has been received from two developments in April 2021.
- Government grants and subsidies revenue of \$8.27M is (\$756k) unfavourable against budget. The unfavourable variance is due the timing of the Waka Kotahi New Zealand Transport Agency (Waka Kotahi) roading subsidy. These subsidies are claimed based on the roading work programme. The capital roading work programme is running behind schedule largely due to the timing of the Clyde Heritage Precinct project.
- Interest and dividends revenue is favourable against budget by \$131k. This is partly due to interest received from the delayed settlement of Cemetery Road offset by lower interest rates received on term deposit investments.
- Reserves contributions has a \$161k favourable variance. These contributions are dependent on developers' timeframes and therefore difficult to gauge when setting budgets.
- User fees and other of \$5.8M is \$258k favourable against budget. Contributing to the favourable variance is a Ministry of Business Innovation and Employment (MBIE) tourism grant for freedom camping, fencing and toilets of \$48k, which is in addition to \$95k received earlier in the financial year. Other areas with favourable variances include planning (regulatory) income of \$98k and property rental and hire income of \$44k from Murray Terrace.

### **Expenditure of \$37M against the year-to-date budget of \$36.89M**

The main variances are:

- Costs of sales of \$3.7M is above budget by (\$1.9M). As mentioned earlier this relates to the delayed settlement of Cemetery Road/Harvest Road from 2018.
- Refuse and recycling costs of \$2.66M has an unfavourable variance of (\$273k). This is mainly due to the timing of the Central Otago District Council emission trading scheme contribution of (\$277k), the budget is reflected in May 2021.
- Contracts of \$6.15M is \$471k favourable against budget. The main favourable variances are planned maintenance of \$127k, district-wide un-subsidised roading work of \$103k and subsidised roading work of \$231k. As with income, the capital roading programme is running behind schedule due to the timing of the Clyde Heritage Precinct Project.
- Staff costs of \$8.124M has a \$486k favourable variance against budget. This relates to the timing of vacant positions and positions that are in the process of being recruited.
- Professional fees of \$1.87M is \$523k favourable against the budget. This is due to the timing of professional fees within the District Plan along with the timing of management consultant fees in water and wastewater.

**Other costs breakdown is as below:**

Other Costs breakdown	YTD Actual \$000	YTD Revised Budget \$000	YTD Variance \$000		2020/21 Annual Plan \$000	2020/21 Revised Budget \$000
Operating Expenses	184	271	88	●	284	357
Minor Repairs & Maintenance	134	135	1	●	168	180
Staff Expenses	23	29	6	●	44	41
Valuation Services	108	123	15	●	170	170
Water Costs	73	109	35	●	214	223
Minor Equipment	206	251	44	●	328	358
Retail	59	57	(2)	●	61	83
Sludge Treatment	137	177	40	●	252	437
Health & Safety	5	20	15	●	58	40
Vehicles	85	105	20	●	153	155
Advertising	113	168	55	●	273	262
Office Expenses	456	529	73	●	739	750
Administrative Costs	572	660	88	●	732	1,205
Projects	677	612	(65)	●	385	1,013
<b>Total Other Costs</b>	<b>2,831</b>	<b>3,246</b>	<b>414</b>		<b>3,861</b>	<b>5,274</b>

*This table has rounding (+/- 1)*

- Operating expenses are \$88k favourable against budget. This is largely due to underspends in waste water operations.
- Advertising and office expenses are \$128k favourable. This is largely due to underspends across the organisation.
- Administrative costs are \$88k favourable. This is largely due to an underspend in weed control and compliance schedules.
- Projects are (\$65k) unfavourable against budget. This variance is mainly due to Three Waters reactive maintenance expenses from the January 2021 flood of (\$170k). This expense is still to be adjusted to reflect the resolution of 21.2.14, January 2021 Weather event – water report. In this resolution it was agreed to allow for an increase in expenditure as opposed to using the Emergency Event Reserve. This is offset by underspends in operating projects like the Community Development MBIE projects, Regional Identity Branding project and Road Safety projects.

**Profit and Loss by Activity - 31 March 2021**

ACTIVITY	INCOME			EXPENDITURE			SURPLUS/(DEFICIT)			
	Actuals \$000	Revised \$000	Variance \$000	Actuals \$000	Revised \$000	Variance \$000	Actuals \$000	Revised \$000	Variance \$000	
Infrastructure	912	1,687	(775)	301	290	(11)	611	1,397	(786)	●
Roading	7,018	7,840	(822)	6,560	6,981	421	458	859	(401)	●
Waste Management	3,482	3,457	25	3,955	3,673	(282)	(473)	(216)	(257)	●
Parks Reserves Recreation	5,242	5,240	2	5,094	5,147	53	148	93	55	●
Corporate Services	130	110	20	35	147	112	95	(37)	132	●
People and Culture	996	976	20	920	1,039	119	76	(63)	139	●
CEO	308	316	(8)	(89)	162	251	397	154	243	●
Property	9,627	7,072	2,555	6,968	5,273	(1,695)	2,659	1,799	860	●
Governance and Community Engagement	3,775	3,748	27	2,887	3,295	408	888	453	435	●
Planning (Regulatory)	3,913	3,688	225	3,396	3,877	481	517	(189)	706	●
Three Waters	12,985	12,997	(12)	6,809	6,994	185	6,176	6,003	173	●
<b>Total</b>	<b>47,052</b>	<b>45,673</b>	<b>1,379</b>	<b>37,009</b>	<b>36,897</b>	<b>(112)</b>	<b>10,043</b>	<b>8,776</b>	<b>1,267</b>	●

This table has rounding (+/- 1)

\* The funding activity has been removed as this is not an operational activity.

- Infrastructure – income has an unfavourable variance of (\$775k). This variance is due to development contributions received being lower than budgeted. Lower than expected contributions are linked with the timing of subdivision developments in Cromwell and Alexandra. It is expected that development contribution income will remain lower than budget due to subdivision developments being pushed into the next financial year. Expenditure is over budget by \$11k.
- Roothing – income has an unfavourable variance of (\$822k). This is predominately due to the Waka Kotahi subsidy, which moves in tandem with subsidised roading expenditure, which is favourable \$421k. Both are due to the timing of the capital work programme which is running behind schedule largely due to the Clyde Heritage Precinct Project.
- Waste Management - income has a favourable variance of \$25k. This is mainly due to the timing of green waste income. Expenditure has an unfavourable variance of (\$282k). This is mainly due to the timing of the Central Otago District Council emission trading scheme contribution of (\$277K).
- Parks and Recreation – the favourable income variance relates to the MBIE tourism grant of \$48k received and updated in the revised budget. Expenditure has a favourable variance of \$53k. This relates to a contestable grant for trail maintenance, that is subject to funding applications being received.
- Corporate Services – income has a favourable variance of \$20k. This is due to profit on the sales of vehicle assets. Expenditure is \$112k lower than budget mainly due to the timing of information services operating expenditure.
- People and Culture – income has a favourable variance of \$20k driven by a grant received from New Zealand Libraries Partnership Programme. Expenditure has a favourable variance of \$119k. Driving this favourable variance are underspends in Human Resources \$46k, Health and Safety \$42k and Administration \$30k.



- CEO – Expenditure has a favourable variance of \$251k which is mainly due to the Strategic Pay allocation which by end of year should be reflected in increased costs across the organisation, as the pay review impacts across the activities.
- Property – favourable income of \$2.5M relates to the delayed settlement on Cemetery Road from 2018. Expenditure is unfavourable due to the costs associated with this delayed settlement.
- Governance and Community Engagement – income has a favourable variance of \$27k due to grants received in tourism. Expenditure has a favourable variance of \$408k. This is due to underspends in promotions and tourism \$135k, governance \$90k, economic development \$81k, community development \$63k, visitor centres \$39k and regional identity \$10k.
- Planning (Regulatory) – has a favourable income variance of \$225k, this is mainly due to the recovery of costs incurred from external professionals related to resource consents and an increase in building permit revenue. The favourable expenditure variance of \$481k is due to lower-than-expected staff costs and planning consultant (review) fees with further work required to progress the District Plan programme.
- Three Waters – income has an unfavourable variance of (\$12k). This is due to lower revenue from septage fees. Expenditure has a favourable variance of \$185k due to lower-than expected management consultants and operating costs.

### Capital Expenditure

Year-to-date, 35% of the total capital spend against the full year's revised capital budget, has been expensed.

CAPITAL EXPENDITURE	YTD Actual \$000	YTD Revised Budget \$000	YTD Variance \$000		2020/21 Revised Budget \$'000	Progress to date
Council Property and Facilities	6,214	5,303	(911)	●	10,763	58%
Waste Management	197	2	(195)	●	860	23%
i-SITES	-	5	5	●	5	0%
Customer Services and Adminis	22	14	(8)	●	61	36%
Vehicle Fleet	301	170	(131)	●	353	85%
Planning	-	-	-	●	193	0%
Information Services	469	455	(14)	●	1,992	24%
Libraries	103	123	20	●	500	21%
Parks and Recreation	699	741	42	●	2,908	24%
Roading	4,058	5,434	1,376	●	7,461	54%
Three Waters	4,665	7,604	2,939	●	23,091	20%
<b>Grand Total</b>	<b>16,728</b>	<b>19,851</b>	<b>3,123</b>		<b>48,187</b>	<b>35%</b>

### Council Property and Facilities (\$911k) unfavourable against budget:

This includes the purchase of Murray Terrace land approved by the Cromwell Ward in December 2020, which Council authorised as per resolution 20.40.3 in July 2020.

**Waste Management (\$195k) unfavourable against budget:**

This variance is due to the progression of the glass crushing plant project, which Council authorised as per resolution 20.7.31 in August 2020.

**Vehicle Fleet (\$131k) unfavourable against budget:**

Vehicle replacements are tracking well against the full year budget. At the end of April all vehicles have been purchased and should be delivered by the end of the year, and remain within the full-year budget.

**Information Services (\$14k) unfavourable against budget:**

Records digitisation staff costs have been allocated to the project after the forecast creating an unfavourable variance, this will smooth out as the budget is released over the remainder of the year.

**Libraries \$20k favourable against budget:**

Small favourable variance relating to the timing of library book and e-book purchases.

**Parks and Recreation \$42k favourable against budget:**

Parks and recreation have a favourable variance due to projects in cemeteries where contracts have been awarded in April with completion date expected to be end of June.

**Roading \$1.3M favourable against budget:**

Subsidised roading projects are behind, this is mainly due to delays to the capital programme. A month in the work programme has been lost due to the flooding event in January 2021.

**Three Waters is \$2.9M favourable against budget:**

The favourable variance is due to the timing of construction projects. The main drivers include the Cromwell and Omakau water supply improvements and the Clyde wastewater reticulation network construction.

**Internal Loans**

Forecast closing balance for 30 June 2021 is \$4.27M.

OWED BY	Original Loan	1 July 2020 Opening Balance	30 June 2021 Forecast Closing Balance
<b>Public Toilets - Roxburgh &amp; Cromwell</b>	670,000	513,510	491,239
<b>Tarbert St Building</b>	25,868	14,502	13,067
<b>Alexandra Town Centre</b>	94,420	54,766	49,759
<b>Alexandra Town Centre</b>	186,398	101,720	91,041
<b>Alexandra Town Centre</b>	290,600	170,912	155,412
<b>Centennial Milkbar</b>	47,821	24,252	21,284
<b>Vincent Grants</b>	95,000	28,500	19,000
<b>Pioneer Store Naseby</b>	21,589	12,236	10,949
<b>Roxburgh Water</b>	867,000	743,391	717,829

<b>OWED BY</b>	<b>Original Loan</b>	<b>1 July 2020 Opening Balance</b>	<b>30 June 2021 Forecast Closing Balance</b>
<b>ANZ Bank Seismic Strengthening</b>	180,000	154,337	149,030
<b>Molyneux Pool</b>	262,000	604,000	571,900
<b>Maniototo Hospital</b>	1,873,000	1,824,913	1,775,142
<b>Alexandra Airport</b>	218,000	211,407	204,485
<b>Total</b>	<b>4,831,696</b>	<b>4,458,446</b>	<b>4,270,137</b>

## External Loans

The total amount of external loans at the beginning of the financial year 2020-21 was \$241k and as at 31 March 2021 the outstanding balance was \$202k. Council has received \$38k in principal payments and \$9.3k in interest payments.

<b>Owed By</b>	<b>Original Loan</b>	<b>1 July 2020 Actual Opening Balance</b>	<b>Principal</b>	<b>Interest</b>	<b>31 March 2021 Actual Closing Balance</b>
Cromwell College	400,000	164,184	24,877	6,711	139,306
Maniototo Curling	160,000	48,743	9,750	1,666	38,993
Oturehua water	46,471	28,122	4,098	1,004	24,024
<b>Total</b>	<b>606,471</b>	<b>241,049</b>	<b>38,725</b>	<b>9,381</b>	<b>202,324</b>

## 21.2.10 POLICY AND STRATEGY REGISTER

Doc ID: 534537

### 1. Purpose of Report

To present an updated register of the Council's policies and strategies.

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### Recommendations

That the Audit and Risk Committee

A. **Receives** the report.

---

### 2. Background

The Register has been updated to be correct as at 26 May 2021.

Since the last meeting of the Committee, the Waste Management and Minimisation Bylaw and Community Development Strategy have been adopted.

The following changes have been made as a result of legislative complexity and prioritisation of workloads:

#### *People and Culture*

- Staff Interests Policy checked and still on track for July 2021. Is a soft refresh and won't go to Committee
- Leave Management Policy is not due until December 2023 but is being updated early to reflect changes to legislation
- Performance Management Policy is in the final stages and expected to be completed in May 2021

#### *Information Services*

- Information Management Policy updated to June 2021
- Privacy Policy updated to October 2021
- LGOIMA Policy updated to October 2021
- Digital Strategy updated to June 2022

#### *Parks and Property*

- Molyneux Pool CCTV Policy updated to late 2021

#### *Regulatory*

- Enforcement Strategy delayed due to staff change. Currently assessing likely timeframe and will update at next meeting.

*Environmental Engineering*

- Water Bylaw changed from expected July 2021 to December 2022 due to Three Waters Review process
- Water Policy changed from expected July 2021 to December 2022 due to Three Waters Review process
- Sewer Lateral Policy will be reviewed with Three Waters work for December 2022.

*Roading*

- Speed Limit Bylaw expected in July 2021

*Community and Engagement*

- Museum Strategy stage one completion changed to June 2021. The final draft is currently with the sector for review.

*Finance*

- Asset Disposal Policy has been renamed Fixed Asset and Disposal Policy. It will be considered at this meeting.
- Protected Disclosures (Whistleblowing) Policy updated to October meeting.

*General*

- 30 Year Vision has been put on hold and staff workload reprioritised to focus on the Council vision/organisational strategy.

**3. Attachments****Appendix 1 - Policy and Strategy Register [↓](#)**

Report author:

Reviewed and authorised by:



Alix Crosbie  
Senior Strategy Advisor  
26/05/2021



Saskia Righarts  
Chief Advisor  
26/05/2021



Name	Date Issued / Review Beginning	Due for Review / Completion	Responsibility
<b>People and Culture</b>			
Adverse Weather Policy	September-2017	September-2020	CEO
Smoking Policy	December-2004	December-2007	CEO
Staff Interests Policy	July-2020	July-2021	AR > CEO
Working From Home Guidelines	August-2020	August-2023	CEO
Respect at Work Guidelines	February-2020	February-2022	CEO
Leave Management Policy	December-2020	December-2023	CEO
Vehicle User Policy	February-2020	February-2023	CEO
<b>Future Work Items</b>			
Performance Management Policy		May-2021	CEO
<b>Information Services</b>			
Acceptable Use of Public Wi-Fi Policy	March-2019	March-2022	Council
Cyber Security Policy	October-2018	October-2021	AR > Council
Information Management Policy	June-2019	October-2021	Council
<b>Future Work Items</b>			
Digital Strategy		June-2022	Council
Privacy Policy		October-2021	AR > CEO
LGOIMA Policy		October-2021	CEO
<b>Governance</b>			
Appointment and Remuneration of Directors Policy	October-2019	October-2022	Council
Code of Conduct	October-2019	October-2022	Council
Delegations Register (incl. Audit and Risk Terms of Reference)	August-2020	October-2022	Council
Elected Members Allowances and Reimbursements Policy	October-2019	October-2022	Council
Standing Orders	October-2019	October-2022	Council
<b>Parks and Property</b>			
Clutha River Mata-au Plan	May-2012	May-2017	Council
Molyneux Pool CCTV Policy	March-2018	Late 2021	CEO
Outdoor Recreation Strategy	June-2012	June-2022	Council
Public Toilet Strategy	July-2008	July-2011	Council
Council-owned Earthquake-prone Buildings Policy	June-2020	June-2023	Council
Cemeteries Bylaw	November-2020	November-2025	Council
Community Leasing and Licensing Policy	February-2021	February-2024	Council
District Tree Policy	August-2020	February-2022	Council
11x Reserve Management Plans	Various	Various	Council
<b>Future Work Items</b>			
Playground Strategy		January-2022	Council
Reserve Management Plans		2019-2022	Council
Reserve Naming Policy		January-2022	Council
Responsible Camping Strategy		Hold pending government policy decision	Council
Plaques and Memorials Policy		January-2022	Council
<b>Regulatory</b>			
Alcohol Restrictions in Public Places Bylaw	May-2019	May-2024	Council
Dangerous and Insanitary Building Policy	September-2013	September-2018	Council
Dog Control Bylaw	December-2020	December-2025	Council
Dog Control Policy	December-2020	December-2025	Council
Easter Sunday Trading Policy	July-2018	July-2023	Council
Gambling and Board Venue Policy	June-2020	June-2023	Council
Lighting Policy	March-2019	March-2022	Council
Litter Offences	July-2019	July-2022	Council
Psychoactive Substances Policy	June-2019	June-2024	Council
Smokefree Policy	June-2018	June-2021	Council
<b>Future Work Items</b>			
Enforcement Strategy		Late 2021	Council
<b>Environmental Engineering</b>			
Development and Financial Contributions Policy	September-2018	September-2021	Council
Subdivision Engineering Standards	September-2019	September-2024	Council
Sustainability Strategy	April-2019	April-2024	Council
Waste Management and Minimisation Plan	June-2018	June-2023	Council

Waste Management and Minimisation Bylaw	March 2021	March 2026	Council
<b>Future Work Items</b>			
<b>Three Waters</b>			
Leakage Remissions Policy	January-2012	January-2015	Council
Sewer Lateral Policy	July-2016	July-2019	Council
Drinking Water Quality Policy Statement	March-2020	March-2023	Council
Trade Waste Bylaw	June-2001	To be replaced by Water Bylaw	Council
Water Supply Bylaw	May-2008	To be replaced by Water Bylaw	Council
<b>Future Work Items</b>			
Water Bylaw		July-2021	Council
Water Policy		July-2021	Council
<b>Roading</b>			
Fingerboard Policy	April-2018	April-2021	Council
Low Cost, Low Risk Roothing Improvements	February-2018	February-2021	Council
Roothing Bylaw	November-2020	November-2025	Council
Roothing Policy	January-2016	January-2022	Council
Speed Limit Bylaw	November-2007	July-2021	Council
Transportation Procurement Strategy	May-2020	May-2025	AR > Council
<b>Libraries</b>			
Cataloguing Policy	July-2018	July-2021	CEO
Collection Development Policy	October-2018	October-2021	CEO
Deselection Policy	March-2019	March-2022	CEO
Donations Policy	August-2018	August-2021	CEO
Interloans Policy	May-2020	May-2023	CEO
Lost Property Policy	May-2019	May-2022	CEO
<b>Community and Engagement</b>			
Arts Strategy	April-2013	April-2018	Community Owned
14x Community Plans	Various	Various	Community Owned
Grants Policy	August-2019	August-2022	Council
Heritage Strategy	April-2018	April-2023	Community Owned
Film Friendly Policy	June-2018	June-2023	Council
Media Policy	January-2020	January-2023	Council
Significance and Engagement Policy	September-2018	Expected Completion: June-2021	AR > Council
Social Media Policy	January-2020	January-2023	Council
Community Development Strategy	May 2021	May 2023	Council
<b>Future Work Items</b>			
Museum Strategy		Expected Completion: June-2021	Council
Communications and Engagement Strategy		Expected Completion: December-2021	Council
<b>Finance</b>			
<a href="#">C:\docs\~D427817</a> Fixed Asset and Disposal Policy	January-2017	June 2021	AR > CEO
Fraud Bribery and Corruption Policy	May-2020	October-2021	AR > Council
Investment Policy	June-2020	June-2021	AR > Council
Liability Management Policy	June-2020	June-2021	AR > Council
Procurement Policy	August-2020	October-2021	AR > Council
Protected Disclosures (Whistleblowing) Policy	May-2020	October-2021	AR > Council
Rates Remission Policy	June-2020	June-2021	AR > Council
Rating Policy	June-2020	June-2021	AR > Council
Revenue and Financing Policy	September-2018	June-2021	AR > Council
Risk Management Policy and Process	August-2020	June-2021	AR > Council
Sensitive Expenditure Policy	October-2019	October-2022	AR > Council
Vehicle Procurement Maintenance and Disposal Policy	Ocotber-2020	October-2023	CEO
<b>Future Work Items</b>			
Staff Delegations Manual	May-2021	June-2022	AR > Council
Financial Reserves Policy		June-2021	AR > Council
<b>Health and Safety</b>			
Health and Safety Policy Statement	September-2020	September-2021	CEO

General			
Annual Plan/LTP	June-2020	June-2021	Council
Asset Management Policy	February-2014	November 2021	AR > Council
District Plan	April-2008	April-2018	Council
Economic Development Strategy	May-2019	May-2024	Council
Infrastructure Strategy	June-2018	June-2021	AR > Council
Long Term Plan	September-2018	June-2021	Council
Tourism Strategy	June-2019	June-2024	Council
Future Work Items			
Housing Strategy		June-2021	Council

## 6 REPORTS FOR INFORMATION

### 21.2.11 TOURISM OPERATOR COMPLIANCE RECORDS

Doc ID: 535124

#### 1. Purpose

To give an overview of a known new compliance issue and actions taken to remedy.

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#### Recommendations

That the report be received.

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#### 2. Discussion

It has recently come to the attention of staff that council run i-SITEs had no mechanisms in place to ensure tourism operators they are on-selling have up to date compliance certifications.

The previous process had seen all businesses that paid to be promoted through a council run i-SITE required to supply evidence of their compliance relevant to their operation at the point of sign up. There was never a mechanism established to ensure that as certifications lapsed, the operator supplied updated documentation.

In the past this may have been acceptable given ultimate responsibility lies with the operator to be compliant and carry the correct certifications. However, in light of Worksafe bringing charges against both the tourism operators and the third parties who sold tours to Whakaari (White Island), i-SITEs as a reseller also carry responsibility to ensure the products they are on-selling have relevant certifications.

In May 2021, staff contacted all partner tourism operators they sell and asked for evidence of compliance. That evidence will be catalogued and a date for follow up noted when certifications are due to expire. All businesses have been advised that after the 30<sup>th</sup> of June 2021 should i-SITEs not have received the requested evidence, council run i-SITEs will no longer be able to resell their product.

Staff will continue to assess the outcome of the Whakaari tragedy court proceedings and adjust future processes to align with the court's findings.

#### 3. Attachments

Nil

Report author:

Reviewed and authorised by:



Dylan Rushbrook  
General Manager Tourism Central Otago  
21/05/2021

Sanchia Jacobs  
Chief Executive Officer  
24/05/2021

## 21.2.12 UPDATE ON PROGRESS OF THE LAKE DUNSTAN WATER SUPPLY AND CLYDE WASTEWATER RETICULATION PROJECTS

Doc ID: 534575

### 1. Purpose

To provide an update on progress of the Lake Dunstan Water Supply Project and the Clyde Wastewater Reticulation Project.

### Recommendations

That the report be received.

### 2. Background

The Lake Dunstan Water Supply Project involves extending the existing borefield above Clyde, constructing a new water treatment plant and piping treated water to the Alexandra Northern reservoir and the Clyde reservoir.

Construction of the pipeline between Alexandra and Clyde is complete.

Final design of the borefield extension, and treatment plant is underway which will then enable construction to commence. The finished project will meet the requirements of the New Zealand Drinking Water Standards.

The Clyde Wastewater Reticulation Project involves construction of a reticulated wastewater scheme in the Stage 1 area of Clyde, connection of over 200 properties and construction of a pump station and pipeline to the Alexandra wastewater treatment plant. The pipeline between Clyde and the Manuharekia River is complete.

### Budgets

The budget for the remaining work on the Lake Dunstan Water Supply Project is t \$9.2M. The budget for construction of Stage 1 of the Clyde Wastewater Reticulation is \$8.5M.

### Programme

More detail is provided in the appended project reports.

#### Lake Dunstan Water Supply:

Project Stage	Expected Completion Date
Agree contract terms	May 2021
Detailed Design, updating estimate and creating delivery programme.	June – October 2021
Review design estimate against Council budget.	October 2021
Construction of Water Treatment Plant, balance rank and bore field	November 2021 – June 2022



Commission new Lake Dunstan Water Supply Scheme	Mid 2022
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Clyde Wastewater Reticulation Stage 1:

Project Stage	Expected Completion Date
Construction commenced.	January 2021
Main pipelines	January 2021 – February 2022
Laterals from mains to properties	June 2021 – May 2022
“Winter Programme” for Clyde commercial area	May - September 2021
Commissioning of Clyde Wastewater Reticulation Stage 1	June 2022

**Risk Analysis**

A high-level review of risks on the overall Lake Dunstan and Clyde wastewater schemes was undertaken as part of the development of the business cases for each of these projects. Individual risk registers have been prepared for both projects with input from the design consultants, contractors and Council major projects staff. The appended reports also outline the key project risks.

The COVID-19 pandemic has created unpredictability in the market for supply of materials and is also creating price volatility. The cost re-imbursement contract models being used enable regular review of cost inputs and changes to be made to working and supply methodologies.

There is high demand on limited contracting resources for the large volume of work underway in New Zealand. This is placing pressure on construction companies who need to upsize to meet increasing work demands.

While projects are being reviewed individually the other projects they interface with are also taken into account. This is to ensure as little broader impact is felt as possible when making individual project decisions.

**Gateway Review**

Current phase is stage 4 – Implementation

**3. Attachments**

**Appendix 1 - Monthly Project Report Clyde Wastewater Reticulation Stage 1** [↓](#)

**Appendix 2 - Monthly Project Report Lake Dunstan Water Supply** [↓](#)

Report author:

Reviewed and authorised by:



Patrick Keenan  
Capital Projects Programme Manager  
19/05/2021



Julie Muir  
Executive Manager - Infrastructure Services  
21/05/2021

## Monthly Project Report: Lake Dunstan Water Supply

### Progress

The current programme is:

Project Stage	Expected Completion Date
Council resolution agreed to a two stage direct appointment contract to Fulton Hogan. The stages are referred to as Separable Portions (SP) and are called SP1 and SP2. SP1 is the Early Contractor Involvement (ECI) phase and includes detailing the project estimate, based on an optimised design through this process. Separable portion 2 is the construction phase and this will only be commenced upon CODC acceptance of updated estimate and programme from SP1.	24 March 2021
Agree contract terms	May 2021
Detailed Design, updating estimate and creating delivery programme. Timing based on feedback from Fulton Hogan on 12 May 2021.	June – October 2021
Review design estimate against Council budget. Completion of Separable Portion 1.	October 2021
Commence Separable Portion 2, including Construction of Water Treatment Plant, balance tank and bore field	November 2021 – June 2022 (Subject to revision on completion of Separable Portion 1)
Commission new Lake Dunstan Water Supply Scheme	Mid 2022 (Subject to revision on completion of Separable Portion 1)

### Current Work

As per Council request a probity review of the procurement methodology was carried out. Morrison Low & Associates Ltd carried out the review and provided a letter in support of Council's approach on the 30th of March 2021.

Council staff along with teams from Fulton Hogan, Stantec (designers), Switchbuild (telemetry), Pall Marshalls Water Consortium (membrane plant equipment) have started working together to optimise and finalise the design. Once complete Fulton Hogan will estimate the construction costs.

Council and Fulton Hogan are finalising the contract terms. Essentially it will be a two-stage process, as outlined above, with the first stage being Separable portion 1 and involves Fulton Hogan supplying an updated estimate, based on the final design which will then be reviewed against the budget. A detailed programme will also be delivered as part of Separable portion 1. The second stage, Separable portion 2 will commence upon

	acceptance of Separable portion 1 estimate and programme and includes the construction and commissioning.
Spend to forecast:	The capital cost budget for construction of the Lake Dunstan Water Supply Project from the budget approved by Council on 24 March 2021 is \$9.2M. This will need to be reviewed once the detailed design estimate has been concluded. The contract will not move into construction phase until this review is complete.
Value of Professional Services Work	The overall life to date scheme investigation and design cost to March 2021 is \$1.3M. As at March 2021 CODC have \$120K of committed cost to Stantec for design of the water treatment plant and borefield up to handover point to the contractor. There will be more costs to optimise and finalise the design with further input from Fulton Hogan, Stantec (designers), Switchbuild (telemetry), Pall Marshalls Water Consortium (membrane plant equipment). The estimate for this portion of the design will be known in June 2021.
Value of Physical Work	No physical works are expected until November 2021. However, there will be greater clarity on this once Fulton Hogan start looking in detail at the programme. The budget approved by Council on 24 March 2021 is \$9.2M.
Value of Property Work	At this stage the only anticipated easements or land crossing, other than on CODC land will be the backwash and overflow pipes from the water treatment plant to the Clutha. The design has not been initiated on that yet and therefore the route is not resolved. Once resolved an estimate can be put in place.
Value of Consent Work & Approvals	The costs associated with the resource consent application to convert the new bore into a water source are not confirmed. Comparable projects estimate for this work is approximately \$25K.
Summary of Change Register	We will establish a variation order register once the contract document is agreed.
Health and Safety	There were no Health and Safety incidents during the term of this report.
Property	Contact Energy agreed with plans to provide easements and to fence the bore sites as per the recommendations in the New Zealand Drinking Water Standards Guidelines. No further action is can be undertaken on easements until the detailed design approaches completion.
Consents	The resource consent for making the test bore a permanent water source is waiting for further processing by Otago Regional Council. This is being progressed by independent consultant Simon Beale.
Other Issues	The project interfaces with the Clyde Wastewater project. Staff are investigating the opportunities for synergies between the two projects.
Risks	The risk rating for the Lake Dunstan Water Supply Project is rated amber as the detailed project risk review has not been completed. However, the top 3 risks from the most recent (April) monthly report produced by Stantec are as follows:

	<ol style="list-style-type: none"> <li>1. Timeline for completion - What's practically achievable based on current programme versus community/council expectations.</li> <li>2. Management of backwash, Clean in Place bywash, overflow, bypass/drains and commissioning pipe provision.</li> <li>3. No water take consent for the 20 mega litres per day(mega litre = 1M litres) design flow for 2048 in place with construction of the Water Treatment Plant a number of months away from starting.</li> </ol>
<b>Project Status Summary Field:</b>	
Progress	Green. However, the sooner confirmation of final design and estimate the sooner a more detailed programme will be able to be put in place along with opportunities identified for programme advancement.
Review Cost	Amber. A review of cost versus budget will be carried out once the detailed design has been estimated by Fulton Hogan
Review Risk	Amber. A review of risk will be undertaken with the wider design team in June 2021.
<b>Project Phase Field:</b>	
Current Phase	Stage 4 - Implementation
<b>Next Gateway Review Required:</b>	
	Gate 4 – "Go Live"

## Monthly Project Report: Lake Dunstan Water Supply

### Progress

The current programme is:

Project Stage	Expected Completion Date
Council resolution agreed to a two stage direct appointment contract to Fulton Hogan. The stages are referred to as Separable Portions (SP) and are called SP1 and SP2. SP1 is the Early Contractor Involvement (ECI) phase and includes detailing the project estimate, based on an optimised design through this process. Separable portion 2 is the construction phase and this will only be commenced upon CODC acceptance of updated estimate and programme from SP1.	24 March 2021
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Commission new Lake Dunstan Water Supply Scheme	Mid 2022 (Subject to revision on completion of Separable Portion 1)

### Current Work

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Council and Fulton Hogan are finalising the contract terms. Essentially it will be a two-stage process, as outlined above, with the first stage being Separable portion 1 and involves Fulton Hogan supplying an updated estimate, based on the final design which will then be reviewed against the budget. A detailed programme will also be delivered as part of Separable portion 1. The second stage, Separable portion 2 will commence upon



	acceptance of Separable portion 1 estimate and programme and includes the construction and commissioning.
Spend to forecast:	The capital cost budget for construction of the Lake Dunstan Water Supply Project from the budget approved by Council on 24 March 2021 is \$9.2M. This will need to be reviewed once the detailed design estimate has been concluded. The contract will not move into construction phase until this review is complete.
Value of Professional Services Work	The overall life to date scheme investigation and design cost to March 2021 is \$1.3M. As at March 2021 CODC have \$120K of committed cost to Stantec for design of the water treatment plant and borefield up to handover point to the contractor. There will be more costs to optimise and finalise the design with further input from Fulton Hogan, Stantec (designers), Switchbuild (telemetry), Pall Marshalls Water Consortium (membrane plant equipment). The estimate for this portion of the design will be known in June 2021.
Value of Physical Work	No physical works are expected until November 2021. However, there will be greater clarity on this once Fulton Hogan start looking in detail at the programme. The budget approved by Council on 24 March 2021 is \$9.2M.
Value of Property Work	At this stage the only anticipated easements or land crossing, other than on CODC land will be the backwash and overflow pipes from the water treatment plant to the Clutha. The design has not been initiated on that yet and therefore the route is not resolved. Once resolved an estimate can be put in place.
Value of Consent Work & Approvals	The costs associated with the resource consent application to convert the new bore into a water source are not confirmed. Comparable projects estimate for this work is approximately \$25K.
Summary of Change Register	We will establish a variation order register once the contract document is agreed.
Health and Safety	There were no Health and Safety incidents during the term of this report.
Property	Contact Energy agreed with plans to provide easements and to fence the bore sites as per the recommendations in the New Zealand Drinking Water Standards Guidelines. No further action is can be undertaken on easements until the detailed design approaches completion.
Consents	The resource consent for making the test bore a permanent water source is waiting for further processing by Otago Regional Council. This is being progressed by independent consultant Simon Beale.
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Risks	The risk rating for the Lake Dunstan Water Supply Project is rated amber as the detailed project risk review has not been completed. However, the top 3 risks from the most recent (April) monthly report produced by Stantec are as follows:

	<ol style="list-style-type: none"> <li>1. Timeline for completion - What's practically achievable based on current programme versus community/council expectations.</li> <li>2. Management of backwash, Clean in Place bywash, overflow, bypass/drains and commissioning pipe provision.</li> <li>3. No water take consent for the 20 mega litres per day(mega litre = 1M litres) design flow for 2048 in place with construction of the Water Treatment Plant a number of months away from starting.</li> </ol>
<b>Project Status Summary Field:</b>	
Progress	Green. However, the sooner confirmation of final design and estimate the sooner a more detailed programme will be able to be put in place along with opportunities identified for programme advancement.
Review Cost	Amber. A review of cost versus budget will be carried out once the detailed design has been estimated by Fulton Hogan
Review Risk	Amber. A review of risk will be undertaken with the wider design team in June 2021.
<b>Project Phase Field:</b>	
Current Phase	Stage 4 - Implementation
<b>Next Gateway Review Required:</b>	
	Gate 4 – "Go Live"

## **21.2.13 ROADING PHYSICAL WORKS CONTRACT (CON 05-2016-05) - INDEPENDENT AUDIT REPORT NOVEMBER 2020**

**Doc ID: 534854**

### **1. Purpose**

To report on the independent cost and overhead audit of the Roding Physical Works Contract undertaken by Deloitte.

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### **Recommendations**

That the report be received.

-----

### **2. Discussion**

In November 2020 Deloitte were engaged to undertake a review of the contract between Fulton Hogan and the Central Otago District Council.

The Roding Physical Works Contract is required to be periodically audited to ensure the contractor is meeting contractual expectations for the following:

- Correctly establishing base costs
- Applying the correct overhead margins
- Applying the correct profit margins

The observations within the attached report relate to fieldwork that was completed in August 2020.

In summary:

- Base costs (direct, indirect and management costs) – assessed as compliant
- Changes to base costs – assessed as compliant, no material differences noted
- Overheads (i.e. no overheads being directly charged) – assessed as compliant
- Materials – assessed as compliant, confirmed to be getting lowest rate and best value for money on the material purchases that were audited

The review found overall compliance with contractual expectations, and no material differences were noted since the last review.

In October 2020 Waka Kotahi New Zealand Transport Agency completed an investment and procedural audit, and a technical audit on the Central Otago District Council's roading network.

Council is yet to receive the final version of the investment and procedural audit report, and is still waiting to receive a draft of the technical audit report from Waka Kotahi. These are expected to be presented to the next Audit and Risk Committee meeting.

### 3. Attachments

#### Appendix 1 - 2020/21 Fulton Hogan Roding Contract Review - Final Report .pdf [↓](#)

Report author:

Reviewed and authorised by:



James McCallum  
Roding Manager  
20/05/2021



Julie Muir  
Executive Manager - Infrastructure Services  
21/05/2021



## Central Otago District Council

Review of the Base Costs & Overheads in Relation to the Fulton Hogan Roading  
Physical Works Contract - CON 05-2009-01"

November 2020



# Introduction

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# 1. Executive Summary

## 1.1. Introduction

The Central Otago District Council ("CODC" or the Council) requested Deloitte to undertake a review of the establishment of base costs and overheads relating to the Fulton Hogan Roding Physicals Works ("Roding Contract"), Contract No: 05-2016-05.

Our observations relate to the fieldwork completed in August 2020, in accordance with our Engagement Letter dated 14 August 2020.

## 1.2. Background

To enable CODC to perform its roading maintenance function, it has entered into a Roding Contract with Fulton Hogan. The Roding Contract describes how payments will be made on a cost reimbursement basis. This consists of:

- Base cost;
- Overhead margin; and
- Profit margin.

Overhead and profit margin rates (agreed and set out in the Roding Contract at 14% and 9.1% respectively) are applied to relevant base costs claims submitted to the Council on a monthly basis. For the period January 2020 to July 2020, claims with a value of over \$1.9 million were submitted to CODC.

Fulton Hogan maintains a list of preferred suppliers that form part of its network of suppliers from whom they receive discounted or preferential rates on purchases. Alternatively, materials may also be sourced directly from Fulton Hogan's subsidiaries and / or departments (related parties).

In 2016, a similar review was performed for the Council. However, in this review, an additional component relating to purchases from Fulton Hogan related parties was included. The purpose of this review is to confirm that processes followed by Fulton Hogan when submitting claims to CODC aligns to the Roding Contract terms and conditions.

## 1.3. Conclusion

Overhead and profit margins applied to base costs align to the requirements of the Roding Contract. There were no material differences noted since the last review (The minor differences are noted in Section 3).

### I. How base costs are established

Our review identified two main sources of base costs.

#### a) Invoiced costs

When Fulton Hogan uses an external party or a related party for materials and / or services, the invoiced amount (excluding GST) is included as the base cost for the claim. Overhead and profit margins are then applied to these base costs and the claim is submitted to CODC for payment.

#### b) Fulton Hogan costs

Direct costs such as plant, labour and materials are recorded against relevant projects. Where these projects relate to the Roding Contract, such costs are charged to CODC.

Direct plant and labour costs are charged on a standard hourly rate. These standard hourly rates are based on historic average costs.

## Central Otago District Council | Executive Summary

The table below details which base costs have overhead/profit margins applied as identified in the Roding Contract and confirmed through our review.

Base Cost	Overhead/Profit Margin Applied
Indirect and direct management costs	Indirect – Yes Direct - No
Base plant costs, including ownership, operating and maintenance costs	Yes
Optimisation of plant	Yes
Depreciation and replacement of plant	Yes
Internal and external plant hire	Yes
Use of internal subcontractors	Yes
Use of external subcontractors	Yes
Base staff costs including reimbursement, training and leave costs	Yes
How material suppliers will be selected to ensure the most cost effective / value outcome	Yes
Materials on-costs	Yes
Reimbursement for provision of hardware and software for Road Assessment and Maintenance Management (RAMM).	No

## II. How overheads are established

Our review did not identify any overheads that were directly charged to CODC.

The overhead margin has been agreed in the Roding Contract at 14%. Walkthrough of invoices performed, confirmed that this margin was consistently applied.

The overhead margin includes:

- Overhead make up;
- Corporate overheads; and
- On and off-site overheads.

## III. Materials from related parties

Walkthrough of invoices performed showed that goods purchased from Fulton Hogan related parties were claimed at cost price plus overhead and profit margin from CODC. Costs are compared for best value and product availability prior to purchases. This provides CODC with the best value for materials from suppliers that Fulton Hogan selects.

Costs claimed for materials used in maintenance projects are based on:

- comparing rates from preferred suppliers and / or Fulton Hogan departments or subsidiaries;
- the lowest rate based on product availability;
- leveraging discounted rates from long-term supplier relationships and;

**Central Otago District Council | Executive Summary**

- providing the Fulton Hogan internal rate for supplies from Fulton Hogan departments where this rate is lower than other preferred suppliers or the only available source of materials.

**1.4. Use of Report**

We have prepared this report solely for the use of the CODC. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written consent. We accept and assume no duty, responsibility or liability to any other party in connection with the report or this engagement, including without limitation, liability for negligence in relation to the findings expressed or implied in this report.

**1.5. Acknowledgement**

We take this opportunity to thank the Fulton Hogan and CODC team for their assistance during the course of this review.

## 2. Approach and Work Performed

### 2.1. Scope

The objective of this review was to assess whether the terms of the Roding Contract are being adhered to.

Our work focused on:

- Assessing whether the processes in place at Fulton Hogan relating to base costs, overheads and profit, first reviewed in 2016 were still relevant; and
- Providing management with an understanding of whether best value is received for materials purchased and claimed against projects each month.

### 2.2. Out of scope

- Reasonableness of the overhead margin and profit margin charges.

### 2.3. Approach

Our review was performed by completing the following:

- Interviewing relevant Fulton Hogan staff to:
  - ascertain how base costs and overheads were established and what were included within each category; and
  - ascertain how materials purchased from related parties provide CODC with the best value proposition.
- Performing walkthroughs of:
  - one direct cost invoice;
  - one labour invoice via timesheets; and
  - two related party invoices (one for purchases from a Fulton Hogan subsidiary and one for purchases from a Fulton Hogan department).



### 3. Detailed Findings

The Fulton Hogan processes that supports the terms of the Roding Contract is represented diagrammatically below. These processes all lead to the composition of the costs that are claimed on a monthly basis from CODC.

#### Fulton Hogan Costs



#### Invoice Costs



Our observations are set out in the following two sections:

- 3.1 How base costs and overheads are established; and
- 3.2 How purchased materials provide the best value for CODC.

## Central Otago District Council | Detailed Findings

## 3.1. How base costs are established

The table below details the base costs as defined by the Roding Contract. Our review documents how base costs are established, what is included in each category and changes since the last review.

We have confirmed our understanding of the approach by performing walkthroughs on selected base costs. Refer to Appendix 1 for the walkthrough details of invoiced costs and Appendix 2 for the walkthrough details of Fulton Hogan costs.

Base Cost <sup>1</sup>	How base costs are established	Changes since 2016 review
<p><b>3.1.1 Indirect and direct management costs and how each of these will be charged.</b></p> <p><i>Indirect management costs are covered under corporate overheads.</i></p> <p><i>Direct managements costs remain the status quo which is 100% allocation of the Contractors Representative's salary and 50% of the Contract Managers Salary to Network and Asset Management.</i></p> <p><i>There will be no margin on this cost.</i></p>	<p><b>Indirect Management Costs</b> are included within the overhead margin of 14% and described in section 3.2 below.</p> <p>Through our walkthrough, we confirmed that these costs are not directly charged to CODC.</p> <p><b>Direct Management Costs</b> includes the Contractor Engineer salary (100% allocation), Contract Administrator salary (100% allocation) and Contract Manager salary (50% allocation).</p> <p>(No margins were applied to these costs. Refer to <b>Appendix 1</b> for details of the walkthrough performed).</p>	<p>The allocation for the Contract Manager's salary has been reduced from 60% to 50%. A Contract Administrator has since replaced the Graduate Engineer previously included in 2016. The allocation percentage remained unchanged when the Graduate Engineer was replaced.</p>
<p><b>3.1.2 Base plant costs, including ownership, operating and maintenance costs.</b></p> <p><i>Fulton Hogan has full ownership of all its plant and resources. The operating and maintenance costs are established by historic data and costs to run plant. This data is monitored on a monthly basis in the Fulton Hogan PAM (Plant Asset Management) system. Every month all plant is job costed at either hourly or kilometre rates for</i></p>	<p>Fulton Hogan applies a standard hourly rate to each major asset class.</p> <p>The charge out rates are derived by dividing the costs to run the asset by the number of hours the asset is used for. Rates are averaged and take into account the age of assets used, and the overhead and profit margin percentages are applied to the base cost (i.e. new assets are charged out at a higher rate).</p>	<p>No change.</p>

<sup>1</sup> The definitions in italics has been taken directly from the Roding Contract.

## Central Otago District Council | Detailed Findings

Base Cost <sup>1</sup>	How base costs are established	Changes since 2016 review
<i>every activity that is carried out in the work. These costs are then compared against the real costs for the month and applied to each item of fuel and oil, repairs and maintenance, tyres, licenses and depreciation.</i>	<p>The rates are reviewed annually.</p> <p>Costs categories includes repairs and maintenance, wearparts, fuel and oil, license and tax, tyres, insurance and depreciation.</p>	
<p><b>3.1.3 Optimisation of plant</b></p> <p><i>The Fulton Hogan PAM system shows the units of usage and shows quickly whether plant is being fully utilised or not. Fulton Hogan operates a regional pool hire which is used to provide specialist plant, and plant can also be pulled in from other areas when required.</i></p>	<p>The regional office holds the core plant to fulfil the requirements of the Rooding Contract.</p> <p>When plant is not available, Fulton Hogan has access to a regional hire pool from which the resource can be sourced.</p> <p>Fulton Hogan receives an invoice for the plant and passes the cost onto CODC. Overhead and profit margins are added to the cost.</p>	No change.
<p><b>3.1.4 Depreciation and replacement of plant</b></p> <p><i>Plant is depreciated at normal rates as identified in the New Zealand Tax Guide and every division of Fulton Hogan has a full five year forward capital replacement programme.</i></p>	<p>Depreciation expense is included in the asset costs described in 3.1.2.</p>	No change.
<p><b>3.1.5 Internal and external plant hire</b></p> <p><i>In most cases, regional Fulton Hogan resources will be used to service this contract. External plant hire will be used for specific specialist needs.</i></p>	<p>Where plant is hired internally, the cost of the hire is charged back to the region at a standard rate. The costing method used is consistent across regions.</p> <p>Where plant is hired externally, Fulton Hogan receives an invoice for the hire and the cost is passed onto CODC.</p>	No change.

## Central Otago District Council | Detailed Findings

Base Cost <sup>1</sup>	How base costs are established	Changes since 2016 review
	Overhead and profit margins are applied to the cost for plant hired internally and externally.	
<p><b>3.1.6 Use of internal subcontractors</b></p> <p><i>Internal subcontractors will provide services to the contract at the agreed contract cost and margin. This work will have estimates based on job set up on our JDE financial system to measure estimate versus actual costs and to provide transparency on all our internal work.</i></p> <p><i>There will be no further margin applied by the maintenance department when claims come through internal subcontractors.</i></p>	<p>A code is set-up to track all internal contractors' costs such as plant, materials and labour.</p> <p>The overhead and profit margins are applied to the cost.</p>	No change.
<p><b>3.1.7 Use of external sub-contractors</b></p> <p><i>External subcontractors will be used for specific specialist needs. The same contract margin will apply.</i></p>	<p>Fulton Hogan receives an invoice for all external contractor cost. This cost is passed onto CODC and includes the overhead and profit margins percentages.</p>	No change.
<p><b>3.1.8 Base staff costs including reimbursement, training and leave costs:</b></p> <p><i>Base staff costs are built up from the time on the job. Each staff member has a rate for their level of expertise/experience and their time is coded to the job number and accumulated. A copy of the collective rates and agreement is available on request to Council for confidential reference.</i></p> <p><i>Other staff costs are as follows:</i></p> <ul style="list-style-type: none"> <li>• Accommodation;</li> </ul>	<p>Fulton Hogan staff code their time to job codes. This is reviewed by their supervisor.</p> <p>Reports are prepared which detail employees' time against individual job codes. The report is reviewed and approved by their Manager.</p> <p>The time per job code is then multiplied by a weighted average labour cost (excluding sick leave). The labour cost is obtained by dividing the departments' total salary costs by total number of hours worked.</p>	No change.

## Central Otago District Council | Detailed Findings

Base Cost <sup>1</sup>	How base costs are established	Changes since 2016 review
<ul style="list-style-type: none"> <li>• <i>Travel; and</i></li> <li>• <i>Annual leave;</i></li> </ul> <p><i>Sick leave and training costs are included within the overhead margin.</i></p>	<p>The use of a standard hourly labour rate is contrary to what is specified in the Roding Contract. We understand that Fulton Hogan and CODC have agreed to the methodology for ease of application of the contract. However, we have not sighted any signed variation confirming the change.</p> <p>The overhead margin and profit margin are then applied to the cost. Refer to <b>Appendix 2</b> for walkthrough performed.</p>	
<p><b>3.1.9 How materials suppliers will be selected to ensure the most cost effective/value outcome</b></p> <p><i>Fulton Hogan's Preferred Supplier Agreements with organisations throughout NZ will be used. On a national level, many organisation tenders to Fulton Hogan to be a preferred supplier. This entails giving Fulton Hogan exclusive discount rates. CODC will receive these discounted rates, and these will be shown in the invoice and costs submitted for claim in the course of the contract.</i></p>	<p>Fulton Hogan maintains a list of preferred suppliers. Use of a supplier is dependent on price and availability.</p> <p>Discounts (if any) are often not separately disclosed on invoices received from Fulton Hogan.</p> <p>Refer to <b>Appendix 3</b> for walkthrough performed.</p>	No change.
<p><b>3.1.10 Materials on-costs</b></p> <p><i>All materials will be subject to the agreed margin over and above base costs.</i></p>	<p>Invoices for materials costs are passed onto CODC. Overhead and profit margins are applied to the cost.</p>	No change.
<p><b>3.1.11 Reimbursement for provision of hardware and software for RAMM</b></p>	<p>RAMM Licenses fees are included within the corporate overhead described in section 3.2.</p> <p>Pocket license fees are covered by Fulton Hogan and are included in the corporate overhead rate. This</p>	<p>Since 2016, all costs related to RAMM hardware and Software are covered as part of corporate overhead charges. Previously, Pocket RAMM was covered directly by CODC.</p>



## Central Otago District Council | Detailed Findings

Base Cost <sup>1</sup>	How base costs are established	Changes since 2016 review
<p><i>Fulton Hogan's internal RAMM and RAMM Contractor costs are covered by the corporate overhead charges and are included in the overhead margin.</i></p> <p><i>Pocket RAMM license costs are currently covered by CODC. If Fulton Hogan can receive a reduced rate through corporate licensing of Pocket RAMM in the future, then this can be reviewed.</i></p> <p><i>Hardware, such as PDAs, are paid for by Fulton Hogan within the overhead charges.</i></p> <p><i>RAMM forward work programme has had one year's subscription but will be updated and paid for by Fulton Hogan.</i></p>	<p>does not align to the conditions of the Roding Contract. The Roding contract states that "Pocket RAMM license costs are covered by CODC".</p> <p>Hardware, such as PDA and iPads, are included within the overhead charges.</p>	

### 3.2. How overheads are established

Our review included identifying whether overheads, stated within the Roding Contract, are being charged directly to CODC as part of the monthly claims. These overheads include but are not limited to, Audit Fees, Bad Debt, Insurance, Licences and Subscriptions and General Overhead Costs. Fulton Hogan overheads consist of two components namely Corporate Overheads and Regional Overheads. These overheads are set by Fulton Hogan's Head Office.

Corporate charges are allocated to the Central Region by Fulton Hogan's head office annually. The Roding Contract defines how corporate overheads will be allocated. These charges are allocated across the different regions within the South Island and form one part of the total overheads.

Overhead costs are allocated to the operating departments across the regions according to a weighted average based on the next year's budgeted forecast. We have included a description of the allocation process below as an illustration of the process followed.

#### Allocation Process

Overheads are allocated to departments, for example, for Central (the region providing CODC maintenance), by taking the forecasted overhead for the new financial year and dividing these into four components. The fourth component, 'transaction counts', consists of two parts, creditors and debtors.

It is important to note that overheads are allocated by Fulton Hogan at 14%. The allocation method described below is for internal management accounting purposes only.

Allocation	Component	Summary of Allocation	Changes since 2016 review
3.2.1 30%	Staff Numbers	The number of staff per department is divided by the total staff in the region to formulate the staff ratio.	Allocation has increased from 25% to 30%.
3.2.2 40%	Budgeted Turnover	Budgeted turnover of the department is divided by the regions budgeted turnover.	Allocation has increased from 30% to 40%.
3.2.3 15%	Asset Items	Department assets value is divided by the region's asset value.	New component added since 2016.
Transaction Counts			
7.5%	Creditors	Creditors - Department vendor transactions divided by region's vendor transactions (vendor summary data).	The Creditors allocation is new since 2016. The Debtors allocation was previously 15% but has now been reduced to include creditors.
3.2.4 7.5%	Debtors	Debtors - Department credit notes divided by region's credit notes (credit note analysis).	

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### 3.3. How purchased materials provide the best value

The following provides an overview of how costs for materials from related parties are established. The overhead and profit margins are added to the below costs prior to being claimed.

#### Selection of Suppliers

Fulton Hogan maintains a network of preferred suppliers across New Zealand for all national Fulton Hogan projects. Suppliers are selected through an internal tender process for all suppliers wishing to have their products and services sold.

A number of factors are used to determine the best selection criteria. However, the factors most relevant to CODC and their maintenance contract includes:

- Costs being at or below the market rate; and
- Product availability.

Furthermore, materials can also be sourced from other Fulton Hogan subsidiaries or departments, where this cost is lower than sourcing the same product from a preferred supplier. Fulton Hogan subsidiaries or departments may also be used if their product is the only product available within the region being serviced. For example, asphalt needs to be delivered hot and transportation time is a major factor when purchasing this product. Therefore, if there is only one supplier in the region that can meet this requirement, the asphalt will be purchased from them. (Refer appendix 4 – walkthrough invoice 2).

*Note, for the purpose of further explanation, we will refer to Fulton Hogan departments and Fulton Hogan subsidiaries as Fulton Hogan below.*

#### CODC Cost-Benefit

Products sourced from Fulton Hogan are claimed either at the internal rate (i.e. the price charged to other Fulton Hogan departments) or at cost price. Apart from the overhead and profit margin, no additional charges are added to this price.

Products sourced from preferred suppliers are charged at the invoice cost. This price will include any discounts received by Fulton Hogan based on their supplier relationship. Apart from the overhead and profit margin, no additional charges are added to the price. We note that discounts received are not disclosed on claims submitted to CODC, however we verified through one sample inspection that such discounts are directly passed onto CODC.

For all purchases made from either a Fulton Hogan preferred supplier or a Fulton Hogan related party, a price comparison is performed to select the supplier with the cheapest product and/or service that is readily available within the location required. All purchased materials from suppliers, regardless of their relationship to Fulton Hogan are purchased with a project code reflected on the invoice, specific to the CODC project that the materials and/or services have been purchased for. Project codes allows:

- All purchases to be linked to the exact project the costs will be claimed against; and
- Allows for transparency and traceability of invoices and costs claimed from CODC.

We performed a walkthrough of two different materials selected from all materials purchased between January – July 2020. Refer to **Appendix 4** for further details.

## 4. Statement of Responsibility

The procedures that we performed did not constitute an assurance engagement in accordance with New Zealand Standards for Assurance engagements, nor did it represent any form of audit under New Zealand Standards on Auditing, and consequently, no assurance conclusion or audit opinion is provided. The work was performed subject to the following limitations:

- Our assessments are based on observations from our review and sample testing undertaken in the time allocated. Assessments made by our team are matched against our expectations and best practice guidelines. This includes comparison with other similar processes we have assessed. This report offers recommendations for improvements and has taken into account the views of management, with whom these matters have been discussed.
- Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. The procedures were not designed to detect all weaknesses in control procedures as they were not performed continuously throughout the period and the tests performed are on a sample basis.
- Any projection of the evaluation of the control procedures to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.
- The matters raised in the deliverable are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our deliverable to identify all weaknesses that may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.

We have prepared this report solely for the use of CODC. The report contains constructive suggestions to improve some practices which we identified in the course of our review procedures. These procedures are designed to identify control weaknesses but cannot be relied upon to identify all weaknesses. We would be pleased to discuss any items mentioned in this report and to review the corrective action implemented by management.

## Appendix 1 – Direct Management Cost

There are two Contractor Representatives charged at 100% allocation and a Contract Manager charged at 50% allocation.

Salaries per annum are:

- Contract Administrator: \$83,640.00
- Contract Engineer: \$60,912.72
- Contract Manager: \$125,970.00

Contract Administrator + Contract Engineer:

= (\$83,640 + \$60,912.72) ÷ 12 = \$12,046.06 per month

Contract Manager:

= (\$125,970 x 50%) ÷ 12 = \$5,248.75 per month

Total Direct Management Costs:

= \$12,046.06 + \$5,248.75

**= \$17,294.81 (Network and Asset Management)**

We reviewed the total per the July monthly charges included in the "Network and Asset Management". The cost was **\$17,295** (total per claim value was rounded up to the nearest dollar).

The monthly expectation of salaries of \$17,294.81 compared against the actual amount claimed of \$17,295 were consistent.

No overhead and profit margin have been applied to direct management costs for July 2020 (51P151G – Network and Asset Management).



## Appendix 2 – Walkthrough of Labour Costing

Deloitte performed a walkthrough of the labour and job costing for the July 2020 claim.

### 1. Labour Rate

Fulton Hogan applies a standardised rate (average rate) of labour for all work performed. This rate is used to determine the total labour cost for all jobs claimed from CODC.

The rate is calculated by dividing the total labour bill for the previous financial year over the total labour hours recorded for the same period.

For example: for the period June 2019 – June 2020, the total labour bill was \$ 1,109,003.00 and total hours was 27,543.

Therefore, the labour rate =  $\$ 1,109,003.00 \div 27,543 = \$40.2644$  (excluding overhead + profit margin).

#### Rate charged:

$\$ 40.2644 \times 1.231\%$  (14% overhead + 9.1% profit) = **\$49.57** per hour

### 2. Walkthrough of Labour Rate in July Claim

We selected the July Claim, job **51P111G** (Structures Maintenance) with a claim value of \$ 59,710.53. We selected one invoice from this claim for review, Rippovale Road for a High Shoulder Repair (Dispatch ID: 11279, total value \$15,988.90, labour cost \$ 6,270.61) to determine if the labour rate applied aligns to the rate calculated above.

Labour was only a component of the full claim with the remaining cost relating to materials and equipment. Our inspection confirmed that, the rate of \$49.57 was applied to all labour hours claimed on the job from RAMM.

### 3. Timesheet inspection

We selected and reviewed one timesheet for job code 51P111A for week ending 26 July 2020.

- Total hours charged = 7.5
- Total labour cost = \$ 371.78.

Recalculation of labour rate =  $\$371.78 \div 7.5 \text{ hours} = \$49.57$  per hour. This rate aligns to the standardised rate for the period.

## Appendix 3 – Overhead and Profit Margin Invoice Walkthrough

The July 2020 claim invoice with a total value of \$554,928.95 was made up of 16 jobs. There are multiple invoices within each job that make up the claim value for each month. We performed an inspection of one materials invoice included in the July 2020 claim under the job code 51P114G (Structures Maintenance) to confirm the overhead and profit margin aligns to the contract terms. The total "Structures Maintenance" invoice was made up of four separate invoices with a total value of \$3,240.89.

Our inspection of one invoice that was included in the "Structure Maintenance" claim, confirmed that the mark-up of 23.1% was included and aligned with the terms of the contract.

Walkthrough	Details
Supplier	Great Southern Group
Date	30/06/2020
Purchase Order #	51P114G
Amount (excluding GST)	\$772.20
Overhead margin applied (14%)	\$108.11
Profit margin applied (9.1%)	\$ 70.27
Amount charged to CODC	\$950.58

## Appendix 4 – Walkthrough of purchases made from Fulton Hogan subsidiaries and departments

### Walkthrough 1 – Purchase from a related party (Fulton Hogan subsidiary)

Fulton Hogan uses a National Procurement Model that requires purchases to be made at the market rate or better. A listing of preferred suppliers is maintained that provides a pool of suppliers based on best rates.

For purchases of materials, vendor prices are compared and the vendor with the best price is selected. To verify CODC is receiving the best value from Fulton Hogan, we performed an inspection of one invoice for purchases made from a Fulton Hogan subsidiary, "Signs and Graphics Roding" ("Signs").

We selected one invoice for inspection to determine if a price comparison was performed by Fulton Hogan between Signs and RTL, an alternative third-party supplier based in Invercargill. However, RTL was unable to provide the required material specifications and therefore a price comparison could not be performed. Price comparisons can only be performed if suppliers are able to meet the product specifications required.

A calculation performed identified the unit cost of the product should be \$8.89 per unit (including overhead and profit margin) =  $(\$7.22 \times 1.231 \text{ [overhead + profit margin]})$ .

However, based on the invoice, the unit cost was charged at \$7.76, a difference of \$1.13 below the expected rate. This was due to Fulton Hogan maintaining a long-term standing relationship with Signs, an extra discount on the rate was received.

Product total cost claimed, \$1,552.00 for 200 units was included in the June claim for "Traffic Services Renewals" (51P222F). The cost claimed aligns to contract terms, "CODC receiving a cost benefit from Fulton Hogan's related parties".

Walkthrough	Details
Material	Edge Marker Post Delineated 4mm White
Supplier	Signs and Graphics Roding
Relationship	Fulton Hogan Subsidiary
Date	29/05/2020
Material Quantity	200
Material Cost per Unit	\$7.76

## Central Otago District Council | Appendix 4

Walkthrough	Details
Material Total Cost	\$1,552.00
Total Invoice Cost (excl. GST)	\$1,931.66
Competitor Price	\$6.00 (This was for 3mm product), 4mm was not available

## Walkthrough 2 – Purchase from a related party (Fulton Hogan department)

The invoice selected was for a product purchased from a Fulton Hogan department, Central Asphalt Plant ("CAP").

Asphalt needs to be delivered hot to be able to be used as intended. Therefore, transportation time is a major factor of consideration when a supplier is sourced. As CAP is the only supplier in the region able to guarantee their capability to supply the product, meeting the requirements, they were selected as the preferred supplier. We noted that there was one other potential supplier, Downer. However, supply could not be guaranteed as it is Downer's policy to first supply their own large projects.

We reviewed the asphalt pricing report for May 2020 (period during which the purchase was made) and confirmed the lowest rate at \$214.18 per tonne was paid when compared against other suppliers. This report provides a list of Fulton Hogan suppliers that are able to supply the product required and includes the unit price of the product.

This invoice formed part of the total May claim invoice "Footpath Renewals" (Job: 51P402F with a total value of \$74,423.06).

Walkthrough	Details
Material	Mix10 Asphalt
Supplier	Central Asphalt Plant
Relationship	Fulton Hogan Department
Date	08/05/2020
Material Quantity	10.75 Tonne
Material Cost per Tonne	\$214.18 (discounted rate)
Total Invoice Cost (excl. GST)	\$2,302.44
Total Claim	\$2,834.30

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## Central Otago District Council | Appendix 4

Walkthrough	Details
Competitor Price	No other suppliers in region



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## 21.2.14 PRIVATE SWIMMING POOL INSPECTIONS

Doc ID: 535467

### 1. Purpose

To consider Council's approach to complying with its legislative responsibility to inspect privately-owned swimming pools under the Building Act 2004 (as amended 1 January 2017).

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### Recommendations

That the report be received.

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### 2. Discussion

#### Background

On 26 March 2021, Central Otago District Council received a request under the Local Government Official Information and Meetings Act 1987, asking for the following information:

1. *The number of residential swimming pools within Council boundaries as at 1st January 2014.*
2. *The number of residential swimming pools within Council boundaries as at 1st January 2017.*
3. *The number of residential swimming pools within Council boundaries as at 1st January 2020.*
4. *The number of residential swimming pools within Council boundaries that had a pool inspection conducted on them between 1st January 2014 and 31st December 2016.*
5. *The number of residential swimming pools within Council boundaries that did not have a pool inspection conducted on them between 1st January 2014 and 31st December 2016.*
6. *The number of residential swimming pools within Council boundaries that failed a pool inspection conducted on them between 1st January 2014 and 31st December 2016.*
7. *The number of residential swimming pools within Council boundaries that had a pool inspection conducted on them between 1st January 2017 and 31st December 2019.*
8. *The number of residential swimming pools within Council boundaries that did not have a pool inspection conducted on them between 1st January 2017 and 31st December 2019.*
9. *The number of residential swimming pools within Council boundaries that failed a pool inspection conducted on them between 1st January 2017 and 31st December 2019.*
10. *The number of residential swimming pools within Council boundaries that failed a pool inspection conducted on them between 1st January 2017 and 31st December 2019 that had passed the most recent previous pool inspection conducted prior to 2017.*
11. *For the residential swimming pools within Council boundaries that failed a pool inspection conducted on them between 1st January 2017 and 31st December 2019 that had passed a previous pool inspection conducted before 2017, provide the following additional information:*
  1. *Number that had made consented changes to the circumstances of the pool*
  2. *Number that had made unconsented changes to the circumstances of the pool*
  3. *Number that had no changes to the circumstances of the pool*

Council's Regulatory Services Manager composed a response (**Appendix 1**) which was sent to the requestors. The requestors had sent the same request to other councils in New Zealand and compiled a review of their findings from the information they received.

A copy of their review was received by Council on 25 May 2021, having been sent by its authors (**Appendix 2**). This review graded councils according to the individuals' perspective, and rated Central Otago District Council poorly.

This report to the Audit and Risk Committee is to address some of the matters raised in that review so that the committee can be accurately informed.

#### Relevant legislation

Previously, the Fencing of Swimming Pools Act 1987 required pools to be fenced, but also enabled councils to provide exemptions not to require fencing. Its purpose was to promote the safety of young children by requiring the fencing of certain swimming pools.

In 2016, that Act was repealed by the Building (Pools) Amendment Act 2016. In a residential context, its purpose was included into the Building Act 2004. The amendment took effect on 1 January 2017 through sections 162A-E of the Building Act 2004.

- The legislation's purpose is to prevent drowning and injury to children under five years of age by restricting unsupervised access to residential pools (s.162A).
- It applies to swimming pools and spa pools with a maximum depth greater than 400mm (s. 162B)
- The compliance requirements for restricting access are outlined in s. 162C.
- Responsibility for regular inspections to ensure compliance is outlined in s. 162D.
  - The inspections are to occur at least once every three years, but do not necessarily need to be undertaken by the territorial authority, as this section allows pool owners to use an independently qualified pool inspector to assess and confirm compliance.
- Section 162E relates to pool manufacturer and retailer compliance.

This legislation underpins Clause F9 the Building Code, which sets out the acceptable solutions to meet the requirements of restricting access to residential pools.

#### Complicating factors

While it is the territorial authority's responsibility to ensure that residential pools are inspected periodically, this is not always straightforward to undertake. Awareness of private residential pools in the district is often challenging, where owners have not informed Council of a pool's existence.

Furthermore, the legislation encompasses all above-ground pools, container pools, and inflatable pools over 400mm deep, and so these are also required to be fenced. The small size and sometimes temporary nature of these pools can present significant problems in attaining awareness of their existence.

However, small heated pools (e.g. spa pools) which have a safety cover (e.g. lid) are not required to be inspected, as self-compliance is determined through exemptions under the Building Act 2004.

Most commonly, Council becomes aware of residential pools through historical records, complaints, aerial photographs, and new building consents.

While officers are warranted to enter the property where the pool is located at any time during the day, staff are trying to work with pool owners to agree inspection dates and times for better customer service. This is challenging as pool owners do not necessarily want officers

inspecting their pools, especially with the associated inspection fees and potential corrective works to be undertaken, which does cause some delays in the inspection programme.

There is also no legislative requirement to register a pool with Council under the current Building Act.

#### Current Situation

Councils must balance their territorial authority (TA) functions (e.g. residential swimming pool inspections) and their Building Consenting functions (e.g. processing building consents on a day-to-day basis).

The first three-year period following the implementation of the amendment to the legislation was January 2017 – January 2020.

Council staff met with the Ministry of Business, Innovation and Employment (MBIE) in April 2019 regarding its TA functions. At that meeting staff specifically discussed the plan regarding the inspection of residential swimming pool barriers in the coming three years, i.e. 2020 – 2023.

Additional resources and specific training have been provided since 2019 to undertake these inspections, as part of implementing this inspection programme.

We currently have 341 registered pools and spa pools, of which 153 residential pools have been inspected, and the remaining 185 to be inspected by 2023.

As part of our customer service, staff are contacting pool owners to firstly determine the status of the pool, to ascertain if the pool still requires an inspection, and if so to schedule this where appropriate. If it is instead determined that the pool is now exempt, staff are updating Council records to remove the pool from the inspection programme.

Where inspection is required, staff determine the legislative requirements for the pool in place at the time of its construction, as the current standards cannot be applied retroactively. However, the team do provide guidance to the pool owners of improvements that would meet current standards.

As a result of the inspection programme, the level of compliance is likely to be maintained, making future inspections of the pools less time-consuming and costly.

This planned approach is reflective of the strong senior and executive management leadership in meeting Council's legislative obligations as discussed with MBIE, while balancing a positive customer experience for pool owners and minimising costs where possible.

### 3. Attachments

**Appendix 1 - Regulatory Services Manager response to LGOIMA** [↓](#)

**Appendix 2 - Review report authored by LGOIMA requestor** [↓](#)

Report author:

Reviewed and authorised by:



Lee Webster  
Regulatory Services Manager  
25/05/2021



Louise van der Voort  
Executive Manager - Planning and Environment  
26/05/2021



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20 April 2021

By email: [filosofy@xtra.co.nz](mailto:filosofy@xtra.co.nz)

Dear Louise and Keith,

**Local Government Official Information Meetings Act (LGOIMA) Request: Residential Swimming Pool Inspections**

Thank you for your correspondence dated 26 March 2021 regarding residential swimming pool numbers and the number of inspections.

Please find the response to your information request from the Central Otago District Council below.

1. The number of residential swimming pools within Council boundaries as at 1<sup>st</sup> January 2014.

Our records show 328 at 1st January 2014.

2. The number of residential swimming pools within Council boundaries as at 1<sup>st</sup> January 2017.

Our records show 338 at 1st January 2017.

3. The number of residential swimming pools within Council boundaries as at 1<sup>st</sup> January 2020.

Our records show 372 at 1<sup>st</sup> January 2020.

4. The number of residential swimming pools within Council boundaries that had a pool inspection conducted on them between 1<sup>st</sup> January 2014 and 31<sup>st</sup> December 2016.

We do not have any specific inspections on record.

5. The number of residential swimming pools within Council boundaries that did not have a pool inspection conducted on them between 1<sup>st</sup> January 2014 and 31<sup>st</sup> December 2016.

We do not have any specific inspections on record.

6. The number of residential swimming pools within Council boundaries that failed a pool inspection conducted on them between 1<sup>st</sup> January 2014 and 31<sup>st</sup> December 2016.

We do not have any specific inspections on record.



*Regional Identity Partner*

7. The number of residential swimming pools within Council boundaries that had a pool inspection conducted on them between 1<sup>st</sup> January 2017 and 31<sup>st</sup> December 2019.

Our records show 16 inspection conducted between 1st January 2017 and 31st December 2019

8. The number of residential swimming pools within Council boundaries that did not have a pool inspection conducted on them between 1<sup>st</sup> January 2017 and 31<sup>st</sup> December 2019.

Our records show 356 did not have a pool inspection conducted on them between 1<sup>st</sup> January 2017 and 31<sup>st</sup> December 2019.

9. The number of residential swimming pools within Council boundaries that failed a pool inspection conducted on them between 1<sup>st</sup> January 2017 and 31<sup>st</sup> December 2019.

Our records show 3 pool inspections failed between 1<sup>st</sup> January 2017 and 31<sup>st</sup> December 2019.

10. The number of residential swimming pools within Council boundaries that failed a pool inspection conducted on them between 1<sup>st</sup> January 2017 and 31<sup>st</sup> December 2019 that had passed the most recent previous pool inspection conducted prior to 2017.

We do not have any specific records regarding this question.

11. For the residential swimming pools within Council boundaries that failed a pool inspection conducted on them between 1<sup>st</sup> January 2017 and 31<sup>st</sup> December 2019 that had passed a previous pool inspection conducted before 2017, provide the following additional information:

1. Number that had made consented changes to the circumstances of the pool
2. Number that had made unconsented changes to the circumstances of the pool
3. Number that had no changes to the circumstances of the pool

We do not have any specific records regarding this question.

I trust the information provided is sufficient.

Yours sincerely



**Lee Webster**  
**REGULATORY SERVICES MANAGER**

Should you disagree with this outcome you have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.



## Council residential swimming pool inspection obligations

### Review of Local Government Sector: Meeting Legal Obligations for Residential Swimming Pool Inspections.

#### Executive Summary.

As a result of some pool-related interactions with our local Tasman District Council (TDC), we sought information from them on the extent to which they had been meeting their legal obligations around pool inspections. The results shown in the TDC information then led us to thinking about what the situation nationwide might be.

This report arises from our review of residential swimming pool inspection data from across the local government (Council) sector.

We both have a huge regard for the competence of the local government sector, and we felt sure that the sector would be meeting the challenge in this important area of child safety.

By way of a very brief background: in 2016, Parliament made an array of legislative changes to amend the Building Act to update and refresh various swimming pool fencing obligations that had been initiated with the revolutionary, and hugely effective, 1987 Fencing of Swimming Pools Act (FOSPA). Among a range of important matters, and because regular inspection was noted as being a crucial tool in ensuring ongoing pool safety, the refreshed 2016 legislation included a legal requirement for Councils to inspect all residential swimming pools within their areas every 3 years starting from 1<sup>st</sup> January 2017.

Our review of how the local government sector is going at meeting its legal obligations for inspecting pools found that:

- Overall, the sector is making a reasonably good fist of things with just over half of Councils meeting their legal obligations.
- Performance of individual Councils ranges from stunningly good to abjectly poor.
- In addition:
  - Around 1 in 6 Councils seem to have made little or no effort to comply with the law.
  - Information is generally patchy at being able to demonstrate legal compliance.
  - Such inconsistency in the degree to which the sector meets their legal obligations makes for a situation wherein, potentially, “post code” law applies.
- There are no inherent reasons why any Council shouldn’t be complying (given that so many are currently doing so).
- Given the importance of legal compliance generally, as well as specifically about pool inspections, we provide some questions that elected members of Council might ask of themselves and of their senior management.

In addition, we have offered some comments and views on the nature of accountability for those Councils currently not meeting their legal obligations. We think this is an area requiring some immediate attention; both from the individual elected Councils themselves, and from the Crown.

We also think efforts should be made to address current inconsistencies across the sector.

After all, this is not just a simple matter about not meeting a statutory legal obligation; ultimately, regular inspections are crucial to ensuring ongoing child safety. In that regard, it’s great to see that the sector lived up to our expectations of being (largely) on top of the issue, notwithstanding the need to make some much-needed improvements.



## Council residential swimming pool inspection obligations

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## Council residential swimming pool inspection obligations

### 1. Introduction.

This report was compiled using information obtained via a Local Government Official Information and Meeting Act (LGOIMA) request to all non-regional Councils nationwide. Accordingly, the data that underpins the report analysis and conclusions can be considered as official.

In this report we offer a view of how the local government sector is actually doing at meeting their legal obligations to conduct regular swimming pool inspections.

We also make some comments as to the implications of current performance for accountability for those Councils who aren't yet meeting their legal obligations, and especially about the gaps in information.

Lastly, we offer some side observations about our experience of the LGOIMA process, and the variable way in which Councils responded.

### 2. Some background on swimming pool fencing: an overview.

In 1987, parliament enacted the Fencing Of Swimming Pools Act (FOSPA). This revolutionary Act brought in minimum requirements for swimming pool fencing and tied those to Council building consenting and inspection obligations. The Act also legally obliged Councils to take all reasonable steps to ensure FOSPA was complied with, including providing a power of entry to properties for the purposes of inspections.

FOSPA was not without its detractors and issues over the years, but its effectiveness and impact on child safety is simply not in question: estimates put the saving of lives of children as a result of this legislation at over 20 per year. As a major contributor to saving needless deaths, FOSPA really was revolutionary.

Over time, issues and overlaps between FOSPA and the Building Act emerged, both for Councils and for builders/architects; some of which are still in play today. Even so, there was next to no legal precedent set around swimming pool fencing obligations until the noted case of Hickman in 2004 in which the Judge observed the need to address numerous shortcomings in overlaps.

By then, it was well recognised that FOSPA was in need of significant updating and refreshing to improve its effectiveness. The Ministry of Business, Innovation and Employment (MBIE) had instigated the work to renew this legislation which it carried out over an extended period, including extensive consultation with the local government sector in doing so.

As a result, in 2016, the government passed an array of legislation to amend the 2004 Building Act to bring in and refresh the swimming pool fencing obligations that had been initiated with FOSPA. Notably, in recognition of the effectiveness of FOSPA, pool barriers that were compliant under previous requirements were deemed to be compliant under the amendment (ie there was no requirement to retro-fit existing pool barriers to meet the new standards).

Among a number of other important matters, and because regular inspection was noted as being a crucial tool in ensuring ongoing pool safety, the refreshed 2016 legislation included a legal requirement for Councils to inspect all residential swimming pools within their areas every 3 years.

Previously, while many Councils had done inspections anyway as part of their duty of care obligations under FOSPA in which they were expected to undertake continued compliance checking, many had equally chosen to undertake some, limited or no inspections (for whatever reasons; perhaps due to

## Council residential swimming pool inspection obligations

cost pressures or for other reasons unrelated to ensuring child safety). Indeed, during the formulation of the new legislation, both MBIE and Local Government New Zealand (LGNZ) made a point of noting that the pool inspection performance around the country by was variable; some Councils rightly taking the safety aspect arising from regular inspections extremely seriously, whereas other Councils undertook little or no inspection activity.

Accordingly, the 2016 legislation made a point of clearly mandating a regular cycle of 3-yearly pool inspections as a legal obligation that Councils were expected to meet.

The refreshed legislation had a long-lead time (especially given the extended consultation period going back to before 2013 when the first Regulatory Impact Statement had been produced by MBIE), and MBIE provided considerable guidance to Councils on the entirety of the new expectations that were to come into effect on 1<sup>st</sup> January 2017.

At the time of the legislation passing, there was no great “hue and cry” nor general publicity; this may have been due to the long gestation, but probably also largely because of the demonstrable effectiveness of the provisions of FOSPA for child safety, and the local government sector’s long history and obligations under FOSPA.

### **3. Our review process.**

To compile this report, we made some simple assumptions about what it might be reasonable to expect a Council to hold by way of information around meeting a legal obligation to inspect all pools within their territorial boundaries.

The first assumption made was that all Councils would be able to easily identify both the number of pools within their boundaries AND be able to say how many of those they had inspected in the first 3 year inspection period. In effect, this information should readily show whether the Council was meeting its legal obligation. After all, it is reasonable to expect that every Council knows whether it is complying with the law or not.

Secondly, we thought it reasonable that Councils should be able to monitor their progress from one cycle to the next, and to be able to judge to what extent they were being effective in their compliance role. To this end, we sought the same information for the 3 year period prior to the start of the new legislative requirements, and also sought data relating to the number of pools that were passing inspections, and how those outcomes compared to previous inspections.

All the above information was sought individually from all Councils nationwide with a LGOIMA request. The list of our LGOIMA questions is provided at Appendix 1: Swimming Pool Inspection Questions.

It is worth saying that in using this approach, we really hadn’t expected to create any undue burden of work simply because the data we were seeking should have been readily available, even if only so the Council could know itself how it was tracking at complying with the law.

### **4. The results from across local government.**

What we found was most of the questions we posed proved too onerous for most of the Councils to easily provide information for, and even for some of those who were among the very best performers. As a result, we have not attempted to draw conclusions from a lot of the inspection data that was provided as it was just too patchy in terms of completeness across the whole of the sector.

## Council residential swimming pool inspection obligations

Accordingly, our analysis herein has therefore focused on the overall legal compliance achieved by Councils, and some observations relating to that.

What follows is a summary of the situation across the whole of New Zealand.

*Table 1: Pool inspection situation across the local government sector 1 Jan 2017 to 31 Dec 2019*

Rating	Description	Number of Councils	%
<b>A</b>	Fully compliant with legal obligations	20	30
<b>A*</b>	... as above, but noting that the Council was unable to provide exact information of that compliance	6	8
<b>B+</b>	Oh, so close; within a whisker of fully compliant = 95%+	5	7
<b>B</b>	Well on the way: between 75% and fully compliant	4	6
<b>B*</b>	... as above, but Council unable to provide information of that compliance	1	2
<b>C</b>	Giving it a good crack = between 50% and 75%	8	12
<b>D</b>	A half-hearted attempt = between 20% and 50%	8	12
<b>E</b>	Poor = between 5% and 20%	3	4
<b>E*</b>	... as above but having since lifted to a D, and will be at least a B by end of year	1	2
<b>F</b>	Not even making an effort = less than 5%	3	4
<b>F*</b>	No idea what's happening with pool inspections: ie the Council cannot offer any information to be able tell at all	2	3
<b>DNR</b>	Did not respond to LGOIMA request, even after 42 days, and whether an extension was sought (3) or not (3)	6	10

NB: These ratings were assigned by us and, in doing so, we tried to keep it a bit like an old-fashioned school report. Although, technically of course, this could be far more harshly reported as a binary consideration: either a Council complied with the law or it didn't. Also, like in any good advert, \* means "individual results may vary".

**In order to see each Council's pool inspection rating refer to Appendix 2.**

Based on our considerable experience working at the most senior management level in Councils and other organisations, we felt that a simple PASS or FAIL analysis did not give sufficient credit to the complexities of the work involved. Our more graduated "school report" card allows for a more nuanced view and importantly clearly identifies and gives credit to those Councils who are completely effective and successful (or nearly so), and equally identifies those Councils who really aren't meeting their legal obligation. In between these two extremes are a mixture of efforts ranging from attempting to get up-to-speed and working on doing a good job to those that are just muddling along.

So, where should we draw the line on what these actual results say?

If we draw the line at the A's and B's, then **just over half of the local government sector is meeting its legal requirements** (or is close enough given some of the complexities). The middle-of-the-road pack, having already made some attempt and therefore clearly having the wherewithal, really just need to complete the job they have started; just with a bit more urgency.



## Council residential swimming pool inspection obligations

Whereas, at the other end of the scale (the E's and F's), around 15% of the sector is currently falling well-short of meeting their legal obligations. NB: we do acknowledge the single E\* Council who has certainly changed gear, and who knows with the 2 F\* Councils.

**Overall, then, the data shows that roughly 1 in 6 Councils are failing to meet what is a simple legal obligation when the window on the first 3-year cycle was up at end December 2020.**

The key issue here obviously is where and how is there any accountability for non-performance?

### 5. How is the local government sector doing overall?

The first thing to note is that any local government sector-wide analysis is probably moot because, in reality, there is no such thing as a single unified "local government sector".

Instead, Councils can be very different in their responses and approaches, even to the same problems. This is both a key strength of the sector in terms of being locally responsive (something we are all in favour of) and, at the same time, one of its biggest weaknesses in terms of being able to act as a single sector or for the purposes of achieving national consistency.

Is national consistency important? In many instances, maybe not. But, where national consistency is crucial, then this can be a problem: for example, any instance where meeting a legally obliged standard is needed, then there ought not to be scope whereby some Councils meet the law, and some not.

It is our view that a legal requirement should not be a "post code" lottery depending on where you live; in short, either the law applies, or it does not. This observation has been made of the "local government sector", in one way or another, across many topic areas including meeting drinking water standards, wastewater treatment, building and planning consents, environmental monitoring, and numerous other examples.

The fact is that there is quite some variability in meeting legal obligations to inspect pools: ranging from stunningly good to poor.

As a result, we wondered whether there were any underlying reasons for such a wide range of performance.

### 6. Is there a sector-wide trend regarding over- or under- performance?

One of the things that we considered was whether or not there was a pattern to which Councils were doing the job vs those that weren't doing quite so well. Is this some sort of endemic puzzle for some Councils more than others due to the inherent size or complexity of the Council themselves?

This line of thinking was motivated in part by noting the contrasting performance of Tasman District Council and its neighbouring Councils (Buller, Marlborough, and Nelson) who are all doing a much better job in this space compared to the efforts of TDC.

Anyway, the actual data shows that there is no really obvious reason as to what sort of Councils do well vs those that don't.

The data shows all types and mixes of Councils as being able to meet the legal requirement. Really high performing Councils (rated A & B) are a wide mix of types spanning cities and rural, large, small

## Council residential swimming pool inspection obligations

and medium sized Councils in terms of staffing, and having large and small numbers of pools. The really poor performing Councils (E & F), also encompass a wide array of differing types.

Having said that, the supposedly better resourced middle- and larger-sized Councils generally tend to feature at the better end of the scale; albeit with an array of very notable exceptions including our own local Council, Tasman District. On the other hand, more smaller Councils feature in the lower end of the scale, even though plenty of those smaller Councils also feature at the top of the scale too. In effect, there are a large number of exceptions to these observations thereby making them broad generalisations only.

Even so, what **the data very clearly shows above all else, is that there are no inherent barriers for any Council to be able to meet its legal obligations for pool inspections**, whether a Council is large or small, whether it has a wide-spread rural area or is a self-contained city or is a mix, whether it has many or few staff, whether there were large numbers of pools or not so many.

Ultimately, there are no inherent reasons existing as an excuse for a “post-code” response to not comply with the law.

*Make no mistake: this is a crucial point arising from the data and it relates squarely back to the question of Council accountability.*

### 7. Council accountability for non-performance?

The fact remains that some Councils are obviously not performing; so let's consider why that might be?

Whatever the reason is, it is very clearly not universal across all Councils; after all the majority are either already doing a good job, or making some effort. The fact that many can, and are, doing such a good job *irrespective of their inherent characteristics* demonstrates that meeting those legal obligations is not only possible, but readily so.

Given that the data shows that there are no particular distinguishing features of Councils that are not performing (ie there are no obvious inherent systemic or generic reasons for non-compliance) then, logically, whatever the shortcomings are in those non-performing Councils, then these can only be specific to the individual Councils themselves.

Furthermore, the only conclusion that can be drawn about those specific circumstances that might be applying, is that those Councils do not have a governance or senior management leadership focus on statutory compliance (otherwise, logically, they'd already be complying if that focus was present).

We think there might be a few valid theories or conclusions as to how that might occur. None are particularly flattering, and all go straight back to questions of elected Council governance and/or senior management oversight/leadership. Based on our considerable senior management experience across a number of sectors including local government, we postulate that it can really only be for one of a very few primary reasons, or a combination thereof.

Those reasons might encompass one or more of:

- “lax” organisational attitudes toward meeting legal obligations, perhaps stemming from an organisational culture and/or leadership who do not have statutory compliance as a key performance indicator/driver (KPI).



## Council residential swimming pool inspection obligations

- lack of knowledge of the legal obligation, which of itself sadly just further illustrates the question over the governance and/or management focus on legal compliance.
- lack of resources, training, support, and/or systems needed for staff to be able to meet the legal requirements, in which case (again) that can only arise from senior management and/or a governance failure to prioritise legal obligations.
- a deliberate decision by either the elected Council or by senior management to ignore a legal obligation.

Of these, the very last possibility (a deliberate decision not to comply) would be an absolutely horrendous reflection on a Council's lack of leadership (at whatever level). Let's face it, in the best\* case under those circumstances, if it was senior manager(s) who decided not to meet the law then the elected Council simply cannot have provided their Chief Executive with a clear direction about legal compliance. With a deliberate decision to ignore a legal obligation, then there would need to be some severe level of visible accountability; either from the elected Council holding their Chief Executive to account for blatant breaches of legal obligations; or from the Minister of Local Government holding the elected Council to account for the same thing.

The other situations under which non-compliance might arise are potentially a lot less dramatic than a deliberate breaking/flouting of the law but, in our view, should bring with them some equal level of accountability. After all, if a Council can fail to meet its legal compliance obligations as a supposedly public body, then can any of the rest of us choose which laws we do or don't comply with?

In the case of a Council, we think they should set a high (moral) standard in respect to meeting their own legal obligations, not least because they are supposedly enforcers of legal obligations themselves when wearing their regulatory hats. Is it a good moral standard to set by saying, in effect, "you must meet the law, but we will choose which ones we do or don't comply with"?

Of course, each Council who isn't meeting their legal obligations will be different; that's simply the nature of local government.

In the case of residential swimming pool inspections, though, the fact remains that quite a number of Councils simply aren't meeting their legal obligations.

So, where is any actual accountability for that? Currently, the current complete absence of any accountability does need addressing in our view; whether by the individual non-complying Councils, or by the Government through the two Ministers responsible (Local Government & Building and Construction), and/or supported by commentary from the Auditor-General when signing off the annual reports of those Councils.

There is, in addition, a very real (wider) governance issue here for the local government sector: simply put, do elected Councils deliberately put a strong enough emphasis on their own legal compliance?

### **8. Some governance questions for elected Council members to ask.**

#### 1. Pool inspection related:

- How do we know how many pools there are in our area?
- Can we prove that we have inspected all pools, every 3 years?
- What information do we need to assess the effectiveness and quality of our inspections?

## Council residential swimming pool inspection obligations

These questions are made bearing in mind that the objective isn't just to inspect pools, but that regular inspection is a crucial tool in ensuring pool safety for children.

### 2. General legal compliance related:

- Have we clearly directed our Chief Executive (perhaps through a specific and measurable KPI, say) to ensure legal compliance across all Council activities?
- Has the Chief Executive put in place the systems and processes to ensure an organisational culture of meeting our legal compliance obligations?
- Do we get regular reporting against the achievement of legal compliance?
- How do we know that we are meeting our obligations?

These questions are intended to provide the appropriate governance oversight and leadership on meeting legal compliance obligations, and to ensure the organisational culture aligns with that focus.

If Councils (and individual elected members) are able to answer these questions, then they will be well-placed to answer those very same questions to the Crown, to their auditors, and to their ratepayers.

So, how does the state of that governance information currently look?

### 9. Information and reporting around compliance.

One thing that became starkly apparent from our little exercise was the general paucity of information around Council compliance regarding swimming pool inspections.

A good portion of Councils were superb in their information and what they were able to provide. And, we also acknowledge that some of the questions we posed assumed a far more rigorous approach to the management of compliance information relating to pools.

Even so, we were also bemused by the fact that even some of the Councils doing a great job couldn't easily and quickly provide the most basic information to demonstrate their performance. A number of those used systems that recorded only the most recent interactions with a given pool/property and, thus, prior information could not be accessed at all. In quite a few of those situations, those Councils could not provide simple information to demonstrate that they had, in fact, inspected every pool within the past 3-year period.

Likewise, many Councils had very basic reporting systems that only allowed them to count the number of inspections completed *including repeat inspections*; and, thus, they were in no position to say whether every pool had been inspected at least once. As a good "for example", a number of Councils reported more inspections than there were pools in their area.

The last information gap that exists is the question over just how many pools there are within a Council's boundaries. Notably, the Councils doing well had, by and large, got a good accurate count on the number of pools within their boundaries. (In that regard, we note that FOSPA required all pools to be notified to their local Council). Even accepting that it is a fairly difficult issue to address, some Councils still had no good measure of how many pools they even had within their area or had only recorded those pools that had been formally registered with them during building consents. Some Councils additionally relied on spotting pools on aerial photographs. And then there is the question about *how* a Council might even go about finding just how pools there were in their area anyway.

## Council residential swimming pool inspection obligations

Again, while not down-playing all of the complexities involved, it's not unreasonable to expect that all these information related issues could, and should, have been well ironed out by now, some 4 years after the new legislation and obligations came into effect. It is, after all, some **34** years after FOSPA and the legal obligations it had placed on Councils.

So, given the similarities of the issues across the sector, could this have been approached in a different, and more coordinated, fashion?

### **10. A coordinated "local government sector" response?**

It seems obvious with the addition of 20-20 hindsight that, if there was such a thing as a "local government sector", then the whole sector might well have resolved this issue many years ago at the advent of the legislation at or around the time it was enacted in 2016, or even at some point in the 34 years beforehand.

If the sector had collaborated (then, or since), it would have been an easy job to have compiled a check-list for obligations under the, then, new legislation. The sector might even have worked alongside MBIE to have come up with a regular reporting regime and standardised policies, processes, and systems that could have been used nationwide across all Councils.

The questions raised around the information and systems for tracking this across the country, let alone the extremely variable performance at meeting legal obligations, means that there is still a very real opportunity for Councils to cooperate and put something in place.

Let's face it, some Councils are doing an extraordinarily good job and are above any sort of criticism for their efforts. Those Councils (listed as A and B in Appendix 2) are doing a pretty good job and have a great deal to offer their less stellar colleagues.

Ultimately, however, this is not just a question of meeting a fairly straightforward legal obligation; it should always be top of mind that the obligation was put there because regular inspections are a crucial part of ensuring child safety around pools.

### **11. LGOIMA responses from Councils: our experience.**

Finally, our observations about LGOIMA while not the subject of our study is nonetheless a by-product of the process we undertook. In this, we offer nothing more than an illustration of the varying approaches to LGOIMA across the sector. The variability alone is interesting; which offers perhaps another opportunity for some sector-wide learning?

Here's how it played out:

- Of 67 requests sent out, all but 4 Councils provided an (automated) acknowledgement of receipt of those requests.
- Of the 4 that didn't acknowledge the LGOIMA request, 3 were small Councils who had received the request and delivered the answers well within the statutory timeframes (1 replied within 1 working day!). The other Council, a larger and, by its own claims, having a supposedly sophisticated customer orientation had "lost" the request altogether.

## Council residential swimming pool inspection obligations

- Of the 63 that sent (automated) acknowledgements, 2 Councils (1 large and 1 small) had instigated a very clunky on-line query lodging process in the name of “customer service” that we found was anything-but easy to use, and most certainly was not customer friendly. (You know who you are 😊; and, if you don’t believe us, then just have a try at using the process yourself with a customer-eye lens).
- Of the 63 who provided an acknowledgment, a majority even provided 2 or more (automated) responses often from multiple departments within Councils. Three Councils provided 3 automated acknowledgements, from different parts of Council. And one stand-out Council provided 4 separate acknowledgements! As an observation, this implies that there isn’t necessarily a coordinated approach within many Councils as to how their internal systems approach the process of acknowledging and responding.
- Even so, the automated response systems in place show that the vast majority of Councils have good systems in place to log and acknowledge LGOIMA requests.
- A full 63 out of the 64 Councils providing an acknowledgement also identified when the 20-day LGOIMA statutory timeframe expired. Only one Council got that date wrong but, admittedly, they were only a single day out .
- Only 5 of the 67 Councils said that a charge would be involved to extract the requested information because of the work needed due to information needing to be extracted from individual property files. Estimated costs for doing so ranged from \$300 to \$3,600 even though the Councils were of roughly equivalent sizes (2 smaller, 3 medium) thereby hinting at some disparate internal information storage and retrieval processes.
- Of the final responses provided, 36 out of 67 Councils provided their responses well ahead of the statutory timeframe, with 6 of those providing responses within just 5 working days.
- In total, 11 Councils didn’t meet the statutory timeframe; with only 4 of the 11 seeking an extension of time, and with 2 of those 4 only advising that there would be a delay after the statutory deadline had passed.
- Having heard nothing at all from 7 Councils by the statutory timeframe, 5 of these were “reminded” by way of us replying to their acknowledgement emails a week after the deadline that they hadn’t responded. Of those 5 sent a reminder, 2 took a further 3 weeks to respond. The 2 others supplied a response a week after the statutory deadline but with no communication offered about the delay whatsoever. Of these 7 “miscreant” Councils not meeting their statutory obligations for LGOIMA responses, interestingly, 3 of those were rated A, A\* or B for their swimming pool inspection compliance; the other 4 did not respond at all.
- Lastly, and even by the time of writing, some 22 days after the 20-day LGOIMA statutory deadline had expired, 6 Councils (nearly 10%) had provided no information at all; 3 of those having sought an extension (of a fortnight) and 3 simply not responding at all.

Now, to be perfectly clear, none of the above should be construed as anything other than observational based on interacting with all 67 Councils. What it did showcase was a huge variety of efficacy, ranging from stunningly good to abjectly average (or worse).



### Council residential swimming pool inspection obligations

And, bottom line, the processes however individually varied, did give a good response overall; albeit much of the information could not be supplied (as commented on in the sections on Results and on Information and Reporting).

## Council residential swimming pool inspection obligations

### Appendix 1: Our LGOIMA questions about swimming pool inspections.

The following email was sent to all Councils:

“tēnā koe,

Under the provisions of the Local Government Official Information and Meetings Act we request the following information:

1. The number of residential swimming pools within Council boundaries as at 1<sup>st</sup> January 2014.
2. The number of residential swimming pools within Council boundaries as at 1<sup>st</sup> January 2017.
3. The number of residential swimming pools within Council boundaries as at 1<sup>st</sup> January 2020.
4. The number of residential swimming pools within Council boundaries that had a pool inspection conducted on them between 1<sup>st</sup> January 2014 and 31<sup>st</sup> December 2016.
5. The number of residential swimming pools within Council boundaries that did not have a pool inspection conducted on them between 1<sup>st</sup> January 2014 and 31<sup>st</sup> December 2016.
6. The number of residential swimming pools within Council boundaries that failed a pool inspection conducted on them between 1<sup>st</sup> January 2014 and 31<sup>st</sup> December 2016.
7. The number of residential swimming pools within Council boundaries that had a pool inspection conducted on them between 1<sup>st</sup> January 2017 and 31<sup>st</sup> December 2019.
8. The number of residential swimming pools within Council boundaries that did not have a pool inspection conducted on them between 1<sup>st</sup> January 2017 and 31<sup>st</sup> December 2019.
9. The number of residential swimming pools within Council boundaries that failed a pool inspection conducted on them between 1<sup>st</sup> January 2017 and 31<sup>st</sup> December 2019.
10. The number of residential swimming pools within Council boundaries that failed a pool inspection conducted on them between 1<sup>st</sup> January 2017 and 31<sup>st</sup> December 2019 that had passed the most recent previous pool inspection conducted prior to 2017.
11. For the residential swimming pools within Council boundaries that failed a pool inspection conducted on them between 1<sup>st</sup> January 2017 and 31<sup>st</sup> December 2019 that had passed a previous pool inspection conducted before 2017, provide the following additional information:
  - a. Number that had made consented changes to the circumstances of the pool
  - b. Number that had made unconsented changes to the circumstances of the pool
  - c. Number that had no changes to the circumstances of the pool

For the purposes of providing information to meet this request, the expression “pool inspection” means any inspection, audit or other review of a residential swimming pool that would meet the statutory obligations required of Council under the legislation that came into effect from January 2017.

Ngā mihi nui nā,

Louise Buchanan

Keith Marshall”



## Council residential swimming pool inspection obligations

### Appendix 2: Individual Council Ratings.

Rating	Number	Councils
<b>A</b>	20	Ashburton, Auckland, Carterton, Central Hawkes Bay, Chatham Island, Christchurch, Grey, Hamilton, Hastings, Kaikoura, Kawerau, Napier, New Plymouth, Palmerston North, Porirua, Selwyn, Tauranga, Timaru, Waitaki, Western Bay of Plenty
<b>A*</b>	6	Clutha, Horowhenua, Nelson, Otorohanga, Waimakariri, Wellington
<b>B+</b>	5	Hutt, Kapiti, Marlborough, Stratford, Westland
<b>B</b>	4	Buller, Masterton, Rotorua, Waikato
<b>B*</b>	1	Far North
<b>C</b>	8	Manawatu, Rangitikei, South Waikato, South Wairarapa, Taupo, Thames-Coromandel, Waitomo, Whangarei
<b>D</b>	8	Dunedin, Gisborne, Kaipara, Mackenzie, Southland, Tararua, Waipa, Whanganui
<b>E</b>	3	Central Otago, Tasman, Wairoa
<b>E*</b>	1	Invercargill
<b>F</b>	3	South Taranaki, Upper Hutt, Waimate
<b>F*</b>	2	Gore, Matamata-Piako
<b>DNR</b>	6	Hauraki, Hurunui, Opotiki, Queenstown-Lakes, Ruapehu, Whakatane

## Council residential swimming pool inspection obligations

### **Appendix 3: Our local Tasman District Council; and a personal “caveat”.**

You may note that the Tasman District Council has been occasionally named in this report by way of examples and discussion.

In the interests of transparency, we advise that this is because we are currently engaged in what has become, for us, a rather unpleasant pool-related dispute with TDC as a result of an inspection of our pool by them. As a result of our lengthy ongoing interaction with TDC, we wished to better understand their wider pool inspection efforts.

In doing so, we initially sought specific information (via LGOIMA) from TDC regarding the number of pool inspections they had completed across the Tasman Region, for the purpose of understanding the wider efficacy of their inspection regime. That TDC data showed what we thought was a considerable shortfall in meeting their legal obligation for pool inspections.

This was very much about us, as concerned ratepayers, wanting to ensure our Council was doing a good job.

While we can't be entirely sure why the TDC shortfall arises, what we have determined is that Tasman District Council senior management formally identified the requirement to inspect all pools every three years in a report to their Council in November 2016. In addition, TDC also formally changed their fees and charges schedule to include a charge for swimming pool inspection fees from July 2018. This replaced a previous fee under FOSPA. On the basis of that evidence, we can conclude that TDC did know about the changed obligations facing them.

Following the receipt of information obtained from TDC, we subsequently got to wondering what pool inspection performance was like in other Councils around the rest of the country. In part that was driven by wanting to see what comparable efforts looked like.

But, just as much a driver for us was that we both have a huge regard for the competence of the local government sector, and we felt sure that TDC's level of effort couldn't be the norm.

And, even if this did in fact turn out to be a widespread issue, we also thought that it might then be helpful to the sector to better understand the nature of any issues identified. Thus, and because there was no readily available sector-wide information, we initiated our LGOIMA request to Councils nationwide; the results from which led us to feel obliged to compile this report.

We're pleased to see that the sector lived up to our expectations of being (largely) on top of the issue, notwithstanding the need to make some much-needed improvements.

In summary, then, while wanting to better understand TDC's pool inspection regime was one of the initial drivers for seeking nationwide information, none of that has any relevance whatsoever to the content or findings illustrated by this report.

**This is very much a data-driven report; the actual results speak for themselves.**

## Council residential swimming pool inspection obligations

### **Appendix 4: The authors: who are we?**

Keith Marshall has been a Chief Executive of a number of Councils (large and small, spanning rural, provincial and city) over a period of nearly 30 years as well as having wide-ranging central government experience at a senior level. Keith was also a party to the initiation of, and having chaired, the Safeguarding Children Initiative Trust.

Louise Buchanan, BSocSc, BA (Hons) Industrial and Organisational Psychology, Grad Dip Bus, has a career in organisational development roles, including having been a senior manager in a notable NZ corporate.

We are grandparents to 4 grandchildren, and grand-uncle and grand-aunt to many more.

In that regard then, we believe we have a sufficiently close personal interest in child safety and also have the senior management experience and sector knowledge to be able to make a reasoned assessment of the current situation relating to Council efforts around pool safety.

## 21.2.15 AUDIT AND RISK WORK PROGRAMME

Doc ID: 532770

### 1. Purpose

To consider a draft work programme for the Audit and Risk Committee.

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### Recommendations

That the report be received.

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### 2. Discussion

A draft work programme for the Audit and Risk Committee has been prepared for the Committee's consideration. Going forward, the work programme will be updated for each meeting and included with the Governance Reports.

### 3. Attachments

#### Appendix 1 - Audit and Risk Draft Work Programme [↓](#)

Report author:



Rebecca Williams  
Governance Manager  
1/05/2021

Reviewed and authorised by:



Sanchia Jacobs  
Chief Executive Officer  
26/05/2021

## Audit and Risk Forward Work Programme 2021 - 2022

Area of work and Lead Department	Reason for work	Committee’s role (decision and/or direction)	Expected timeframes Highlight the month(s) this is expected to come to Audit and Risk in 2021/22											
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Long-term Plan 2021/31														
Long-term Plan Chief Advisor/Executive Manager - Corporate Services	Oversight of the preparation of the Long-term Plan.	Direction required: Direction on timeline and progress. To make recommendations to Council on matters and proposals relevant to risk management and internal review practices.	Not applicable until 2024/34 LTP is being prepared											
Annual Report														
Annual Report Executive Manager - Corporate Services	Oversight of the preparation of the Annual Report.	Direction required: For the Committee to recommend to Council that they adopt the 2020-2021 Annual Report subject to any changes the Committee may identify.				R								
Governance Reports														
Governance Reports Executive Manager - Corporate Services	Oversight of governance reports post internal and external audits	Direction required: Overseeing the progress of key recommendations arising from the audits.				R		R		R				R
Internal Audits														
Internal Audits Executive Managers / Business Risk and Procurement Manager	Reviewing the internal audit programme of work and the results arising from those audits.	Direction required: Direction on timeline and progress. Identifying the key risks and actions arising from the audits.				R		R		R				R
Policy Reviews														
Policy Reviews Senior Strategy Advisor	Oversight of Council’s policy renewal schedule and reviewing relevant updated and new policies.	Direction required: Provide feedback on policies and recommend for approval and implementation. Review policy schedule to ensure timelines are being achieved.				R		R		R				R
2022 Annual Plan														
2022 Annual Plan Executive Manager - Corporate Services	Oversight of the preparation of the Annual Plan.	Direction required: Direction on timeline and progress. To make recommendations to Council on matters and proposals relevant to risk management and internal review practices.						R		R				

Key – R = recommendation , U = update

## 21.2.16 HEALTH, SAFETY AND WELLBEING REPORT

Doc ID: 535037

### 1. Purpose

To provide information on key health and safety risks and the measures in place to mitigate those risks at the Central Otago District Council.

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### Recommendations

That the report be received.

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### 2. Discussion

#### COVID-19

With the opening of the Travel Bubble, Council remains prepared to change levels at any time without notice. And has provided guidance to staff wishing to travel to Australia or the Cook Island.

Previous alert level 1 control measures are still in place.

#### COVID-19 Vaccination

In February 2021, the Ministry of Health began a roll out of COVID-19 vaccination. The COVID-19 vaccination is important to protecting the health and wellbeing of people in New Zealand. It is intended to help New Zealand's social, economic and cultural recovery from the global pandemic.

New Zealand Government is asking employers to encourage and support their workers to get vaccinated by:

- Facilitating onsite vaccinations
- Allowing workers to get vaccinated during work hours without loss of pay
- Providing timely, relevant information to workers from the Ministry of Health about vaccination and its benefits

Council intends to undertake these actions as staff become eligible for vaccination in Groups 3 and 4 from May 2021.

Council has commenced engaging its workforce about the vaccination rollout in the workplace. Human Resources and Health and Safety processes have been put in place to manage the vaccination rollout.

Council will maintain a vaccination register that will be kept confidential as per privacy guidelines.



## Contractor Health and Safety

Sitewise prequalification is one tool Council uses to support and manage our health and safety duties relating to contractor management.

### CONTRACTOR ASSESSMENT SCORES

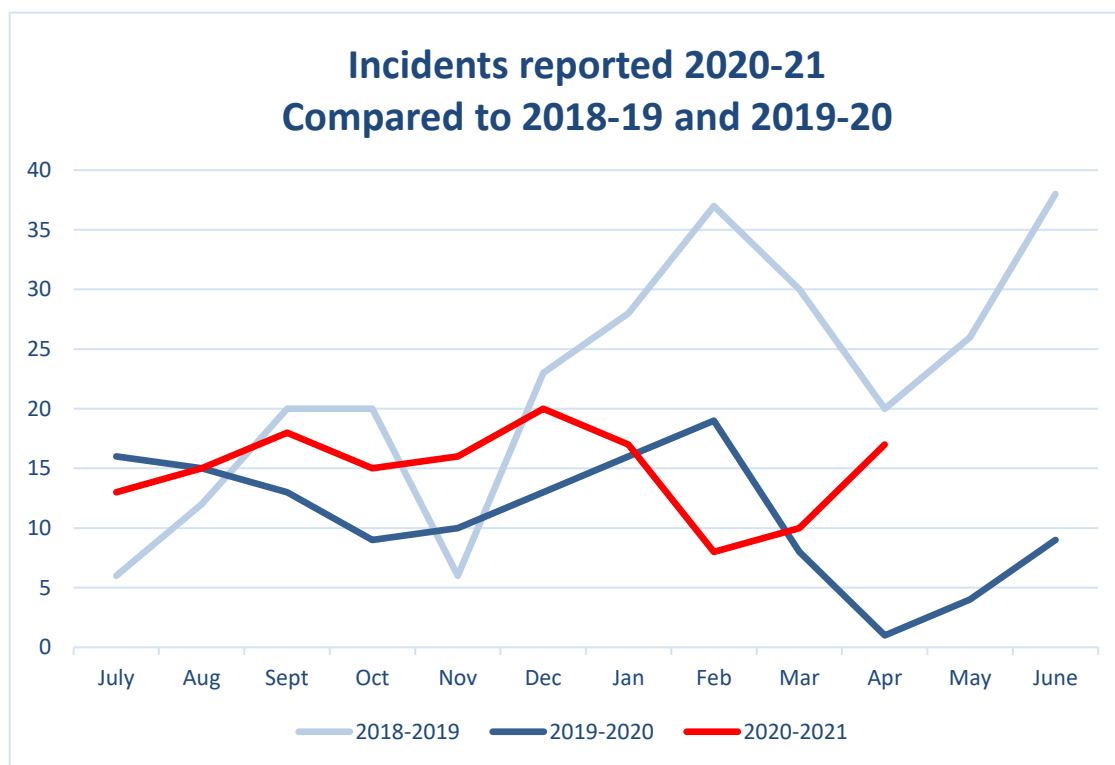


Sitewise has introduced a fourth tier to its standards. Previously, contractors were awarded Red, Amber, or Green ratings alongside a percentage score. A Gold standard has been introduced for contractors scoring 90% or higher.

63 contractors have been awarded Gold standards in the launch.

Council's contractors continue to score above the national average and achieved a 2% increase in scores since September 2020.

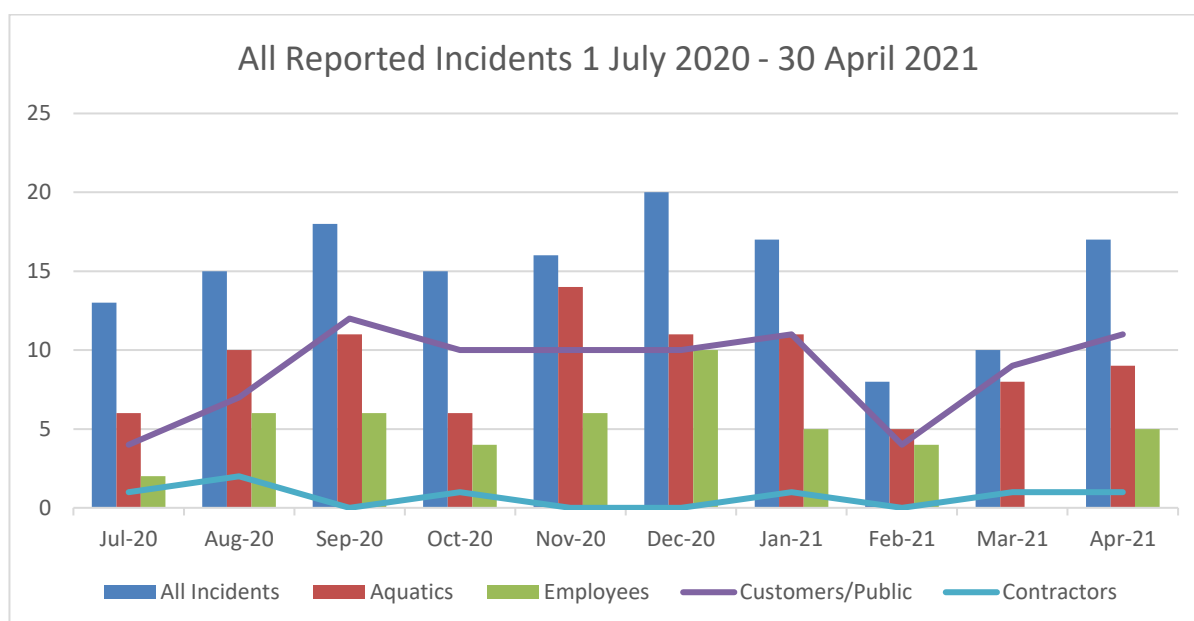
## Incidents Statistics



There were significantly more incidents reported in April 2021 compared to April 2020. However, April 2020 saw many Council staff working from home. When compared to April 2019, the reporting levels are more consistent.

Monitoring and review will be required to ensure that winter-related risks are being managed. This will help to avoid the “winter spike” that has been seen in previous years.

It is encouraging to note that the number of incidents in February fell this year.



During the current financial year to 30 April 2021, 149 incidents have been reported to council. The following breakdown below:

- 59% of incidents involved the public
- 32% involved employees
- 3% involve contractors
- 61% occurred at the Aquatics facilities.

Cromwell and Alexandra Pools achieved their PoolSafe status for 2021/22.

There have been no notifiable incidents since the last Committee meeting. A status update has been provided for the notifiable incident that occurred on 24 May 2020.

### Critical risks

Critical risks identified during this period remain the same: driving, working alone and psychosocial risks.

### Health, safety well-being training and well-being initiatives

Internal training	External training
<ul style="list-style-type: none"><li>• Health and safety inductions conducted (8)</li><li>• BWare software upgrade with training scheduled for June 2021</li><li>• Risk management training for the Health and Safety Committee</li></ul>	<ul style="list-style-type: none"><li>• First Aid (new and refreshers)</li><li>• Financial Wellbeing Training scheduled for July 2021</li><li>• Occupational Therapist visited May 2021</li></ul>

### 3. Attachments

Nil

Report author:



Rachel Ennis  
Health, Safety and Wellbeing Officer  
11/05/2021

Reviewed and authorised by:



Louise Fleck  
Executive Manager - People and Culture  
14/05/2021

4 June 2021

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## **7 CHAIR'S REPORT**

### **21.2.17 JUNE 2021 CHAIR'S REPORT**

**Doc ID: 532766**

#### **1. Purpose**

To consider the June Chair's report.

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#### **Recommendations**

That the report be received.

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#### **2. Attachments**

Nil

4 June 2021

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## **8 MEMBERS' REPORTS**

### **21.2.18 JUNE MEMBERS' REPORTS**

**Doc ID: 532767**

#### **1. Purpose**

To consider the June members' reports.

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#### **Recommendations**

That the reports be received.

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#### **2. Attachments**

Nil

**9            DATE OF THE NEXT MEETING**

The date of the next scheduled meeting is 1 October 2021.



## 10 RESOLUTION TO EXCLUDE THE PUBLIC

### Recommendations

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<b>Confirmation of Non-Public Minutes from the Previous Meeting</b>	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>21.2.19 - Audit New Zealand Report To the Council on the 30 June 2020 Annual Report</b>	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>21.2.20 - Deloitte Report on the Cash Handling Review</b>	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>21.2.21 - Infrastructure Staffing</b>	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>21.2.22 - Ombudsman Investigation Outcome</b>	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for

		withholding would exist under section 6 or section 7
<b>21.2.23 - Litigation Report</b>	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>21.2.24 - June 2021 Confidential Governance Report</b>	<p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7