matamata piako district council

Our Community Our Future

Long Term Plan 2015-2025

OUR COMMUNITY OUR FUTURE

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OUR COMMUNITY OUR FUTURE

LONG TERM PLAN 2015-2025

PART ONE: Introduction

Welcome

A message from the Mayor

Staying on track for the next 10 years

This plan is all about looking to the future - it sets our direction for the next 10 years, including what projects we will undertake and how we are going to fund them. Council produced a draft plan in March and sought public input between 25 March and 1 May. This provided an opportunity to discuss the key issues we face now and in the future, and how we should manage them. It provided our community a chance to help set the future direction of your community, by sharing your thoughts with us.

Our financial position

We are in a strong financial position and we want to keep it that way. In developing this plan we were also very conscious that we had to balance some new projects with the need to keep rates affordable for our community. Our total rates increase for 2015/16 is 1.48%. Our forecast debt over the 10 years of our plan is well below the level we consider prudent for a council of our size.

> We are in a strong financial position and we want to keep it that way - our total rates increase for 2015/16 is 1.48%.

While we are required under legislation to add inflation to our rates projections, without inflation, our forecast average rates increase would be below 1% over the next 10 years.

Providing the same services – and some new ones

Over the next 10 years we are sticking with a mostly 'business as usual' approach – providing the same services we currently provide, to the same standard. We have also included a couple of exciting projects that have the potential to bring more visitors to our district, including the extension of the rail trail from Te Aroha to Matamata and the Civic Centre in Matamata.

Looking after our core services

The infrastructure assets in our district (like roads, water, wastewater/sewage and stormwater networks) are worth nearly half a billion dollars, so it's critical that we maintain them for both current and future generations. As part of our planning process, we developed an Infrastructure Strategy that looks at the needs of our community over the next 30 years. We received submissions from our community raising concerns about stormwater in Morrinsville, we took community feedback into consideration and included an additional $2 million for stormwater issues in Morrinsville, subject to developer agreements. This work will be funded from developers and not be a cost to ratepayers.

Partnering with others

Over the last few years we have actively looked to partner with others to be more efficient and minimise costs to ratepayers. Some excellent projects and savings have come out of this, such as the shared rubbish and recycling collection with Hauraki and Thames-Coromandel District Councils, staff sharing arrangements with Hauraki District Council, and a shared recruitment service with other Waikato councils.

We've also seen some excellent results through partnering with community groups. We are really pleased with the results we've achieved through working closer with others. We plan to focus on building more partnerships over the coming years.

When you pull all these things together they form a 10 year plan that not only makes sure we address the big issues today, but also ensures we're planning to meet the future needs of our community. These issues are important for the future of your community so I would like to thank those of you who shared your thoughts with Council through the consultation process, as a result of hearing our communities thoughts some proposals were changed from the draft to the final plan. For more information on what changed through this process please see Part Two of this plan.

Jan Barnes
Mayor

Looking back

This plan is all about looking to the future – but it also pays to reflect on where we've come from and what we've achieved in the last few years, like...

Waharoa/Raungaiti Wastewater Reticulation

Construction of the Waharoa/Raungaiti sewage scheme was completed in July 2012, costing $3.6 million. Approximately 14 kilometres of new sewer mains and four pump stations were installed, replacing septic tanks.

Waihou Wastewater Treatment Plant Upgrade

An upgrade to the existing wastewater treatment plant was completed at Waihou in 2012, costing $1.1 million.

Raungaiti Community Water Supply

We spent $350,000 (which included $284,000 of subsidies) on extending the water supply to the Raungaiti Marae and Waharoa Aerodrome in 2013/14.

Morrinsville Wastewater Treatment Plant

In 2012/13 we completed the upgrade of the wastewater treatment plant in Morrinsville, this project was one of the largest investments we've ever undertaken costing $18.6 million ($11.9 million of this was funded by the ratepayer). It also meant the continuation of a partnership with Fonterra and Greenlea Premier Meats, helping to retain two of our largest employers.

Hauraki Rail Trail

In 2011 we contributed $500,000 towards the Te Aroha to Paeroa section of the Hauraki Rail Trail. Hauraki District Council built the trail, which was opened in May 2012.

Matamata Sports Centre

In late 2013 $346,000 was spent on finding a new hot water source to continue heating the Matamata pools. Water, at a temperature of 39 degrees celsius was found, improving pool heating.

Morrinsville Heated Pools

In 2013 $900,000 was spent on the Morrinsville Heated Pools upgrade. This project included a new treatment plant, pipework and valves. The 50 metre pool was also renovated and an access ramp was installed into the pool.

Morrinsville Skatepark

Construction of a new skatepark behind the Morrinsville Council office and library was completed in 2013/14 costing $78,000 – this was a great community project to give youth a safe place to play.

Looking forward

This document outlines:

- our major projects
- how we plan to manage our key infrastructure (roads, water, stormwater and wastewater)
- how we plan to keep rates fair and affordable and manage our debt.

When you pull all these things together they form this Long Term Plan - a 10 year plan that not only makes sure we address the big issues today, but also ensures we're planning to meet the future needs of our community.

Morrinsville Water Works

Community Feedback

In March 2015 Council approved the draft Long Term Plan and asked the community for feedback from 25 March to 1 May 2015.

During this time we received 727 submissions from 829 submitters on various aspects of the draft Plan. These submissions were recieved via a number of different methods, including through Council's website and social media. The most common proposals of interest for community feedback were the:

- Civic Centre in Matamata
- cycleway extension from Te Aroha to Matamata
- stormwater in Morrinsville
- walking and cycling links.

Council also made some decisions to add funding to the budgets these were:

- Keep TA beautiful - $3,000 per year
- Wallace art gallery – an additional $7,000 to bring their funding to $15,000 per year
- Sports Waikato - an additional $2,000 to bring their funding to $72,000 per year
- Te Miro Mountain Bike Club - an additional $3,000 to bring their funding to $7,000 per year
- Waitangi Day Celebrations - $5,000 in 2015/16 for a family event
- Hamilton and Waikato Tourism - an additional $50,000 to bring their funding to $150,000 per year
- Economic Development – a provision of $150,000 from investment income to support initiatives in the district

To see how we took on board this feedback before finalising the plan in June 2015 please see part two of this document.

Your Council

Mayor

Jan Barnes
JP

Deputy Mayor

James Thomas
Morrinsville, JP

Garry Stanley
Matamata

Bob McGrail
Matamata

Leonie Tisch
Matamata

Brian Hunter
Matamata

Neil Goodger
Morrinsville

Maurice Steffert
Morrinsville

Nicki Robb
Morrinsville

Teena Cornes
Te Aroha

Peter Jager
Te Aroha

Ash Tanner
Te Aroha

Mayor and Councillors

Council

The Matamata-Piako District is divided into three wards: Matamata, Morrinsville and Te Aroha. Our Council consists of 11 Councillors, elected by their respective wards, and the Mayor, elected by all voters throughout the district. The Councillors and Mayor are elected to represent their communities and make decisions for the district. The elected representatives are supported by the Council's Chief Executive Officer and staff who provide advice, implement Council decisions, and look after the district's day to day operations.

The Corporate and Operations Committee

This committee is made up of the Mayor and all 11 Councillors. Council has delegated all of its responsibilities, duties and powers to the Corporate and Operations Committee, except for the ones it can't delegate under the Local Government Act 2002 (like adopting an Annual Plan or Report).

Te Manawhenua Forum mo Matamata-Piako

The Te Manawhenua Forum mo Matamata-Piako (Forum) is a standing committee of Council who advise on cultural, economic, environmental and social issues of significance to manawhenua groups.

The Forum also provides advice to Council about issues that affect Maori in our district, and provides feedback when we are developing plans and policies, such as the Long Term Plan or District Plan. The Forum includes representatives from Council, Ngati Haua, Ngati Rahiri-Tumutumu, Raukawa, Ngati Maru, Ngati Whanaunga and Ngati Paoa. Ngati Tamatera also have the ability to join.

The Hearings Commission

The Hearings Commission is responsible for hearing and determining applications for resource consents under the Resource Management Act 1991, granting exemptions to fencing requirements under the Fencing of Swimming Pools Act 1987, and hearing and determining objections under the Dog Control Act 1996. The Hearings Commission is made up of two Councillors, one of which is the chairperson.

The District Licensing Committee

Council has a District Licensing Committee to consider and determine applications under the Sale and Supply of Alcohol Act 2012. The District Licensing Committee considers and makes decisions on alcohol licences (including club, special, on and off licences and manager's certificates). The District Licensing Committee is chaired by a Councillor. There are four list members (one of whom is a Councillor) and two of these members sit on the District Licensing Committee.

The Audit and Risk Committee

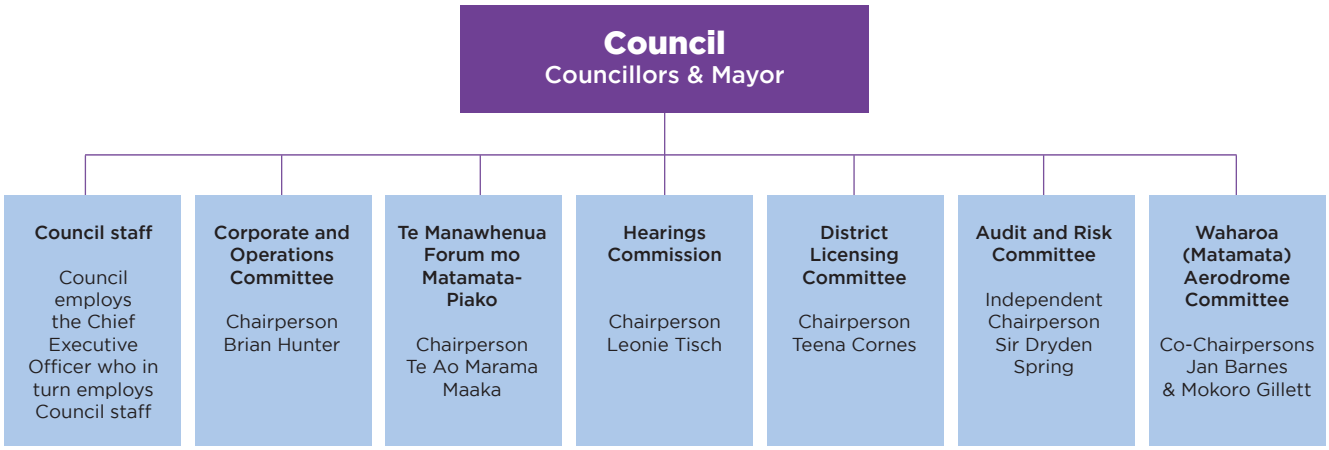
The Audit and Risk Committee ensure we have appropriate risk management and internal and financial control systems. This committee includes an independent chairperson, the Mayor and three elected members.

The Waharoa (Matamata) Aerodrome Committee

The Waharoa (Matamata) Aerodrome Committee is a committee that will be created in 2015 by legislation under the Ngati Haua Claims Settlement Act 2014. The committee comprises of the Mayor, Deputy Mayor, one Council appointed member and three members appointed by the Ngati Haua Iwi Trust Board trustees.

The functions of the Waharoa (Matamata) Aerodrome Committee, as set out in the Ngati Haua Claims Settlement Act 2014 are to:

- Make recommendations to Council in relation to any aspect of the administration of Waharoa Aerodrome land.
- Make final decisions on access and parking arrangements for the Waharoa Aerodrome land that affect Raungaiti Marae.
- Perform the functions of the administering body under section 41 of the Reserves Act 1977 in relation to any review of the reserve management plan that has been authorised by Council.
- Perform any other function delegated to the committee by Council.




Domain House, Te Aroha

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the reader

Independent auditor's report on Matamata-Piako District Council's 2015/25 Long-Term Plan

I am the Auditor-General's appointed auditor for Matamata-Piako District Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long-Term Plan (the plan). I have carried out this audit using the staff and resources of Audit New Zealand. We completed the audit on 24 June 2015.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and coordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 184 to 186 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from District Council's audited information.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the plan.

Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.[1]

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our audit procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face over the next 30 years;
- the information in the plan is based on materially complete and reliable asset and activity information;
- the Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures and forecast financial information has been adequately explained within the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

[1] The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and The International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on aspects of the plan, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.

B H Halford, Audit New Zealand
On behalf of the Auditor-General,
Tauranga, New Zealand

Long Term Plan guide

The Long Term Plan sets our direction for the next 10 years; outlining our key aims, objectives and priorities for the Matamata-Piako District.

This plan

- Describes the type of district our communities have told us they want – our community outcomes.
- Identifies the key projects to take place over the next 10 years.
- Provides an overview of each activity we will carry out and the services we will provide for the next 10 years.
- Determines how much this will all cost and how we will fund it.

We review the Long Term Plan every three years.

Why produce a Long Term Plan?

Under the Local Government Act 2002, we have to set out our long term plans for the community. We also do it to give our community the opportunity to have a say on where we are heading and to ensure our planning is robust. In completing the plan we are required to do a number of things, including:

- Take a sustainable development approach and promote community interests.
- Carry out our business in a clear, transparent and accountable manner.
- Operate in an efficient and effective manner, using sound business practices.
- Take into account community views by offering clear information and the opportunity to present views.
- Provide opportunities for Maori to contribute to decision making.
- Collaborate and co-operate with other agencies and councils to achieve desired outcomes.

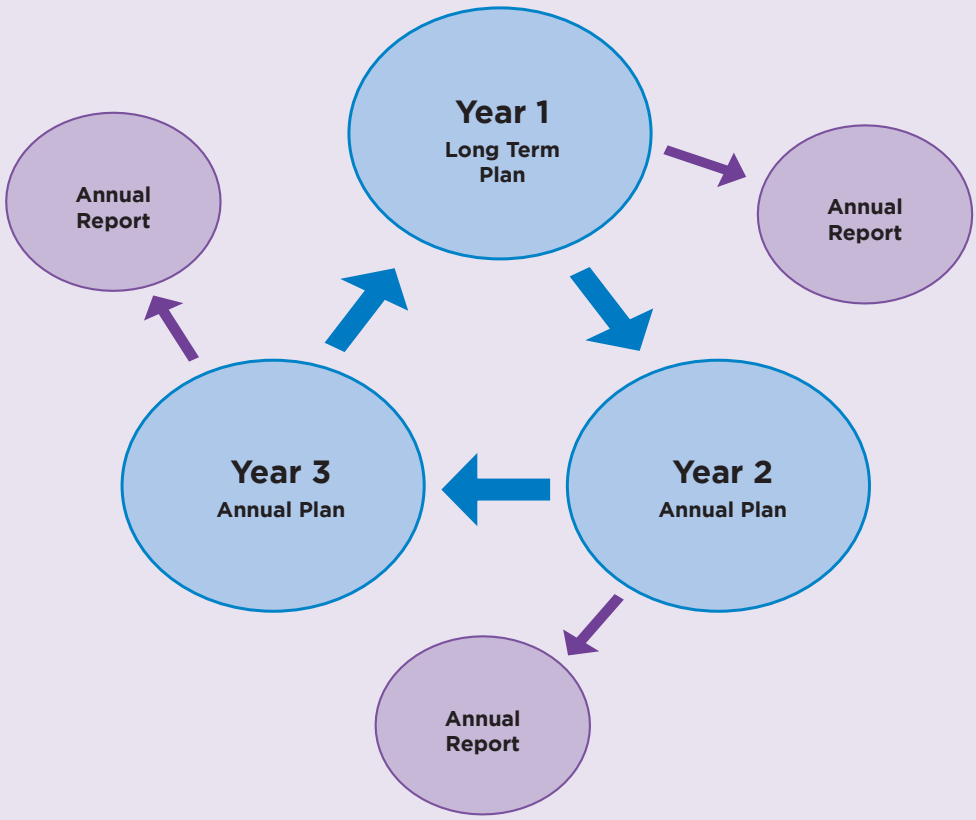
Annual Plan

We produce an Annual Plan in the two years that we don't produce a Long Term Plan. The Annual Plan highlights any changes or variances from the Long Term Plan for the coming year.

Annual Report

We produce an Annual Report every year. This reviews our performance, letting the community know whether we did what we said we would. It also checks financial performance against the budget and Financial Strategy.

The Planning Cycle



Our Financial Strategy

Today and tomorrow

Our vision for the district in 2025

In 2025, the Matamata-Piako District is prospering. Council continues to provide its community with safe roads, reliable water supplies, good health and sanitation services, well utilised leisure and recreational facilities, and land that is an attractive proposition for development. Rates are fair and affordable and represent good value for money. Council is in a healthy financial position, and comfortably placed to be able to continue to provide for its community well into the future.

Today

Today we are in a healthy position.

We have:

- Quality existing infrastructure and assets (currently valued at $492 million) that provide the services our community wants.
- Relatively affordable rates (currently at an average of $2,074 per rating unit).
- A comparatively low level of external debt ($997 per rating unit at 30 June 2014).
- Interest rate swap contracts in place locking in floating interest rates averaging 4.13% on up to $34.5 million of our debt for the next one to nine years.
- The prospect of medium-high growth, which means more ratepayers to spread costs over.
- The remaining $5.4 million from the original Power New Zealand fund which is invested locally and used to continue to subsidise rates providing benefits to all ratepayers.

Tomorrow

We want to maintain our healthy position and be able to meet the needs of our community well into the future. We believe that our community wants us to be forward thinking and to create a healthy legacy for our children - the ratepayers of tomorrow. We have a solid starting block to build from and we have a clear vision of what we want for our district in the future. Below we set out our financial strategy for the next 10 years. This strategy has been developed as a guide to ensure that we continue to be well placed financially to meet the challenges that we have identified for our infrastructure and our core services, for the next 30 years and beyond.

Our starting point for delivering a sustainable 10 year plan

We set ourselves some clear guidelines and limits before starting to develop this 10 year plan to ensure that we can deliver a sustainable vision:

We will continue to provide the community with the same services that we currently do

While this implies business as usual, the consequences of this are huge. Providing the same level of services that we currently do means that we must maintain and renew our existing infrastructure that delivers our core services. We estimate that doing so will cost $240 million over the next 10 years. Then, because we know costs will increase over time, we need to add another $30 million on top of that to allow for inflation. So all up, we expect that providing the same level of service from our key infrastructure will cost around $270 million including inflation over the next 10 years. To provide all of Council services (i.e. Including pools, libraries, rubbish and recycling, community facilities, etc) will cost $499 million over the next 10 years (including inflation).

In allowing for inflation, we don't know exactly when or by how much our costs will increase, but experts have estimated that local government should expect an annual increase of around 2.7% on average over the next 10 years, so that's what we have included in our forecasts. It is important to point out that the actual rate of inflation could be very different to what we have forecast, and we will assess that each year when we set the rates.

We will smooth our costs where possible over time

Our operating and infrastructure renewal costs can vary widely from one year to the next. This happens because assets have different lifecycles, and need to be replaced at different times. We have considered the timing and funding of all projects (both capital and maintenance) and where possible have tried to 'smooth' these. This would mean that rates continue to increase, but with less 'spikes' – this gives ratepayers more certainty and time to plan for this in their budgets. You will see in our Infrastructure Strategy that we have planned to smooth our asset renewal expenditure where this is possible. We have previously revalued our assets every three years to ensure that their value reflects changes in inflation. This generally had the effect of causing a large jump in our depreciation cost every three years. On average, around 30% of rates collected each year are for depreciation (which funds the replacement of existing assets) so significant jumps in cost can cause a significant spike in rates. We have decided to move to annual revaluations of our core network assets to reduce the impact of this.

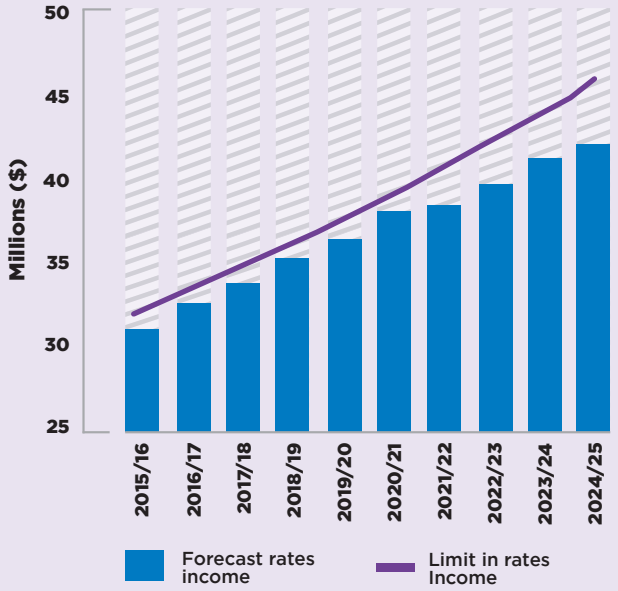
We plan to keep annual rate increases below 4%

We will keep annual rate increases below 4%

Why 4%? Why not 2%? Why not 6%. Or even better, why not 0%? We've answered that already - inflation. We know that costs increase over time and if we want to provide the same levels of service then we have to plan for the cost of doing so to increase. 6% - we don't believe that would be affordable for our community – particularly given our ageing population, the current slump in the dairy prices affecting our rural communities, and others in our community on fixed incomes that just do not have the capacity to absorb those kind of cost increases. We feel that 4% (as a limit rather than a target) is a more realistic level.

It's important to note that the 4% increase relates to the total rates income – the actual percentage increase for each property will differ depending on the value of the property and the services it uses. Applying the 4% increase, our limit on annual rates income (excluding income from rates penalties and targeted rates for metered water*) is shown along with the forecasted rates income for the next 10 years. But if inflation is going to be around 2.7%, why have we set the limit on rate increases at 4%? This brings us to the next guideline:

Forecast rates income and limit on rates income



* Note: We exclude metered water income from our rates limit as the majority of our metered water income comes from five significant industrial water users based on their annual consumption.

We will continue to invest in new assets over the next 10 years

While most of what we're planning is 'business as usual', we also want our communities to be vibrant and to grow. This means not just replacing and maintaining what we have, but investing in new assets when they are needed or wanted by the community. The timing of most new infrastructure assets (such as stormwater retention for Morrinsville industrial land), is driven mainly by growth in the district. This means that we don't have a lot of choice in deciding when these projects will occur. In addition to spending on new infrastructure, we have budgeted to invest a further $15 million over 10 years on community facilities. We have carefully considered the timing of these projects and are proposing a timeline that allows us to stay within the 4% rates limit and to smooth our spending as much as possible.

These projects all have different timing and drivers:

- The need to repair the existing memorial hall is one of the major considerations in funding a new Civic Centre, which is programmed to start in 2015/16.
- The cycle trail will be a tourist attraction to help support economic development, with investigation and design in 2015/16 and construction proposed over 2016/17 and 2017/18.
- Some of the walking and cycling links are needed to cater for growth, others reflect a desire for the community to have access to new facilities. We have spread these across our 10 year timeframe to smooth costs.
- Funding for improvements to Headon Stadium has been deferred until 2019/20 as work on the Civic Centre is seen as a higher priority.

We believe that these projects will add to the vibrancy of the district, promote development and help cater for our future growth.

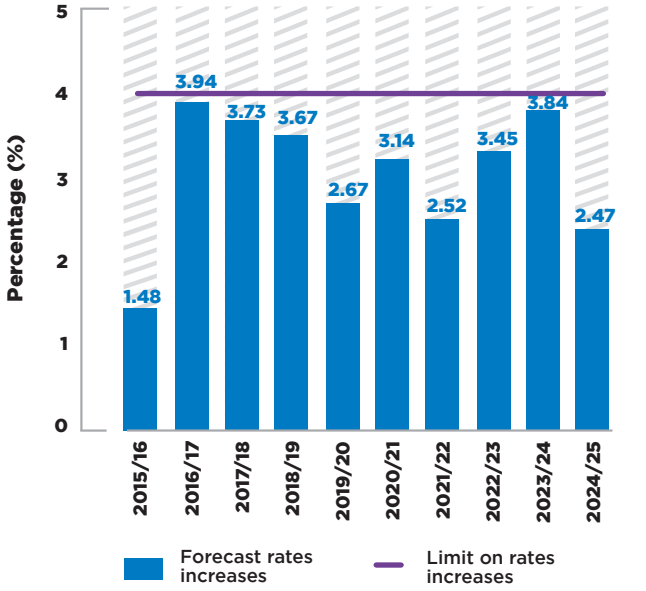
Paying for new assets

We borrow money to pay for new assets that will deliver services to the community over a long term, so that ratepayers now and in the future all pay their share. This means any new capital projects will increase debt (either internal or external), and rates will need to increase to pay for the interest payable on that debt, as well as any increased operating costs associated with the new asset. So the difference between the 2.7% rate of inflation and 4% limit on rate increases allows us some room to provide new assets or services in line with our vision.

We have considered the timing of our planned projects and have made some hard calls on when these projects should happen in order to remain within the 4% limit on rates and to smooth our spending as much as possible. Including all the projects we have set out in our Long Term Plan, our rate increases look like this over the next 10 years (see graph on the right).

So we are looking to the future and providing new assets and services along the way that we and future generations will benefit from. But we have to find a balance - we don't want to burden future generations with huge debts.

Forecast rates increases and limit on rates increases



We won't allow our debt to control us

For a council with a lot of assets that can last for as long as 100 years in some cases, having some long term debt makes sense. But having a high level of debt and living beyond our means would be unfair for current and future generations, and could mean we can't take up new opportunities when they arise. To balance this, we will not borrow more than 150% of our annual revenue.*

> "We will not borrow more than 150% of our annual revenue."

Our total debt is forecast to peak at around $48 million in 2019/20. To try to put that figure into perspective, the graph below compares our estimated level of borrowing to a typical household with an income of $60,000 and a mortgage of $250,000.

The graph on the right shows that while $48 million is a lot to borrow, our debt level is actually a lot lower than a typical household paying a mortgage on their home.

We consider that a limit of 150% of revenue is conservative for a council of our size, and is in line with limits that other similar sized councils have adopted. 150% is the maximum limit - it is not a target. We expect our debt to be, on average, around 81% of our revenue over the next 10 years.

The graph on the next page shows that we have (and will continue to have) plenty of capacity to borrow more money (without exceeding our limit) for unforeseen expenditure such as a natural disaster, or to pay for more "choose to do" facilities or projects. However, doing this would mean rates would have to increase to pay for the interest on any new loans.

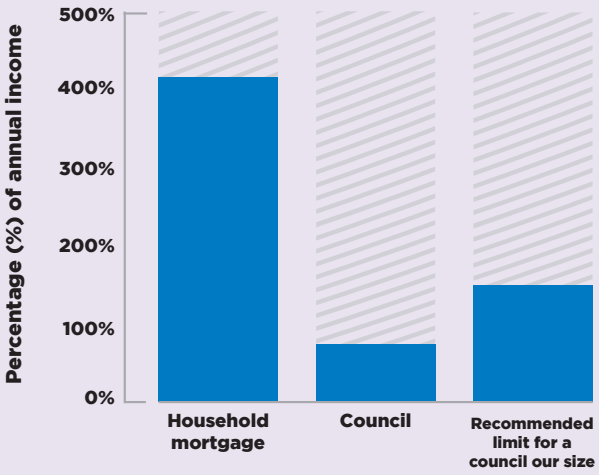
*consistent with our Liability Management Policy, revenue excludes revenue from development and financial contributions, vested and found assets and other gains.

Our external debt profile for the next 10 years looks like this (in millions):

2015/16	2016/17	2017/18	2018/19	2019/20
$42.4	$47.1	$47.9	$46.4	$48.0

2020/21	2021/22	2022/23	2023/24	2024/25
$43.9	$39.7	$38.8	$36.1	$31.9

Comparing debt levels to income

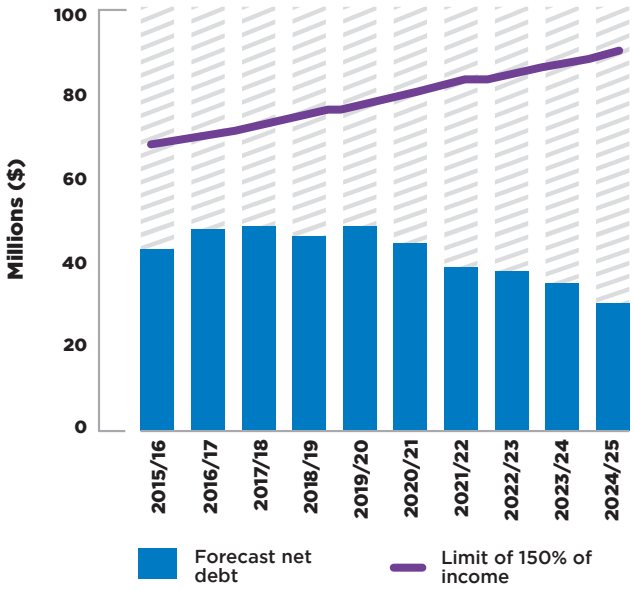


Our current forecasts show that we can comfortably service our expected level of debt over the next ten years. The graph below shows that our forecast borrowing costs are expected to peak at around 4.8% of our forecast revenue. The Government has set a benchmark for Councils with low-medium growth, where borrowing costs of less than 10% of revenue are considered to be prudent. Our peak at 4.8% is well within this benchmark.

Keeping our debt at a controlled level over the next 10 years means we will have the capacity to take up opportunities as they arise. It also allows room to recover quickly if a disaster occurs (as it did in Canterbury). Having a lower level of debt makes us more resilient.

Our borrowing is secured by a charge over rates income by way of a debenture trust deed. Utilising rates revenue as security lowers the risk involved for lenders and therefore will lower the cost of our borrowing. Generally assets are not offered as security for any loan or performance of any obligations under other arrangements.

Our forecast debt for the next 10 years



What could challenge our sustainability and how are we managing this?

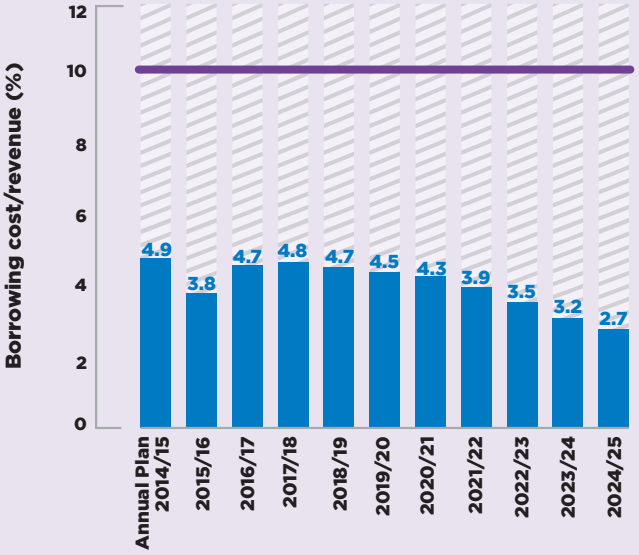
Increasing costs

The cost to provide our services continues to increase each year. Driving the increase in costs for us are:

- The level of inflation (or the increase in costs over time) - our forecasts have an average annual increase in costs of 2.7% built in over each of the 10 years. This is based on forecast inflation rates specifically for local authorities, and is related to the change in costs for things like asphalt for roads, or supplies for water treatment plants. The inflation we incur is usually higher than the rate of household inflation, which is forecast at 2.2% average over the next 10 years.

  We are legally required to include an assumption for inflation in our forecasts, and the level of inflation has a significant effect on our budgets. Looking back with hindsight at our last Long Term Plan, the inflation forecasts for that plan were significantly overstated compared to the inflation that was actually experienced over the last three years. This meant that rate increases were much lower than signalled in the original plan.
- Significant costs of complying with changes to, or new legislation (for example, legislated changes for improved wastewater discharge have required significant capital upgrades of existing treatment plants in the past). In our forecasts we have allowed for the estimated costs of complying with new legislation where it is practical at this point.
- Interest costs associated with borrowing and the impact of interest rate movements. Interest makes up an average of 3.98% of total operational expenditure over the 10 year period of the plan. If interest goes up say 1% above the rates we've assumed in this plan, this would increase our interest expense by $352,000 in the first year. We manage our interest rate risk through the use of interest rate forward swap agreements. These allow us to lock in a fixed interest rate now while the rates are lower, for debt in a future period - a lot like a fixed rate mortgage. The beauty of these arrangements is that it gives us greater certainty as to the interest costs we will need to rate for in the future, meaning that we can plan ahead with more confidence. We currently have swap arrangements of $34.5 million in place over the next 1-9 years and at an average rate of 4.13%.

Our forecast borrowing costs as a percentage of our forecast revenue



All these cost drivers mean that even if we stick to providing exactly the same services every year, the cost

Types of spending

We have two types of spending:

- **Operating expenditure** - This generally covers the day to day spending on services we provide plus interest on loans and depreciation. We have scrutinised and will continue to scrutinise all areas of our operations to ensure that we are using public funds in the most efficient and effective manner. Operational expenditure over the 10 year period is forecasted at $522 million including depreciation and interest. This forecasted budget provides for delivering the services that we currently deliver, as well as the operating costs related to the growth and new capital projects that we have outlined in this plan. This budget does not include any allowance for any further services to be offered over the next 10 years.
- **Capital expenditure** - Spending to replace or upgrade existing assets. This can be to maintain current services, or purchase/build new assets to increase our services or cater for growth. The capital cost to maintain existing levels of service over the next 10 years is forecasted at $125 million. $100 million of this is the cost to maintain/replace our basic network infrastructure.

Capital expenditure (building or upgrading assets) usually results in increased operating expenditure in the years to follow. For example, if we built a new public toilet block, then aside from the building costs (capital expenditure), we would need to budget for additional costs every year for cleaning, power and insurance. If we got a loan to pay the building costs for the toilet block, then the operating budget (and rates) would also need to increase to include the annual costs of paying that loan.

$522m

operational expenditure forecast over the next 10 years.

We have allowed for the estimated increases in operating costs arising from our planned capital spending in our 10 year forecasts. We have been careful to consider both the short term and long term impacts of any decisions to build or purchase new assets or provide new services to the community as they not only commit the community to the initial capital cost, but also to the ongoing operational costs for the next 30 years or more.

On top of those operating costs, another significant cost funded by rates is depreciation. Depreciation provides funding to eventually replace the toilet block in a number of years (e.g. 30 years time). As the years go by, the cost to replace the asset will increase, so the amount of depreciation included in the budget will also need to increase. All of our $567 million of assets (except for land) are depreciated each year.

However we have chosen not to charge rates for the depreciation of some particular assets. We have decided that we would not replace these particular assets in the future. These include buildings such as rural community halls and buildings that have been moved on to our parks and reserves over the years by various community groups that do not contribute to our core services. There would be nothing to stop the community undertaking local fundraising to maintain the buildings if they wanted to. This has reduced the rates required by $4.4 million over the next 10 years.

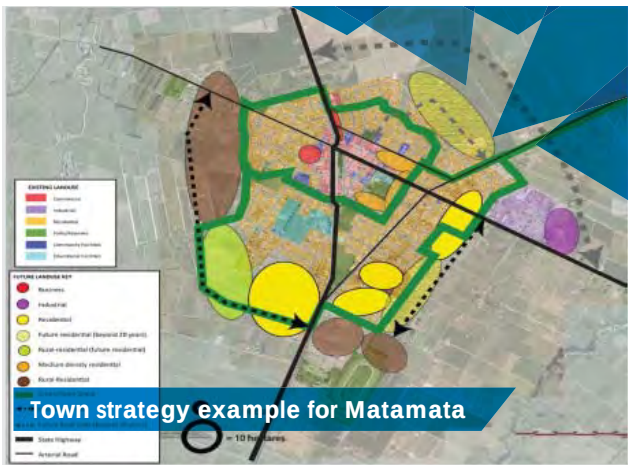
of providing them will continue to increase.

Changes in population and landuse

Increase in population from 33,000 (2014/15) to 35,000 people (2024/25)

There are capital and operating costs involved in providing for changes in population and changes in the use of land in our district. We have projected our population growth, dwellings and rating units over 30 years based on the district's historical growth, as well as assumptions about the rate of births, deaths and migration we will have. Council considers a 'high to medium-high' growth scenario for the district is the most appropriate for our long term planning. This will see our forecast district population increase from 33,000 in 2013 to 35,000 people by 2025. The three main towns in our district are projected to experience population and dwelling growth, and a stable or declining population is expected for the rural settlements.

We project the number of dwellings in our district to increase from 13,500 in 2015 to around 14,600 in 2025. We have also considered what changes in landuse we are likely to see over the next 10 years.



Town strategy example for Matamata

We have developed Town Strategies, which provide a concept for the development of our towns in the future. These strategies provide guidance of the preferred location of future landuses, and the integration of the landuses with transport and other infrastructure.

The strategy for each town considers two questions: whether there is enough zoned land available to meet

the future urban needs; and whether the zoned land is located in the right place to ensure that the future land uses will be integrated with the town's transport and other infrastructure.

The starting point for preparing the town strategies was to calculate the amount of land needed to accommodate future urban growth. The land budgets consider the current supply of zoned land, compared to the projected demand, for each of the towns. Our total land budgets for each of the three main towns have shown on the graph on the right.

Overall there is a surplus of land zoned for urban uses in all three of our urban towns. In some instances, changes are required in the proportion of land set aside for residential, business, and industrial land uses. Changes in the placement of future development, compared to the existing zoning, are also proposed. The conclusion reached is that the urban footprint of all three towns can be made smaller compared to current urban zoning, and that the footprint needs to shift slightly, to ensure the integrated development of our towns into the future.

Our policy approach is to limit rural subdivision development and not to extend services to rural areas beyond the currently serviced properties. As a result, the majority of our growth-related costs fall in the urban towns of Matamata, Morrinsville and Te Aroha. The majority of our projected rating unit growth is residential and this growth is predominantly from dwelling growth that we expect to occur in the three main towns.

The town strategies are informing our ongoing review of the District Plan which we have budgeted for in our plan. Council is working through processes of rezoning areas of land throughout the district and the following land budgets provide a reasonable basis to understand what land use changes we can expect to see over the next 10 years within our town areas.

We need to cater for growth when planning new assets. For example, if a $3 million water reservoir can service the existing households, but we expect another 500 properties requiring water to be developed in the next 20 years, it makes sense to increase the capacity of the reservoir at the time it is being built. This might mean that the $3 million project increases to a $3.5 million project - so who should pay for the additional $0.5 million? We have sought feedback from the community on this issue in the past and overwhelmingly, the community agreed that those who cause additional demand for services (by developing the new sections) should pay the additional costs to cater for future growth – rather than the current ratepayers. We believe this is still the case.

Overall district land budget

Residential (Hectares)

Total developed	Total zoned and vacant	Additional land required by 2033	Surplus of zoned land
909	918	470	448

Business (Hectares)

Total developed	Total zoned and vacant	Additional land required by 2033	Shortfall of zoned land
103	11	17	16

Industrial (Hectares)

Total developed	Total zoned and vacant	Additional land required by 2033	Surplus of zoned land
79	49	36.5	35.5

Between 2015-2025

1,100

new dwellings are predicted

The forecast changes in our population and landuse come at cost. As a result of this growth we must expand or replace our infrastructure networks to support the increased use and demand on our services such as water and roads. A way we can spread the costs is by charging people (such as developers) who create additional demand on Council services. We charge a 'development contribution', and it is charged when a subdivision or land use consent is approved, where a certificate of acceptance or Code of Compliance Certificate is issued or when there is a connection to our services such as water or wastewater. More information about development contributions can be found in Council's Development Contributions Policy at www.mpdc.govt.nz. We expect to incur capital and operating expenditure to meet the increased demands resulting from our population and landuse changes. This also includes expenditure that we have incurred in anticipation of growth. Over the 10 years of this plan, we expect that we will need to provide $8.7 million of infrastructure to cater for this growth. The operating cost of providing for this growth is $1.5 million over the 10 years. We have forecast to receive $10.9 million in revenue from development contributions to offset/cover this cost.

Changing needs and expectations

The services and facilities that we provide have changed gradually over time due to changing needs and expectations (such as technological changes, the ageing population, changing lifestyle factors etc). We receive hundreds of submissions every year with competing requests for additional services or facilities, or for increased standards of services. Most of these requests have many benefits for our community, but they also come with a cost. As a rough guide, for every additional $100,000 of operating expenditure or $1,000,000 of capital expenditure added for say a recreation project, this would increase general rates by around half a percent. One of our biggest challenges is balancing the benefit to the community, while keeping rates affordable for the ratepayers of today and tomorrow.

Limited funding options

We only have a limited number of ways we can fund all the services we provide and each option comes with its own challenges:

- **Rates** – Rates are a form of tax, and the basic principle of a tax is that everyone pays, to benefit the greater community. Rates account for the majority of our revenue. One of our biggest challenges is keeping rates at an affordable level for the majority of the community and spreading the costs in a fair and equitable way.
- **Fees and charges** – Fees and charges charge people for specific services that they benefit from – such as charging people to use the pools, or charging the applicant for the costs of a building consent. The challenge with fees and charges is finding a balance between recovering costs without making services so expensive that people are discouraged from using them.
- **Subsidies and grants** – We receive some subsidies and grants from Government agencies, particularly towards the cost of maintaining our roading network. Throughout this plan we have assumed that the amount of roading subsidy we currently receive will remain relatively constant for the foreseeable future, however, our costs are likely to increase meaning that decisions will need to be made in the future on whether to cut the standard of service we provide or to fund the shortfall another way (such as increase rates).
- **Development contributions** – As discussed previously, we charge development contributions to developers to ensure they share the costs of the additional demand they place on our infrastructure and services. Aside from trying to predict when the additional demand may occur, we also have to recover an appropriate level of costs, without imposing charges so high that they deter development altogether.
- **Interest from investments** – A small portion of our revenue comes from interest earned on cash investments. We use this interest to pay operational expenditure; this effectively subsidises rates, because if we didn't have the interest, the community would have to pay for this operational expenditure through rates. Any decisions to use the investment funds rather than reinvesting must consider how the funding shortfall will be made up each year.
- **Borrowing** – Local Government legislation requires councils to ensure that the decisions they make are fair to both today's ratepayers and the ratepayers of the future. For example, if we were to spend $3 million on building a new water reservoir in 2015 that had an asset life of 50 years, who should pay for the cost of the new asset? Should rates increase by 10% in 2015 to pay for the new reservoir? Or should a family who moves into the district in the following year or in 20 years time, and who still get the use of the service, also have to share the cost?

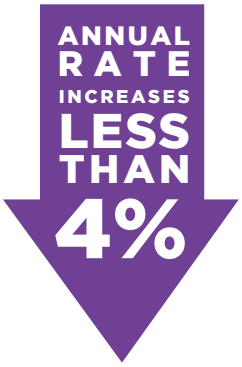
One way we can spread the costs to make them more fair for everyone is by borrowing the funds to construct the new asset. We can then slowly recover the funds through rates and repay the loan over the life of the asset so those who benefit from the service in the future will also pay their share. This way of spreading the cost is called 'intergenerational equity'.

Borrowing is not a source of revenue in itself, but a way of bridging the cashflow requirements associated with large projects. The obvious downside of borrowing is that we have to pay interest on the loan well into the future, and changes in interest rates, (aside from the portion we have interest rate swaps in place for), are outside of our control. We can borrow money from external organisations (such as the Local Government Funding Agency and banks), or we can also borrow internally using available funds (for example, borrowing funds from the PNZ reserve fund for a specific capital project).

Keeping the rates affordable

The New Zealand population is getting older – and so is the population in our district. An ageing population means there will be a higher proportion of fixed incomes (e.g. increasingly more people earning a pension than a salary). Statistics show that the average household income in our district is slightly below the national average. There is currently a downturn in the dairy industry which is one of the most significant industries in the Matamata-Piako District, so this will have flow-on financial effects beyond the farm gate. These factors mean that significant annual rate increases are not practical or affordable for a large percentage of our community.

When deciding how to fund services, we need to consider how to spread the costs in a way that is fair, equitable and affordable for the majority of the community. Our district has a mix of rural and urban properties - the farms and rural properties in our district don't receive some services that are available to properties in our towns (such as water, wastewater, and rubbish collection), so those property owners don't pay for those services. The majority of the significant capital projects undertaken in recent years (apart from roading) benefit residents and ratepayers in urban areas, meaning that the bulk of our cost increases have fallen on urban ratepayers.



We have reviewed our Revenue and Financing Policy, which works through how our activities and services should be funded and who should pay what share of the costs. We asked for community feedback on this for some specific activities in the August 2011 "Decisions for the future of our community" booklet. The outcome of that consultation confirmed that people generally consider the current system to be fair and equitable. The community agreed that the costs of growth should continue to be met by developers.

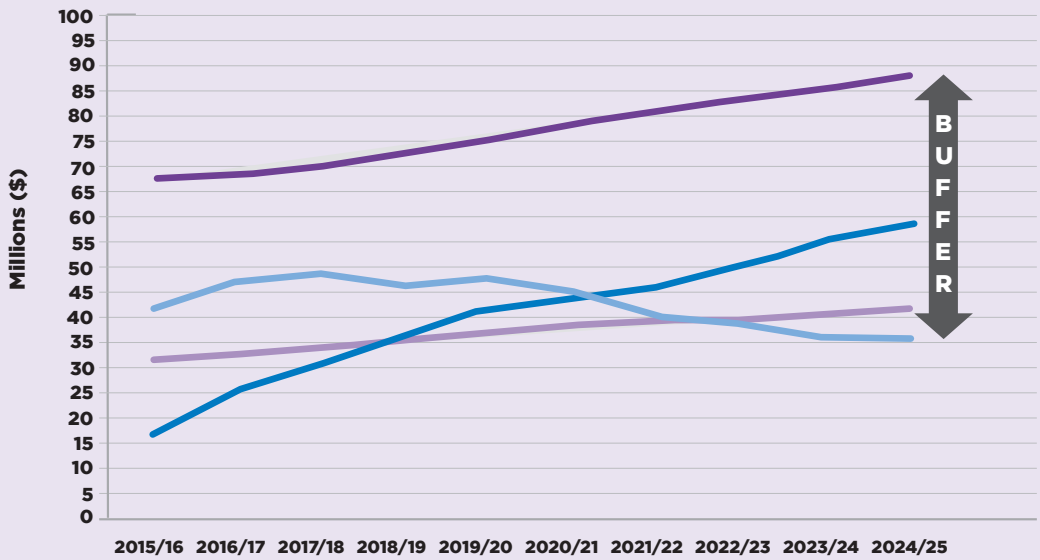
Where can you learn more about rates?

Our Revenue and Financing Policy in Part Three describes the considerations when selecting sources of funding for an activity (including rates).

Our Council-wide funding impact statement (also in Part Three) outlines the total revenue we intend to generate from these funding sources over each of the 10 years of this plan. Then the calculation of rates shows how the total rates revenue required will be calculated and charged against each rating unit. In addition, under 'Examples of the impact of rating 2015/16' in Part Three of this plan there is also a table showing examples of how the rating decisions for the first year of the plan affect a range of 'indicator properties'.

So how does our financial strategy and planning stack up? Will we continue to be sustainable well into the future?

Relationship of forecast rates, debt and new capital spending for the next 10 years



Debt to revenue limit of 150%. Forecast limit by year 10 is $90m.

Cumulative new capital spend by year 10 is $58m.

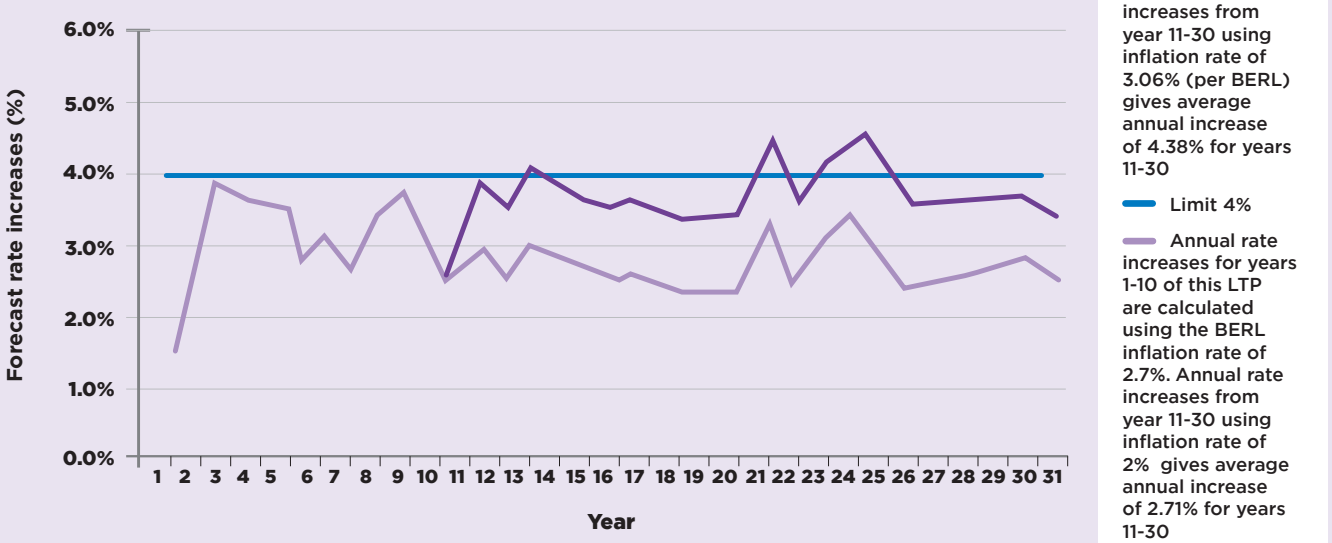
Forecast rates income is $42m by year 10

Forecast debt by year 10 is $32m

Figures include inflation of 2.7% on average over the 10 years of the plan.

The previous graph shows a visual picture of Council's financial strategy outcomes. The clear message is that right through-out the 10 years, we will have a healthy buffer (ranging from approximately $23m to $58m) between our forecast external debt and the 150% limit that is considered prudent for a council of our size and nature. This picture provides significant comfort that Council's forecasting is prudent and sustainable for not only the 10 years of this plan, but well into the foreseeable future. The buffer means that Council has significant room to cope in the case of a natural disaster. We have projected capital spending of $58m over the next 10 years. The available buffer also means that there is room to respond to new opportunities over this time.

Effect of inflation assumptions on Council's long term rate increases



We explained earlier that the estimated rate of inflation included in our budgets has a significant impact on our forecasts and therefore the budgeted rates. The graph above shows that using the current estimated rates of inflation, we can manage within our 4% rate increase limit for the first 10 years of this plan, however, with the estimated rate of inflation for years 11-30 at an average rate of 3.06%, this would push rate increases above the 4% limit in some years, with an average rate increase of 3.77%. We don't believe that there is any reason to be concerned about this at this stage, as historically, the estimates for inflation have been much higher than the actual cost increases we have incurred. If inflation is only 2% in years 11-30, then we would be able to maintain rate increases at an average of 2.71% for years 11-30. Small changes in the rate of inflation will have a big impact on our ability to stay within the 4% limit. In any case, using the estimated inflation rates we have today, we believe that our limit on rate increases is sustainable for the 10 years of this plan. Beyond that, we will continue to monitor changes in costs and address the impact of these in future long term planning.

What we expect from our investments

Our investment policy sets out the detail of the type of investments we currently hold, and our objectives and risk management strategies related to holding these investments. There are two main types of investments we currently hold:

Cash investments

Council generally operates as a "net borrower", and aims to manage its borrowings and cash assets on this basis in order to reduce the overall net cost of borrowing. Council does not generally maintain significant cash investments. The exception is the remaining balance of the Power New Zealand fund ($5.4 million) that is budgeted to be invested locally, with the interest returns (budgeted at 4.05% over the ten years) being used for the objective of subsidising roading rates – an asset that everyone in the district benefits from. We plan to use this interest income to continue to subsidise rates as we have in the past.

Other strategic shareholdings

Secondly, there is a range of strategic shareholdings that we have acquired over a number of years. We intend to continue to hold these investments, specifically for the strategic benefit that they create for the district. These investments include:

- **Waikato Regional Airport Limited** – We own 15.625% of the airport company with the balance owned by surrounding local authorities. The objective of ownership of the airport is to secure the retention of the airport as a major infrastructural facility, important to the economy of the Waikato. The airport also operates a tourism subsidiary which aims to promote the region to tourists. We contribute separately to this subsidiary by way of an annual grant.

- **NZ Local Government Insurance Company** – We hold a 1.1% shareholding in this company (that trades as Civic Assurance) with the balance owned by local government entities throughout New Zealand.
- **Thames Valley Combined Civil Defence Committee** – We hold a 34% interest in this committee, with the balance held by two neighbouring councils. The purpose of the committee is to jointly plan for civil defence emergencies that may affect our wider district.
- **Local Authority Shared Services Limited (LASS)** – We hold a 3.43% shareholding in this company. LASS was established to provide the councils in the Waikato region with a vehicle to procure shared services. It provides a mechanism to achieve operational efficiencies and contributes to economic wellbeing. Is an investment which aims to reduce the cost of providing generic services. The company does not provide a financial return by way of dividend.
- **Hauraki Rail Trail Charitable Trust (HRTCT)** – We have a small investment in the Trust that was formed to manage the cycleway which has economic benefits for our district. The Trust does not provide a financial return by way of dividend.
- **New Zealand Local Government Funding Agency Limited (LGFA)** – We hold borrower notes in the LGFA that are issued at 1.6% of any loans drawn. The LGFA was established to provide a secure and lower cost financing option to local government in New Zealand. While we do obtain a return on these investments (on maturity of the debt raised), the investment is more so a requirement of the funding structure of the entity to ensure it remains viable.

Conclusion

Our financial strategy underpins how we intend to deliver the vision that we have set for our district. It is all about sustainability – continuing to provide the levels of service that we currently enjoy and looking after the assets we currently have, maintaining rates at an affordable and predictable level, keeping debt at a controlled level, and providing new capital for growth and where it adds to the prosperity of our district.

Our forecasts are based on the best information that we have at hand today. We know things will change, but we have had to make some key assumptions (that are set out in part three of this plan). We have been conservative in our estimates and have been prudent in setting limits on rates and borrowing. We believe our financial position is sustainable over the 10 years so that we continue to be in a healthy and prosperous position in 2025.

New Zealand currency

Our Infrastructure Strategy

Introduction

We have approximately $492 million invested in infrastructure assets in our district and infrastructure accounts for around half of our operating expenditure. In recent years we've completed some significant upgrades to our wastewater system and we've extended the water and wastewater supplies in places like Tahuna, Waharoa and Raungaiti to improve the health of these communities. We have also entered in to partnerships with local industry to supply infrastructure – securing their place in our community. Spending on infrastructure provides the foundations on which our community is built – it is essential to health, safety, and transport and has a significant impact on the physical environment. Infrastructure also enables businesses and communities to flourish. Getting infrastructure spending right is a pre-requisite to determining how much we can spend on services that enhance the quality of life and attract people to live in our district.

In general our infrastructure is in good condition and performs to the standard we need for our community today. We do know that we have some challenges in providing some of our infrastructure, and we've identified a number of critical issues that we need to address in planning and managing infrastructure assets on behalf of the community. This strategy is a fundamental part of our prudent stewardship of community resources over the long term. The strategy covers a 30 year period, and will help inform our residents and ratepayers about the key issues, options, and their long term consequences of our asset management. It provides a consistent basis to guide asset planning into the future.

This strategy covers:

- Roads and footpaths
- Water supplies
- Wastewater/Sewage treatment and disposal
- Stormwater.

In relation to these assets, the Infrastructure Strategy outlines:

- The key infrastructural service issues the community must address over the next 30 years.
- The main options for dealing with those issues.
- The cost and service delivery implications for residents and businesses of those options.
- Our current preferred scenario for infrastructure provision.

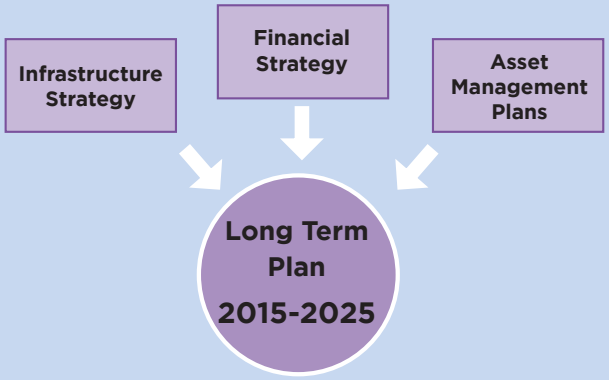
What isn't covered by the Infrastructure Strategy

Under legislation, flood protection must also be covered by an infrastructure strategy. Flood protection activities are undertaken by the Waikato Regional Council - we provide an urban stormwater network to protect our community. We also own community facilities assets - these include parks, cemeteries, libraries, event/sports centres and pools. Our approach to managing these assets is very much a business as usual approach similar to the day-to-day management of our infrastructure assets. Information on the significant decisions regarding these assets has been included in our Long Term Plan.

Our Financial Strategy and Long Term Plan

This is our first Infrastructure Strategy; it has been developed in conjunction with our Financial Strategy and Long Term Plan 2015-2025. These three documents are the cornerstones of our long term planning for the community for the next 10-30 years. The Financial Strategy sets out the financial parameters within which we will operate. It specifically sets out rates and debt limits, our investments and how they are used. The Long Term Plan outlines the significant assumptions relating to the preparation of financial information and key accounting policies, and the projects we plan to undertake in the next 10 years. The financial figures presented in this Infrastructure Strategy should be read in conjunction with our Long Term Plan 2015-2025 and the Financial Strategy.

The Planning Framework



Matamata-Piako today - About our district

Our people

As a high level overview of historic growth - the usually resident population of the district at 30 June 2013 was estimated to be 32,910 people. This has grown by over 2,600 people (an average annual growth rate of 0.70%) since 2001. Over the same period, nearly 1,600 new dwellings have been built - an increase of around 1.1% or 132 dwellings per year. We are projecting our district population will grow to around from around 33,000 in 2013 to 37,000 by 2045 with an increase in dwellings from 13,600 in 2013 to 16,300 in 2045.

In terms of geographic spread of growth, all three wards are projected to experience population, dwelling and rating unit growth. Nearly 90% growth of the population and 80% of the dwelling growth is forecast to occur in the three urban towns. Matamata is projected to be the fastest growing (based on annual percentage change), followed by Morrinsville then Te Aroha which are projected to grow at a similar rate.

The population and dwellings are also projected to increase in some of the outlying rural settlement areas but at lower rates while other rural areas are projected to decline slowly. The growth of our district has implications for the utility services we deliver. For example, for the roading activity population growth generally leads to an increase in the volume of traffic in the network placing increasing pressure on our assets.

In addition to population growth, the district has a similar age profile to the rest of New Zealand. However our ageing population trend is projected to

Thames Street, Morrinsville

37,000

people is the projected population in our district by 2045.

district aged 65+ increasing to over 30% by 2045. The number of people aged between 15 and 64 years of age is projected to decrease. This has flow on effects for the affordability of rates and levels of service as less people are in the workforce. It is therefore essential that we ensure our asset management is robust and sustainable. Factors such as the ageing population contribute to a decline in the average household size, decreasing from around 2.5 residents in 2013 to around 2.3 in 2045. This will result in more dwellings being required to house the same number of people, which places demands on our services.

Father and daughter enjoying local park facilities

Our services

The Matamata-Piako District is bounded in the east by the Kaimai Ranges and in the west by older ranges, in between is the Hauraki Plains. Over time the Waihou, Waitoa and Piako Rivers have moved back and forth across the Plains, depositing shingle and silt, creating wetland areas, and helping to create the present landscape of flat alluvial plains and peat swamp.

There are a number of roads, approximately 5% of the network, which lie within this peat area that require a specialised treatment and design for maintenance and renewal works. There are also a number of primary industries located on rural roads within the district and these create additional loadings and traffic on our roads.

The knock on effect of increased traffic volumes and loadings in growth areas, generated by employees, delivery trucks or other vehicles associated with commercial and industrial business are:

- An increase in the rate of deterioration of existing roads. This also applies to some primary industries in certain locations.
- Existing roads may need to be upgraded to service the increase in road usage in and around expanding commercial or industrial zones and the associated increased use of areas of the current network, such as new factories or processing plants and as a result of the amendment to the Land Transport Rule Vehicle Dimension and Mass Amendments 2010.
- An increase in associated operational and maintenance costs.
- An increased public perception of greater traffic safety risk due to heavy vehicles in urban areas and increased weights on approved High productivity motor vehicle routes.

The district is also experiencing growth in the number of people visiting and staying in the area. The 'Hobbiton' Farm is one of the key tourist attractions within the region and has required some earlier upgrading of some of the roads within the district and some capital investment into safety improvements of the road.

These improvements have already been completed but the assets are being monitored continuously to ensure they are appropriately maintained. In general, the different soil types present in the district have a very minor impact on the condition of current our stormwater reticulation network. However with soils in the district ranging from very good to poor quality soakage we need to look at different stormwater for different areas. For example, our current work to identify new growth areas in our towns needs to identify areas where adequate soakage is available.

We also have agreements with large primary industries (meat and dairy processing) located in our district to supply water and take wastewater which help drive the growth of our services – at our Morrinsville wastewater treatment plant, this accounts for 50% of our dry weather processing. Supply of water to industry in Te Aroha makes up 40% of the water processed at this site. Agreements with industry require them to pay for the capital cost and the ongoing processing costs for these services.

The national context

The National Infrastructure Plan (NIP) outlines the government's intentions for infrastructure development over a 20 year timeframe. The NIP sets out a vision that, by 2030, New Zealand's infrastructure will be resilient, co-ordinated and contributing to economic growth and increased quality of life. It supports this through promotion of better use of existing assets and better allocation of new investment. The NIPs overall message is that New Zealand's infrastructure is performing well, but there are areas where improved performance would accelerate economic performance.

The government has also introduced new standards for freshwater, setting limits for water quality with a deadline for implementation by regional councils moved forward to 2025. The governments' focus is on water quantity and the sensible, sustainable management thereof. Environmental compliance and progress is reflected through national policy statements and promulgated through regional and district plans.

Our assets

Our core assets and their value are set out below

Asset	Description	Depreciated replacement value	Percentage of total
Water Our water service ensures our communities are supplied with clean, safe drinking water to ensure the health and wellbeing of our residents.	We own and operate seven water supply schemes in the district - in Matamata (which includes Waharoa and Raungaiti), Morrinsville, Te Aroha and four small schemes in Te Poi, Tahuna, Hinuera and Te Aroha West. Each area has one or more treatment plants, and the district has a total of 377 kilometres of pipes (excluding service lines).	$42,352,880	9%
Wastewater The wastewater service ensures that wastewater (sewage and grey water that goes down your drains) is collected, treated and disposed of appropriately for the health and wellbeing of our community. The treatment is particularly important, as after wastewater is treated properly, it is discharged into our environment. We aim to ensure wastewater is well managed for the wellbeing of our community and our environment.	We have five treatment plants and 240 kilometres of sewer mains that supply wastewater services to the urban areas of Matamata, Morrinsville, Te Aroha, Waihou, Rukumoana, Waharoa and Tahuna. The Te Aroha and Morrinsville treatment plants treat and dispose of domestic, commercial and industrial wastewater, as well as rural septic tank waste at Morrinsville. The Matamata treatment plant services the Matamata, Waharoa and Raungaiti communities. Waihou and Tahuna have their own wastewater systems. Approximately 50% of the wastewater treated in Morrinsville is from local industry.	$61,578,823	13%
Stormwater Stormwater systems safely and efficiently drain surface water to minimise flooding in our communities. We aim to ensure stormwater is well managed, and work with property owners to improve stormwater and reduce flooding.	We currently have stormwater drainage systems in Matamata, Morrinsville, Te Aroha, and Waharoa. These systems include a mix of pipes, open channels, kerb and channel, and drains (adding up to over 137 kilometres of piped and open drains in urban areas).	$38,966,053	8%
Roads and footpaths The roading network connects people with their needs, enables businesses to access resources/markets and provides people with social, cultural, recreational and employment opportunities.	Within our district there are 998 kilometres of road consisting of: • 943 kilometres of sealed roads & 55 kilometres of unsealed road The roading network comprises of the following assets or services: • 2059 hectares of land within the road reserve • 317 bridges and 10 kilometres of railings • 7,275 drainage assets with 199 kilometres of stormwater channels • 196 kilometres of footpaths and 986 kilometres of road marking • 52 minor structures • 6,035 road signs and 2,458 streetlights	$348,917,456	71%
Total		**$491,815,212**	**100%**

Matamata-Piako tomorrow - issues and assumptions

Key issues

There are a number of critical issues that we will have to consider when planning and managing our infrastructure assets, including:

- What level of investment is needed to maintain, renew and replace existing assets.
- How to balance service level expectations with affordability in the context of demographic changes such as growth and ageing population.
- What level of investment, if any, is needed to improve the level of service provided by those assets.
- What level of infrastructure investment, if any, is necessary to provide for growth in the community.
- How to manage the timing of investment for growth, to avoid constraints on growth from limited infrastructure capacity while minimising the costs to the community of underutilised infrastructure capacity.

The task of building, operating and maintaining these infrastructure assets is becoming increasingly challenging in view of:

The affordability of our infrastructure

It is important to the community to keep our infrastructure services affordable for the long term as the ageing population and slow growth places a cap on the amount the community can afford. The investment level needs to be at an optimum. Optimised planning and asset management enables the right amount of renewals to be spent on our infrastructure, ensuring that our maintenance is kept at a minimum over time. This requires us to ensure assets are pushed to their limits before they are renewed and maintenance intervention strategies are used to ensure we are also not over investing in our maintenance costs. We plan to continue inspections and investigations into renewal profiles to determine whether the renewal of the asset is the most cost effective solution for the long term and that the best renewal treatment is used.

Throughout this strategy we have also identified two particularly large projects (roading bypasses) where we think affordability could be an issue. It is also important to note that the issue of affordability will ultimately need to be considered in the context of all of our services, debt and rates levels.

Changing Government priorities and legislative environment (e.g. the National Fresh Water Policy)

Government Priorities: The National Infrastructure Plan, March 2011, states that "there are two key outcomes the government would like to drive through its infrastructure strategy:

- Better use of existing infrastructure.
- Better allocation of new investment.

The legislative environment: The Governments' focus is also moving from water quality (as this has been addressed through the Health Act (Drinking Water) Amendment Act 2007 and the Drinking Water Standards for New Zealand) to focusing on the quantity, and sensible, sustainable management of water. Environmental compliance and progress on these matters is reflected through national policy statements and given effect to through regional and district plans.

> "The Governments focus on growth and the economy as detailed in the Business Growth Agenda is a key influence on investment prioritisation."

The National Fresh Water Policy also needs to be considered. The new standards may require us to make investments to improve our management of fresh water. It is likely to involve additional water demand strategies in the short term and providing additional raw water storage in the longer term. It may also result in improving the water quality that is discharged back into the environment for both stormwater and wastewater.

Climate change

Like most organisations, we find it difficult to predict what the effects of climate change will mean for our future. We are likely to experience the same volume of rain over a year but at higher intensities with long periods between events and the need to mitigate effects of sea level rise. In addition, natural hazards that are considered are high winds, earthquake, fire and ash fall. Our infrastructure assets are being designed to accommodate the climate change forecasts for 2040 as detailed by the Ministry for the Environment. These forecasts remain dynamic; are continually reviewed and further planning will continue.

Our development standards have also been amended to ensure any future infrastructure created in our district will comply with the increased effective mean temperature and annual mean rainfall. This applies to not only developers, but also any works that we complete. This strategy shows that investment into the existing stormwater system to improve the capacity is required over the long term which will mainly be achieved by soakage and retention due to the limited use of existing outlets and discharges throughout the district. However we have also identified areas of industrial land in Morrinsville where stormwater disposal is a constraint on development. We've identified funding via developer agreements to address this issue in the short-medium term..

Managing the investment of infrastructure for future growth and demand (e.g. water)

We support growth in the district but we also need to ensure that the investment in the infrastructure required is made in a planned and cost effective manner. This means we need to supply zoning for the most cost effective locations to provide services and have the land budgets correct for our projected

growth. Without this approach it will not be feasible for developers or Council to provide affordable services for the new development areas and over or under investment may occur.

With the growth projections being recently updated and Plan Change 47 underway with the rezoning of our residential, rural residential and business/ industrial zones, our 30 year strategy can cater for these. However it must be noted that the plan change has not been formally consulted on yet so there may still be some changes that won't be reflected in the current infrastructure plans.

There are no specific redundancy or growth requirements unless specifically stated in the capital schedule at the end of the section for the individual asset groups which includes some minor water demand work in the three towns, some major sewer upgrade work in Matamata, roading works for Morrinsville and Matamata and stormwater work in industrial areas of Morrinsville.

Infrastructure resilience

Infrastructure resilience is about customer's expectations of continuing functionality and service delivery. Resilience is based on a design philosophy which acknowledges that failure will occur. Resilience requires early detection and recovery, but not necessarily through re-establishing the failed system. We also have to consider managing and mitigating the risks to, and the resilience of, our infrastructure assets from natural disasters.

We insure most of our assets and have completed a criticality assessment of our infrastructure. We have also joined a regional wide collaborative insurance scheme to ensure that we get the best possible cover in the most cost effective manner.

We are also a member of the Waikato Utility Lifelines group whose mission statement is "Enhancing the connectivity of lifeline utility organisations across agency and sector boundaries in order to improve infrastructure resilience". The group includes services such as wastewater, stormwater, water, power, gas, telecommunications and transportation networks.

Another aspect that is key to managing our infrastructure assets sustainably is risk management. We have a process in place to ensure our risk management is up to date and a framework has been set up to allow the management of risks at all levels.

Maintaining our existing assets and delivering a cost effective service

A lot of our infrastructure is ageing and the district is approaching an important period to ensure that its infrastructure assets continue to meet the needs of the community in the future. We need to consider if we are going to apply a 'just in time' philosophy and defer renewals or apply pro-active renewals. By smoothing and looking at the life of the entire asset, it makes it easier to manage the long term cost effectiveness of replacing assets.

The strategy allows for assets to be assessed prior to their replacement being completed. The condition and criticality of the assets will be considered and whole of life cost of continuing to maintain it or completing a renewal. This strategy also allows us to consider future performance and capacity requirements to allow for any capital work to be considered at the same time so it can be completed in conjunction with the renewal.

Key assumptions

In preparing the strategy, we have had to make a number of assumptions as to what we expect may change or stay the same in the future. These assumptions are set out below. They are based on the best information available today. There is a risk that these assumptions could prove to be incorrect over time. Where an assumption involves a high level of uncertainty we have identified the nature of that uncertainty; and included an outline of the potential effects of that uncertainty.

Forecasting assumption (something we reasonably expect to happen)	**Risk** (chance that loss will occur)	**Level of uncertainty**	**Reasons for and financial effect of uncertainty**
Inflation The forecasted figures in the strategy have been adjusted to include inflation expectations over the next 10 years. Inflation forecasts were provided by Business and Economic Research Limited (BERL), who were contracted by the Society of Local Government Managers in September 2014 to provide such forecasts specifically for the local government sector for this purpose. We have used the Local Government Cost Index (LGCI) which has been developed based on components of both operating and capital expenditure. The inflation factors below are applied on a cumulative basis. The average inflation factor applied over the first 10 years is 2.71% and over the next 20 years of the strategy is 3.06%.	Inflation occurs at rates much different than forecast.	Medium	Inflation is affected by external economic factors which are outside of our control. There is no certainty that the forecasts will be accurate especially in the current economic climate. If forecasts prove to be understated, then additional funding may be required, to maintain the existing levels of service. As an example, if inflation in the 2016/17 year was 1% higher than forecast, this would require an additional $313,000 in funding.

Forecasting assumption (something we reasonably expect to happen)	**Risk** (chance that loss will occur)	**Level of uncertainty**	**Reasons for and financial effect of uncertainty**
Source of funds for future replacement of significant assets We have assumed that depreciation will fund the renewal of assets and loans will fund any shortfall if depreciation reserves have been exhausted.	Funding will not be available to replace assets.	Low	If loan funding for renewals is required above the level budgeted, this would increase interest costs beyond those budgeted for.
Subsidies - New Zealand Transport Agency (NZTA) We receive annual subsidies in excess of $5 million from the NZTA. We have assumed that the rate of subsidy of 51% will remain constant over the life of the Strategy. We have assumed that operating and capital expenditure programs which have in the past received NZTA subsidies and/or satisfy the criteria that NZTA require in order to provide subsidy will continue to receive subsidy funding over the life of the Strategy.	The rate of subsidy received is higher or lower than expected NZTA make changes to the subsidy rate, the funding cap or the criteria for inclusion in the subsidised works programme.	Medium	The implication of an increase in the subsidy rates or variation in NZTA criteria that allows for additional subsidy to be received could mean that we are able to get through the work programmes at a lower cost to ratepayers. Alternatively if the rates decrease or the variation in criteria reduces our subsidy, the ability to complete the budgeted work programmes will be compromised; either requiring a higher share of the costs to be funded by ratepayers, or a reduction in the level of service provided. If our work programmes are not approved by NZTA, then we will need to review our budgets. Work that would otherwise receive subsidy may be deferred, or the approved three year programme may be adjusted as part of future Annual Plans. A reduction in the level of subsidy by 1% per annum would increase the general rates requirement by 0.33% on average over the 10 years of the plan and/or would affect the level of service able to be provided.
Assets **Useful life and asset information** The useful lives of assets are assessed in accordance with the depreciation rates as set out in our accounting policies. It is assumed that assets will be replaced at the end of their useful life on a 'like for like' basis (i.e. location, size) using the most appropriate materials available at the time the asset is renewed/replaced. There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. Valuations of significant assets classes will be performed on a one to three yearly basis. Valuations will also be undertaken if we are concerned. Planned asset acquisitions (as per the capital expenditure programme) will be depreciated on the same basis as existing assets.	The physical deterioration and condition assessment used in the valuation of an asset could be at an amount that does not reflect its actual condition. This is a particular risk for those assets which are not visible, such as underground stormwater, wastewater, and water supply pipes.	Low	There is no certainty that asset components will last for their design lives. These have been identified through the National Asset Management Support Standards and experience to date indicates no significant errors. Asset replacement is budgeted at the expected end of their useful life and earlier replacement will result in a loss on disposal of any residual value. Earlier replacement may result in the deferral of other discretionary capital projects in order to remain within self imposed debt limits. This risk is minimised by us performing a combination of physical inspections and condition modelling assessments of underground assets; estimating any deterioration or surplus capacity of an asset.
Sales or transfer of assets It is assumed throughout this plan that we will retain ownership of our significant assets and continue with the current Council Controlled Organisations.	That the financial or nonfinancial objectives of holding strategic assets or Council Controlled Organisations are not achieved. The risk of loss is low.	Low	Should specified returns not be attainable, we would review our investment. Such a review may have a financial impact. Any decision to sell or partially sell would be significant and a full proposal with options to be considered would be provided to the community for feedback as part of a special consultation process.

Forecasting assumption (something we reasonably expect to happen)	**Risk** (chance that loss will occur)	**Level of uncertainty**	**Reasons for and financial effect of uncertainty**
Climate change and natural hazards We have assumed that there will be no significant impact from climate change, no significant natural disaster and that our funding of civil defence will continue. The Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report was completed in 2014. This states that warming of the climate system is unequivocal, and since the 1950s, many of the observed changes are unprecedented. Central government recognises climate change as a long term strategic issue for New Zealand. In the Strategy we have taken the effects of climate change into account for certain activities that it would affect the most, such as stormwater, water and wastewater. Climate change could also pose challenges for the district in relation to land use and the economy in the future such as crop production. We recognise New Zealand's vulnerability to natural disasters. If our communities are not adequately prepared we may not be able to recover from a natural disaster.	The risk is low in the short term and medium for the term of this strategy. Projected climate change and hazard scenarios such as storm events are greater or lesser than what has been projected. A lack of preparedness and resilience in the event of a natural disaster would compromise our ability to provide services to the community. Significant natural disasters could compromise our community's ability to pay for services. Significant natural disasters could further increase insurance costs beyond the level budgeted.	Medium	Climate change and hazards could have adverse impacts on public and private property, and our infrastructure such as the roading and stormwater networks. Overestimation of the effects of climate change or hazards could result in unnecessary work, but an underestimation of effects could impact on emergency project works. Either scenario would affect ratepayers as infrastructure and hazard planning cost money. A significant natural disaster could disrupt our economy and day to day activity, reducing the ability of our community to pay for services and significantly increase insurance costs– as has been seen with the Canterbury earthquakes. The financial effects of these risks are dependent on the occurrence and scale of future natural disasters, so the timing and financial impact on the forecasts in the Strategy cannot be quantified.
Growth We have assumed that our population, dwelling and rating units will experience high growth to 2021 and medium-high growth from 2022 until 2045 and that our population will continue to age, with most growth happening in our three main towns.	That growth is higher or lower than projected due to an increase in births, a decrease in deaths a change in migration or other influences. That growth does not occur in the areas where we have provided for development.	Low-Medium	Growth population and household projections are based on the districts actual growth over the last 12 years (from the 2001 census), as well as assumptions for the rate of births, deaths and migration in the district. The growth component of new capital projects is funded from development contributions. If growth does not occur at the rate predicted, revenue from development contributions will drop and we may have to borrow additional funds or reconsider the projects. If growth does not occur at the level predicted, it may also impact on the amount of rates that everyone pays compared to budget as there would be less than the forecast number of ratepayers over which to spread the rating burden.
Legislation As an organisation that is created and derives its powers from statute, changes to legislation have a direct impact on the way we conduct our business. The speed and scale of review of legislation depends largely on the policy direction and priorities of the government of the day. While we anticipate changes to the Health and Safety Act 1992, the Resource Management Act 1991, Local Government Act 2002 and the Building Act 2004 during the life of this Strategy, we have assumed that these and any other changes to legislation will not have a significant effect on our business.	Central government will reform legislation which may have a more significant effect on the activities we undertake and the cost of providing them.	Low	Most changes to legislation are known in advance, giving councils the ability to prepare for implementation. Historical trends have been for services transferred from central government to local government. The cost and impact on our activities as a result of future legislative changes cannot be quantified at this stage as it would be dependent on the specific services affected. Financial uncertainty in this area would generally impact the cost of introducing changes, and the mechanisms required to fund any new services.

Forecasting assumption (something we reasonably expect to happen)	**Risk** (chance that loss will occur)	**Level of uncertainty**	**Reasons for and financial effect of uncertainty**
Levels of service We have assumed that demand for our services and community expectations regarding the level of service we provide will not change significantly – other than to cater for the growth we have predicted for the district. In developing this Strategy we have also assumed that the current levels of service we provide will continue unless specifically stated otherwise.	External factors or budgetary constraints may adversely affect our ability to deliver intended levels of service. There are significant changes in customer expectations regarding demand for services or levels of service.	Low	We have well defined service levels for our planned activities which have been reviewed as part of this Strategy. Customer satisfaction surveys, targeted consultation on services and other engagement strategies generally support this key assumption and therefore there are currently no areas of our services that require significant modification. Changes to levels of service may affect the scale and type of infrastructure and services we provide. If significant changes occur we will need to reassess the effect on capital expenditure projects and determine the materiality of change to our long term planning framework. The financial effect of uncertainty for this assumption cannot be quantified. We will signal any significant change in the Long Term Plan/Annual Plan and seek community feedback.
Resource consents and environmental standards We hold several resource consents for the activities we undertake - mainly taking water for our town water supplies, discharging stormwater and treated wastewater from our networks. These consents are obtained from the Waikato Regional Council and are influenced by national policy – such as National Environmental Standards and National Policy Statements under the Resource Management Act 1991 framework. We have assumed that the conditions of resource consents for our activities will not be altered significantly during the life of this Strategy.	Conditions of resource consent are altered significantly and without allowing sufficient time for planning. Changing environmental standards could increase costs and put pressure on the affordability of the services we provide. Community expectations of the environmental performance of our services could increase.	Medium	Resource consents are normally granted for long periods and are anticipated well in advance. We have made provisions in our budgets for the renewal of resource consents although the final costs of obtaining consents are difficult to predict (given the availability of appeals under the Resource Management Act 1991). The impacts of changes to environmental standards may be significant in the longer term, however financial effects are difficult to predict.

Our 30 year vision

Our vision is to continue to provide our community with safe roads, reliable water supplies, wastewater, waste and stormwater services in an affordable way that represents good value for money. With hundreds of millions of dollars invested in our assets it's important that we manage these in a cost-effective, effective and sustainable way now and in the future.

Community outcomes are our vision for the future of our community. We consulted with our community to create outcomes that aim to build a vibrant, healthy and thriving district for everyone. These outcomes guide us towards meeting our vision and the current and future needs of our community for good-quality infrastructure.

Several of our community outcomes are directly relevant to our asset management:

- 6 (a) Council plans will be flexible, to accommodate well planned, sustainable growth.
- 6 (b) Council will provide essential infrastructure to meet the needs of our community now and in the future.
- 6 (c) Systems will exist to provide sustainable clean water for our community/Iwi.
- 6 (f) Council will contribute to a safe and efficient transport network.

The strategic statements below have been derived from our community outcomes and Long Term Plan, to support our vision for the district and address the issues we have identified in managing our infrastructure assets.

We will supply infrastructure that satisfy the needs of the community

To support this strategic statement we will:

- Provide access to infrastructure services that are fit for purpose.
- Provide infrastructure that is affordable.
- Review charging mechanisms with a view to ensure that there is parity district wide for service charges.
- Provide infrastructure that meets the requirements of relevant New Zealand legislation.
- Ensure our policies, plans and practices comply with statutory and best appropriate practice requirements.

We will identify our different peoples and consider their needs and impacts on our infrastructure

To support this strategic statement we will:

- Monitor demographic changes within our community to consider the impacts on service delivery.
- Consider changes in technology to ensure our service delivery is fit for purpose.
- Ensure that core infrastructure services and land use are planned to cope with the expected changes over the 30 year period.
- Consider the impacts of climate change on demand and availability as it affects the district.

We will consider risk in the context of affordability, practicality and legality

To support this strategic statement we will:

- Improve infrastructure resilience to ensure our infrastructure can deal with disruptions and changing circumstances.
- Implement design and construction standards and operational practices to minimise the risk of failing to deliver a safe continuous service to communities.
- Identify and manage cross-sectoral dependencies, such as power supply for communications infrastructure, etc.
- Review charging mechanisms with a view to ensure that the charges fund the annual operating costs, and contribute to the depreciation or renewal costs of the service.

We will support the growth tempered with affordability

To support this strategic statement we will:

- Ensure infrastructure planning and district planning proceeds in an effective integrated manner.
- Ensure that core infrastructure and land use are planned to cope with the expected growth over the 30 year period.
- Regularly review funding mechanisms (including user-pays, development contributions, metering, trade waste bylaw and charging).
- Review charging mechanisms with a view to ensure that the charges fund the annual operating costs, and contribute to the depreciation or renewal costs of the service.
- Consider sustainability when making any significant decision that affects changes to the installation, renewal, management and operation of the infrastructure assets.
- Consider planning across territorial boundaries to maximise infrastructure and investment.

Our most likely scenario

In developing this strategy we have identified the most likely scenario for our communities and identified the anticipated significant infrastructure issues and decisions we will need to make over the next 30 years and the assumptions we have made in formulating these scenarios. The key decisions we have to make are about how much capital we should spend on infrastructure.

Capital investment decisions are driven by three main considerations:

- When should existing infrastructure be replaced?
- When should we invest in improving the existing service? and
- How much needs to be invested to provide infrastructure for a growing community?

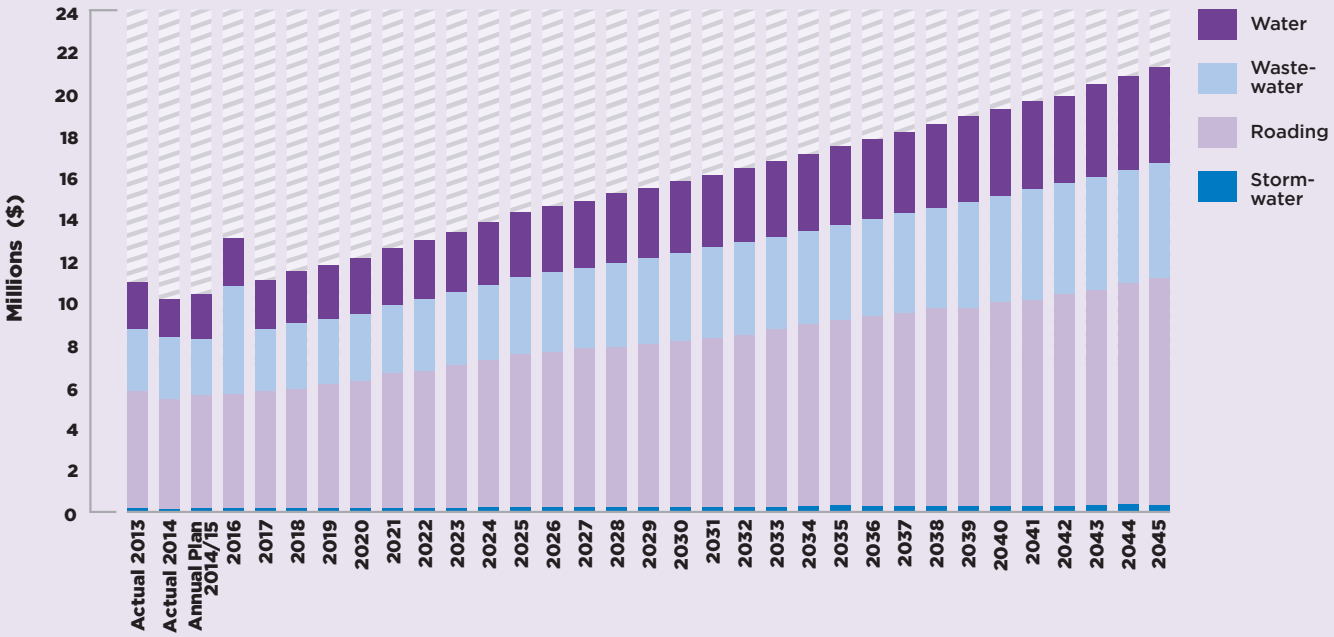
Overall, we have reasonable asset information on which to base our planning and there is sufficient asset provision (i.e. no significant deficiencies) for current use and future demand. While we have some large decisions to make over the life of the strategy, they are well within our financial and resourcing capabilities and do not significantly affect our assets as a whole.


Stormwater renewals

We will provide the community with the same level of services that we currently do

We will maintain current levels of service, which means that we must maintain and renew the existing infrastructure that delivers our core services. Costs also increase over time, and the strategy shows increases in the cost of maintaining our infrastructure being driven largely by inflation. We are aware that increasing costs puts pressure on the community, and with an ageing community the ability to pay for services may decrease with time.

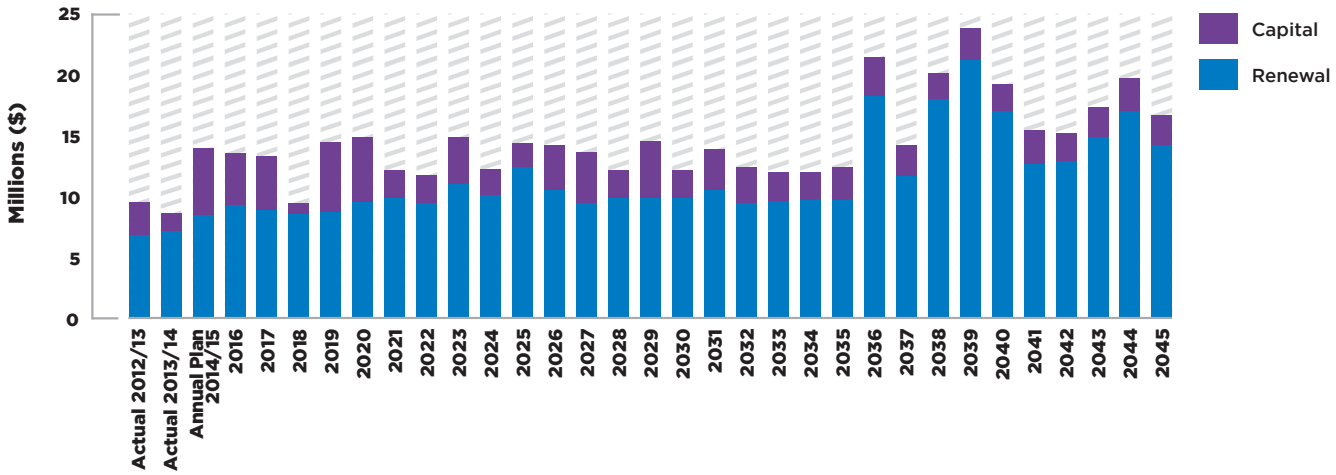
Figure 1: Combined Infrastructure - projected operating cost 2015-2045



We will provide new capital over the next 30 years

We want our communities to be vibrant and to grow, this means not just replacing and maintaining what we have, but building new infrastructure where and when it's needed. While a lot of funding does go in to maintenance and renewal of existing assets, we have also identified projects needed to improve our levels of service and to cater for the growth we anticipate in our district.

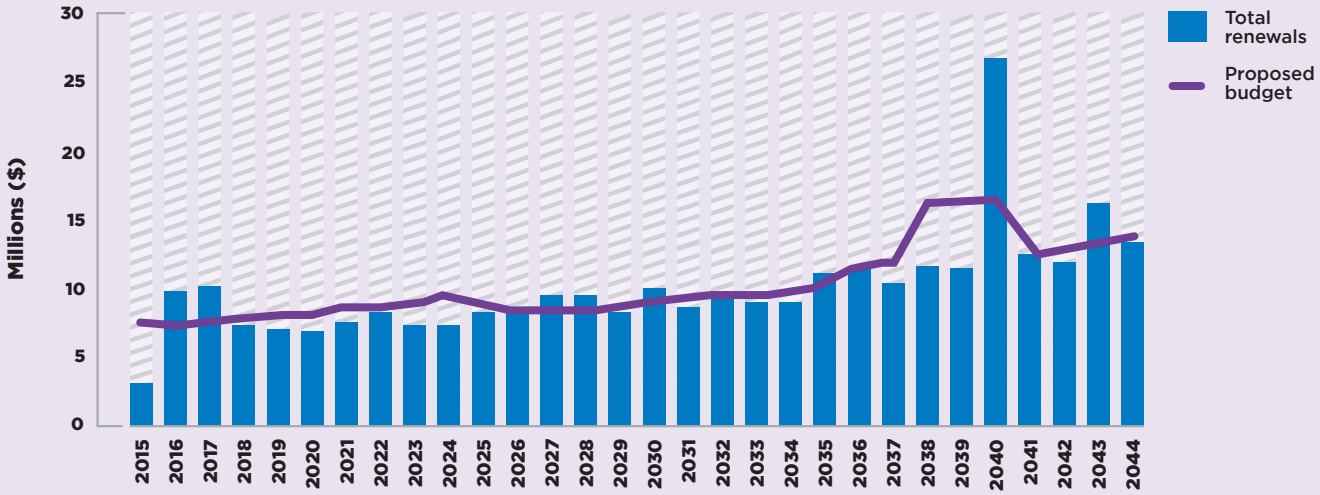
Figure 2: Combined Infrastructure - projected renewal and capital cost 2015-2045



We will smooth our costs where possible over time (this helps to smooth the rates movements predicted in our Financial Strategy and Long Term Plan

Throughout this strategy there are graphs that show the peaks and troughs in the time and funding needed to renew our assets. This happens because assets have different lifecycles, and need to be replaced at different times. Where possible we've smoothed peaks in our reticulation and roading renewals, in order to give ratepayers more certainty and time to plan in their budgets. This effectively means that we may be collecting funding in advance or in arrears of when the costs will actually be incurred. The risks associated with this approach are that the actual timing and costs may not align with planned work programmes and budgets.

Figure 3: Combined Infrastructure - projected renewal lifecycle replacement cost 2015-2045



We will continue to manage our assets in the same way we do now

We haven't identified any significant changes in the way assets will be managed over time compared to the way we do at the moment, for example - we have not identified the transfer of any services to a Council Controlled Organisation or the use of water metering to manage demand. While these may be reviewed in the future to ensure we are providing the cost effective, good quality services to the community - this means that for the foreseeable future the community can expect us to own and provide these core services.

Our most likely scenario - Water

Our Water service ensures our communities are supplied with clean, safe drinking water to ensure the health and wellbeing of our residents.


Water Treatment, Morrinsville

Our vision

- Communities with access to safe and continuous water supplies that comply with New Zealand Drinking Water Standards.
- Communities that understand water is a precious resource and know everyday ways to save water.

Significant decisions

Key decision	Other scenarios considered	Indicative timeframe
Smoothing our reticulation renewal costs We are smoothing the renewal reticulation programme where it is practical to do so. We have done this by allowing for the average renewal requirement over 10 years in our budgets. There are some risks associated with this, but we do not have a large backlog of work and by placing a criticality on assets it allows us to manage and 'smooth' the work out. This allows us to manage resources on an ongoing basis to ensure programmes are delivered on time and on budget.	Funding of actual renewal programme was also considered. This would mean less risk of asset failure but it would be extremely difficult to manage the resources for delivering the actual programme. This would not be a very sustainable manner to manage the reticulation programme and our internal resources.	We programme our renewals on an annual basis over the 30 years.
Replacement of main trunk line in Morrinsville In 2039 our renewal profile shows that the 15 kilometre main trunk line from the Topehaehae Dam to the Morrinsville township needs to be replaced. The Dam holds 360,000m3 of untreated water and supplies most of Morrinsville. We have identified the renewal funding to replace the pipe with one of the same size in this Strategy.	We could decide not to replace the pipe line (this would mean abandoning the pipeline, dam and treatment plant) and obtain water from new sources closer to Morrinsville. We also have the option to reline the pipeline which may be cheaper than replacing it, but will reduce the capacity of the pipe. This means that the dam and treatment plant infrastructure may not be fully utilised. We would still require a new (but smaller) source near Morrinsville. The other option is to install a new, larger trunk main from the treatment plant to town. This would also require consideration of increasing the storage capacity at the dam. When considering the options, it is necessary to take into account the ageing infrastructure at the intake and treatment plant.	Our renewal profile shows that the trunk main will need to be replaced in 2039. In 2020 we will review the remaining life of the trunk main.
Water demand Over the next 30 years there will be growth occurring throughout our district and an analysis on the demand and supply of our water sources has been completed. We proposed to look at an additional source in Matamata in 2030 by an existing bore and one or more sources in Morrinsville in 2025-27, depending on the decision around the main trunk main replacement. Due to the demand from the industries in Te Aroha it is also proposed to increase the treatment capacity at our Te Aroha plant. (The issue is not availability from the source but the treatment of it.)	We currently do not have water meters for the residential users. One option going forward is still to install water meters to try and further defer the need for a new water source. At this stage this has not been seen as beneficial but further assessment of this will be completed closer to the time of a new water source being required. The cost of installing water meters would be several million dollars. The preferred option at the moment is to still use water demand management tools to educate residents to conserve water. Funding has been included in the Long Term Plan to allow for further measures to be investigated such as subsidising water storage tanks for residential dwellings. There will be some minor operational costs involved with this method. We do not have the intention to increase the level of service for water but we do want to ensure that growth can be catered for.	We will complete further analysis and option reports on water demand in 2018. Further analysis on the Matamata supply will also require to be completed before the additional source is required. It is proposed to review this in 2018 as well.

Key decision	Other scenarios considered	Indicative timeframe
Drinking water standards Council is currently in the process of finalising its water safety plans for its three towns. This will identify further work that will need to be completed in the future. The following allowances have been made in Council budgets over the next 30 years: • Security fencing at our treatment plants where it has been given priority. • A general allowance of $30,000 per annum has been set aside in the capital budget to complete Drinking Water standards requirements. • Other individual capital works have been planned at the Te Aroha Water Treatment Plant and Hinuera Treatment Plant to comply with the drinking water standard. • Due to unknown factors in the future, an allowance of $200,000 has also been included in budgets for every 5 years from 2015 onwards.	Council doesn't have an option of whether it is going to meet the drinking water standards or not. It needs to ensure that the public has safe and adequate drinking water.	The security fencing is planned for 2015/16. There is an annual capital fund for general drinking water upgrade and an additional fund that is allocated every five years for the term of the strategy. In 2016/17 work is planned at the Te Aroha Water Treatment Plant and Hinuera Treatment Plant to assist with Drinking water standards compliance.
National Policy Statement for Freshwater Management 2014 Council is currently in the process of undertaking further analysis on the direct impact of the policies and objectives set by the latest freshwater policy statement which came into effect in August 2014. The only allowances made in the 30 year strategy for this is funds for feasibility and investigation reports to update our water demand plans, completing the required monitoring and reporting and the renewal of our water source and discharge consents as they arise.	Council doesn't really have an option of whether it is going to comply with the policy statement on fresh water. It needs to ensure that the policies and objectives to manage water in an integrated and sustainable way, while providing for economic growth within set water quantity and quality limits.	The feasibility work will be completed over the next three years and any upgrade works throughout the strategy.

Significant Water issues

Issue	What are we doing?	What is the benefit?	How much will it cost? Today's $ / *With inflation*	When are we doing it?	Growth	Level of service	Renewal
Maintaining our infrastructure	Mains renewals	Ensuring continuity of service in a reliable manner	$940,000 /annum * *An average inflation factor of is 2.7% is applied each year*	2015 - 25			✓
	Assumptions	**The reticulation programme will be refined based on performance and condition.**					
Increasing our water supply capacity	New water source at Matamata	Manage impacts of growth for industrial and residential development	$500,000 *$721,144*	2030/31	✓	✓	
	Additional water source at Morrinsville	Manage impacts of growth for industrial and residential development	$1.6m *$1.999m*	2025-27	✓	✓	
	Te Aroha treatment plant upgrade	Manage impacts of industry demand	$4m *$4.04m*	2015/16-2016/17	✓	✓	
	Assumptions	**The growth in our district is in accordance with our predictions.**					
Risk management	Treatment plant security fencing	Minimise risk around contamination of our water supply	$97,000 *$97,000*	2015/16		✓	
	Assumptions	**Not applicable**					

*This will increase to $3.26m per annum in 2037-39 due to main trunk main in Morrinsville requiring to be upgraded. Note this figure is for the first 10 years, for subsequent years please see the following graph.
** To be paid for by industry

Figure 4: Water reticulation - projected renewal lifecycle replacement cost 2015-2093

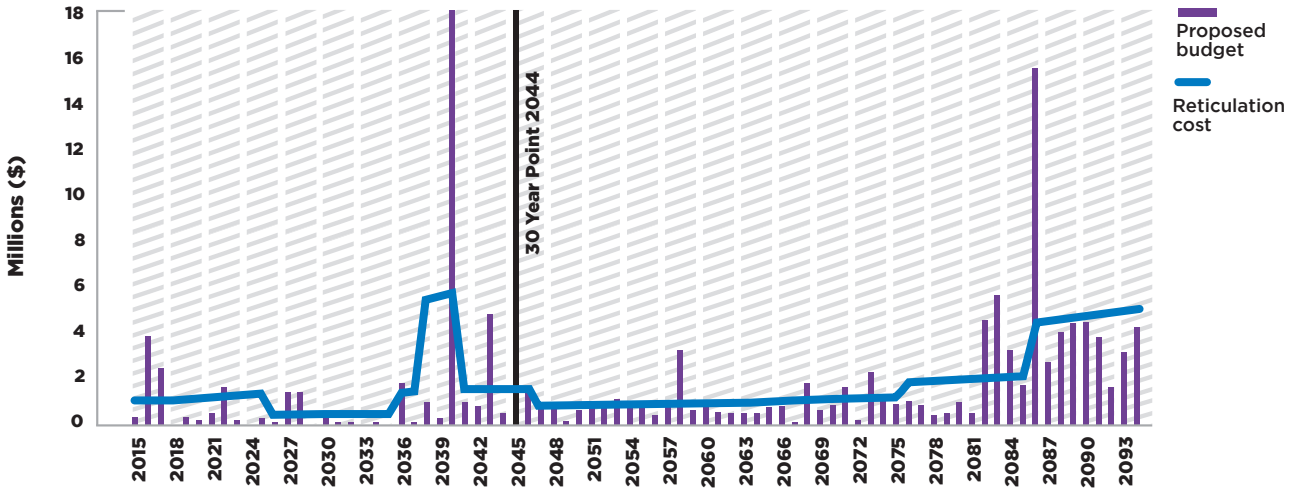


Figure 4 shows the actual replacement profile from our database with the smoothing of the work. The main trunk line replacement in Morrinsville can be seen in year 2039 which has been smoothed out over three years but cannot be further broken down. We plan to smooth the reticulation renewal costs as much as possible to allow us to manage our work programme in a sustainable manner over time.

Figure 5: Water - projected capital and renewal expenditure 2015-2045

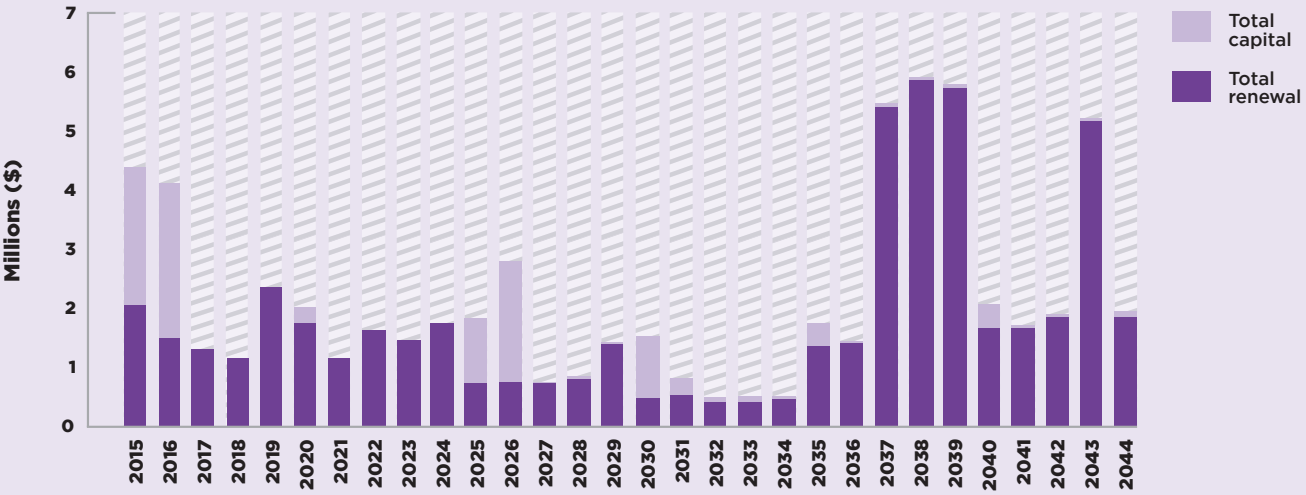


Figure 5 shows (dark purple lines) the smoothed cost of reticulation renewals from Figure 4 combined with the actual cost of water treatment plant renewals over the 30 years of this strategy. Water treatment plant renewals are difficult to try to smooth because the individual asset vary so much in cost and criticality. The importance of maintaining assets through our renewals programme to ensure that maintenance costs are optimised. In addition we have shown the forecast new capital work that we will have to do (light blue lines) with the majority of work in 2015 and 2016 on a variety of projects such as security fencing and capacity upgrade at the Te Aroha water treatment plant.

Figure 6: Water - projected operating expenditure to 2045

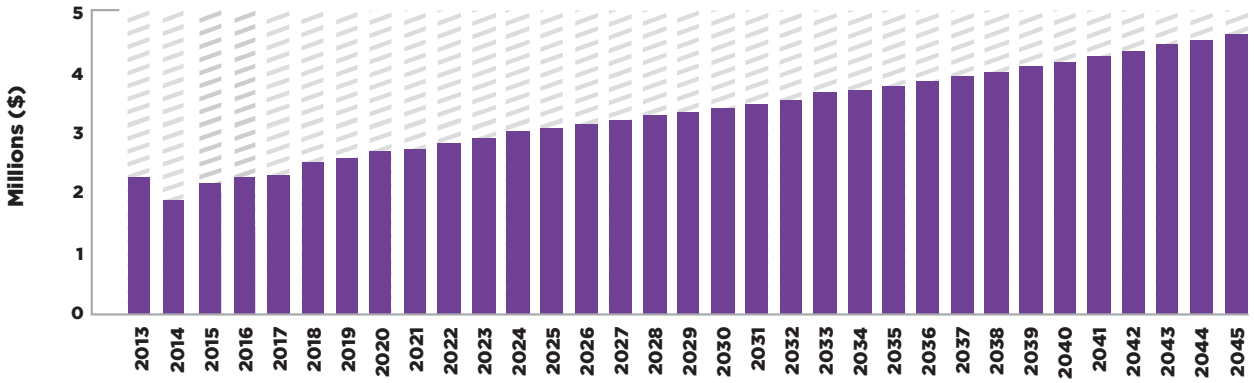


Figure 6 shows our projected operating cost of the water network (this includes both the operation of the water treatment plants and the reticulation network, this is based on the assumption that our levels of service will not change and also shows the effect that inflation will have on our costs.

Asset condition

30

The average number of years for the life of copper pipes

Understanding the condition of our assets is important to planning how we maintain them and when we replace them. During periods of peak water demand the Te Aroha and Morrinsville system is under significant pressure to service the large industrial users in full production, when at the same time there is competition for water to irrigate by residential customers. The current set up in Morrinsville can cater for a current peak week daily demand of just over 7,000m3/day and for an increased 9,000m3/day demand in a 1 in 35 year return period.

With optimised demand management, the increasing of our onsite storage and some upgrade works to the treatment process at Te Aroha, it is still expected that the water supply can cope with the peak supply. The proposed Freshwater Plan is also likely to impact on the Topehaehae in Morrinsville and the Pohomihi, Tunakohoia and Tutumangao Stream in Te Aroha.

The lives of pipes have an age of 30 years for copper pipes, 40 years for small alkathene, up to 88 years for high and medium density polyethylene pipes, with 100 years for Boss Pipes. These lives have been updated at the last valuation due to testing and historical observations completed on our network. We have a fairly good understanding of what type of pipes we have and there are only approximately 10% of pipes we do not know the material we have.

Water Treatment, Morrinsville

40

The average number of years for the life of small alkathene pipes

However the age of the assets is something that is a bit more difficult to ascertain exactly, we therefore complete testing of our pipes and condition assess these. Water loss (unaccounted for water) has been identified as a potential issue and we have been undertaking a leak detection programme to identify the cause. Indications are that a major source of losses is from old steel pipes and in particular spiral riveted steel. The replacement of these is being treated as a priority.

The reliability of the water assets can be summarised as follows:

Water	Data confidence rating 1=excellent, 5=poor	Forecast confidence rating - A= Accurate, D=All data estimated	Method of completing the rating assessment
Asset quantity	2	B	Pertains to pipe lengths, pipe fixtures and facility components. The Geographic Information System (GIS) provides the majority of the valuation data. The standard GIS data is considered to be of a good standard. Utility component quantities are based on inspections of these assets.
Asset type	2	B	As above.
Asset material	2	B	The assumptions are based on staff experience and actual inspections of a proportion of assets. Some extrapolations have been necessary.
Asset location	2	B	Some inaccuracies in GIS data.
Asset depth	3	B	The assumptions used apply to a large proportion of piping networks.
Asset surrounding	4	B	Pertains to depth of pipe and pipe environment (what sits above and around the pipe).
Soil types	2	B	Soil types are compatible with the area zones used in the valuation.
Asset age	3	B	GIS has captured a significant sample of asset ages. The default of subdivision age is used.
Asset condition	4	B	Assessed from condition inspections of a sample of assets and performance data extrapolated across the asset base. Utility assets have been the subject of condition assessments.

Critical assets are considered those assets in which failure would result in a major disruption to the supply of water or levels of service.

Asset	Description	Criticality	Condition
Matamata			
Tills Road	Tills Road treatment plant/reservoir	Very high	Good
Tawari	Treatment plant/pumping station/reservoir	Very high	Excellent
Trunk main	Tills Road to Matamata 250 – 300 diameter	Very high	Good
Morrinsville			
Waterworks Road	Dam/treatment plant/reservoir	Very high	Good
Mt Misery	Reservoir	Very high	Very poor*
Trunk main	Waterworks Road to Mt Misery 200 – 375 diameter	Very high	Average
Te Aroha			
Miro Street	Treatment plant/reservoirs	Very high	Good
River intake	Pump station/rising main	Very high	Excellent
Trunk main	Pohomihi intake to Miro St 225 – 300 diameter	Very high	Good

* Replacement in hand

Resource consents

We hold 25 consents for our water treatment plants from the Waikato Regional Council. These consents are important as they give us permission to take water from streams and underground sources and supply it to the community. They also set the environmental standards that we need to meet when we carry out this activity. Two of our resource consents relating to Morrinsville expired in 2010, however we applied for new consents within the required timeframe and are working with the Waikato Regional Council on finalising these. The consents relating to Tahuna expire in 2019/20 and those relating to Hinuera expire in 2021/22 - we have budgeted for these applications as part of this plan. The remainder of the consents expire outside of the life of this plan.

Our most likely scenario - Wastewater

The wastewater service ensures that wastewater (sewage and grey water that goes down your drains) is collected, treated and disposed of appropriately for the health and wellbeing of our community. The treatment is particularly important, as after wastewater is treated properly, it is discharged into our environment. We aim to ensure wastewater is well managed for the wellbeing of our community and our environment.

Our vision

- To protect the health and wellbeing of our community by ensuring wastewater is collected, treated and disposed of appropriately.
- To protect our environment from sewer system overflows and inflow and infiltration of stormwater into the sewer system.

Significant decisions

Key decision	Other scenarios considered	Indicative timeframe
Smoothing our reticulation renewal costs We are smoothing the renewal reticulation programme where it is practical to do so. We have done this by allowing for the average renewal requirement over 10 years in our budgets. There are some risks associated with this, but we do not have a large backlog of work and by placing a criticality on assets it allows us to manage and 'smooth' the work out. This allows us to manage resources on an ongoing basis to ensure programmes are delivered on time and on budget.	Funding of actual renewal programme was also considered. This would mean less risk of asset failure but it would be extremely difficult to manage the resources for delivering the actual programme. This would not be a very sustainable manner to manage the reticulation programme and our internal resources.	We programme our renewals on an annual basis over the 30 years.
Investing for growth We've done a lot of work in the recent past upgrading our treatment plants. This means we are in a good position to meet environmental standards and accommodate growth in our towns. We have however identified areas of our reticulation network (the pipes and pump stations that carry sewage from houses to the treatment plants) where we will need additional capacity to meet the growing needs of our towns. Over the next 30 years work has been identified in Morrinsville and Matamata to our network as a result of growth. The capacity of the main pipeline from the Te Aroha township to the treatment plant also needs to be reviewed as part of the 30 year plan.	We use development contributions to fund increases in capacity due to growth. We could choose not to cater for growth, but we want to see our towns as thriving, attractive places to live. Through good planning practices we can manage where growth occurs to ensure our infrastructure investment is affordable and optimised. We are in the process of completing District Plan changes for the growth of our towns, through this we will identify the most appropriate zoning for the provision of utility services. Where we need to provide for growth we will look at whether the most efficient and economic way to provide for the increased capacity is through the duplication of the asset or the replacement and increased capacity of the asset. This decision depends mainly on the age of the asset.	Provisions for growth are predicted to be needed from 2015 to 2045.
Disposal of biosolids The original construction of our wastewater treatment systems was based on oxidation ponds. These have all accumulated sludge (biosolids) over a number of years. To continue utilising the ponds this sludge needs to be removed. Currently we are trialling bioremediation at our Morrinsville septage pond and Matamata primary reception pond. This is a biochemical process that slowly removes sludge over the long term via the means of 'bugs'. Once the trial on bioremediation is finished the options will be reassessed to find the most cost effective and sustainable option for the long term. In the mean time we have allocated operational funding to dispose of the sludge for the term of this strategy.	We also have the option of mechanical dewatering the oxidation ponds. We would then have to dispose of the solids in the landfill. This option is commonly used, but is very expensive and is an ongoing operational cost that we would need to fund. The cost of this would be in the millions of dollars for each plant. Another option is to spread sludge on land. This is also seen as an expensive option. We would need to have a lot of land available to spread the sludge on, and the land, once processed human waste has been disposed of on it, cannot be used for dairying or cropping. This would also result in a one off cost of a few million dollars for each plant.	We will review the current bioremediation trial in 2015/16. We will need to implement any solution over the next 30 years.
Legal compliance Council needs to ensure it has complying resource consents for our treatment plants. The renewal budget includes the renewal of consents. Capital budgets have been allocated for upgrade works as a result of new consent requirements. It is difficult to know exactly what the requirement will be in say 20 years, but a best estimate assumption has been made. All our treatment plants have been upgraded over recent years, so it is not anticipated that any major work will be required.	No other scenarios than having to comply and meet resource consents can be considered.	In 2024/25, $200,000 has been allocated to upgrade works as a result of the consent that will be required for the Matamata Plant. The same has been done for 2025/26 for the Morrinsville Plant. Renewal funding has been allocated for the renewal for all resource consents requiring renewal in the term of the strategy.

Significant Wastewater issues

Issue	What are we doing?	What is the benefit?	How much will it cost? Today's $ / *With inflation*	When are we doing it?	Growth	Level of service	Renewal
Maintaining our infrastructure	Mains renewals	This ensure continuity of service in a reliable manner	$681,000/annum* / *An average inflation factor of is 2.7% is applied each year*	2015 - 25			✓
	Assumptions	**The reticulation renewal programme will be refined based on performance and condition**					
Capacity in our reticulation network	Increase our sewer pipes from Beatty Street along Burwood Road, Matamata to the pump station	This ensures the continuity of service in a reliable manner and allow for growth	$2,400,000 / *$2,973,120*	2023/24	✓	✓	✓
	Assumptions	**The growth in our district is in accordance with our predictions**					
Disposal of biosolids at the Te Aroha wastewater treatment plant	Disposal of biosolids	This ensures we can continue to operate the plant within resource consent limits	$2,000,000** $2,000,000 / *$2,000,000** $2,639,367*	2015/16 2025/26		n/a	
	Assumptions	**Our estimate of the cost of sludge removal is correct**					
Renewal of our membranes	Replace the existing membranes at our Matamata plant	This will improve our ability to achieve compliance with environmental standards	$570,000 *** / *$582,000*	2015/16 2025/26			✓
	Assumptions	**There are no major legislative environmental changes**					
Legal compliance	The Matamata and Morrinsville wastewater treatment plants will likely need upgrades as a result of new consents	To allow for additional work required as a result of the consent renewal to improve environmental compliance	$200,000 $200,000 / *$256,000 $261,000*	Matamata 2024/25 Morrinsville 2025/26		✓	
	We need to renew resource consents as they expire for the discharge of treated wastewater	This will improve our ability to achieve compliance with environmental standards	Average of $100,000 per consent / *$128,000 $131,000*	Matamata 2024/25 Morrinsville 2025/26			✓
	Assumptions	**There are no major legislative environmental changes**					

*. Note this figure is for the first 10 years, for subsequent years please see the following graph
** This is funded from operating budgets
***The membranes will then require replacement every 10 years

Figure 7: Wastewater reticulation - projected renewal lifecycle replacement cost 2015-2102

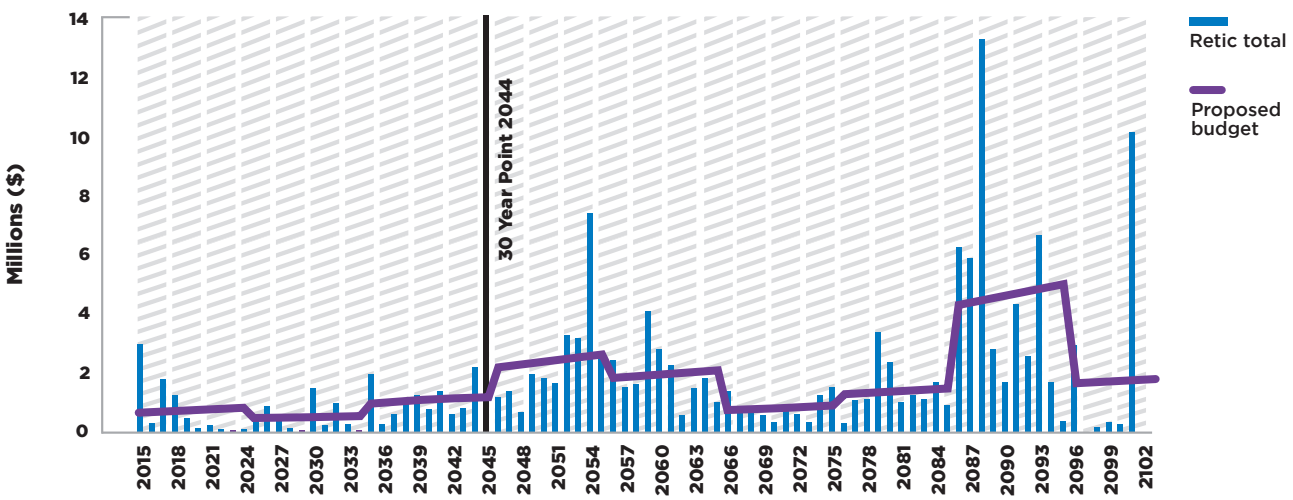


Figure 7 shows the actual replacement profile from our database with the smoothing of the work. The high expenditure required in 2053 is due to the large parts of the Te Aroha and Morrinsville main trunk line requiring replacement. This can be staged over a number of years as shown in the smoothing graph. We plan to smooth the reticulation renewal costs as much as possible to allow us to manage our work programme in a sustainable manner over time.

Figure 8: Wastewater - projected capital and renewal expenditure 2015-2045

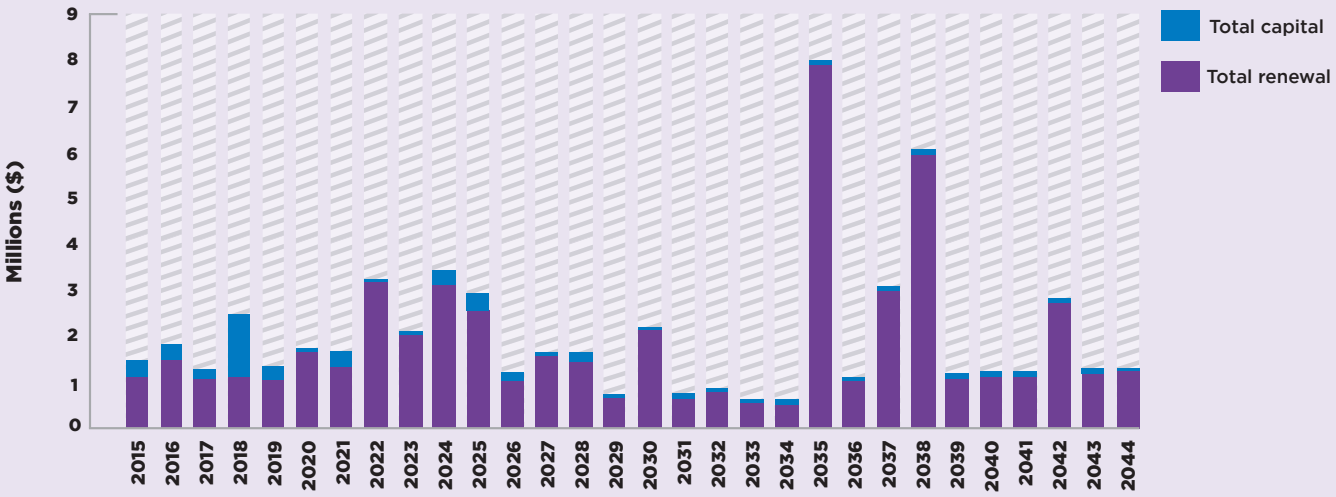


Figure 8 shows the smoothed cost of reticulation renewals from Figure 7 combined with the actual cost of wastewater treatment plant renewals over the 30 years of this strategy. Wastewater treatment plant renewals are difficult to smooth because the individual asset vary so much in cost and criticality. The importance of maintaining assets through our renewals programme to ensure that maintenance costs are optimised. In addition we have shown the forecast new capital work that we will have to do. We don't have a lot of new capital work programmed for wastewater; this is because we have just completed several years of large wastewater treatment plant upgrades and the majority of our resource consents do not expire until 2024.

Figure 9: Wastewater - projected operating expenditure

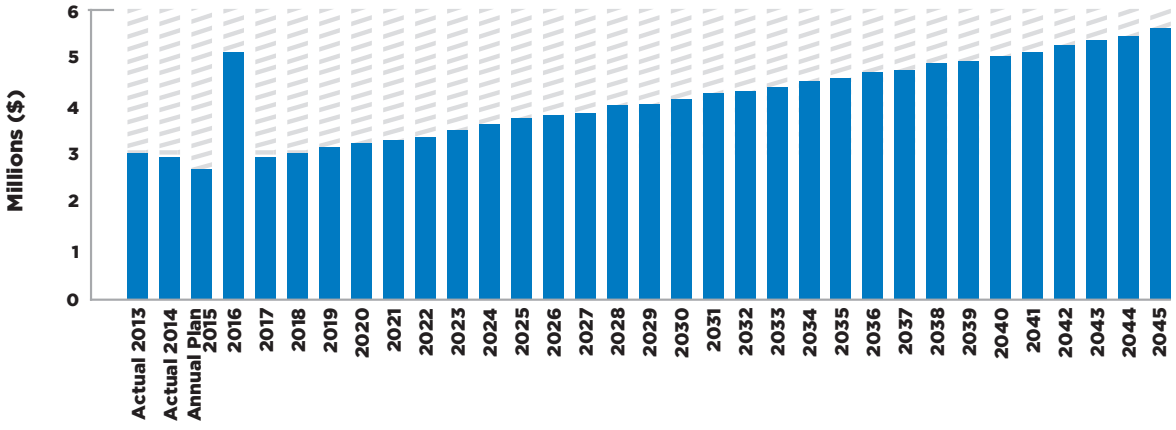


Figure 9 shows our projected operating cost of the wastewater network (this includes both the operation of the wastewater treatment plants and the reticulation network). This is based on the assumption that our levels of service will not change and also shows the effect that inflation will have on our costs.

Asset condition

Understanding the condition of our assets is important to planning how we maintain them and when we replace them. All three main treatment plants have been upgraded in recent years so there is no issue with capacity over the period of this infrastructure strategy. This however has lead to more significant costs in replacing some of the assets that have been installed. For example the membranes at Te Aroha and Matamata need to be replaced in the next couple of years, these have a significant replacement cost associated with them. There is also some electronic equipment that requires replacement every five years.

There have also been new or upgraded treatment plants for our smaller communities such as Waihou and Tahuna. Waharoa has received reticulation which utilises the Matamata plant. Our treatment plants use different methods of treatment and disposal. The main drivers for further upgrades are the renewal of resource consents. An estimated cost for these has been included in the term of this strategy.

We believe we have a reasonable understanding of our wastewater network. There are approximately 5% of assets that we don't know the material of construction. The condition of the reticulation system varies with the various schemes. Te Aroha is subject to higher infiltration rates that can indicate a poor condition. The modelling of the Morrinsville reticulation for dry and wet weather flows indicates that the catchment is generally in poor condition. However it is believed that much of this infiltration originates within private properties from defective pipes and low gully traps and a programme of testing is addressing this issue

We are actively undertaking condition assessments of our reticulation using closed circuit television (CCTV) and especially for assets approaching scheduled renewal. This is resulting in some renewals being deferred and the pipes given an extended life.

The reliability of the wastewater assets can be summarised as follows:

Wastewater	Data confidence rating 1=excellent, 5 = poor	Forecast confidence rating - A=Accurate, D=All data estimated	Method of completing the rating assessment
Asset quantity	2	B	Pertains to pipe lengths, pipe fixtures and facility components. The GIS provides the majority of the valuation data. The standard GIS data is considered to be of a good standard. Utility component quantities are based on inspections of these assets.
Asset type	2	B	As above
Asset material	2	B	The assumptions are based on staff experience and actual inspections of a proportion of assets. Some extrapolations have been necessary.
Asset location	2	B	Some inaccuracies in GIS data.
Asset depth	3	B	The assumptions used apply to a large proportion of piping networks.
Asset surrounding	4	B	Pertains to depth of pipe and pipe environment (what sits above and around the pipe).
Soil types	2	B	Soil types are compatible with the area zones used in the valuation.
Asset age	3	B	GIS has captured a significant sample of asset ages. The default of subdivision age is used.
Asset condition	4	B	Assessed from condition inspections of a sample of assets and performance data extrapolated across the asset base. Utility assets have been the subject of condition assessments.
Asset performance	4	B	As above.
Unit costs	2	B	Costs from the valuer's database calibrated against local contracts.
Deterioration rates	3	B	The same straight-line deterioration rates have been applied across all pipe networks.

Critical assets are considered those assets in which failure would result in a major disruption to the removal and treatment of wastewater or meeting of levels of service.

Asset	Description	Criticality	Condition
Matamata			
T/P Inlet P/S	Pump station pumps all sewage into T/P	Very high	Excellent
Domain P/S	Pump station services all Waharoa	Very high	Excellent
Waharoa Rd East P/S	Pump station in Matamata receives all Waharoa and services part Matamata	Very high	Good
Trunk Main	Waharoa East Rd to Treatment Plant	Very high	Good
Morrinsville			
Allen St P/S	Pump station services all of Morrinsville Township	Very high	Excellent
Rising Main	Connects Allen St P/S to T/P under Piako River	Very high	Excellent
Treatment Plant	Less storage capacity than other plants	Very high	Good
Trunk Mains	Golf Course to Allen St P/S; Studholme St to Allen St P/S	Very high	Good
Te Aroha			
Terminus P/S	Pump station services East side of Te Aroha	Very high	Excellent
College P/S	Pump station services SW side of Te Aroha	Very high	Excellent
Falling Main	Gravity main along ex railway conveys all sewage to T/P	Very high	Good
Trunk Main	College P/S to falling main as above	Very high	Good

T/P: Treatment Plant
P/S: Pump Station

Resource consents

We hold 18 resource consents from the Waikato Regional Council for wastewater discharges from our five wastewater treatment plants. These consents are important as they give us permission to discharge (water and odour) from our wastewater treatment plants. They also set the environmental standards that we need to meet when we carry out this activity.

We have one consent for Te Aroha that expired in 2010; we applied for the renewal of this consent within the required timeframe and we are working with the Waikato Regional Council on finalising this. Those consents that relate to Matamata expire in 2024/25 and those that relate to Morrinsville expire in 2024/25 - we have budgeted for renewing these as part of this plan. The remainder of our consents expire outside of the scope of this plan.

Resource consents can be costly, both to obtain (applications sometimes involve complex science and consultation requirements) and to upgrade our assets to meet environmental standards. It has been necessary to upgrade all our wastewater treatment plants to comply with their resource consent conditions or because their resource consents need to be renewed.

Our most likely scenario - Stormwater

Stormwater systems safely and efficiently drain surface water to minimise flooding in our communities. We aim to ensure stormwater is well managed, and work with property owners to improve stormwater and reduce flooding.

Our vision

- To protect life and property from flooding or stormwater damage.
- A community that understands stormwater issues and realistic, affordable solutions.

Significant decisions

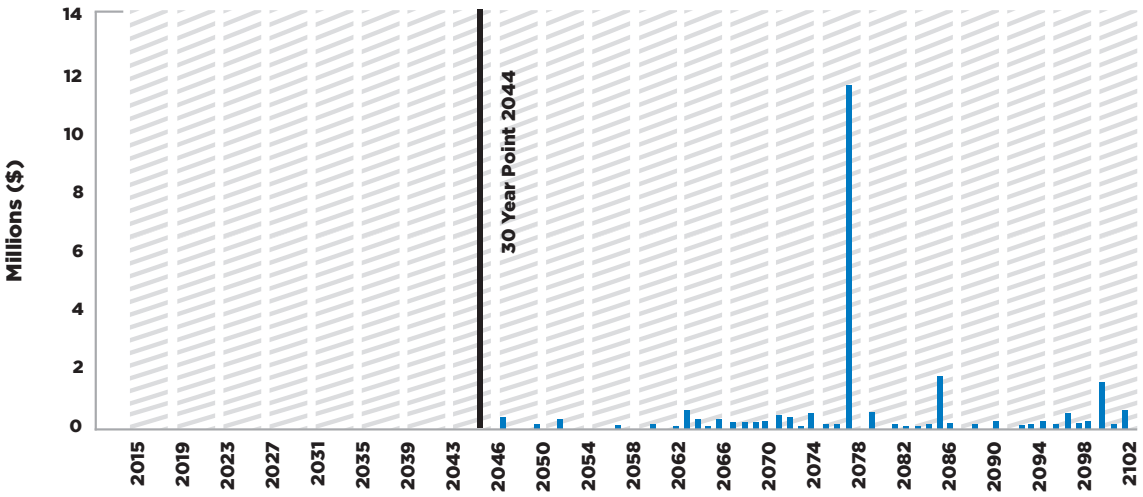
Key decision	Other scenarios considered	Indicative timeframe
No major capital investment district wide Disposal of stormwater is one of the biggest constraints we face in providing for the growth of our communities. Our geography and the existing capacity of our network, streams and rivers as well as environmental rules, means that some areas of our district are harder to develop than others. Our current approach is to require 'infill' and 'brownfield' developments to dispose of stormwater on site. 'Greenfield' developments can discharge existing run off in to our network. We will ensure new areas we identify for development are the most suitable for managing stormwater and we will also consider alternative solutions for individual proposals as part of a subdivision as it is important to allow for growth and development in our district. We have not included any major capital work for the district as a whole for stormwater in our 30 year strategy, but this is not a 'do nothing' approach - we are focussing on looking for solutions for growth areas in the district, before committing funding to any projects. As part of this we are allocating $50,000 per annum from our depreciation funding to help fund any future stormwater solution.	We have investigated whether overland flow paths could be installed to cater for the 1 in 10 to 1 in 100 year run off. This was not found to be feasible due to the lay of the land in our district and where the watercourses are located. It was also investigated whether the reticulation system could be upgraded to dispose of more stormwater to allow for further infill and growth. The cost estimate for this was not seen to be economical and affordable by the community.	Over the 30 years.
Reduction of site specific stormwater issues in Morrinsville One of the areas where stormwater disposal has been identified as a significant constraint on development was industrial land on the western side of Morrinsville. In our draft Long Term Plan and Infrastructure Strategy we highlighted that some areas in our district are harder to develop than others and explained that solving the stormwater problem is complex and any solution involving an increase to the capacity of our reticulation system may not be feasible or affordable for the community. In March and April we consulted on this proposal as part of our draft Long Term Plan, where we received submissions from the community and land owners raising concerns about the finding a solution for stormwater in Morrinsville. We also continued work on investigating the nature of development constraints for disposal of stormwater for industrial land in Morrinsville and what solutions might be available. We have now identified $2 million on our budgets to help address stormwater constraints for Morrinsville industrial land. This is capital work has been identified as a growth project to be funded through agreements with developers. This will not impact on rates or the development contributions otherwise payable for development in Morrinsville.	As already identified a larger upgrade of the reticulation system could be to dispose of more stormwater to allow for further infill and growth is an options. However the cost estimate for this was not seen to be economical and affordable by the community Addressing the site specific stormwater issues for areas that have been currently been identified for growth with funding from developers is currently seen as the most affordable option. Future growth areas for non-residential activities in Morrinsville with continue to be investigated as part of Plan Change 47 as outlined below.	2015/16
Ongoing investigation The latest plan change is looking to zone the most appropriate areas for residential growth, where the soakage on site is reasonable. However there are still infill areas where there are problems which we can assist with assessing, investigating options and solutions to ensure growth in the district. This cost is an operational cost.	Our alternative is to not make any provision for this and leave any investigation or feasibility work up to the developer. Solving the stormwater problem is complex and we need to recognise that any solution involving an increase to the capacity of our reticulation system may not be feasible or affordable for the community.	Over the 30 years.

Significant stormwater issues

Issue	What are we doing?	What is the benefit?	How much will it cost? Today's $ / *With inflation*	When are we doing it?	Growth	Level of service	Renewal
Improving the capacity in our reticulation network	We plan to install soakholes to alleviate some of the existing pressures in our network	This will help us ensure continuity of service in a reliable manner	$100,000/annum *An average inflation factor of is 2.7% is applied each year*	Annually		✓	
	Assumptions	**There are no major changes to legislative requirements**					
	Stormwater solution for Morrinsville industrial land.	This will assist in addressing stormwater constraints for Morrinsville industrial land.	$2,000,000*	2015/16	✓		
	Assumptions	**There are no major changes to legislative requirements**					
Stormwater improvements	We plan to investigate to make improvements to our stormwater network	This will help us to allow for growth in unsuitable areas of soakage by allowing for some discharge or completing investigation or catchment studies	$50,000/annum *An average inflation factor of is 2.7% is applied each year*	Annually	Operating		
	Assumptions	**The growth in our district is in accordance with our predictions**					

*This work has been identified as a growth project to be funded through agreements with developers. This will not impact on rates or the development contributions otherwise payable for development in Morrinsville.

Figure 10: Stormwater reticulation - projected renewal lifecycle replacement cost 2015-2102



There is a significant cost in replacing stormwater assets; they have a longer lifecycle than any of our other assets, at 100 years. In Figure 10 we have identified renewals, but these are well outside the 30 year timeframe of this strategy. For example, past 2070 we have identified the renewal of part of our reticulation network and a stormwater retention system in Matamata. We have not smoothed the costs of renewals as we do not have any significant projects within the 10 or 30 year timeframes. However our policy is to fund depreciation over the life of the asset which we will continue to do.

Figure 11: Stormwater - projected capital and renewal expenditure 2015-2045

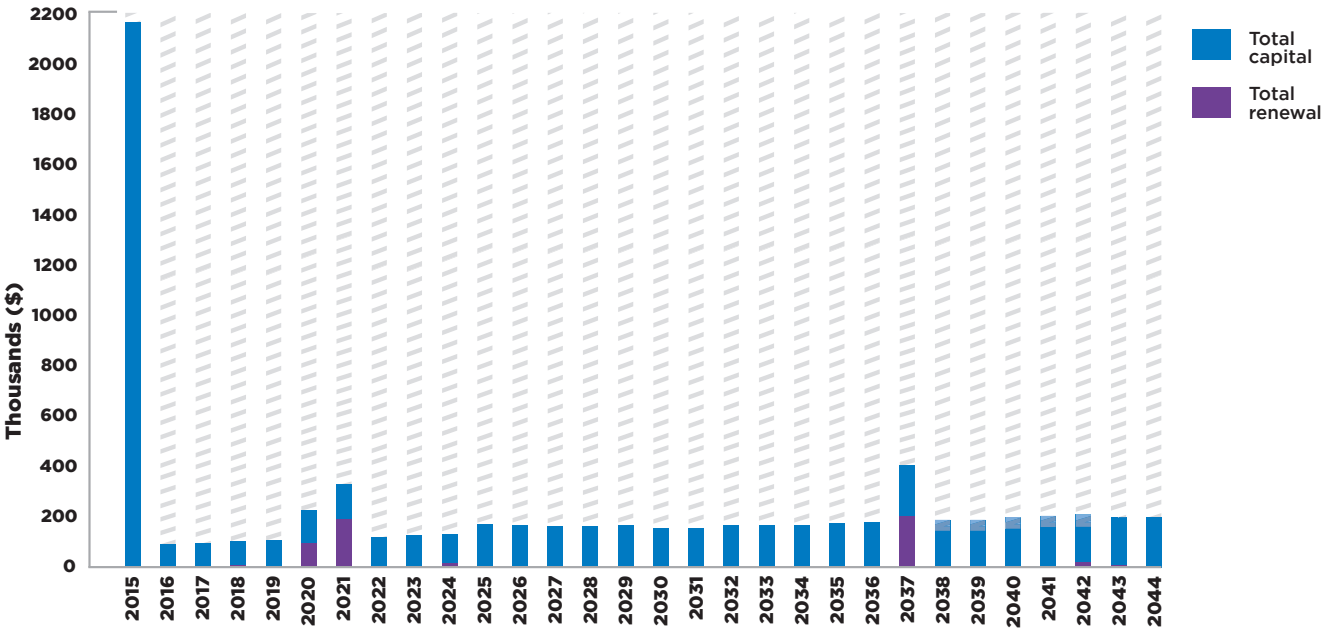


Figure 11 shows the cost of stormwater plant renewals from Figure 10 (there are no reticulation renewals in the 30 year timeframe) combined with the actual cost of capital work over the 30 years of this strategy.

We have made provision for $100,000 per year to undertake capacity upgrades in our reticulation system, and identified funding for work to increase discharge capacity across the district.

Figure 12: Stormwater - projected operating expenditure

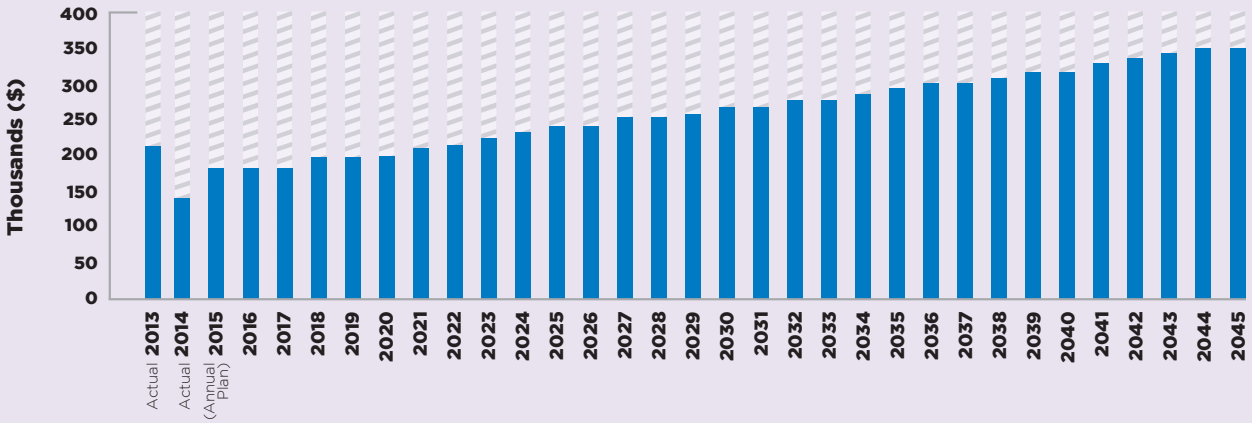


Figure 12 shows our projected operating cost of the stormwater pump stations and reticulation network, this is based on the assumption that our levels of service will not change and also shows the effect that inflation will have on our costs.

Asset condition

Understanding the condition of our assets is important to planning how we maintain them and when we replace them. We are a little less informed about our stormwater assets. This is because we are unsure of the materials of 23% of assets, this makes up about 32 kilometres of the pipe network. These pipes have been given the same life as the shortest-life pipe material so that the renewal funding is not at risk in this area. We have stormwater pipe assets ranging from new to about 70 years of age. Pipelines where the installation date could not be established (about 50%) were given a nominal date of 1977.

Only minimal replacement of stormwater pipes is expected over the next 30 years. The spike in 63 years time (shown in figure 10) is due to the assumed date of installation of about 50% of the pipes and it is anticipated that condition rating these pipes closer to this date will spread the actual replacement dates and cost. The Freshwater Plan includes the requirement for consents and higher quality discharge for stormwater into rivers and will therefore impact the operations and costs of these services.

The reliability of the stormwater assets can be summarised as follows:

Water	Data confidence rating 1=excellent, 5=poor	Forecast confidence rating - A=Accurate, D=All data estimated	Method of completing the rating assessment
Asset quantity	2	B	Pertains to pipe lengths, pipe fixtures and facility components. The GIS provides the majority of the valuation data. The standard GIS data is considered to be of a good standard.
Asset type	2	B	As above.
Asset material	2	B	The assumptions are based on staff experience and actual inspections of a proportion of assets. Some extrapolations have been necessary.
Asset location	2	B	Some inaccuracies in GIS data.
Asset depth	3	B	The assumptions used apply to a large proportion of piping networks.
Asset surrounding	4	B	Pertains to depth of pipe and pipe environment (what sits above and around the pipe).
Soil types	2	B	Soil types are compatible with the area zones used in the valuation.
Asset age	4	B	Due to lack of plans for assessing installation dates (plans were destroyed as considered not pertinent) 51% of all stormwater pipe length has no known install date. Mains age used for the asset register where not known has been averaged i.e. date of about 1977 (average date) has been used.

Stormwater	Data confidence rating 1=excellent, 5 = poor	Forecast confidence rating - A= Accurate, D= All data estimated	Method of completing the rating assessment
Asset condition	4	B	Assessed from condition inspections of a sample of assets and performance data extrapolated across the asset base
Asset performance	3	B	Based on Council Officers knowledge and investigations to date
Unit costs	2	B	Costs from the valuer's database calibrated against local contracts
Deterioration rates	3	B	The same straight-line deterioration rates have been applied across all pipe networks

Resource consents

We hold four comprehensive consents for stormwater discharge. These consents are important as they give us permission to discharge stormwater from the urban area in to nearby streams and rivers. They also set the environmental standards that we need to meet when we carry out this activity. In particular additional water can only be discharged if there are no detrimental effects downstream and the discharged water must meet specified standards.

We have comprehensive consents for each of the four urban areas where stormwater reticulation is provided - one consent for the retention dam at Tawari Street in Matamata and four consents for individual structures installed in the Te Aroha area since the comprehensive consents were issued. It is expected the structure consents will be included in the comprehensive consents when they are renewed. The comprehensive discharge consents and the Tawari Dam consent expire in August 2024 and the structure consents expire in the period 2035–2040. We have budgeted for the renewal of these consents.

Critical assets are considered those assets in which failure would result in a major disruption to the removal of stormwater or meeting of levels of service.

Asset	Description	Criticality	Condition
Matamata			
Tawari retention pond	Controls the volume of water discharged to the Waihekau Drain	Very high	Excellent
overland flow path	Diverts to higher flows from the much of the southern area direct to the Mangawhero Stream	Very high	Excellent
Morrinsville			
Road culverts on Morrinsville Stream	Strictly roading assets and Council not responsible for stream but blocked culverts could affect drainage	Very high	Excellent
Te Aroha			
Spur Street P/S	Drains Aroha View Ave area at times of high river levels	Very high	Excellent
Stanley Road South. floodgate	Prevents high river levels backing up in piped system	Very high	Excellent
Whitaker Street inlet grate/diversion	Ensures culvert inlet does not block & diverts overflows away from houses	Very high	Excellent

T/P: Treatment Plant
P/S: Pump Station

Our most likely scenario - Roads and footpaths

The Roading network connects people with their needs, enables businesses to access resources/ markets and provides people with social, cultural, recreational and employment opportunities.


Morrinsville-Walton Road

Our vision

- A safe, reliable and efficient roading network that is affordable and sustainable.
- A community where road safety is second nature (i.e. good driving habits) as promoted by our community road safety programme.

Significant decisions

Key Decision	Other scenarios considered	Indicative
Maintaining our existing assets To ensure that where possible efficiencies are identified, we manage our budgets to allow for an affordable roading network for the long term while not compromising on efficiencies and levels of service. This is done by maximising benefits through asset optimisation, evidence based asset management, collaboration and working smarter. It also means maintaining our existing network without adding to it.	We could look at reducing our level of service on our roads and footpaths. This however will have an effect on our levels of service and put more pressure on our maintenance budgets. One option is to focus on our higher volume roads and reduce the levels of service on our local roads. This would result in reduced renewal costs but our maintenance cost may increase exponentially.	We will look at our maintenance and renewal programme on an annual basis over the next 30 years.
Bypass for Matamata We have had a bypass for Matamata identified in our planning documents for several years. We have provided funding in our budgets for the net cost of the land purchase for the bypass and further investigation of the feasibility of the project in 2018/19. The investigation work will be to determine what the impact the Waikato Expressway has on State Highway 24 and State Highway 27 in Matamata. The designation on the bypass runs out in 2020.	We could choose to remove the designation and remove all funding for this project. The issue with this is that if the traffic pattern does not change and further increases throughout the township we will have lost the designation and it would be difficult to have it reinstated if it was needed. This would be costly (approximately $200,000) and the likelihood of success of the process unknown. We could include funding for the construction of the Bypass in the near future. The cost of the project is around $23 million dollars. The community would have to pay for this, as it is unlikely that the New Zealand Transport Agency would fund it. There is a risk that the project would not be feasible or affordable for the community. We want to see what effect the completion of the Waikato Expressway to Cambridge will have on traffic patterns before making a final decision on whether the bypass is needed.	Funding has been allocated for the investigation of the feasibility of this project in 2018/19.
Bypass for Morrinsville We have had a bypass for Morrinsville identified in our planning documents for several years. A provision has been made in our budgets for the net cost of land purchase and further investigation works in 2019/20. The investigation work will be to determine the impact the Waikato Expressway and the Ruakura Industrial subdivision has on traffic flow through Morrinsville. The designation on the bypass runs out in 2020.	We could choose to remove the designation and remove the budget for this work. The issue with this is that if there are any significant increases to our traffic patterns through Morrinsville we will have lost the designation and it would be difficult to have it reinstated if it was needed. This would be costly (approximately $200,000) the likelihood of success of the process unknown. We could include funding for the construction of the bypass in the near future. The cost of the project is not yet known but is likely to be in the order of over $20 million dollars as well. The development of the Ruakura Industrial subdivision could increase traffic through Morrinsville. Like Matamata, the community would have to pay for this, as it is unlikely that the New Zealand Transport Agency would fund the work – and there is a risk that the project would not be feasible, or affordable for our community.	Funding has been allocated for further investigation work for this project in 2019/20.

Significant decisions - continued

Key decision	Other scenarios considered	Indicative timeframe
Cycleway extension from Te Aroha to Matamata We have made a provision in our budgets for the continuation of the cycleway from Te Aroha through to Matamata. We have recently completed a feasibility study and preliminary costing on the most suitable route. We have also included funding to further investigate the proposal, alternative routes and complete more detail analysis on the economic drivers of the cycleway and exploration of funding opportunities.	We could choose to not fund the construction of the cycleway or choose to amend the route to reduce the cost slightly. For example instead of upgrading the footbridge in Te Aroha it could choose to have the cycleway run along the existing footpath over the coulter bridge. The cost could be anywhere between $0 and $3,000,000. We could, and often do seek external funding for significant community funded infrastructure to alleviate the cost to ratepayers. Funding from the Ministry of Economic Development and other regional and national cycling and tourism organisations will be sought for this project. This could reduce the cost by as much as half.	Following consultation with the community as part of our draft Long Term Plan, we have funded $150,000 in 2015/16 for further investigation of route options, $1.85 million in 2016/17 and $2 million in $2017/18 for this project.
Seal extensions We have not included any funding provision for further seal extensions throughout the district. We maintain close to 1,000km of road, of which approximately 55km are unsealed. This is a very small proportion of unsealed road compared to other rural local authorities within the Waikato Region and also Nationally. Although in principle, we do not wish to seal any further roads, we will consider specific requests and may choose to fund any work from reserves.	We could choose to fund a seal extension programme. The cost of this would not be subsidised by the New Zealand Transport Agency and only a minimal amount of the costs can be contributed to growth. The approximate cost to complete one kilometre or seal extension is $120,000. A number of years ago all the unsealed roads in the district were analysed and prioritised. We determined that all the 'easy' roads had already been sealed and only the more difficult ones were left in the unsealed state. The data and findings in the report showed that the traffic volumes were generally very low, usually they were dead end roads, the number of properties directly accessing the roads is very small and the economic costs of seal extension are likely to outweigh the economic benefits. It is cheaper to maintain unsealed roads compared to sealed ones.	There has been no funding included in this Strategy for seal extensions.
Planning for growth We have included funding for growth projects as part of progressing Plan Change 47 for our three main towns. The works identified includes roading improvements in Matamata and Morrinsville which are related to safety as a result of increased traffic or the widening and strengthening of existing pavements to cater for the additional traffic. Most of these projects have been identified as growth projects and will be funded by the developer but there are some cases where there are existing levels of service improvements identified.	We could choose not to make provision for funding any growth projects in our plans. This would mean eventually any costs associated with having to upgrade the roading network would lie with the rate payers. We would not have transparency around what our plans are and our road and footpath development may not result in a safe and efficient environment.	Provisions for growth are predicted to be needed from 2015 to 2045.

Significant roading issues

Issue	What are we doing?	What is the benefit?	How much will it cost? Today's $ *With inflation*	When are we doing it?	Growth	Level of Service	Renewal
Remediating inadequate load capacity	Strengthening of Bridge 130, Studholme Street, Morrinsville **Assumptions**	This will ensure continuity of service in a reliable manner and increase the bridge's capacity to allow for 50MAX (50 tonnes) **None**	$250,000 *$250,000*	2015/16		✓	✓
Ageing infrastructure	Resurfacing **Assumptions**	This will ensure the pavement is protected and maintenance costs are reduced **The resurfacing programme will be refined based on performance and condition**	$2.73m/annum *An average inflation factor of is 2.7% is applied each year*	2015-45			✓

Issue	What are we doing?	What is the benefit?	How much will it cost? Today's $ / *With inflation*	When are we doing it?	Growth	Level of service	Renewal
Congestion and amenity issues with heavy vehicles through Matamata	Matamata Bypass – provision for land purchase **Assumptions**	This is proposed to reduce heavy traffic through the CBD and improve efficiency **The growth in our district is in accordance with our predictions**	$1.1m / *$1.18m*	2018/19	✓	✓	
Congestion and amenity issues with heavy vehicles through Morrinsville	Morrinsville Bypass – provision for land purchase **Assumptions**	This is proposed to reduce heavy traffic through the CBD and improve efficiency **The growth in our district is in accordance with our predictions**	$1.5m / *$1.65m*	2019/20	✓	✓	
The current rail trail stops at Te Aroha and does not continue through to Matamata	Te Aroha to Matamata cycle trail **Assumptions**	This may in increase tourism and improve the economy in Te Aroha and Matamata **The growth in our district is in accordance with our predictions. It is also assumed that $1million of funding will come from external sources**	$150,000 $1.85m $2m / *$150,000* *$1.891m* *$2.094m*	2015/16 2016/17 2017/18		✓	
Congestion issues	Roundabout Seales/ Coronation Roads, Morrinsville **Assumptions**	Safe, efficient traffic flow **The growth in our district is in accordance with our predictions**	$1.5m / *$1.8m*	2022/23	✓	✓	

Figure 13: Roads and footpaths - projected capital and renewal expenditure 2015-2045

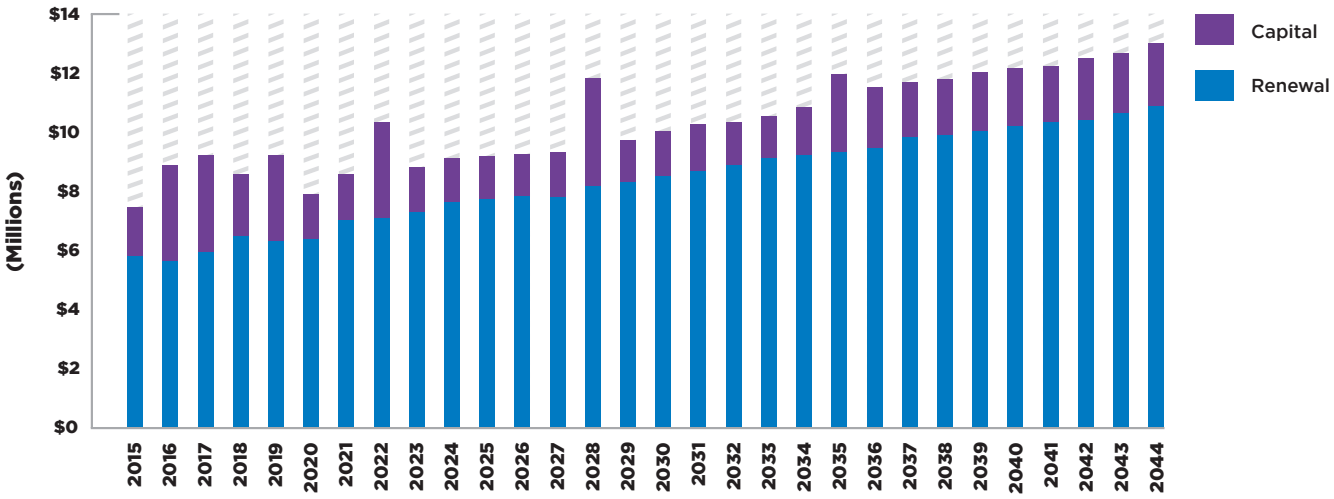


Figure 13 shows the capital projects and the renewals. The expenditure is reasonably smooth, especially for the renewal programme, with the exemption of the cycleway extension provision in 2015/16, 2016/17 and 2017/18 and the land acquisition provision for the bypasses in Morrinsville and Matamata. The other exemption is the roundabout at the Seales/ Coronation Road intersection due to the growth impacts in 2029 in Morrinsville. The last increase in the capital budget is the growth impact on the Burwood/ Banks and State Highway 27 intersection in Matamata which will require an upgrade of the intersection. The demand of new infrastructure such as streetlighting, footpath and new kerb and channel has been smoothed over the 30 years to allow for a sustainable and manageable programme.

Figure 14: Roading - projected operating expenditure to 2045

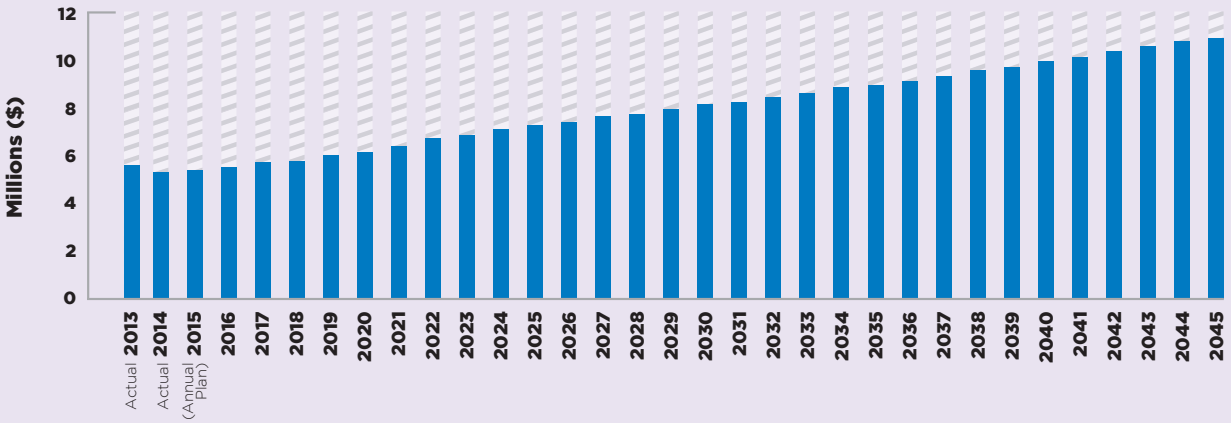


Figure 14 shows our projected operating cost of the roading and footpath network, this is based on the assumption that our levels of service will not change and also shows the effect that inflation will have on our costs.

Asset condition

Understanding the condition of our assets is important to planning how we maintain them and when we replace them. The current asset condition of our roads (both sealed and unsealed) is acceptable by national standards and maintenance and renewal programmes are conducted in accordance with national standards.

However, there is room for improvement with regards to optimisation of the current planned (proactive) maintenance of the assets, particularly for sealed roads - this is not unique to our district - but common throughout New Zealand. The pavement of most of the roads is known and the life can be predicted reasonably accurately, but where soil conditions (such as peat) are a factor, the useful life or assets can be very unpredictable. The other varying factor is some of the traffic growth, specifically the increase in heavy vehicles on our roads. Both of these factors are managed by ensuring that road conditions are monitored and continuous and most optimised traffic counting is completed throughout the district.


Buckland Road, Matamata

The reliability of the roading assets can be summarised as follows:

Asset group	Asset type	Quantity	Unit cost	Optimised replacement cost	Remaining useful life	Optimised depreciated replacement cost
Road	Pavement surface	A	B	B	B	B
	Pavement basecourse	B	B	B	C	C
	Pavement subbase	C	B	C	B-C	B-C
	Pavement formation	C	B	C	-	-
	Footpaths	B	B	B	C	B-C
	Surface water channels	B	B	B	C	B-C
	Drainage	B	B	B	B	B
Structures	Bridges	A	B	B	B	B
	Major culverts	A	B	B	B	B
	Minor structure	B	B	C	C	C
Traffic facilities	Signs	B	B	B	B	B
	Railings	B	B	B	C	B
	Markings	B	B	B	B	B
Street lights	Street lights	A	B	B	C	C

	Label	Description	Accuracy
A	Accurate	Data based on reliable documents	±5%
B	Minor inaccuracies	Data based on some supporting documentation	±15%
C	Significant data estimated	Data based on local knowledge	±30%
D	All data estimated	Data based on best guess of experienced person	±40%

Structures are critical assets for the roading activity, an assessment has been made for all bridges and the following identified as critical ones as they have the highest vulnerability and impact rating, offering no alternative route. All arterial roads associated with their culverts have also been assessed as critical assets as they will cause a major disruption to the level of service for our community and the wider region in an event of failure.

Bridge	Road name	Bridge	Road name
7, 8	Pioneer Road	138	Avenue Road
15, 16, 18, 19	Tahuna-Ohinewai Road	142, 143, 144, 145, 174	Morrinsville-Walton Road
31, 32, 33, 34, 35, 36, 223, 231	Paeroa-Tahuna Road	175, 176	Walton Road
39	No. 1 Road	183, 184	Wardville Road
42, 43, 44, 45, 46, 47	Morrinsville-Tahuna Road	194	Okauia Springs Road
54	Tauhei Road	212	Old Te Aroha Road
57, 253	Piako Road	229	Alexandra Road
68	Ngutumanga Road	233	Whitaker Street
70	Stanley Road North	234	Church Street
73, 74	Te Aroha-Gordon Road	235	Gilchrist Street
92	Mace Road	240	Te Poi South Road
99,1 00	Stanley Road South	247	Studholme Street
103, 104	Alexandra Road	252	No. 1 Road
109	Shaftesbury Road	130, 131, 132	Kereone Road
133, 134, 135	Kuranui Road		

Your district today

General information about our district

The Matamata-Piako District is a rural area of 175,477 hectares in the Waikato Region. Over 56% of the district's population live in one of three main towns (Matamata, Morrinsville and Te Aroha), with the remainder living in rural areas. The district is well known for its dairy farming and thoroughbred racing industry but has a number of other key features.

Major attractions include Mount Te Aroha (952m high) and the stunning Kaimai-Mamaku Forest Park, which offer visitors a range of day walks or overnight tramps. At the foot of the mountain is the Mokena Geyser (the only natural hot soda water geyser in the world), and the historic Te Aroha Domain, featuring the Te Aroha Leisure Pools and Te Aroha Mineral Spas.

Matamata is well known as the location of the Hobbiton movie set, which was used for the world famous Lord of the Rings movies, and has been used again for filming of the new movie "The Hobbit". Matamata is also home to the historic Firth Tower Estate and Museum. Matamata has a strong equine and racing community, and it has produced many fine thoroughbred horses that can now be found racing internationally.

The easy rolling terrain surrounding Morrinsville makes for some of the best farmland in New Zealand, earning it the title 'Cream of the Country'. Morrinsville is also home to the Wallace Gallery, which showcases artwork from around the district and wider region and the Morrin Museum.

Our district is one of New Zealand's cornerstones of the dairy industry, with some of the best quality soils in New Zealand; we also have a strong presence from other industries such as horticulture and meat processing.

175,477

hectares in the Matamata-Piako District, within the Waikato Region

952

meters to the top of Mount Te Aroha

	2011/12	2012/13	2013/14
Area 175,477 hectares			
Number of electors (enrolled)*	21,995	22,215	22,307
Number of rating units**	14,712	14,813	14,788
Value of improvements**	$3,449,237,100	$3,528,009,100	$3,500,014,100
Net land value**	$6,758,689,440	$6,771,179,540	$6,745,516,040
Total capital value**	$10,207,926,540	$10,299,188,640	$10,245,530,140
Total rates	$29,174,000	$29,970,000	$30,388,000
Average total rates per rating unit	$1,983	$2,023	$2,055

* Electoral enrolment centre
** At the end of the preceding financial year

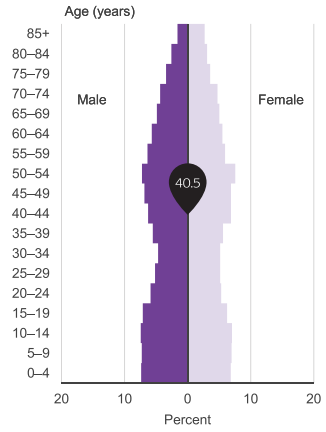
Quick statistics

Total population
32,910
5.5% since 2006

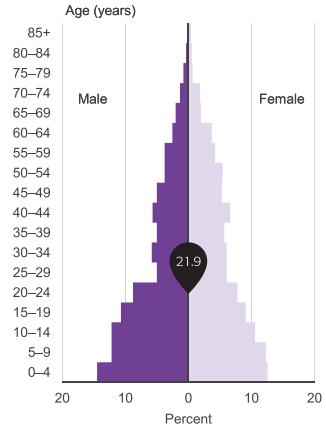
Māori population
4,491
15.6% since 2006

Total dwellings
13,310
8.7% since 2006

Age and sex of people
Matamata-Piako District
2013 Census

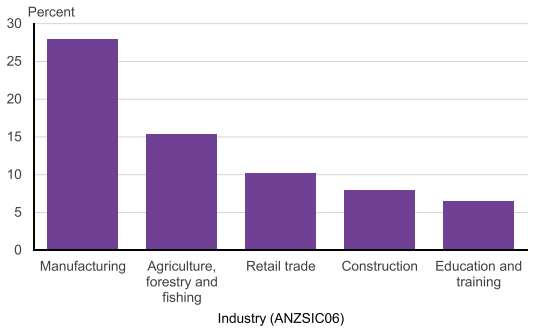


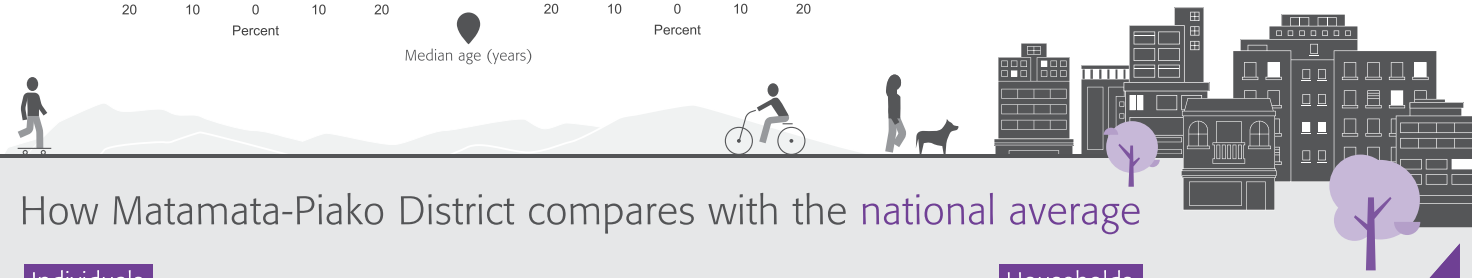
Age and sex of Māori
Matamata-Piako District
2013 Census



Median age (years)

Top five industries in Matamata-Piako District
By employee count
For year ended February 2013





How Matamata-Piako District compares with the national average

Individuals

Major ethnic groups

European	86.3%	vs	74.0%
Maori	14.8%	vs	14.9%
Pacific peoples	1.6%	vs	7.4%
Asian	3.9%	vs	11.8%
Middle Eastern/ Latin American/ African	0.6%	vs	1.2%
Other	1.8%	vs	1.7%

Percent born overseas
13.1% vs 25.2%

Percent of people with a formal qualification*
68.5% vs 79.1%

Median income*
$29,700 vs $28,500

*For people aged 15 years and over.

Households

Percent of households that own their dwelling*
64.2% vs 64.8%

Median weekly rent
$220 vs $280

Percent of households with internet access
68.1% vs 76.8%

*Or hold it in a family trust.

Information and graphics sourced from Statistics New Zealand and Rationale 2014.

Your economy

Matamata-Piako

Our district is one of New Zealand's cornerstones of the dairy industry, with some of the best quality soils in New Zealand; we also have a strong presence of other large industries like horticulture and meat processing. These all play a major role in building a strong local economy.

Gross domestic product

$1,612
million in 2010 prices

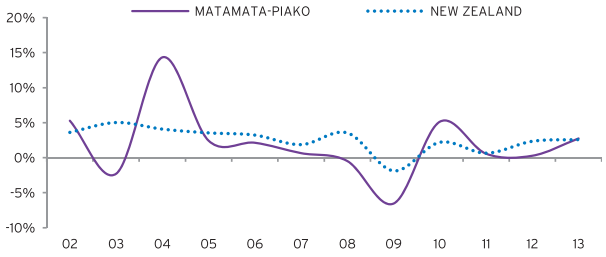
0.8%
of national GDP

Economic growth

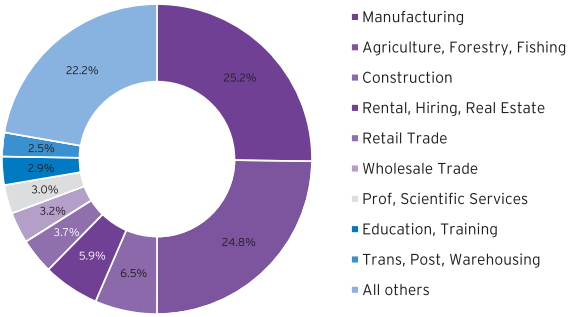
annual average % change

	2013	Last 10 years
MATAMATA-PIAKO	2.8%	2.0%
NEW ZEALAND	2.6%	2.2%

Economic growth: 2002 - 2013



Industry proportion of GDP



Biggest contributors to economic growth since 2003

Manufacturing	$111
Agriculture, Forestry & Fishing	$43
Construction	$30
Rental, Hiring & Real Estate Services	$24
Wholesale Trade	$20
All other industries	$63
Total increase in GDP ($m)	$291

What is GDP?

Gross domestic product or GDP is the total value of goods and services produced in an area. It is a common way of measuring performance of an economy.

Our GDP
0.8%
was above the national average in 2013

Matamata-Piako compared to others

	GDP ($m, 2010 prices)	GDP growth (2003-2013)	Employment growth (2003-2013)	GPD per employee growth (2003-2013)
Matamata-Piako	$1,612	2.0%	0.9%	1.1%
Hauraki	$737	1.7%	0.2%	1.4%
Waipa	$1,650	3.2%	2.7%	0.4%
Thames-Coromandel	$885	0.2%	0.6%	-0.4%
Waikato District	$1,975	1.3%	1.3%	0.0%
Average Comparator	$1,383	2.3%	1.7%	0.5%

Businesses in Matamata-Piako

No. business units

5,228
Matamata-Piako

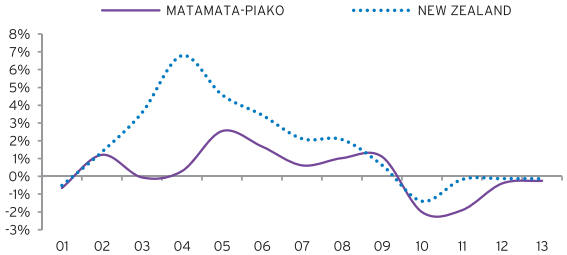
1.0%
of NZ total

Growth in business units

annual average % change

	2013	Last 10 years
MATAMATA-PIAKO	-0.2%	0.3%
NEW ZEALAND	-0.1%	1.8%

Growth in business units: 2001 - 2013



Productivity

GDP per employed person

$98,611 Matamata-Piako

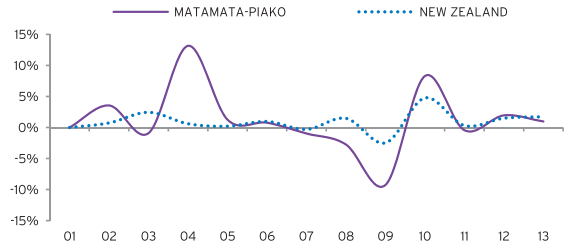
$91,373 New Zealand

Productivity growth

annual average % change

	2013	Last 10 years
MATAMATA-PIAKO	1.0%	1.1%
NEW ZEALAND	1.7%	0.9%

Productivity growth rate: 2001 - 2013



Industry contribution to the economy in 2013

Dairy Matamata-Piako 23.6% | NZ 2.6%

The broader dairy industry (encompassing both dairy farming and the manufacturing side of the industry) is by far our largest Industry, however. It is Is highly cyclical - affected by both global dairy prices and pastoral conditions. Despite recent droughts. economic output by the industry has still grown by an average of 0.7% per annum over the past decade.

Retail & Wholesale Matamata-Piako 7.9% | NZ 11.8%

Our retail and wholesale trade industry was somewhat insulated during the 2008/09 recession by demand from the primary sector. Over the past decade the retail and wholesale trade industry's economic output has grown by an average of 3.0% per annum.

Meat processing Matamata-Piako 5.5% | NZ 1.1%

Our district has several meat processing factories that provide employment for our community and contribute to our local economy.

Poultry Matamata-Piako 3.7% | NZ 0.1%

Demand for chicken in the domestic market has fluctuated over the last eight years, however the industry has still grown by an average of 6.6% per annum over the past ten years.

Tourism Matamata-Piako 3.3% | NZ 3.4%

Our tourism industry suffered during the recession in 2009 and 2010, however since then the industry has enjoyed significant growth. Growth was particularly strong in the March 2013 year (up 27.9%) as tourism operators in our district benefited from tourists flocking to Hobbiton following the release of the first Hobbit movie.

Employment in your district

16,348 number of jobs

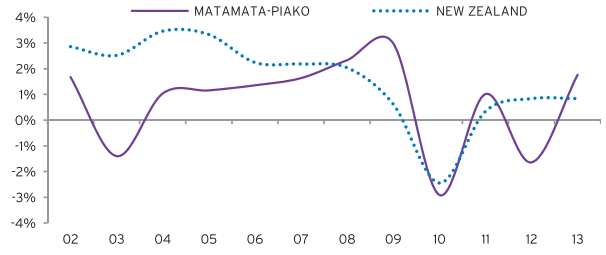
0.7% of national employment

Employment growth

annual average % change

	2013	Last 10 years
MATAMATA-PIAKO	1.8%	0.9%
NEW ZEALAND	0.8%	1.3%

Employment growth: 2002-2013



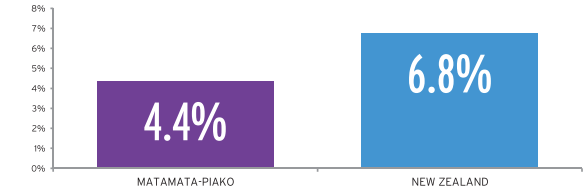
Industries which created most jobs since 2003

Manufacturing	625
Construction	379
Professional, Scientific & Technical Services	206
Wholesale Trade	112
Education & Training	106
All other industries	-86
Total increase in jobs	1,341

Self-employment

	EMPLOYEES	SELF-EMPLOYED	% SELF-EMPLOYED
MATAMATA-PIAKO	12,271	4,077	24.9%
NEW ZEALAND	1,832,733	369,828	17.4%

Unemployment rate, March 2013



Growth trends

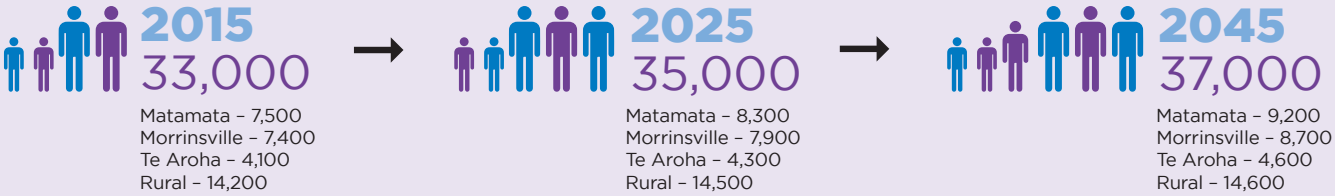
We are planning for the future, which means we need to consider what the demographic future might look like in our district. What will our population be? What ages will they be? How many households will there be? How many people will live in each household? The answers to these questions (and other demographics) all effect how we manage growth and plan for our infrastructure and services.

All population figures in this Long Term Plan are projected as at 30 June of each year. This aligns with our financial year. Therefore the population figures in this plan are not census usually resident population, they are 30 June estimates (at each year), referred to as resident population estimates.

"Our population estimates project growth in most areas over the next 30 years."

We are planning for the future using the following population estimates:

Our future population



Our population estimates project growth in most areas over the next 30 years. As a summary, between 2013 and 2045:

- The Matamata ward is expected to grow by 0.5%
- The Morrinsville ward is expected to grow by 0.4%
- The Te Aroha ward is expected to grow by 0.2%
- The increase in dwellings and rating units will be highest in the Matamata Ward.
- Over two-thirds of the population and dwelling growth is forecast to occur in the three urban towns (Matamata, Morrinsville and Te Aroha).
- The population and dwellings are also both projected to increase in the outlying rural settlement areas except for Springdale, Waihou-Walton, Te Poi, and Hinuera which are projected to decline slowly.

The table below includes the detailed projections for each area. We have used a high-medium growth model for our long term planning.

Our projected population growth									Growth model we are using for each census period		
Settlement areas	2013	2016	2021	2026	2031	2036	2041	2046	2014 - 2021	2022 - 2031	2032 - 2045
Tahuroa	2,770	2,817	2,887	2,916	2,931	2,964	2,997	3,030	High	Med-High	Med-High
Waitoa	320	327	340	344	347	355	363	371	Medium	Medium	Medium
Springdale	2,560	2,559	2,556	2,537	2,482	2,462	2,442	2,422	Medium	Medium	Medium
Waihou-Walton	4,190	4,192	4,190	4,198	4,166	4,160	4,154	4,148	Medium	Medium	Medium
Te Aroha	4,060	4,133	4,240	4,342	4,399	4,496	4,593	4,690	Med-High	Med-High	Med-High
Morrinsville West	2,700	2,766	2,849	2,943	3,025	3,117	3,209	3,301	Med-High	Med-High	Med-High
Morrinsville East	4,610	4,723	4,898	5,018	5,123	5,244	5,365	5,486	High	Med-High	Med-High
Waharoa	490	498	504	500	506	511	516	521	Medium	Medium	Medium
Okauia	2,050	2,087	2,140	2,192	2,231	2,282	2,333	2,384	Med-High	Med-High	Med-High
Te Poi	840	838	848	849	838	837	836	835	Medium	Medium	Medium
Hinuera	950	954	954	955	934	931	928	925	Medium	Medium	Medium
Matamata North	3,030	3,157	3,357	3,450	3,543	3,630	3,717	3,804	Calculated (above High Growth)		
Matamata South	4,340	4,522	4,809	4,942	5,075	5,200	5,324	5,449	Calculated (above High Growth)		
District	**32,910**	**33,571**	**34,571**	**35,185**	**35,598**	**36,187**	**36,776**	**37,365**	**High**	**Med-High**	**Med-High**

An ageing population

Under every growth model (low, medium, medium-high and high) our population continues to age. This changing age profile could have a flow-on effect to the make-up of the work force in the district and the services we provide like recreational facilities and pedestrian access. It also has impacts on the affordability of rates as many pensioners are on fixed incomes.

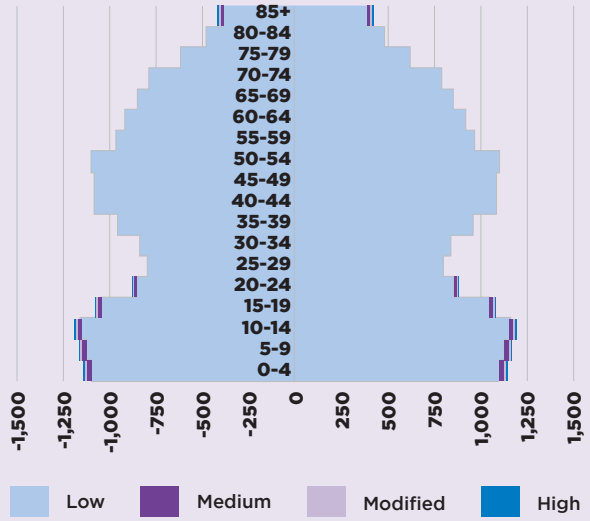
Population over 65

2015 18% → **2025** 25% → **2045** 32%

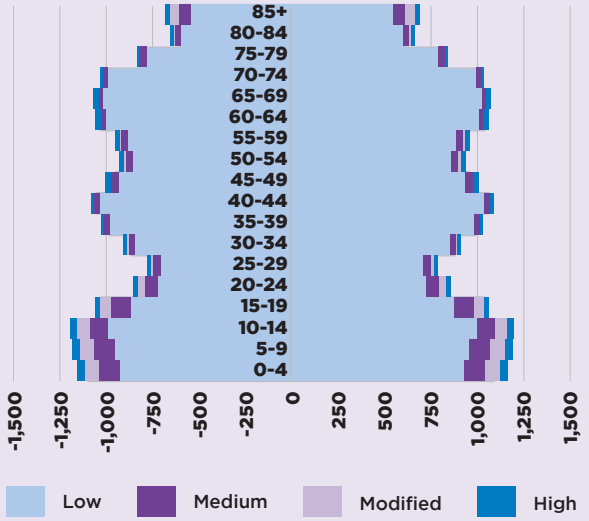
Population under 15

2015 21% → **2025** 20% → **2045** 18%

District wide age structure in 2015



District wide age structure in 2025



Total dwellings

A dwelling is a residential building, but can include zero households (i.e. a vacant house), one household (i.e. a family), or multiple households (e.g. units or townhouses). As with the population, strong dwelling growth is projected in all three urban towns. As a summary, between 2013 and 2045:

- Matamata will grow by 0.9% per year (33 dwellings per year)
- Morrinsville will grow by 0.7% per year (25 dwelling per year)
- Te Aroha will grow by 0.8% per year (16 dwellings per year)
- Dwellings in rural areas will increase by 0.4% (20 dwellings per year). This growth will vary between 0.1% and 1.0% across rural areas.

This increase in dwellings is due to the increase in population and a decrease in the average household size. The dwelling growth in Te Aroha is relatively high compared to the population growth due to a greater decline in the average household size compared to the other two towns. This trend creates a greater demand for additional dwellings.

2015
13,600
Matamata – 3,300
Morrinsville – 3,000
Te Aroha – 1,900
Rural – 5,400

2025
14,600
Matamata – 3,700
Morrinsville – 3,300
Te Aroha – 2,000
Rural – 5,600

2045
16,300
Matamata – 4,200
Morrinsville – 3,700
Te Aroha – 2,300
Rural – 6,000

Household size

A household is the number of people who live together and share facilities in a dwelling - this can range from a person living alone, to families, to flats or any other living arrangement.

Household sizes have been decreasing due to an ageing population and a move to smaller families. This trend is projected to continue, resulting in more dwellings being required to house the same number of people. This is a continuation of historical trends; however the rate of decline is forecast to slow down in the future.

2015
2.52

Matamata Ward
2.51 people

Morrinsville Ward
2.58 people

Te Aroha Ward
2.46 people

2025
2.46

Matamata Ward
2.39 people

Morrinsville Ward
2.44 people

Te Aroha Ward
2.35 people

2045
2.34

Matamata Ward
2.32 people

Morrinsville Ward
2.42 people

Te Aroha Ward
2.24 people

Estimated rating units

2015
15,045

2025
16,194

2045
18,552

Estimated rating units based on growth and population projections

Our Long Term Plan must state, for each year covered by the plan, the projected number of rating units within our district at the end of the preceding financial year. The table below shows the projected population and dwelling growth flowing through to projected rating units. The projections are based on data gathered from our 2012 revlauation process and rating units as at 30 June 2013. Rating units are pieces of land that hold a certificate of title or equivalent (e.g. gazette notice).

Settlement area	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Matamata	3,457	3,509	3,557	3,606	3,654	3,703	3,751	3,784	3,818	3,851	3,885
Morrinsville	3,319	3,348	3,375	3,402	3,428	3,454	3,481	3,510	3,541	3,571	3,601
Te Aroha	2,224	2,240	2,255	2,268	2,283	2,298	2,311	2,331	2,350	2,370	2,390
Rural	6,045	6,076	6,098	6,121	6,144	6,167	6,190	6,222	6,255	6,285	6,318
District	15,045	15,173	15,285	15,397	15,509	15,621	15,733	15,848	15,963	16,078	16,194

Rating unit assumptions in our LTP budgets

As shown above, the number of rating units is projected to increase from 15,045 in 2015 to 16,194 by 2025 and to 18,552 in 2045. This is a 7.6% total and 0.76% annual average growth rate for 2015 to 2025 and 23.3% total and 0.77% annual average growth rate for 2015 to 2045.

In preparing our budgets however, we have applied a more conservative annual growth in rating units of 50 new rating units per annum. This is more in keeping with the rate of growth we have experienced over the last four years and accommodates the level of requests for contiguous property status.

District	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	15,006	15,056	15,106	15,156	15,206	15,256	15,306	15,356	15,406	15,456	15,506

The previous graph highlights the district's reliance on residential rating units - nearly three quarters of the total rating units are in the residential or lifestyle category.

Our rating units are mainly residential and lifestyle with nearly 75% of total rating units falling under these two categories. Therefore any rating unit growth is heavily dependent on dwelling growth. However the two business related rating unit categories, industrial and commercial, are both projected to increase at a greater growth rate than the population and dwellings. As with the population and dwelling growth, around two-thirds of this business related rating unit growth is located in the three urban towns. The rural Industry rating units make up around 16% of the total rating units. The remainder is spread between commercial, industrial and other rating units, each making up less than 5% of the total.

The rural industry rating units are around 16% of the total rating units, with the remainder spread between commercial, industrial and other rating units, each making up less than 5% of the total.

The total rating unit growth for each area relies predominately on dwelling growth, therefore we have used the forecast dwellings for the wards and settlement areas (discussed above) to forecast the increased number of rating units.

The number of both industrial and commercial rating units are projected to increase in the three urban towns. Over three quarters of the commercial rating unit growth from 2013 to 2045 is within the urban towns, predominately in Matamata and Morrinsville, while the industrial rating unit growth is more evenly distributed between the urban towns (around 60%, predominantly in Morrinsville) and rural settlement areas (40%).

The increase in rural Industry rating units is less than 0.1% per year, spread evenly across the rural settlement areas. The growth in other rating units is less than 1%, or 7 rating units per year. This growth is allocated to the settlements based on the existing distribution and is spread evenly across all settlements.

Where did these growth projections come from?

These population and household projections are based on the district's historical growth patterns, official projections from Statistics New Zealand, and further projections from an independent report out to 2045. A summary of the resources we have used to come up with these projections is below.

Town Strategies

In 2013 we adopted Town Strategies 2013-2033 for Morrinsville, Matamata and Te Aroha. They aim to better manage urban growth by guiding the planning and future development of the three main towns in the Matamata-Piako District.

These plans provide a spatial framework for the development of each town over at least the next twenty years, showing the preferred location of future land uses, and the integration of the land uses with transport and other infrastructure. The town strategies provide a description of the potential urban growth, changes in the demographics of our population, the development opportunities and constraints facing our towns, our options and ultimately a development strategy for each town.

Rationale projections for resident population, dwellings and rating units to 2045

In 2014, we commissioned an independent review of our growth projections and the development of population, dwelling and rating unit projections out to 2045 for the district, 3 wards and 13 settlement areas.

Population measures

There are many different ways of showing population numbers which can be confusing if you're not sure what you are looking at. To make it a clearer throughout this plan we mainly use two types of population figures:


i-SITE Matamata

- **Estimated resident population** – This is an estimated population as at 30 June. It is the census usually resident population with allowances made for people who may have been overseas on census night and for births, death and migration since the census.
- **Population projections** – These are future population estimates, which provide an indication of potential population changes based on assumptions about the future. These start from the Estimated resident population (above) and then make projections based on future births, deaths and migration for a number of years in advance so we can predict what our population will be in 5, 10, even 30 years into the future to help us with planning.

Census

The Census of Population and Dwellings is a five yearly survey providing a wealth of data for small geographic areas and variables such as occupation, country of birth; families, households and dwellings.

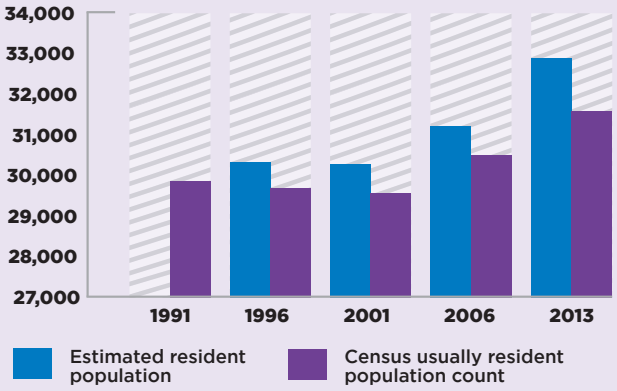
The most commonly used census measure is the 'census usually resident population count'. This is a count of all people who usually live in New Zealand, or in an area of New Zealand, and are present in New Zealand on a given census night. This count excludes visitors from overseas and excludes residents who are temporarily overseas on census night. Our usually resident population count for the 2013 census was 31,539.

Estimates

In between censuses population estimates by age-sex are prepared to give an indication of change since the last census. The estimates also include people not counted by the census, either because they were temporarily overseas or missed.

Population estimates ('estimated resident population') are higher than the 'census usually resident population count' because the estimates make an allowance for net census undercount and residents who are temporarily overseas at the time of the census. Population estimates are prepared annually for local areas to give an indication of population change since the last census. As at 30 June 2013 Statistics New Zealand estimated our district population to be 32,910.

Census usually resident population and estimated resident population (30 June) 1996-2013



Note: Estimated resident population counts are not available for 1991.

Projections

Population projections use population estimates and census counts as a starting point and are an indication of future demographic change based on assumptions about future demographic behaviour.

Census areas and wards

All of the projections we have undertaken are at the 'census area unit' level. A census area unit is a geographic region defined for the purpose of the census. Area units of urban areas generally coincide with suburbs or parts of them. Area units within urban areas normally contain a population of 3,000 to 5,000 although this can vary. In rural districts such as Matamata-Piako the census area units can be large, reflecting the small rural populations we have. The census area units are defined by Statistics New Zealand and generally line up with our town and settlement areas. Using these provide a good basis to project our future population, dwelling and rating unit growth. The next level of projections we have produced are at a 'ward' level. A ward is subdivision of our district area, used for Council electoral purposes. Finally, at the highest level we have projected our entire district population over time.

Population scenarios

Under the heading 'Our future population' we showed the population growth models we have applied to each area of our district. We have developed four population projection models (low, medium, medium-high, and high). These incorporate different fertility, mortality and migration assumptions for each area and have been produced to illustrate a range of possible scenarios. Statistics New Zealand considers the 'medium' projection series the most suitable model for assessing future population changes but have recommended we

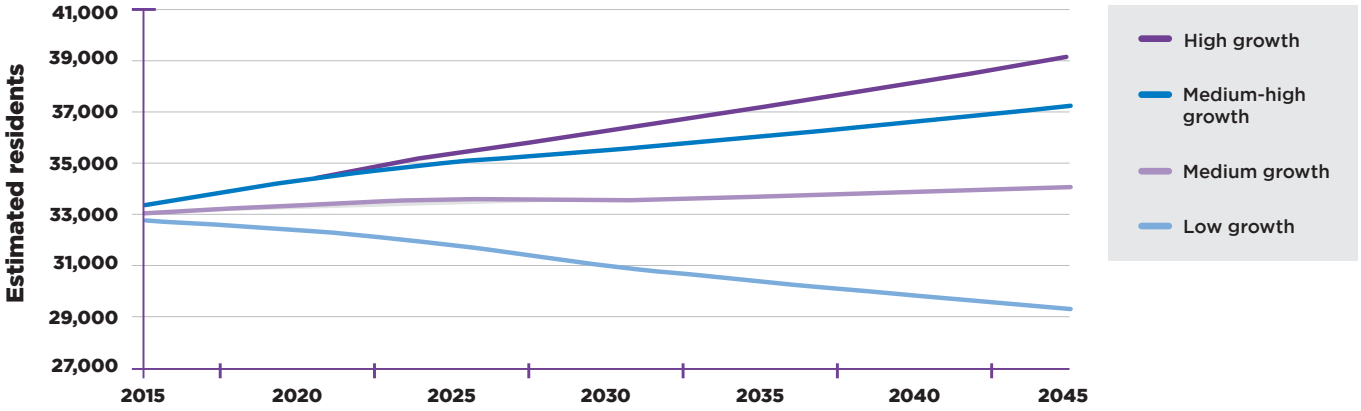
use the 'high' population growth model from 2014 to 2021 and then a 'medium to high' growth series from 2022 to 2045. The scenarios included in this Long Term Plan are a range of resident population growth rates, both positive and negative.

The change in population is based on the migration of people into or out of the district and the birth rates and mortality (death) rates. The birth and death rates differ for areas within the district (and wider) depending on the existing age structure. Although the resident population provides the base inputs, the approach still accounts for non resident population drivers that can influence dwelling and rating unit growth. The results for each scenario show the flow-on effect for dwelling and rating unit growth. The primary scenarios are:

- Low population growth, typically a declining resident population.
- Medium population growth, typically a stable or a slight increase in resident population.
- High population growth, a significant increase in resident population.

We have also developed a variation from the above scenarios with a 'high to medium-high' growth series. You can see the impact of each growth scenario when looking at the estimated population over several years.

Matamata-Piako population scenarios



What is the right growth scenario?

The future is inherently uncertain. For population projections, the uncertainty increases the further one projects into the future. Uncertainty is also greater for projections of New Zealand subgroups, such as ethnic and local populations. For the latter, this is partly because of the greater volatility, both actual and potential, of migration patterns. However, despite this uncertainty, looking to the future remains important for our planning. In the case of population, change is fundamentally driven by three factors: fertility (births), mortality (deaths), and migration.

Growth scenarios for our district

At the district level we have used a high growth series from 2014 to 2021 and further out a medium-high series is used to provide an appropriate basis for our long term planning. The medium-high growth scenario has been developed for this Long Term Plan because:

- The high to medium-high growth scenario provides realistic projections that are conservatively optimistic. We believe it best reflects historical trends and the current economic climate.
- The population growth projected under the high to medium-high scenario is close to historical trends of a steadily growing population but also reflects the fact that the recent high growth may not be sustainable over the long-term.
- Statistics New Zealand typically consider their medium series (guiding development of our projections) to be the most appropriate to assess future population changes, however upon review of the 2013 census it is considered too conservative for long term planning purposes in this instance. Statistics New Zealand recommends we use a high growth scenario in the short term, followed by the medium-high series.
- The high growth scenario is considered to be too aspirational and may lead to overstating the growth from 2022 out to 2045. Similarly the low growth scenario is more of a worst case scenario. While this provides a useful perspective, it is not considered appropriate for our long term planning purposes.

Growth scenarios for our towns

Our approach is to adopt the Statistics New Zealand recommended growth series for the district, and then select the most appropriate growth series for each of our settlement areas (census area units). We have selected the Statistics New Zealand series for each of our settlements based on the best fit with historic trends. We have allocated the balance of the district wide growth to the Matamata town. This is why the table under the heading 'Our future population' shows the Matamata population as 'calculated'. Matamata is treated differently due to the large disparity between recent population growth and the Statistics New Zealand projections. We consider that even the Statistics New Zealand high growth scenario will be too low for Matamata which has higher population, dwelling and rating unit growth. We project that Matamata town will have a 30 year increase of approximately 1,800 people.

Community outcomes

Community outcomes are our vision for the future of our community. We consulted with the community in 2011 to create outcomes that aim to build a vibrant, healthy and thriving district.

Our community outcomes have been grouped into six themes below:

1) Strong and safe communities
   - (a) Council will aim to significantly reduce illegal activities and anti-social behaviour in our community.
   - (b) Council will encourage a vibrant and cooperative community and recognise success within our district.
   - (c) Council will encourage growth and prosperity to ensure the district is an attractive place to raise a family.
   - (d) Council will encourage access to good quality and affordable housing.
   - (e) Council will prepare for emergencies.
   - (f) Council services and activities will contribute to the health and wellbeing of our community/Iwi.

2) Decision making
   - (a) Our community/Iwi will be informed and have the opportunity to comment on significant issues.
   - (b) Tangata Whenua with manawhenua status (those with authority over the land under Maori lore) have meaningful involvement in decision making (see Maori outcomes section for more information).
   - (c) Council's decision making will be sound, visionary, and consider the different needs of our community/Iwi.
   - (d) Council will recognise treaty settlement issues between the Crown and Iwi (see Maori outcomes section for more information)

3) Recreation and facilities
   - (a) Council's reserves and facilities will be safe, well maintained and accessible to encourage people to use them.
   - (b) People will be well informed of the district's resources, equipment and facilities.
   - (c) Council's walking and cycling tracks will be promoted, well maintained, and developed as resources allow.
   - (d) The tourism potential in our district will be recognised and encouraged.
   - (e) Maori cultural facilities (such as marae) will be recognised for their contribution to community wellbeing (see Maori outcomes section for more information).
   - (f) Maori will have opportunities to provide input to the governance of ancestral lands administered as reserves (see Maori outcomes section for more information).

"Council services and activities will contribute to the health and wellbeing of our community/Iwi"

4) Our environment
   - (a) Council will manage contaminants, odours and air pollution from its activities.
   - (b) Council will provide and promote sustainable waste management options to protect our environment.
   - (c) Council will protect and regenerate our native flora, wetlands and significant natural features.
   - (d) The adverse effects of development, industry and farming will be managed, monitored and minimised.
   - (e) High quality soils in our district will be protected.

5) Arts and heritage
   - (a) The whakapapa (ancestral heritage)/heritage and character of our district will be protected and promoted (see Maori outcomes section for more information).
   - (b) Our kawa (protocol), tikanga (customs), history and knowledge will be respected and preserved (see Maori outcomes section for more information).
   - (c) Waahi tapu and taonga (significant and treasured sites) will be recognised (see Maori outcomes section for more information).
   - (d) People will have the opportunity to learn about their own and others kawa (protocol), tikanga (customs), whakapapa (ancestral heritage), heritage and culture (see Maori outcomes section for more information).
   - (e) Council will encourage the arts.

6) Growth and development
   - (a) Council plans will be flexible, to accommodate well planned, sustainable growth.
   - (b) Development will be conducted in a manner respectful to kawa (protocol), tikanga. (customs) and values (see Maori outcomes section for more information).
   - (c) Council will provide essential infrastructure to meet the needs of our community now and in the future.
   - (d) Council consent processes will ensure that our communities and environment are safe and sustainable.
   - (e) Systems will exist to provide sustainable clean water for our community/Iwi.
   - (f) Council will support Tangata whenua in their role to provide facilities such as marae and papakaainga (see Maori outcomes section for more information).
   - (g) Council will contribute to a safe and efficient transport network.

How do we contribute?

Council undertakes a number of different activities that contribute to these community outcomes. To find out more about how we contribute have a look at part two of this document under the different groups of activities.

How will we report on these?

We will report on these community outcomes through our Annual Report each year.

Maori participation in Council decision making

Community outcomes

Some outcomes reflect the values of Maori – these are included throughout the outcome themes, reflecting the importance of Maori culture to our community's vision and Council's activities.

The aim of the Maori outcomes are:

Ki te whakarite te taha hinengaio te taha wairua te taha tinana te taha whaanau ki te aoturoa, ka tino whai mana te mauri (To ensure that there is a holistic balance of the spiritual, physical, emotional, and whaanau (family) wellbeing in line with the environment to ensure the life giving force is maintained).

The inclusion of Iwi alongside the community in the outcome themes recognises the status of Iwi both as having mana whenua and as a part of the community. It also acknowledges the responsibility we have towards facilitating Iwi involvement in decision making under the Local Government Act 2002.

Community outcome	How do we contribute?
2. Decision making	
(b)Tangata Whenua with manawhenua status (those with authority over the land under Maori lore) have meaningful involvement in decision making.	The Te Manawhenua Forum is a standing committee of Council that has been developed under a Heads of Agreement with Forum members. The purpose of the Forum is to facilitate Tangata Whenua contribution to our decision making. We plan to achieve this outcome by continuing to fund and hold Forum meetings each year, workshops where required and establish working parties to undertake specific projects so Iwi can participate in decision making. The Forum can also make formal submissions to our plans and strategies (such as Long Term Plans and District Plan changes). Through the submissions process we are able to formally consider the views of the Forum. We aim to achieve this outcome by consulting with the Forum on our key legislative documents. We also consult with Iwi in the district on resource consent applications made under the Resource Management Act 1991 that are relevant to Maori.
(d) Council will recognise Treaty settlement issues between the Crown and Iwi.	We have been working with the Crown to provide feedback on treaty settlement issues. We aim to recognise Treaty settlement issues working through the Office of Treaty Settlement process.
3. Recreation and facilities	
(e) Maori cultural facilities (such as marae) will be recognised for their contribution to community wellbeing.	In order for Maori cultural facilities to be recognised the community need to be aware of them. We aim to provide information on our website about our local Maori cultural facilities so the community can be informed about the important role they play in the district. We also aim to provide opportunities for rates relief through our Policy on rates remissions for Maori freehold land and Policy on postponement of rates on Maori freehold land.
(f) Maori will have opportunities to provide input to the governance of ancestral lands administered as reserves.	We manage parks and reserves for the benefit of the community. One of our aims is to ensure that Iwi are consulted with on our reserve management plans.
5. Arts and heritage	
(a) The whakapapa (ancestral heritage)/heritage and character of our district will be protected and promoted. (b) Our kawa (protocol), tikanga (customs), history and knowledge will be respected and preserved. (c) Waahi tapu and taonga (significant and treasured sites) will be recognised. (d) People will have the opportunity to learn about their own and others kawa (protocol), tikanga (customs), whakapapa (ancestral heritage), heritage and culture.	Regulatory planning is a service provided by Council as one of the activities required to meet our obligations under the Resource Management Act 1991. Through this activity we apply the rules set down in our District Plan to protect the whakapapa/heritage and character of our district. We will develop protocols to raise our cultural competency to work more effectively with Iwi/hapu and be responsive to Maori protocols, customs, heritage and culture. This will help ensure our engagement with Maori is meaningful and leads to positive outcomes for our community.

6. Growth and development	
(b) Development will be conducted in a manner respectful to kawa (protocol), tikanga (customs) and values (f) Council will support Tangata Whenua in their role to provide facilities such as marae and papakaainga	Regulatory planning is a service provided by us as one of the activities required to meet our obligations under the Resource Management Act 1991. Through this activity we apply the rules set down in our District Plan to ensure development is carried out in an appropriate way. Through our District Plan we provide for the ongoing management of the natural and physical resources of the district to ensure it is protected for future generations. Our District Plan objectives, policies and rules are one of the ways we can support facilities such as marae and papakaainga. We aim to support Tangata Whenua to provide facilities such as marae and papakaainga through our Policy on Rates Remissions for Maori Freehold Land and Policy on Postponement of Rates on Maori Freehold Land.

Decision making

As part of this Long Term Plan we have considered ways in which we can foster the development of Māori capacity to contribute our decision making processes, having regard to our the role as a local authority under section 11 of the Local Government Act 2002. Under the Local Government Act 2002, we need to establish and maintain processes to provide opportunities for Maori to contribute to our decision making processes, these are set out below. Ngati Rahiri-Tumutumu, Ngati Haua and Raukawa are Iwi with the largest rohe (ancestral boundary) within Matamata-Piako. However, there are other Iwi who have interests in the district, and this is reflected in our processes for Maori to have opportunities to contribute to decision making in the district.

2002

In the Local Government Act 2002 We need to establish and maintain processes to provide opportunities for Maori to contribute to decision making

Te Manawhenua Forum mo Matamata-Piako

Te Manawhenua Forum mo Matamata-Piako (Forum) is a standing committee of Council that has been developed under a Heads of Agreement with the Forum. The purpose of the Forum is to facilitate Mana Whenua contribution to our decision making.

The Forum meets quarterly to consider matters relating to the social, economic, environmental and cultural wellbeing of the Maori communities, both today and for the future.

Resource Management Act 1991 – resource consent processing

Currently we have agreements with Iwi within the district to consult with them on resource consent applications made under the Resource Management Act 1991. When we receive a resource consent application that may be of Iwi interest, we notify the agreed Iwi representatives and seek their feedback. Those Iwi are Ngati Paoa, Ngati Rahiri-Tumutumu, Ngati Haua and Raukawa. We are currently undertaking a rolling review of the District Plan. As part of this process we will review how we engage with Iwi through the resource consent process. We also monitor the number of times we seek and receive feedback from Iwi. The results of this monitoring are reported each year in our State of the Environment Report, which is available from www.mpdc.govt.nz.

Te Mana Whenua Forum mo Matamata-Piako

Treaty of Waitangi settlements

Treaty of Waitangi claims and settlements have been a significant feature of New Zealand race relations and politics since 1975. Over the last 30 years, New Zealand governments have increasingly provided formal, legal and political opportunities for Maori to seek redress for breaches by the Crown of the guarantees set out in the Treaty of Waitangi.

Iwi in and around the Matamata-Piako District are currently negotiating with the Crown, and are at various stages of setting Treaty of Waitangi claims. While these agreements are between the Crown and Iwi, local authorities will be affected by the outcome of these settlements, particularly where Iwi are seeking co-governance of natural resources. Broadly put, co-governance involves setting up frameworks for Iwi to have input into Resource Management Act 1991 governance matters (such as the development of regional plans and strategies).

Hauraki Treaty of Waitangi settlements

In 2010, the Crown and Hauraki Iwi signed the Hauraki Collective Framework agreement, which outlined the process for ongoing negotiations towards settlement of shared claims, including possible elements of a settlement. The Iwi in the Hauraki Collective are Ngati Hako, Ngati Paoa, Ngati Tamatera, Ngati Tara-Tokanui, Ngati Porou ki Hauraki, Ngati Whanaunga, Ngati Hei, Ngati Maru, Ngati Pukenga, Te Patukirikiri, Ngati Tai ki Tamaki and Ngati Rahiri Tumutumu. The Crown acknowledges that Raukawa, and Ngati Haua also have interests in the Waihou River that are of significant cultural, historical and spiritual importance to the Iwi. We (as well as the Waikato Regional Council and other adjoining district councils) have been engaged by the Crown to provide feedback in the ongoing negotiations between the Crown and Hauraki Iwi.

2010
the Crown and Hauraki Iwi signed the Hauraki Collective Framework Agreement

Ngati Haua Treaty of Waitangi settlement

Council was also engaged in the Ngati Haua Treaty of Waitangi settlement negotiations. The Ngati Haua Claims Settlement Act 2014 was passed in to law in December 2014 . The Act gives effect to the deed of settlement signed on 18 July 2013 in which the Crown and Ngati Haua agreed to the final settlement of the non-raupata historical Treaty of Waitangi claims. The settlement package includes recognition of breaches of the Treaty of Waitangi, cultural and spiritual redress in the return of significant sites, and financial redress. One site of significance to Ngati Haua is the Waharoa Aerodrome. As part of settlement Council and Ngati Haua have agreed that a co-governance committee (the Committee) will be established for the Waharoa Aerodrome. Details of the Committee are set out under our governance structure.

Raukawa Treaty of Waitangi settlement

The Crown has settled the claims of the Raukawa Iwi with legislation to give effect to the deed of settlement signed on 2 June 2012 in which the Crown and Raukawa agreed to the final settlement of the historical claims of Raukawa. The Raukawa Claims Settlement Bill had its first reading on 6 August 2013, a second reading on 19 February 2014 and a final reading on 12 March 2014. The bill received royal assent on 19 March 2014 and became the Raukawa Claims Settlement Act 2014. There were no specific arrangements between Council and Raukawa (such as have been enacted under the Ngati Haua Claims Settlement Act 2014) however as with other settlement processes Raukawa may now be in a position to consider developing documents such as Iwi Management Plans for the areas of their rohe (ancestral lands) that fall within the Matamata-Piako District. There are also provisions in the Act for statutory acknowledgement of Raukawa as part of the Resource management Act 1991 process.