

This affects your future rates:
Have your say by 9am Monday 16 April



OUR VISION: LIVEABLE, THRIVING AND CONNECTED COMMUNITIES

FROM THE MAYOR AND COUNCILLORS

Waikato District is the third fastest-growing district in the country. In the next 10 years our population is expected to grow by more than 12,000 – nearly as much as the populations of Huntly and Ngaruawahia combined.

Sitting between Auckland and Hamilton, and within the golden triangle anchored by Tauranga to the east, our district is attracting new businesses and residents. We expect the number of our rateable properties will increase by about 6,500 in the next decade, from 32,000 to 38,500.

Growth brings opportunities as well as challenges. In recent years we've worked to develop and maintain our infrastructure – our roads and waters services – to keep pace with this growth while seeking to maintain affordability for our ratepayers. Our achievements over the past three years have included:

- An 'Alliance' with Downer NZ that provides more cost-effective roading services and faster customer responses
- A major programme to assess our wastewater assets and to invest in making improvements to reduce spillages, especially in environmentally sensitive areas.

The options presented in this consultation document focus on how we manage our 'Three Waters' services (see page 6), and how we might re-balance ratepayer contributions to General Rates by adjusting the Uniform Annual General Charge (see page 9). These are the next steps in our efforts to balance growth and affordability.

We now also want to spend time addressing how to plan for and create liveable, thriving and connected communities.

We want to put more effort and resources into ensuring we shape our growth so we create communities that people feel connected to and want to live in. Getting the planning right is crucial to ensure we invest in roads, water services infrastructure, parks and community facilities at the right time, in the right place and of the right size. We have set aside funds to develop 'master plans' for our key growth areas to ensure our investments deliver real value to our community, in an affordable way and in a way that helps build a sense of community as our district grows.

We have refreshed our vision and community objectives to reflect this new approach, and presented these for you to read about on pages 4 and 5.

Feedback already received from our community board and committee representatives is supportive of this approach. So we look forward to working with all of you to create liveable, thriving and connected communities in our district.



Allan Sanson
Mayor





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Have Your Say

This consultation is for our Long Term Plan which sets out a plan for works and services, budgets and rates for the next 10 years, but with a particular focus on the next three years. It determines how we will spend our funds to make our communities better.

We update our Long Term Plan every three years to make sure it is still relevant, accurate and moving us towards our goals and community outcomes.

For more information and supporting material on the Long Term Plan go to www.waikatodistrict.govt.nz/longtermplan or phone us on 0800 492 452.

TELL US WHAT YOU THINK:

- Online – go to www.waikatodistrict.govt.nz/sayit
- Post – use the submission form and reply envelope provided in this document
- Email – send your feedback to consult@waidc.govt.nz

**Submissions close at 9am,
Monday 16 April**

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Should we save \$28.3m on waters services?

Tell us...
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Should we rebalance your contributions to general rates?

Tell us...
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FIND OUT MORE AT AN INFORMATION SESSION IN YOUR AREA (SEE BACK PAGE FOR DETAILS).

OUR VISION: LIVEABLE, THRIVING AND CONNECTED COMMUNITIES

HE NOOHANGA AAHURU,
HE IWI WHAI ORA, HE HAPORI
TUUHONO TAHI



Our Vision and Community Outcomes set the goals we want to achieve in everything we do. We have refreshed our vision to embrace the growth and changes we face. Our vision is that we work together as a district to build liveable, thriving and connected communities as our district grows.

Liveable communities are well-planned and people-friendly, providing for a range of quality residential options, social infrastructure, walkways and open spaces. They reflect what's important to people, and support a shared sense of belonging both to the local community and the wider district.

Thriving communities participate in Council decision-making and community-led projects, provide input into the management of their local assets, and sustain the local business sector providing local employment.

Connected communities have fit-for-purpose infrastructure to create liveable, thriving communities. Connectivity through roads, cycleways, walkways and digital capabilities enable rapid information sharing and engaging in activities together. By these means, people in connected communities access services and amenities that meet their social, health, education and employment needs.

OUR COMMUNITY OUTCOMES AND GOALS

Together with your Community Boards and Committees, we have developed the following community outcomes to guide our decision-making:



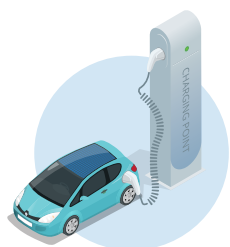
SUPPORTING OUR COMMUNITIES: KIA TAUTOKO KI A TAATOU HAAPORI

We consider the well-being of all of our people in all our planning and activities. We support and plan for the development of complete and connected communities.



BUILDING OUR ECONOMY: KA HANGA A TAATOU OOHANGA

We attract diverse enterprise/business; creating jobs and opportunities for our community. We continue to support our existing industry. We support others who leverage our location to ensure tourism brings benefits to a range of people in our communities.



SUSTAINING OUR ENVIRONMENT: KIA TOITUU TO TAATOU TAIAO

We are a community that believes in environmental sustainability; we pursue and promote related ideas and manage regulatory processes to safeguard and improve our district.



WORKING TOGETHER WITH YOU: KIA MAHI TAHI TAATOU

Our communities work with us so we are collectively focused on the right things at the right time.



PROVIDING VALUE FOR MONEY: KA WHAI PAINGA MO TE PUUTEA

Residents and ratepayers get value for money because we find innovative ways to deliver strategic, timely and fit for purpose infrastructure and services at the most effective cost.

Our Approach

When considering the financial picture, the Council's overall approach continues to be:

1. Support growth in targeted areas
2. Maintain existing assets
3. Modernise infrastructure where it is prudent to do so
4. Do more within existing budgets
5. Move the cost of providing a service to those who use them ie. user pays

DECISIONS WE NEED TO MAKE WITH YOUR HELP



A key focus of our Long Term Plan is to build the Council's capacity and capability to fulfil our vision for the district. The community has already helped us make some decisions on our wastewater infrastructure and our library services in the past year and these are already built into this plan.

However, we have identified the following issues we would value your feedback on, to help us to continue to work towards our vision and achieve the community outcomes we all want:

- How do we manage our 'Three Waters' for maximum benefit for the district?
- How do we re-balance ratepayer contributions to the General Rate to address fairness and affordability?

How We Manage our Water, Wastewater and Stormwater ('Three Waters')

The issue: Our growing population is putting pressure on our water supplies as well as on our wastewater and stormwater infrastructure. The challenges in providing fit-for-purpose infrastructure and services at an affordable price include: significant capital investment requirements; anticipated tougher environmental, regulatory and public health standards following from the Havelock North drinking water inquiry; and market shortages of skilled staff.

The Council commissioned a business case to investigate the risks and benefits of four different options for managing our waters services:

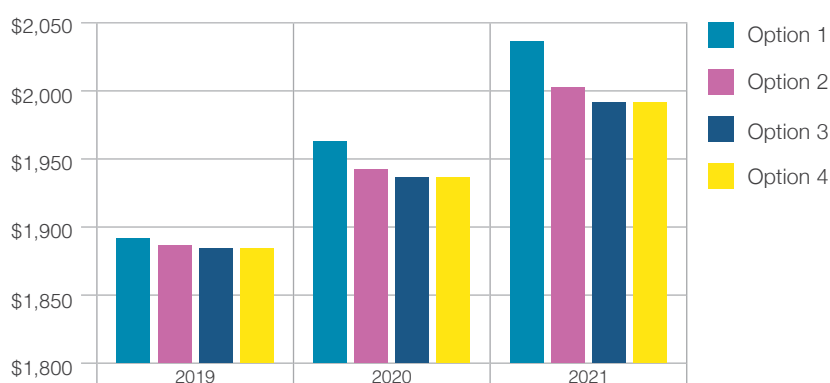
1. Current Operations (status quo)
2. Shared Waters Management Company (partnering with Hamilton City and Waipa District Councils)

3. Council Waters Company (partnering with Waikato Tainui and Watercare Services Ltd)
4. Waters Governance Board: A variation to the Council Waters Company option replacing the company structure with a Council-appointed Governance Board.

Since preparation of the business case, Waipa District Council's announcement in December last year that it would not form a Shared Waters Management Company with Hamilton City Council may have removed this as an option. Nevertheless we are offering all four options for you to consider. (For full details, see the business plan on our website.)

Our preferred option is Option 4 outlined in more detail on page 8.

YOUR WATERS SERVICES RATES WILL CHANGE ACCORDING TO THE OPTION WE CHOOSE



Total annual targeted rates for water, wastewater and stormwater services (including an estimate of average household water-by-meter usage) are aggregated for each option (left). This shows how rates will change under the options presented in the following pages.

Option 1: Current Operations (status quo)

We continue to operate our own waters infrastructure with our own staff, and share laboratory, trade waste and water education services with Hamilton City and Waipa District. This is still a workable solution and involves no new set-up costs. However, it means continuing to rely on external contractors and consultants due to the ongoing challenge to secure qualified staff, and it offers basic service delivery performance at a higher cost and with some significant risk when compared with the other options.

This option maintains the levels of service (LOS) as currently agreed with the community, but debt levels will rise, and your waters services rates will rise as laid out in the graph on page 6.

The status quo is not the preferred option.

Option 2: Shared Waters Management Company (with Hamilton City and Waipa District Councils)

We establish a company co-owned with Hamilton City and Waipa District Councils to undertake all waters operations and associated services, including planning and asset management. Each Council would retain ownership of their own waters assets (pipes, pumping stations and treatment plants), collect associated revenues and raise and repay any necessary debt. This solution would be similar in ownership structure and operations to Wellington Water Ltd which undertakes waters operations for Wellington City, Hutt City, Upper Hutt City and Porirua City Councils.

This option builds on our current relationships with the Councils with which we share laboratory, trade waste and water education services. We also currently contract Hamilton City Council to provide drinking water for our southern areas including Gordonton, Puketaha, Horsham Downs, Eureka, Matangi and Tamahere. The larger operation would offer greater efficiencies and be able to attract and offer the expertise needed now and for the future. However, it would meet limitations associated with the different processes and

systems (including asset management IT systems) currently in operation at each Council, as each Council would continue to own their own waters assets. Waipa District Council's decision last year not to enter into such an arrangement creates some uncertainty over this option.

Levels of service would be maintained as presently agreed, but it may offer an opportunity to raise levels of service in the future.

Savings are forecast to total \$20.1 million over 10 years.

This means our debt would be lower than forecast under Option 1 and your waters services rates will not rise as much. (See graph on page 6).

This option is assessed to be the hardest to implement in comparison to the other options.

A Shared Waters Management Company (SWMC) is not the Council's preferred option.

Option 3: Council Waters Company (with Waikato Tainui and Watercare Services Ltd)

We establish a new Council Controlled Organisation (CCO), owned by the Council but operated by an independent Board, to take ownership and responsibility for our assets and for providing 'three waters' services to the Waikato district. Waikato-Tainui would be offered board representation as a key partner. The CCO would enter into a commercial arrangement with Watercare to provide full management oversight, asset management, customer support and customer billing services. This would offer significant cost and risk reduction by leveraging Watercare's expertise and substantial economies of scale.

This option builds on our current relationships. Watercare already provide drinking water and wastewater treatment services to our north Waikato communities. Waikato-Tainui is a co-governance partner with the Council in a Joint Management Agreement covering the Waikato River and other areas of mutual interest, and the Council has an existing Memorandum of Agreement with Watercare.

Under this option levels of service will be maintained as presently agreed, but it may offer an opportunity to raise levels of service in the future.

Savings are forecast to total \$28.3 million over 10 years. This means our debt would be lower than forecast under both Options 1 and 2 and your waters services rates will rise more slowly. (See graph on page 6).

This option is assessed to be the most expensive to implement. Establishing an independent company with independent billing would remove the flexibilities to charge development contributions and offer rates rebates to ratepayers, and may risk creating a tax liability.

A Council Waters Company (CWC) is not the preferred option.

Option 4: A professional Council-appointed Waters Governance Board (Council's preferred option)

We establish a Council-appointed Waters Governance Board, including Waikato-Tainui representation. Watercare Services Ltd would provide waters management services under a contract for supply. The Board would control all the 'three waters' operations and service delivery, but the Council would retain ownership of the infrastructure and would continue to provide the background corporate support required so that the way you pay for your waters services would stay the same.

While not offering the level of independence of a separate asset-owning company, this option provides the service delivery and commercial benefits offered under Option 3 along with the following additional benefits:

- Simpler and cheaper to establish
- Removes the risk of creating a tax liability

- Allows the Council to continue to collect development contributions for waters services, to recover costs through targeted rates and offer rates rebates options for low-income ratepayers.

Under this option levels of service will be maintained as presently agreed, but it may offer an opportunity to raise levels of service in the future.

Savings are forecast to total \$28.3 million or more over 10 years. This means our debt would be lower than forecast under both Options 1 and 2 and your waters services rates will rise more slowly. (See graph on page 6 and the table under the Rates section on page 18).

A Waters Governance Board (WGB) is the COUNCIL'S PREFERRED OPTION.

COMPARING THE OPTIONS

Benefits	Option 1: Current Operations	Option 2: SWMC	Option 3: CWC	Option 4: WGB
More effective partnership with iwi to achieve improved environmental outcomes	N/A	✓✓	✓✓✓	✓✓✓
Access to world-class expertise in water and wastewater that Council can't afford on its own	✓	✓✓	✓✓✓	✓✓✓
Realisation of significant financial savings from joint procurement and cost-efficiencies	N/A	✓✓	✓✓✓	✓✓✓
Specialist waters organisation able to attract and retain expert staff	N/A	✓✓	✓✓✓	✓✓✓
Optimise the use of water services to support the district's economic and population growth	✓	✓✓	✓✓✓	✓✓✓
Independent governance with experienced directors largely free of political influence	N/A	✓	✓✓✓	✓✓
Access to cutting edge technology and infrastructure offering world-class safety standards and giving effect to the Council's Zero Harm commitments	✓	✓	✓✓✓	✓✓✓
Responsive to increasing regulatory demands and higher quality standards expected in the future	N/A	✓✓	✓✓✓	✓✓✓
Access to greater resources for emergency response	N/A	✓✓	✓✓✓	✓✓✓
Cost of Implementation	✓✓✓	✓✓	✓	✓✓
Ease of Implementation	✓✓✓	Difficult	✓	✓✓
Risk Assessment	✓	✓✓	✓✓✓	✓✓✓

Key

(performance

against criteria):

✓ – Acceptable

✓✓ – Improvement

✓✓✓ – Significant Improvement

N/A – Not applicable

SWMC – Shared Waters Management Company

CWC – Council Waters Company

WGB – Waters Governance Board



Re-balancing ratepayer contributions to the General Rate

Your Council wants your view on the level of the fixed charge within the general rate. Should we increase it or reduce it? The following explains why this is important.

How your rates are calculated: Your rates are made up of two types being General Rates and Targeted Rates (explained in more detail on page 17). General Rates primarily pay for Council services that are available to all properties in the district, while Targeted Rates pay for localised services depending on the location of your property and the services available. The General Rate is made up of two parts; one is variable and based on the value of the property, and one is a fixed charge that is the same amount for every property (called the Uniform Annual General Charge or UAGC).

Why is this important: The UAGC for 2017/18 is \$454.49. It is a significant portion of the rates on lower-value properties. If we reduce the UAGC it would mean a bigger portion of your rates would be based on your property value. This would ease the rates burden on lower-value properties.

Two views: There are two main points of view. One view is that a lower UAGC is fairer because owners of lower-value properties generally have lower incomes and are less able to pay. Also, they are unable to take advantage of tax deductions that businesses are able to. The other view is that a higher UAGC is fairer because we should all be paying the same amount for the Council services that all households enjoy or have access to. When balancing up these two views it is a good idea to consider the outcomes of the decisions to be made as represented in the bar graph over the page.

Effects on rates, debt, and levels of service: Under all options offered below, Council levels of service will remain the same, debt will remain the same, and the overall level of rates will remain the same but will be split differently between ratepayers across the district. How the different options would impact different categories of ratepayers is shown in the bar graph over the page.

Option 1: Set the UAGC at \$482.85

We set the UAGC at \$482.85. This is based on the current year's UAGC (\$454.49) and calculated to cover increases in the cost of Council services that are enjoyed by all ratepayers. However it doesn't take account of the district's

2017 property revaluation which is shifting the balance in how the rates burden is shared across the district.

Option 1 is not the Council's preferred option.

Option 2: Reduce the UAGC to \$351.96 (Council's preferred option)

We set the UAGC at \$351.96. This level would re-balance ratepayer contributions to general rates to ease the rates burden on lower-value properties.

There are three main reasons that support this option:

1. Most lower-value properties are in our townships and are more likely to be subject to targeted rates for localised services. Targeted rates for localised services fit our user-pays policy, but there is also a 'public good' element to many of these services. For example, good wastewater services for our townships and surrounding areas keep our environment clean for everyone in the district. Re-balancing contributions to the general rates that pay for this 'public good' would seem to be fair.
2. General rates also cover all our roading services and your Council has recently re-balanced its roading maintenance budgets to save costs on the sealed network, but to keep maintenance levels up on the unsealed network to support our rural economic base. Re-balancing contributions to the general rates to ease the burden on lower-value township properties for this reason would also seem to be fair.

3. When property values were reassessed in Waikato District in 2017 lower-value residential properties in our townships had the highest increase in value. For example, some houses in Huntly West went up by more than 100 per cent compared with an average rise in value of 33.7 per cent across the district. This means the general rates burden is likely to fall more heavily on lower-value residential property owners than on other categories of ratepayers. Reducing the UAGC will help ease this burden.

Option 2 is the COUNCIL'S PREFERRED OPTION.



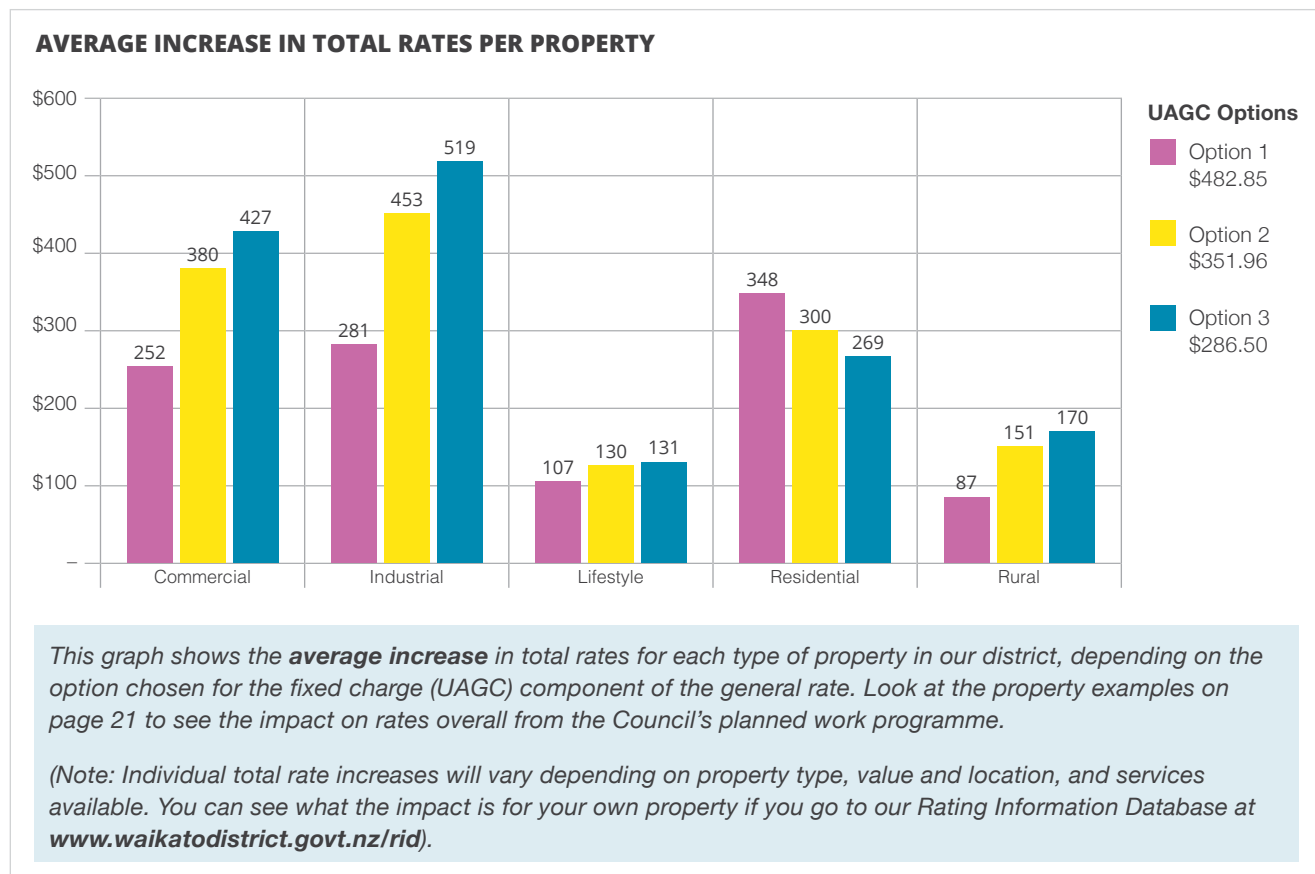
Option 3: Reduce the UAGC to \$286.50

We set the UAGC at \$286.50. In this option, the fixed charge (UAGC) would be lowest in proportion to the variable charge (based on property value) in your general rates. However, your Council must consider the needs of all ratepayers, including residential, rural and business ratepayers. This option would

move the balance too far away from our user-pays policy and the equity established by a UAGC through which everyone pays the same for the Council services they all receive.

Option 3 is not the Council's preferred option.

How UAGC options affect average total rates for different types of properties



PLANNING FOR LIVEABLE, THRIVING AND CONNECTED COMMUNITIES



Planning for growth that achieves our vision

The Council is taking a number of initiatives that will enable us to work with the community and other agencies to design and create liveable, thriving and connected communities.

- **Master Planning:** To undertake a more wholistic approach to planning for our growing communities a master planning budget of \$100,000 has been set aside for each year of the 10-year Long Term Plan for our key towns, with Tuakau and Pokeno identified as early priorities.
- **Sub Regional Initiatives:** The annual budget for sub regional planning is proposed to increase from \$70,000 to \$110,000. This will allow further development of the Future Proof growth management plan with partners including Hamilton City, Waipa District and Waikato Regional Councils. Future Proof identifies and monitors land supply needs in the sub region over the next 50 years, and provides an agreed sequence for development based on the ability to fund growth equitably and other considerations. The budget also allows for further work on the North Waikato Integrated Growth Management Programme with Auckland, Hamilton City and Waikato
- **Housing Infrastructure Fund:** The Council has prepared a detailed business case to access the \$37 million of government interest-free funding it successfully bid for in order to build the infrastructure required to support housing development in Te Kauwhata, consistent with the Sub Regional growth strategies. Our capital expenditure modelling is based on the assumption that this money (including a 10 per cent contingency) will be received.
- **District Plan Review:** The Council is undertaking a review of the District Plan to integrate the Waikato and Franklin sections into a single district wide plan. We expect to be consulting with the community on the proposed new District Plan in mid-2018. We are setting aside about \$1 million to cover costs associated with the statutory process to make the plan fully operative. These costs will be spread over the full 10 years of the Long Term Plan so that they will be borne by both current and future ratepayers who will benefit from the implementation of the new District Plan.

Building resources to improve customer experience

We are undertaking a programme to build the Council's resources to improve our customer experience and to plan effectively for liveable, thriving and connected communities.

This includes an Information Services Digital Strategy aimed at allowing our customers to interact with us more efficiently online. Projects include a new electronic customer portal with an individualised log-in, a payment gateway and an enhanced online process for lodging building consents and submissions.

To help us manage our growing district, we also propose employing more staff in consents, planning, information management, economic development and customer service.

There will be no net cost to our ratepayers since we expect our investments in staff and technology will be matched by increased business efficiencies.

Halls and community facilities

We will complete a Halls Strategy to guide future decisions on the management of the Council's halls portfolio. The future of the Huntly Memorial Hall is still under consideration and subject to separate local consultation. Decisions on

community facilities in other parts of our district will be progressed subject to local consultation which will include consideration of the targeted rates required.

Economic Development

Our Economic Development Strategy focuses on attracting business and employment into the district and on working with the community to improve work opportunities for our youth. We've enjoyed high economic growth since we developed the strategy in 2015, so we will review it to ensure we keep in step with our community's outlook and priorities. Meanwhile, we will continue to support growth in our proven areas of economic strength in primary and food industries,

energy, freight and logistics, and will work to strengthen a diversified local economy in processing, manufacturing and service industries. Tourism has been identified as a major opportunity. Tourism spending in the Waikato district is already \$120m each year and this is expected to grow. The Council will continue to investigate how it can facilitate this growth through smart investment in infrastructure.

Regional Fuel Tax

A proposal to support the introduction of an 11.5 cents per litre regional fuel tax was put to the Council during the Long Term Plan debate. While the Government's preference is for a fuel tax in Auckland only, we will work with Hamilton City and other local government partners in the region to put a detailed

proposal to the Government for further consideration. Should this be approved, and consultation with the public supports this move, revenue from the fuel tax will be used to help fund transport and roading improvements and to reduce the amount of rates you pay.

Waste Management and Minimisation

Every six years we must undertake a review of our Waste Management and Minimisation Plan (WMMP). Our current plan expires this financial year and so we will be seeking your feedback on our new draft plan in May.

- **Refuse and recycling:** Although the amount of kerbside refuse we take to landfill has reduced in some areas of the district, it has increased overall, and our recycling has also increased. The costs of providing these services have also risen, so we need to re-adjust our targeted rates to cover our fixed costs. Accordingly the district wide refuse targeted rate is proposed to increase by \$28.85 (22%) in 2018/2019 with sticker prices remaining at \$1.50, and this has been included in our Long Term Plan financial forecasts. On a wider matter, we also intend to review our refuse and recycling services to ensure they align with our WMMP and that we are recovering the full cost of these services. We will seek your feedback if service delivery changes are proposed. Any service delivery changes agreed would not be undertaken until 2019/20.

- **Inorganic collection:** The next inorganic collection will take place in April 2018 as planned. We propose changing the timing of this service and aligning it with the goals of the WMMP and this forms part of our WMMP consultation with you.
- **Raglan organic kerbside collection:** In 2018/19 this service will be funded from the Raglan Refuse and Recycling Reserve, and then we will consult with the community over introducing a targeted rate to fund the service on a continuing basis from 2019/20.

Consultation on our WMMP is being run separately shortly after consultation on our Long Term Plan. You can find out more detail by going to www.waikatodistrict.govt.nz/wmmp, or phone us on **0800 492 452**, or visit us at our Council offices.

This is a separate consultation that opens on a date to be advertised by public notice soon. Find out more at www.waikatodistrict.govt.nz/wmmp. Please make your submissions online at www.waikatodistrict.govt.nz/sayit once consultation starts.

BUILDING AND MAINTAINING INFRASTRUCTURE

Infrastructure is anything the Council owns or builds to deliver core services



The Waikato District Council has developed an **Infrastructure Strategy** that outlines the rationale, funding and programme of works for all our infrastructure developments over the next 30 years. You can find this on our website www.waikatodistrict.govt.nz/longtermplan

We are planning to ensure most of the district's projected growth will occur in our main towns and villages. This will support economies of scale and cost-efficiencies in provision of infrastructure and safeguard the productive capacity of our rural land.

Approximately 60% of what we spend on infrastructure is on maintenance and renewals. The remaining 40% is for significant capital projects that are planned over the next ten years (see page 15 for the list and location of these).

The Council also has Activity Management Plans which provide a full list of assets for each core service and more detail on future developments. These can also be found on the Council's website.

Details follow about our infrastructure strategy and some of the changes being proposed. Note: These are for your information only as they do not constitute significant changes that require formal consultation.

Roads and transport

We've undertaken significant work to assess the condition of our roading assets so that we can maintain what we have as well as meet short to medium term affordability targets, and improve community outcomes. Compared with 2017/18, it is proposed that transport and roading works will add an extra \$1.8 million to general rates from Year 1 of the Long Term Plan. Five areas will receive particular attention in the next three years:

- **Maintenance:** Growth is increasing demand on maintenance budgets. To maintain affordability over the next three years, sealed road rehabilitation will be reduced in favour of a heavy maintenance and reseal strategy, but we will maintain heavy grading of our unsealed roads. No seal extension projects are included in this Long Term Plan as we need to focus on maintaining our current assets. It costs about \$500,000 to seal one kilometre of unsealed road, and then it becomes more expensive to maintain. (Each extra kilometre of sealed road adds more than one per cent to the general rate you pay.) However, budgets for footpath maintenance and extensions will increase.
- **Safety:** In years 1-3 of the Long Term Plan (2019-21) we will focus on high priority safety issues such as bridge and structure replacement, high risk rural road safety and traffic calming. There will be a reduction in minor, lower-priority safety improvements associated with our road rehabilitation projects. In years 4-10 (2022-28), minor safety work will increase as bridge and structure renewal work decreases.
- **Planning for growth:** In the next three years we will focus on a strategy for improving transport networks in growth areas, particularly in north Waikato. With support from the NZ Transport Agency and Waikato Regional Council we will co-fund improvements to public transport services in the north Waikato. Some growth related roading infrastructure projects will be implemented in the next three years, but most will be delivered through the next Long Term Plan 2021-2031.
- **Network resilience and emergency works:** A new budget of \$800,000 per year has been allocated for emergency works in response to major storm damage to roads, and a further \$300,000 per year for minor emergency works. Following short term repairs to district roads damaged in the storms of March and April 2017, \$2.58 million has been allocated for permanent restoration. Some of this work will gradually be accommodated in the new annual budget for emergency works as opportunity allows, and the balance will be budgeted for completion in Year 4 of the Long Term Plan (2021/2022).
- **State Highway handovers:** As the Waikato Expressway is completed, the NZ Transport Agency will handover nearly 90 kilometres of the former State Highways 1 and 1B to the Council to maintain. We're working with NZTA and the local community to explore opportunities to reconfigure the old State Highway through Huntly to better suit the town's needs.

Waters services

The 'three waters' include water supply, wastewater (water that goes down sinks and toilets) and stormwater (water that goes down drains and downpipes and runs off land and roads).

Whichever option we choose for managing our 'three waters' services in the future, we're not expecting to change levels of service in the first year of the Long Term Plan (2018/19) except for the changes already endorsed during last year's consultation on our wastewater services. However, the option we choose will have a beneficial effect on targeted rates from the first year of the Long Term Plan (2018/19). The 2018/19 wastewater targeted rate agreed through last year's wastewater consultation is the only rate that remains the same in all options. If the Council's preferred option is chosen, it should allow us to start leveraging the benefits quickly. The graph on page 6 shows how rates will change in the first three years depending on the 'Three Waters' management option chosen. Over 10 years the effect will be to save about \$1,000 per property.

Overall we have already delivered district-wide metering, unified targeted rates and undertaken other measures to improve our network resilience. Data we are gathering on our assets will help us maintain what we have, continue to make incremental improvements and support district growth.

- **Wastewater:** Three wastewater spills into Raglan Harbour over four months in 2016 sparked a major review of our wastewater services. Long term plans to protect our waterways and environmentally sensitive areas were supported through an Annual Plan consultation in 2017. We will continue to implement our 'Continuous Improvement Programme' as agreed through that Annual Plan consultation, including asset assessment,

monitoring equipment upgrades, a public education programme to change behaviour to reduce blockages, and separation of the wastewater and water operations in line with industry best practice. We are already meeting the new levels of service endorsed* through that consultation, and our asset assessment is providing the understanding we need to address priority areas through our \$1.5 million per year asset renewals programme. As also agreed through that consultation, the wastewater targeted rate will increase by 13.9 per cent in the first year of the Long Term Plan (2018/19). From then on the rate will be determined by the 'Three Waters' management option chosen through the current consultation. Under the preferred option, wastewater rate increases would drop to two per cent per year.

- **Water:** The Council's water supply is chlorinated, with the exception of a small scheme in Onewhere which uses filtration and Ultraviolet light sterilisation, so no specific work has been identified in our district as a result of the Havelock North water enquiry** at this stage. Your future water rates will be determined by the 'Three Waters' management option chosen through the current consultation. Water rates will rise as part of a long term adjustment to recover costs. Under the preferred option, water rates and water-by-meter charges will increase by 4.5 and 4 per cent per year respectively over the next 10 years.
- **Stormwater:** Operational budgets have been increased by \$50,000 per year to support appropriate maintenance. Future stormwater rates will be determined by the 'Three Waters' management option chosen through the current consultation. Under the preferred option, stormwater rates will increase by two per cent per year over the next 10 years.

Parks and Facilities

We will complete a Halls strategy as outlined on page 12. We will also develop an Acquisition and Disposal Strategy to consider what we have and what our district needs. We will set priorities addressing deferred maintenance requirements across our portfolio of parks and reserves and other facilities.

Budgets have been proposed to support growth in north Waikato in order to: investigate a Library/Service Centre in Pokeno, develop an Animal Control Centre facility, and develop a new cemetery in Whangarata Rd near Tuakau.

Walkway spending will continue at current levels, but will focus on Te Awa walkway (Hamilton – Cambridge section), with funding for other walkways recommencing from year 4 of the Long Term Plan (2021/22).

Pensioner housing will be maintained with a proposal to increase rent from \$130 to \$156 per week from 2018/19 in order to do so. Recently announced pension increases should assist tenants to cover this.

**No more than three dry-weather overflows per 1,000 connections per year with a focus on reducing spills in sensitive environments such as waterways to no more than one dry-weather overflow per 1,000 connections per year.*

***This enquiry into NZ drinking water safety and compliance levels followed the widespread outbreak of gastroenteritis in Havelock North in August 2016*

KEY COUNCIL PROJECTS IN YOUR AREA

2018-28

For the full list of capital projects please go to
www.waikatodistrict.govt.nz/longtermplan



These projects are included in detail in the Infrastructure Strategy. There may be changes in prioritising these projects when we review our Long Term Plan again in 2021, and as new information becomes available.

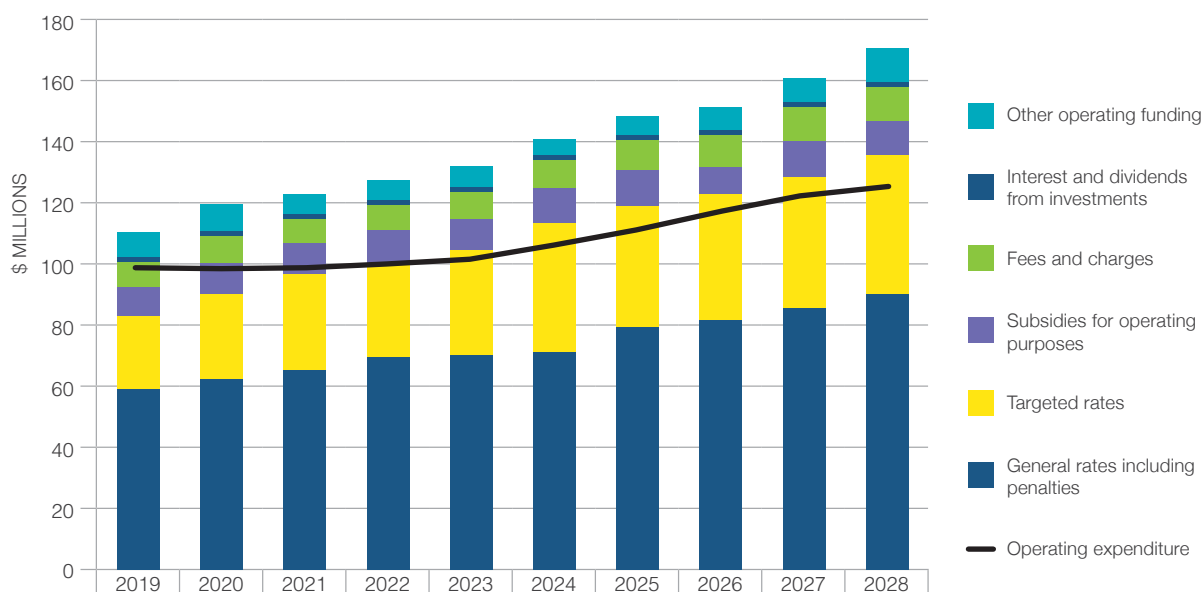
HOW WE FUND THE FUTURE



The Council has five main sources of income: general rates (including the Uniform Annual General Charge), targeted rates (including water charges), development contributions, user fees and charges, and subsidies/grants/investments.

HOW COUNCIL WILL FUND ITS OPERATIONAL ACTIVITY 2018 TO 2028

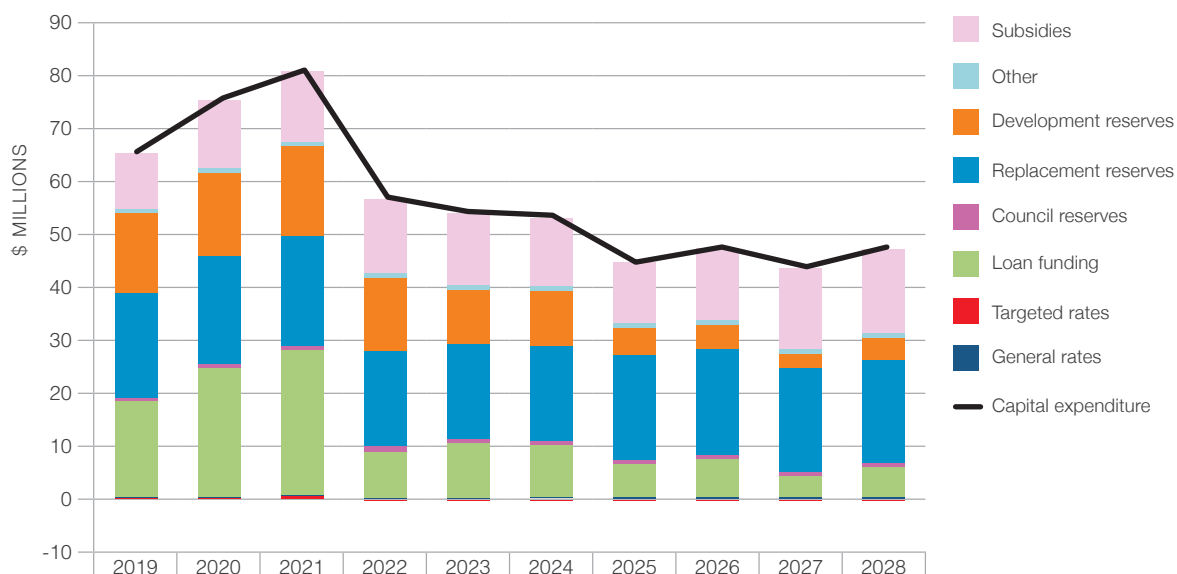
Ten year operating expenditure and funding sources



In the graph above you will see that the actual operating expenditure (the black line) is less than the total amount we collect in revenue. This is because we put money in reserve for future replacement of assets and capital work programmes (infrastructure).

HOW COUNCIL WILL FUND ITS CAPITAL EXPENDITURE 2018 TO 2028

Ten year capital expenditure and funding sources



Key elements in our financial strategy

Sustainable growth: We will balance affordability and growth by doing more with existing budgets, moving costs of services to those who use them, maintaining existing assets; modernising infrastructure, and supporting growth.

Capital investment for growth will initially be funded by borrowing, including the interest-free Housing Infrastructure Fund (\$37 million). We will use subsidies, external funds and development contributions where possible to reduce debt. The remainder will be repaid over 25 years by ratepayers.

The Council's net debt will not exceed 1.5 times our revenue, except to address unplanned events and emergencies, such as severe weather.

Rates limits: The average rate increase for ratepayers will not exceed 15 per cent per year in the first three years. This limit will reduce to five per cent per year from 2022. Total rates will not exceed 0.7 per cent of the total rateable capital value of the district (based on 2017 rating valuations).

Meeting our funding challenges: growth and asset revaluation

We're a growing district. The Council's forecast growth will mean 6,500 properties and 12,000 more people in the next 10 years. Growth brings new residents, businesses, income and employment to the district, but it also increases costs – particularly in the early stages when infrastructure is needed to support that growth. Much of this growth infrastructure is paid for by development contributions (see page 18) and the balance comes from loans and reserves.

While supporting growth in growth areas, we must also continue to maintain services in non-growth areas.

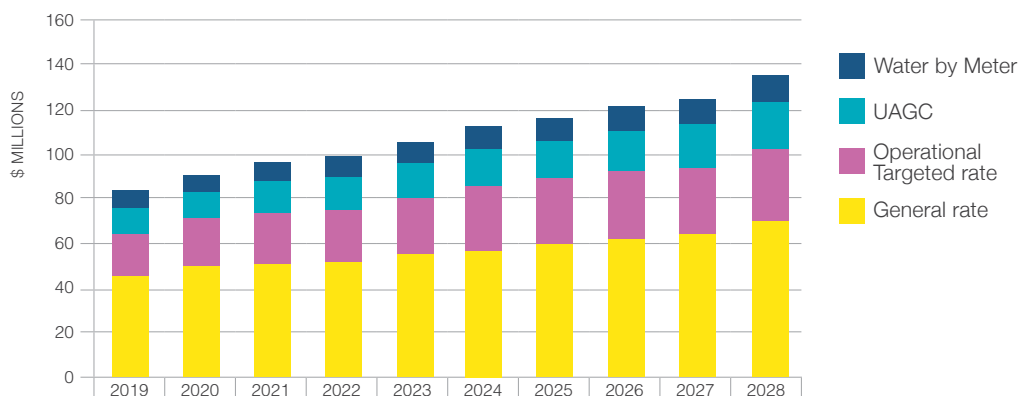
Asset revaluations over the past three years show us that it will cost us more to maintain and renew our assets over the next 10 years. Asset depreciation costs have risen by \$1.2 million in the first year (2018/19) compared with the Annual Plan 2017/18. Higher depreciation and lower dividends (we no longer have dividend income from a Council-owned roading company) mean we have to increase our general rate. Work programme efficiencies will allow us to cap the average general rates increase at 6.24 per cent for 2018/19 and to maintain lower increases every year after that. (See table over the page).

Rates

There are two types of rates: general rates (which includes a fixed and a variable charge) and targeted rates. This section outlines changes to each of these.

- **General Rate:** The general rate is for services and activities that all residents may benefit from. It is a variable rate based on the value of your property. The general rates increase for 2018/19 is 6.24 per cent.
- **Uniform Annual General Charge (UAGC):** This is part of the General Rate, but is a fixed charge regardless of the value of your property. It means all ratepayers pay the same minimum amount for council services that everyone benefits from. We propose changing the UAGC to re-balance ratepayers' contributions to the General Rate. Your feedback is important in helping the Council to make this decision (see page 9).

OVERALL RATING INCOME FROM 2018 TO 2028



- **Targeted Rates:** Targeted rates are for services that benefit properties in specific locations, for example, refuse collections, water supplies, and maintenance for your local community hall.

Changes to targeted rates are covered earlier in this document in sections on our waters services (page 14) and refuse and recycling services (page 12).

SUMMARY OF PROPOSED RATES INCREASES 2018-28:

Rate	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Years 4-10 2022 - 2028
General rate	6.24%	4.8%	3.73%	3%
Uniform Annual General Charge (UAGC) preferred option	Reduce the UAGC from \$454.49 to \$351.96			
Water targeted rate	4.5%	4.5%	4.5%	4.5%
Water-by-meter	4%	4%	4%	4%
Wastewater targeted rate	13.9%*	2%	2%	2%
Stormwater targeted rate	2%	2%	2%	2%
Refuse targeted rate	22%** (stickers remain \$1.50)	Service review and further consultation planned		

* As agreed through our Annual Plan 2017/18 consultation on wastewater services. See page 14.

** Except Raglan and Te Mata where the increase will be 5%.

Development Contributions

Development contributions is money that developers pay towards the costs of infrastructure required for growth eg water supply and wastewater pipes, roads and footpaths, parks and reserves.

The Council's Development Contribution Policy outlines in more detail how this works in our district. You can view this online at www.waikatodistrict.govt.nz/longtermplan

Debt

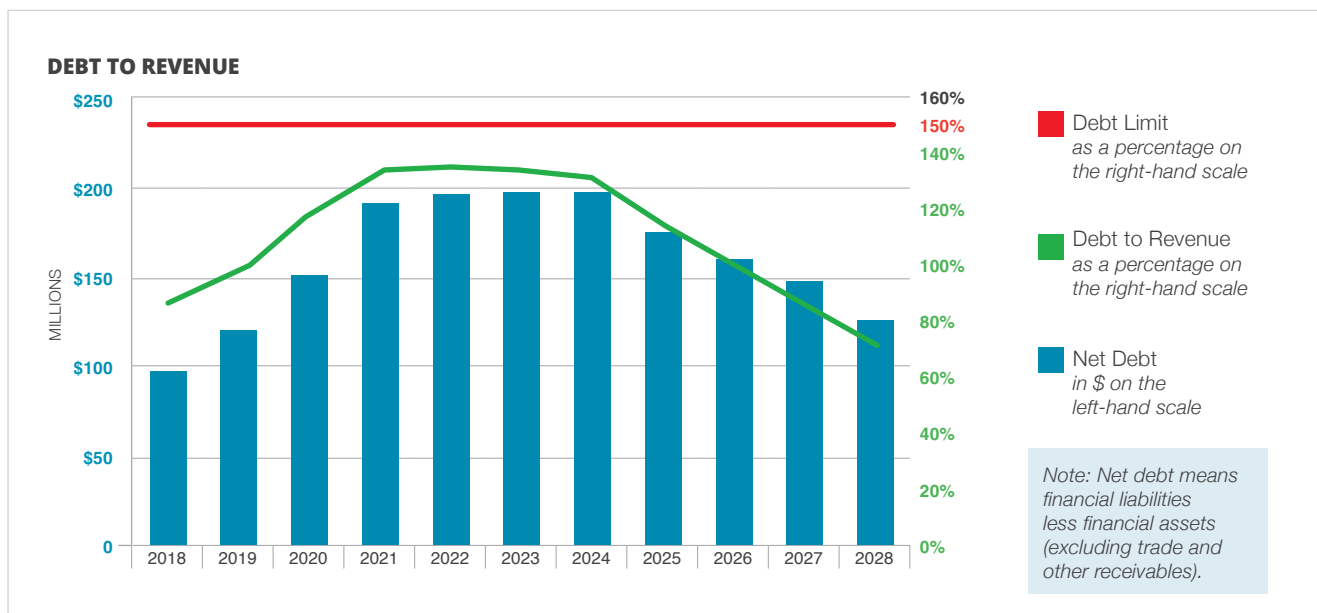
Councils borrow money to fund major projects that can't be afforded in one lump sum. This borrowing is repaid through rates, and through development contributions as appropriate for projects that support development and growth. By spreading repayment of debt over the life of the assets, this spreads the cost of the projects across ratepayers who will benefit from the facilities both now and in the future.

Council is able to borrow up to 1.75 times revenue based on Treasury Guidelines, but has chosen a prudent strategy to limit borrowing to 1.5 times revenue. Over the next few

years the Council's debt is expected to increase to just over \$195 million (in 2023). At this level it is still well within the recommended guidelines as well as the Council's strategic limit, giving us capacity to borrow more if we need (eg. due to growth or natural disaster). See the graph opposite.

We keep our rates at affordable levels by borrowing only what we need.





Fees and Charges

Changes proposed for the next three years include:

- Animal control fees: To encourage responsible dog ownership, 'selected owner' application fees will drop from \$65 to \$20 while the fees for a second impounding will rise from \$110 to \$120 and for a third or subsequent impounding fees will rise from \$130 to \$150. The price charged for large dog collars sold through Council offices will rise from \$13 to \$18 to recover costs.
- Pensioner housing weekly rents will rise from \$130 to \$156 to cover maintenance costs.
- Environmental Health fees will be restructured to reflect changes in the Food Act.
- New consents fees will be introduced to reflect new services as a result of changes to the RMA, complexities in some types of resource consent applications, and the administrative costs of handling development contributions.
- All other changes to fees and charges reflect CPI adjustments.

A document is available outlining the Council's fees and charges and the proposed changes on Council's website under "have your say".

Consultation on our fees and charges is being run separately but within the same timeframe as consultation on our Long Term Plan.

You can find out more detail by going to **www.waikatodistrict.govt.nz/Your-Council/Fees-and-charges**. Phone us on 0800 492 452 or visit us at our Council offices.

This is a separate consultation.
Please make your submissions **online**
by **9am, Monday 16 April 2018** at
www.waikatodistrict.govt.nz/sayit



Independent auditor's report on Waikato District Council's Consultation Document for its proposed 2018-28 Long-Term Plan

I am the Auditor-General's appointed auditor for Waikato District Council (the Council). Section 93C of the Local Government Act 2002 (the Act) requires an audit report on the Council's consultation document. We have done the work for this report using the staff and resources of Audit New Zealand. We completed our report on 28 February 2018.

Opinion

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2018-28 long-term plan, because it:
 - fairly represents the matters proposed for inclusion in the long-term plan; and
 - identifies and explains the main issues and choices facing the Council and district, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by section 93C of the Act. I do not express an opinion on the merits of any policy content of the consultation document.

Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

In addition to this report on the Council's consultation document and all legally required external audits, we have provided an assurance report on certain matters in respect of the Council's Debenture Trust Deed. These assignments are compatible with those independence requirements. Other than these assignments, we have no relationship with or interests in the Council or any of its subsidiaries.



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General, Auckland, New Zealand

WHAT DOES THIS MEAN FOR YOUR RATES OVERALL?



If we choose the Council's preferred options for waters services management and for the fixed charge component (UAGC) of general rates, the impact on total property rates for 2018/19 for a selection of district properties is shown below.



RESIDENTIAL

	Awaroa Ki Tuakau		Huntly		Ngaruawahia		Raglan		Tamahere	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Average Capital Value	410,000	600,000	185,000	320,000	230,000	395,000	405,000	610,000	470,000	610,000
General Rates	1,003.68	1,232.64	452.88	657.41	563.04	811.49	991.44	1,253.18	1,150.56	1,253.18
UAGC	454.49	351.96	454.49	351.96	454.49	351.96	454.49	351.96	454.49	351.96
Fixed Targeted Rates	1,292.65	1,432.44	1,465.80	1,634.44	1,448.80	1,617.44	1,428.76	1,574.11	310.30	368.00
Total Rates	2,750.82	3,017.04	2,373.17	2,643.81	2,466.33	2,780.89	2,874.69	3,179.25	1,915.35	1,973.14
Total % increase (over 2017/18)		9.68%		11.40%		12.75%		10.59%		3.02%
Total \$ increase (over 2017/18)		266.22		270.64		314.56		304.56		57.79



RURAL

	Low range		Mid range		High range	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Average Capital Value	475,000	680,000	860,000	1,125,000	6,260,000	7,600,000
General Rates	1,162.80	1,396.99	2,105.28	2,311.20	15,324.48	15,613.44
UAGC	454.49	351.96	454.49	351.96	454.49	351.96
Fixed Targeted Rates	344.98	383.45	382.98	421.45	1,091.60	1,357.00
Total Rates	1,962.27	2,132.40	2,942.75	3,084.61	16,870.57	17,322.40
Total % increase (over 2017/18)		8.67%		4.82%		2.68%
Total \$ increase (over 2017/18)		170.13		141.86		451.83

Note 1:

Individual rate increases will vary depending on property type, value and location, and services available. You can see what the impact is for your own property if you go to our Rating Information Database at waikatodistrict.govt.nz/rid

Note 2:

Average Capital Value for 2018/2019 is per the 2017 rating valuation.

Note 3:

Fixed Targeted Rates reflect the range of services available for each property example. These do not include water-by-meter charges.



LIFESTYLE



COMMERCIAL



INDUSTRIAL

	LIFESTYLE		COMMERCIAL		INDUSTRIAL	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Average Capital Value	580,000	880,000	1,230,000	1,520,000	3,860,000	4,810,000
General Rates	1,419.84	1,807.87	3,011.04	3,122.69	9,449.28	9,881.66
UAGC	454.49	351.96	454.49	351.96	454.49	351.96
Fixed Targeted Rates	557.98	407.45	1,317.65	1,457.44	630.51	697.94
Total Rates	2,432.31	2,567.28	4,783.18	4,932.09	10,534.28	10,931.56
Total % increase (over 2017/18)		5.5%		3.11%		3.77%
Total \$ increase (over 2017/18)		134.97		148.91		397.28

SUMMARY OF CONSULTATION MATTERS

Now that you have read this document please tell us what you think about:

1. Proposed Changes to our Long Term Plan

1.1 HOW WE MANAGE OUR WATER, WASTEWATER AND STORMWATER ('THREE WATERS')

Please read the details on page 6. There are four options available. You can either use the submission page opposite to tell us which option you prefer, or, for easier handling, please go online at www.waikatodistrict.govt.nz/sayit

1.2 SETTING THE UAGC TO BALANCE CONTRIBUTIONS TO THE GENERAL RATE WITH FAIRNESS AND AFFORDABILITY

Please read the details on page 9. There are three options available. You can either use the submission page opposite to tell us which option you prefer, or, for easier handling, please go online at www.waikatodistrict.govt.nz/sayit

For more information on these issues call us on Freephone 0800 492 452 or go to the Waikato District Council website as follows:

See supporting material on the Long Term Plan at www.waikatodistrict.govt.nz/longtermplan

Contact your Councillor using their contact details at www.waikatodistrict.govt.nz/councillors

2. Other Separate Consultation Matters

2.1 FEES AND CHARGES

We are reviewing our Fees and Charges at the same time as we are reviewing our Long Term Plan (see page 19) and would like your feedback. You can find out more detail by going to www.waikatodistrict.govt.nz/Your-Council/Fees-and-charges. Phone us on 0800 492 452 or visit us at our Council offices.

This is a separate consultation. Please make your submissions online by 9am, Monday 16 April 2018 at www.waikatodistrict.govt.nz/sayit

2.2 WASTE MANAGEMENT AND MINIMISATION PLAN

We do not expect to make any changes to our refuse and recycling services in 2018/19, but we are undertaking a separate review of our Waste Management and Minimisation Plan (WMMP) shortly after we are reviewing our Long Term Plan (see page 12) and would like your feedback. You can find out more detail by going to www.waikatodistrict.govt.nz/wmmp, or phone us on 0800 492 452, or visit us at our Council offices.

This is a separate consultation that opens on a date to be advertised by public notice soon. Find out more at www.waikatodistrict.govt.nz/wmmp. Please make your submissions online at www.waikatodistrict.govt.nz/sayit once consultation starts.

LONG TERM PLAN 2018-2028

Please provide your feedback by **9am, Monday 16 April 2018**.

Name/organisation:

Address: Postcode:

Email: Phone:

Hearings will be held between 15 and 18 May 2018. (Venues TBC)

Do you want to speak about your submission at this hearing? ☐ Yes ☐ No

Preferred method of contact: ☐ Email ☐ Post

Age: (optional) ☐ 16-24 ☐ 25-35 ☐ 36-50 ☐ 51-65 ☐ 66+

Ethnicity: (optional)

This information will be used for statistical purposes only, to help us understand who is engaging with Council.

There are two specific issues the Council would like feedback on. Each is summarised in this document but you're welcome to contact us for more information.

Please indicate which option you support for the following issues:

PAGE 6 1. 'Three Waters' Management ☐ Option 1 ☐ Option 2 ☐ Option 3 ☐ Option 4

PAGE 9 2. Uniform Annual General Charge ☐ Option 1 ☐ Option 2 ☐ Option 3

If there is any more information you want to supply in addition to this submission form, please attach it to this submission form and enclose it in the Freepost return envelope provided.

Please tell us what you think of what we are proposing by making a submission in one of the following ways:

Online (recommended): www.waikatodistrict.govt.nz/sayit

Post to: Freepost 803, Waikato District Council,
Private Bag 544, Ngaruawahia 3742

Emailing to: consult@waidc.govt.nz

Faxing to: (07) 824 8091

Deliver to: Any Council office or library

INFORMATION SESSIONS

You can find out more about the options offered for consultation on our Long Term Plan 2018-28 by attending a Waikato District Council Information session.

LOCATION		TIME
Awaroa ki Tuakau	Pokeno Hall, 19 Market St	Tuesday 20 March, 7.00pm-8.30pm
	Tuakau Memorial Hall, 70 George St	Monday 9 April, 7.00pm-8.30pm
	Aka Aka Hall, 809 Aka Aka Rd	Tuesday 10 April, 6.00pm-7.30pm
Eureka	Matangi Hall, 478 Tauwhare Rd	Wednesday 4 April, 6.30pm-8.00pm
Hukanui-Waerenga	Gordonton Hall, 1024 State Highway 1B	Wednesday 21 March, 6.00pm-7.30pm
Huntly	Riverside Room, Huntly Civic Centre, 148 Main St	Thursday 5 April, 6.00pm-7.30pm
Newcastle	Te Kowhai Hall, 612 Horotiu Rd	Wednesday 11 April, 6.00pm-7.30pm
Ngaruawahia	Ngaruawahia Bowling Club, 103 Ellery St	Wednesday 4 April, 6.00pm-7.30pm
Onewhero-Te Akau	Te Akau Waingaro Community Complex, 612 Te Akau Rd	Thursday 22 March, 4.00pm-5.30pm
	Glen Murray Memorial Hall, 2400 Highway 22	Thursday 22 March, 7.00pm-8.30pm
	Port Waikato Hall, Maunsell Rd	Tuesday 27 March, 6.30pm-8.00pm
	Onewhero Rugby Club, 769 Onewhero-Tuakau Bridge Rd	Tuesday 3 April, 6.00pm-7.30pm
Raglan	Supper Room, Raglan Hall, 41 Bow St	Wednesday 28 March, 5.00pm-7.00pm
Tamahere	Tamahere Hall, 35 Devine Rd	Thursday 15 March, 6.00pm-7.30pm
Whangamarino	Te Kauwhata Rugby Club, Te Kauwhata Domain	Thursday 22 March, 6.00pm-7.30pm

Use the submission form inside this document to have your say and deliver it to any Council office or library, fax or email us, or post it using the Freepost envelope provided, or go online and have your say at **www.waikatodistrict.govt.nz/sayit**

Head Office: 15 Galileo Street, Ngaruawahia, 3720

Freepost 803 Waikato District Council,
Private Bag 544, Ngaruawahia 3742,
New Zealand

www.waikatodistrict.govt.nz

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Email: consult@waidc.govt.nz

Freephone: 0800 492 452

