

# Activity Management Plan 2021

## Transportation Financial Summary

Roading | July 2021







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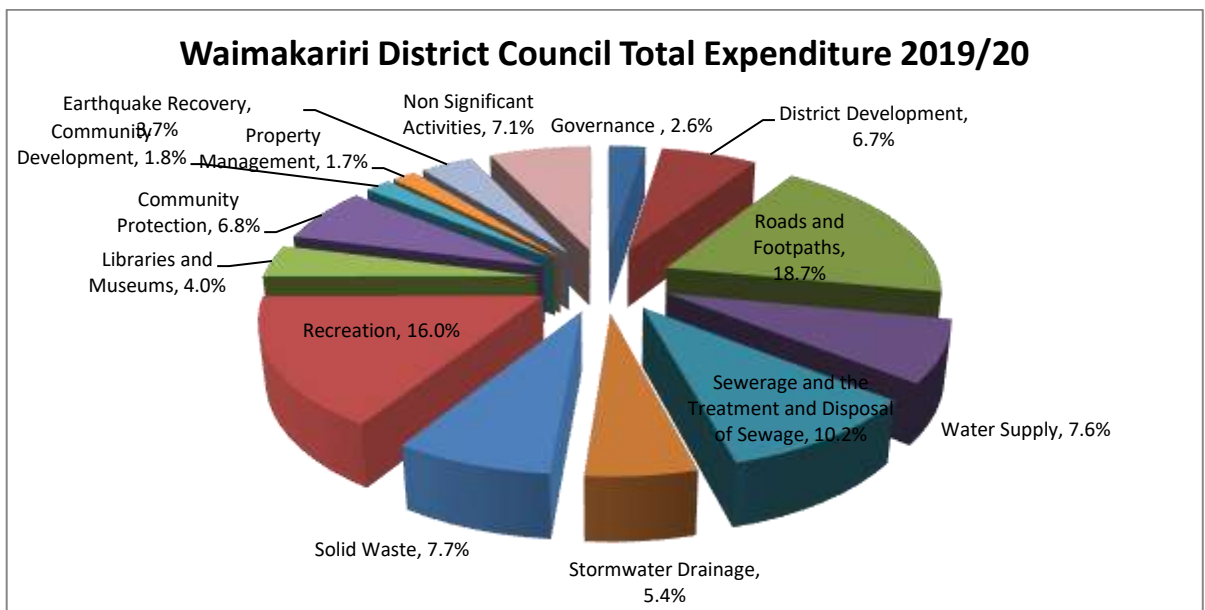
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# 1 Financial Summary Overview

This section of the Roothing Activity Management Plan outlines the long term operations, maintenance and capital financial requirements for the operation, maintenance, renewals and development of the roading network based on the long term strategies outlined earlier in the plan. The roading network accounted for 18.7%% of the council's total expenditure in 2019/20 as shown in following graph, compared with 24% in 2016/17.

Figure 1: Council Financial Summary 2019/20



## Financial Statements and Projections

The aim of the ten year financial forecast is to demonstrate financial discretion in the management of the roading assets to provide the target LOS defined in Section 3.

All financial forecasts presented in this plan are based on 20/21 dollars and will need to be adjusted each year to reflect cost fluctuation. However, Council is required by the Local Government Act to provide a ten year plan adjusted for inflation as summarised in Table 7.2.

Table 7.2 presents the expected forecast inflation over the next ten years. These figures have been derived from those recommended to the Local Government from Business and Economic Research Limited (BERL) Price level adjustments have been applied and are based on 20/21 dollars. The BERL inflation figures are not necessarily in line with roading inflation due to construction specific costs plus the effects of the cost of oil on bitumen based work.

These figures are prior to the Long Term Plan Finalisation. Some changes may need to be made following consultation and Council deliberation. In addition, due to funding constraints not all requests for financial assistance from NZTA may be approved and this may require adjustments to the planned works. In order to accommodate NZTA funding and to reflect Asset Management recommendations, the original recommendations have been left in this AMP. The amendments are included in Schedule 8.1 LTP Amendments.

Table 1: Uninflated Roading Summary

REVENUE	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Targeted Roading Rates</i>	12,461	12,867	13,028	13,225	13,360	13,615	14,033	14,033	14,056	14,306
<i>Fees and Charges</i>	573	573	573	573	573	573	573	573	573	573
<i>Subsidies</i>	7,886	9,899	8,161	8,880	8,698	8,090	9,946	9,584	12,924	11,248
<i>Interest</i>	9	27	27	45	52	63	66	68	72	44
<i>Contributions</i>	4,112	4,166	3,992	4,725	3,742	3,647	3,487	3,181	2,967	2,540
<i>Gains</i>	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUE</b>	<b>25,041</b>	<b>27,533</b>	<b>25,781</b>	<b>27,448</b>	<b>26,425</b>	<b>25,988</b>	<b>28,105</b>	<b>27,439</b>	<b>30,592</b>	<b>28,710</b>
<b>OPERATING EXPENDITURE</b>										
<i>Subsidised Maintenance</i>										
<i>Structural Maintenance</i>	2,547	2,583	2,616	2,649	2,683	2,717	2,752	2,787	2,822	2,858
<i>Corridor Maintenance</i>	1,910	1,979	2,014	2,051	2,087	2,125	2,163	2,202	2,242	2,282
<i>Other Maintenance</i>	1,541	1,554	1,567	1,580	1,593	1,606	1,619	1,633	1,646	1,660
<i>Unsubsidised Expenditure</i>										
<i>General Maintenance</i>	608	599	500	535	458	653	494	576	474	479
<i>Management Costs</i>	965	1,040	1,016	1,022	1,023	1,047	1,072	1,101	1,130	1,162
<i>Loan Interest</i>	1,135	1,188	1,247	1,240	1,272	1,319	1,315	1,308	1,298	1,389
<i>Depreciation</i>	10,399	10,791	11,531	12,119	12,739	13,387	14,042	14,622	15,142	15,677
<i>Indirect Expenditure</i>	1,685	1,762	1,817	1,882	1,942	2,032	2,095	2,163	2,214	2,290
<i>Total</i>	<b>20,790</b>	<b>21,496</b>	<b>22,308</b>	<b>23,077</b>	<b>23,797</b>	<b>24,886</b>	<b>25,553</b>	<b>26,391</b>	<b>26,968</b>	<b>27,796</b>
<i>Internal Interest Elimination</i>	322	326	341	340	343	347	339	350	341	362
<b>TOTAL OPERATING EXPENDITURE</b>	<b>20,468</b>	<b>21,170</b>	<b>21,966</b>	<b>22,737</b>	<b>23,453</b>	<b>24,539</b>	<b>25,213</b>	<b>26,042</b>	<b>26,627</b>	<b>27,435</b>
<b>OPERATING SURPLUS (DEFICIT)</b>	<b>4,573</b>	<b>6,363</b>	<b>3,814</b>	<b>4,711</b>	<b>2,972</b>	<b>1,449</b>	<b>2,892</b>	<b>1,398</b>	<b>3,965</b>	<b>1,276</b>

Renewals	6,257	6,468	6,431	6,311	6,404	6,438	6,534	6,632	6,732	6,914
New Works										
- to meet additional demand	6,019	8,364	4,730	6,794	5,484	6,072	7,505	6,283	13,594	13,666
- to improve level of service	1,573	3,271	1,304	2,885	2,860	988	1,175	1,200	4,101	6,000
Loan Repayments										
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>13,849</b>	<b>18,103</b>	<b>12,465</b>	<b>15,990</b>	<b>14,749</b>	<b>13,498</b>	<b>15,214</b>	<b>14,115</b>	<b>24,427</b>	<b>26,580</b>
Loan repayments	1,104	1,227	1,367	1,467	1,597	1,746	1,863	1,962	2,008	2,126
<b>FUNDED BY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,357</b>	<b>3,010</b>
Loans	3,993	4,245	2,500	3,440	4,043	2,665	2,721	2,671	5,800	8,517
Reserves									1,357	3,010
Cash From Operating	10,960	15,086	11,331	14,017	12,302	12,579	14,355	13,406	19,277	17,179

Table 2: Inflated Roothing Financial Summary

INCOME		22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Targeted Roothing Rates	12,463	13,253	13,765	14,336	14,875	15,553	16,479	16,942	17,462	18,251
Fees and Charges	573	590	604	620	635	651	668	686	705	723
Subsidies	7,886	9,959	8,625	9,629	9,686	9,244	11,683	11,573	16,058	14,352
Interest	9	28	30	50	58	72	78	82	89	55
Contributions	4,100	4,280	4,207	5,112	4,155	4,155	4,085	3,830	3,675	3,231
<b>TOTAL INCOME</b>	<b>25,031</b>	<b>28,110</b>	<b>27,231</b>	<b>29,747</b>	<b>29,410</b>	<b>29,676</b>	<b>32,992</b>	<b>33,113</b>	<b>37,989</b>	<b>36,613</b>
<b>OPERATING EXPENDITURE</b>										
<b>Subsidised Maintenance</b>										
Structural Maintenance	2,547	2,660	2,765	2,873	2,988	3,105	3,232	3,365	3,506	3,646
Corridor Maintenance	1,910	2,039	2,129	2,223	2,325	2,428	2,541	2,659	2,786	2,912
Other Maintenance	1,541	1,601	1,656	1,713	1,774	1,835	1,902	1,971	2,045	2,118
<b>Unsubsidised Expenditure</b>										
General Maintenance	608	599	500	535	458	653	494	576	474	479
Management Costs	965	1,071	1,074	1,108	1,139	1,196	1,259	1,329	1,404	1,483
Loan Interest	1,135	1,223	1,315	1,340	1,409	1,499	1,533	1,566	1,595	1,752
Depreciation	10,399	11,114	11,830	12,434	13,083	13,735	14,435	15,031	15,581	16,101
Indirect Expenditure	1,685	1,762	1,817	1,882	1,942	2,032	2,095	2,163	2,214	2,290
<b>Total</b>	<b>20,790</b>	<b>22,069</b>	<b>23,086</b>	<b>24,108</b>	<b>25,118</b>	<b>26,483</b>	<b>27,491</b>	<b>28,660</b>	<b>29,605</b>	<b>30,781</b>
Internal Interest Elimination	322	335	360	367	381	394	396	418	419	456
<b>TOTAL OPERATING EXPENDITURE</b>	<b>20,468</b>	<b>21,734</b>	<b>22,726</b>	<b>23,741</b>	<b>24,737</b>	<b>26,089</b>	<b>27,095</b>	<b>28,242</b>	<b>29,186</b>	<b>30,325</b>

OPERATING SURPLUS (DEFICIT)	4,573	6,625	4,518	6,019	4,686	3,600	5,912	4,884	8,816	6,300

CAPITAL EXPENDITURE	LTP Budget									
	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Renewals	6,257	6,536	6,666	6,776	7,203	7,499	7,675	8,008	8,985	8,719
New Works										
- to meet additional demand	6,019	9,079	4,999	7,367	6,107	6,938	8,815	7,587	16,891	17,438
- to improve level of service	1,573	3,369	1,378	3,128	3,185	1,129	1,380	1,449	5,095	7,656
Loan Repayments	1,104	1,264	1,445	1,591	1,778	1,995	2,188	2,369	2,495	2,713
Increase/decrease in reserves										
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>1,104</b>	<b>1,226</b>	<b>1,363</b>	<b>1,468</b>	<b>1,602</b>	<b>1,757</b>	<b>1,879</b>	<b>1,976</b>	<b>2,013</b>	<b>2,122</b>
CAPITAL FUNDED BY										
Loans	3,933	4,136	2,694	3,637	4,243	2,867	2,638	2,321	5,453	8,171
Reserves	-	-	-	-	-	-	-	-	1,825	3,109
Cash From Operating	10,960	16,001	11,975	15,199	13,699	14,373	16,862	16,188	23,978	21,944
<b>TOTAL FUNDING</b>	<b>14,953</b>	<b>20,373</b>	<b>14,617</b>	<b>18,929</b>	<b>18,202</b>	<b>17,418</b>	<b>20,058</b>	<b>19,413</b>	<b>32,844</b>	<b>36,629</b>

## 2 Expenditure

Each of the transport activities costs are divided into two categories: operational expenditure (OPEX) and capital expenditure (CAPEX). OPEX is directly funded by the way of revenue and CAPEX is funded via appropriations, which includes contributions and commercial loans, as well as revenue.

### Operating Expenditure

Operating costs relate to all of the costs associated with the operational function of the roading activities. Areas highlighted in **Section 6: [Life Cycle](#)** related to OPEX are management, operations and, maintenance. In addition to those already mentioned, depreciation (**Section 7.2.1.3**) is considered operational expenditure.

For operating costs, it is considered that targeted rates are the most equitable form of funding this activity. Historically road maintenance, being such a large budget item, has been seen by many local authorities as an area where savings can be made when there is pressure to reduce rates. The Waimakariri District Council recognises that such decisions are rarely in the best long term interests of the transport network. A separate roading rate was therefore established in the mid 1990's to secure the finance required

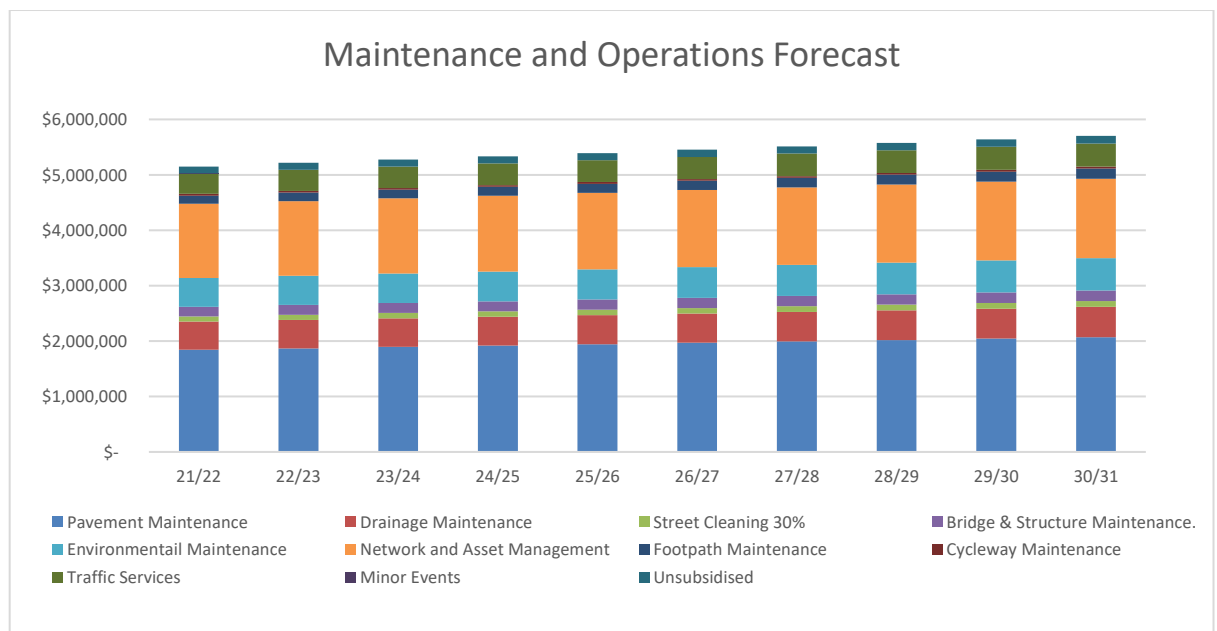


for long-term maintenance of the road network. This rate, which is differentiated between rural and urban properties, meets the Council's share of all roading expenditure.

In determining how targeted rates are collected, the Council views the roading network to be 'one asset', which benefits the entire community and therefore the base roading infrastructure should be funded on the same basis across the District. The only variation to this approach is in respect of kerb and channel, footpaths and street lighting, which are provided predominantly in four main urban areas. While the Council recognises that some of these services are provided in some other parts of the District, the Council considers that until it has reviewed the levels of service required outside the four main urban areas, ratepayers in these urban areas would fund these activities.

The following figure and table show the breakdown of the operations spend by working category.

Figure 2: Operations Forecast 2021-2031 by work category



## Capital Expenditure

Capital expenditure (CAPEX) consists of renewals and augmentation. The renewal of an asset means to replace or renew the asset so it performs the same function to the same level of service. Augmentation is the creation of a new asset or extends an existing asset beyond its current capacity. CAPEX is funded by way of the development contributions received for growth-related projects, financial contributions, commercial loans, and depreciation.

The following figures show the breakdown of the CAPEX Renewal and Augmentation spend by work category.

Figure 3: Renewal Forecast 2021-2031 by work category

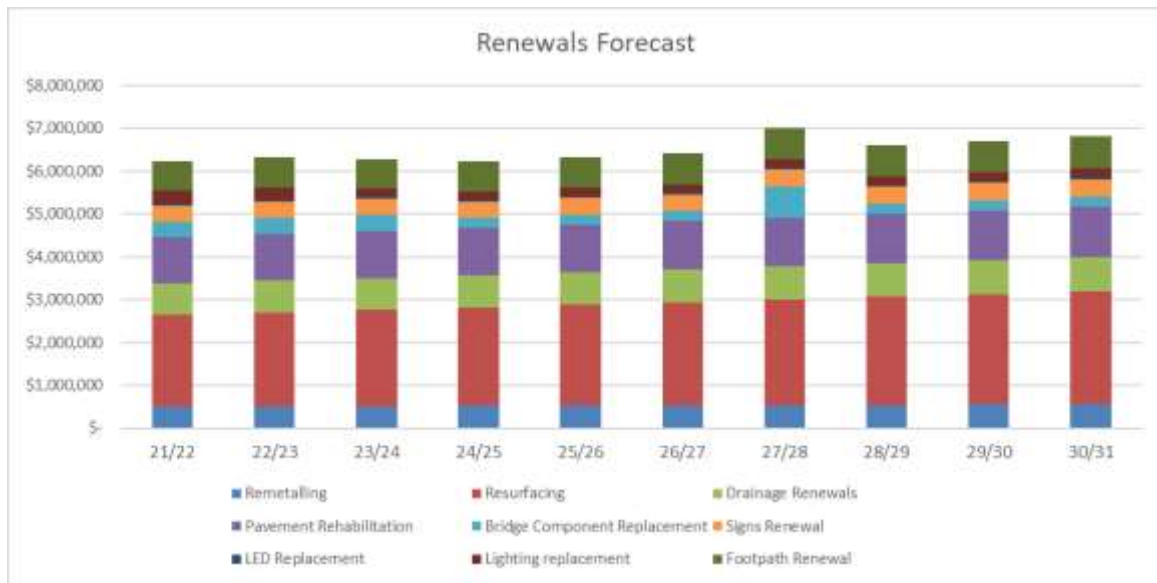


Figure 4: New Capital Projects Forecast 2021-2031

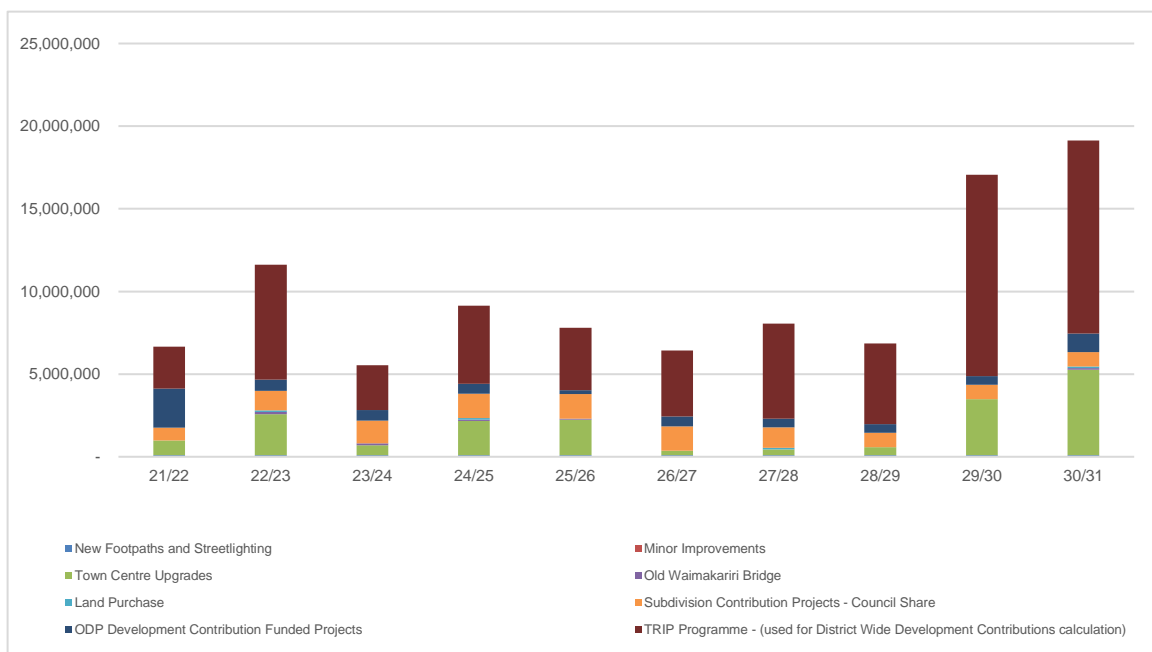


Table 3: Ten Year Maintenance and Operational Forecast (\$)

	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Sealed Pavement Maintenance	\$1,434,228	\$1,457,369	\$1,477,526	\$1,497,861	\$1,518,377	\$1,539,077	\$1,559,965	\$1,581,045	\$1,602,320	\$1,623,794
Unsealed Pavement Maintenance	\$409,000	\$413,090	\$417,221	\$421,394	\$425,608	\$429,864	\$434,162	\$438,504	\$442,889	\$447,318
Drainage Maintenance	\$412,749	\$416,858	\$420,661	\$424,501	\$428,377	\$432,291	\$436,243	\$440,233	\$444,262	\$448,331
Drainage Transfer Costs	\$96,850	\$96,850	\$96,850	\$96,850	\$96,850	\$96,850	\$96,850	\$96,850	\$96,850	\$96,850
Street Cleaning 30%	\$91,014	\$92,492	\$93,998	\$95,534	\$97,101	\$98,699	\$100,328	\$101,990	\$103,685	\$105,415
Bridge & Structure Maintenance.	\$175,472	\$177,226	\$178,999	\$180,789	\$182,597	\$184,423	\$186,000	\$188,129	\$190,011	\$191,911
Snow Ice & Flooding	\$157,166	\$158,738	\$160,325	\$161,929	\$163,548	\$165,183	\$166,835	\$168,503	\$170,189	\$171,890
Vegetation Control	\$279,595	\$282,603	\$285,638	\$288,700	\$291,789	\$294,906	\$298,052	\$301,227	\$304,432	\$307,666
Crash Debris	\$20,000	\$20,265	\$20,532	\$20,801	\$21,073	\$21,348	\$21,625	\$21,904	\$22,186	\$22,471
Surface Detritus Removal	\$63,496	\$65,059	\$66,659	\$68,299	\$69,978	\$71,699	\$73,462	\$75,269	\$77,120	\$79,017
Network and Asset Management	\$1,336,418	\$1,347,014	\$1,357,717	\$1,368,527	\$1,379,445	\$1,390,473	\$1,401,612	\$1,412,861	\$1,424,223	\$1,435,699
Pavement marking	\$307,816	\$312,217	\$316,680	\$321,207	\$325,798	\$330,456	\$335,179	\$339,971	\$344,831	\$349,760
Traffic Services Maintenance	\$19,077	\$19,123	\$19,168	\$19,214	\$19,261	\$19,307	\$19,353	\$19,400	\$19,446	\$19,493
Traffic Signal maintenance	\$40,000	\$50,400	\$50,400	\$50,400	\$50,400	\$50,400	\$50,400	\$50,400	\$50,400	\$50,400
Footpath Maintenance	\$149,933	\$153,517	\$157,156	\$160,853	\$164,608	\$168,421	\$172,294	\$176,228	\$180,222	\$184,279
Cycleway Maintenance	\$29,061	\$29,352	\$29,645	\$29,942	\$30,241	\$30,544	\$30,849	\$31,158	\$31,469	\$31,784
Minor Events	\$5,000									
Carriageway Lighting	\$338,225	\$346,599	\$355,106	\$363,748	\$372,527	\$381,444	\$390,501	\$399,701	\$409,045	\$418,535
Power	\$428,710	\$460,844	\$472,155	\$483,646	\$495,318	\$507,174	\$519,217	\$531,449	\$543,873	\$556,491
Total Amenity Lighting	\$3,816	\$3,855	\$3,893	\$3,932	\$3,971	\$4,011	\$4,051	\$4,092	\$4,133	\$4,174
Carpark Maintenance	\$29,896	\$30,195	\$30,497	\$30,802	\$31,110	\$31,421	\$31,735	\$32,053	\$32,373	\$32,697
Carpark Reseals	\$10,509	\$10,614	\$10,720	\$10,828	\$10,936	\$11,045	\$11,156	\$11,267	\$11,380	\$11,494
Shelter Maintenance	\$14,152	\$14,293	\$14,436	\$14,581	\$14,727	\$14,874	\$15,023	\$15,173	\$15,324	\$15,478
Park and Ride Operational	\$50,000	\$50,500	\$51,005	\$51,515	\$52,030	\$52,551	\$53,076	\$53,607	\$54,143	\$54,684
Gravel Pit Maintenance	30,005	30,175	30,347	30,521	30,697	30,874	31,054	31,235	31,417	31,602

Table 4: Ten Year Capital Works Forecast

Renewals	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
<b>Unsealed Road Remetalling</b>										
Professional fees and Admin	20,290	20,493	20,698	20,905	21,114	21,325	21,539	21,754	21,972	22,191
Professional Fees	7,974	8,054	8,135	8,216	8,298	8,381	8,465	8,550	8,635	8,722
Admin of NZTA programme	12,316	12,439	12,563	12,689	12,816	12,944	13,074	13,204	13,336	13,470
Remetalling	484,661	489,507	494,402	499,346	504,340	509,383	514,477	519,622	524,818	530,066
<b>Total Unsealed Road Metalling</b>	<b>504,951</b>	<b>510,001</b>	<b>515,101</b>	<b>520,252</b>	<b>525,454</b>	<b>530,709</b>	<b>536,016</b>	<b>541,376</b>	<b>546,790</b>	<b>552,258</b>
<b>Sealed Road Pavement Rehabilitation</b>										
Professional fees and Admin	46,417	46,889	47,366	47,847	48,334	48,826	49,322	49,824	50,331	50,843
Professional Fees	20,304	20,507	20,712	20,919	21,129	21,340	21,553	21,769	21,986	22,206
Admin of NZTA programme	26,112	26,381	26,653	26,928	27,205	27,486	27,769	28,055	28,344	28,636
Rural & Urban	1,024,191	1,034,751	1,045,420	1,056,198	1,067,087	1,078,089	1,089,204	1,100,433	1,111,778	1,123,240
<b>Total Sealed Road Pavement Rehabilitation</b>	<b>1,070,608</b>	<b>1,081,640</b>	<b>1,092,785</b>	<b>1,104,045</b>	<b>1,115,421</b>	<b>1,126,914</b>	<b>1,138,526</b>	<b>1,150,257</b>	<b>1,162,109</b>	<b>1,174,083</b>
<b>Drainage Renewals</b>										
Professional fees and Admin	86,213	87,070	87,936	88,810	89,693	90,585	91,486	92,396	93,315	94,243
Professional Fees	68,351	69,034	69,725	70,422	71,126	71,838	72,556	73,281	74,014	74,754
Admin of NZTA programme	17,862	18,036	18,211	18,388	18,567	18,748	18,930	19,115	19,301	19,489
Drainage Renewals - K & C	473,392	478,126	482,907	487,736	492,614	497,540	502,515	507,540	512,616	517,742
Drainage Renewals - Culverts	172,739	174,266	175,809	177,367	178,942	180,532	182,139	183,761	185,400	187,054
	152,739	154,266	155,809	157,367	158,941	160,530	162,136	163,757	165,395	167,048
Drainage Renewals - Enviropods	20,000	20,000	20,000	20,000	20,001	20,002	20,003	20,004	20,005	20,006
<b>Total Drainage</b>	<b>732,344</b>	<b>739,463</b>	<b>746,652</b>	<b>753,914</b>	<b>761,249</b>	<b>768,657</b>	<b>776,140</b>	<b>783,697</b>	<b>791,330</b>	<b>799,040</b>
<b>Sealed Road Resurfacing</b>										
Professional fees and Admin	92,162	93,800	95,467	97,165	98,893	100,653	102,445	104,269	106,127	108,019
Professional Fees	39,871	40,270	40,673	41,079	41,490	41,905	42,324	42,747	43,175	43,607
Admin of NZTA programme	52,290	53,530	54,794	56,085	57,403	58,748	60,120	61,522	62,952	64,412
Resurfacing	1,790,593	1,833,507	1,877,308	1,922,016	1,967,652	2,014,236	2,061,789	2,110,333	2,159,890	2,210,481
Resurfacing - Thin Asphaltic	261,148	267,407	273,795	280,315	286,971	293,765	300,701	307,780	315,008	322,387
<b>Total Sealed Road Resurfacing</b>	<b>2,143,903</b>	<b>2,194,714</b>	<b>2,246,570</b>	<b>2,299,497</b>	<b>2,353,516</b>	<b>2,408,654</b>	<b>2,464,934</b>	<b>2,522,382</b>	<b>2,581,025</b>	<b>2,640,886</b>

	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
<b>Structures Renewal</b>										
Bridge Widening										
Bridge Component Replacement	125,000	126,250	127,513	128,788	130,076	131,376	132,690	134,017	135,357	136,711
Renewals Catchup	250,000	250,000	250,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Old Waimak Bridge Beam Upgrade - half share										
Old Waimak Bridge Strengthening										
Depot Road at View Hill Stream Deck replacement										
Waimak Gorge Bridge Deck Replacement										
<b>Total Structures</b>	<b>375,000</b>	<b>376,250</b>	<b>377,513</b>	<b>228,788</b>	<b>230,076</b>	<b>231,376</b>	<b>232,690</b>	<b>234,017</b>	<b>235,357</b>	<b>236,711</b>
<b>Signs Renewal</b>										
Professional fees and Admin	29,524	29,837	30,153	30,473	30,796	31,123	31,453	31,787	32,124	32,465
Professional Fees	20,505	20,710	20,917	21,127	21,338	21,551	21,767	21,984	22,204	22,426
Admin of NZTA programme	9,019	9,127	9,236	9,347	9,459	9,572	9,686	9,803	9,920	10,039
Signs Renewal	340,240	344,355	348,521	352,737	357,004	361,322	365,693	370,117	374,594	379,125
<b>Total Signs</b>	<b>369,764</b>	<b>374,192</b>	<b>378,674</b>	<b>383,210</b>	<b>387,800</b>	<b>392,445</b>	<b>397,146</b>	<b>401,903</b>	<b>406,718</b>	<b>411,590</b>
<b>Lighting Renewal</b>										
Professional fees and Admin	14,552	14,666	11,657	11,773	11,891	12,010	12,130	12,251	12,374	12,498
Professional Fees	5,696	5,753	5,811	5,869	5,928	5,987	6,047	6,107	6,168	6,230
Admin of NZTA programme	8,856	8,913	5,846	5,904	5,963	6,023	6,083	6,144	6,205	6,268
<b>Replacement</b>	<b>348,530</b>	<b>350,766</b>	<b>228,023</b>	<b>230,303</b>	<b>232,607</b>	<b>234,933</b>	<b>237,282</b>	<b>239,655</b>	<b>242,051</b>	<b>244,472</b>
Obsolescence	189,686	191,582	193,498	195,433	197,388	199,361	201,355	203,369	205,402	207,456
Undergrounding	33,845	34,183	34,525	34,870	35,219	35,571	35,927	36,286	36,649	37,015
<b>Total Lighting</b>	<b>363,082</b>	<b>365,432</b>	<b>239,680</b>	<b>242,077</b>	<b>244,498</b>	<b>246,942</b>	<b>249,412</b>	<b>251,906</b>	<b>254,425</b>	<b>256,969</b>
<b>Footpath Renewal</b>										
Footpath Renewal	684,719	691,566	698,481	705,466	712,521	719,646	726,842	734,111	741,452	748,867
<b>Total Footpath</b>	<b>684,719</b>	<b>691,566</b>	<b>698,481</b>	<b>705,466</b>	<b>712,521</b>	<b>719,646</b>	<b>726,842</b>	<b>734,111</b>	<b>741,452</b>	<b>748,867</b>
<b>Car Park Resealing</b>										
Carpark Reseals	10,509	10,614	10,720	10,828	10,936	11,045	11,156	11,267	11,380	11,494
<b>Totalcarpark</b>	<b>10,509</b>	<b>10,614</b>	<b>10,720</b>	<b>10,828</b>	<b>10,936</b>	<b>11,045</b>	<b>11,156</b>	<b>11,267</b>	<b>11,380</b>	<b>11,494</b>

New Capital	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
<b>New Footpaths and Streetlighting</b>										
New Footpaths Major Towns	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>Total</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Minor Improvements</b>										
Minor Improvements	584,250	589,375	609,875	609,875	609,875	625,250	625,250	625,250	625,250	625,250
Speed control lights										
Projects	570,000	575,000	595,000	595,000	595,000	610,000	610,000	610,000	610,000	610,000
Admin of NZTA programme	14,250	14,375	14,875	14,875	14,875	15,250	15,250	15,250	15,250	15,250
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Town Centre Upgrades</b>										
Town Centre Upgrades	32,576	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Burnett Street (Oxford) improvements										
Cenotaph Corner	-	37,500	250,000	-	-	-	-	-	-	-
Kippenberger Ave - Cenotaph Corner to Warehouse	-	-	-	100,000	800,000	-	-	-	-	-
Town Centre to North East	-	-	112,500	250,000	500,000	-	-	-	-	-
Rail Crossing Blackett to Keir St	-	-	-	-	-	-	-	-	-	-
Retail Parking Building	-	-	-	-	-	-	-	375,000	3,000,000	3,375,000
North of High St New Road Link	-	-	-	-	-	-	-	-	225,000	1,500,000
North East Subdivision area	-	-	-	-	-	-	-	-	50,000	200,000
Streetlight upgrade High St from East Belt to King St	-	-	-	-	750,000	-	-	-	-	-
Land - Blake St Extension	825,000	-	-	-	-	-	-	-	-	-
Durham Land Purchase for Carparking	-	2,250,000	-	-	-	-	-	-	-	-
Keir St Land Purchase	-	-	-	1,500,000	-	-	-	-	-	-
Keir St Rd Connection - Rangiora Town Centre Improvements	-	-	6,250	-	-	-	-	-	-	-
East Mixed Business Use Development (LoS portion)	-	-	-	-	-	125,000	-	-	-	-
Support for MUBA (Area directly adjacent to KTC) (LoS portion)	31,250	93,750	125,000	125,000	-	-	-	-	-	-
<b>Total</b>	<b>888,826</b>	<b>2,481,250</b>	<b>593,750</b>	<b>2,075,000</b>	<b>2,150,000</b>	<b>262,500</b>	<b>350,000</b>	<b>475,000</b>	<b>3,375,000</b>	<b>5,175,000</b>

New Capital	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
<b>Old Waimakariri Bridge</b>										
Old Waimakariri Bridge Deck Joint Replacement	-	-	-	-	-	-	-	-	-	49,000
Old Waimakariri Bridge Deck Surfacing Replacement	-	-	-	-	-	-	-	-	-	31,850
Old Waimakariri Bridge Handrail Replacement	-	122,500	122,500	-	-	-	-	-	-	-
Old Waimakariri Bridge Upgrade Beam	-	-	-	61,250	61,250	-	-	-	-	-
<b>Total</b>	-	<b>122,500</b>	<b>122,500</b>	<b>61,250</b>	<b>61,250</b>	-	-	-	-	<b>80,850</b>
<b>Land Purchase</b>										
Land Purchase - improved LOS	-	100,000	-	100,000	-	-	100,000	-	-	100,000
<b>Total</b>	-	<b>100,000</b>	-	<b>100,000</b>	-	-	<b>100,000</b>	-	-	<b>100,000</b>
<b>Subdivision Contribution Projects - Council Share</b>										
Direct payment to Developers	418,608	418,608	418,608	418,608	418,608	418,608	418,608	418,608	418,608	418,608
Design Fees	41,861	41,861	41,861	41,861	41,861	41,861	41,861	41,861	41,861	41,861
Cost of Council Performed Works	318,608	318,608	318,608	418,608	418,608	418,608	418,608	418,608	418,608	418,608
Pegasus road connection to Gladstone Road	-	-	-	-	-	-	350,000	-	-	-
Woodend East ODP	-	400,000	600,000	600,000	600,000	600,000	-	-	-	-
Gladstone Rd Rural section Upgrade	-	-	-	-	-	-	-	-	-	-
Kaipoi Pa Rd Upgrade	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>779,077</b>	<b>1,179,077</b>	<b>1,379,077</b>	<b>1,479,077</b>	<b>1,479,077</b>	<b>1,479,077</b>	<b>1,229,077</b>	<b>879,077</b>	<b>879,077</b>	<b>879,077</b>
<b>ODP Development Contribution Funded Projects</b>										
East Woodend ODP - north south road & widening existing	-	-	-	-	-	-	300,000	300,000	300,000	300,000
Southbrook ODP	-	-	-	-	-	-	-	-	-	-
East Rangiora ODP	-	-	-	-	-	-	-	-	-	-
West Rangiora Growth ODP	456,592	404,888	228,296	228,296	228,296	228,296	228,296	228,296	228,296	228,296
<b>West Kaipoi, Silverstream, new collector road (Adderley to Island)</b>	<b>1,800,000</b>	-	-	-	-	-	-	-	-	-
Kaipoi North Improvements - Smith St/Williams St, Smith St/Ranfurly St and other intersection improvements	-	-	-	-	-	-	-	-	-	600,000
Keir St Rd Connection - Rangiora Town Centre Improvements	-	-	18,750	-	-	-	-	-	-	-
East Mixed Business Use Development	-	-	-	-	-	375,000	-	-	-	-
Support for MUBA (Area directly adjacent to KTC)	93,750	281,250	375,000	375,000	-	-	-	-	-	-
<b>Total</b>	<b>2,350,342</b>	<b>686,138</b>	<b>622,046</b>	<b>603,296</b>	<b>228,296</b>	<b>603,296</b>	<b>528,296</b>	<b>528,296</b>	<b>528,296</b>	<b>1,128,296</b>

New Capital	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
<b>TRIP Programme - (used for District Wide Development Contributions calculation)</b>										
New Passenger Transport Infrastructure	105,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
West Rangiora Route Improvement	50,000	1,194,000	464,000	823,000	957,000	200,000	1,762,000	962,000	1,300,000	-
Rangiora Woodend Road Improvements including Boys Road	-	-	-	200,000	-	-	330,000	-	-	-
Woodend Improvements in conjunction with NZTA PBC and Woodend Bypass	-	-	-	-	-	-	-	-	-	-
Travel Demand MGMT/Modelling	-	-	-	-	-	-	-	-	-	-
Tram Road safety improvements including McHughes Road	165,000	330,000	530,000	1,700,000	495,000	-	-	888,722	786,860	1,408,877
Kaipoi Park and Ride	-	-	-	223,000	400,000	-	-	-	-	-
Rangiora Park and Ride	-	-	-	476,000	400,000	-	-	-	-	-
Ravenswood Park and Ride	400,000	-	-	-	-	-	-	-	1,500,000	-
Coldstream Rd/Golf Links Rd Improvements	-	-	-	-	-	-	330,000	-	-	-
Johns Rd/Plasketts Rd/Fernside Rd Improvements	-	165,000	-	-	-	-	-	-	-	-
Kaipoi Roading Improvements	-	-	-	-	-	-	-	500,000	1,500,000	-
West Rangiora Roading Improvements - Lehmans to River Rd	-	-	-	-	-	-	-	-	-	2,200,000
Walking and Cycling Projects	50,000	1,150,000	400,000	200,000	800,000	500,000	500,000	500,000	500,000	100,000
Land Purchase -growth	200,000	-	-	100,000	-	-	100,000	-	-	100,000
Rangiora Woodend Road Intersection Improvements	-	-	-	-	-	200,000	1,600,000	-	-	-
Ohoka/Island Road Implementation	100,000	1,200,000	-	-	-	-	-	-	-	-
Robert Coup Dr/Ohoka Rd Implementation	-	-	-	-	-	-	-	100,000	900,000	-
Skew Bridge Active Warning / Safety Improvements	330,000	-	-	-	-	-	-	-	-	-
Skew Bridge Replacement	-	-	-	-	-	-	-	500,000	4,500,000	6,000,000
Southbrook General Route - pre-implementation	-	-	-	200,000	-	-	-	-	-	-
Southbrook Rd/Torlesse St/Coronation St - Intersection Improvements - Traffic Signals	50,000	1,750,000	-	-	-	-	-	-	-	-
Southbrook Rd Future Improvements	-	-	-	-	200,000	1,800,000	-	-	-	-
Rangiora Woodend Rd Traffic Calming	-	-	150,000	-	-	-	-	-	-	-
River Rd - Ashely to Enverton - Associated with Park & Ride and includes shared path upgrade	-	40,000	360,000	-	-	-	-	-	-	-
Main North Rd / Wrights Rd Intersection - safety concerns, initiated by Park and Ride	600,000	-	-	-	-	-	-	-	-	-
Charles Upham Dr / Oxford Rd Roundabout	-	-	700,000	-	-	-	-	-	-	-
Oxford Rd / Lehmans Rd Roundabout	-	-	-	-	200,000	1,000,000	-	-	-	-
Fawcetts Rd / Cones Rd Intersection	-	-	-	165,000	-	-	-	-	-	-
North Eyre Rd / No. 10 Rd	165,000	-	-	-	-	-	-	-	-	-
Swannanoa Rd / Johns Rd	-	165,000	-	-	-	-	-	-	-	-



<b>New Capital</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>
Ashley Gorge Rd / German Rd	-	-	-	-	-	165,000	-	-	-	-
Northbrook Rd / Ivory St Intersection	-	-	-	-	-	-	-	375,000	-	-
Lees Valley Willow Walls	50,000	30,000	-	-	-	-	-	-	-	-
Marsh Rd / Waikoruru Rd - Sealing of unsealed Rd	-	-	-	-	-	-	800,000	-	-	-
Marsh Rd / Railway Rd - Intersection	-	-	-	-	-	-	200,000	800,000	-	-
Kaiapoi to Woodend Cycle Connection	-	-	-	-	-	-	-	-	-	-
Mulcocks and Fernside Rd closure - KiwiRail & NZTA	-	50,000	-	-	200,000	-	-	-	-	-
Retail Parking Building	-	-	-	-	-	-	-	125,000	1,000,000	1,125,000
North of High St New Road Link	-	-	-	-	-	-	-	-	75,000	500,000
Land - Blake St Extension	275,000	-	-	-	-	-	-	-	-	-
Durham Land Purchase for Carparking	-	750,000	-	-	-	-	-	-	-	-
Keir St Land Purchase	-	-	-	500,000	-	-	-	-	-	-
New Eastern Arterial - Rangiora	-	-	-	-	-	-	-	-	-	100,000

## Depreciation

Depreciation or Decline in Service Potential is the wearing out, consumption or any other decrease in value of an asset arising from either; use, the passing of time or obsolescence through changes to technological and market changes and requirements. Expressed in another way, depreciation is the amount that must be charged over the useful life of property, plant and equipment. It is accounted for, on an annual basis, by the allocation of the cost price (or re-valued amount) of the asset less its residual value over its useful life. This allocation is treated as expenditure during the preparation of annual budgets to ensure that the current service capacity and integrity of the Council's assets is maintained.

Infrastructure assets are fully depreciated on a straight-line basis with the exception of land and road formation. This method ensures that the useful life of the asset is divided evenly into the value to be depreciated over its useful life. (The basis for calculation of depreciation is detailed in the Valuation Report Appendix D).

The Waimakariri District Council does not directly fund any renewals; rather, roading renewals are funded from depreciation charged on roading assets. Capital works in progress are not depreciated. The total cost of a project is transferred to the relevant asset class on completion and then depreciated.

Over the last five years depreciation has been higher than previously experienced, particularly since changes were made to the Bitumen Index, which is a large component of the Roothing index. Contract rates have also been high, with these only starting to decrease in the 2020 valuation. As part of the upcoming valuation, the methodology for the valuation will also provide a breakdown of the process which will allow any issues with high indices to be further investigated.

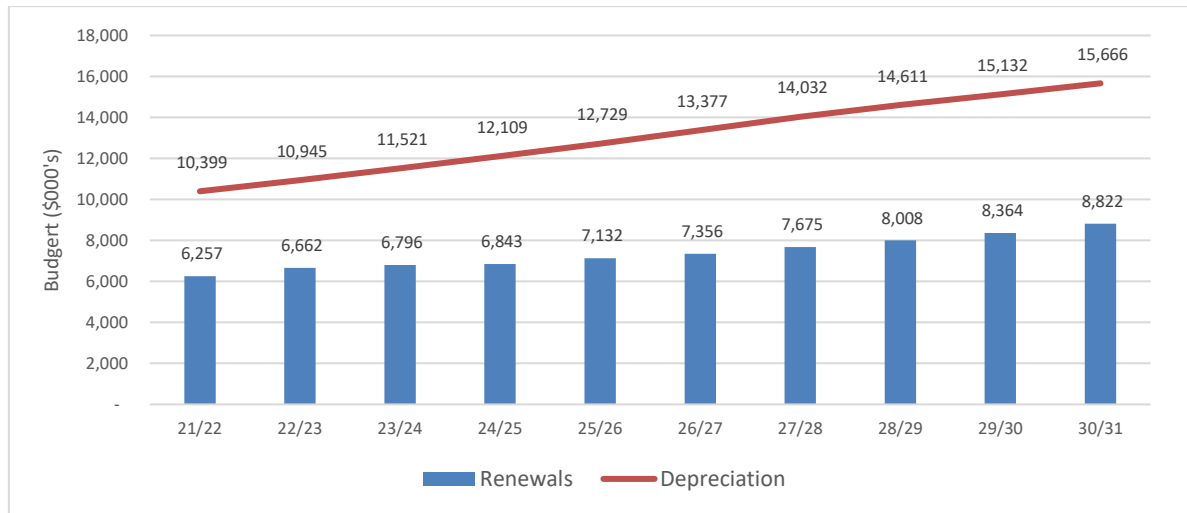
Currently, utilising staff and contractor expertise, and the 20 year modelling carried out for the resurfacing component of the network, it is expected that the current renewals programme can be carried forward during the next ten to twenty years without any major increases required, albeit with a need to allow for growth. Because assets are generally above ground it is easier to note deterioration and plan accordingly by condition, allowing for smoothing of expenditure over the whole roading budget. Levels of service are not showing any need for large renewal expenditure over the period of this LTP, and it is proposed to investigate longer term modelling in some form in the 21-24 AMP, as suggested in the Peer review. This has been added into the Improvement Plan.

All depreciation of the Council Plant, Property and Equipment must comply with the NZ Infrastructure Asset Valuation and Depreciation Guidelines – Version 2.0, International Accounting Standards 16 and 36, and the Local Governmental Act 2002. Under IAS 16 a

component is a part of an asset that has a different useful life to the rest of the asset or provides benefits to the Council in different ways to the rest of the asset, and hence may be depreciated differently to the rest of the asset or other components.

The following figures show the depreciation provision vs. renewals expenditure.

Figure 5: Depreciation Provision Versus Renewals Expenditure 2021-2031



## Funding Strategy

Councils are required to have a Revenue and Financing Policy to show who pays for the services it delivers. There is a list of principles relating to the funding of expenditure needs in the Local Government Act, which the Council must take into consideration when it adopts its Revenue and Financing Policy.

A Transport programme was developed in 2007 to ensure that the transportation network can cope with the increased demand due to the high growth in the District. This plan formed part of the Transport Regional Implementation Plan (TRIP), which was approved by the Environment Canterbury in 2008. In light of new growth projections and the development of structure plans for the urban growth areas in the district a new roading capital programme has been developed to replace TRIP. The Council has resolved to fund the growth portion of the works detailed in this programme from Development Contributions. The remainder of these works will be met from rates to reflect the benefit to the existing population.

Funding for capital development and maintenance of the roading network comes from the following:

- Targeted Roding Rates
- NZTA Subsidies
- Development and Financial Contribution
- Fees and Charges

- Debt and Lending Servicing

### 3 Targeted Rooding Rates

Rates funding for roads is based on two components:

#### Fixed annual charge:

All properties in the District incur a fixed charge that in total raises 20% of the Council's share of roading costs. Properties within the urban areas of Rangiora, Kaiapoi, Woodend and Oxford pay a higher fixed charge that reflects the higher level of service associated with providing kerb and channel, footpaths and street lighting, which are features of these towns and are less common in the smaller towns of the District.

#### General Rates

General rates are based on land value, which forms the remaining 80% of the roading rate.

#### NZTA Subsidies

Many transport activities receive financial assistance from the Crown, through the New Zealand Transport Agency. These funds are essentially a user charge and are gathered by the Crown from road user charges, petroleum taxes and similar charges and fees.

The Financial Assistance Rate (FAR) is the percentage that NZTA pays to subsidise road asset maintenance and road asset renewal work within Waimakariri District Council.

The FAR for maintenance work varies from one territorial roading authority to another based on an 'ability to pay' formula which takes into account the base programme size and the net equalised land value of the territorial local authority. All activities in the Waimakariri District which qualify for assistance from the Agency will attract financial assistance at 51% of total cost.

### 4 Development Contributions and Financial Contributions

#### Introduction

Over the last fifteen years the Waimakariri District has experienced a high level of growth. The population is expected to reach 77,100 by 2030 with much of the growth in the eastern part of the District, although in the last few years there has also been significant development to the west. This growth will affect transport infrastructure and in order to ensure that this population growth does not adversely affect residents the Council has initiated a number of strategies to assess the likely infrastructural developments needed to cope with this growth.

Councils can require contributions from developers to offset the costs or adverse effects of growth. However to do so the mechanisms must be stipulated in a Development Contributions Policy and the District Plan must contain rules providing for Financial Contributions. The Council cannot take Development Contributions for the same purpose that it has also levied Financial Contributions for.

The Waimakariri District Council has decided that growth in the District will be funded from three main sources:

1. Development Contributions, levied under the Local Government Act 2002 (the LGA) for growth related projects that are identified in the Council's Long Term Plan.
2. Financial Contributions, levied under the Resource Management Act 1991 (the RMA). The policies to offset adverse effects of a particular development are identified in the Waimakariri District Council's District Plan.
3. Existing residents through rates and loans.

## **Development Contributions**

The Local Government Act 2002 introduced powers to levy "Development Contributions". These are contributions of land or money paid by developers toward the cost of providing new or increased capacity in existing infrastructure required because of growth in the District. The power to require contributions is set out in section 198 of the Act.

The Council is levying Development Contributions to ensure that the growth related future and past capital expenditure identified in the LTP is appropriately recovered from those who are directly benefiting from it, rather than existing ratepayers bearing all of the costs. Development Contributions will be levied when the effect of the development, or the cumulative effects of developments, contributes to the need for the development of physical works or the Council services and when these works or services have been allowed for in the LTP.

Development Contributions are applied to two types of roading development. They are projects required for growth across the whole district and there is a district wide development contribution that applies to all new development to cover this. There are also projects related to specific Outline Development Plan areas and the development contributions for these are applied to the Outline Development Plan area only.

More detail is available in the Councils Development Contribution Policy.

## **Financial Contribution**

Financial contributions are contributions levied under the RMA. Section 5 of the RMA states that the purpose for which Financial Contributions may be taken is the sustainable

management of natural and physical resources. Section 108(10) of the RMA allows a Financial Contribution to be imposed on resource consent.

Financial Contributions can be taken to address environmental effects other than those resulting from growth, for example, to pay the costs of services that must be developed to address adverse effects on the environment. Financial Contributions can also be taken to offset adverse environmental effects that may result from a development, as environmental compensation. For roading this commonly applies to upgrades on adjoining roads or of local intersections.

Financial contributions will be used when the effect of development directly contributes to the need for physical works on the Council services and when the effect of the development has not been foreseen in the LTP. Financial contributions are based on actual expenditure, further information is available in the Council's District Plan.

## Fees and Charges

This is the purest form of the user paying directly for the benefit or service they receive. The following table details the charges associated with roading in the Waimakariri district.

*Figure 6: Fees and charges*

Charge	Current Charge (GST inclusive)
Road opening permit	\$261.70 Sealed \$102.50 Unsealed
Vehicle entrance permit	\$160.00
Electronic application	\$150.00
Re-inspection fee	\$80.00
Overweight permit	Maximum permitted in Heavy Vehicle Regulations
Metal royalty	\$2.0/m <sup>3</sup>
Stock Crossing Permit – Regular Movement	\$696.90

## Debt and Lending Servicing

The Council does not borrow on a project by project basis. If there is a funding shortfall, the Council funds the difference through raising a loan on a corporate basis. Projects then 'borrow' through internal lending. The cost of borrowing is thus allocated to the overall budget, rather than specific projects.

## 5 Valuation Forecasts

### Introduction

The Council undertakes a full independent valuation of its Roothing assets annually. These assets were revalued using the asset register as at 30 June 2020. This was from RAMM with the exception of drainage under channel pipes which are stored in the Councils GIS system.

There is a high level of confidence in the completeness and accuracy of the dimensional data held in the RAMM database. The Council utilises the Asset Valuation Module (RAVM) to value those components with a high level of completeness.

The valuations summarised below have been completed in accordance with the following standards:

1. NZ Infrastructure Asset Valuation and Depreciation Guidelines – Version 2.0;
2. International Accounting Standards 16 and 36, and;
3. The Local Governmental Act 2002.

The following Table summarises the valuation of the transport network assets as at 30 June 2020.

*Table 5: 2020 Valuation*

Asset Description	Replacement Cost	Total Accumulated Depreciation	Depreciated Replacement Cost	Annual Depreciation
Formation	\$338,517,359.40	\$0.00	\$338,517,359.40	\$0.00
Sealed Pavement Surface	\$59,016,107.01	\$26,177,114.56	\$32,838,992.45	\$2,680,895.13
Sealed Pavement Layers				
- First Coat Seals	\$58,363,504.39	\$25,464,130.43	\$32,899,373.96	\$681,131.40
- Basecourse	\$104,302,200.21	\$48,569,752.64	\$55,732,447.57	\$1,307,822.15
- Subbase	\$75,612,238.00	\$0.00	\$75,612,238.00	\$0.00
Unsealed Pavement Layers				
-Wearing Course	\$2,842,228.87	\$1,421,114.44	\$1,421,114.44	\$314,949.28
- Subbase	\$18,361,097.30	\$0.00	\$18,361,097.30	\$0.00
Drainage	\$55,340,127.24	\$15,176,438.80	\$40,163,688.44	\$736,337.62
Surface Water Channels	\$85,641,425.95	\$21,289,402.89	\$64,352,023.06	\$1,101,067.61
Footpath	\$42,129,491.06	\$10,657,479.01	\$31,472,012.05	\$861,186.93
Traffic Facilities	\$1,208,340.71	\$412,817.23	\$795,523.49	\$61,376.77
Signs	\$6,919,212.99	\$2,860,252.59	\$4,058,960.40	\$569,880.20
Railings	\$1,438,130.51	\$548,428.35	\$889,702.16	\$41,169.50
Street Lights	\$11,460,953.96	\$3,758,868.42	\$7,702,085.54	\$256,509.40
Minor Structures	\$1,258,656.27	\$490,935.96	\$767,720.31	\$27,278.32
Islands	\$3,878,144.49	\$621,333.30	\$3,256,811.19	\$48,476.82
Bridges and Bridge Culverts	\$117,879,794.84	\$50,339,839.67	\$67,539,955.17	\$889,130.08

Traffic Signals	\$914,552.78	\$140,880.72	\$773,672.06	\$30,485.09
Total	\$1,028,111,026.48	\$207,928,788.99	\$820,182,237.48	\$9,607,696.30

The 2020 revaluation detailed report can be found in [Appendix D](#).

## 6 Methodology and Assumptions

The significant assumptions made in preparing the valuation relating to the asset registers are noted in the valuation report included in [Appendix D](#).

### Key Assumptions Made in Financial Forecast

In developing each Activity Management Plan, the Council makes a number of assumptions concerning uncertainties around factors such as asset condition, remaining asset life and population growth, to name just three. This section was used to identify these assumptions and to describe the potential impact if the assumption is not realised. Additionally, this section highlights the major risks identified with managing the transport activity, as well as the Council's plan to manage these risks.

The following table details the key assumptions and uncertainties that trigger the financial estimates detailed in other sections:

*Table 6: 2021 Significant Forecasting Assumptions and Uncertainties*

Ref. No	Assumptions and Uncertainties	The 'Degree' of the Assumption and Uncertainty, and the Likely Impact if the Assumption is not Realised	Confidence Rating
01	Inflation has not been allowed for in producing this Plan. All future figures are quoted in 2021 dollars.	Any adjustments will be made at a corporate level in the LTP.	B
02	The useful lives of the network described in the asset valuation are assumed to be an accurate representation. Annual depreciation is established from the asset valuation and the useful lives specified in that document.	An incorrect assumption relating to useful life would impact on the asset valuation and depreciation calculations, which further impact on the depreciation recovery portion of rates. The Council is confident in the accuracy of the current figures; however these are continually under review to ensure ongoing accuracy.	B
03	Asset condition and performance is as described in the relevant asset databases.	Incorrect assessment of condition or performance could lead to incorrect useful life, with knock on effect to depreciation and rates.	B
04	New Zealand Transport Agency (NZTA) will continue to fund projects in the same manner as it does in 2020	Will impact on ability to complete projects and also on which projects will get done.	C
05	All of the proposed new and upgraded transport works will continue to be eligible for NZ Transport Agency subsidy of not less than 51% of the actual total capital cost	Loss of or change in subsidy rate will require a reprioritisation of projects and could result in the inability of the Council to complete some projects on the forward programme.	C



06	The Council has assumed there will be no changes to legislation that will incur significant increases in compliance costs.	No budget provision has been made for any increased costs in this area. Increases in compliance costs will impact on the ability of the Council to deliver the forward programme.	B
07	It is assumed that costs forecast in forward programmes will not vary.	No contingency in budget to allow for increases. If costs increase over budget amount, insufficient budget could impact levels of service. Costs in this plan are quoted in 2021 dollars. Costings of major projects still in initial stages and will require further refinement for certainty. NZTA funding less certain this NLTP due to Covid constraints	C
08	It is assumed that the only increases in Operations and Maintenance costs associated with the network are related to growth of the network.	Unidentified increases in costs could compromise the Council's ability to deliver the maintenance programmes.	B
09	Population growth forecasting has been based on Statistics New Zealand data. It is assumed this reasonably reflects the likely growth in the district.	Incorrect forecasting could result in incorrect prioritisation of projects in the forward programme.	B
10	The Council will continue to be involved in the provision of land transport services within the district	If Council ceases to be involved, the rate structure will need a complete review.	A
11	There will be no sudden changes in network demand caused by unforeseen changes in land use	Sudden changes in network demand could require reprioritisation of forward work, resulting in the rescheduling of projects.	B
12	The Council will be able to obtain resource consents, where applicable, for the right to build any proposed new works in the location and in the manner currently intended, subject to conditions that do not cause it to incur a significant capital cost.	Failure to obtain consents could result in delays to work as well as unrecoverable costs associated with project cancellation or rescheduling.	B
13	The Council will receive from sub-dividers and developers development contributions or financial contributions at the level, and at the time, shown in this activity plan.	If not the case, some programmed capital works may not be necessary (because development will not be occurring at the rate or perhaps in the manner envisaged) and may be deferred.	B

## 7 Forecast Reliability and Confidence

### Forecast Reliability

The maintenance and renewal forecast is considered to be a reliable estimate based on a known quantum and scope of work and a good historical cost database. There is some increasing uncertainty of forecasts over the long term due to lack of knowledge about real price changes of individual components.

## Forecast Confidence

The confidence in the asset data used as a basis for the financial forecasts has been assessed using the grading system (refer Table 7) from the NZWWA NZ Guidelines for Infrastructure Asset Grading Standards.

Table 7: Confidence Rating

Confidence Grade	General Meaning
A	<b>Highly Reliable:</b> Data based on sound records, procedure, investigations and analysis which is properly documented and recognised as the best method of assessment.
B	<b>Reliable:</b> Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings.
C	<b>Uncertain:</b> Data based on sound records, procedures, investigation and analysis which is incomplete or unsupported, or extrapolation from limited sample for which grade A or B data is available.
D	<b>Very Uncertain:</b> Data based on unconfirmed verbal report and/or cursory inspection and analysis.

The average confidence level is 'B- Reliable'.

## 8 Key Improvement initiatives

Key improvement initiatives relating to the financial summary include the following:

Table 8: Key improvement initiatives

Section References	Improvement action	Priority	Proposed Completion date	Owner and Key Staff
Section 7 Financial Summary				
7.1	Implement recommendations in 2020 Valuation as appropriate and achievable	High	May 2021	APE