



Report

Date : 26 April 2024

To : Chairperson and Committee Members
Finance and Performance Committee

From : Raj Suppiah
Group Manager - Corporate & Regulatory

Subject : **Adoption of the Consultation Document, Draft Long Term Plan and Supporting Information**

Item No : **4.1**

1. Recommendation

- 1.1 *That the report from the Group Manager - Corporate & Regulatory dated 23 April 2024 concerning the Adoption of the Consultation Document, Draft Long Term Plan and Supporting Information be received.*
- 1.2 *That the Council adopts for consultation the unaudited 2024-2034 Long-Term Plan consultation document; and*
- 1.3 *That the Council adopts for consultation the Draft 2024-34 Long-Term Plan and other Supporting Material detailed in paragraph 9 of this report; and*
- 1.4 *That the Chief Executive is authorised to approve any final edits required to the Consultation Document, Draft Long-Term Plan and Supporting Material in order to finalise the document for printing and distribution.*

Executive Summary

The purpose of this report is to recommend that Council approve the 2024-34 Long-term Plan Consultation Document (CD) and Supporting Material for consultation. Council is required to have a Long-Term Plan (LTP) and must use the special consultative procedure in adopting the LTP.

Consultation will provide Council with formal feedback on its proposed strategic direction, levels of service, programmes and budgets. This will then enable Council to finalise and adopt the LTP by no later than 31 July 2024.

Developing an LTP is an iterative process involving identifying Council aspirations and balancing that with the community's ability to pay for the service levels proposed to be delivered in the LTP. The LTP also considers the challenges and opportunities that Council and the community face over the 10 years of the plan.

The Draft CD and proposed LTP is based on Council's best information at the time. Council will adjust the proposed LTP in response to Audit, any submissions received from the community and new information that becomes available during the consultation period and up to adoption.

Following the adoption of the Consultation Document and supporting material for consultation, formal consultation will commence on 1 May 2024. The Communications Team has developed a Consultation and Marketing Plan that details how Council will consult with the community on this LTP.

2. Reason for the Report

- 2.1 The purpose of this report is to recommend that Council approve the 2024-34 Long-term Plan Consultation Document (CD) and Supporting Material for consultation.
- 2.2 Council is required to have a Long-Term Plan (LTP) and must use the special consultative procedure in adopting the LTP.

3. Relief provision for the 2024-2034 LTP

- 3.1 Under normal circumstances, Audit NZ would audit the CD and Supporting Material prior to public consultation and an Audit Opinion would be included in the CD.
- 3.2 During the 2023 general election, the incoming Government signalled its intention to repeal water services legislation, The ongoing uncertainty around three water reforms has made it difficult for councils to prepare their LTPs so the new Government provided councils with relief in the preparation of their LTP, by presenting options in relation to adoption of their LTP.
- 3.3 One of the options provided to Councils was the ability to release for consultation the CD and Supporting Material, without first obtaining audit reports. However, all councils are still required to get their final LTPs audited. This includes a review of the assumptions, risks and implications that underlie the whole LTP.
- 3.4 Management's recommendation was to take advantage of the reliefs provided and consult on the LTP with an unaudited consultation document and adopt the Final LTP no later than 31 July 2024.

4. Developing the Long-term plan

- 4.1 Council has held various workshops to discuss the 2024 LTP. These workshops have included our two Iwi partners, Ngāti Kahungunu ki Tāmaki-nui-a-Rua and Rangitāne o Tamaki nui-ā-Rua.

- 4.2 The LTP development started with the vision and goals setting workshop that considered the outputs of the Elected Members and Management Strategy Session and was facilitated by an external consultant.
- 4.3 Following that the environmental scan and LTP assumptions were workshopped. The environmental scan continues to be updated and inform the LTP development.
- 4.4 The next key set of workshops were about “levels of service”, where officers presented their activities with the focus on our “why,” strategic alignment, and challenges and opportunities.
- 4.5 Officers then started to prepare draft strategies, plans, projects, policies, programmes and budgets, showing how Council could best deliver the vision and Focus Areas (in the strategic framework) and workshopped these with Councillors.
- 4.6 Lastly, we held workshops to prioritise the work programmes and budgets.
- 4.7 After consultation submissions have been heard officers will finalise the LTP publication for adoption, and rates will be set.

5. Consultation

- 5.1 Following the adoption of the Consultation Document and supporting material for consultation, formal consultation will commence on 1st May 2024. The Communications Team has developed a Consultation and Marketing Plan that details how Council will consult with the community on this LTP.
- 5.2 In addition to having the Consultation Document publicly available, Council will also use the following ways to engage with the community:
- a) Each ratepayer will be sent a mock invoice detailing the proposed rates for their property and a Long-Term Plan pamphlet with information on the consultation items and where they can go for more information.
 - b) Council will reserve a dedicated page in the Bush Telegraph that summarises the Consultation Document and informs the reader of consultation timelines and how to make a submission. During the month of May, every week we will publish a full page in the BT that will be solely focussed on the LTP. This will be in addition to Council’s regular BT pages.
 - c) Roadshows in May where the Mayor, Councillors and staff will visit 6 towns across the district (Norsewood, Dannevirke, Woodville, Pahiatua, Eketāhuna, and Pongaroa) to discuss the Consultation Document and the Draft LTP with the community.
 - d) Council will have a dedicated LTP page on the Council website. The public will be able to download the Consultation Document and make online submissions on this page. Council will also advertise the LTP and encourage submissions on the homepage of the Council website.

- e) Council will advertise LTP Consultation via Facebook, radio, and the Bush Telegraph during the consultation period. Advertising posters will also be produced for display at Libraries and Service Centres.

6. Significance Assessment

- 6.1 Council's Long-Term Plan is the key direction setting tool for Council's proposed strategic direction, levels of service, budgets, and programmes for the next 10 years. This is a significant document and requires formal consultation with the community prior to adoption.
- 6.2 Council is required by the Local Government Act and Council's Significance and Engagement Policy to use the special consultative process for this consultation.
- 6.3 The Consultation Document is the key consultation tool for the Council's Long-Term Plan. In addition, Council's Communications Team has prepared a consultation strategy as set out in paragraph 6 of this report.

7. Council Strategic Framework

- 7.1 For this LTP, Council aligned the Strategic Framework with its District Plan. The new Strategic Framework identifies and celebrates the Tararua District, and everything that we love about living and working here. It consists of our Vision for the future, the Foundations that we are committed to, Strategic Enablers that enable us to plan for the future, as well as Our Focus Areas and Desired Outcomes that we want to achieve.
- 7.2 This Strategic Framework has shaped the development of our draft Long-Term Plan and the projects, services, activities, and programmes of work we are planning for the next 10 years.
- 7.3 The images below, extracted from the CD, summarises the Strategic Framework:



OUR FOCUS AREAS

The main Focus Areas of our Strategic Framework are represented in the icons below. You'll see these icons illustrated at the end of each Options item in the document to help you understand how it aligns to the Strategic Framework.



Thriving District

We grow Tararua in a smart and sustainable way that values our identity. We use our resources sustainably and with care, to ensure they are looked after for our future generations



Improving our Environment

We celebrate our environment and work together to enhance our local natural resources and minimise our negative impacts on them. Our district is home to a unique and beautiful landscape



Connected Communities

We provide facilities and services that meet the needs of our communities, enabling whānau living in Tararua to thrive. Our district is enriched by our community that are actively engaged in, and contribute to, our thriving Tararua



Interactive Councils

We engage with our community and respond to their needs, continuously improving over time. Our Council provides fit for purpose services in an engaging way, improving confidence and encouraging our community to engage with us

8. Consultation Document

8.1 The Consultation Document has been prepared according to the requirements of the Act.

8.2 As per Section 93B of the Act, the purpose of the consultation document is to provide an effective basis for public participation in local authority decision making processes relating to the content of a Long-Term Plan by:

- a) providing a fair representation of the matters that are proposed for inclusion in the Long-Term Plan, and presenting these in a way that:

- i. explains the overall objectives of the proposals, and how rates, debt, and levels of service might be affected; and
- ii. can be readily understood by interested or affected people; and
- b) identifying and explaining to the people of the district or region, significant and other important issues and choices facing the local authority and district or region, and the consequences of those choices; and
- c) informing discussions between the local authority and its communities about the matters in paragraphs (a) and (b).

8.3 The key issues for consultation with the community in this LTP are:

- a) Rates Smoothing
- b) Pahiatua Swimming Pool
- c) National Land Transport Programme
- d) Economic and Community Development
- e) Differential Rooding Rates
- f) Rates and Remissions Policies Review
 - i. Town Centre Refurbishment rates
 - ii. Non-Contiguous Remissions

8.4 Other matters we are highlighting to the community that we will be looking at in this LTP are:

- a) Rationalisation of Community Buildings and Council Land
- b) Integration of Council services and Community Hubs
- c) Birch North Forest – commenced the sale.
- d) Service level reviews for
 - i. Swimming Pool and Campgrounds
 - ii. Waste Management
 - iii. Sealed and unsealed roads
- e) Major projects
 - i. Dannevirke Impounded Supply
 - ii. 3 waters renewals
 - iii. District Plan/Growth Strategy and Urban Design

9. Draft LTP and Supporting Information

9.1 The information attached for Council's review and adoption are:

a) Draft Long-Term Plan 2024-2034.

Contained within this document are the following key strategies and information:

- i. Financial Strategy
- ii. Infrastructure Strategy
- iii. Revenue and Financing Policy
- iv. Rates Funding Impact Statements and Rating Policy
- v. Rates Remission Policy
- vi. Forecast Financial Statements and Accounting Policies
- vii. Significant Forecast Assumptions and Risks
- viii. Activity Profiles and Performance Management Framework
- ix. Building community with tangata whenua

b) Other Supporting Information

- i. Significance and Engagement Policy
- ii. Draft Asset Management Policy
- iii. Draft Fees and Charges 2024/2025

10. Infrastructure Strategy

10.1 The purpose of the Infrastructure Strategy 2024-2054 is to provide reliable infrastructure that is fit for purpose and future proofs our thriving district for tomorrow.

10.2 Developing this strategy assists Council to look at what is likely to be required over the next 30 years; balancing the ratepayer's ability to pay and future ratepayers having well maintained and functioning infrastructure.

10.3 The Infrastructure Strategy, in conjunction with other strategies of Tararua District Council i.e., Growth Strategy, District Strategy, Finance Strategy and the relevant Asset and Activity management Plans tell the story about where of Tararua District Council is currently, expect to be, and how it intends to get there.

10.4 It explores policy considerations, aspirations for growth, and provides an overview of the key constraints. This includes funding, physical restrictions and data availability and accuracy. An understanding of the age, condition, and performance of critical assets, as well as future demand, is important in assessing actual and planned expenditure to sustainably maintaining assets.

10.5 The objectives in the strategy are:

- To ensure a reliable supply of safe drinking water to our communities.

- To ensure efficient and reliable wastewater treatment that meets environmental outcomes.
- To ensure efficient stormwater network capacity that protects from flood events.
- To ensure public roads and footpaths are safe, reliable, and resilient.

10.6 The Big Picture issues are:

- Affordability
- Infrastructure Age and Condition
- District Growth
- Climate change and Natural Hazards
- Legislative Change

10.7 The priorities and areas of focus are:

- Improving asset information and infrastructure asset management maturity.
- Delivering ongoing maintenance and renewals programmes to meet current renewal levels and with a view to preserving asset life and levels of service.
- Meeting levels of service concurrently with reactive maintenance, while developing and implementing capital and renewal programs to meet current and future demand.
- Addressing key level of service deficiencies
- Addressing key network performance issues
- Improving service delivery and asset resilience to natural hazards and the effects of climate change
- Network extensions to enable sustainable urban growth and infill in our townships.
- Ensure compliance with resource consents and statutory requirements.
- Ensure infrastructure and services are developed with environmental protection as a key consideration.

11. Financial Strategy

11.1 The financial strategy sets out our planned approach to financial management over the life of the 10-year plan. It outlines how council intends to manage its financial

resources, details the funding required to support capital investments and service delivery, and assess the impacts on rates, debt, service levels, and investment resulting from decisions made.

11.2 The principles that guide the Financial Strategy are:

- **Affordability** – Council will deliver on public value while balancing rates affordability, sustainability, and reflecting the services this plan details we will deliver.
- **Financial Stability** – Ensuring council manages its finances in a way that maintains financial prudence and ensures long-term financial sustainability and resilience.
- **Investment in Infrastructure** – Continue to invest in our infrastructure to ensure our assets are able to provide services now and into the future while considering inter-generational impacts of council decisions.
- **Revenue Sources** – To maximise the amount of external funding received to reduce the financial burden on ratepayers.

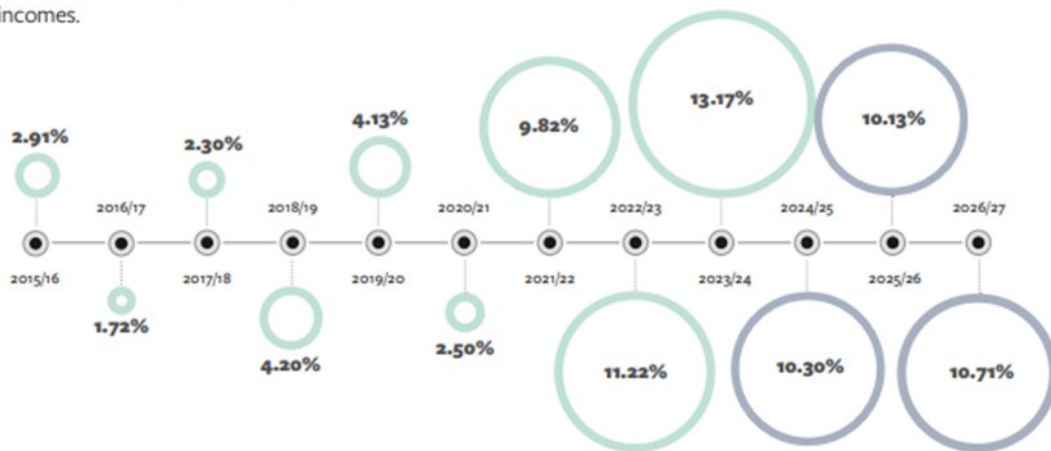
11.3 The key strategies in the 2024-34 Financial Strategy are:

- **Rates Limit:** Increase Council's rates limit to service the increased debt levels, fund the operational cost increase resulting from investment in infrastructure and growth projects, and increase cost to meet service levels.
- **Dedicated Debt Repayment:** Continue with the dedicated debt repayment programme which ensures Council has continued financial resilience whilst continuing to invest in infrastructure that meets existing community needs and enables growth.
- **Borrowing Limits:** Increase Council's debt limits to enable further capital investment to improve infrastructure, including community and recreation facilities that enables growth.
- **Revenue Sources:** Alternative funding streams in line with Council's pricing strategy and ensure opportunities for external funding is maximised.
- **Balanced budget:** Council will meet s100 of the LGA balanced budget requirement by fund an appropriate level of depreciation for future asset renewals and build reserves.

11.4 In our LTP workshops the pressure rates place on our community and the question of affordability was discussed and informed the proposed rates increases especially for Year1.

Rates level

Rates affordability continues to be a key issue for ratepayers, especially for those who are on low incomes.



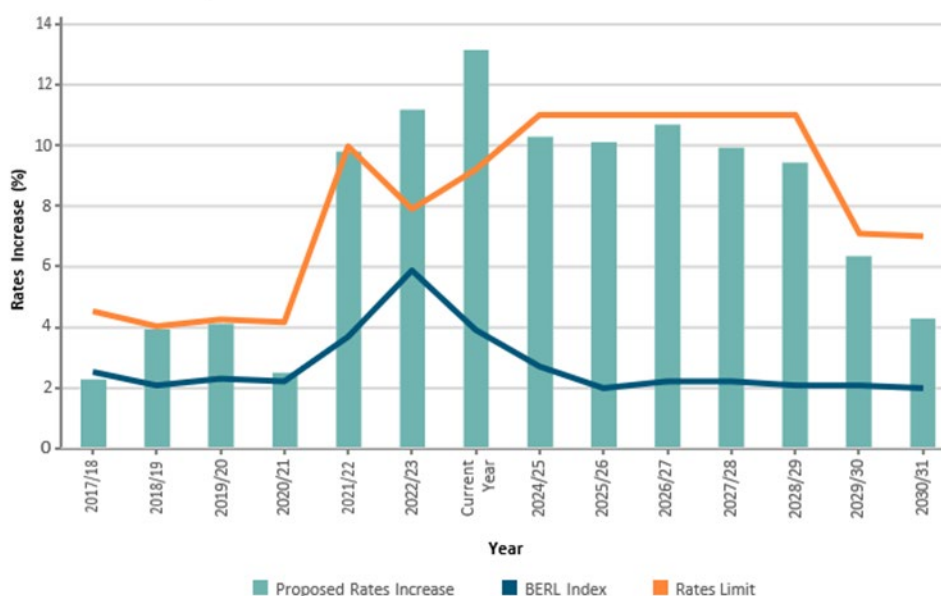
11.5 For this LTP believe we have achieved a balance in the rates increase decision but recognise that rates do contribute to a sizeable portion of household costs.

11.6 In the Financial Strategy, we have set the rates limits for this plan as follows:

- Years 1 to 5 (2024-2028): rates increase less than 11%;
- Years 6 to 10 (2028-2034): rates increase in any one year will be maintained within the weighted average local government cost index, which is calculated as BERL and specifically reflects the types of costs faced by councils, plus three percent, plus two percent dedicated for debt acceleration.

11.7 The proposed rates increase for the LTP are as per the Graph and table below.

Rates forecast – Proposed Rates Limits



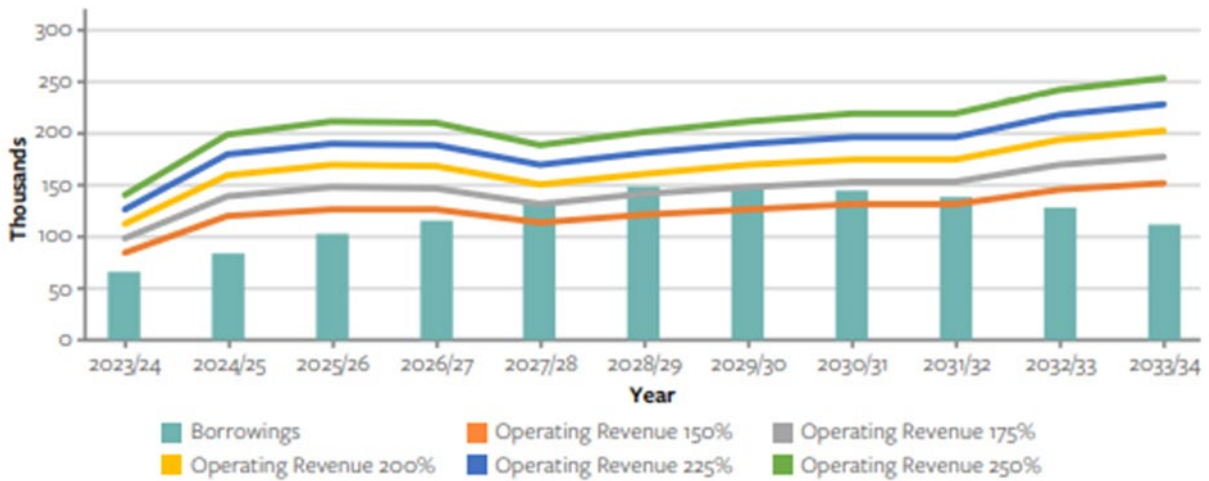
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Limit	< 11%	< 11%	< 11%	< 11%	< 11%	BERL + 3% +2%	BERL + 3% +2%	BERL + 3% +2%	BERL + 3% +2%	BERL + 3% +2%
Quantified Limit	< 11%	< 11%	< 11%	< 11%	< 11%	7.10%	7.00%	7.00%	6.90%	6.90%
Actual Increases	10.30%	10.13%	10.71%	9.95%	9.45%	6.36%	4.31%	6.44%	6.66%	6.13%

- 11.8 The table below shows Council’s available headroom. Although Council complies with all the debt limits except for one in year 5 for the 10 years of the Long-Term Plan as per its Treasury and Risk Management Policy, Council has very little headroom (if any) available during years 4 – 6 (2027- 2030) of this LTP.
- 11.9 In these years Council will have very little ability to respond to an unforeseen event should it be required to do so; Council will also need to be prudent in approving any unbudgeted expenditure in the years leading up to and including 2027-2030.
- 11.10 Because of this, in years 2 and 3 of the plan Council will look to become a credit rated Council, to allow Council to increase its borrowing limits outside of the maximum limits imposed under its LGFA covenant of 175%.

	LTP Year 1 2024/25 \$000's	LTP Year 2 2025/26 \$000's	LTP Year 3 2026/27 \$000's	LTP Year 4 2027/28 \$000's	LTP Year 5 2028/29 \$000's	LTP Year 6 2029/30 \$000's	LTP Year 7 2030/31 \$000's	LTP Year 8 2031/32 \$000's	LTP Year 9 2022/33 \$000's	LTP Year 10 2033/34 \$000's	
Council's Proposed Borrowing Limits 2024/2034 Long Term Plan											
Net Debt as a Percentage of Revenue	< 175%	52,121	52,992	39,508	4,373	(949)	5,624	13,609	27,640	45,449	69,349
Net Interest on External Borrowings as a Percentage of Total Revenue	< 10%	77,278	76,960	58,914	22,567	11,092	6,620	8,447	15,857	29,468	46,536
Net Interest on External Borrowings as a Percentage of Annual Rates Income	<15%	38,527	39,917	34,193	89,062	82,249	14,418	10,886	17,171	15,779	31,423
Liquidity (External term debt + committed loan facilities + available liquid investments to existing external debt)	> 110%	6,330	1,444	2,647	2,324	1,616	1,244	1,114	1,289	1,718	2,697

- 11.11 This graph shows the change to Council’s debt headroom based on various benchmark scenarios, including being credit rated.

Council Debt vs Debt Limits



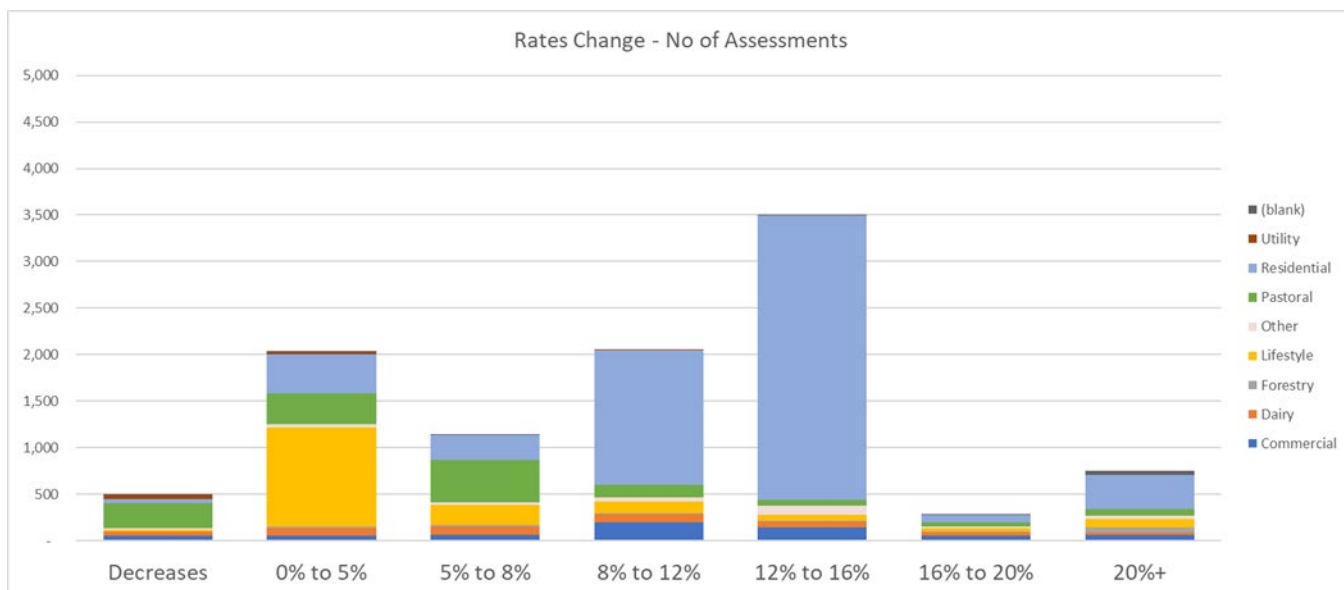
12. Rates Impact

12.1 The proposed rates increase for Year 1 of the LTP is 10.30%. However, the sector burden of the rates increases vary. These variances are primarily driven from changes to rating valuations, cost increases in the 3 waters activities (impacting urban and Industrial/Commercial) and changes to the roading rates.

12.2 Like many Councils in New Zealand, we’re facing big financial challenges. On average, local Council rates are increasing by 15%. In this LTP we need to increase our rates by 16.29% in 2025 (Year 2 of the LTP) to deliver on our service levels, meet legislative requirements, and fund infrastructure projects.

Sector	Proposed	2024	Change	% Change
Rural	20,915,796	19,157,817	1,757,979	9.18%
Urban	18,413,310	16,304,316	2,108,995	12.94%
Industrial / Commercial	3,033,818	2,947,242	86,576	2.94%
Total Rates	42,362,923	38,409,374	3,953,549	10.29%

12.3 The following graph expands on the table above and shows the distribution of the rates. Though the average rates increase is 10.30%, the increases range from above 20% to less than 5% increases.



12.4 The UAGC Rates Cap is at 24% and is set at \$645.12 compared to 659.95 in the current year. This was to reduce the sector distribution of rates to the urban and Industrial/Commercial sectors. Council may, at the completion of consultation, revisit the sector distribution of the rates and use the tools in its rating system.

13. Service performance measures

13.1 The LTP should provide a clear basis for assessing a council's performance. The service performance information allows communities to effectively assess the council's performance and hold it to account.

13.2 The performance reporting framework should reflect the council's intended direction, both overall and for each group of activities. It should provide clarity about what the council plans to achieve in the short term and an indication of its plans and performance in the longer term.

13.3 In this LTP, Council reviewed its performance measures and made changes to align them to our strategic framework and focuses its activities on what they need to measure their performance against. These measures help councils monitor performance, identify areas for improvement, and demonstrate accountability to ratepayers.

13.4 The key changes are summarised in Appendix - *Service Performance Measures 2024-2034 LTP - brief description of changes.*

14. Fees and Charges

14.1 Every year Council reviews its schedule of fees and charges. The fees and charges set by councils are an important tool for managing affordability and rates increases by diversifying revenue sources, recovering costs, maintaining affordability for ratepayers and incentivising responsible use of services.

14.2 By carefully reviewing and adjusting fees and charges annually, Councils can ensure that they remain fair, equitable, and reflective of the cost-of-service provision.

14.3 The key changes are summarised in Appendix - *Proposed Fees and Charges key changes*.

15. Conclusion

15.1 Recommendation is that Council adopts the unaudited 2024-2034 Long-Term Plan Consultation Document, the Draft 2024-34 Long-Term Plan and other Supporting Material for consultation with the community commencing 1 May 2024.

Attachments

1. TDC - LTP - Consultation Document - 2024 - DESIGN FINAL
2. Service Performance Measures 2024-2034 LTP - brief description of changes
3. Proposed Fees and Charges - key changes
4. DRAFT TDC Fees and Charges 2024-25 250424