



Notice of Meeting

An extraordinary meeting of the Tararua District Council will be held in the Council Chamber, 26 Gordon Street, Dannevirke on **Wednesday 7 April 2021** commencing at **1.00pm**.

Bryan Nicholson
Chief Executive

Agenda

1. Present
2. Apologies
3. Reports
 - 3.1 Audit and Risk Committee 3
Recommendation
That the report of the Audit and Risk Committee meeting held on 29 March 2021 (as circulated) be received.
 - 3.2 Adoption of Supporting Information for the Consultation Document 2021/2031 9
 - 3.3 Adoption of the Long Term Plan Consultation Document 2021/2031 29

Note: Audit Director Debbie Perera and Audit Manager Freddie Quilongquilong from Audit New Zealand will attend the meeting to present their audit report on the above document.

4. Closure



Audit and Risk Committee

Minutes of a meeting of the Audit and Risk Committee held in the Council Chamber, 26 Gordon Street, Dannevirke on Monday 29 March 2021 commencing at 2.39pm.

1. Present

Mr K Ross (Chairperson), Her Worship the Mayor - Mrs T H Collis, Crs E L Peeti-Webber (Deputy Mayor), A K Franklin, S A Hull, C J Isaacson, P A Johns, K A Sutherland, R A Treder and S M Wards.

In Attendance

Mr B Nicholson	- Chief Executive
Mr R Taylor	- Manager - Democracy Services
Mr R Suppiah	- Group Manager - Corporate
Ms S Lowe	- Group Manager - People and Capability
Mrs S Walshe	- Senior Financial Accountant
Mr P Wimsett	- Manager Strategy and Climate Change
Ms S Smith	- Health and Safety Coordinator
Mr C Chapman	- Group Manager - Infrastructure
Mr H Featonby	- Alliance Asset Manager
Mr S Twomey	- Alliance Three Waters Supervisor

2. Apologies

2.1 Nil

3. Notification of Items Not on the Agenda

3.1 Nil

4. Confirmation of Minutes

4.1 *That the minutes of the Audit and Risk Committee meeting held on 17 November 2020 (as circulated) be confirmed as a true and accurate record of the meeting.*

Ross/Johns

Carried

5. Matters Arising from the Minutes not otherwise dealt with in the Agenda

5.1 Nil

6. Reports

6.1 Adoption of Supporting Information for the Consultation Document 2021/2031

6.1.1 A report is tabled from the Group Manager - Corporate Raj Suppiah regarding the adoption of supporting information for the Consultation Document 2021/2031, with key changes arising for audit review concerning the following being noted:

- Sector rates
- Debt
- Financial forecasts statements

6.1.2 ***That the report from the Group Manager - Corporate dated 22 March 2021 concerning the adoption of supporting information for the Consultation Document 2021/2031 (as circulated) be received, and***

That this matter be recognised as significant in terms of Section 76 of the Local Government Act 2002 and Council's Significance and Engagement Policy, and

That the Audit and Risk Committee recommend to the Council that it:

a) adopt the policies, strategies and documents detailed in paragraph 13 of this report as information defined as supporting information for the Draft Long Term Plan 2021/2031, and

b) in accordance with Section 100 of the Local Government Act 2002, the Council confirm the Draft Long Term Plan 2021/2031 budgets have been prepared based on reasonable judgement and assumptions, and it considers the projected financial results, including the projected operating deficit over the ten year period to be financially prudent given its financial position, the cumulative surplus projected over the ten year period and its financial management policies, and

That the Chief Executive is authorised to approve any final edits required to the supporting information to finalise the documents for distribution.

Johns/Sutherland

Carried

6.2 Adoption of the Long Term Plan Consultation Document 2021/2031

6.2.1 ***That the report from the Group Manager - Corporate dated 22 March 2021 concerning the adoption of the Long Term Plan Consultation Document 2021/2031 (as circulated) be received, and***

That this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002 and Council's Significance and Engagement Policy, and

That the Audit and Risk Committee recommend to the Council the adoption of the Consultation Document 2021/2031 for consultation with the community, and

That the Chief Executive is authorised to approve any final edits required to the Consultation Document in order to finalise the document for printing and distribution.

Johns/Wards

Carried

6.3 Draft Audit New Zealand Management Report 2019/2020

6.3.1 *That the report from the Senior Financial Accountant dated 22 March 2021 concerning the Draft Audit New Zealand Management Report 2019/2020 (as circulated) be received and,*

That the Audit and Risk Committee acknowledge a modified audit opinion was issued by Audit New Zealand in respect of the 2019/2020 Annual Report, and note the following matters arising from the audit:

- *Recording of complaints is not in line with Department of Internal Affairs guidance.*
- *Leave Support Scheme eligibility and refund.*
- *Roading valuation improvement points.*
- *No central register of all contractors and non-staff people working for Council.*
- *One verbal recommendation regarding payroll reconciliations.*

Ross/Johns

Carried

6.4 Progress with Audit New Zealand Findings and Recommendations

6.4.1 *That the report from the Senior Financial Accountant dated 22 March 2021 concerning progress with Audit New Zealand findings and recommendations (as circulated) be received, and*

That the Audit and Risk Committee note progress made by management in addressing the status of eighteen recommendations from Audit New Zealand (being three are ongoing, eleven are in progress, two are complete, one is closed, with one still to be commenced), and

That management continue to provide updates on this matter to the Audit and Risk Committee as further progress is made.

Hull/Sutherland

Carried

6.5 Health and Safety

6.5.1 *That the report from the Health and Safety Coordinator dated 23 March 2021 concerning health and safety (as circulated) be received, and*

That the Audit and Risk Committee note the following regarding the focus on health and safety matters and this update:

- *The SafePlus audit is to be held on 8 to 9 April 2021.*
- *Council staff have been invited to participate in the Ask Your Team Local Government Health and Safety Survey.*
- *A Get Home Safe trial is now under way for a period of one month.*
- *The Health and Safety Committee will submit a draft 'Working Alone' Policy to the Executive Leadership Team at their 1 April 2021 meeting.*
- *The Health and Safety Committee will submit a draft 'Workplace Bullying and Harassment' Policy to the Executive Leadership Team by the end of April 2021.*

Johns/Ross

Carried

6.6 Risk Management

- 6.6.1 *That the report from the Group Manager - People and Capability dated 22 March 2021 concerning risk management (as circulated) be received, and*
- That the Audit and Risk Committee note the updates to the strategic risk register, including the addition of the risk 'Resource Management Act reform' and*
- That the Audit and Risk Committee note the need for further work in internal audit to drive improvements in risk mitigation, and*
- That the Audit and Risk Committee adopt the three-year work programme, and*
- That progress on the CKS audit recommendations is noted and those completed and confirmed are closed off requiring no further action.*

Johns/Ross

Carried

7. Public Excluded Items of Business

- 7.1 *That the public be excluded from the following parts of the proceedings of this meeting, namely:*

Tararua Alliance performance review

Tararua Alliance financial audit

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

<i>General subject matter to be considered</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground(s) under Section 48(1) for the passing of this resolution</i>
<i>Tararua Alliance financial audit</i>	<i>To protect commercial activities</i>	<i>Section (1)(a)(i)</i>

Tararua Alliance performance review	To protect the commercial position of a third party	Section (1)(a)(i)
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This resolution is made in reliance on Section 48 (1) (a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

s7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

s7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.

Collis/Wards ***Carried***

7.5 ***That open meeting be resumed.***

Ross/Hull ***Carried***

7.6 ***That the following decisions taken with the public excluded be confirmed in open meeting.***

Item 7.2 - Tararua Alliance Performance Review

That progress and achievements made by the Tararua Alliance management team as commended by the auditing team be noted along with their recommendations for the 2019/2020 financial year to keep the performance framework relevant and aligned to the strategic intent and outcomes for both of the Tararua Alliance partners.

Item 7.3 - Tararua Alliance Financial Audit

That the efforts of the Tararua Alliance management team and the Principals Group to ensure that the pain/gain pool calculated fairly reflects the financial performance for the 2019/2020 financial year is noted and acknowledged.

Ross/Hull ***Carried***

There being no further business the Chairperson thanked those present for their attendance and contributions, and declared the meeting closed at 5.14pm.

Chairperson

Report

Date : 30 March 2021

To : Mayor and Councillors
Tararua District Council

From : Raj Suppiah
Group Manager - Corporate

Subject : **Adoption of Supporting Information for the Consultation Document 2021/2031**

Item No : **4.1**

1. Recommendations:

- 1.1. *That the report from the Group Manager - Corporate dated 30 March 2021 concerning the adoption of supporting information for the Consultation Document 2021/2031 (as circulated) be received, and*
- 1.2. *That this matter be recognised as significant in terms of Section 76 of the Local Government Act 2002 and Council's Significance and Engagement Policy, and*
- 1.3. *That the Council:*
 - a) *adopt the policies, strategies and documents detailed in paragraph 13 of this report as information defined as supporting information for the Draft Long Term Plan 2021/2031, and*
 - b) *in accordance with Section 100 of the Local Government Act 2002, the Council confirm the Draft Long Term Plan 2021/2031 budgets have been prepared based on reasonable judgement and assumptions, and it considers the projected financial results, including the projected operating deficit over the ten year period to be financially prudent given its financial position, the cumulative surplus projected over the ten year period and its financial management policies, and*

- 1.4. *That the Chief Executive is authorised to approve any final edits required to the supporting information to finalise the documents for distribution.***

2. Reason for the Report

- 2.1. This report is for the Council to review and adopt the supporting information for the Consultation Document that provides the basis for the preparation of the Draft Long Term Plan 2021/2031 (Draft LTP) and the Consultation Document for consultation with the community.

3. Background

- 3.1. Council is required by legislation to adopt a LTP and review it every three years.
- 3.2. The process to develop Council's LTP 2021/2031 began in October 2019 with the first Council workshop in February 2020.
- 3.3. The Local Government Act 2002 (LGA) sets the requirements for consultation. The LGA states that the consultation material and process should provide an effective basis for the public to participate in local authority decision-making processes.
- 3.4. Information that reflects the decisions of the elected members has been prepared. This information is termed the supporting information. The supporting information forms the basis for the Consultation Document and preparation of the LTP.
- 3.5. The supporting information attached for Council's review and adoption are:
- a) Draft Long Term Plan 2021/2031;
Contained within this document are the following key strategies and information:
 - i. Financial Strategy
 - ii. Financial Prudence Benchmarks
 - 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) Asset Management Policy
 - c) Infrastructure Strategy
 - d) Treasury Risk Management Policy

- e) Significance and Engagement Policy
- f) Draft Fees and Charges 2021/2022

4. Key Messages

- 4.1. This LTP has arguably been one of the more challenging to undertake.
- 4.2. Council are faced with new challenges and exciting opportunities, and this Long Term Plan details Council’s strategies, outcomes, and outputs. The following paragraphs summarises the key messages/highlights in this Draft LTP.

5. Council Vision, Mission, Outcomes and Strategy

- 5.1. With the reinstatement of the community four well-beings and continuing to deepen Council’s relationships with its iwi partners, Council developed a new Vision and Mission together with these partners.



**COUNCIL
Mission**

In partnership with tangata whenua and our communities, we will innovate and collaborate to enable a range of opportunities for the Tararua District.

Mā te mahi tahi mātou o kaunihera ki ngā tangata whenua, ka auaha aheinga mō tātou katoa o te rohe o Tamaki-nui-a-Rua.



**DISTRICT
Vision**

Vibrant, connected communities where our land and waters are nurtured and our people flourish.

Mā te whenua, mā te waiora tātou e ora ai hei hapori ngāngahau hei hapori honohono hoki.

- 5.2. This naturally meant the re-write of Council Outcomes and followed through to the Strategic Outcomes. The Council Outcomes focused on the four well-beings.



5.3. The Strategic Objectives then focused on

- Delivering Resilient Infrastructure
- Prudent Financial Management
- Growing Strong Communities
- Building a Vibrant Economy

5.4. The underlying strategies, programme of work and funding requirements reflect these new priorities.

5.5. Refer to the section on Our vision, mission, outcomes, and strategy of the Draft LTP for details on the changes made to the Council’s Vision, Mission, Council outcomes and Strategic Objectives.

6. Financial Strategy

6.1. The Financial Strategy is at the core of the Draft LTP – *“The Financial Strategy provides a financial framework for making decisions, and outlines how Council intends to manage its finances prudently for the next 10 years, and the impacts on rates, debt, levels of service, and investments.”*

6.2. This strategy outlines the issues and challenges in the Long Term Plan, how Council intends to respond and the resulting outcomes and impacts.

6.3. In the 2018/2028 LTP the strategies in the Financial Strategy were focused on Affordability (rates increase), depreciation funding (fund renewals and intergenerational equity) and a balanced budget.

6.4. In the 2021/2031 LTP Council are facing significant challenges and cost increases due to the impacts of things like Covid-19, population growth, land use change, climate change and regulatory reform that require a more integrated strategy.

- 6.5. The 2021/2031 Financial Strategy assesses the current stake, discusses challenges and opportunities, clearly states Council’s strategies, how it is responding to the challenges and opportunities, and finally the desired future state.
- 6.6. The key theme of this Financial Strategy is creating financial headroom to enable Council to respond in the future to opportunities and challenges as they arise.
- 6.7. To achieve these the strategy focuses on the following inter-linked key strategic directions that enable Council to achieve its strategic goals, whilst ensuring financial sustainability and prudence by leaving headroom for the unknown:



6.8. Refer to the section on *Financial Strategy* in the Draft LTP.

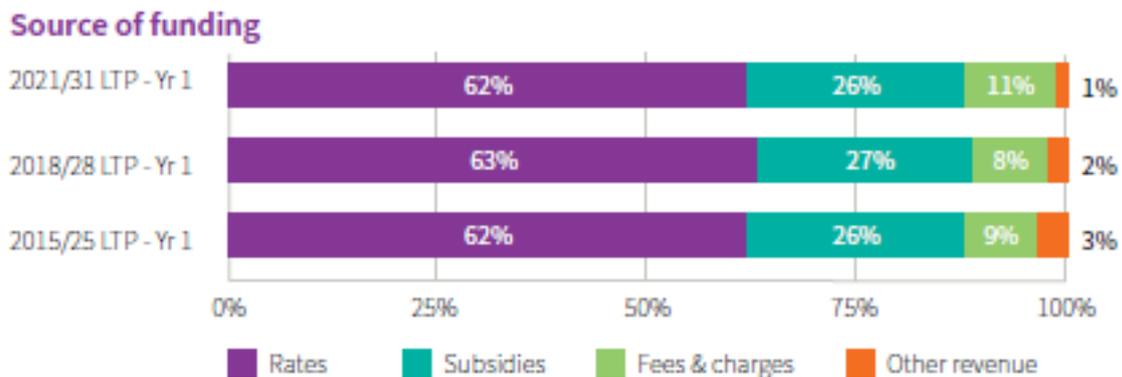
Key Changes to Council’s Rating Policies

6.9. Council regularly reviews areas of its revenue and financing, and remissions policies to ensure they are aligned to and enable the strategic outcomes in the Financial Strategies. The key changes are:

Sources of Funding

6.10. For some time, Council has been introducing a user pays approach for those services that are for the benefit of users as opposed to the public good for all ratepayers. This process is continuing, and it is anticipated there will be continued increases in some fees for services in future.

- 6.11. To balance the burden of increasing costs on ratepayers, Council has reviewed its fees and charges against the pricing strategy it set in the 2015-2025 Long Term Plan. One of the objectives in this strategy is to recover the cost of activities that direct users can be identified through fees and charges. A significant increase in user charges for building and planning services, as well as dog registration fees are proposed in year 1 of this LTP. The increase in user charges for year 1 of the LTP reduced the rates increase by just over 1%.
- 6.12. The key changes to the Fees & Charges are detailed in Paragraph 10 of this report.



- 6.13. Council is also looking at introducing a targeted forestry rate and development contributions. These are discussed in the Consultation Document.

Uniform annual general charge

- 6.14. The uniform annual general charge (UAGC) is a specific levy of an equal amount on each rating unit. The UAGC is applied as a fixed amount to every rating unit within the district and does not vary with the value of the rating unit. Following the significant property value increases the district has experienced in the new rating valuations, Council has adjusted the current range of 27% to 30% of the rates requirement to be recovered by way of a UAGC to 25% to 29% in this LTP.

New Targeted Kerbside Recycling Rate

- 6.15. With the introduction of the new kerbside recycling services that will benefit mainly urban ratepayers and rolled out by towns.

3% discount from full payment of rates

- 6.16. Council had provided for a 3% discount to ratepayers who pay the full rates on or before the 1st Rates Instalment. This scheme was introduced when interest rates were very high (8%-10%) and the money collected earned interest and helped offset rates. However, given the very low interest rates in the current market this scheme is being subsidised by other ratepayers in the district.

- 6.17. Hence in this LTP, Council is proposing to remove the 3% discount and reconsider this again in the 2024/2034 LTP if market conditions improve.

Remissions Policy on Maori Freehold Land

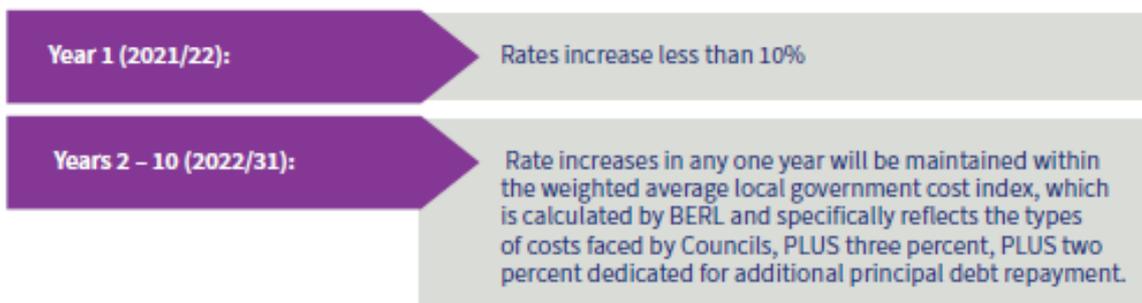
6.18. Council recognises the unique challenges in rating Maori Freehold Land and has proposed a new remissions policy on Maori Freehold Land with the aim to provide rates relief to Maori freehold land held that meet defined conditions.

6.19. Refer to the Draft Long Term Plan 2021-31 for further details on these changes.

Increases in Council Rates Limit

6.20. Over the previous 9 years, Council has maintained rates at relatively low levels despite record investment in infrastructure. However, due to the challenges outlined in the Financial Strategy, a period of higher rates increases is needed.

6.21. Council has resolved to change the rates limit in the 2018-2028 LTP from BERL (Local Government Cost Index) plus two percent a year to the following new limits:



6.22. The two percent debt repayment above is subject to the Debt Repayment option chosen from the Right Debate item in this Consultation Document.

Rates Increase for Year 1

6.23. The proposed rates increase for year 1 is 9.83%, which is noticeably the largest increase in the past decade. The graph below highlights the key drivers for the rates increase in year 1 of the LTP.



- 6.24. The graph also shows the alternate Year 1 where Council significantly reduce its service levels. In the Consultation Document, though Council provide options, it discusses the risk the alternative year poses and explains why the proposed strategies in the Financial Strategies are critical to the district’s success.
- 6.25. The LTP Year 1 bar in the graph above highlights the main drivers for the increase in rates funding required for year 1 of the Long Term Plan based on Council’s preferred options in this Consultation Document. BERL represents the increase in operating costs as a result of inflation for Council to maintain levels of service offered to the community.
- 6.26. Explanation of the key driver as disclosed in the Consultation Document are:

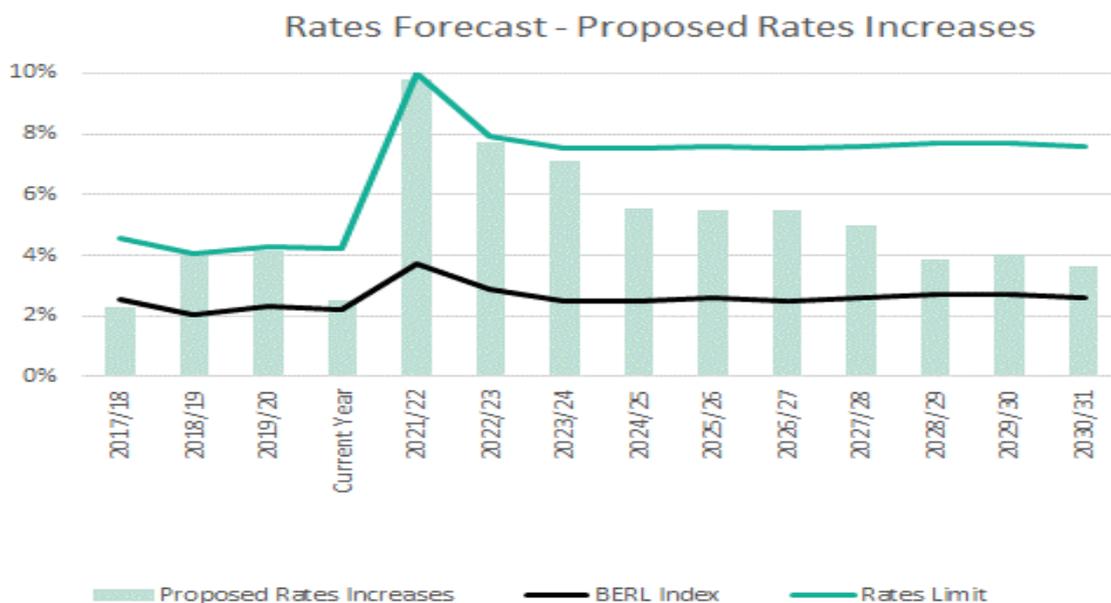
The key drivers for this increase are:

- Continuation of an ambitious capital investment programme resulting in an increase in debt, and debt servicing costs. Council provided relief to ratepayers by deferring some costs in 2020/21 due to the national Covid-19 lockdown. This is impacting the level of increase required in rates to provide existing services.
- Commitment to meet increasing regulatory compliance. The increase in operating costs of recently upgraded treatment plants are significant and are necessary to meet regulatory standards and expected service levels in our communities
- Developing and implementing strategies that enable growth, and meeting the increased demand on processing building and planning consents
- The reinstatement by Government of the four well-beings, along with learnings from the districts recovery from the drought and Covid-19 has resulted in Council introducing a new activity called Community Development. This is a significant service level increase that will facilitate, and support community led projects.
- Introducing funding to repay external debt to ensure there is sufficient debt headroom in the future and to reduce the impact from future interest rate increases. Alternatively, if the lowest rate impact options in this Consultation Document were to be selected, this would result in the total rates required reducing to 6.4% as indicated by the Alternative LTP Year 1 bar in the graph above.

Rates Increases in the LTP

- 6.27. The average rates increase in this LTP is 5.75% compared to 3.54% in the 2018 LTP and 2.72% in the 2015 LTP – see table and graph below. The trend is obvious - impacts of things like Covid-19, population growth, land use change, climate change, regulatory reforms, and increases to service levels are costly.

Rates Forecast - Proposed	2017/18	2018/19	2019/20	Current Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Proposed Rates Increase	2.3%	4.0%	4.1%	2.5%	9.8%	7.7%	7.1%	5.5%	5.5%	5.5%	5.0%	3.8%	4.0%	3.6%
BERL Index	2.5%	2.1%	2.3%	2.2%	3.7%	2.9%	2.5%	2.5%	2.6%	2.5%	2.6%	2.7%	2.7%	2.6%
Rates Limit	4.5%	4.1%	4.3%	4.2%	10.0%	7.9%	7.5%	7.5%	7.6%	7.5%	7.6%	7.7%	7.7%	7.6%



Sector Rates Increases

6.28. The table below shows the sector rates distribution, the Uniform Annual General Charge (UAGC) rates cap and charge per rating assessment. The table also shows the sectors rates for the 3 years of the LTP.

	Year 1 LTP	Current Year
Rates Cap:	25.89%	29.71%
UAGC :	\$559.75	\$590.31

Sector	Current Year	Year 1 LTP	% Change	Year 2	% Change	Year 3	% Change	TOTAL	Average
Urban	10,816,389	12,028,985	11.21%	13,148,699	9.31%	14,228,845	8.21%	28.73%	9.58%
Rural	14,554,748	15,868,201	9.02%	16,857,481	6.23%	17,916,459	6.28%	21.54%	7.18%
Ind	2,066,931	2,248,460	8.78%	2,458,812	9.36%	2,618,519	6.50%	24.63%	8.21%
TOTAL RATES	27,438,068	30,145,646	9.87%	32,464,992	7.69%	34,763,823	7.80%	25.36%	8.45%

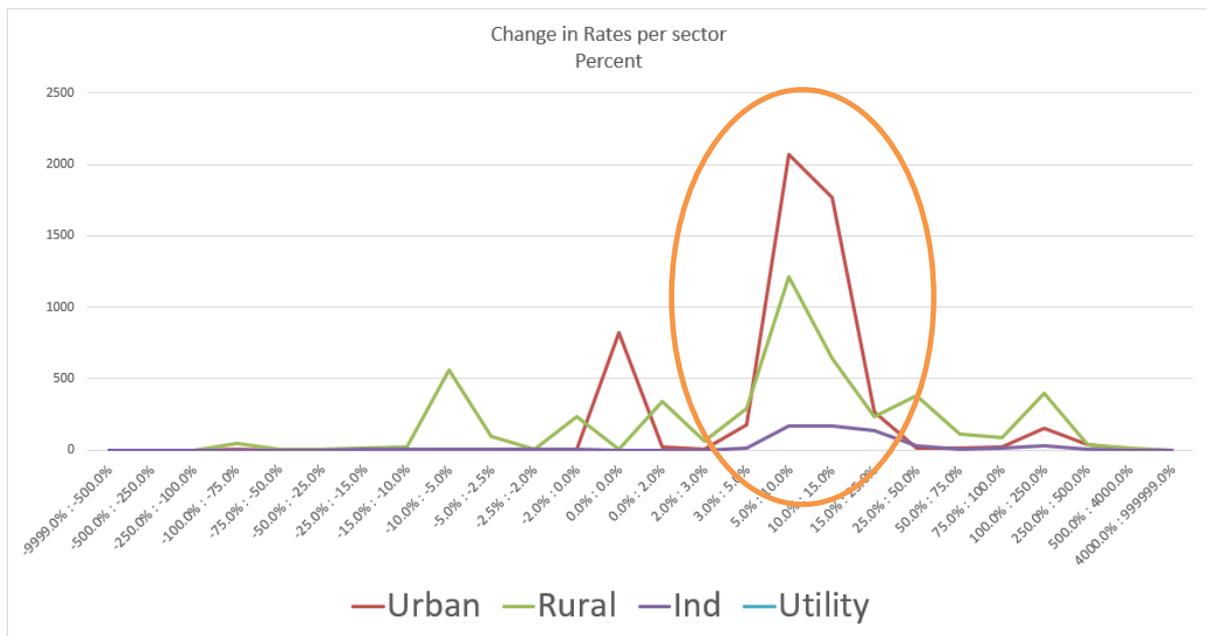
6.29. The rates cap is lower than the current year. This is Council's desire to balance rates affordability and rates equity (user pays). The significant shift in the results of the 2020 rating valuations make this challenge more difficult.

6.30. The snip below of the analysis done shows the percentage change in land value (LV) for the 3 sectors.

Rates Breakdown	LV Variance %	Rating Units
North	32.84%	5219
Ind/Com Nth Ward	88.42%	316
Rural Nth Ward	23.74%	2417
Urban Nth Ward	174.80%	2486
South	31.45%	4661
Ind/Com Sth Ward	55.24%	283
Rural Sth Ward	22.70%	2384
Urban Sth Ward	179.91%	1994
Total	32.19%	9880

6.31. The detailed analysis of the rates increases impact in the graph below, on all ratepayers shows a wider distribution of rates. But there is a concentration around the 5% to 15%. This wider distribution is a primarily the result of the rating valuation where roading and general rates, which make up 57% of total rates, are allocated on land values.

6.32. To compound the issue further, the 3 waters targeted rates (mainly impacting urban ratepayers) has increased by 8.5% in Year 1 compared to current year.



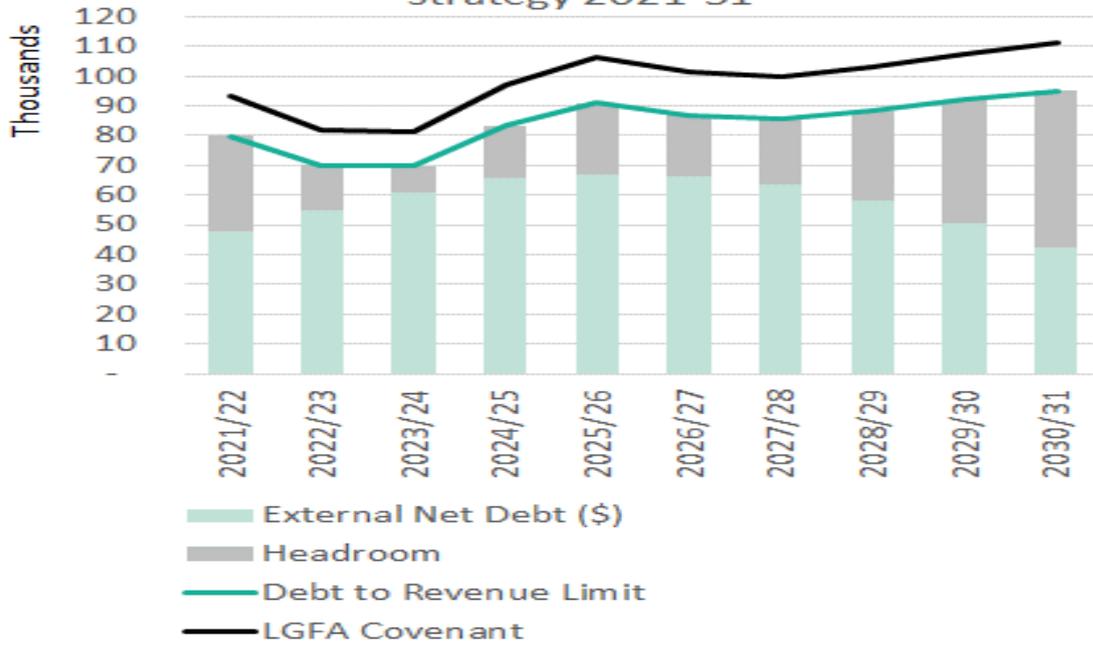
Infrastructure Investment and Managing Growing Debt

- 6.33. Over the past decade Council has been investing heavily in improving core infrastructure, whilst gradually increasing planned asset replacements. This theme continues in the proposed Long Term Plan and in addition Council is preparing for future investments in community and recreation facilities that meet the changing needs of current and future residents.
- 6.34. As a result, Council’s external debt is projected to increase significantly from \$45 million to \$80 million in 2025/26 as shown in the graph below.

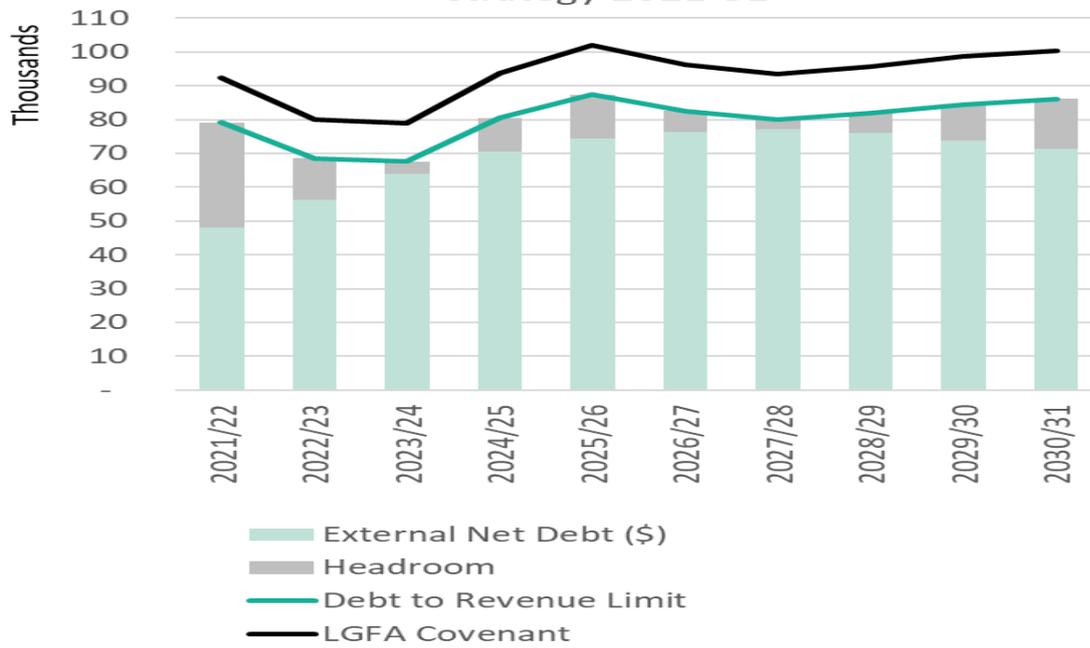


- 6.35. To enable this investment, the Council has increased one of its debt limits, Net Debt as a Percentage of Revenue, from “no greater than 100% of revenue”, to “no greater than 150% of revenue”.
- 6.36. External debt repayment is currently provided from surplus cash from depreciation reserve funding (used to fund the replacement of long-term assets). Council’s infrastructure is aging, and planned renewals are increasing, meaning that there is no longer sufficient surplus cash to repay external debt.
- 6.37. The need to introduce a debt repayment programme was previously signalled in the 2018 Financial Strategy, but not beginning until 2025/26. Council needs to bring this strategy forward to 2021/22 to enable Council to fund its capital programme and create the financial headroom needed to respond to new opportunities and challenges as they arise. Therefore, Council is introducing a debt principal repayment programme funded at 2% rates increase per year over the course of this LTP.
- 6.38. The graph below shows that Council will have greater headroom during the LTP due to the debt repayment programme. Without a debt repayment programme, Council would comply with its debt limit, albeit with no headroom for additional borrowing in the red shaded years below.

Council Debt Position with debt repayment strategy 2021-31



Council Debt Position without debt repayment strategy 2021-31



Our Future State

- 6.39. The Financial Strategy also indicates where Council expects to be in year 10 of the Draft LTP.
- 6.40. Council is planning on investing heavily to upgrade assets, prepare for growth, improve levels of service, and improve the well-being of the community.
- 6.41. In achieving Council’s vision, by 2031 it would have:
- Built a sustainable level of ongoing debt principal repayment resulting in debt levels reducing after a period of steady increase.
 - Planned for growth and be maximising the benefits of growth in the district.
 - Completed significant capital investments to improve infrastructure and meet the needs of a growing district.
 - Invested in improving community facilities for residents to enjoy.
 - Promoted and supported a resilient, safer, and cared for community.
 - Significantly improved the safety and resilience of the roading network
 - Made significant progress in building a connected community (digital and physical infrastructure).
 - Undertaken significant renewals on ageing reticulation networks, significantly reducing the risk of network failures.
- 6.42. Council will continue to monitor progress against “Our Future State” and take stock at the 2021/31 Long Term Plan.

7. Infrastructure Strategy

- 7.1. As with most councils around New Zealand, Tararua District Council is faced with the ongoing challenge of meeting ever-increasing regulatory, compliance and health standards for infrastructure (water, wastewater, stormwater, and transport) while maintaining affordability for ratepayers.
- 7.2. The challenges in the Infrastructure Strategy are similar to the Financial strategy i.e. affordability, climate change, growth, and legislative changes.
- 7.3. Though it is believed Council’s infrastructure assets are in overall good condition for their age, there is still a lot of gaps in knowledge of the condition and performance of some of the infrastructure.

- 7.4. This challenge is made even more difficult as the effects of under-investment in infrastructure renewal over the last few decades and gaps in knowledge of the condition and performance of some of Council's infrastructure is starting to emerge and proving a challenge. Council are not able to make good strategic decisions.
- 7.5. Hence, in preparing Council's 30-year infrastructure strategy it is taking the following key strategic responses:
- Continue to improve knowledge and understanding of existing infrastructure.
 - Undertake ongoing maintenance and renewal programmes to meet current levels of services and extend the life of existing infrastructure where possible.
 - Address existing deficiencies in key areas such as meeting NZ Drinking Water Standards, compliance with wastewater discharge consents and undertaking minor road safety improvements
 - Address known key network performance issues such as reducing stormwater that gets into the wastewater network and removing the risk of water backflow from properties into the network.
 - Improving infrastructure resilience such as upgrades to Route 52 and increasing water storage ability.
 - Providing for minor extensions to infrastructure to accommodate population growth in the district's larger towns.

8. Levels of Service and Performance Measures

- 8.1. Levels of service are outputs that Council expects will be generated by an activity. Good levels of service flow from the rationale for service delivery and demonstrate a customer focus.
- 8.2. Levels of service are attributes that either demonstrate value to the community or are key to the way the public uses or experiences the activity.
- 8.3. Council do that with having an overarching defined performance management framework. For each activity Council then have established performance measures and targets that will demonstrate 'value for money' and performance against these targets.
- 8.4. Performance management is the process of determining objectives, measuring progress against those objectives, and using the results to improve a local authority's delivery of services to the community.

- 8.5. Timely, relevant performance information helps demonstrate ‘value for money’ to the public. This means the information Council report must mean something to the community, elected members, and staff.
- 8.6. Performance management helps elected members and staff assess whether the Council’s policies and services are making the community’s lives better. Performance management is not just a legal requirement, it explains what Council is doing and why.
- 8.7. These are detailed in the “Performance Measures” section for each activity. In the Draft LTP Council are proposing a total of 100 performance measures compared to 112 in the 2018/28 LTP. See table below
- 8.8. Council have introduced 16 new measures, increased the levels of service (LOS) for 10 and reduced LOS for 8 measures.

	2018/28 LTP	Proposed in 2021/31 LTP				TOTAL
		Same LOS	Increase LOS	Decrease LOS	New	
Community Development	2	1			4	5
Representation	3	3				3
Cemeteries	2	2				2
Community Buildings	2	2				2
Customer Services	4	1		3		4
Libraries	3	3				3
Parks and Reserves	3	3				3
Pensioner Housing	2	1	1			2
Public Conveniences	3	1		2		3
Swimming Pools	4	2		1		3
Commercial Investments	1					0
Economic Development	6	3	1			4
Animal Control	3	1			2	3
District Planning	3			1	1	2
Emergency Management	3				3	3
Health & Safety	6	1		1	5	7
Solidwaste	5	3	2			5
Stormwater	9	9				9
Footpath	3	2			1	3
Roading	14	6				6
Wastewater	14	10	3			13
Water Supplies	17	12	3			15
TOTAL	112	66	10	8	16	100

8.9. The notable changes are:

Activity	Key Changes
Community Development	<ul style="list-style-type: none"> This is a new activity and replaces Community Support Introduced 3 new measures
Customer Services	<ul style="list-style-type: none"> Reduce service levels for customer satisfaction surveys and abandoned calls.
Emergency Management	<ul style="list-style-type: none"> New measures to reflect the focus of this activity on training and stakeholder management (lead collaboration and coordination between entities).
District Planning	<ul style="list-style-type: none"> The percentage of non-notified resource consent applications processed within statutory timeframes reduced from 100% to 95%.
Health & Safety	<ul style="list-style-type: none"> The percentage of building consent applications processed within statutory timeframes reduced from 100% to 95%.
Roading	<ul style="list-style-type: none"> 7 technical measures have been removed as they have no relevance to the ratepayers.
Solid Waste Management	<ul style="list-style-type: none"> Measures for waste to landfill and tonnage of recycled materials though have a lower level of service in year 1, they gradually increase by year 4.

9. Fees and Charges

9.1. Council's Revenue and Financing Policy details how each activity will be funded. It also determines funding splits, i.e. public vs private good, rates vs fees and charges.

9.2. The following are the critical changes to the draft fees and charges 2021-2022:

Fee	The Changes
Cemetery Interments	An increase in the charge for adult interments from \$1,000 to \$1,400, Ashes interred into the ground from \$90 to \$150. This reflects the actual cost of providing the service
Purchase of Plots	An adult plot is to increase from \$900 to \$1000.
Pensioner Housing	(Applies from 1 Jan 2022) Increase in rentals from \$120 to \$140 for 1-bedroom flats for all except Eketahuna. Eketahuna increases from \$115 to \$125 per week.

Fee	The Changes
	Two Bedroom units increase from \$170 to \$190 per week. These reflect the funding required to continue to invest in pensioner housing, and reflects the steep movements in market rentals in Tararua
Regulatory Fees	Significant increases in building and planning consent fees are proposed. Council is proposing to move towards user pays for these services. The increase in demand for these services has resulted in the need to significantly increase resources over the previous 2 years.
Animal Control Fees	Increase urban domestic dog registrations from \$95 to \$115, working and rural dogs from \$40 to \$50, and preferred owner from \$50 to \$65. The pricing objectives of this activity requires 75 – 85% of the costs to be recovered through user charges, necessitating an increase in fees to become compliant with this objective
Solid Waste Disposal	Dannevirke weigh bridge charges to increase from \$258 to \$290 per tonne. This reflects the increased costs in transporting and disposing of waste and include the increase in government levies and taxes on waste.
Water Supplies	The administration charge for metered water charges has increased from \$15 per quarter to \$20 per quarter. Council expect this to reduce when it gains efficiencies when it fully rolls out electronic meters.

10. Balanced Budget

10.1. Section 100 of the Local Government Act 2002 requires Council to ensure that for every year of the Long Term Plan, its projected operating revenues are set at a level sufficient to meet its projected operating expenditure.

10.2. Council may set projected operating revenues at a different level from that required, if Council resolves that it is financially prudent to do so.

10.3. In assessing a financially prudent position, Council considers:

- The estimated expenses of achieving and maintaining the predicted levels of service set out in the Draft LTP, including the estimated expenses associated with maintaining the service capacity and integrity of the assets throughout their useful life; and
- The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
- The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
- The funding and financial policies.

- 10.4. The Council's overall approach is to operate in a fiscally prudent and conservative manner. To achieve this, Council endeavours to keep rates increases at an affordable level to deliver on service levels and maintain and renew its infrastructure assets.
- 10.5. Due to the introduction of its debt repayment programme, and Route 52 upgrade project that is 100% subsidised, Council balances its budget in all years of this LTP except for 2023/24. The main driver for this deficit is Council choosing not to fully fund asset depreciation. This is due to:
- Maintenance and renewal costs of roading are funded (66%) by NZ Transport Agency by way of a subsidy. Council only rates for its share of the depreciation expense being 34%.
 - The housing activity is self-funding from rental income. This activity continues to build reserves sufficient to renew and upgrade housing assets in future years. The annual rental income is sufficient to cover operational expenses.
 - Some assets will not be identically replaced due to a change in needs. An example of this is replacing a multi-story building with single-story building. Hence, Council will only fund for the estimated replacement cost of a single-story building.
 - Council earns interest on the depreciation funds it collects. In determining the level of deprecation funding required, Council has considered the effect of compounding interest.

11. Significance Assessment

- 11.1. The adoption of the supporting information for the LTP is a decision that is recognised as significant in terms of Section 76 of the Local Government Act 2002 and Council's Significance and Engagement Policy.

12. Conclusion

- 12.1. The below supporting information was presented to the Audit and Risk Committee meeting held on 29 March 2021, and is recommended to the Council to adopt for consultation:

a) Draft Long Term Plan 2018/19

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

- i. Financial Strategy
- ii. Financial Prudence Benchmarks
- 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. Policy on the Development of Maori Capacity to Participate in Council Decision-Making
- b) Asset Management Policy
- c) Infrastructure Strategy
- d) Treasury Risk Management Policy
- e) Significance and Engagement Policy
- f) Draft Fees and Charges 2021/2022

Attachments

Nil.

Report

Date : 30 March 2021

To : Mayor and Councillors
Tararua District Council

From : Raj Suppiah
Group Manager - Corporate

Subject : **Adoption of the Long Term Plan Consultation Document
2021/2031**

Item No : **4.2**

1. Recommendation

- 1.1 *That the report from the Group Manager - Corporate dated 30 March 2021 concerning the adoption of the Long Term Plan Consultation Document 2021/2031 (as circulated) be received, and*
- 1.2 *That this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002 and Council's Significance and Engagement Policy, and*
- 1.3 *That the Council adopt the Consultation Document 2021/2031 for consultation with the community, and*
- 1.4 *That the Chief Executive is authorised to approve any final edits required to the Consultation Document in order to finalise the document for printing and distribution.*

2. Executive Summary

- 2.1 Council is required to have a Long Term Plan (LTP) and must use the special consultative procedure in adopting the LTP. The Local Government Act 2002 (LGA) requires a Consultation Document to be prepared and adopted in accordance with Section 93A(1)(a).
- 2.2 Following the adoption of the Consultation Document and supporting information for consultation, formal consultation will commence on 12 April 2021.
- 2.3 The Project Team has developed a Consultation Plan that details how Council will consult with the community on this LTP.

3. Reason for the Report

- 3.1 To adopt the Consultation Document 2021-2031 for consultation with the community as required by the Local Government Act (the Act).

4. Purpose of consultation document for long-term plan as required under the Local Government Act 2002

- 4.1 Council is required to have a Long Term Plan (LTP) and must use the special consultative procedure in adopting the LTP. The Local Government Act 2002 (LGA) requires a Consultation Document to be prepared and adopted in accordance with Section 93A(1)(a).
- 4.2 As per Section 93B of the LGA, 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).

5. The Consultation Document

5.1 The Consultation Document sets out a number of issues and options around proposals for Council's Long Term Plan. It aims to capture the key challenges facing the district and the major proposals for the 10 years of the Plan.

5.2 The Consultation Document has been presented in the following way:

- **Mayor's message**
- **Our Vision & Mission, Council Outcomes and Strategic Objectives**
- **Right Debate** - Council is consulting on four issues
- **There's plenty more to discuss** – Council is informing the communities of the challenges and opportunities in nine other areas,
- **Financial Strategy** – highlighting 6 key strategic directions in the Financial Strategies
- **Infrastructure Strategy** - significant capital investment for the 10 years of the Plan
- **Audit Report**
- **Your submission**

5.3 These are detailed in the Consultation Document recommended for adoption.

6. Consultation

6.1 Following the adoption of the Consultation Document and supporting information for consultation, formal consultation will commence on 12 April 2021. The Project Team has developed a Consultation Plan that details how Council will consult with the community on this LTP.

6.2 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.
- b) Council will advertise in the Bush Telegraph (a centre spread) that summarises the Consultation Document and informs the reader of consultation timelines and how to make a submission.
- c) Road shows in April – The Mayor, Councillors and staff will visit seven towns across the district (Norsewood, Dannevirke, Woodville, Pahiatua, Eketahuna, Herbertville and Pongaroa) to discuss the Consultation Document and the Long Term Plan with the community.
- d) Council will have a dedicated LTP page on the Council website. Public will be able to download the Consultation Document and make on-line submissions on this page. Council will also have Homepage advertising the LTP on the website.

- e) Council will advertise LTP Consultation via Facebook and radio during the consultation period. Advertising posters will also be produced for display at Libraries and Service Centres.
- f) In the event there are changes to Covid-19 levels, Council will change its community consultation accordingly which has been factored into the Consultation Plan.

7. Significance Assessment

- 7.1 The Consultation Document is the key consultation tool for the Council's Long Term Plan. Council will have to use the special consultative process for this consultation to be compliant with the Act and Council's Significance and Engagement Policy.

Attachments

Nil.