Notice of Meeting

An Extraordinary Meeting of the Finance and Performance Committee will be held in the Council Chamber, 26 Gordon Street, Dannevirke on **Wednesday 19 June 2024** commencing at **8:30am**.

Bryan Nicholson
Chief Executive

Agenda

Report

Date	:	14 June 2024
To	:	Chairperson and Committee Members Finance and Performance Committee
From	:	Bryan Nicholson Chief Executive
Subject	:	**Deliberations on Matters Raised During Long Term Plan Consultation**
Item No	:	**4.1**

1. Recommendation

1.1 ***That the report from the Chief Executive dated 14 June 2024 concerning the Deliberations on Matters Raised During Long Term Plan Consultation be received.***

1.2 ***That the Finance and Performance Committee notes the matters raised through submissions on the draft Long Term Plan 2024-34.***

2. Reason for the Report

2.1 To present to the committee for its consideration the results of the public consultation on the draft Long Term Plan 2024-34, and to seek decisions from the committee on each of the consultation options and matters raised during through submissions to reflect in the final Long Term Plan 2024-34.

3. Background

3.1 This has been the most difficult Long Term Plans of Tararua District Council to complete. The amount of investment required in three waters is exceptional in our times. This is core council business and yet it may soon be transferred out of council direct control. The future continues to shift, and this may yet need the Long Term Plan to be re-cast as early as next year. Budgets have had to be reviewed to accommodate the three waters costs, putting other council activities under severe pressure. However, without water, there are no towns. We have had no choice, which make this Plan even more difficult.

3.2 For the three waters, we have worked from detailed engineering assessments, condition ratings of aging network to increased treatment and improved resilience for climate change, while managing growth. We have never had such detailed information on which to base a Long Term Plan. However, we have continued to refine the capital projects since February 2024, reducing the need for debt and refining the timing of projects for delivery.

3.3 We have worked from $337 million from our engineers estimates to $177 million in February and projects now sit at $137 million in today's dollars over the first ten years of the Plan. This means debt and funding limits are met, but it still translates through to large ongoing rates increases for largely urban households and business. Renewals are continuing and for the first time, an allowance for wastewater laterals in the first three years has been provided for. This is an ambitious work programme and excludes full replacement/renewal of the Dannevirke impounded water supply dam but allows for some targeted work of $1 million. Work needs to progress on options for alternate water sources for Dannevirke and research on options for Woodville. Growth and changing climate are impacting on the infrastructure, and working with our neighbouring councils is becoming more critical where scale and efficiencies can be achieved.

3.4 The Council is required by legislation to adopt a Long Term Plan that covers a period of not less than ten consecutive years. The plan must be reviewed every three years.

3.5 The programme of work to develop the Council's Long Term Plan began in November 2022, with the Executive Leadership Team reviewing in detail all budget lines to identify savings that could be made, without impacting on the requirements to be able to deliver on the services and maintenance of infrastructure that is detailed within the Long Term Plan.

3.6 Further work with elected members and iwi partners through the Long Term Plan workshops identified further savings, and these were incorporated into the draft Long Term Plan.

3.7 As a result of changes proposed by the Government, the option to adopt an unaudited consultation document was taken up by the Council, noting that the final Long Term Plan would be audited by Audit New Zealand.

3.8 The draft Long Term Plan consultation document and supporting information was adopted for consultation on 1 May 2024, with consultation closing on 31 May 2024.

4. Discussion

4.1 Between 1 May 2024 and 31 May 2024 consultation was undertaken with the community on the draft Long Term Plan.

4.2 A total of 503 submissions were received.

4.3 There were six formal consultation issues:

- Rates Smoothing
- Pahiatua Swimming Pool
- National Land Transport Programme
- Economic and Community Development
- Differential Roading Rates
- Rates review for Non-contiguous Rating Units and Town Centre Refurbishment

4.4 As well as the formal consultation issues contained in the consultation document, the community were able to submit on additional matters of concern. These matters are summarised in this report.

4.5 A hearing was held over 11 and 12 June 2024, for people that asked to speak to their submission. Out of the 35 submitters that reserved time to speak during the hearing, 29 of these spoke during the hearings.

4.6 Following the hearing of submissions, the Finance and Performance Committee provided direction on matters that it wished to give further consideration to, for discussion at this meeting.

5. Direction from Committee following the Hearing

5.1 The committee requested further information on the following items, to assist with their deliberations at the 19 June 2024 meeting of the Finance and Performance Committee:

5.2 Rates smoothing: information to show the average rates for each sector under 3 year rate smoothing, and under no rate smoothing. This was clarified that this information be developed based on the preferred options contained in the draft Long Term Plan.

5.3 Pahiatua Pool – provide information on ongoing operational costs, costs of repairing the current pool, ability for Council to close the current pool, and ability to sell the current pool. Also provide information on impact of spreading the $2.5 million funding across years 1 and 2. Provide information on reworking the timing to include any impact of delaying the pool to allow for Section 17A review of swimming pools to be undertaken first, and any funding decision being dependent on the outcome of the Section 17A review and to include a split in the draw down of funding and what would be the feedback from the community if there was no swimming pool in Pahiatua for two years.

5.4 National Land Transport Programme – noted signals from NZTA Waka Kotahi have changed on this. Information requested on the impact of the funding programme being lowered.

5.5 Economic development – treat separately from contestable fund discussion.

5.6 Contestable fund – include information to clarify amounts of contestable funding and how that fund could be distributed by community boards and community committees, noting that the process for distribution of the grants would be decided outside of the LTP process. Provide clarification of what the impact of removing the main street funding would be on the small communities.

5.7 Differential roading rates – clarification to be provided on the tonnage information from Infometrics, the principles basis that the methodology was based upon and the rationale behind that. Noted that it was signalled as a complicated system, so provision of information on impact on officer time to introduce the new rate. A distribution line also to be provided to show impact on different rating classes. Information was also sought on impact to climate change / infrastructure budgets should Council choose option 1 being no change in the roading rate.

5.8 Non-contiguous rating units– information on locations between non-contiguous rating units, and any impact from putting in a distance so that only non-contiguous rating units greater than the set distance apart would lose the remission. Also include information on any administration costs that may arise for adding complexity to the system. Also provide information on a rates remission policy for uneconomic units in the rural zone.

5.9 Other changes – cemeteries fees. Officers were requested to relook at the cemeteries fees, and provide information at this meeting on the result of that.

5.10 Loans and debt headroom - include any impact on debt headroom if pool not funded, and information on any loans expected to be taken out in the future. Also include information on impact of rating an additional 1% for accelerated debt repayment.

5.11 Pūkaha National Wildlife Centre – information to be provided on the status of the loan to Pūkaha National Wildlife Centre, and cost implications of recommendations made through the Pūkaha National Wildlife Centre submission.

5.12 Submitter requests for Council to cut costs and reduce expenditure – it was asked that the Chief Executive provide information outlining potential ways to make a reduction to operational expenditure and showing a pathway to doing so. Included within that there is preliminary work already happening to find ways to rationalise, include some of those things so can be included in budgets.

5.13 Dannevirke Walkway – information on the maintenance budget for the walkway. Officers advise that this is included within the maintenance budgets.

5.14 Commercial building in Woodville – information was requested to help elected members understand the particular situation raised by a submitter regarding multiple water and wastewater connection charges for their building in Woodville. This information can be provided outside of the Long Term Plan process, through the relevant committee of Council.

5.15 Woodville camp ground key deposit fee – information requested on the rationale for the level of charge, and consideration of reducing the deposit fee.

5.16 Assistance for Earthquake Prone Building owners – provide information on what avenues are open for Council to assist owners of earthquake prone buildings, and information on any barriers to Council providing assistance.

5.17 Companion dogs – submitters suggestion for introduction of a reduced fee for companion dogs for elderly people. It was noted that the dog control fees had already been set for the 2024-25 year, however introduction of that category could be considered when setting the fees for the 2025-26 year.

5.18 Development of Smokefree / Vapefree environments policy – it was noted that officers had arranged to meet with the Cancer Society to discuss what the proposed policy would look like.

5.19 Climate change strategy – information was sought on what options there were for Council in the absence of an adopted strategy. It was noted that this information could be provided outside of the Long Term Plan process, through the Infrastructure, Climate Change and Emergency Management Committee.

6. Consideration of Submissions

6.1 Consultation Issue One – Rates Smoothing

6.1.1 There were 89 submitters that expressed an opinion on the three options put forward relating to rates smoothing.

6.1.2 The breakdown of submitter responses is as follows:

Option	**Number**
Option 1 – No Smoothing	22
Option 2 – Rates smoothing over 3 years	23
Option 3 – Rates smoothing over 6 years	44

6.1.3 Following is a summary of comments made by submitters in relation to the consultation questions:

- Some submitters preferred there to be no rate smoothing, noting a preference to pay up front rather than delay the full cost of rates, as we do not know what may happen in future years. There was also comment that providing rates smoothing would send the wrong message about user pays.

- Comments in favour of options 2 and 3 noted the current economic climate and cost of living and felt that rates smoothing would help mitigate the costs faced by householders.

6.1.4 Following the hearing of submissions, direction was provided by the Council to provide advice on the impact of confirming either option one or two, rather than option three, which could mean either no rates smoothing, or rates smoothed over three years.

6.2 Advice from Officers

Rates - Smoothed over 6 years (Preferred Option)				
Sector	**Proposed**	**2024**	**Change**	**% Change**
Rural	20,915,796	19,157,817	1,757,979	9.18%
Urban	18,413,310	16,304,316	2,108,994	12.94%
Industrial / Commercial	3,033,818	2,947,242	86,576	2.94%
Total Rates	42,362,924	38,409,375	3,953,549	10.29%

Rates - Smoothed over 3 years				
Sector	**Proposed**	**2024**	**Change**	**% Change**
Rural	21,225,645	19,318,771	1,906,875	9.87%
Urban	18,703,765	16,245,355	2,458,410	15.13%
Industrial / Commercial	3,123,512	2,997,601	125,911	4.20%
Total Rates	43,052,922	38,561,726	4,491,196	11.65%

Rates - No Smoothing				
Sector	**Proposed**	**2024**	**Change**	**% Change**
Rural	22,485,170	19,318,771	3,166,399	16.39%

Urban	19,006,664	16,245,355	2,761,310	17.00%
Industrial / Commercial	3,171,088	2,997,601	173,488	5.79%
Total Rates	44,662,922	38,561,726	6,101,196	15.82%

6.2.1 Recommendation

That the Finance and Performance Committee note the submissions received on key consultation issue 1 regarding options for rates smoothing.

That the Long Term Plan 2024-34 be finalised using option ….

6.3 **Consultation Issue Two – Pahiatua Pool**

6.3.1 There were 410 submitters that expressed an opinion on the two options put forward relating to the Pahiatua Pool.

6.3.2 The breakdown of submitter responses is as follows:

Option	**Number**
Option 1 – Do nothing – status quo	32
Option 2 – Provide $2.5 million fundraising boost to complete the indoor aquatic facility	378

6.3.3 Following is a summary of comments made by submitters in relation to the consultation questions:

- Comments from submitters in favour of providing a fundraising boost to the proposed new indoor aquatic centre were about the benefit to the town from having a year-round, heated indoor facility and the ability for the community to have greater access to learn to swim programmes and a swimming facility.

- Comments from submitters opposed to providing funding towards a new aquatic centre were centered around affordability to the district's ratepayers. History was also provided about the funding provided to construct the Bush Multisports Centre, and suggestion made to stop funding repairs to the current Pahiatua outdoor pool and close the complex, due to unaffordability.

6.4 **Advice from Officers**

6.4.1 Initial investigations were focused on a new heated, uncovered aquatic facility to minimise capital cost. This approach extended the current swimming season but did not meet the needs of the local community. With the pool closed for the majority of the year, residents would need to travel 30-40 minutes to use the nearest swimming pool. In addition, heating an uncovered pool was not considered to be energy efficient in comparison to a covered facility.

6.4.2 The provision of a pool for Pahiatua has been discussed and investigated over the past decade. The contributing reports and information include:

- Opus International Consultants Ltd, Community Needs Assessment (2014)
- Opus International Consultants Ltd, Community Pool Feasibility Investigation (2015),
- Pahiatua Community Services Trust, Older Adults Needs Assessment (2018)
- Sports Business NZ, Aquatics Options Study (2019)
- Pahiatua Community Swimming Pool: Online Community Needs Survey (2020)
- CREATE Ltd, Conceptual Design Options and Capital Cost Estimates (2020)
- Initia Geotechnical Specialists, Geotechnical Interpretative Report (2021)
- CREATE Ltd, suite of design plans (2021)
- Explore Pahiatua Incorporated, Pahiatua community pool business case (2021)

6.4.3 Detailed breakdown of budgeted operational costs in the draft Long Term Plan are as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Consultants:External	4,622	-	-	-	-	-	-	-	-	-
Energy	2,219	2,264	2,314	2,364	2,414	2,462	2,512	2,559	2,608	2,658
Depreciation		145,238	145,238	145,238	145,238	145,238	145,238	145,238	145,238	145,238
Insurances	8,925	9,103	9,304	9,508	9,708	9,902	10,100	10,292	10,487	10,687
Interest	58,875	102,600	102,600	104,125	102,200	98,625	94,675	90,350	84,450	79,063
Maint Building General	5,664	5,777	5,904	6,034	6,161	6,284	6,410	6,531	6,656	6,782
Maintenance:Extraordinary	2,054	2,095	2,141	2,188	2,234	2,279	2,324	2,369	2,414	2,460
Management Fees	39,647	271,303	277,285	283,372	289,329	295,131	301,010	306,734	312,561	318,518
Rates	1,396	1,424	1,455	1,487	1,518	1,549	1,579	1,609	1,640	1,671
Patrols	4,986	5,086	5,198	5,312	5,424	5,532	5,642	5,750	5,859	5,971
	128,387	544,888	551,439	559,628	564,225	567,002	569,490	571,432	571,912	573,047

6.4.4 Note the proposed management fee from year two onwards is per the officer's report to the January 2022 Council Meeting.

6.4.5 Operational costs if the loan provided was split over years one and two are as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Consultants:External	4,622	-	-	-	-	-	-	-	-	-
Energy	2,219	2,264	2,314	2,364	2,414	2,462	2,512	2,559	2,608	2,658
Depreciation		145,238	145,238	145,238	145,238	145,238	145,238	145,238	145,238	145,238
Insurances	8,925	9,103	9,304	9,508	9,708	9,902	10,100	10,292	10,487	10,687
Interest	29,438	78,300	105,450	107,188	105,394	101,913	98,056	93,825	87,969	82,656
Maint Building General	5,664	5,777	5,904	6,034	6,161	6,284	6,410	6,531	6,656	6,782
Maintenance:Extraordinary	2,054	2,095	2,141	2,188	2,234	2,279	2,324	2,369	2,414	2,460
Management Fees	39,647	271,303	277,285	283,372	289,329	295,131	301,010	306,734	312,561	318,518
Rates	1,396	1,424	1,455	1,487	1,518	1,549	1,579	1,609	1,640	1,671
Patrols	4,986	5,086	5,198	5,312	5,424	5,532	5,642	5,750	5,859	5,971
	98,950	520,588	554,289	562,690	567,419	570,290	572,871	574,907	575,431	576,641

6.4.6 Providing the loan over a two year period will reduce the approximate interest costs in year one and two by $29,000 and $24,000, the interest costs will have a slight increase in years three – ten of $3,000 - $4,000. Net reduction in interest costs over this long term plan is estimated to be $27,000.

6.4.7 A building consent was issued in August 2021 for the construction of the proposed pool, this has had an extension applied in November 2022. Council has until 29 November to start work, it is unlikely any further extensions would be approved in the future. The current consent cost $15,578.23 (excluding GST), Council could apply for a refund of this consent should it require with an estimated refund of $10,540.00 (excluding GST). Under the proposed fees and charges this consent would cost $20,612.00 – this would be an additional $10,072.00 to the cost of the project if the consent lapsed and a new one was required.

6.4.8 Operational costs if new pool did not proceed (on-going operational costs) is as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Consultants:External	4,622	-	-	-	-	-	-	-	-	-
Energy	2,219	2,264	2,314	2,364	2,414	2,462	2,512	2,559	2,608	2,658
Depreciation		145,238	145,238	145,238	145,238	145,238	145,238	145,238	145,238	145,238
Insurances	8,925	9,103	9,304	9,508	9,708	9,902	10,100	10,292	10,487	10,687
Maint Building General	5,664	5,777	5,904	6,034	6,161	6,284	6,410	6,531	6,656	6,782
Maintenance:Extraordinary	2,054	2,095	2,141	2,188	2,234	2,279	2,324	2,369	2,414	2,460
Management Fees	39,647	62,850	64,236	65,646	67,026	68,370	69,732	71,058	72,408	73,788
Rates	1,396	1,424	1,455	1,487	1,518	1,549	1,579	1,609	1,640	1,671
Patrols	4,986	5,086	5,198	5,312	5,424	5,532	5,642	5,750	5,859	5,971
	69,512	233,836	235,789	237,777	239,722	241,617	243,537	245,406	247,309	249,254

6.4.9 Options considered for the current Pahiatua pool

Option 1 – New pool proceeds and no works completed to existing pool

Existing Pool work required - Nil if able to be operational for one year

Estimated costs - Nil

Comments - Time frame acceptable based on current state - possible discussion of temporary reduction of level of service while new construction underway. Investigation of selling existing asset.

Total Cost – **$ 3,100,000**

Option 2 – New pool proceeds and some works completed to existing pool

Existing Pool work required - Minor repairs to be budgeted for continued operations

Estimated costs - $50,000

Comments - Pump, filter, leak detection if required and dosing system upgrade. Investigation of selling existing asset.

Total Cost – **$ 3,150,000**

Option 3 – New pool does not proceed and refurbishment of existing pool proceeds

Existing Pool work required - Refurbishment and enhancement would require an upgrade to the 25m pool and replacement of the learn to swim pool. Remedial work would need to be carried out to NZ 4441:2008 NZ Pool Design Guideline Standards with a new heating system, pool water filtration equipment and general pool upgrade to deal with leaky pool syndrome.

Estimated costs - $1,151,000

Comments - The cost of upgrading this facility, and providing a basic covered facility, was estimated at approximately $1.51 million.

Total Cost – **$ 2,110,000**

Option 4 – New pool does not proceed and full relining and other works completed of existing pool proceeds

Existing Pool work required - Full relining of the pool, reinstatement of old filter, resanding, pipes etc.

Estimated costs - $450,000

Comments - Work will be required to ensure that the pool is operational - this would include relining the pool with a business case re vinyl or fibre glass in the first instance to consider long term budget requirements. This will not meet all needs assessments and is not a guaranteed fix. Will likely require additional work in the future.

Total Cost – **$ 1,050,000**

Option 5 – New pool does not proceed and full relining only of existing pool proceeds

Existing Pool work required - Full relining of the pool only

Estimated costs - $200,000

Comments - Not recommended as this would not address the aged equipment and function of the pool. ROC - to be investigated, depth of pool and type used - Life span considered. Note more than one pool.

Total Cost – **$ 800,000**

Option 6 – New pool does not proceed and minor repairs to enable a short term operation

Existing Pool work required - Minor repairs to enable a short term operation

Estimated costs - $50,000

Comments - Same as option 2. However, this will not address the growth demands of this pool, will require ongoing future investments and will continue to deteriorate.

Total Cost – **$ 650,000**

6.4.10 Recommendation

That the Finance and Performance Committee note the submissions received on key consultation issue 2 regarding funding for the Pahiatua Swimming Pool.

That the Long Term Plan 2024-34 be finalised using option ….

6.5 **Consultation Issue Three – National Land Transport Programme**

6.5.1 There were 60 submitters that expressed an opinion on the two options put forward relating to the National Land Transport Programme.

6.5.2 The breakdown of submitter responses is as follows:

Option	**Number**
Option 1 – Maximise the increased NZTA subsidy and increase Council’s roading programme to create a more resilient roading network	40
Option 2 – Keep Council’s roading programme spend at the same level as previously planned while receiving the increased NZTA subsidy	20

6.5.3 Following is a summary of comments made by submitters in relation to the consultation questions:

- Comments supporting option 1 to maximise the increased NZTA subsidy and increase Council’s roading programme to create a resilient roading network were centered around the need to increase expenditure on the roading network to ensure Council did not fall behind in maintenance and upgrade requirements, and noting a resilient roading network as being vital for the district.

- Comments against increasing the Council’s roading programme spend included the need to reduce rates increases, a suggestion to wait until Council’s Annual Plan 2025-26 when the funding rates from NZTA Waka Kotahi were confirmed, and a suggestion that the community should be encouraged to make more use of public transport.

6.6 **Advice from Officers**

6.6.1 The table below outlines the steps taken in understanding the funding approval from NZTA for the 2024-27 funding block. Noting we have not had word on Walking & Cycling funding yet which is expected by September 2024.

6.6.2 NZTA have grouped the Activity Classes differently than previous years. The major difference from what we thought we’d get, to what NZTA have told us we will get is in the Local Road Operations area by $3,127,685 over the three years which is where the Transport team have looked at options to change the Level of Service provided to fit the new budget. They have not put options forward to change any level of service in the Local Road Pothole Prevention categories as a drop of $245,000 can be managed at a project level during the three years.

Activity Class	Local road operations	Local road pothole prevention	Walking and cycling	TOTAL	Notes
What we asked for	$17,324,469	$50,438,443	$4,016,274	$71,779,186	This is what our bid to the NLTF was in December approved by Elected Members
What we thought we'd get	$16,652,685	$44,707,930	$1,420,128	$62,780,743	Based on NZTA staff advice we planned on this figure being likely
What NZTA have told us we will get	$13,525,000	$44,462,036	?????	$57,987,036	Recently advised on indicative funding for two activity classes. No word yet on Walking/Cycling.
What are we planning on	$13,525,000	$44,462,036	$1,420,128	$59,407,164	Assumed indicative funding + what we thought we'd get for Walking & Cycling
What we had last time	$11,601,210	$28,805,546	$1,609,799	$42,016,555	Funding for delivery of physical work had eroded over those three years due

					to inflationary pressures.

6.6.3 The following areas of funding are within the Local Road Operations activity class and have been considered for changes in Level of Service to match the proposed funding level.

Structures maintenance

Bridge and guardrail detritus clearing, cleaning, painting, minor repair works etc.

What are we planning on	**What we thought we'd get**
$1,601,102	$1,971,801

What did we say we'd do **How much extra would it cost rate payers to do this: $370,699**	**What we suggest we'll do instead to fit the budget**
Deliver what is currently documented in the Long Term Plan to maintain current level of service	Reduce level of service that is proposed in the long term plan by undertaking no maintenance on retaining walls (run to failure model). This will increase the risk of accelerating the deterioration of the retaining walls and reducing their life expectancy.

Network service maintenance and Traffic Services Renewals

Signs, road paint, street lighting maintenance and renewal activities such as cleaning, reinstatement, painting, replacement, street light maintenance and line mark renewals.

What are we planning on	**What we thought we'd get**
Network Service Mtce $1,268,504 Traffic Services Renewals $852,678	Network Service Mtce $1,418,504 Traffic Services Renewals $1,050,096

What did we say we'd do **How much extra would it cost rate payers to do this: $150,000 + 197,418 = 347,418**	**What we suggest we'll do instead to fit the budget**
Deliver what is currently documented in the Long Term Plan to maintain current level of service of undertaking a full network annual remark per year and undertake maintenance on sign and sign posts as required	Reduce level of service that is proposed in the Long Term Plan by reducing the annual remark to only marking the urban areas and regulatory marks (intersections and bridge approaches) and remainder of network is line marked when required. Renewals on demand but limited to must do's only.

Environmental maintenance

Maintenance of safety, aesthetic and environmental standards through activities such as vegetation control, litter, graffiti removal, detritus removal.

What are we planning on	What we thought we'd get
$3,599,807	$4,039,807

What did we say we'd do How much extra would it cost rate payers to do this: $440,000	What we suggest we'll do instead to fit the budget
Deliver what is currently documented in the Long Term Plan to maintain current level of service as below: Roadside berm mowing rural sealed - 2x per year Roadside berm mowing rural unsealed - Nil Heavy Vegetation/High reach cutting - every 2 years Roadside vegetation spraying urban - 4x per year Roadside vegetation spraying rural sealed - 2x per year Roadside vegetation spraying rural unsealed - 1x per year Surface detritus & litter removal - as required	Reduce level of service that is proposed in the long term plan by reducing the frequencies of heavy vegetation/high reach cutting and roadside mowing on the rural sealed roads as below: Roadside berm mowing rural sealed - 1.5x per year Roadside berm mowing rural unsealed - Nil Heavy Vegetation/High reach cutting - every 3 years Roadside vegetation spraying urban - 4x per year Roadside vegetation spraying rural sealed - 2x per year Roadside vegetation spraying rural unsealed - 1x per year Surface detritus & litter removal - as required

Minor events

The response to minor, short-duration, natural events that reduce service levels on part of the transport network through similar to Emergency Work but limited to total event less than $100,000 of damage.

What are we planning on	What we thought we'd get
$1,074,207	$1,322,915

What did we say we'd do How much extra would it cost rate payers to do this: $248,708	What we suggest we'll do instead to fit the budget
Maintain Long Term Plan budget to provide best possible insurance to respond to minor events that won't be funded through NZTA's emergency works funding category. There is a high possibly that it will be more difficult for the Tararua District Council to apply for additional funding for future weather events from 2025/26 if NZTA change their Emergency Works Investment Policy which is	Reduce the budget that was proposed the in the Long Term Plan which will increase the risk of having to ask for additional budget that will be funded by the ratepayer or we use funds from other budget categories which will reduce the level of service in those categories

currently going through consultation.	

Network and asset management

General management and control of the road network and management of road infrastructure, including public footpaths and cycleways and associated facilities including asset management and Corridor Management.

What are we planning on	What we thought we'd get
$2,917,421	$3,838,281

What did we say we'd do How much extra would it cost rate payers to do this: $920,860	What we suggest we'll do instead to fit the budget
Continue with what has been proposed in the Long Term Plan which indicates that the Tararua District Council will increase data collection, input and analysis on all Transportation assets for the new Asset Management Data standard. This budget included that Tararua District Council will increase the frequency of the high-speed data (HSD) surveys under the rollout of the Consistent Condition Data Collection. This is now being funded through NZTA which will free up this budget to undertake other asset management activities which will help improve our data and how up to date is e.g. more frequent asset inspections.	Consistent Condition Data Collection is going to be funded through NZTA so will no longer need to be included in this work category so this option has removed that fund from the budget. We will not be able to increase the frequency our asset inspections.

Structures component replacements

Like-for-like replacement renewal of components of bridges, guard rails etc.

What are we planning on	What we thought we'd get
$2,103,555	$2,903,555

What did we say we'd do How much extra would it cost rate payers to do this: $800,000	What we suggest we'll do instead to fit the budget
Deliver what is currently documented in the Long Term Plan to maintain current level of service	Reduce level of service that is proposed in the long term plan by undertaking no renewal works on retaining walls (run to failure model). This will increase the risk of accelerating the deterioration of the retaining walls and reducing their life expectancy.

6.6.4 There will be an approximate reduction in our operational costs of $1,541,229 each year of the long term plan this will contribute to a reduction in the rates requirement of approximately $416,132 each year. This is estimated to be 1.25% rates requirement in year 1, 1.07% rates requirement for year 2 and 1.01% rates requirement in year 3.

6.6.5 This will be a minor decrease in depreciation costs but these have not yet been quantified

6.6.6 Recommendation

That the Finance and Performance Committee note the submissions received on key consultation issue 3 regarding options for the National Land Transport Programme funding.

That the Long Term Plan 2024-34 be finalised using option ….

6.7 **Consultation Issue Four – Economic and Community Development**

6.7.1 There were 69 submitters that expressed an opinion on the two options put forward relating to Economic and Community Development.

6.7.2 The breakdown of submitter responses is as follows:

Option	**Number**
Option 1 – Reduce the funding for the Economic and Community Development activity, including a reduction in community grant funding, and creating a contestable fund of $100,000 per year.	47
Option 2 – Do nothing – status quo	22

6.7.3 Following is a summary of comments made by submitters in relation to the consultation questions:

- Comments from submitters in support of option 1 to reduce the funding for the Economic and Community Development activity, including a reduction in community grant funding, included requesting Council to focus on core business only, a perception that funding was not being directed where it was most needed, affordability and the need to reduce costs, perception that a contestable fund would be fairer for all.

- Comments in support of maintaining the status quo included the value from supporting small community organisations for their projects, support for Council being more progressive and creative in its approach to economic and community development, the value of collective investment in local outcomes, the need for community support during hard economic times, the need to build capacity in this area rather than making a reduction, the impact on the smaller settlements from removing the Main Street funding which has been used for events in those communities.

6.7.4 The direction from the Finance and Performance Committee following the hearing of submissions was for the proposals for the Economic Development and Community Development activity to be considered separately from the grant funding proposal.

6.8 **Advice from Officers**

6.8.1 Reduction to the level of service for Economic and Community Development

Year 1 potential savings (yet to be determined) $241,566.

6.8.2 Funding available to individuals and Community Groups

The table below outlines the status quo and proposed funding detailed in the Long Term Plan. Three budgets will make up the contestable fund totalling $100,000.

Grant Description	Status Quo	Proposed in LTP	Comments
Discretionary Funds - Dannevirke Community Board	34,667	17,334	
Discretionary Funds - Eketahuna Community Board	7,076	3,538	
Discretionary Funds - Explore Pahiatua	15,023	7,511	
Discretionary Funds - Positively Woodville	6,608	3,304	
Discretionary Funds - Mayor	6,797	6,797	
Discretionary Funds - Council	28,325	45,055	(contestable fund)
Pukaha	38,798	-	
Pipe Band	1,614	-	
Brass Band	1,614	-	
Elite Sportspeople*	5,102	-	
Heritage Policy	3,851	-	
Te Apiti Governance	6,230	6,230	

Grant Description	Status Quo	Proposed in LTP	Comments
Main Street Funds - Dannevirke	7,222	-	
Main Street Funds - Eketahuna	7,222	-	
Main Street Funds - Pahiatua	7,222	-	
Main Street Funds - Pongaroa	7,222	-	
Main Street Funds - Norsewood	7,222	-	
Main Street Funds - Woodville	7,222	-	
Information Centres - Dannevirke	55,462	55,462	
Information Centres - Eketahuna	12,132	12,132	
Information Centres - Pahiatua	33,046	33,046	
District Promotions & Development - Sponsorship	68,809	34,405	(contestable fund)
Economic Development - Sponsorship	41,080	20,540	(contestable fund)
	409,566	**245,354**	

*external funding received will continue to support in this space

6.8.3 The Community Boards and Community Committees currently have their own processes for distribution of grant funds.

6.8.4 For the district's two Community Boards, grant funding is administered through the Boards' General Assistance Grants Schemes. These schemes have application forms and guidelines for approving funding, and one formal application round in March each year. Outside of the formal application round, the Boards both accept grant applications on an ad-hoc basis. Decision making for funding applications through these schemes is by majority vote at formal meetings of the Community Boards. The discretionary funding provided to the Community Boards is not used solely for making grants under the grants scheme. The discretionary funding also covers Board expenses such as attendance at training courses / conference, the administering of the Wackrow Memorial Youth Awards in Dannevirke and the Alf Rowden Memorial Award in Eketāhuna, as well as minor general expenses. The need to review the Funding Guidelines for the Community Boards' grants schemes has been identified as a priority for the new financial year.

6.8.5 Any discussion on process for managing grants sits outside of the Long Term Plan process. Decision is required on the amount of funding to include within the Long Term Plan.

6.8.6 Recommendation

That the Finance and Performance Committee note the submissions received on key consultation issue 4 regarding options Economic and Community Development.

That ….

6.9 **Consultation Issue Five – Differential Roading Rates**

6.9.1 There were 73 submitters that expressed an opinion on the two options put forward relating to Differential Roading Rates.

6.9.2 The breakdown of submitter responses is as follows:

Option	**Number**
Option 1 – No change	20
Option 2 – Retain the General and Fixed rates and introduce a "Heavy Vehicle" rate	53

6.9.3 Following is a summary of comments made by submitters in relation to the consultation questions:

- Comments from those opposed to introducing a heavy vehicle differential roading rate, included affordability to the rural sector, with regards to forestry, that heavy road use was only at the time of harvest for example after a 28 year growing period with no heavy transport activity until that time. The disparity between carbon forestry and production forestry was noted, where no logging was undertaken on carbon forests, and therefore not the same level of impact on the district's roads. There were also comments noting that road user charges were already paid by the heavy vehicle owners, and concerns that a sector rate could see affected industries take their business out of the district.

- Comments from submitters in favour of introducing a differential roading rate included the recognition that forestry operations were able to cause rapid deterioration to the district's roads, the need for those that cause damage to the roads to fund the repairs needed, rather than the burden being put upon the district's ratepayers as a whole, and there was a suggestion from one ratepayer that they supported this option as long as the Council moved to capital value rating in the future.

6.10 **Advice from Officers**

6.10.1 A significant portion of roading rates is based on land values which doesn't specifically consider heavy vehicle road use. It is estimated that damage caused to our roads from a single 50 Tonne truck is equivalent to 8,000 car trips. However, Council needed to tie the costs to the tonnage moved on local roads and link it back to specific properties.

6.10.2 Council engaged an external consultant, Anthony Byett, Economist who has developed rating systems for Council, particularly Southland District Council's roading differential rate.

6.10.3 In working with Anthony, Council developed a model to add a new rate model to its current fixed and land value rate that aims to link the extra costs incurred by Council with the tonnage shifted across local roads, and in turn attribute this tonnage to local properties. Adding a Heavy vehicle component (roading differential rates) allows the General rate to be lower than otherwise.

6.10.4 The results of the new rates for the draft Long Term Plan 2024-34 are as follows:

Rate component	Annual Rates (gst inclusive)	% of total	Calculation
Total Roading revenue requirement	**$6,623,562**	**100%**	**Current roading revenue requirement retained**
Roading rate – Land Value Differential rate	$1,265,100	19%	Heavy rate estimated from adjusted tonnage x $1.1/tonne
Roading rate – fixed rate differential	$1,071,693	16%	Current Fixed revenue requirement retained
Roading – District-wide	$4,286,769	65%	Residual amount to meet roading revenue requirement allocated on Land Value

6.10.5 The resulting differentials applied using residential as the basis are:

Category	Differential	per $1000 land value	Total Revenue
Dairy	1.6	0.40194951	$469,352
Forestry	2.7	1.42666315	$201,151
Farming (non-dairy)	1.3	0.14683573	$455,436
Industrial	2.7	1.17891890	$61,990
Commercial	1.4	0.32414919	$18,977
Residential	1.0	0.02055296	$18,977
Lifestyle	1.2	0.04901697	$18,977
Other	1.5	0.64364660	$18,977
Mining	2.8	1.52421723	$1,265
Utilities with LV=0	0.1	-	-

The Model

6.10.6 With the differential model developed, and the new system created in Council's rates module, there is little administration required to maintain it. The model has been designed to keep it simple and can be relatively easily refined to match changing land use and vehicle traffic and, in time, refined as improved information is gathered.

6.10.7 It is important to note that the model is not a user pays system but rather a method to attribute roading costs more fairly to properties that benefit from and/or contribute to heavy vehicle use. Also, the model does not by itself lead to higher or lower rates in total, nor higher or lower services.

6.10.8 The model first requires an estimate of core tonnage shifted on local roads. This has been provided independently by Infometrics.

Year	Mining	Aggregates**	Arable	Pastoral (non-dairy)	Dairy	Specialist livestock	Forestry	Industrial	Commercial		Total
2016	145,407	197,290	3,710	264,183	417,974	578	78,434	537,338	87,246		1,534,870
2017	211,258	199,470	3,910	257,492	398,776	631	92,285	494,627	88,946		1,547,924
2018	201,955	201,105	3,085	267,754	388,752	634	101,949	386,848	79,210		1,430,186
2019	205,837	203,830	3,167	259,487	401,313	435	103,216	425,967	81,274		1,480,695
2020	206,650	204,920	3,138	252,023	383,486	387	89,357	436,439	70,164		1,441,645
2021	174,928	207,100	3,012	261,708	395,067	347	97,965	434,590	83,165		1,450,782
2022*	192,513	208,190	3,086	209,356	380,090	526	94,519	418,030	80,180		1,378,299

*Note: Final estimates of Mining and Aggregates activity is not available for the June 2022 year, so some of the figures are based on the average activity of the last five years.
**Note: These figures can be used as an alternative to the mining estimate.
For Pastoral activity, deer slaughter numbers are not out for the June 2022 year, so figures are based on the average of the last five years - deer comprises a very small proportion of activity anyway.

6.10.9 Adjustments to this core tonnage are required to estimate total tonnage, the wear and tear effect on the roads and the costs of the wear and tear. These adjustments have been initially based on national research. Refer to pages 100 to 102 of the extract from the report attached.

6.10.10 Combining the tonnage and adjustments gives an approximate $1.1m (ex GST) Land Value Differential Rate (referred to in this proposal as Heavy Vehicle rate) requirement for TDC and implies a different Heavy vehicle rate per land value for each sector.

6.10.11 The report attached (that was included as part of the Supporting Documentation for consultation) also discussed the following:

- Comparisons with other Councils – we compared our model against Central Hawkes Bay, Wairoa, Gisborne and Southland
- Sensitivity Test of Forestry to residential ratio – we modelled the impact if we had increased the differentials.
- Further work that could be undertaken to improve confidence in the model - There are two areas where more work could be undertaken namely the rate requirement for the differential rate and the unmeasured assumptions.
- Issues with the model – this section is critical as well. We discussed the known issues with the model and our response.

Legal precedence

6.10.12 Court of Appeal's decision in *New Zealand Forest Owners Association Incorporated v Wairoa District Council*, has opened the door for local councils to make an upward adjustment to rates based on the perceived 'community disbenefits' of a particular land use activity.

6.10.13 The Court held that there does not need to be any rational connection between the benefits enjoyed by targeted ratepayers and the rates they must pay.

Extract of Courts decision

"The council took relevant considerations into account which led them to rebalance funding sources to target farming and forestry land. The decision cannot be challenged on the ground that the council relied on an inaccurate estimate of costs caused by the forestry industry's use of low-volume roads as there need not be a close connection between this cost and the rates. Further, NZFOA benefited from council services in other ways, not only through road use."

"This court is not persuaded that the council's decision to discriminate among forestry interests was unfair, still less that it was so unfair as to justify intervention on judicial review." – this meant the council acted lawfully in discriminating among forestry owners. Rating powers expressly envisage that the relative incidence of rates will vary within a rating district. A degree of unfairness is to be expected at the margins of rating categories. The council was required to make a substantive decision about funding sources based on a broad political assessment of the current and future needs of the community.

Extract from Dentons.co.nz

What are the important legal developments?

1. No requirement for any rational connection between the benefits enjoyed by targeted ratepayers and the rates they must pay

The Court of Appeal upheld the Council's rating decision. It held that there is no requirement that rates paid by targeted owners bear any relationship to benefits received from council services. But what of the Supreme Court's reference to 'rational connection' ?

What the Supreme Court meant, according to the Court of Appeal, is that the decision must be justified by reference to the mandatory considerations under s.101(3) of the LGA. In other words, a rating decision will be lawful, provided that councils refer to the statutory criteria when making the decision, regardless of whether there is any correlation or rational connection between the rating quantum and the mandatory considerations.

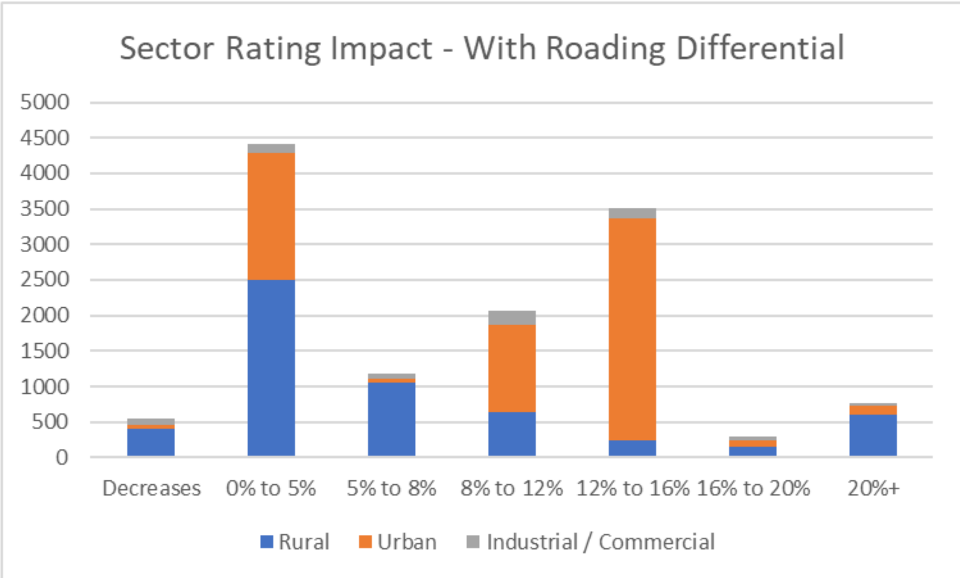
2. Rates can now reflect perceived community disbenefits of land use activities

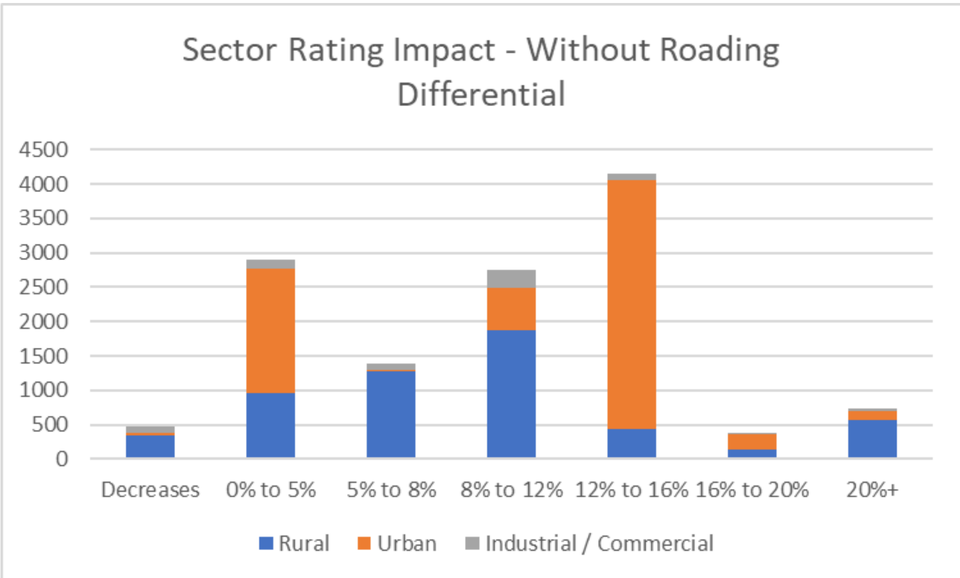
The forest owners said that section 101(3)(b) allowed councils to consider the impact of proposed rates on ratepayers (for example, the affordability of the rates), but not the impact of ratepayers' activities on the community. This was especially the case when the perceived community disbenefits had no impact on the council's revenue needs.

The Court of Appeal disagreed. It held that the wellbeing of the community would ultimately affect the council's revenue needs. Accordingly, councils can now upwardly adjust rates to reflect the view that certain land use activities are bad for the community.

Ultimately, the courts have made it clearer that rating decisions made by elected representatives are better tested at the ballot box than through judicial review proceedings.

6.10.14 Roading differential graphs





6.10.15 Recommendation

That the Finance and Performance Committee note the submissions received on key consultation issue 5 regarding a proposal to introduce differential roading rates.

That the Long Term Plan 2024-34 be finalised using option ….

6.11 Consultation Issue Six A – Non-Contiguous Rating Units

6.11.1 There were 95 submitters that expressed an opinion on the two options put forward relating to Non-Contiguous Rating Units.

6.11.2 The breakdown of submitter responses is as follows:

Option	Number
Option 1 – Do nothing – status quo	52
Option 2 – Remove the remission for non-contiguous properties	43

6.11.3 Following is a summary of comments made by submitters in relation to the consultation questions:

- Comments made by submitters opposed to removing the remission for non-contiguous properties included a suggestion that a 10 km radius be applied to the main property, and only properties outside of that radius have the remission for non-contiguous rating units removed. This would be similar to the regime for industry groups such as OSPRI/NAIT. Comments were also made about the unfairness of charging one landowner the Uniform Annual General Charge more than once, and a proposal that Uniform Annual General Charge only apply to properties with a dwelling.

- Comments made by submitters in favour of removing the remission for non-contiguous properties were due to the remission benefitting a small number of ratepayers at the expense of the remainder, the need for increased rating income, similar treatment to rates charged for undeveloped land in the urban area, and consistency of rules throughout the district.

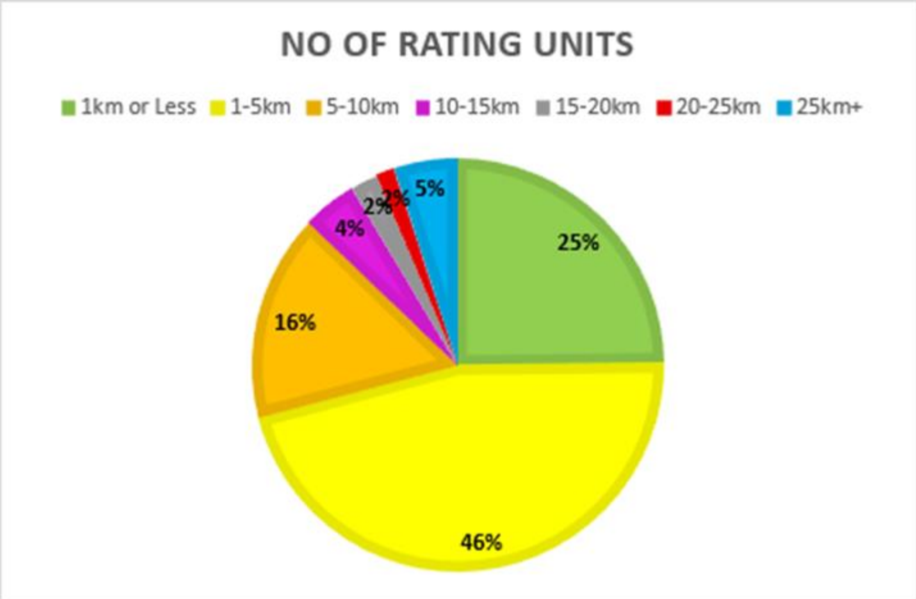
6.12 Advice from Officers

6.12.1 Non-Contiguous Remissions

Rating units classified as Non-Contiguous categorised by distance based on gate to gate is shown in the table and graph below:

Radius	No of Rating

	Units
1km or Less	35
1-5km	65
5-10km	23
10-15km	6
15-20km	3
20-25km	2
25km+	7
	141



6.12.2 Difference in the total amount and numbers used in the Consultation Document to those receiving the Non-Contiguous remission:

- When preparing for the workshop on Rates Remissions in August 2023 we did not have the remissions classified under which remission they received. We have looked into these further prior to issuing the mock rates without the non-contiguous remission. Some that receive the lease or subdivision remission were entered as receiving the non-contiguous remission in the report in error. Memos have now been entered into the rates account as to which remission they are receiving with the rating unit paying full rates.

6.12.3 If Council chooses to determine a distance, for example less than 10k, effort required by staff required is:

- additional administration costs would be incurred for Revenue staff time to process and approve the application particularly measuring and discussing the determination of the application if more information required from the ratepayer or remission was not approved.

- measuring the distance between the rating units – criteria would need to be set as to the point to measure from and to. If it is set at gateway to gateway, these are not easily identifiable always on intramaps.
- What if it is 10.1km distance – have we measured correctly?
- What if property decides to change gate to qualify for remissions?
- Do we measure distance as a straight line or distance travelled on roads?

6.12.4 From 21 Councils researched 3 had KM distance – Far North DC was 2 KM radius, Masterton DC were 5 KM apart and Gisborne were 10KM apart. No rules around how this was measured.

6.12.5 From 21 Councils researched 10 have this remission and 11 do not.

6.12.6 Recommendation

That the Finance and Performance Committee note the submissions received on key consultation issue 6a regarding a proposal to remove the remission for non-contiguous rating units.

That the Long Term Plan 2024-34 be finalised using option ….

6.13 **Consultation Issue Six B – Town Centre Refurbishment**

6.13.1 There were 84 submitters that expressed an opinion on the two options put forward relating to Town Centre Refurbishment.

6.13.2 The breakdown of submitter responses is as follows:

Option	**Number**
Option 1 – Do nothing – status quo	26
Option 2 – Districtwide town centre refurbishment rates	58

6.13.3 Following is a summary of comments made by submitters in relation to the consultation questions:

- Comments from submitters in favour of maintaining the status quo included maintaining the current system as ratepayers were familiar with it, and the need for Council to take advantage to support economic development through revitalising and renewing town centres.

- Comments from submitters supporting introduction of a districtwide town centre refurbishment rate included the note that everybody benefitted from town centre refurbishment as a community good and costs are best shared for best affordability, and fairness for ratepayers.

6.14 **Advice from Officers**

6.14.1 No further advice was sought from officers on this consultation question.

6.14.2 Recommendation

That the Finance and Performance Committee note the submissions received on key consultation issue 6b regarding a proposal to have a districtwide town centre refurbishment rate.

That the Long Term Plan 2024-34 be finalised using option ….

7. Feedback on other matters

7.1 **Ngāti Kahungunu ki Tāmaki-nui-a-Rua**

7.1.1 Ngāti Kahungunu ki Tāmaki-nui-a-Rua spoke during the hearing on their views on the consultation questions within the Consultation Document.

7.1.2 In addition to their feedback on the consultation questions, they discussed the following with the Council:

- They were pleased to see the Treaty Statement at the front of the Consultation Document and in the strategic context that being brought through as a foundation document;
- They emphasised the importance of the roading network being maintained, particularly to provide access to their waahi taonga. They understood the challenges of maintaining those roads out to the coast, particularly with the forestry, however that was where their significant sites were located. They spoke about future plans and investment in programmes in Akitio.
- They talked about focus on climate change, and noted that it wasn't clear what the Council's actions were in relation to climate change. They talked about focusing on the run off and air pollution from some industries that may be having an adverse impact on the environment and rather than decreasing rates for industrial land, use that funding for climate change mitigations.
- With regard to town centre refurbishment, they would like to partner with Council on that, particularly with regard to Māori artwork being included.
- With regard to the proposed pool for Pahiatua, they talked about the opportunity for safety in the ocean skill training at that facility.

- They talked about the importance of three-waters infrastructure.

7.1.3 Recommendation

That the Finance and Performance Committee thank Ngāti Kahungunu ki Tāmaki-nui-a-Rua for their detailed submission on the draft Long Term Plan 2024-34.

7.2 **Rangitāne o Tamaki nui-a-Rua**

7.2.1 Rangitāne o Tamaki nui-a-Rua spoke during the hearing on their views on the consultation questions within the Consultation Document.

7.2.2 In addition to their feedback on the consultation questions, they discussed the following with the Council:

- Climate Change - Rangitāne o Tamaki nui-a-Rua noted that they were signatories, along with the Tararua District Council, to the Manawatu-Whanganui Climate Change Action Group. They recommended that Council work in partnership with them on climate change and the journey of learning together. They noted the Climate Change Hui they were organising and invited Her Worship the Mayor and Council's Chief Advisor to attend.

- Integration of services – they noted that Rangitāne o Wairarapa and Tu Mai Ra were currently working on this in the social services space.

- Section 17A review of camping ground activity – they noted their willingness to participate in that review and signalled their interest in a wider involvement going forward.

- Three Waters – noted their willingness to collaborate with Council and private sector on innovative solutions. With regard to arrangements for a Joint Three Waters Entity, Rangitāne o Tamaki nui-a-Rua support arrangements being made with the Wairarapa Councils, as their community of interest includes the communities of the Wairarapa.

- Waste processing – outlined their proposals for construction of a waste processing plant, to divert waste such as food waste, brown waste, sludge, bio solids from going to landfill.

- District Planning – indicated their wish to partner with Council on District Plan Changes for Māori Purpose Zones, to support the development of papakainga and their cultural practices. This was a priority for Rangitāne o Tamaki nui-a-Rua . They also discussed having a strategy for zoning land for light industrial in the future to meet demand.

- Urupa - Rangitāne o Tamaki nui-a-Rua sought consideration by Council of providing koha to assist with the costs of maintaining urupa in the district.

7.2.3 Recommendation

That the Finance and Performance Committee thank Rangitāne o Tamaki nui-a-Rua for their detailed submission on the draft Long Term Plan 2024-34.

7.3 **Funding for Pūkaha National Wildlife Centre**

7.3.1 The Pūkaha National Wildlife Centre made a submission regarding the views of the Pūkaha Mount Bruce Board regarding the future funding of Pūkaha in the Tararua District.

7.3.2 They noted the difficulties of applying on an annual basis, and the uncertainty of outcome of applications, makes uncertainty for their operating environment. Proposed that we continue with the existing multi-year agreement, dropping the grant to $10,000 per year. This would provide assurance for them in the winter months, when visitor numbers drop. They asked that the loan costs that were due for introduction have a staggered introduction over the next three years. This would allow them to focus on some commercial debt first.

7.3.3 The Board proposed the following alternative arrangement for support from the Tararua District Council, noting the 50% discount on entry for Tararua District residents, and the community open day held annually:

- Reduced annual operating grant – 28.6% reduction from $14,000 to $10,000
- Staggered introduction of interest costs to Pūkaha.

7.4 **Advice from Officers**

7.4.1 In October 2021 a $1,000,000 loan was drawn down and provided to Pūkaha National Wildlife Centre on the terms of interest free for the first 3 years by way of a grant for the interest costs, principal repayment of the loan is scheduled to commence in year 5 (2026) and the term of the loan is for 10 years expiring October 2031.

7.4.2 To date, the loan had incurred interest costs totalling $122,291.88 (October 2021 – May 2024).

7.4.3 Cost implications of the proposal received:

1) Reduce annual operating grant previously provided – this will be an annual $10,000 operational expenditure increase.
2) Staggered introduction of interest costs – this will be an operational expenditure increase based on Council's forecasted interest rates in the Long Term Plan as follows:

Year 1 - $23,550

Year 2 - $12,960

Year 3 - $4,560

If both options proposed were approved the total operational impact would be as follows:

Year 1 - $33,550 (0.10% rates increase)

Year 2 - $22,960 (0.059% rates increase)

Year 3 - $14,560 (0.035% rates increase)

Years 4 to 10 - $10,000 annually (0.022% rates increase each year)

7.4.4 Recommendation

That the Finance and Performance Committee note the submission received from Pukaha regarding the specifics of their grant and loan arrangements with the Council.

That ….

7.5 **Cemeteries Fees and Charges**

7.5.1 Two submitters commented on the cemetery charges, in particular the level of increase for the 2024-25 year. Following the hearing, officers reviewed the proposed fees and charges.

7.6 **Advice from Officers**

7.6.1 Council's direction was to move towards a user charges model for cemeteries.

7.6.2 Council maintains 23 cemeteries across the district through contracts. This includes providing full services for full cemeteries.

7.6.3 Council contracts the following services:

- Lawn and garden maintenance
- Maintenance of paths, kerbs, channels, and storm water system
- Spraying of hard surfaces
- Maintenance of ground surfaces
- Sexton duties
- Floral tributes
- Maintenance of graves
- Burial of ashes
- Tree maintenance
- Fencing
- Access to water
- Signage
- Repair of damage or vandalism
- Construction of beams
- Excavation work

- Maintenance of berms (weed spraying, removal of debris and litter, mowing grass)

7.6.4 Year to date revenue is $142,390, and total expenditure is $350,163. Charges have been realigned to the current fee structure as much as possible. The revised changes will support the existing ratio between user charges and rates funding, currently this equates to a 40/60 split between user pays and rate payer contributions.

7.6.5 The following are the proposed reduction in cemetery fees and charges in response to the direction from Council.

7.6.6 The key changes are:

- Adult interment charge
- Reducing the cost of the purchase of the plot for adults and children
- Reverted to existing fees for children 0 – 14 years
- Reduced the cost of ashes and urns interred in ground
- Reduced the cost for columbarium wall
- Reduced the cost of memorial wall plaque
- Reduced the cost of permits to erect memorials
- Removed the extra depth fee
- Changed the way we charge for plot reservation fees:
  - At the time of interment – adjacent plot reservation fee at lower cost
  - A general reservation of a maximum of two plots – fee reduced

7.6.7 The impact of the revised changes on rates is expected to be minimal.

7.6.8 Changes to the proposed cemetery fees and charges are attached as an Appendix to this report.

7.6.9 The below table shows a comparison of cemetery services between councils in close vicinity of Tararua District.

Table - Comparison between cemetery charges of different councils

Interment Fees	TDC	Manawatu	Rangitkei	CHB	Mstn
Interment -adult	1,800	1,279	1,007	950	1,390
Interment -child	500	693	-	-	695
Interment -baby	250	255	-	-	225
Ahes/Urns in ground	150	304	264	360	455
RSA	NIL	NIL	-	-	
Ashes in niche wall	NIL	Free	224	195	

Plot Purchase	TDC	Manawatu	Rangitkei	CHB	Mstn
Adult	1,180	1,706	1,007	875	1,300
Child	400	879	386	-	415
Under 2 yrs	200		386	-	220
Ashes plot	320	907	224	360	320
Wall niche	250	700	122		
Memorial Wall	40				
RSA	NIL			-	
Adult plot + interment	**2,980**	**2,985**	**2,014**	**1,825**	**2,690**

7.6.10 Recommendation

7.6.11 *That the Finance and Performance Committee agree to the proposed amendment to the Cemeteries Fees and Charges for inclusion in the Long Term Plan 2024-34.*

7.7 Rates Reduction

7.7.1 There were many comments from submitters about the rates requirement being unaffordable and requests for Council to consider other options such as reducing staffing levels and finding other ways to reduce rating requirements. These are summarised as follows:

- Five submitters proposed either reducing service levels, reviewing unnecessary spending, or considering reduction in staff numbers in order to save costs, and asked whether any consideration had been given to this.
- One submitter proposed that Council only employ staff that lived within the Tararua District so that ratepayers would not be faced with unnecessary costs to fund out of district employees.
- One submitter proposed that Council and Tararua Alliance staff are not permitted to take vehicles home, especially if they live outside of the district. They felt it would reduce costs to the ratepayers.
- One submitter asked why there had not been a cut to the rates spend on Libraries.

7.7.2 In response to these concerns raised by submitters, the following is an explanation of the process undertaken to develop the draft Long-Term Plan.

7.7.3 Firstly, the Executive Team have reviewed in detail all budget lines to identify savings that could be made, without impacting on the requirement to be able to deliver on the services and maintenance of infrastructure that is detailed within the Long Term Plan. This took the initial rates impact from a 22+ % average rate increase, down to an approximate 18 % average rates increase. During that process management have reduced budget lines significantly and removed any “nice to haves”. The budgets presented to elected members have little to no room to do any additional activities beyond the approved levels of service.

7.7.4 Further work with elected members and iwi partners through the Long-Term Plan workshops identified further savings, and these were incorporated into the draft Long Term Plan released for consultation resulting in the proposed average rates increase.

7.7.5 Detailed within the Long-Term Plan Consultation Document is information about the Section 17A reviews proposed for the swimming pools activity and camping ground activity.

7.7.6 A Section 17A review is a requirement of the Local Government Act 2002 for Councils to regularly review the cost-effectiveness of current arrangements for meeting the needs of communities within its district for infrastructure, delivery of services and performance of regulatory functions. The reviews must be undertaken any time there is consideration of any significant change to service levels, within two years prior to the expiry of any contract or arrangement relating to delivery of services or performance of functions, and at least every six years since the last review.

7.7.7 These Section 17A reviews ensure that activities are undertaken in the most cost-effective way, and two reviews detailed within the consultation document have been prioritised to be undertaken as early as possible in the new financial year. This will help inform the following year’s Annual Plan.

7.7.8 The Consultation Document also details Council’s intention to have a close look at the over 40 community buildings and a significant number of land parcels owned by Council, across the district, to understand how the community use them. This will provide opportunities for consolidation and rationalisation of these assets where appropriate. This will likely result in savings in maintenance and insurance costs but could also generate a revenue stream through the sale of land. The sale of Birch North Forest is also outlined in the consultation document. The revenue generated from this sale will improve council’s debt position from year 2 of the Long-Term Plan.

7.7.9 Another opportunity to further reduce costs is through the integration of Council services, as detailed in the Consultation Document. The Council's Executive Leadership team is exploring how several council functions can be integrated to improve service levels and potentially reduce the resources required. It is expected that, through a detailed proposal and natural attrition, the Council could save approximately $200,000 per year, amounting to $2 million over the 10 years of the Long Term Plan. This is in addition to the $400,000 ($4 million over 10 years) savings from the reduction in Economic Development and $280,000 ($2.8 million over 10 years) savings from the reduction in grant funding.

7.7.10 Further efficiencies currently being investigated relate to the housing of staff within the various Council owned and leased buildings. Early indications are that a further savings of $100,000 ($1million over the 10 years) will be found. In addition to this we are currently investigating and working with group and department managers to reduce the total number of vehicles in Council's fleet and to increase the efficient use of those vehicles.

7.7.11 Through the Chief Executive and Executive Leadership team finding efficiencies and looking at improvements to how services are delivered will be an ongoing objective.

7.7.12 The operational budgets presented in this Long-Term Plan are lean. As a reminder, the majority of the rate increases are due to insurance, interest costs, debt repayment, inflation, roading, and 3-Waters. In real terms, operational budgets have been significantly reduced. When excluding these cost drivers, the overall actual increase to the operational budgets equates to about $40,000 per year. Given the high inflation environment we operate in, this represents a significant cut in expenditure in real terms.

7.7.13 The workload for staff generated by this Long Term Plan has increased compared to previous years. This will be a challenging year for everyone, as there will likely be a reduction in staffing numbers and available budget to deliver on an ambitious Long Term Plan. While we understand that affordability remains a focus, balancing this with the community's expectations for high levels of service and improving our community's perception of the council remains a constant challenge.

7.7.14 Recommendation

That the advice of the Chief Executive be noted.

7.8 **Financial Headroom**

7.9 Attached as an appendix to this report is information that demonstrates the impact on Council's available debt headroom. Officers have provided this information in three tables, the first table showing headroom as is shown in the current draft Long Term Plan, the second table showing headroom available if the loan for the Pahiatua Swimming Pool is provided over years one and two of the Long Term Plan, and the third table shows headroom if no loan is provided.

7.10 Council's proposed borrowings under each option can also be seen in this appendix.

7.11 Council is not expecting to take out any additional loans outside of what is required for the draft Long Term Plan.

7.12 **Woodville camp ground key deposit fee**

7.12.1 Following the hearing of submissions, the committee requested information on the rationale for the level of charge, and consideration of reducing the deposit fee.

7.12.2 The deposit fee of $50 is to encourage the return of the key. When a key is not returned, council incurs the cost of replacement. Council engages a locksmith to replace the keys and locks (including cost of travel and after-hour charges). Note that this cost is greater than the deposit of $50 (estimated at $150 per visit).

7.13 **Fees and Charges**

7.13.1 One submission provided feedback on the fees and charges set by the Sale and Supply of Alcohol Act 2014, and the issue that the nationally-set fees had not kept pace with the costs incurred by the Council. The submitter noted that although the Ministry of Justice was supposed to undertake a five-year review of the alcohol licensing fees, this was overdue The submitter noted that a number of Councils were instead choosing to make a bylaw under the Sale and Supply of Alcohol (Fee Setting Bylaws) Order 2013 and set fees through this process that reflect the work of the Council as a licensing authority, and in respect of its inspection and enforcement functions. The submitter supported a full cost recovery approach, as otherwise the ratepayers were subsidising the costs associated with alcohol licensing.

7.13.2 One submission proposed that all properties have water meters fitted so that each household only paid for the water they use.

7.13.3 One submission disagreed with the proposed fees and charges for Woodville campground, Woodville stadium and Woodville recreation grounds, proposing a lower level of fees for the campground, no increase to fees for use of the stadium, and removal of fees for local sports groups to use the Woodville recreation grounds. They would like to be able to encourage more use of facilities in their area and believed increased fees would reduce usage.

7.14 **Impact of Valuation Increase on Rates**

7.14.1 Three submitters expressed concern about the impact of the recent revaluation on their land parcels, and therefore on the proposed level of rates. Although the Council must set rates based on the triennial valuation undertaken by Quotable Value, who are engaged to undertaken the valuation required under the Local Government (Rating) Act 2002, when the new valuations are provided by Quotable Value to each landowner there is the opportunity for land owners to challenge the outcome of the revaluation directly with Quotable Valuation.

7.15 **Support for owners of earthquake prone buildings**

7.15.1 One submitter proposed that Council provide assistance for the costs faced by the owners of earthquake prone buildings to assist them to obtain a D.S.A. The costs of engaging a structural engineer to undertake the work required was unaffordable for building owners, and a suggestion made that the Council provide funding towards engaging a structural engineer to provide a D.S.A for each of the earthquake prone buildings in the district, which would allow the building owners to move forward in accordance with the regulations. Suggestions were discussed including a small contribution from each building owner, and the possibility of some of the cost being able to be paid back through their rates. It was noted that without a D.S.A, building owners weren't able to get an assessment of the likely cost for bringing their buildings up to the required code required under the regulations.

7.15.2 Officers advise that the relief options that Council can explore are:

1. Rates - Remissions policy to provide relief for property rates. Cost to Council as remissions will be spread across other ratepayers.

2. Building Consent – remit the cost for Building consent or provide a fixed amount "discount", for example $5,000. Reduction in forecast revenue and will be recovered vis rates for this activity.

3. Loan – provide loan for structural assessment work to be completed which can be recovered via rates. This will require changes to Council's Revenue & Financing Policy, Rating Policy, rating systems and impacts Council debt level. Will need to be explored in the next Long Term Plan, if directed.

7.16 **Development of policies for Sun Protection, Smokefree / Vapefree environments and Alcohol policies**

7.16.1 One submitter requested that Council include budget and workstreams for developing sunsmart, smokefree / vapefree environments, and local alcohol policies. Officers are soon to meet with MidCentral DHB, Cancer Society and Iwi representatives to initiate a Smoke/Vapefree Environments Policy. This will look at what Council can do to encourage no smoking and vaping in public spaces like parks, sports grounds, and camping grounds. Council currently has a Smokefree Policy relating to Council's property where staff work from.

7.17 **Pahiatua Town Bridge**

7.17.1 One submitter noted the cultural significance of the bridge and asked that a project be set up for years 2025-27 for cleaning and possibly LED lighting effect to celebrate the bridge's value to the community.

7.18 **Dannevirke Wastewater Pond Boundary Safety**

7.18.1 One submitter proposed that Council improve its fencing around the wastewater treatment pond site to keep people and animals out of the area, and to add infrastructure to the wastewater ponds to prevent access directly to the pond. Officers advise that this is underway.

7.19 **Subdivision Rules**

7.19.1 One submitter expressed concern about the subdivision rules affecting their ability to subdivide and sell part of their rural land.

7.20 **Solid Waste**

7.20.1 One submitter proposed exploring alternative waste ideas to reduce unnecessary landfill items and for Council to support communities to plan for greater future resiliency.

7.20.2 One submitter expressed concern about the cost for solid waste collection.

7.21 Installation of stock underpasses

7.21.1 One submitter proposed that Council require all dairy crossings to be replaced with stock underpasses within six years.

7.22 Advocacy for more funding for Hato Hone St John Ambulance Service

7.22.1 One submitter sought Council advocacy to the Government to increase the funding provided to Hato Hone St John Ambulance Service. They also felt that a new St John's Bay would be beneficial to the community.

7.23 Fluoridation of Dannevirke Water Supply

7.23.1 Seven submitters expressed their concern about ratepayer money being used to fluoridate the Dannevirke Water Supply, and urging Council to make every endeavour to oppose central government's directive to fluoridate the water supply.

8. Next steps and Audit Timeline

8.1 As soon as decisions are made through the deliberations process at this meeting, the amendments agreed to will be made to the Long Term Plan document. This work needs to be complete by 21 June 2024.

8.2 Audit New Zealand will have their team on site from 24 June 2024 to commence their audit of the Long Term Plan.

8.3 The audit timetable is illustrated below:

Phase	Date (s)	Comments
Council Determination	19-Jun	Council decides on consultation items and any changes to the LTP arising from consultation
Finalise "Final LTP"	19-Jun 21-Jun	Staff to make final changes from determination, update the suite of LTP documents, balance the financials, comply with strategies, complete rates modelling, prepare audit workpapers and upload all documents onto Audit Dashboard
Audit of Final LTP	24-Jun 12-Jul	Audit commences with team on site for 3 weeks. Staff will be available to support and respond to audit queries and complete any additional work required.
Audit final reviews	15-Jul 19-Jul	Final review and changes, Auditor General "Hot Reviews" and Audit Opinion Review committee (ORC) approval for LTP audit opinion
Finalise LTP and Report	15-Jul 19-Jul	Concurrently with Audit Final Review, staff to prepare final report that incorporates all changes required by Audit. Prepare staff report for Audit & Risk Committee summarising key changes from Consultation Draft
Audit & Risk Committee	23-Jul	Audit Director to present and discuss the Final LTP Audit ARC to make recommendations to full Council
Adoption of LTP	31-Jul	Council to adopt LTP
Set Rates	1-Aug 2-Aug	Rates are set and invoices for First instalment lodged with NZ Post

9. Conclusion

9.1 Following agreement by the Finance and Performance Committee at this meeting on each of the options put forward for consultation with the community, the final version of the Long Term Plan 2024-34 will be developed.

9.2 Audit New Zealand will commence their audit process from 24 June 2024, and provide their audit opinion to the Audit and Risk Committee for recommendation to Council.

9.3 The final Long Term Plan 2024-34, incorporating the changes agreed to at this meeting, will be presented to Council for adoption at its meeting on 31 July 2024.

Attachments

1⇩. Council_Land_Value_Differential_Roading_Rate_Statement_of_Proposal

2⇩. Cemetery Fees & Charges - FY 24_25 - Post LTP Consult

3⇩. Financial Headroom - Appendix

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Council Land Value Differential Roading Rate Statement of Proposal

We know that heavy vehicles cause more wear, so Council is exploring ways to ensure those contributing more to road damage also contribute more to repair costs. The goal is to find a fair solution to collect the amount needed to cover the local roading repairs.

Currently, ratepayers pay a general rate per land value (80% of total roading cost) and a fixed charge (20% of total roading cost) varying by three sectors – urban, commercial/industrial, and rural.

A significant portion of roading rates is based on land values which doesn't specifically consider heavy vehicle road use. We need to be able to tie the costs to the tonnage moved on local roads and link it back to specific properties.

We can do this by adding a new rating portion – a differential rate that considers tonnage - breaking it down across ten rating categories to ensure it's fair. The ten categories are dairy, forestry, farming (non-dairy), industrial, commercial, residential, lifestyle, other, mining and utilities with a land value of zero.

Think about it like divvying up the total roading costs, and each property gets a slice based on how much heavy traffic it attracts. This new approach ensures everyone chips in for the wear and tear heavy vehicles cause on our roads.

We've obtained an independent report from Infometrics and an external expert to determine the estimated total tonnage on our roads, the wear and tear effect, the costs of that wear and tear and an equitable roading rates model. With all that work done, the proposed differential rate requirement is around $1.1 million (excl GST).

Changes have been made to the Draft Long Term Plan Year 1 2024/2025 roading charges from the initial model created for the three proposed rating charges and has been estimated based on the information available at the time. Further changes will be made to the final budgets as Council resolves the final Long Term Plan 2024/2034.

Attached is the report from the external consultant, Anthony Byett, Economist. Council had commissioned Anthony to explore and propose a suitable solution (differential rate that considers tonnage) for Council.

Introduction

This note shows how a targeted sector rate could be developed to account for costs incurred by TDC that arise from heavy vehicle use. The proposed rating model has been applied by Southland District over the last six years. The model aims to link the extra costs incurred by TDC with the tonnage shifted across local roads, and in turn attribute this tonnage to local properties. It is important to realise that the model is not a user pay system but rather a method to attribute roading costs more fairly to properties that benefit from and/or contribute to heavy vehicle use. Also, the model does not by itself lead to higher or lower rates in total, nor higher or lower services.

The model first requires an estimate of core tonnage shifted on local roads. This has been provided independently by Infometrics. Adjustments to this core tonnage are required to estimate total tonnage, the wear and tear effect on the roads and the costs of the wear and tear. These adjustments have been initially based on national research. Combining the tonnage and adjustments gives an approximate $1.1m (ex GST) Land Value Differential Rate (referred to in this proposal as Heavy Vehicle rate) requirement for TDC and implies a different Heavy vehicle rate per land value for each sector, ranging from $0.017 (ex GST) per $1000 land value for residential properties to $1.032 for industrial properties. Within this range there are also $0.356 for dairy and $1.090 for forestry. The net effect is that dairy, forestry, industrial and mining properties would face a higher annual rate while the rate of residential, lifestyle and farming (non-dairy) properties would be lower than otherwise.

Context

- TDC controls and part funds expenditure on local roads, with the local roading revenue requirement in 2024/25 estimated at $5.9m (excluding GST)[1]. This level of rates requirement has been used for comparisons within this report. It is probable that the total local roading rate requirement will be higher in future years.
- NZ Transport Agency Waka Kotahi (NZTA) provides the remaining funding for spending on local roads, by applying a Funding Assistance Rate (FAR)[2] of 73% on TDC projects approved by NZTA. NZTA controls and funds all State Highway expenditure in the district.
- NZTA, in turn, sources its funding primarily from the fuel excise duty (FED) and road user charges (RUC) applied. In theory, people pay for the major component of wear and tear of the roads as they travel. In practice, the funds collected by NZTA do not cover all costs and in many districts the funds collected are not returned to the district in full. Either way, local ratepayers have to fund a component of wear and tear costs on local roads plus other local non-use transport-related expenses. TDC has no ability to change the road charges applied by NZTA nor the proportion of funds collected by NZTA that are paid to TDC. Thus, a fair method is necessary for the collection of the local road expenditure revenue requirement.
- Heavy vehicles create more wear and tear than light vehicles per trip, with the wear and tear increasing sharply as the average load on an axle increases. The relative effect is measured by the Equivalent Standard Axle (ESA) of a vehicle configuration.[3]
- The actual total cost to TDC resulting from heavy vehicle use is unknown and hence requires estimation. Costs will include road repairs, accelerated re-metaling, re-seals, re-pavements and replacement of bridges. Estimates have been made elsewhere that can aid TDC in setting the revenue requirement due to heavy vehicles.
- Other Councils have applied road rates, either per land value or capital value, that vary by sector, with forestry in particular facing a higher rate.
- In recent years, TDC has applied the same General rate per land value across all sectors for the road revenue requirement plus a targeted Fixed charge that varies by three sectors (urban, commercial/industrial and rural). The adoption of a differential Fixed charge was undertaken following a 2010 Rating Review, at which time it was also agreed to retain Land Value as the basis for the General rate. Adding a Heavy vehicle component allows the General rate to be lower than otherwise.

1 See Tararua District Council 2024/2034 Draft Long Term Plan for more detail.

2 NZTA has raised the FAR initially set for Tararua https://www.nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/202124-nltp/202124-nltp-funding-assistance-rates/funding-assistance-rates-for-the-2021-24-national-land-transport-programme/normal-funding-assistance-rates/

3 See https://docs.nzfoa.org.nz/live/nz-forest-road-engineering-manual/6-pavement-design-subgrade-preparation-pavement-construction/6.1-traffic-loading/

The Proposed Model

It is proposed that TDC: (a) retain targeted Fixed rates; (b) retain a General rate applied to land value but at a lower rate; and (c) introduce a targeted road rate based on heavy vehicle use, applied as a different rate for 8 sectors[4].

The objective of the proposal is to more fairly attribute the costs created by heavy vehicle users to the properties that are associated with vehicle use.

Note, the system is not a user pay system but rather a realignment of rates towards properties that are creating and/or benefiting from heavy vehicle use.

As in all rating systems, there is a large element of sharing costs and political judgement. It is unlikely that all people will agree on the initial model outputs and associated assumptions but the model can be relatively easily refined to match local needs and, in time, refined as improved information is gathered.

Impact on sectors and individual ratepayers

The initial iteration of the models shows the effects shown in Tables 1 to 3. Further explanation of the method follows the tables.

Table 1. Roading rate revenue estimate by rating component (excluding GST)

Rate component	Annual rates	% of total	Calculation undertaken
Total roading revenue requirement:	$5,877,000	100%	Current roading revenue requirement retained
A. HEAVY component	$1,104,000	19%	Heavy rate estimated from adjusted tonnage x $1.1/tonne
B. FIXED component	$932,000	16%	Current Fixed revenue requirement retained
C. GENERAL component	$3,841,000	65%	Residual amount to meet roading revenue requirement

4 There are 9 sectors shown in Table 2 but Mining and Industrial have been combined to derived a comment rate across these two sectors

Table 2. Roading rate revenue by rating component and sector (excluding GST)

Sector road funding for year	Land value of rated properties* ($m)	% of total	A. HEAVY road rate at $1.10 per tonne ($000)	Heavy %	Implied Heavy rate per $1000 property value
Dairy	$1,149	19.4%	$410	37.1%	$0.356
Forestry	$161	2.7%	$176	15.9%	$1.090
Farming (non-dairy)	$3,086	52.1%	$398	36.0%	$0.129
Industrial	$52	0.9%	$54	4.9%	$1.032
Commercial	$58	1.0%	$17	1.5%	$0.283
Residential	$943	15.9%	$17	1.5%	$0.017
Lifestyle	$408	6.9%	$17	1.5%	$0.040
Other	$62	1.1%	$17	1.5%	$0.265
Mining	$1	0.0%	$1	0.1%	$1.032
Utilities with LV=0	$0	0.0%	$0	0.0%	$0.000
TOTAL	**$5,921**	**100.0%**	**$1,104**	**100%**	

** weighted totals for properties facing 100%, 50% and 0% rates*

Table 3. Annual rate change ($ per year) (incl GST) per sector by land value (top 10% by land value within sector is shaded)

Sector	$50,000	$160,000	$220,000	$490,000	$690,000
Dairy	$10	$31	$43	$96	$156
Forestry	$52	$166	$229	$509	$831
Farming (non-dairy)	-$3	-$11	-$15	-$32	-$53
Industrial	$49	$156	$214	$477	$778
Commercial	$6	$18	$24	$54	$89
Residential	-$10	-$31	-$43	-$95	-$155
Lifestyle	-$8	-$27	-$37	-$82	-$134
Other	$5	$14	$20	$44	$72
Mining	$49	$156	$214	$477	$778
Utilities with LV=0	$0	$0	$0	$0	$0

Points to note include:

- Total funds generated and the Fixed roading rates remain as present (Table 1 and Table 2).
- Applying a Heavy rate allows $1.1m (ex GST) to be raised from sectors with more use of heavy vehicles, and allows the General roading rate to be reduced to $0.6487 per $1000 land value (ex GST) (Table 2). The General rate would be $0.8352 per $1000 land value without the Heavy rate (ex GST), not tabled.

Equivalent rate per km (crude estimate using 100km return trip)	B. FIXED road rate (varies by sector) ($000)	C. GENERAL road rate at $0.6487 per $1000 Property Value ($000)	Total roading rate revenue ($000) (A+B+C)	% of total	Effect of HEAVY ($000/ sector)
$0.31	$80	$746	$1,235	21.0%	$195
$0.31	$21	$105	$301	5.1%	$146
$0.31	$246	$2,002	$2,645	45.0%	-$177
$0.43	$15	$34	$104	1.8%	$44
$0.31	$22	$38	$76	1.3%	$6
$0.31	$273	$612	$902	15.3%	-$159
$0.31	$250	$265	$531	9.0%	-$60
$0.31	$23	$40	$80	1.4%	$5
$0.02	$0	$1	$2	0.0%	$1
	$1	$0	$1	0.0%	$0
	$932	**$3,841**	**$5,877**	**100.0%**	**$0**

$1,000,000	$4,000,000	$9,000,000	$25,000,000
$195	$781	$1,757	$4,882
$1,039	$4,155	$9,349	$25,970
-$66	-$265	-$595	-$1,653
$973	$3,890	$8,754	$24,315
$111	$443	$997	$2,770
-$194	-$777	-$1,749	-$4,859
-$168	-$672	-$1,512	-$4,199
$91	$362	$815	$2,264
$973	$3,890	$8,754	$24,315
$0	$0	$0	$0

- The net effect on annual rates varies by sector and land value eg, a $4m dairy farm would face a rate increase of $781 (incl GST) while a $490,000 residence would see a decline of $95 (incl GST) (Table 3).
- The largest increases would be for forestry and industrial/mining properties above $0.5m and for dairy properties above $5m (Table 3).

Steps in the model

The rates revenue allocation model follows five steps:

1. Determine core tonnage shifted on local roads by sector.
2. Adjust sector tonnage for unreported tonnage, excess road wear and different distances travelled by a 'other use/wear factor'.
3. Apply a 'cost' per tonne to calculate the Heavy vehicle rate requirement per sector (NB, the cost per tonne is the same for all sectors).
4. Apportion by land value the Heavy vehicle rates revenue requirement within each sector (ie, a targeted value per land value will be applied that will be the same within a sector but may vary between sectors).
5. Adjust the General rate component – and Fixed component if desired – to align with the total roading rate requirement.

Detail follows for each step.

1. Core tonnage

TDC commissioned Infometrics to obtain or estimate tonnage for the following items by sector. Tonnage is estimated on an annual basis and applied as a 3-year average. Note, it is judged to be too expensive and not necessary to measure the tonnage of all items shifted on local roads but rather step (2) is applied to account for the many other items shifted and for the wear and tear effect of the truck configuration.

Table 4. Tonnage (t) measured or estimate for the district

Sector	Core tonnage measured	3-year average (t)	Other tonnage measured	3-year average (t)
Dairy	Milk produced in district	372,288	Dairy feed and grain, Weights of animals shifted for winter feeding and for annual moving day	13,926
Forestry	Logs cut in district, excluding small lots (1)	93,947		0
Farming (non-dairy)	Animals slaughtered from district, small lot logs cut (1), wool produced	139,169 (3)	Non-dairy feed and grain, deer slaughtered	3,605
Industrial			Manufactured goods freight within district (2)	429,686
Commercial			Retail freight (3) within district plus weight of overnight guest arrivals to district (4)	77,836

Sector	Core tonnage measured	3-year average (t)	Other tonnage measured	3-year average (t)
Residential				
Lifestyle				
Other				
Mining			Mineral production (5) within district plus gravel extraction consented	191,364

Notes: (1) 25% of logs harvested are assumed from small lots and are included in the Farming (non-dairy) sector; (2) the manufactured goods estimated is a top-down estimate of total freight generated by the district, much of which would travel on state highways; (3) corrected from 15-Jan draft report.

2. The tonnage adjustment takes two forms and are shown in the following table.

a) Upscaling is applied as appropriate to account for other tonnage shifted on/off properties, the relative road wear caused by the trucking configurations and the relative distances on local roads travelled within each sector. The upscaling is informed by the 'other tonnage measured' (shown above) and by a TERNZ report to the Road Controlling Authority Special Interest Group on Low Volume Roads (SIG-LVR)5.

   As an example, it is estimated that the dairy sector has a relatively higher effect due to other tonnage shifted but travels a relatively shorter distance on local roads, producing a net scalar of 1.0. The forestry sector uses higher ESA truck, resulting in a 1.7 upscaling6, while the farming (non-dairy) sector produces both extra tonnage and uses higher ESA truck configurations, leading to core tonnage being scaled up by 2.6. These adjustments are approximate only. It is noted that any increase in the tonnage attributed to a sector results in a lower General rate for all ratepayers. To give some perspective, an extra 100,000 tonnes (due to core output and/or higher scalar, and being around 10% higher than the model at present) within the Heavy rate component would reduce the General rate by $21 pa per $1m LV (incl GST), at the $1.1/tonne recommended below.

b) A minimum tonnage is applied to sectors where heavy vehicle use is known to occur but is difficult to measure, or is difficult to attribute to local roads, or the tonnage has been already accounted for at the other end of the journey (eg, lime shifted from quarry to farm), or the tonnage allocation would unfairly influence the competitiveness of local businesses. A higher minimum tonnage is set for the combined Industrial/Mining sectors, based on 50% of lime and fertiliser production. It is expected that further research will in time improve the reported tonnage for this sector.

5 The TERNZ 2017 report is available at https://rcaforum.org.nz/sites/public_files/images/The%20impact%20of%20land%20use%20on%20pavement%20wear.pdf along with other reports of a NZ Special Interest Group that worked on Low Volume Roads (SIG-LVR) at https://rcaforum.org.nz/working-groups/low-volume-roads/

6 All upscale factors are relative to dairy.

Table 5. Adjustments applied to core tonnage to calculate tonnage per sector.

Sector	'Other use/wear factor' scalar applied to core tonnage	Minimum tonnage (kt)	Rationale
Dairy	1.0	15	Scaled up for other trucking and relatively high ESA, and down for relatively low local road trip lengths
Forestry	1.7	15	Scaled up for high ESA
Farming (non-dairy)	2.6	15	Scaled up for other trucking and relatively high ESA
Industrial/Mining		50	Minimum set at 50% of estimated lime and fertiliser production
Commercial		15	Minimum applied as difficult to attribute, plus most movement occurs on state highways
Residential		15	Minimum applied as difficult to attribute
Lifestyle		15	Minimum applied as difficult to attribute
Other		15	Minimum applied as difficult to attribute

3. A value of $1.10 (ex GST) has been applied to the tonnage attributed to each sector, as applied by Southland District for a similar model.

   This value produced a Heavy vehicle rates requirement in Southland that was consistent with a Heavy vehicle requirement derived from earlier and more extensive modelling, and was validated by comparison with costs being incurred due to heavy vehicle use in Southland. It is recommended that TDC validate the Heavy vehicle rates revenue with costs known or believed to be associated with heavy vehicle use in Tararua but, in the meantime, apply the same rate per tonne as used in Southland.

4. Apportioning the derived Heavy vehicle rates requirement by the value of land within each sector gives the Heavy vehicle rates shown in Table 2. For example, the rate applied within the Dairy sector would be $0.356 (ex GST) per $1000 of land value.

5. The current Fixed roading rate per property have been adjusted as per current (Apr-24) proposals.

6. The only change to the General rate is the reduction to offset the extra rates gathered via the Heavy vehicle component. Every property is rated at the same General rate.

Comparison with other Councils

The roading rate adjustment (or not in the case of CHB) for selected Councils are shown below, for a chosen property value of $1m at the start of 2023[7].

An explanation of the adjustments made by each Council are as follows. As is evident, there is no fixed method being applied to Roading rate requirements and even where similar methods are used (Southland and Tararua (potentially), Gisborne and Wairoa), there remain differences that appear to reflect a combination of fundamental local road cost differences and different local community preferences.

- Tararua: the current and proposed roading rate are shown, along with the implied ratio of the combined rate for each sector relative to the rate within the Residential sector eg, a $1m forest pays a roading rate that is 2.7 times the rate paid by a $1m residential property.
- Central Hawke's Bay: there is no adjustment made by sector, thus all $1m properties pay the same land transport rate.
- Wairoa: a residential property is given a factor of 1 and the General rate for other sectors is scaled relative to residential, with the General rate being applied to transport and non-transport requirements eg, a $1m forest pays 7.5 times the General rate paid by a $1m residential property. The rationale for the Wairoa differential was not simply about attribution of roading costs – as being proposed for Tararua – but a more general assessment of community benefit. A court challenge (initial hearing and appeal) from forest owners failed to show that the Wairoa forestry differential was unfair[8].
- Gisborne: as above, a factor is applied to each sector but this is limited to rates required for 'subsidised local roads', which is the major roading cost of the district eg, a $1m forest pays 12.5 times the subsidised local roads rate paid by a $1m residential property.
- Southland: as proposed for Tararua, a rate per tonne is applied to sector tonnage, which is then converted to a targeted Roading rate per sector eg, a $1m forest pays a roading rate that is 7.0 times the rate paid by a $1m residential property (this ratio is higher than derived in Tararua due to Southland having a higher forested land area and log harvest in Southland and a relatively lower forest land value).

7 A rerun of these numbers using current (Apr-2024) valuations would produce lower rates per $1m for TDC and likely across all districts

8 https://www.nzherald.co.nz/nz/wairoa-council-fights-off-industrys-court-challenge-to-higher-rates-for-forest-companies/EKKHC3XVJBBMBCYJVDDNM2N5SU/ and https://www.stuff.co.nz/business/300959025/council-wins-second-court-battle-against-forestry-group-wanting-lower-rates

Table 6. Comparison of roading rate calculations by sector (includes GST)

Differential applied to 2024/25 road rates by selected Councils for land value (or capital value^)= $1,000,000	Tararua current	Tararua proposed (3)	Ratio to Residential (3)
Activites included:		Roads	
Dairy	$1,436	$1,650	1.6
Forestry	$1,436	$2,695	2.7
Farming (non-dairy)	$1,435	$1,344	1.3
Industrial	$1,275	$2,704	2.7
Commercial	$1,260	$1,442	1.4
Residential	$1,247	$1,000	1.0
Lifestyle	$1,434	$1,222	1.2
Other	$1,352	$1,480	1.5
Mining	$1,377	$2,806	2.8
Average	**$1,318**	**$1,318**	
Other info: Length of local roads (km)	1,913		
Area of production forest (ha 2022)	20,284		
Council-funded road maintenance ($000 2022/23)	$5,148		

* excludes a UAGC component for transport

Sensitivity Test of Forestry-to-Residential ratio

The following sensitivity tests of the proposed TDC model was undertaken for $1m properties, to illustrate the effect of different model assumptions. The testing has not been updated to include 2024 property valuations, hence the rates per $1m property vary to those reported in earlier sections of this report.

An adjustment to achieve a 7.5 Forestry-to-Residential roading rate ratio for $1m properties was made in four steps, showing the effect of assessing the roading rate on capital values and then adjusting the 'Other use/wear factor' (see second column in Table 5 above) to achieve a Forestry-to-Residential ratio of 7.5. Note, this is a different process to that applied in Wairoa and Gisborne but it is of interest to see the implied 'Other use/wear factor' that would lead to a similar ratio to that derived in Wairoa.

The exercise showed that adopting a similar approach to Wairoa, albeit derived differently, would increase the roading rate by 68% for a $1m forest using pre-2024 valuations (ie, Scenario C $4539 versus Scenario A below $2695 below).

The results tabled overleaf show:

	Central HB*	Ratio to Residential	Wairoa^	Ratio to Residential	Gisborne^	Ratio to Residential	Southland^	Ratio to Residential
	Land Transport		All (Transport ~40%)		Subsidised local roads		Roading	
	$1,513	1.0	$1,883	0.8	$572	1.5	$1,100	1.7
	$1,513	1.0	$17,650	7.5	$4,766	12.5	$4,545	7.0
	$1,513	1.0	$1,883	0.8	$572	1.5	$716	1.1
	$1,513	1.0			$763	2.0	$1,317	2.0
	$1,513	1.0	$5,883	2.5	$763	2.0	$1,374	2.1
	$1,513	1.0	$2,353	1.0	$381	1.0	$646	1.0
	$1,513	1.0	$1,883	0.8	$572	1.5	$646	1.0
	$1,513	1.0					$258	0.4
	$1,513	1.0					$20,756	32.2
	$1,513							
	1,257		870		1,920		4,959	
	16,755		61,212		158,546		81,423	
	$5,213		$2,985		$11,653		$12,880	

A. TDC forestry properties with land value of $1m paying roading rates of $2,695 (incl GST) under the proposed mode (using pre-2024 valuations).

B. TDC forestry properties with capital value of $1m paying roading rates of $2,259 if the model assessed rates on Capital values rather than Land Values, as is the case in Wairoa and Southland. The higher ratio occurs because there are relatively more higher-valued (but <1$m) residential properties, illustrating that the ratio differs due to the property value base chosen.

C. TDC forestry properties with capital value of $1m paying roading rates of $4,539 if the ratio of Forestry-to-Residential roading rates was forced to be 7.5 and properties were rated on capital value. The "Other use/wear factor" would need to be 4.5 to achieve this outcome.

D. TDC forestry properties with land value of $1m paying roading rates of $6,630 if the ratio of Forestry-to-Residential roading rates was forced to be 7.5 and properties were rated on land value. The "Other use/wear factor" would need to be 6.2 to achieve this outcome, as opposed to the 1.7 in the initial model.

Table 7. Roading rates were different Forestry-to-Residential ratios for $1m properties, scenarios A-D

Sector	Total road rates	% of total	Road rates for property= $1m	Ratio to Residential
Scenario A. Initial Model settings				
Dairy	$1,257	21.4%	$1,650	1.6
Forestry	$306	5.2%	$2,695	2.7
Farming (non-dairy)	$2,614	44.5%	$1,344	1.3
Industrial	$101	1.7%	$2,704	2.7
Commercial	$74	1.3%	$1,442	1.4
Residential	**$861**	**14.6%**	**$1,000**	**1.0**
Lifestyle	$577	9.8%	$1,222	1.2
Other	$84	1.4%	$1,480	1.5
Mining	$2	0.0%	$2,806	2.8
Utilities with LV=0	$1	0.0%	$94	0.1
TOTAL	**$5,876**	**100.0%**		
Assumptions for run:				
Value base	Land			
Forestry “Other” Factor	1.7			
Comment	*Forestry/Residential=2.7, as per Table 6*			

Sector	Total road rates	% of total	Road rates for property= $1m	Ratio to Residential
C. Capital + Target Forestry=7.5 (as per Wairoa)				
Dairy	$1,051	17.9%	$1,176	1.9
Forestry	$552	9.4%	$4,539	7.5
Farming (non-dairy)	$2,015	34.3%	$939	1.6
Industrial	$152	2.6%	$978	1.6
Commercial	$106	1.8%	$740	1.2
Residential	**$1,135**	**19.3%**	**$605**	**1.0**
Lifestyle	$675	11.5%	$807	1.3
Other	$120	2.0%	$816	1.3
Mining	$1	0.0%	$1,080	1.8
Utilities with LV=0	$68	1.2%	$94	0.2
TOTAL	**$5,876**	**100.0%**		
Assumptions for run:				
Value base	Capital			
Forestry “Other” Factor	4.5			
Comment	*Equivalent to Wairoa requires Factor>4 if Capital-based*			

Total road rates	% of total	Road rates for property= $1m	Ratio to Residential
B. Capital Values/Same Other Factor			
$1,098	18.7%	$1,221	1.9
$273	4.6%	$2,259	3.5
$2,129	36.2%	$984	1.5
$159	2.7%	$1,024	1.6
$111	1.9%	$785	1.2
$1,201	**20.4%**	**$650**	**1.0**
$704	12.0%	$852	1.3
$126	2.1%	$861	1.3
$1	0.0%	$1,126	1.7
$73	1.3%	$94	0.1
$5,876	**100.0%**		
Capital			
1.7			
If used Capital then Forestry/Residential=3.5			

Total road rates	% of total	Road rates for property= $1m	Ratio to Residential
D. Land + Target Forestry=7.5			
$1,160	19.7%	$1,534	1.7
$755	12.9%	$6,630	7.5
$2,366	40.3%	$1,227	1.4
$97	1.7%	$2,588	2.9
$70	1.2%	$1,325	1.5
$798	**13.6%**	**$884**	**1.0**
$547	9.3%	$1,105	1.3
$79	1.3%	$1,364	1.5
$2	0.0%	$2,690	3.0
$1	0.0%	$94	0.1
$5,876	**100.0%**		
Standard			
6.2			
Implies yet higher Other Use factor (>6)			

Suggested Further Work

There are two areas where more work could be undertaken to improve confidence in the model and/or improve assumptions.

1. The model derives a Heavy vehicle rate requirement for each sector from tonnage shifted. It is assumed this derived rate requirement is similar to the actual incremental costs incurred by TDC for wear and tear by heavy vehicles. A cost accounting exercise could be undertaken to estimate the actual incremental cost of roading spending over recent years. Note, such an exercise is not simple and will likely produce a crude estimate only, given the challenges to estimating accelerated depreciation. It is expected that the actual incremental cost exceeds the total heavy vehicle rate applied in this model.
2. In time, it is expected that better information will be gradually gathered on the unmeasured assumptions within the model, such as the tonnage shifted on local roads by the Industrial, Commercial and Mining sectors and the relative distances travelled. Ratepayer feedback is likely to influence the priority of this work.

Issues

As with any rating model, some key issues arise. Known issues are discussed below.

Issue	Comment
The rate component that applies in any one sector depends on the accuracy of tonnage measurement in the sector.	• It is very costly to derive complete tonnage shifted on local roads. A compromise has been made whereby the core and relatively well-known tonnage is measured. This forms the major component of the rate differential. • Adjustments are made for estimated other tonnage and these adjustments can be improved over time as more information is developed. • Likewise, minimum tonnages have been applied where tonnage is uncertain which can also be researched and improved over time.
Account of kilometres travelled on local roads is limited	• The model currently assumes that the trip length on local roads is approximately the same between non-Dairy sectors but 40% shorter for the Dairy sector. • Further research in time can allow further adjustment for differential trip distances (on local roads).
Users are already paying for local roads through RUC and FED	• RUC/FED are calculated by Ministry of Transport (MoT) to cover most current year expenses of NZTA, with heavy vehicles charged more. • This still leaves a local cost component to be funded. • Also, it is unlikely that all RUC/FED gathered locally are applied to State Highways and local roads in the district (this imbalance has been shown for Southland) ie, money gathered locally by NZTA can be spent outside TDC.
Other road users are not being charged a user component eg, light vehicles	• All properties are paying a rate for road access and road use. • Light vehicle use has a relatively low wear and tear effect. • Conversely, heavy vehicles have a high wear and tear effect, thus higher heavy vehicle use leads to higher roading costs for TDC; hence, the Roading rate differential to properties associated with higher heavy vehicle use.
Other road rating models are more rigorous	• Earlier models were developed for Southland based on the MoT's Cost Allocation Model (CAM) that is used to calculate FED and RUC. However, such models proved difficult and costly to populate and validate and became a 'black box' that were difficult for decision makers to understand. • The proposed model focuses on known information (core tonnage), transparent adjustments and the extra costs that TDC are incurring. • The proposed model does not work on complete information but inputs to the model can be improved in an incremental fashion that builds on the information already known and will not require extensive remodelling when new information is brought to hand.

Cemetery Fees and charges 2024/25

escription	Unit	Existing Fee ($)	Proposed Fee for Consultation ($)	Increase %	Comments	Fee update post LTP Hearings	Increase %	Comment
nterments								
dult		$1,800.00	$1,300.00	-27.8%		$1,800.00	0%	Actual cost
hildren over 2 yrs to 14 Years		$500.00	$650.00	30.0%		$500.00	0%	Subsidised by council
hildren under 2 years, including stillborn & neonatal		$250.00				$250.00	0%	Subsidised by council
shes and urns interred in ground		$150.00	$650.00	333.3%		$230.00	53%	$150 interment + cost to process warrants
cattering or interment of ashes using Council or Council contract staff.		$50.00	$150.00	200.0%		Actual Cost		Cost to council will vary depending on location.
aturdays all day Saturday - additional to all interment charges as above)	Burial	$700.00	$800.00	14.3%	0.5 x adult interment fee	plus 50% of interment fee		Actual cost
	Ashes		$-		0.5 x adult interment fee	plus 50% of interment fee		Actual cost
undays and Public Holidays all day Sunday and Public Holidays - additional to all interment charges as above)	Burial	$1,400.00	$2,600.00	85.7%	1 x adult interment fee	plus 100% of interment fee		Actual cost
	Ashes				2 x adult interment fee	plus 100% of interment fee		Actual cost
eturned servicepersons in servicemen's plot area or in lawn where no ervicemen's area exists. Note that after hours fees will apply for Saturday,		no charge	no charge			no charge		
xhumation and/or re-interment		actual cost	actual cost			actual cost		
urchase of plots								
dult		$1,180.00	$1,900.00	61.0%		$1,400.00	19%	Increase to cover costs of plots and cemetery expansion
hildren over 2 yrs to 14 Years		$400.00	$950.00	137.5%	new rate for all childrean	$500.00	25%	Increase to cover costs of plots and cemetery expansion NB: cemetery dependent, children's plot may be an adult plot in this instance council would be subsiding these plots
hildren under 2 years, including stillborn & neonatal		$200.00				$250.00		case by case cemetery dependant plot may be subsidied by council. ie. cemeteries with no Stillborn berm.
eturned servicepersons in servicemen's plot area or in lawn where no servicemen's area exists		no charge	no charge			no charge		
shes plot (lawn)		$320.00	$400.00	25.0%		$400.00	25%	Increase to cover costs of plots and cemetery expansion and perpetual maintenance
olumbarium wall niche		$250.00	$400.00	60.0%		$350.00	40%	Increase cost to cover costs of new wall & records maintenance (no sperate internment fee)
Memorial wall plaque site		$40.00	$200.00	400.0%		$80.00	100%	Increase cost to cover costs of new wall and perpetual maintenance
Miscellaneous								
ut of district additional fee(for persons not resident nor ratepayers in the district)		$1,000.00	$2,000.00	100.0%	reenforcing discussions from LTP workshops with Elected	$2,000.00	100%	
ermit to erect memorials		$50.00	$160.00	220.0%		$80.00	60%	Cost of processing
reaking concrete		actual cost	actual cost			actual cost		
Manual records search	Per entry, per hour plus actual costs (if any - eg travel to cemetery)	$45.00	$160.00	255.6%		$160.00	256%	Charge (if any) will be dependent on staff time and any costs incurred. Some inquiries may be free if simply looking up info on database. In depth archive and site visit searches will cost more.
esoiling old removed concrete plots	per plot	actual cost	actual cost			actual cost		
erbing resoiled old concrete plots	per plot	actual cost	actual cost			actual cost		
ransfer of burial rights	per hour		$160.00		introduced new fee	$160.00		Cost of processing
lot cancellation (reserved plots)			$200.00		introduced new fee	$200.00		
~~xtra Depth (more than one burial where the ground permits). This fee is additional to the interment fee~~			$300.00		~~introduced new fee~~	~~$300.00~~		reviewed in contract renewal
~~shes family garden areas~~	~~10 plot garden~~		~~$4,000.00~~		~~inline with Bylaws - alternative burial options~~			Not able to offer as cemetery expansion required. Note this is a cost-effective option for whanau
	~~8 plot garden~~		~~$3,600.00~~		~~inline with Bylaws - alternative burial options~~			Not able to offer as cemetery expansion required. Note this is a cost-effective option for whanau
istrict Wide Plot Reservation Fees - At the time of interment - maximum of one adjoining plot at the time o		NEW	NEW	NEW	NEW	$1,400.0		Same cost as adult plot.
istrict Wide Plot Reservation Fees per plot - maximum of two plots.		NEW	$5,700.00		reenforcing disccussions from LTP workshops with Elected	$2,800.0		Twice the cost of an adult plot.

Council's financial headroom in the draft LTP is as follows:

Council's Proposed Borrowing Limits 2024/2034 Long Term Plan		**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**
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*

Council financial headroom if Pahiatua Pool loan funding is spread over years one and years two of the LTP is as follows:

Council's Proposed Borrowing Limits 2024/2034 Long Term Plan		**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**
Net Debt as a Percentage of Revenue	< 175%	52,871	52,492	39,008	3,873	-1,449	5,124	13,109	27,140	44,949	68,849

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%	*6,398*	*1,398*	*2,602*	*2,278*	*1,570*	*1,199*	*1,069*	*1,243*	*1,672*	*2,652*

Council financial headroom if Pahiatua Pool loan funding is removed from the LTP is as follows:

Council's Proposed Borrowing Limits 2024/2034 Long Term Plan		**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**
Net Debt as a Percentage of Revenue	< 175%	54,121	54,992	41,508	6,373	1,051	7,624	15,609	29,640	47,449	71,349
Net Interest on External Borrowings as a Percentage of Total Revenue	< 10%	78,263	78,929	60,883	24,536	13,061	8,589	10,416	17,826	31,437	48,505
Net Interest on External Borrowings as a Percentage of Annual Rates Income	<15%	39,512	41,886	36,162	91,031	84,218	16,387	12,855	19,140	17,748	33,391
Liquidity (External term debt + committed loan facilities + available liquid investments to existing external debt)	> 110%	*6,512*	*1,626*	*2,829*	*2,506*	*1,798*	*1,426*	*1,296*	*1,471*	*1,900*	*2,879*

Council proposed borrowings under each option above:

	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**
Borrowings as shown in draft LTP	84,450	103,414	115,523	135,123	149,327	149,110	146,008	139,209	129,206	112,758
Borrowings if loan for Pahiatua pool is provided over two years	83,700	103,914	116,023	135,623	149,827	149,610	146,508	139,709	129,706	113,258
Borrowings if no loan is provided for Pahiatua pool	82,450	101,414	113,523	133,123	147,327	147,110	144,008	137,209	127,206	110,758