

ATTACHMENTS

UNDER SEPARATE COVER 1

Ordinary Council Meeting

28 March 2023

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**Kōrero
mai**

*Have
your say*

31 March - 28 April 2023

 **GREAT LAKE TAUPŌ**
Taupō District Council

DRAFT ANNUAL PLAN 2023-24
CONSULTATION DOCUMENT

Kia ora koutou

We all know the Taupō District is a great place to live, work and play.

We have an amazing natural environment, a rich cultural heritage, and vibrant communities all around our district, with a strong economic base centred around geothermal, tourism, forestry and farming.

In the last year we've seen some new and exciting projects, such as the Tūrangitukua Park Sports Facility get underway and some significant ones, such as the Taupō Town Centre Transformation Project, and the new Taupō Airport terminal, completed.

But there is no denying that for all of us – Council as well as our community – these are difficult economic times and challenges lie ahead for us in the upcoming financial year. This document lays out what those challenges are and how we plan to tackle them in a practical and achievable way.

We are acutely conscious that our community is facing a cost-of-living crisis, grappling with soaring inflation and rising interest costs. Council faces the same difficulties.

In our draft Annual Plan, we have tried our best to balance affordability for you, our community, with maintaining the levels of service and investment that our district needs to thrive. We have done everything we can to keep rates as low as possible.

Please take the time to read through this consultation document and the issues we have highlighted. We want to hear from you, our community, on whether you think we have this right, and what is important to you and your whānau.

Ki te kotahi te kākaho, ka whati; ki te kāpuia, e kore e whati. If a reed stands alone, it can be broken; if it is in a group, it cannot. Translated, this means when we stand alone we are vulnerable, but together we are unbreakable.

As a district and as a community, we stand together in our determination to make this a great place to live for ourselves, for our children and for our children's children.

Ngā mihi mahana kia a koutou katoa, warm regards to you all.



David Trewavas JP | Taupō District Mayor

Our rates challenge

The current economic environment we are all living and working in is challenging.

When Council set the Long-term Plan in 2021, we had a forecast rates increase of 3.74 percent for the 2023 -24 year. Since then, the state of the New Zealand economy has changed considerably, and this has a direct impact on what councils can deliver and at what cost.

Currently Taupō District Council is dealing with the financial effects of the global pandemic, weather-related disasters, overseas influences such as the war in Ukraine and global supply issues. These are all influencing our high inflation, rising interest rates, and constraints on resources and supplies. In addition to an increase of around 25 percent in construction costs, there have been uncontrollable cost increases across the board, including in basic items like fuel, electricity, and insurance costs.

This means it will cost Council more to invest in, maintain and operate its assets and services, such as looking after our parks and reserves and operating our libraries, pools, and community facilities.

When we first forecast how much rates revenue we would need in 2023-24, the impact of all the factors above meant we were looking at a rates rise of around 15 per cent, just to continue with our current work. We knew this would be unacceptable to the community.

In response, we have looked at every single Council operating cost and rationalised budgets as much as we can. We have also gone through our capital and community projects list to determine which

projects are essential to deliver and whether they can realistically be delivered in the coming year.

Aside from reducing operating costs and slimming down our capital projects, about the only other appropriate lever to reduce the rates increase is to delay some of our depreciation funding. While this will provide some short-term rates relief for this coming financial year, we do need to balance this against the burden on our future ratepayers. Delaying depreciation funding should only be a short-term intervention to smooth the rates rise in this year. This delayed funding

will have to be added back on to rates in the next year or two to ensure the ratepayers who are using the assets pay their share of the use of those assets.

Bearing those factors in mind and after extensive work, the final result is a proposed average rates increase of 8.6 percent in the 2023-24 year. While we realise this is still a considerable change from what was originally projected, this is realistically the lowest figure we could get to in the economic climate, without drastic cuts to Council's levels of service. It is no exaggeration to say this is one of

the most difficult Annual Plan budget-setting processes we have ever undertaken.

So, we are asking you, our community, to help us make some tough decisions. These decisions, and the options, are laid out in this document. Please read and consider it carefully and let us know your thoughts as we find a way through the challenges we face in this Annual Plan.

The proposed 2023-24 average rates increase is 8.6% or \$305 per year

What your rates pay for... *it's a lot!*

Rates are important to ensure Taupō District keeps functioning. Some of the services and facilities that our communities receive through their rates are:



367km of footpaths



3168 street light poles



57 playgrounds



3 libraries



99,059m² of parking
(equal to about 14 rugby fields)



3 swimming pools



6 sportsgrounds



57 public toilets



43km of cycleways and shared paths



412 street litter/ recycling bins



781km drinking water pipes



628kms of wastewater pipes



806km of roads (sealed and unsealed)

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What are we planning this year?



Community Services

Council provides a range of regulatory services like building consents and environmental health. Our focus in the coming year will be making sure we are delivering a good customer experience and meeting our timeframes. Our Emergency Management work will be about building greater resilience and we will have a strong focus on growing our community engagement.



Solid Waste

Council provides a solid waste management system for refuse and recyclables. This includes operating the landfill and recovery centre at Broadlands Road and five other transfer stations in the district. Renewal projects will continue to keep the district looking attractive and prevent harm to the environment and communities. We will also continue to explore alternative waste collection methods such as wheelie bins and kerbside food scrap collection, as well as investigating the future of the Taupō Landfill.



Three Waters

Under the Government's Three Waters Reform programme these services will cease to be provided by Council from 1 July 2024 and will be transferred to a much larger entity. There are no guarantees that the Taupō District's water needs will be prioritised once Council is no longer providing the services. So, over the coming year we are working hard to make sure the critical improvements are made to meet the needs of our community and support continued growth before the change occurs.



Community Facilities

We provide a wide range of facilities including libraries, museum, the Great Lake Centre, Taupō Events Centre, community halls, parks, reserves, sportsgrounds, public toilets and housing for the elderly. Key projects include finishing Waiora House, upgrades to Owen Delany Park funded from the government's 'Better off' initiative and various erosion mitigation projects around the lakeshore.

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What are we planning this year?



Transport

Our transport network isn't just local roads, there are footpaths, streetlights, cycle paths, bridges, bus shelters, traffic signals, carparking and signage. Along with maintaining this network and making it safer, we are undertaking investigations for a new bridge over the Waikato River into the Taupō town centre, new school bus shelters and finishing the East Taupō Arterial shared path.



Democracy & Planning

We will continue to review our District Plan to ensure it stays relevant and enables the type of development the community wants. We will be putting in place new reserve management plans for Tūrangi and Motutere. Council will be preparing for the transition signalled by the Government's reform of the Resource Management Act. Council will also be preparing and engaging with the community on the Long-term Plan 2024-2034. This is the document that Council develops to identify its budgets and projects for the next 10 years.



Investments

Council investments include property and cash. Investments generate a return that can be used on projects and other initiatives. This is an area where significant change is being proposed. We are asking for your feedback on whether to spend \$7.6 million to develop a 6ha area of land in the East Urban Lands. Other smaller land developments are also programmed within the industrial areas to free up more land for economic growth.



Economic Development

Council undertakes economic development to support our local economy via the promotion of our district to visitors, in-house events teams which support organisers to run community and commercial events and supporting Towncentre Taupō. Council also provides funding to economic development agency Amplify to continue providing economic services to help attract new businesses to our district.

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What we have been delivering around the district

Mangakino

- Progressing the Lakefront revitalisation
- Commencement of planting 7000 native trees in reserves
- Planning for new Basketball Court
- Whakamaru water supply extension

Rural

- Road widening and safety improvements

Kinloch

- Kinloch Wastewater Treatment Plant upgrade
- Whangamata Road improvements

Taupō

- ETA Shared Pathway nearly completed
- Town Centre Transformation
- Waiora House progressing
- Taupō Airport terminal redevelopment project

Motuoapa

Tokaanu

Tūrangi

- Tūrangi Street Revitalisation
- Implementation of the Mana Whakahono ā Rohe agreement with Tūrangitukua
- Completion of Tūrangitukua Park Community Sports Facility

Artists map. Map not to scale, for reference only.

Reviewing our capital programme

What is the capital programme?

Our capital programme sets out projects that we plan to deliver across the District over the coming year. These are a combination of new projects plus upgrades or renewals of current assets.

What's changed?

The 2021-31 Long-term Plan allocated \$56.4 million to our capital programme in 2023-24. Due to unprecedented global increases in the cost of materials, supply chain shortages, inflation, and increased interest costs, the costs to deliver these same projects are significantly more. This means we have had to rethink what we can deliver.

What have we done?

We have reset capital project budgets to reflect the current environment and have prioritised projects to ensure our capital works programme is both realistic and affordable. We are proposing an adjusted capital programme budget of \$58.2 million. This budget includes new projects, such as the East Urban Lands development.

Council understands the importance of investing in our District, however, we must be prudent with what we do and what it costs. We know that our ratepayers and residents are also facing cost of living issues.

What's slowing down for 2023-24?

Slowing down some capital projects means we can manage our debt levels, reducing our interest costs and the impact on rates.

We are still planning to complete these capital projects at a later stage, and this will be a focus for our upcoming 2024-34 Long-term Plan.

Projects that we plan to reprioritise or slow down in the year from 1 July 2023 to 30 June 2024 are as follows:

Motutere Campground drinking water upgrade – further work needs to be done before we can start delivering this project but it remains important and work on it is continuing.

Erosion control – Some of the options Council has trialled to manage erosion have not proven particularly effective and so will be reduced. We will work with the community and partners to look at new options to manage lakeshore erosion, particularly in the southern lake area.

Broadlands Road Landfill gas flare – Council was investigating a gas flare to manage methane, but given the landfill's consent expires in 2027 we need certainty around whether consent will be renewed before we spend money on this project.

Kinloch and Hatepe reservoirs – land for these is still being acquired, so timing is uncertain.

Two Mile Bay carpark extension – this project relates to an area outside Anchorage Resort and will be undertaken later in conjunction with wastewater and stormwater upgrades.

Tūrangi Recreation and Activity Centre – the project will not get to the construction stage this year as planned, but work to understand what is best for Tūrangi will continue.

Should we invest in developing the East Urban Lands? Have your say

What are the East Urban Lands?

Council owns a parcel of residentially-zoned land, known as the East Urban Lands, which sits between the East Taupō Arterial highway and Kokomea Village and Richmond Heights.

What do we propose to do?

In the past, Council has sold pieces of land and then relied on developers to spend the money required to make it usable, primarily for housing.

This has been a low-risk approach for Council but it has also meant that we have missed out on gains from developing the land ourselves. Those gains (profits) could then return to the community in the form of extra money for projects or to apply against rates.

We want to know whether the community thinks Council should invest in consenting, design and earthworks for a 6ha area of the East Urban Lands. We anticipate that this work will increase its value. Once the land is developed, Council then has a range of different options available to it. These might include selling the land for a profit to benefit the community, using the land for houses that aren't currently being provided by the market (for example, smaller homes suitable for retired people or first-home buyers); retaining the land for future growth until the market is stronger, or a mix of all these options.

What are the possible risks and rewards?

The main advantage is that we retain ownership and therefore control of the eventual use of the land. We believe this will deliver the best outcomes for our community, whether by freeing up land for different types of housing, or by on-selling it at a profit and generating a

financial return on our investment. We are proposing to fund the cost of any lending for this project from Council's Strategic Property Reserve.

We anticipate we could do this development work without impacting rates, but we need seed capital of \$7.6 million to get started.

This concept could be replicated on other Council-owned land around the district in future.

With any investment, there are risks. These could include project delays and cost increases influencing the ability for this development to be self-funding (without rates impact). On balance, we think these risks can be managed and we are excited about using our land to benefit our community.

Question One

We want to know whether you think council should invest an initial \$7.6 million to develop a 6ha area within the East Urban Lands in the 2023-24 financial year. This money would fund consenting, design, earthworks and some civil construction.

Should we postpone some depreciation funding to reduce rates?

Have your say

What is depreciation funding?

Assets such as bridges, roads, parks, and water treatment plants wear out over time and are eventually renewed or replaced. Depreciation is the method used to account for the cost of these assets over the asset's lives. Funding this depreciation through rates each year means that ratepayers now (and in the future) pay their share of the use of assets.

What do we propose to change?

At the beginning of our Annual Plan 2023-24 process, depreciation funding alone contributed 4.9 percent to our rates increase. This percentage is a significant number and is mainly due to the increase in the costs of replacing our assets. If left unchanged, the increase in depreciation would increase our rates to a level we know is unaffordable for our communities.

We are recommending cutting depreciation funding in 2023-24 as a potential solution to smooth this increase over the next few years, reducing the rates impact in this Annual Plan and deferring it to the future when inflation has hopefully stabilised.

What will the consequences be?

Cutting funding for depreciation by up to 8 percent will significantly lessen the sting of the rates increase, reducing it by 2.5 percent. However, such a decision will have longer-term impacts on our District.

1. Non funding depreciation in 2023-24 will incur a subsequent depreciation funding deficit. This deficit will have to be reinstated over the following years, to ensure ratepayers, now and in the

future, pay for their share of the assets use. The smoothing of this funding will lead to an additional increase on rates over the next 1-2 years.

2. If we reduce depreciation funding too much, this will add additional cost to future ratepayers and/or slow the rate at which infrastructure can be improved or replaced post 2023-24. Which is why we have proposed 8 percent as a maximum.

Have your say

We are asking for your support in helping us decide if a proposed smoothing of depreciation funding is worth doing, given we will be transferring cost to future years.

The Council believe this decision is worth the longer-term implications. However, we want to hear from the community on this proposed solution.

The proposed rates increase of 8.6 percent in this draft Annual Plan is the figure that would result if we apply the maximum amount of non-funding of depreciation, on the other hand, if depreciation is fully funded the proposed rate increase will be 11.1 percent.

Question Two

Should Council postpone funding a portion of depreciation for this coming financial year and spread that cost over the following 1-2 years?

Changes to fees and charges

Fees and charges are direct costs that people pay to use Council-owned property, facilities or services. The fee you pay to swim at the AC Baths or Turtle Pools, or for a building consent are a few examples of Council fees and charges.

Each year, we review our current fees and charges to ensure actual and reasonable costs are recovered. 2023-24 has brought with it a variety of difficult challenges for Council. We are proposing the following changes to our fees and charges to balance what users pay and what is paid for in general rates and cover inflated costs incurred by suppliers or those set by levies. Summary of changes open for submission:

Building Consent Authority Administrative Fee: Council uses an electronic system for lodging building consents. The fee increase proposed represents an increase by our supplier and will cover the actual costs incurred.

Solid Waste: The majority of fees associated with solid waste are proposed to increase for both the Broadlands Road Landfill and transfer stations around the District. These are driven by Central Government levies and contractor costs. One decrease is proposed to 'Large Loads'.

Engineering Services: The proposed increases better reflect the skillsets and experience levels of staff working in this area.

Water Supply: There are three changes proposed for water supply. The first relates to a discrepancy with the new pipe laying distance requirements, the second is a reduction to better reflect the time taken to complete a final read of a meter and the associated administration time, and the third relates to hydraulic modelling which has now finished and any future requirements will be 'at cost'.

AC Baths: Council is proposing to decrease the entry fee for the private thermal pools. Aqua fitness classes for both casual and memberships are proposed to increase.

Fitness Studio: The Fitness Studio's six and 12 month memberships will slightly decrease to align with the membership formula. For the same reason, the Joint Fitness Studio and Pools memberships will also decrease.

Climbing Wall: The child and student memberships are proposed to increase slightly to better cover actual costs. We have also developed two additional options for child and youth climbing clubs, which include either a one day or two-day training session with other access days provided for during the week. These options reflect current demand.

Libraries: Council is proposing to no longer change for overdue items (other items - fines). This aligns with both national and international trends to remove fines, as the time and cost to administer fines outweighs what is recovered.

Superloo: Covid-19 altered the operation of the Superloo and subsequently the business model was reviewed. The review resulted in no charge for toilets and lockers, while a time limit was put on showers and the price increased. The price increase includes towel hire (which was separate) and selected toiletries.

Overweight Vehicle Permits: Council issues permits for overweight vehicles on our roading network which allows Council to check that larger than standard loads do not damage our infrastructure (mainly bridges and large culverts) and applies restriction to the travel of these loads to ensure no damage is done. These fees are set by legislation.

A detailed schedule of proposed changes to fees and charges is available at taupo.govt.nz/haveyoursay.

Tell us what you think

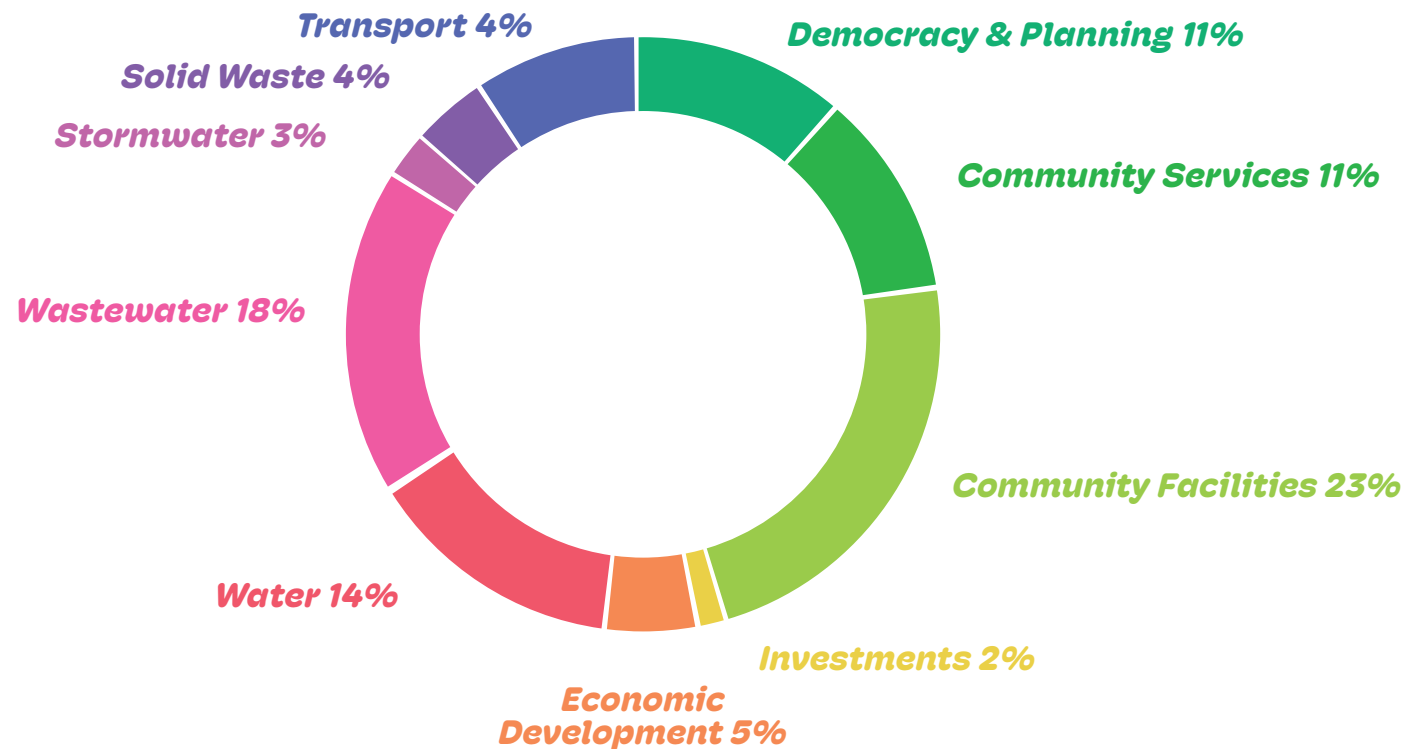
about the proposed changes to the Fees and Charges.

What will this plan cost?

Draft budget and operational expenditure

The cost of delivering and running Council services for the 2023-24 Annual Plan is \$122.7 million, this is \$17 million more than the 2022-23 Annual Plan. Council has a lot of community assets, and we know these are used and enjoyed by our people but at the same time they cost money to run and maintain.

The graph below shows the proportion of rates funding that is used for each Council activity:

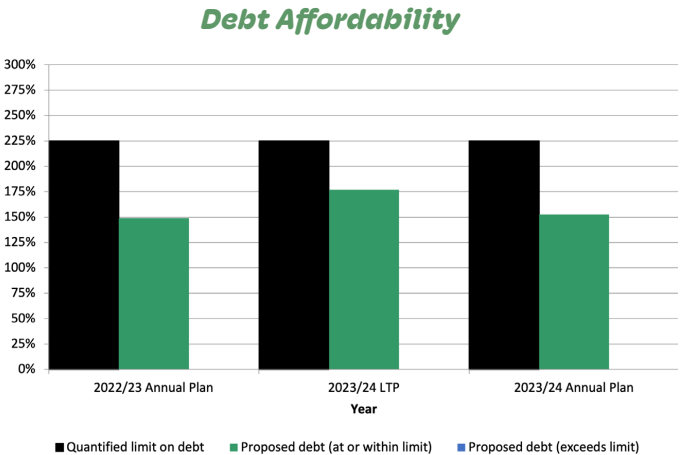
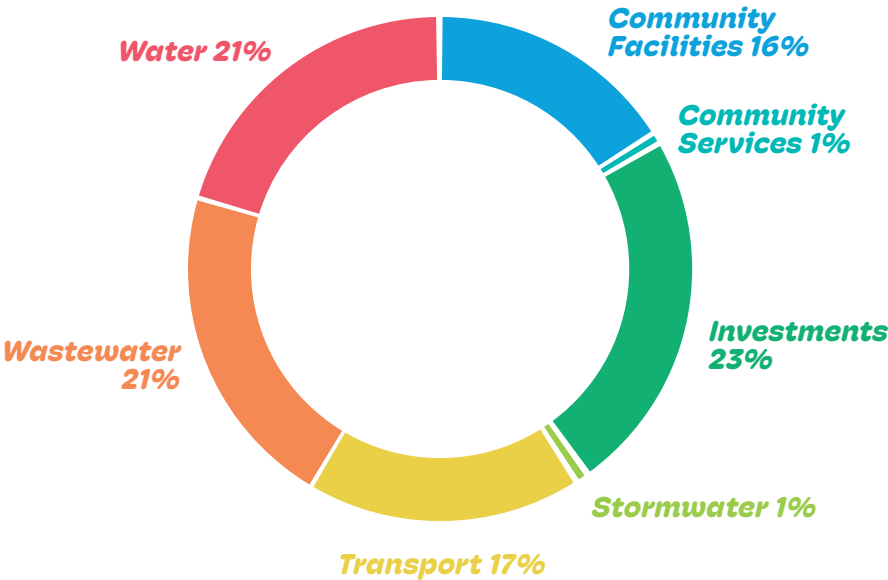


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Capital expenditure totals and borrowing

Council funds and looks after infrastructure and many assets in the district. These include roads, footpaths, water and wastewater pipes, libraries, swimming pools and property development.

The money spent on developing, upgrading and renewing these assets is capital expenditure. It is generally funded by depreciation reserves, external funding, and debt. Total capital expenditure for these projects in 2023-24 is \$58.2 million, this increases total borrowing to \$200 million in this Annual Plan.



What will your rates be?

Changes to your rates are influenced by two factors: the average proposed rates increase, and any movement in the value of your property.

What is the rates impact?

This year we are considering an average rate increase of 8.6 per cent. This is well above the 3.74 percent forecast in the 2021-31 Long-term Plan, which was calculated when post-pandemic challenges were unknown and inflation was tracking a lot lower.

Inflation is now considerably higher, sitting at around 7 percent and two of our key rates drivers, depreciation and interest, were alone contributing an average 7 percent to rates. This makes delivering the forecast rate increase impossible without significantly altering Council services and functions.

The proposals will result in a total rates increase for the average value residential property of 8.6 percent or \$305 a year (around \$5.86 a week).

The overall impact on individual ratepayers will vary. You can check out the proposed rates for your property here: taupo.govt.nz/ratessearch.

Revaluation

Every three years, by law Council must engage a valuer to assess properties in the district, which makes sure property rates are set fairly. Property revaluations don't affect the overall amount of money we collect from rates but it does adjust the share that everybody pays. For example, residential ratepayers on average will have a greater increase than other ratepayers in the 2023-34 rating year, due to a higher change in value between 2019 and 2022.

Some properties will see a higher percentage increase in their rates than the average 8.6 percent forecast rates increase. This is because some properties have increased in value more than the average across the district. On the other hand, properties that have increased in value less than the average will see a lower percentage increase in their rates.

The overall impact on individual ratepayers will vary.

Some properties will see a higher percentage increase in their rates than the average 8.6 percent forecast rates increase. You can check out the proposed rates for your property here: taupo.govt.nz/ratessearch.

What happens with my feedback?

When you make a submission you will be asked whether you want to present your views to the Council in person. If you do, we will book a time for you to attend a public meeting which will be held from May 29 to May 31. You will be given up to five minutes to present your submission and answer any questions. Hearings in Tūrangi will be arranged if there are enough people wanting to present. Alternatively, you could choose to present your view to the Council electronically, for example by video call. Please let us know if this is your preference.

All submissions will be considered by Council regardless of whether you want to be heard or not. Final decisions will be made in May and the Annual Plan 2023-24 will be adopted at the end of June. Please note – all submissions will be made available to the public via the Council website, including your personal details, however we will not release your contact details.

How can I find out more?

This consultation document has been prepared using several documents as supporting information. These documents can be found at taupo.govt.nz/haveyoursay.

Opportunities to talk with Council's representative groups and local councillors around the district have been organised during the consultation period. Visit taupo.govt.nz/haveyoursay to find out when and where these will be held.

How to have your say

We want to hear your thoughts on this draft Annual Plan. You can have your say in the following ways:

Website

taupo.govt.nz/haveyoursay

Email

annualplan@taupo.govt.nz

Phone

07 376 0899

In-person

Taupō customer service
30 Tongariro Street, Taupō

Tūrangi customer service
1 Ngawaka Place, Tūrangi

Mangakino customer service
Civic Centre, Rangātira Drive,
Mangakino

Need help with your submission?

Phone us on 07 376 0899 for advice about making your submission or email us at annualplan@taupo.govt.nz.

If you'd like to speak with any of your local councillors or Mayor about any issues on the Annual Plan you can arrange a time by contacting them from the details available at:
www.taupo.govt.nz/yourcouncillors.

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SUBMISSIONS
OPEN

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SUBMISSIONS
CLOSE

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TAUPŌ
HEARINGS

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May

TŪRANGI
HEARINGS

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TAUPŌ
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June

ANNUAL PLAN
ADOPTED