



ATTACHMENTS

Ordinary Council Meeting

30 June 2023

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ANNUAL PLAN 2023-24

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A MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE

Welcome to Taupō District Council's Annual Plan for the 2023-24 year.

Our Annual Plan sets out what projects we will carry out, the services we will deliver and how we will deliver them over the next 12 months. It reflects year three of our Long-term Plan 2021-31, which we consider to be our key contract with the community.

We have prepared this plan amid an adverse and unsettled environment overshadowed by unprecedented weather events, together with rising costs for households and businesses. Post Covid-19, businesses are still struggling with staff shortages, which has also been the case for Council, with recruitment continuing to be a challenge.

Rates help pay for many of the things we love about our district – our parks and green spaces, our libraries, recreation centres and pools, along with the core infrastructure that make our district tick such as roading, water and wastewater services.

In developing this Annual Plan, we have acknowledged the challenges our community is facing and recognised we will need to be more flexible in how and when we deliver our services and new infrastructure. This has led to rethinking and reprioritising our planned projects and activities.

A change in legislation means councils need to consult if there are significant variances from what was outlined in the Long-term Plan. Two areas of significant change for the draft 2023/24 Annual Plan that went out to the community for consultation were whether Council should invest an initial \$7.6 million to develop a 6ha area within the East Urban Lands; and whether Council should postpone funding a portion of depreciation for this coming financial year and spread that cost over the following one to two years.

Council looked at balancing the need for affordability with the need to continue to deliver all the services and projects that are required for our district to grow and prosper. Aside from reducing operating costs and slimming down our capital project programme, about the only other appropriate lever to reduce the rates increase was to delay some of our depreciation funding.

As we are all facing cost-of-living challenges, Council will fund 92 percent of depreciation as a step to reduce the average rates increase to 9.1 percent this financial year. The change in rates will be different for every property, but using this average helps us to compare the changes from one year to the next.

Council will also invest an initial \$7.6 million to undertake earthworks/civil works on a 6ha area of the East Urban Lands. This money will fund consenting, design, earthworks, and some civil construction and comes from council's strategic property reserve, not rates. Previously we have followed a low-risk approach for Council, but it has also meant that we have missed out on potential financial gains. Now the gains (profits) can return to the community in the form of extra money for projects or to apply against rates to keep future increases affordable.

Council continues to provide a high level of services across the district that contribute to community wellbeing. With recent shovel-ready project funds from Central Government we have been able to make significant and beautiful upgrades to our district such as our Taupō Town Centre Transformation and Taupō Airport terminal upgrade and the kerb and channel upgrades in Tūrangi. These upgrades help us to ensure the Taupō District remains a great place to live and a great place for people to visit.

While this Annual Plan has been our most challenging yet, our staff and elected members have worked hard to find the right balance between providing as much as we can for the community while keeping costs as affordable as possible. We believe this plan has achieved that as we look to the year ahead and the opportunities and challenges it will inevitably bring.

David Trewavas JP
Taupō District Mayor

Julie Gardyne
Chief Executive, Taupō District Council

TE TIRITI O WAITANGI

Kei te hāngai tika atu Te Kaunihera a Rohe o Taupō ki ngā ture o Te Tiriti o Waitangi me te mau mōhio ko te honongatahi te pūtake o Te Tiriti. E ai ki tēnei kia mahi tahi tātou ki runga i te whakaponu me te ngākaunui ki te whakamana i tēnei hononga. Kei te mōhio mātou he rerekē ngā takohanga kei waenganui i te Karauna hei kawenga ma te Kaunihera a Rohe o Taupō.

Ka hāngai tika atu Te Kaunihera a Rohe o Taupō ki ngā mātāpono mo te honotahi (ki te mahi tahi i tenei whakakotahitanga) kia uru tahi (te Māori ki ngā mahi a te Kaunihera), te tiaki (te whakatakoto i ngā tikanga me te tiaki i ngā tāonga o te iwi Māori) ki roto i a mātou whakaritenga mahi, ngā manahau me te whakatakoto kaupapa.

Ka mahitahi Te Kaunihera a Rohe o Taupō ki te iwi, me ngā hapū ki te whakamana i te ture mo ngā whakataunga o Te Tiriti me ētehi atu kaupapa ka puta mai i ēnei mahi.

Kei te mau uara Te Kaunihera a Rohe o Taupō mo to mātou hononga ki te iwi Māori kei roto i to tātou rohe. He roa ake te wā e pirihai pēnei, ka mau pono mātou ki te whakarei me te atawhaitia ki roto i ā mātou mahi me ngā wā ka hui tahi mātou ki ngā hapū, me te iwi Māori.

Ki te mau mārō o tātou honotahi, ka taea te Kaunihera ki te tukutuku ngā hua ki runga ake o ērā ka taea te tuku me ko te Kaunihera anahe.

E rua ngā rēanga e tika ana ki o mātou hononga ki te iwi: ko te rangatira ki te rangatira, me te āpiha ki te āpiha. Ka mau hoki tēnei tikanga ki roto i ngā mahi katoa, kia whakawarea te iwi me ngā hapū i mua i te tīmatanga o te mahi mo te whakatakoto kaupapa, ehara kei waenganui, kei te mutunga rānei o aua mahi.

Taupō District Council is committed to meeting its statutory Tiriti o Waitangi obligations and acknowledges partnership as the basis of Te Tiriti. This requires both parties to treat and work with each other in good faith and show good will to reflect the partnership relationship. We acknowledge these responsibilities are distinct from the Crown's Treaty obligations and lie within a Taupō District Council context.

Taupō District Council will give effect to the principles of partnership (the duty to act in good faith in the nature of a partnership), participation (of Māori in council processes), protection (the duty to actively protect the rights and interests of Māori) in our services, activities and planning work.

Taupō District Council will work in partnership with iwi and hapū to give effect to Treaty settlement legislation and any provisions that result from these.

Taupō District Council values our relationships with Māori in our district. We have long standing relationships that we commit to enhance and foster in our day-to-day business; and when we engage hapū, iwi, Māori. Strong strategic partnerships can help the council to deliver outcomes that exceed what it can deliver alone.

Council relationships with our iwi partners operates at two levels: rangatira ki te rangatira (chief-to-chief) and officer-to-officer. This also includes our engagement processes - we will engage iwi partners right from the early stages of projects and planning.

OUR PLAN FOR 2023-24

This Annual Plan continues the implementation of the strategy set out in the Long-term Plan 2021-31, with a focus on achieving the following goals for our district;

- Growing resilient economies
- Enhancing healthy and sustainable environments, and
- Enabling connected and safe communities.

Our Long-term Plan, including financial and infrastructure strategies, can be found on our website www.taupo.govt.nz.

When preparing the draft Annual Plan 2023-24, we assessed the financial information and budgets against year three of the Long-term Plan. This assessment identified a number of differences:

- The proposed average rates increase for 2023-34 was 8.6%, an increase from the 3.74% shown in the Long-term Plan.
- The gross debt forecast for 2023-24 is \$200 million versus \$222 million shown in the Long-term Plan 2021-31.
- The high inflationary environment has impacted on and increased operating costs. However, Council is committed to maintaining current levels of service.
- The Long-term Plan 2021-31 capital programme for year three was valued at \$56.4 million. Cost escalations and inflationary pressures mean the cost to deliver this programme is now substantially higher. The capital programme was therefore reviewed and projects reprioritised both to achieve a similar value (\$58.2 million) and to ensure deliverability.
- Increased expenditure to invest in earthworks and civil works to develop a 6-hectare area of the East Urban Lands.

The additional investment for the East Urban Lands and higher average rates increases represent a material and/or significant change from the path set out in 2021-31 Long-term Plan.

Council consulted and engaged with the community on the proposed changes and gained feedback from a number of individuals and community groups. Following consideration of submissions at hearings and deliberations on 29 May to 31 May 2023, Council:

- Agreed to invest an initial \$7.646 million to undertake earthworks and civil works on a 6-hectare area within the East Urban Lands;
- Agreed to only fund 92% of depreciation rather than 100%. This mechanism provides some relief in reducing the average rates increase due to the cost-of-living challenges experienced by many in the community;
- Agreed to proceed with the updated Capital Works Programme as proposed;
- Confirmed the Fees and Charges for the 2023-24 financial year;
- Approved a new waste management contract which has increased by \$500,000 for the 2023-24 financial year; and

- Approved a one-off grant of \$120,000 to Waioara Community Trust. This will ensure the building fitout of the new Waioara House is completed and will allow the trust to employ a general manager to ensure the sustainable operation of this facility.

Annual plan disclosure statement

Annual plan disclosure statement for year ending 30 June 2024

What is the purpose of this statement?

The purpose of this statement is to disclose the council’s planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The council is required to include this statement in its Annual Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations).

Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark		Planned	Met
Rates affordability benchmark			
• income	Total rates revenue must not exceed 80% of operating revenues.	69.5%	Yes
• increases	LGCI + 2.5% which equals 6.8%	9.1%	No
Debt affordability benchmark			
	Gross external borrowing may not be more than 225% of annual operating income	152.3%	Yes
Balanced budget benchmark	> 100%	102.4%	Yes
Essential services benchmark	> 100%	154.9%	Yes
Debt servicing benchmark	< 10%	9.5%	Yes

WHOLE OF COUNCIL - FUNDING IMPACT STATEMENT

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	51,015	54,657	57,687
Targeted rates	31,134	31,868	34,887
Subsidies and grants for operating purposes	3,085	2,881	3,884
Fees and charges	10,610	11,025	12,228
Interest and dividends from investments	3,323	1,972	6,849
Local authorities fuel tax, fines, infringement fees, and other receipts	1,220	1,232	1,145
Total operating funding (A)	100,387	103,635	116,680
Applications of operating funding			
Payments to staff and suppliers	68,785	69,181	80,098
Finance costs	9,395	7,955	11,681
Other operating funding applications	-	-	-
Total applications of operating funding (B)	78,180	77,136	91,779
Surplus (deficit) of operating funding (A – B)	22,207	26,499	24,901
Sources of capital funding			
Subsidies and grants for capital expenditure	3,196	3,827	3,900
Development and financial contributions	8,086	5,754	5,079
Increase (decrease) in debt	29,819	23,488	17,022
Gross proceeds from sale of assets	15,811	4,000	8,506
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	56,912	37,069	34,507
Application of capital funding			
Capital expenditure			
• to meet additional demand	3,248	4,309	2,309
• to improve the level of service	50,761	33,286	39,981
• to replace existing assets	20,551	18,847	15,898
Increase (decrease) in reserves	4,559	7,126	1,220
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	79,119	63,568	59,408
Surplus (deficit) of capital funding (C – D)	(22,207)	(26,499)	(24,901)
Funding balance ((A – B) + (C – D))	-	-	-

GROUPS OF ACTIVITIES

We deliver a range of services on behalf of the community which are reflected in the ten groups of activities:

- Community Services
- Water
- Transport
- Community Facilities
- Wastewater
- Solid waste
- Stormwater
- Democracy and Planning
- Investments
- Economic Development

These groups of activities reflect the core services that Council must undertake as required by the Local Government Act 2002. It also reflects the local public services that the community has signalled support for Council to provide.

COMMUNITY SERVICES

What we do and why we do it

There are three activities that sit within the community services group of activities:

- Community engagement and development
- Regulatory services
- Emergency management.

Community engagement and development

The community engagement and development activity involves:

- Working with our communities to understand their changing needs
- Developing partnerships throughout communities to achieve more together
- Integrating a partnership approach with Māori into the way that we do our work right across the organisation
- Working alongside communities, and building the capacity of Māori in particular, to ensure they are informed and engaged in Council decision making
- Providing community grants to help achieve a wide range of community aspirations.

Our focus going forward will integrate localism into how we work with our communities. We want to provide opportunities to give smaller communities a voice in what we do, while ensuring we are establishing and leveraging relationships regionally and nationally. We will place a particular emphasis on integrating a partnership approach with Māori into how we work.

Strong and connected communities can help people to feel safe and engaged, which will help to make sure the Taupō District is a great place to live.

Regulatory services

The regulatory activity includes:

- Registering, enforcing and ensuring compliance with regulatory functions relating to food premises, liquor outlets, electronic gaming machines
- Undertaking animal control
- Enforcing parking time restrictions
- Processing resource consents and ensuring compliance with the District Plan and resource consent conditions
- Processing building consent applications, inspecting buildings and enforcing the Building Act 2004

We undertake the regulatory group of activities to ensure that our residents are safe and protected from nuisance.

Emergency management

Civil Defence Emergency Management (CDEM) is the key component of the emergency management group of activities. The CDEM role includes ensuring that our local communities and businesses are prepared if an emergency were to happen in our district. This includes undertaking public awareness and educational campaigns, training exercises and local response planning.

Community outcomes

The community services group of activities contributes to the following community outcomes:

- Economy- our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities.
- Environment - a shared responsibility for places we are proud of
- Engagement - Council is connected with its communities, advocating for their social and cultural well-being.

Community Services Funding Impact Statement

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	6,505	5,700	10,572
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,938	2,968	3,002
Internal charges and overheads recovered	-	-	1,440
Local authorities fuel tax, fines, infringement fees, and other receipts	396	491	466
Total operating funding (A)	9,839	9,159	15,480
Applications of operating funding			
Payments to staff and suppliers	9,637	8,930	10,201
Finance costs	48	44	47
Internal charges and overheads applied	-	-	5,024
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,685	8,974	15,272
Surplus (deficit) of operating funding (A – B)	154	185	208
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	72	411	30
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	72	411	30
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	165	501	111
• to replace existing assets	654	418	226
Increase (decrease) in reserves	(593)	(323)	(99)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	226	596	238
Surplus (deficit) of capital funding (C – D)	(154)	(185)	(208)
Funding balance ((A – B) + (C – D))	-	-	-

