

**I give notice that
an Ordinary Meeting of Council will be held on:**

| | |
|------------------|---|
| Date: | Friday, 3 May 2024 |
| Time: | 9.30am |
| Location: | Council Chamber 107 Te Heuheu Street Taupō |

AGENDA

MEMBERSHIP

Chairperson Mayor David Trewavas
Deputy Chairperson Cr Kevin Taylor

Members

- Cr Duncan Campbell
- Cr Karam Fletcher
- Cr Sandra Greenslade
- Cr Kylie Leonard
- Cr Danny Loughlin
- Cr Anna Park
- Cr Christine Rankin
- Cr Rachel Shepherd
- Cr Kirsty Trueman
- Cr Yvonne Westerman
- Cr John Williamson

Quorum 7

Julie Gardyne
Chief Executive

Order Of Business

- 1 **Karakia**
- 2 **Whakapāha | Apologies**
- 3 **Ngā Whakapānga Tukituki | Conflicts of Interest**
- 4 **Whakamanatanga O Ngā Meneti | Confirmation of Minutes**
Nil
- 5 **Ngā Kaupapa Here Me Ngā Whakataunga | Policy and Decision Making**
 - 5.1 Approval of Supporting Information for the Draft Long-term Plan 2024-34 Consultation Document for Audit New Zealand Consideration.....3
 - 5.2 Approval of the (draft) Development Contributions Policy6
 - 5.3 Draft 2024-34 Financial Strategy for consultation.....11
 - 5.4 Draft 2024 Infrastructure Strategy for consultation15
 - 5.5 Approval of the draft Long-term Plan 2024-34 Consultation Document for Audit New Zealand Consideration19
- 6 **Ngā Kōrero Tūmataiti | Confidential Business**
Nil

5.1 APPROVAL OF SUPPORTING INFORMATION FOR THE DRAFT LONG-TERM PLAN 2024-34 CONSULTATION DOCUMENT FOR AUDIT NEW ZEALAND CONSIDERATION

Author: Kendall Goode, Senior Policy Advisor

Authorised by: Nick Carroll, Policy Manager

TE PŪTAKE | PURPOSE

This report seeks Council's approval of supporting information for the draft Long-term Plan 2024-34 Consultation Document. This will allow Audit New Zealand (Audit NZ) to consider and assess the information as part of the audit process in May.

WHAKARĀPOPOTOTANGA MATUA | EXECUTIVE SUMMARY

Audit NZ will assess the quality of the supporting information used to prepare the draft Long-term Plan 2024-34 Consultation Document. Several policies were approved for audit at the 16 April Council Meeting, and this report seeks approval of those outstanding policies and financial information that are also considered as supporting information for the consultation document.

Approving these documents allows Audit NZ to consider them when auditing the draft Long-term Plan 2024-34 Consultation Document

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That Council approves the following draft supporting information for the draft Long-term Plan 2024-34 Consultation Document for consultation subject to changes required as part of the audit process:

- a. Draft Accounting Policies
- b. Draft Funding Impact Statement
- c. Draft financial information

TE WHAKAMAHUKI | BACKGROUND

Section 93 of the Local Government Act 2002 (LGA) requires councils to have a long-term plan and the plan must include all the information as per Part 1 of Schedule 10. Several workshops have been held throughout 2023 and the first quarter of 2024 to develop the draft Long-term Plan 2024-34 strategies, policies, budgets and consultation document.

NGĀ KŌRERORERO | DISCUSSION

This Long-term Plan (LTP) process has been subject to delays as a result of the uncertainty associated with the Affordable Waters Reform, which has now been repealed. To make the Long-term Plan process manageable as a result of these delays, changes to the legislation were made and the requirements that normally apply to the consultation document have been removed with the ability for councils to opt out of the normal audit process.

While an audit of the consultation document is not required, the recommendation is to proceed with an audit of the consultation document and supporting information, albeit this will be a smaller scope due to time constraints. This enables Council to manage potential risks associated with the final LTP audit later in August and provide assurance on the quality of the underlying information. A formal report from the Auditor-General will not be issued as part of this process as provided for by the changes to the Local Government Act 2002 (Schedule 1AA Part 8, inserted 17 February 2024).

The underlying information to be provided to Audit NZ will include, but is not limited to the:

- Draft Revenue and Financing Policy and associated s101(3) considerations report
- Draft performance measures
- Draft forecasting assumptions
- Draft Accounting Policies
- Draft Treasury Management Policy

- Draft Funding Impact Statement
- Draft Financial Strategy
- Draft Infrastructure Strategy
- Draft fees and charges schedule 2024/25
- Draft financial information

NGĀ KŌWHIRINGA | OPTIONS

The two options Council has, are to either adopt the draft supporting information for the draft Long-term Plan 2024-34 Consultation Document for consideration by Audit NZ, suggest amendments for staff to make before providing to Audit NZ.

It is recommended that Council adopt the draft supporting information to ensure it meets its legal obligations under the Local Government Act 2002 (LGA). Council has spent a significant amount of time considering the various components that are included in the draft Long-term Plan 2024-34 Consultation Document with this information being used as the basis for consultation with our community.

NGĀ HĪRAUNGA | CONSIDERATIONS

Ngā Aronga Pūtea | Financial Considerations

The financial considerations and implications associated with the draft supporting information have been discussed during workshops. These are included in the suite of financial statements and the funding impact statement in the supporting information. This information will be communicated to our community as part of the draft Long-term Plan 2024-34 Consultation Document. Any changes that Council makes as a consequence of submissions on the draft Long-term Plan 2024-34 Consultation Document will be reflected in the final Long-term Plan to be adopted at the end of September 2024.

Ngā Aronga Ture | Legal Considerations

Local Government Act 2002

The matter comes within scope of the Council's lawful powers, including satisfying the purpose statement of [Section 10](#) of the Local Government Act 2002. That section of the Act states that the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. It is considered that social / economic / environmental or cultural are of relevance to this particular matter.

The draft supporting information has been developed in accordance with the legislative requirements under the LGA.

Ngā Hīraunga Kaupapa Here | Policy Implications

The policy implications have been discussed during workshops. The draft Long-term Plan 2024-34 Consultation Document sets out what Council intends to deliver over the 2024-34 period and its anticipated operational and capital budgets. This supporting information is important in informing readers and facilitating integrated decision making.

Te Kōrero tahi ki te Māori | Māori Engagement

Taupō District Council is committed to meeting its statutory Tiriti O Waitangi obligations and acknowledges partnership as the basis of Te Tiriti. Council has a responsibility to act reasonably and in good faith to reflect the partnership relationship, and to give effect to the principles of Te Tiriti. These principles include, but are not limited to the protection of Māori rights, enabling Māori participation in Council processes and having rangatiratanga over tāonga.

Our statutory obligations outline our duties to engage with Māori, and enable participation in Council processes. Alongside this, we recognise the need to work side by side with the ahi kaa / resident iwi of our district. Engagement may not always be required by law, however meaningful engagement with Māori allows Council to demonstrate good faith and our commitment to working together as partners across our district.

Appropriately, the report author acknowledges that they have considered the above obligations including the need to seek advice, guidance, feedback and/or involvement of Māori on the proposed recommendation/s, objective/s, project/s or service/s outlined within this report. Iwi and hapū groups have been involved in the development of the Long-term Plan 2024-34 and as a consequence their feedback has helped inform the nature of this supporting information. There will be a further opportunity for iwi, hapū and Māori to make formal submissions on the Consultation Document.

Ngā Tūraru | Risks

If Council chooses not to approve the draft supporting information Audit NZ may not have the required confidence when making an assessment of the underlying information that has been used to prepare the draft Long-term Plan 2024-34 Consultation Document.

TE HIRANGA O TE WHAKATAU, TE TONO RĀNEI | SIGNIFICANCE OF THE DECISION OR PROPOSAL

Council's Significance and Engagement Policy identifies matters to be taken into account when assessing the degree of significance of proposals and decisions.

Officers have undertaken an assessment of the matters in the [Significance and Engagement Policy \(2022\)](#), and are of the opinion that the proposal under consideration is of a high degree of significance.

TE KŌRERO TAHI | ENGAGEMENT

Consultation is not required when adopting the draft supporting information for Audit NZ consideration. The Long-term Plan 2024-34 Consultation Document will be adopted for consultation on 31 May 2024, following the Audit NZ consideration, and consultation will take place between 4 June and 5 July 2024.

TE WHAKAWHITI KŌRERO PĀPAHO | COMMUNICATION/MEDIA

No communication/media required.

WHAKAKAPINGA | CONCLUSION

Audit NZ assesses the quality of the supporting information used to prepare the draft Long-term Plan 2024-34 Consultation Document. Adopting the draft supporting information, provides confidence to Audit NZ when auditing the draft Long-term Plan 2024-34 Consultation Document.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Draft Accounting Policies
2. Draft Funding Impact Statement 2024-25
3. Draft Financial Information

5.2 APPROVAL OF THE (DRAFT) DEVELOPMENT CONTRIBUTIONS POLICY

Author: Philip Caruana, Senior Policy Advisor

Authorised by: Nick Carroll, Policy Manager

TE PŪTAKE | PURPOSE

This paper seeks Council's approval of the draft Development Contributions Policy for consultation alongside the Long-term Plan 2024-34 (LTP). The draft policy document is reproduced in Attachment 1.

This paper sets out:

- the purpose of the Development Contributions Policy and our legal obligations and requirements;
- the draft contents of the Development Contributions Policy 2024;
- the key changes proposed in the Development Contributions Policy 2024;
- options for Council to consider; and

WHAKARĀPOPOTOTANGA MATUA | EXECUTIVE SUMMARY

Development contributions are used to recover growth-related costs of new or upgraded infrastructure required to service new developments. The principles, objectives and methodologies about how Council determines and collects development contributions are set out in the Development Contributions Policy.

This policy is reviewed every three years in conjunction with the development of the LTP to take into account the new capital expenditure projects, the timing of the expenditure and updated growth projections and growth component attributed to this expenditure.

Officers are seeking Council's approval to these changes to include the draft Development Contributions Policy for consultation.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That Council approves the draft Development Contributions Policy provided in Attachment 1 for consultation subject to changes required as part of the audit process.

TE WHAKAMAHUKI | BACKGROUND

The proposal has been presented to Council at a workshop on 10 October 2023.

Under the Local Government Act 2002 (LGA), Council is required to review the Development Contributions Policy every three years and to consult on the proposed Policy as part of its LTP consultation package.

NGĀ KŌRERORERO | DISCUSSION

Population and business growth create the need for new subdivisions and developments in our District. This growth places increasing demands on network infrastructure (transport, water supply, wastewater services) and parks and reserves provided by Council. As a result, significant investment in new or upgraded infrastructure is required to meet this demand.

Council intends to pay for new or upgraded infrastructure by levying development contributions as permitted under the LGA 2002. A development contribution is a contribution made by a developer to Taupō District Council according to the methodology set out in the Development Contributions Policy, and can be either: money, land, community facilities; or a combination of them.

Development contributions are charged for each Household Unit Equivalent (HUE). This is a unit of demand that is equivalent to one detached dwelling unit (household unit). Contributions are assessed for each development in each catchment area to pay for new or upgraded infrastructure and are then charged on the number of HUEs.

The purpose of the Development Contributions Policy and its legal requirements

The purpose of the Policy is to ensure that the cost of new or improved infrastructure required to service population and business growth is funded by developers that build residential or commercial units. The overarching guiding principle of the Policy is that **Growth-Pays-For-Growth**.

This ensures that those who directly benefit from new or improved infrastructure bear the costs associated with it. Hence, developers and property owners within a catchment area benefitting from the infrastructure upgrades and expansions will be required to contribute proportionally to the cost of providing this infrastructure.

Extracts from the LGA 2002 setting out the purpose of the Development Contributions Policy and Council’s legal requirements are provided in Attachment 2.

The draft contents of the Development Contributions Policy

The draft Development Contributions Policy sets out the principles, objectives and methodologies by which Council will fund new or upgrades to infrastructure required to meet the demand generated by population and business growth.

A copy of the draft Development Contributions Policy for consultation is provided in Attachment 1.

Proposed changes to the Development Contributions Policy

The draft Development Contributions Policy 2024 is substantively the same as the current 2021 Policy with a few changes made to the Policy itself. These changes are summarised as follows:

- new report layout that uses the template recommended by the Department of Internal Affairs Te Tari Taiwhenua, which better sets out Council’s responsibilities and obligations under the LGA 2002.
- revised methodology and approach to collecting development contributions for reserve land, with a focus on improving existing parks and reserves in some areas as opposed to continuing to buy land for reserves purposes.
- agglomerated catchment areas for large projects, to better align the costs associated with these projects with the future communities who will directly benefit from them.
- new clauses to meet the principles set out in the preamble of the Te Ture Whenua Māori Act 1993, by providing more favourable payment conditions on developments, including Kaumātua housing, on Māori land.

Based on this information it is considered that there are 2 options.

NGĀ KŌWHIRINGA | OPTIONS

Analysis of Options

Option 1 – Approve the draft 2024 Development Contributions Policy for consultation (recommended)

| Advantages | Disadvantages |
|--|---|
| <ul style="list-style-type: none"> • Meets the ‘beneficiary-pays-principle’ whereby those who directly benefit from new or improved infrastructure bear the costs associated with it. • Reduces the burden on general rates by allocating a share of the cost of new or upgraded infrastructure onto developers (and future communities). • Allows Council to spend funds that have already been collected for the purposes of building new or upgrading existing infrastructure. • Meets the legislative requirements under the LGA 2002. | <ul style="list-style-type: none"> • Perception that development contributions are an added cost to developers, and which may inhibit growth. • Perception that there is less certainty when funding infrastructure through development contributions compared to rate funding. |

Option 2 – Do not approve the draft Development Contributions Policy for consultation.

| Advantages | Disadvantages |
|--|---|
| <ul style="list-style-type: none"> Perception that funding new infrastructure from general rates, as opposed to development contributions, will encourage growth. | <ul style="list-style-type: none"> Cost of new infrastructure will need to be collected from other sources, most likely through general rates. Higher borrowing and debt servicing cost that is transferred to the ratepayer. Creates inequities because current ratepayers will bear the cost of new infrastructure that benefits future communities. |

Analysis Conclusion:

Option 1 is the preferred option because it ensures the draft Development Contributions Policy is included with the LTP consultation to be undertaken over the planned period, and is aligned with the LTP project plan, including audit timeframes, and adoption by 30 September 2024.

Option 1 also ensures that a revised Development Contributions Policy is adopted in-time for developers to pay their contributions towards the growth effects of their development, and ensures that the cost of new infrastructure resulting from growth is paid by those that create the need for this infrastructure in a fair and equitable way.

NGĀ HĪRAUNGA | CONSIDERATIONS

Ngā Aronga Pūtea | Financial Considerations

Council recovers growth-related costs of capital expenditure projects through development contributions. This figure is estimated at \$208 million over the next 30 years, with the majority earmarked to start in the next decade.

If Council decides not to collect development contributions, these costs will need to be funded from other sources such as general rates. If that were to occur, the increase in rates would be substantially higher than what is being currently proposed. There would also be implications for Council in terms of meeting the agreed debt limits within the draft Financial Strategy. An itemized list of past and future capital projects funded by development contributions is set out in Schedules 1 and 2 in the draft Development Contributions Policy in Attachment 1.

Long-term Plan/Annual Plan

The draft information for the LTP has been prepared on the basis that development contributions will be collected.

Ngā Aronga Ture | Legal Considerations

Local Government Act 2002

The matter comes within scope of the Council's lawful powers, including satisfying the purpose statement of [Section 10](#) of the Local Government Act 2002. That section of the Act states that the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. It is considered that the economic wellbeing is of relevance to this particular matter.

The proposal has been evaluated with regards to a range of legislation. The key legislation applicable to the proposal is the LGA, which provides the framework for how development contributions are established and charged to developers.

Ngā Hiraunga Kaupapa Here | Policy Implications

The draft Development Contributions Policy has been prepared in conjunction with the LTP decision-making process. The considerations set out in s101 of the LGA have also been evaluated as part of the LTP.

Te Kōrero tahi ki te Māori | Māori Engagement

Taupō District Council is committed to meeting its statutory Tiriti O Waitangi obligations and acknowledges partnership as the basis of Te Tiriti. Council has a responsibility to act reasonably and in good faith to reflect the partnership relationship, and to give effect to the principles of Te Tiriti. These principles include, but are not limited to the protection of Māori rights, enabling Māori participation in Council processes and having rangatiratanga over tāonga.

Our statutory obligations outline our duties to engage with Māori, and enable participation in Council processes. Alongside this, we recognise the need to work side by side with the ahi kaa / resident iwi of our district. Engagement may not always be required by law, however meaningful engagement with Māori allows Council to demonstrate good faith and our commitment to working together as partners across our district.

Appropriately, the report author acknowledges that they have considered the above obligations including the need to seek advice, guidance, feedback and/or involvement of Māori on the proposed recommendation/s, objective/s, project/s or service/s outlined within this report.

The draft Development Contributions Policy includes provisions that meet the requirements set out in the preamble of the Te Ture Whenua Māori Act 1993. The draft Policy will be consulted on as part of the wider package of Long-term Plan supporting information.

Ngā Tūraru | Risks

Development contributions, and respective per HUE charges, need to reflect the costs associated with new or improved infrastructure to service future growth. There is an element of uncertainty in both the accuracy of projected growth and in the future cost of this infrastructure. There is a risk that Council sets the development contributions either too high or too low.

If development contributions are set too low, then Council will not recover all the costs associated with the new infrastructure, resulting in a shortfall that will need to be funded from other sources, such as rates. If development contributions are set too high, they will impose a higher cost on developers, which may inhibit growth. There are also equity implications if development contributions are set too high because it means that earlier developments will be subsidizing developments occurring at a later date.

TE HIRANGA O TE WHAKATAU, TE TONO RĀNEI | SIGNIFICANCE OF THE DECISION OR PROPOSAL

Council's Significance and Engagement Policy identifies matters to be taken into account when assessing the degree of significance of proposals and decisions.

Officers have undertaken an assessment of the matters in the [Significance and Engagement Policy \(2022\)](#), and are of the opinion that the proposal under consideration is significant.

TE KŌRERO TAHI | ENGAGEMENT

The draft Policy will be included in the wider package of supporting information related to the Long-term Plan that will be consulted on in conjunction with the Long-term Plan 2024-34.

TE WHAKAWHITI KŌRERO PĀPAHO | COMMUNICATION/MEDIA

Communication will be carried out as part of wider consultation with the community on the LTP.

WHAKAKAPINGA | CONCLUSION

Funding tools are essential in meeting the infrastructure needs of growing communities. Council recovers the growth-related costs of new capital expenditure projects through development contributions. Collecting development contributions is preferred, as the cost implications of development are paid for by those

creating it rather than transferring it to the ratepayer. This option also allows Council to use any reserve funds already collected. It is recommended that Council approves the draft Development Contributions Policy for consultation with the LTP consultation package.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. (draft) Development contributions policy (under separate cover 1) [⇒](#)
2. Extracts of legal requirements and obligations in the LGA (under separate cover 1) [⇒](#)

5.3 DRAFT 2024-34 FINANCIAL STRATEGY FOR CONSULTATION

Author: Sarah Matthews, General Manager Organisation Performance

Authorised by: Julie Gardyne, Chief Executive

TE PŪTAKE | PURPOSE

This paper seeks your approval of the draft Financial Strategy 2024-34 for consultation alongside the Long-term Plan 2024-34. The draft Financial Strategy is attached.

This paper sets out:

- the purpose of the Financial Strategy 2024-34 and the legal requirements
- the draft contents of the Financial Strategy 2024-34
- key changes to the Financial Strategy 2024-34
- the options for Council to consider.

WHAKARĀPOPOTOTANGA MATUA | EXECUTIVE SUMMARY

This Financial Strategy clearly outlines the financial vision and priorities for the next 10 years. It aims to ensure we are achieving an appropriate balance between the needs of our community, responsible management of our assets, and financial sustainability over the Long-term. It provides guidance for Council's financial decisions and a means to monitor the financial performance of Council.

The budget for this Long-Term Plan (LTP) has been developed to give effect to the priorities as agreed by Council. Council has also indicated a commitment to maintaining current levels of service, meeting legislative requirements, looking after our assets, and provisioning for the expected growth of the district.

These priorities have meant that:

1. Operating budgets required to deliver our wide range of services have been largely maintained.
2. There has been an increase in the renewals and maintenance budgets for our critical infrastructure.
3. There is continued investment in required growth-related assets.
4. Operational efficiencies and discretionary project cuts have been required to ensure these priorities will be achieved and to mitigate the non-controllable budget increases. Further budgetary cuts would compromise these priorities.

Projected growth has increased from our last LTP, which has been highlighted by both the financial and infrastructure strategies, as a key driver of increased demand and subsequently increased pressure on our critical infrastructure and services. This increased demand is forecast to continue over the entire 10 years of this plan.

Along with the increasing demand on services, Council is facing additional challenges being driven by changes to Central Government policy and legislative requirements, with a particular emphasis on Council's water and wastewater services. Along with priorities mentioned above, the stronger regulatory approach of New Zealand's new water regulator has been reflected in Council's capital works programme. This has driven increased investment in Council's Water and Wastewater services over the 10-year period, with larger increases required in the first few years.

On top of growth, and the increasing investment required in our critical infrastructure assets, Council's asset base has continued to increase due to prolonged periods of inflation. This in turn results in increased costs to maintain these assets throughout the 10-year period and a requirement to increase funding to cover the increased depreciation and replacement costs, to ensure the cost of using these assets is covered by current ratepayers, and not burdened onto future generations.

This Financial Strategy has been adapted to respond to the challenges outlined, along with financial sustainability considerations, including the impact on rates and debt, to achieve the right balance.

Officers are seeking Council's agreement to these objectives and challenges, and approval of the draft Financial Strategy 2024-34 for consultation

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That Council approves the draft Financial Strategy 2024-34 for consultation subject to changes required as part of the audit process and/or design process.

TE WHAKAMAHIKI | BACKGROUND

A Financial strategy is required to be part of Council’s Long-term Plan [Section 101B of the Local Government Act 2002].

Council had a workshop in August 2023 on the Financial Strategy, where the purpose, requirements and key considerations were discussed.

A draft Financial Strategy has been prepared based on that discussion and is being provided to you for consideration and approval for consultation.

NGĀ KŌRERORERO | DISCUSSION

The purpose of the Financial Strategy, its legal requirements, and draft contents

The table below sets out the requirements of the financial strategy and the corresponding contents of the draft Financial Strategy 2024-34

| Required contents ¹ | Draft contents |
|--|---|
| Must include: <ul style="list-style-type: none"> a statement of the factors that are expected to have a significant impact on the local authority during the consecutive financial years covered by the strategy | All key factors are discussed throughout the document: <ul style="list-style-type: none"> Budgets reflecting Council priorities / maintaining levels of service Impact of increased Growth Pressures from Central Government Policy / Legislation changes Impact of recent inflationary pressures |
| <ul style="list-style-type: none"> the expected changes in population and the use of land in the district or region, and the capital and operating costs of providing for those changes. | See section titled ‘Growth’ |
| <ul style="list-style-type: none"> the expected capital expenditure on network infrastructure, flood protection, and flood control works that is required to maintain existing levels of service currently provided by the local authority. | See section titled ‘Council Services and Infrastructure’ |
| <ul style="list-style-type: none"> other significant factors affecting the local authority’s ability to maintain existing levels of service and to meet additional demands for services | Throughout the document (see key factors above) |
| <ul style="list-style-type: none"> a statement of the local authority’s— <ol style="list-style-type: none"> quantified limits on rate increases and borrowing; and assessment of its ability to provide and maintain existing levels of service and to meet additional demands for services within those limits and respond to growth or decline in the demand for services. | See sections titled ‘Rates’ and ‘Debt’ |
| <ul style="list-style-type: none"> specify the local authority’s policy on the giving of securities for its borrowing. | See section titled ‘Policy on giving security for borrowing’ |
| <ul style="list-style-type: none"> specify the local authority’s objectives for holding and managing financial | See section titled ‘Investments’. |

¹ Section 101B of the Local Government Act 2002, refers.

| Required contents ¹ | Draft contents |
|--|----------------|
| investments and equity securities and its quantified targets for returns on those investments and equity securities. | |

Key Changes

Key changes to the draft Financial Strategy 2024-34, are challenging to outline as this Financial Strategy was not templated from the last Financial Strategy 2021-31. The financial strategy has been refreshed and the new financial strategy is reflective of Council’s priorities and direction to date. Office of the Auditor General comments and sector best practice have also been considered when developing this financial strategy.

Key benchmark changes are as follows:

- Rates increases affordability benchmark increased from Local Government Cost Index (LGCI) + 2.5% to LGCI +5%, considering past performance challenges due to LGCI being a forward-looking projection, whereas Council cost increases often occur subsequently to inflationary increases.
- Debt to revenue ratio has been increased from 225% to 250%, recognising the increase in growth during this 10-year period. Due to the forecasted growth projections, Council will be required to carry more debt going forward with increasing capital investment required to provision for this growth.
- Debt servicing benchmark has been increased from borrowing costs to be below 10% of revenue, to 15%. This is allowed within Financial Prudence legislation, due to Council now being considered ‘high growth’.

A copy of the draft Financial Strategy 2024-34 for consultation is attached [Attachment 1 – draft Financial Strategy 2024-34]

Based on this information it is considered that there are two options.

NGĀ KŌWHIRINGA | OPTIONS

Analysis of Options

Council can either approve the draft Financial Strategy 2024-34 for consultation, or direct staff to make changes or provide additional information.

The financial strategy is part of the supporting information for consultation on the long-term plan that Audit NZ will review. Approval is desired today to allow Long-term plan consultation to be undertaken over the planned period, and align with project plan, including audit timeframes, and adoption by 30 September 2024.

If agreement on a draft for consultation cannot be reached today, officers will provide additional information and seek approval at a special Council meeting to avoid missing or delaying consultation with the Long-term Plan 2024-34.

NGĀ HĪRAUNGA | CONSIDERATIONS

Ngā Aronga Pūtea | Financial Considerations

The ten-year financial impacts of the financial strategy are reflective of the draft long-term plan, including, the draft infrastructure strategy 2024, and draft budgets that Council is considering. These must therefore be considered and approved together.

Ngā Aronga Ture | Legal Considerations

Local Government Act 2002

The matter comes within scope of the Council’s lawful powers, including satisfying the purpose statement of [Section 10](#) of the Local Government Act 2002. That section of the Act states that the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. It is considered that social / economic / environmental and / or cultural wellbeing are of relevance to this particular matter.

The proposal has been evaluated with regards to a range of legislation. The key legislation applicable to the proposal has been reviewed and the relevant matters for consideration are as follows:

Legal requirements are outlined above [see heading: *The purpose of the Financial Strategy 2024-34 and its legal requirements*].

Ngā Hiraunga Kaupapa Here | Policy Implications

There is an inherent connection between the Infrastructure Strategy and the Financial Strategy.

Te Kōrero tahi ki te Māori | Māori Engagement

Taupō District Council is committed to meeting its statutory Tiriti O Waitangi obligations and acknowledges partnership as the basis of Te Tiriti. Council has a responsibility to act reasonably and in good faith to reflect the partnership relationship, and to give effect to the principles of Te Tiriti. These principles include, but are not limited to the protection of Māori rights, enabling Māori participation in Council processes and having rangatiratanga over tāonga.

Our statutory obligations outline our duties to engage with Māori, and enable participation in Council processes. Alongside this, we recognise the need to work side by side with the ahi kaa / resident iwi of our district. Engagement may not always be required by law, however meaningful engagement with Māori allows Council to demonstrate good faith and our commitment to working together as partners across our district.

Appropriately, the report author acknowledges that they have considered the above obligations including the need to seek advice, guidance, feedback and/or involvement of Māori on the proposed recommendation/s, objective/s, project/s or service/s outlined within this report.

The draft Financial Strategy 2024-34 will be formally consulted on as part of the long-term plan consultation.

Ngā Tūraru | Risks

There are no known risks.

TE HIRANGA O TE WHAKATAU, TE TONO RĀNEI | SIGNIFICANCE OF THE DECISION OR PROPOSAL

The financial strategy is part of the long-term plan which is considered to be significant. Consultation is required by the legislation.²

TE KŌRERO TAHI | ENGAGEMENT

Consultation with the community will be undertaken alongside the Long-term plan.

TE WHAKAWHITI KŌRERO PĀPAHO | COMMUNICATION/MEDIA

Communication will be carried out as part of wider consultation with the community on the Long-term Plan.

WHAKAKAPINGA | CONCLUSION

Officers recommend that you approve the draft Financial Strategy 2024-34 for consultation (draft attached to this report). Consultation will happen alongside consultation for the Long-term Plan.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Draft Financial Strategy 2024-34

² [Local government act 2002, Section 93C Content of consultation document for adoption of long-term plan](#)

5.4 DRAFT 2024 INFRASTRUCTURE STRATEGY FOR CONSULTATION

Author: Aidan Smith, Senior Policy Advisor - Climate Change

Authorised by: Tony Hale, Acting General Manager Operations and Delivery

TE PŪTAKE | PURPOSE

This paper seeks your approval of the draft Infrastructure Strategy 2024 for consultation alongside the Long-term Plan 2024-34. A draft Infrastructure Strategy 2024 will be circulated separately.

This paper sets out:

- the purpose of the Infrastructure Strategy 2024 and the legal requirements
- the draft contents of the Infrastructure Strategy 2024
- proposed changes to the Infrastructure Strategy 2024
- the options for Council to consider.

WHAKARĀPOPOTANGA MATUA | EXECUTIVE SUMMARY

Council manages significant three waters and transport infrastructure on behalf of the community. Most of this infrastructure has a long-life, typically many decades. While the Long-term Plan provides Council's delivery plans for the near future³, the infrastructure strategy ensures that this planning is done within the context of ensuring sensible, efficient and sustainable management of three waters and transport infrastructure for the long-term.

The draft Infrastructure Strategy 2024 aims to demonstrate that Council is carefully managing these assets by setting out how Council will ensure it meets these objectives:

- Assets are well looked after and in good condition for future generations
- We are planning and investing to support growth and housing development
- We are maintaining levels of service and improving public health and environmental outcomes
- We are managing natural hazard risks to ensure our infrastructure is resilient

This strategy also sets out the major infrastructure challenges that we expect to face over the next 30 years, the options for addressing these, and when important decisions will need to be made. These are:

- Identifying a Northern Access solution
- Managing wastewater north of the Waikato River
- Improving the disposal of wastewater in Tūrangi

Officers are seeking Council's agreement to these objectives and challenges, and approval of the draft Infrastructure Strategy 2024 for consultation

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That Council approves the draft Infrastructure Strategy 2024 for consultation subject to changes required as part of the audit process.

TE WHAKAMAHUKI | BACKGROUND

An infrastructure strategy is required to be part of Council's Long-term Plan [Section 101B of the Local Government Act 2002, extract attached, refers].

Council had a workshop on 30 November 2023 on the Infrastructure Strategy and asset management plans, where the purpose, requirements and likely key topics of the infrastructure strategy were outlined.

A draft Infrastructure Strategy has since been prepared, and is being provided to you for consideration and approval for consultation.

³ The next 1-3 years in some detail, and then indicative plans looking out 10 years.

NGĀ KŌRERORERO | DISCUSSION

The purpose of the Infrastructure Strategy 2024, its legal requirements, and draft contents

The table below sets out the requirements of the infrastructure strategy and the corresponding contents of the draft Infrastructure Strategy 2024

| Required contents ⁴ | Draft contents |
|---|---|
| <p>Must include:</p> <ul style="list-style-type: none"> • Water, wastewater, stormwater, transport • flood protection and control works • any other assets that Council, in its discretion, wishes to include in the strategy. | <p>Includes three waters and transport</p> <p>Council doesn't have any – these are done by regional council.</p> <p>Previously (2021 strategy), Council had included solid waste, property assets (like community buildings), and parks and reserves, some of these were for a 10-year period as longer-term information was not available.</p> <p>For this long-term plan, the draft is only for the legislative minimums of three waters and transport due to resource constraints.</p> |
| <p>Purpose of the infrastructure strategy is to identify significant infrastructure issues and the options and implications for addressing them.</p> | <p>Identifies three infrastructure challenges and the options for dealing with them:</p> <ul style="list-style-type: none"> • Identifying a Northern Access solution • Managing wastewater north of the Waikato River • Improving the disposal of wastewater in Tūrangi |
| <p>Outline how the local authority intends to:</p> <ul style="list-style-type: none"> • renew or replace existing assets. • respond to growth or decline in the demand for services. • allow for planned increases or decreases in levels of service. • maintain or improve public health and environmental outcomes. • provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks. | <p>Section under the objective “Assets are well looked after and in good condition for future generations”.</p> <p>Section under the objective “We are planning and investing to support growth and housing development”.</p> <p>Section under the objective “We are maintaining levels of service and improving public health and environmental outcomes”.</p> <p>Section under the objective “We are managing natural hazard risks to ensure our infrastructure is resilient”.</p> |
| <p>Show indicative estimates of the projected capital and operating expenditure</p> | <p>Section on “planned revenue and expenditure”</p> |
| <p>Identify the significant capital expenditure decisions that will need to be made, when, and what the options are likely to be.</p> | <p>Major projects, scale and timeframes are provided for each objective section. Additional upcoming decisions identified are (in addition to the 3 major challenges above):</p> <ul style="list-style-type: none"> • Future of the control grates bridge • Measures to reduce high water use in Taupō |
| <p>Set out the key assumptions, and where there is high uncertainty:</p> <ul style="list-style-type: none"> • the nature of that uncertainty • the potential impacts of that uncertainty. | <p>Section on “summary of assumptions with a high level of uncertainty”</p> |

⁴ Section 101B of the Local Government Act 2002, extract attached, refers.

A copy of the legal requirements is attached [Attachment 2 – extracts of legal requirements]

A copy of the draft Infrastructure Strategy 2024 for consultation will be circulated separately.

Based on this information it is considered that there are two options.

NGĀ KŌWHIRINGA | OPTIONS

Analysis of Options

Council can either approve the draft Infrastructure Strategy 2024 for consultation, or direct staff to make changes or provide additional information.

The infrastructure strategy is part of the supporting information for consultation on the long-term plan that Audit NZ will review. Approval is desired today to allow Long-term plan consultation to be undertaken over the planned period, and align with project plan, including audit timeframes, and adoption by 30 September 2024.

If agreement on a draft for consultation cannot be reached today, officers will provide additional information and seek approval at a special Council meeting to avoid missing or delaying consultation with the Long-term Plan 2024-34.

NGĀ HĪRAUNGA | CONSIDERATIONS

Ngā Aronga Pūtea | Financial Considerations

The ten-year financial impacts of the infrastructure strategy align with the long-term plan that Council is considering. These must therefore be considered and approved together.

Ngā Aronga Ture | Legal Considerations

Local Government Act 2002

The matter comes within scope of the Council's lawful powers, including satisfying the purpose statement of [Section 10](#) of the Local Government Act 2002. That section of the Act states that the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. It is considered that social / economic / environmental and / or cultural wellbeing are of relevance to this particular matter.

The proposal has been evaluated with regards to a range of legislation. The key legislation applicable to the proposal has been reviewed and the relevant matters for consideration are as follows:

Legal requirements are outlined above [see heading: *The purpose of the Infrastructure Strategy 2024 and its legal requirements*].

Ngā Hīraunga Kaupapa Here | Policy Implications

There is an inherent connection between the Infrastructure Strategy and the Financial Strategy.

Te Kōrero tahi ki te Māori | Māori Engagement

Taupō District Council is committed to meeting its statutory Tiriti O Waitangi obligations and acknowledges partnership as the basis of Te Tiriti. Council has a responsibility to act reasonably and in good faith to reflect the partnership relationship, and to give effect to the principles of Te Tiriti. These principles include, but are not limited to the protection of Māori rights, enabling Māori participation in Council processes and having rangatiratanga over tāonga.

Our statutory obligations outline our duties to engage with Māori, and enable participation in Council processes. Alongside this, we recognise the need to work side by side with the ahi kaa / resident iwi of our district. Engagement may not always be required by law, however meaningful engagement with Māori allows Council to demonstrate good faith and our commitment to working together as partners across our district.

Appropriately, the report author acknowledges that they have considered the above obligations including the need to seek advice, guidance, feedback and/or involvement of Māori on the proposed recommendation/s, objective/s, project/s or service/s outlined within this report.

Content previously requested by our iwi partners in the 2021 strategy has been retained in the 2024 draft. The draft Infrastructure Strategy 2024 will be formally consulted on as part of the long-term plan consultation.

Ngā Tūraru | Risks

There are no known risks.

TE HIRANGA O TE WHAKATAU, TE TONO RĀNEI | SIGNIFICANCE OF THE DECISION OR PROPOSAL

The infrastructure strategy is part of the long-term plan which is considered to be significant. Consultation is required by the legislation.⁵

TE KŌRERO TAHI | ENGAGEMENT

Consultation with the community will be undertaken alongside the Long-term plan.

TE WHAKAWHITI KŌRERO PĀPAHO | COMMUNICATION/MEDIA

Communication will be carried out as part of wider consultation with the community on the Long-term Plan.

WHAKAKAPINGA | CONCLUSION

Officers recommend that you approve the draft Infrastructure Strategy 2024 for consultation (this will be circulated separately). Consultation will happen alongside consultation for the Long-term Plan.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Extracts of legal requirements

⁵ [Local government act 2002, Section 93C Content of consultation document for adoption of long-term plan](#)

5.5 APPROVAL OF THE DRAFT LONG-TERM PLAN 2024-34 CONSULTATION DOCUMENT FOR AUDIT NEW ZEALAND CONSIDERATION

Author: Kendall Goode, Senior Policy Advisor

Authorised by: Nick Carroll, Policy Manager

TE PŪTAKE | PURPOSE

This report seeks Council's approval of the draft Long-term Plan 2024-34 Consultation Document for Audit New Zealand (Audit NZ) consideration. At the time of producing the agenda the Consultation Document was not ready but will be circulated separately.

WHAKARĀPOPOTOTANGA MATUA | EXECUTIVE SUMMARY

Council is required to prepare and deliver a consultation document as part of the Long-term Plan process. Prior to Council formally adopting the consultation document for public consultation, Audit NZ reviews the consultation document and supporting information. Their review ensures Council has given effect to the purpose set out in s93B of the Local Government Act 2002 (LGA), and that the quality of the information and assumptions underlying the consultation document are robust.

Changes to the legislation were made and the requirements that normally apply to the consultation document have been removed, including the ability for Council to opt out of this audit process. Council has still opted to proceed with an audit due to the assurance benefits associated with the process. An audit report will not be issued as usually required by S93C(4) of the LGA, however changes will be suggested by Audit NZ for consideration.

This item allows Council to approve the consultation document for consideration by Audit NZ. Throughout the audit process there may be amendments recommended by Audit NZ. Any changes that are required will be included in the consultation document and will be provided to Council prior to the adoption of the consultation document for consultation on 31 May 2024.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That Council approve the draft Long-term Plan 2024-34 Consultation Document for consultation subject to changes required as part of the audit process. A designed version will be presented for adoption on 31 May, this will have a different look and feel and some content changes as a result of suggestions through the audit process.

TE WHAKAMAHUKI | BACKGROUND

This proposal has been presented to Council at a workshop on 18 April 2024 and the Council meeting on 23 April to consider preferred options for the consultation document.

NGĀ KŌRERORERO | DISCUSSION

A number of workshops have been held throughout 2023 and the first quarter of 2024 to develop the underlying information that has been used to prepare the draft Long-term Plan 2024-34 Consultation Document.

This information has been approved by Council and includes, but is not limited to:

- draft Development Contributions Policy
- draft Treasury Management Policy
- draft Rates Remissions and Postponement Policies
- draft Revenue and Financing Policy (including the s101(3) considerations report)
- further supporting information.

Throughout the audit process there may be amendments recommended by Audit NZ. Any changes that are required will be included in the draft consultation document and will be provided to Council to consider at the Council meeting on 31 May 2024. A designed version of the draft Long-term Plan 2024-34 Consultation Document will be prepared prior to Council adopting on 31 May for consultation. The designed version will

have a different look and feel but the content will be the same subject to any changes suggested through the audit process.

NGĀ KŌWHIRINGA | OPTIONS

The two options Council has are to either adopt the draft Long-term Plan 2024-34 Consultation Document for Audit NZ consideration, or suggest amendments to the draft Long-term Plan 2024-34 Consultation Document for staff to make before providing to Audit NZ.

It is recommended that Council adopts the draft Long-term Plan 2024-34 Consultation Document for Audit NZ consideration. This will provide assurance it meets its legal obligations under the Local Government Act 2002 (LGA). Council has spent a considerable amount of time assessing the various components that are the basis for the draft consultation document.

NGĀ HĪRAUNGA | CONSIDERATIONS

Ngā Aronga Pūtea | Financial Considerations

The financial considerations and implications contained in the draft consultation document are based on the information included in the underlying information, which Council has adopted, and which has been discussed through a series of workshops. The LGA has specific requirements regarding the level of financial disclosure and they are reflected in the draft consultation document.

Ngā Aronga Ture | Legal Considerations

Local Government Act 2002

The matter comes within scope of the Council's lawful powers, including satisfying the purpose statement of [Section 10](#) of the Local Government Act 2002. That section of the Act states that the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. It is considered that social / economic / environmental and cultural are of relevance to this particular matter.

The draft Long-term Plan 2024-34 Consultation Document has been prepared in accordance with the legislative requirements of the LGA.

Ngā Hīraunga Kaupapa Here | Policy Implications

The policy implications within the draft Consultation Document have been discussed by Council during workshops and reflect the choices that the Council wishes to discuss with the community when consultation begins on 4 June 2024.

Te Kōrero tahi ki te Māori | Māori Engagement

Taupō District Council is committed to meeting its statutory Tiriti O Waitangi obligations and acknowledges partnership as the basis of Te Tiriti. Council has a responsibility to act reasonably and in good faith to reflect the partnership relationship, and to give effect to the principles of Te Tiriti. These principles include, but are not limited to the protection of Māori rights, enabling Māori participation in Council processes and having rangatiratanga over tāonga.

Our statutory obligations outline our duties to engage with Māori, and enable participation in Council processes. Alongside this, we recognise the need to work side by side with the ahi kaa / resident iwi of our district. Engagement may not always be required by law, however meaningful engagement with Māori allows Council to demonstrate good faith and our commitment to working together as partners across our district.

Appropriately, the report author acknowledges that they have considered the above obligations including the need to seek advice, guidance, feedback and/or involvement of Māori on the proposed recommendation/s, objective/s, project/s or service/s outlined within this report. As part of the development of the Long-term Plan, early engagement was undertaken in August 2023 with a range of hapū and iwi to understand their aspirations and priorities for Council's work programme. This feedback was used to inform and then prioritise the work programme over the end of 2023 and the first quarter of 2024. Additionally, there have been a number of working groups who have provided input into specific projects such as the northern accessway and wastewater projects for both Taupō and Tūrangi. There will be an opportunity for iwi, hapū and Māori to provide formal submissions on the draft consultation document, as well as events during consultation to provide opportunities to seek information and ask questions of both elected members and staff.

Ngā Tūraru | Risks

There is a risk if Council chooses not to approve a consultation document, whereby council will not be meeting its legal obligations under the Act. The immediate consequence to not approve the consultation document is a further delay to the adoption of the Long-term Plan and limiting Council ability to fund services and collect revenue through rates.

TE HIRANGA O TE WHAKATAU, TE TONO RĀNEI | SIGNIFICANCE OF THE DECISION OR PROPOSAL

Council's Significance and Engagement Policy identifies matters to be taken into account when assessing the degree of significance of proposals and decisions.

Officers have undertaken an assessment of the matters in the [Significance and Engagement Policy \(2022\)](#), and are of the opinion that the proposal under consideration is significant.

TE KŌRERO TAHI | ENGAGEMENT

Following the completion of the audit by Audit NZ, Council will adopt the Long-term Plan 2024-34 Consultation Document for consultation on 31 May 2024. A special consultative procedure will be undertaken in accordance with section 93A of the LGA. Staff will be organising a workshop for elected members and Representative groups mid May to discuss the upcoming consultation events.

TE WHAKAWHITI KŌRERO PĀPAHO | COMMUNICATION/MEDIA

No communication/media required.

WHAKAKAPINGA | CONCLUSION

Section 93A(1)(a) of the LGA requires that Council must adopt a consultation document for the Long-term Plan 2024-34. Before proceeding to consultation, it is recommended that Council have Audit NZ review the draft consultation document and supporting information. This provides Council and the community with assurance that they can rely on the information for decision making. Such an audit is normally mandatory but is discretionary for this particular long-term plan. A formal report will not be provided at the conclusion of the consultation document audit, however changes are still likely to be suggested. Any changes that are required will be included in the consultation document and will be provided to Council. The Consultation Document was not available at the time of producing the agenda and will be circulated separately.

NGĀ TĀPIRIHANGA | ATTACHMENTS

Nil