

# ***Long Term Plan:***

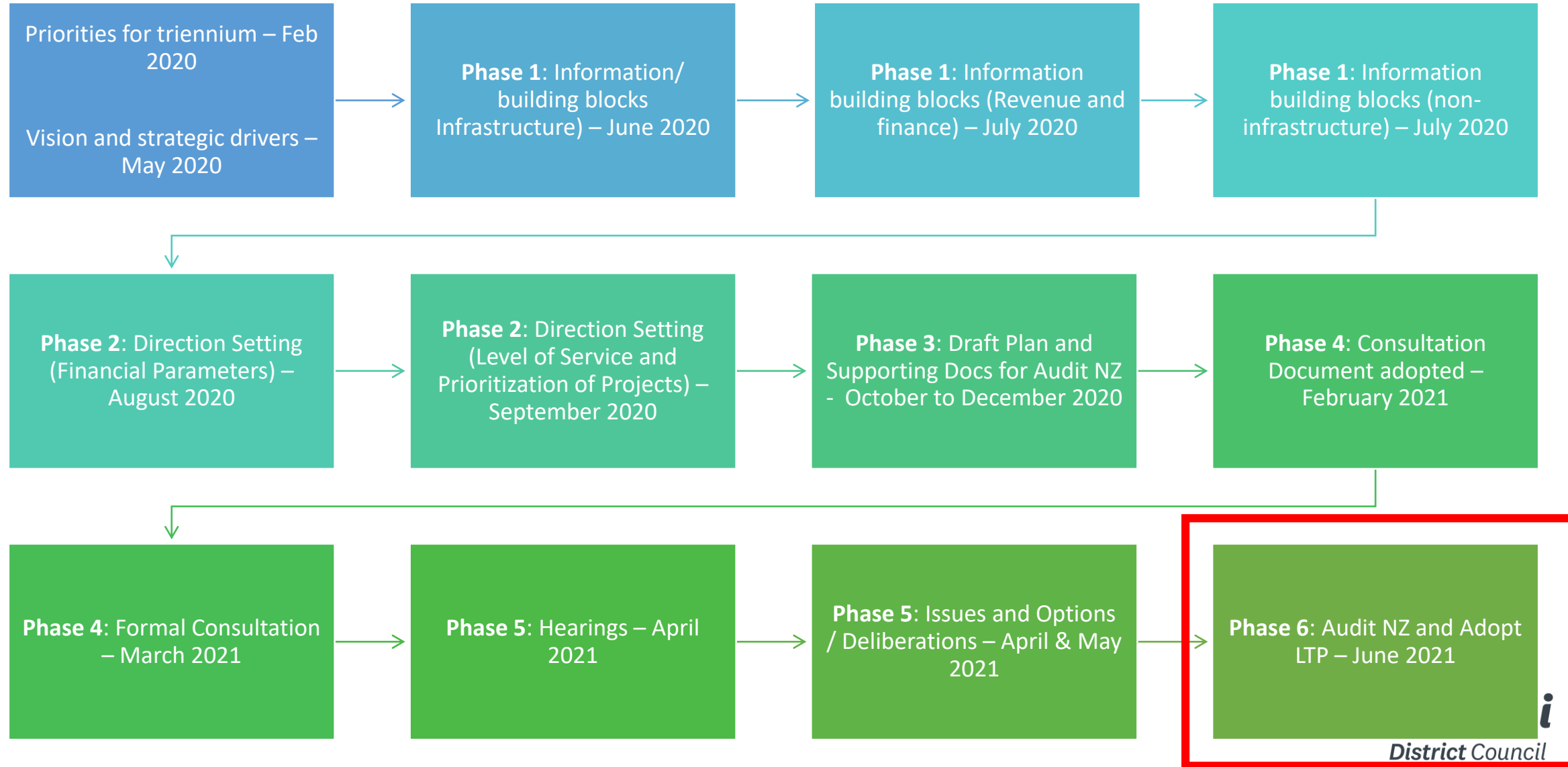
## ***Draft Volumes 1 & 2***

15 June 2021

*‘The decision to adopt (and all of the policy and service decisions that lead up to adoption) are political decisions for the elected members to make. The advice that officials provide is an information source to the process, as is the feedback gathered through community engagement [but] the LTP is . . . the elected member’s document’*

*New Zealand Society of Local Government Managers - Living through the Long-Term Plan 2021*

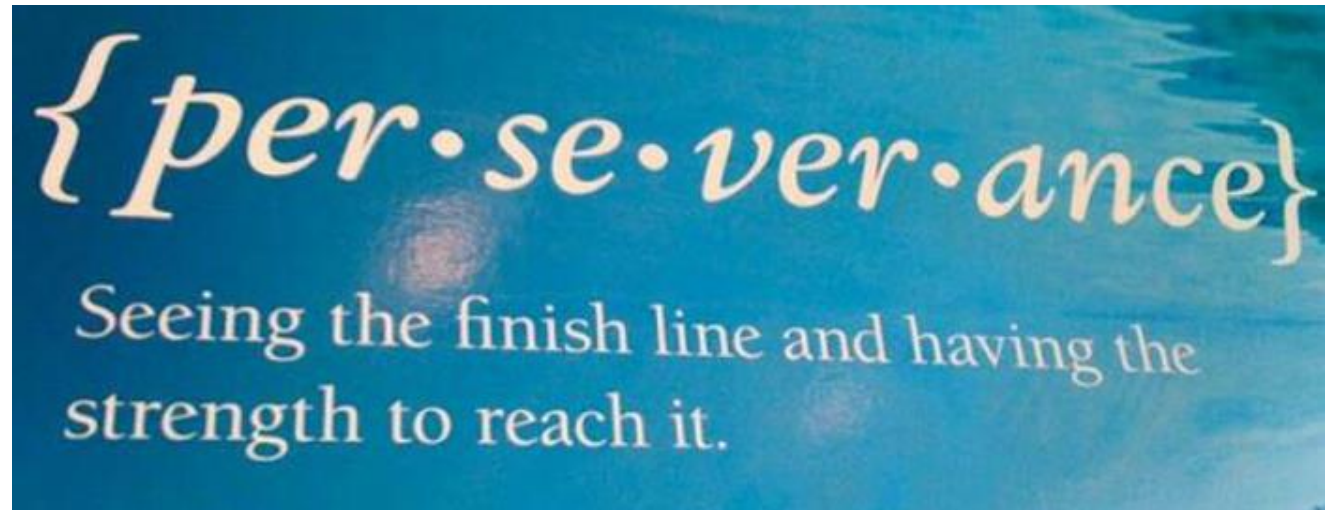
# LTP Process: Timeline



# *LTP – How we got here.....*

The finish line is in sight!

- **17 December 2020** - adoption of the draft Consultation Document and LTP Supporting Documents for Audit;
- **25 February 2021** - Council adopted the Consultation Document and Concurrent Consultations;
- **12 May 2021** - Council Deliberations on submissions received
- **24 June 2021** - Formal adoption of the audited Long Term Plan 2021 – 2031





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## FINDING YOUR WAY AROUND THIS LTP

VOLUME ONE introduces our 10-year plan. You'll also find Council activities, prospective financial statements for 2021-31, rates information, and the report from the Auditor General.

VOLUME TWO shares the supporting information, which includes key Council strategies and policies.

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# WHAT YOU'LL FIND INSIDE NGĀ MEA KEI ROTO VOLUME TWO



## FINDING YOUR WAY AROUND THIS LTP

VOLUME ONE introduces our 10-year plan. You'll also find Council activities, prospective financial statements for 2021-31, rates information, and the report from the Auditor General.

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# *Flashback . . .*



# *An LTP like no other . . .*

- COVID
- Changing supply chains/inflationary pressures
- A wealth of Theatre/Event Centre options
- Uncertainty/challenges around external funding
- Three waters funding/reform
- The future of Local Government
- Some new approaches to engagement . . .
- . . . and close to 3000 submissions



# Priorities and strategic response

Priority	Strategic response in LTP
Transport	Significant (50%) extra spend on transportation as part of our reset and 'raising the bar' (including councils priority for spend in rural communities through the increased road sealing programme)
City centre revitalization	Improvements to James and John Street, noting the benefits of these projects as a catalyst/lead for other investment. Inner-city living toolkit. Commercial property prospectus.
Sustainability	Council is responsible for a range of functions to both manage and minimise waste and respond to climate \$3.7m of new funding towards climate change adaptation/mitigation and waste minimization – <b>plus Increasing contestable funding for community waste minimisation projects and increasing council budgets</b>
Housing	Work alongside agencies such as Kāinga Ora to deliver new public housing in the District. Management of the pensioner housing portfolio – <b>plus \$150k for Housing Strategy and \$4m for Pensioner Housing expansion.</b>
Northport/Navy (treat separate)	Advocacy to Central Govt and scenario planning to accommodate growth (i.e. significant investment in Ruakaka wastewater over the 30yr horizon which can be brought forward to accommodate growth)



# *Changes through Deliberations:*

- Contestable grant funding increase of \$100K p.a.
- Old Municipal Building repair and enhancement \$2.15 million
- District wide bike security infrastructure \$1 million
- Carpark for new Ruakaka Recreation Centre \$1 million
- WAM air conditioning unit upgrade – estimated \$365K
- WAM operational funding \$250K (\$100K – Yr 1; \$100K Yr 2 and \$50K Yr 3)
- Additional \$50K for Raumanga playground development
- Cat de-sexing, microchipping and registering programme subsidy \$15K (Yrs 1-3)
- Gomez Park proposal grant funding \$30K (Yr 3)
- Seed funding for 800-1000 seat theatre at Forum North (\$5 million Yrs 8-10)
- Oakura Wetland Project grant funding \$30K (Yr 1)
- Predator control for Parihaka Scenic Reserve \$50K p.a.
- Additional \$5.9 million for replacement of the Semenoff Stadium Roof
- Te Karearea budget increase of \$70K p.a. (inclusive of \$40K p.a. set aside for Hikurangi Repo)
- Pensioner housing additional \$2 million (total allocation to \$4 million capex Yrs 1-4)
- \$150K (Yr 1) Housing Strategy
- Contestable funding for community waste minimisation projects and community clean ups \$200K p.a.
- Waste minimisation budget (\$75K Yr 1, then \$200K p.a. Yrs 2-10)

# *Following Deliberations:*

We are looking at ;

- A 7% rates increase Yr 1 (4.5% Yrs 2 to 10), up 0.5% from CD as a result of Deliberations decisions
- Changes to the timing of Hihiaua Grant to meet project needs while maintaining budget
- Removal of Oruku from the financial model/LTP (discussions ongoing with stakeholders to try to revive the project)
- Balanced Budget achieved every year (also meeting all other benchmarks), but an absolute line ball in Yr 2
- However Balanced Budget is propped up by central government subsidy/funding 'sugar hit'. This opex is either committed (i.e. CIP/waters) or at risk. As such the potential to go unbalanced is signalled in the Financial Strategy
- Signalled reduction to Waka Kotahi 'Maintenance, Operations & Renewals and Public Transport Continuous Programmes' subsidy (down from \$91.6m to \$86.5m inclusive of Local Share)

# ***‘Known unknowns’:***

## **Audit New Zealand:**

- Both volumes are still being reviewed by Audit NZ
- However we have clearance on key hot review issues, including our approach to
- Clearance due date: 18 June 2021

## **Waka Kotahi NZ Transport Agency – Impact of lost subsidy**

- Potential loss in capital subsidies are still unknown, and will remain so until August or September 2021. Subsidy loss likely to require an LTP amendment.

## **On the horizon**

- Oruku Landing Conference and Events Centre where we are working alongside stakeholders to try to revive this project.
- Three waters and wider legislative/sector reform – impacts unknown but potentially major/sector wide.
- Refinery water use.

# ***Next Steps.....***

- 18 June 2021 – Audit clearance
- 24<sup>th</sup> June 2021 – Adoption of the Long Term Plan 2021 – 2031
- 29<sup>th</sup> June – Backup adoption date (just in case)
- Response to our almost 3000 submitters!







# *A subsidy and three waters ‘sugar hit’*

The Transportation programme and three waters are driving significant grants and subsidies:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
2021 - 22	2022 - 23	2023 - 24	2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30	2030 - 31
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
31,513	27,308	31,044	29,608	33,922	34,361	36,523	30,322	35,651	32,665

# Debrief on councilor led capex delivery session

Get the costs/scope right – *‘never a cheaper time to deliver than at the start of a project, make sure we have good scope/costs’*

Resource additional capacity around planning, scoping and delivery (there will be a lead time)

Work with the sector to ensure no surprises and a clear pipeline

Look for additional project management capacity from the sector (i.e. for large one offs)

Bundle programmes – *‘design/consenting front loaded, Council set the prioritisation criteria, flexibility/delegations to adjust’*

Bundle programme once Council is ‘broadly comfortable’ (Transportation programme provides a good example)

Establish prioritisation processes/criteria for programme lines

Implement robust and regular reporting on project progress

Funding large one offs – *‘identify these by exception and increase debt to accommodate (differing levels of comfort)’*

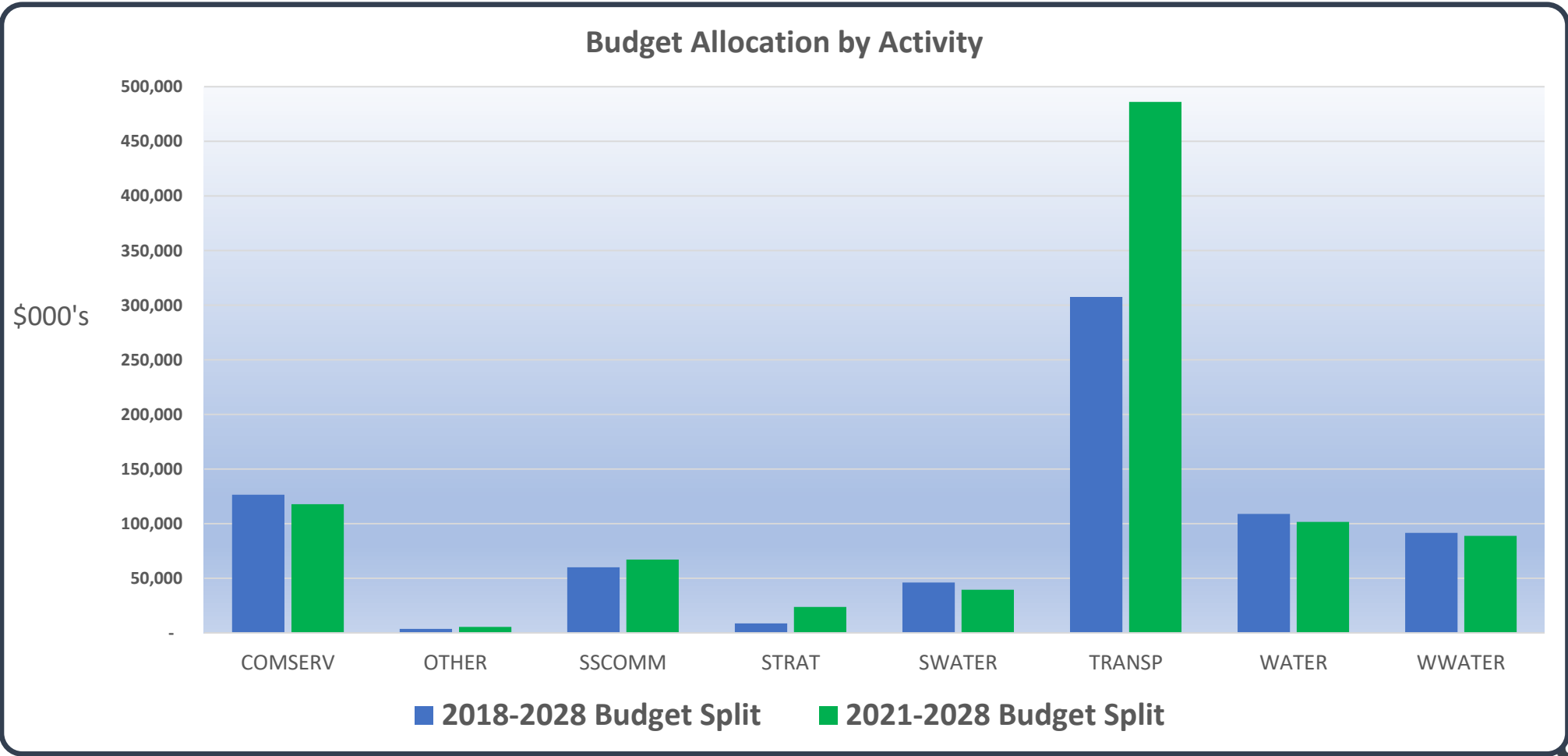
Onerahi/Riverside, Poriti Water Source, Civic, Theatre Options, land purchases (non capacity)

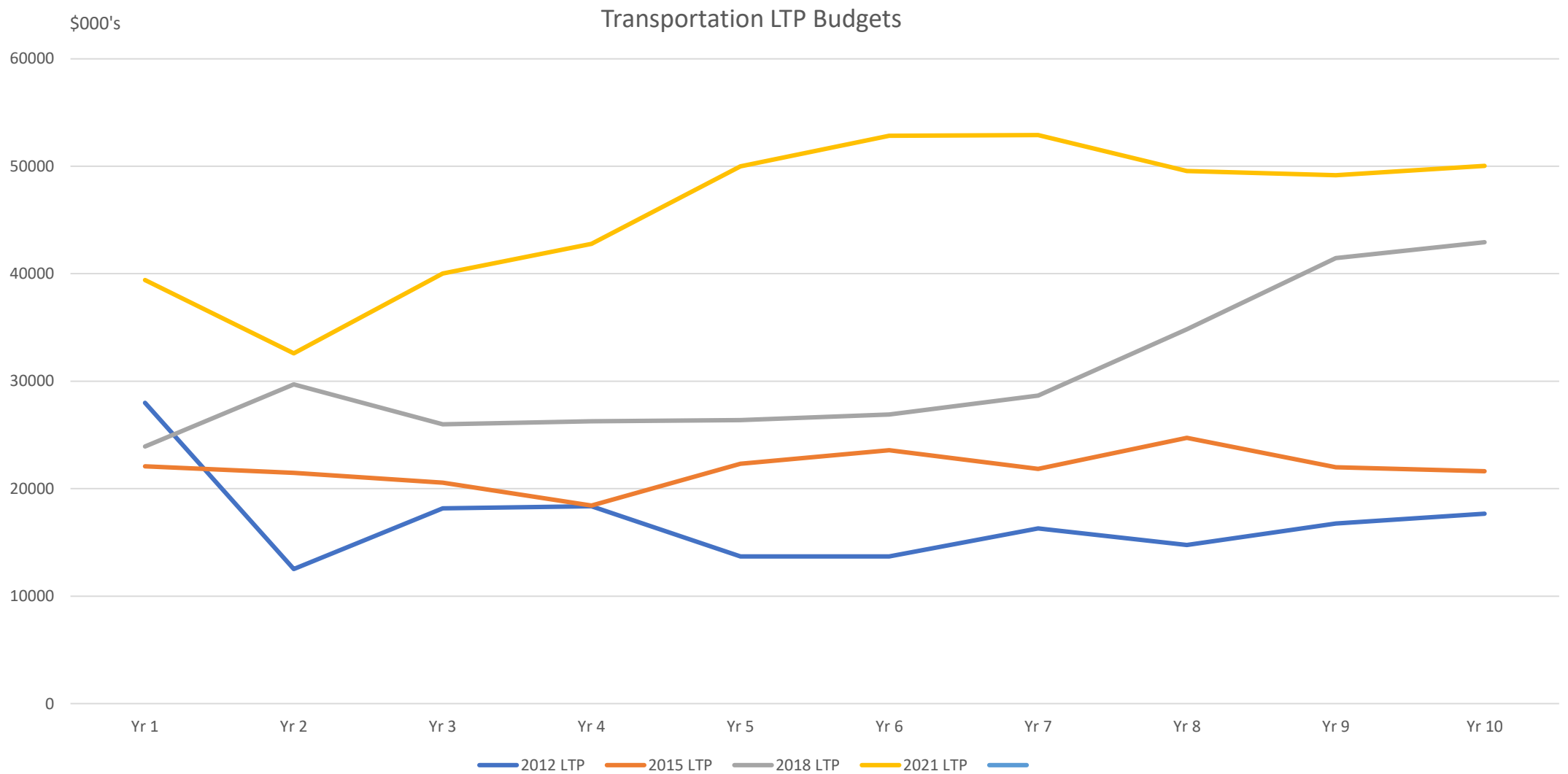
Community led projects – *‘need to meet specification, leg/H&S and procurement requirements while having capability’*

There are good and bad examples, but there is no ‘silver bullet’ (particularly in turning opex into capex). Some key themes:

- Need good community governance/leadership (the community leader needs to have time and relationships)
- Need a strong entity and capability to deliver
- Need structures, programmes and resourcing (i.e. CLD programme and Active Rec position)

# Comparison to 2018







# *Rural/Urban split*

Rural/urban split, noting you can cut it a number of ways . . .

- Water/Waste ringfenced, with other assets being network based and/or for the benefit of the District at large
- Council's long run strategy (since 30/50) has been to align growth/population to infrastructure and services
- While there are challenges in allocating District wide rates analysis in 2017 found an overall 54% Urban/46% Rural split of expenditure
- 0.32c in each dollar is on Transportation (18/19 Annual Report)
- Of the maintenance and renewal contract spend \$9.7m (72%) is in rural areas, compared to \$3.7m (28%) in the City

In the last LTP additional funding was provided to increase the ratio; sealing rural roads (\$1m p.a.), facilities partnership (\$600k p.a.) and com led dev (\$300 p.a.)

Where do you want to focus for this LTP?