



Notice of Meeting

An Extraordinary Meeting of the Tararua District Council will be held in the Council Chamber, 26 Gordon Street, Dannevirke on **Wednesday 1 April 2015** commencing at **2.00 pm**.

Blair King
Chief Executive

Agenda

1. Present

Clint Ramoo from Audit New Zealand will be in attendance at the meeting

2. Apologies

3. Reports

- | | | |
|-----|--|---|
| 3.1 | Adoption of Supporting Information for the Consultation Document 2015/2025 | 3 |
| 3.2 | Adoption of the Consultation Document 2015/2025 | 9 |

4. Closure

Report

Date : 26 March 2015

To : Mayor and Councillors
Tararua District Council

From : Raj Suppiah
Chief Financial Officer

Subject : **Adoption of Supporting Information for the Consultation Document 2015/2025**

Item No : **3.1**

1. Reason for the Report

- 1.1 This report recommends that Council adopt the Supporting Information for the Long Term Plan 2015/2025 (LTP) for consultation. The LTP is also called the 10 Year Plan.

2. Background

- 2.1 Council is required by legislation to adopt a LTP and review it every three years. The process to develop Council's LTP 2015/2025 began in May 2014 with our first Council workshop in July 2014.
- 2.2 The Local Government Act 2002 has recently been amended and sets new requirements for consultation. The new requirements aim to ensure that both the consultation material and process provide a more effective basis for the public to participate in local authority decision-making processes.
- 2.3 Instead of a draft LTP and a Summary document, local authorities are now required to develop a Consultation Document for the purpose of consulting with the community as well as making publicly available the information that provides the basis for the preparation of the LTP.
- 2.4 A set of information that reflects the decisions and guidance provided by elected members has been prepared. This information is termed the Supporting Information. The Supporting Information forms the basis for the Consultation Document and preparation of the LTP.

- 2.5 The Supporting Information is attached for Council's review and adoption, and is detailed in paragraph 6.

3. Supporting Information

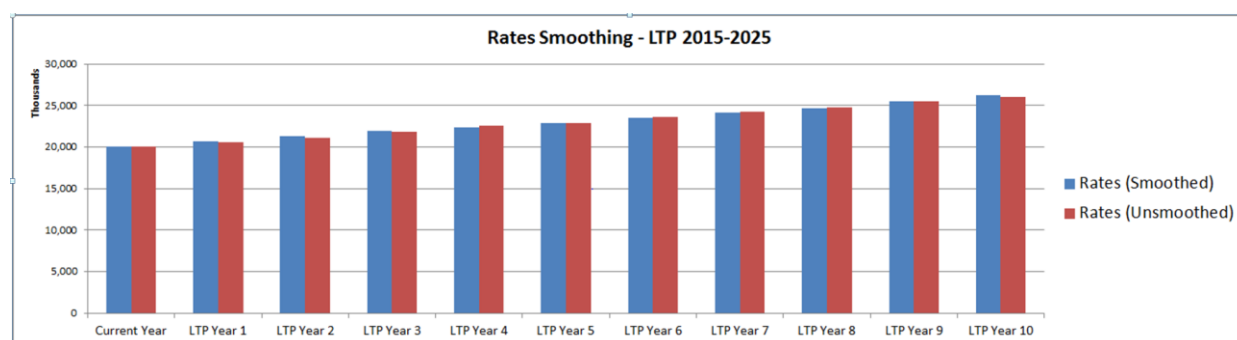
A number of changes have been made to the Supporting Information to correct omissions or errors identified, provide clarification, or as a result of new information received since receiving Councillors' feedback at the February workshop. The key changes are:

3.1 Financial Strategy

- 3.1.1 The rates increases have changed to reflect the changes from the workshops discussion, capital projects timing and budgets and rates smoothing. The resulting proposed rates increases are:

	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
LTP Year	2010/2011	2011/2012	2012/2013	2013/2014	Current Year	LTP Year 1	LTP Year 2	LTP Year 3	LTP Year 4	LTP Year 5	LTP Year 6	LTP Year 7	LTP Year 8	LTP Year 9	LTP Year 10
Rates Revenue (000's)					\$20,070	\$20,710	\$21,320	\$21,922	\$22,398	\$22,875	\$23,475	\$24,159	\$24,645	\$25,458	\$26,248
Proposed Rates Increases	4.56%	4.26%	4.04%	3.65%	3.45%	3.19%	2.95%	2.82%	2.17%	2.13%	2.62%	2.91%	2.01%	3.30%	3.10%
BERL Index	3.79%	3.79%	3.79%	3.46%	3.17%	2.24%	2.45%	2.53%	2.61%	2.75%	2.90%	3.04%	3.19%	3.36%	3.53%
Rates Limit	2.00%	5.79%	5.79%	5.79%	5.46%	5.17%	4.24%	4.45%	4.53%	4.61%	4.75%	4.90%	5.04%	5.19%	5.36%
February Council Presentation	4.56%	4.26%	4.04%	3.65%	3.45%	3.05%	3.07%	3.04%	1.36%	1.09%	3.76%	0.29%	3.35%	2.77%	1.01%

- 3.1.2 The chart below shows the effects of smoothing of rates. Council considers rates smoothing is financially prudent and is an effective mechanism to ensure that rates movements are at a level where they are within acceptable limits.



3.2 Activity Profiles

- 3.2.1 The Activity Profiles have been checked to ensure that the financial data is accurate and the documents are consistent with the information in the Asset Management Plans. Documents have also been checked to confirm alignment with Council's Community Outcomes and performance framework.
- 3.2.2 Changes to the performance measures were also made to align these measures with the Mandatory Performance measures. These measures are clearly indicated as such in the performance sections in the activity profiles.

3.3 Prospective Financial Statements

- 3.4.1 Key changes relate to the consolidation of Council reserves. Refer to the Forecast Financial Statements and Accounting Policies.

3.5 Revenue and Financing Policy

- 3.5.1 Changes were made to the funding targets for the following activities:

	Previous profile		Current Profile	
	Rates	Fees and Charges	Rates	Fees and Charges
Cemeteries	75-80%	20-25%	70-80%	20-30%
Community Buildings	90-95%	5-10%	90-100%	0-10%
Solid waste	60-70%	30-40%	70-80%	20-30%

- 3.5.2 These changes are to reflect the current budgets and preferred options in the LTP.

3.6 Rating Funding Impact Statement

- 3.6.1 Due to updating the latest valuation changes from the September 2014 rating valuations, there has been changes to the sector rates and rates impact on sample ratepayers.

- 3.6.2 Changes to sector rates are:

LTP Year 1- UAGC at \$498.06 -current Draft

LTP Year 1- UAGC at \$467 -previous Draft

Rates cap current is at 29%

Rates cap previous is at 27.2%

2014/15 Rating Year		LTP Year 1 - Current			Previous Draft
Sector		Rates by Sector	\$ change from current year	% Change from Current year	\$ change from current year
Rural	12,599,176	12,942,295	-343,119	2.72%	2.66%
Urban	8,915,834	9,145,256	-229,422	2.57%	2.52%
Industrial/Commercial	1,498,815	1,547,243	-48,428	3.23%	3.09%
Windfarms	66,825	181,975	-115,150	172.31%	145.80%
TOTAL RATES	23,080,650	23,816,769	-736,119	3.19%	3.05%

- 3.6.3 Changes to sample ratepayers are detailed in the Rates Funding Impact Statement and Rating Policy.

4. Balanced Budget

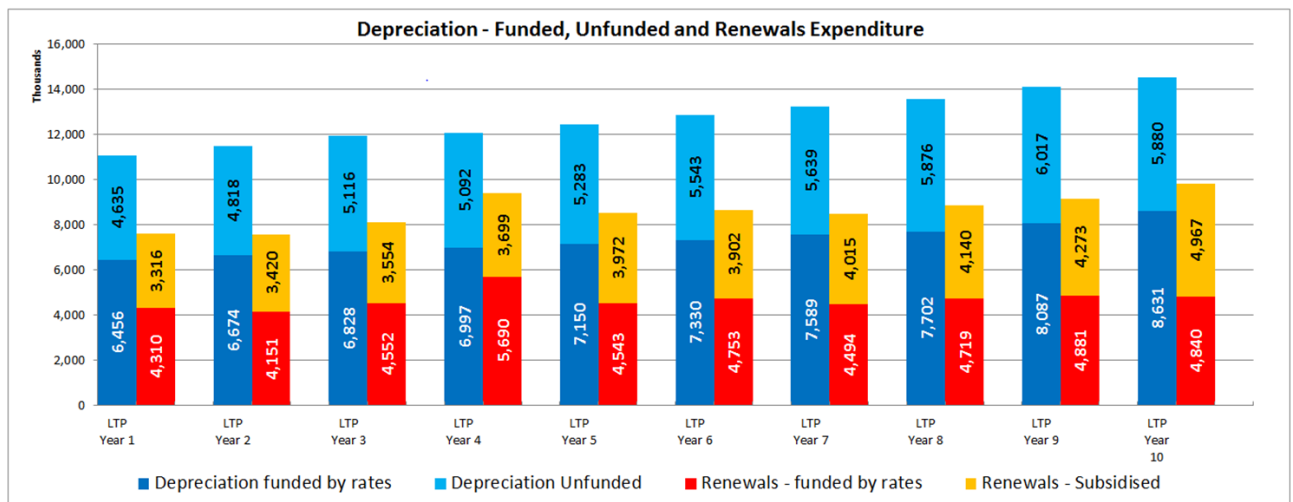
- 4.1 Section 100 of the Local Government Act 2002 requires Council to ensure that for every year of the 10 Year Plan, its projected operating revenues are set at a level sufficient to meet its projected operating expenditure.
- 4.2 Council may set projected operating revenues at a different level from that required, if Council resolves that it is financially prudent to do so.
- 4.3 In assessing a financially prudent position, Council gives consideration to:
1. The estimated expenses of achieving and maintaining the predicted levels of service set out in the 10 Year Plan, including the estimated expenses associated with maintaining the service capacity and integrity of the assets throughout their useful life;
 2. The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life;
 3. The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
 4. The funding and financial policies.
- 4.4 The Council's overall approach is to operate in a fiscally prudent and conservative manner. To achieve this, Council endeavours to keep rates increases at an affordable level, maintain a low level of debt and operate a lean cost structure.
- 4.5 For the 10 years of the LTP, Council has projected an operating deficit. This is a result of the way Council funds depreciation, which is an operating expense.
- 4.6 Council does not fully fund the depreciation for all Council assets for the following reasons:
1. Maintenance and renewal costs of Roading is funded (62% to 65%) by the NZ Transport Agency by way of a grant. Hence, Council only funds (rates funding) its share of the depreciation expense (35% to 38%). Council depreciation expense is higher than renewals expenditure because of the need to fund long-term assets with varying lives.
 2. Pensioner Housing is self-funding but the fees and charges received are only sufficient to cover operational expenses and not depreciation. Hence, the reason for Council to review the option to exit from this activity.
 3. Some low use buildings – these buildings are unlikely to be replaced and depreciation is not funded. However, Council continues to maintain these buildings.

4. Pongaroa water scheme – the community will fund the renewal and replacement of the scheme.
5. The following is an extract from Council’s Financial Strategy that explains depreciation and the funding of depreciation.

“Most assets lose their value over time as they wear out (in other words, they depreciate), and must be replaced once the end of their useful life is reached. Depreciation is a method of allocating the cost of an asset over its useful life.

Depreciation represents the charge to the current ratepayers for the use of the asset during each year. This means that today’s generation does not pay for future generation’s use of Council’s assets.”

- 4.7 The following graph shows Council’s rates funded and unfunded depreciation and forecast renewal expenditure for the 10 years.



- 4.8 What the graph also shows is that the depreciation expense is higher than Council’s renewal expenditure. This is mainly due to the replacement of assets that will occur beyond the 10 years and the need for the current ratepayers to pay their share of the cost for the use and eventual replacement of these assets as mentioned above.

5. Significance Assessment

- 5.1 The adoption of the Supporting Information for the LTP is a decision that is recognised as significant in terms of Section 76 of the Local Government Act 2002 and Council’s Significance and Engagement Policy.

6. Conclusion

6.1 Council adopts the following policies, strategies and documents as information defined as Supporting Information, which provides the basis for the preparation of the Long Term Plan and Consultation Document in accordance with Section 93 of the Local Government Act 2002:

1. Financial Strategy and Financial Prudence Benchmarks;
2. Infrastructure Strategy;
3. Asset Management Plan Part A;
4. Policy on the Development of Maori Capacity to Participate in Council Decision-Making;
5. Revenue and Financing Policy;
6. Rates Funding Impact Statements and Rating Policy;
7. Rates Remission Policy;
8. Forecast Financial Statements and Accounting Policies;
9. Significant Forecast Assumptions and Risks;
10. Treasury and Risk Management Policy;
11. Activity Profiles and Performance Management Framework;
12. Policy on Financial Contribution;
13. Draft Fees and Charges 2015/2016, and
14. Long Term Plan Introduction and Overview – “the front end” of the main LTP document.

7. Recommendation

7.1 *That the report from the Chief Financial Officer dated 26 March 2015 concerning the Adoption of Supporting Information for the Consultation Document 2015/2025 (as circulated) be received, and*

That this matter be recognised as significant in terms of Section 76 of the Local Government Act 2002 and Council's Significance and Engagement Policy, and

That the Council adopts the policies, strategies and documents detailed in paragraph 6 of this report as information defined as Supporting Information for the Long Term Plan, and

That in accordance with Section 100 of the Local Government Act 2002, the Council confirms the Long Term Plan budgets have been prepared based on reasonable judgement and assumptions and it considers the projected financial results, including the projected operating deficit over the ten year period to be financially prudent given its financial position, the cumulative surplus projected over the ten year period and its financial management policies, and

That the Chief Executive be authorised to approve any final edits required to the Supporting Information in order to finalise the documents for distribution.



Report

Date : 26 March 2015

To : Mayor and Councillors
Tararua District Council

From : Raj Suppiah
Chief Financial Officer

Subject : **Adoption of the Consultation Document 2015/2025**

Item No : **3.2**

1. Reason for the Report

- 1.1 To adopt the Consultation Document 2015-2025 for consultation with the community as required by the Local Government Act (the Act).

2. Background

- 2.1 Council is required to have a Long Term Plan (LTP) and must use the special consultative procedure in adopting the LTP. A recent amendment to the Local Government Act 2002 requires a Consultation Document to be prepared and adopted in accordance with Sections 93A(1)(a).
- 2.2 A draft LTP must not be used as an alternative to the Consultation Document.
- 2.3 The Consultation Document has been prepared based on the Supporting Information.
- 2.4 The Consultation Document sets out a number of issues and options around proposals for Council's Long Term Plan. It has been prepared to meet all legal requirements under the Local Government Act 2002 (LGA) and aims to capture the key challenges facing the District and the major proposals for the 10 years.
- 2.5 Consultation starts on 7 April 2015 and the deadline for Council to receive submissions is midday 8 May 2015.

3. Consultation

- 3.1 The Consultation Document will be released to the public for comment on 7 April 2015 and available at Council's Service Centres and Libraries, and from the Council website.
- 3.2 In addition to having the Consultation Document publicly available, Council will also use the following ways to engage with the Community:
1. Each ratepayer will be sent a mock invoice detailing the proposed rates for their property, a Long Term Plan pamphlet and a submission form.
 2. Council will advertise in the Bush Telegraph (a centre spread) that summaries the Consultation Document and informs the reader of consultation timelines and how to make a submission.
 3. Road show on 15 April – Councillors and staff will visit the four major towns and Pongaroa to discuss the Consultation Document and the 10 Year Plan with the community.
 4. Public will be able to make on-line submissions via Council's website.
 5. Council will also use our email panel through "Public Voice" to seek feedback from about 700 residents on the Consultation Document and Long Term Plan.

4. Significance Assessment

- 4.1 The Consultation Document is the key consultation tool for the Council's Long Term Plan. Council will have to use the special consultative process for this consultation to be compliant with the Act and Council's Significance and Engagement Policy.

5. Recommendation

- 5.1 ***That the report from the Chief Financial Officer dated 26 March 2015 concerning the Adoption of the Consultation Document 2015/2025 (as circulated) be received, and***
- 5.2 ***That this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002 and Council's Significance and Engagement Policy, and***
- 5.3 ***That the Council receives the report from Audit New Zealand regarding the audit of the Consultation Document 2015-2025 and Supporting Information, and***
- 5.4 ***That the Council adopts the Consultation Document 2015-2025 for consultation with the community, and***

- 5.5 *That the Chief Executive be authorised to approve any final edits required to the Consultation Document in order to finalise the document for printing and distribution.***

Attachments

1. Consultation Document 2015-25



CONSULTATION DOCUMENT 2015 - 2025

WELCOME FROM THE MAYOR, ROLY ELLIS



In our Annual Plan 2014/15, we highlighted that we would be creating a new 10 year Plan. We continue to focus on core infrastructure, economic development and financial prudence, as well as respond to challenges and opportunities for the Tararua District in the next 10 years.

The people of Tararua continue to face the impact from natural events, farm product price swings and changes in government policy. Council is aware of tight budgets for many ratepayers and the need for Council to keep rates increases low.

Affordability has been, and will continue to be, a key focus of this Council, and will underpin all of our other strategies.

A major challenge facing our communities is the decline in population over the last 20 years; this threatens our ability to provide affordable services in the future.

Many positive developments are happening in the community and business sectors, and the district is more positive than it has been for many years. Council is considering a modest increase in funding for Economic Development with the aim to boost spending locally, retain local residents and attract new people to enjoy the unique lifestyle offered in Tararua. Job numbers have started to increase in the district and we aim to facilitate continued growth in business and population over the next 10 years.

We also plan to keep Council debt and rates at levels that allow the community to grow, to recover from emergencies effectively, and maintain flexibility to make choices in the future.

Prudent financial management has left us a legacy - we are currently in a strong financial position enabling lower rates increases. Rates are proposed to increase 3% next year (3.45% in current year), with an average annual increase of 2.7% over the next 10 years (3.8% in the 2012-22 Plan). Our debt levels are modest and well within our target debt ratios.

Another key focus for Councillors is to build on our current Iwi relationships. Council has resolved to work closely with representatives from Rangitane O Tamaki Nui A Rua and Ngati Kahungunu to achieve strong relationships with both Iwi to shape a better district.

Over the next few years, Council has a number of key decisions to make on projects and has carefully set out the options for these in this document. We are looking forward to - and depending on - your input so that we can make the best choices for the future of the Tararua District.



2. WWW.TARARUADC.GOV.TZ/CONSULTATIONDOCUMENT

WELCOME FROM THE CHIEF EXECUTIVE, **BLAIR KING**



My key role is to deliver to the ratepayers and residents Council's vision, strategies and service levels, using a combination of internal staff and external contractors. Collectively, the team is responsible for planning, project management and improving outcomes for the community, all still at an affordable level.

The challenges will continue of course; our infrastructure networks are constantly being required to meet higher environmental standards, and internal processes need to comply with more auditing and compliance requirements.

Council is under increasing pressure to deliver services more efficiently. This involves new ways of working. For example, the new Alliance partnership model for the management of our roading corridor network, and the option to amalgamate the Council services in Woodville into one building. We expect a more resilient roading network rather than the traditional model of taking the lowest price contractor.

The majority of funding for maintenance and renewal of our large roading network is provided by the NZ Transport Agency (NZTA). After a nationwide review of this funding, Tararua will receive a higher subsidy over the next three years. This will help to maintain our roading network in the medium term. However, we are also signalling potential challenges:

- to maintain roads based on function and frequency of use; and
- reduced funding for emergency works (such as flood damage).

These two issues will potentially reduce the amount of funding available for our current service levels. We have little control over these, and the full effects will not be known until 2017/18.

Council is part-way through a successful programme of upgrading urban water and wastewater networks, including the source, storage and treatment of water, and the treatment and discharging of wastewater.

In addition to the existing programme of upgrades already agreed in the 2012 Long Term Plan, we are proposing two new projects:

- improve water storage in Woodville; and
- meeting water quality standards in Pongaroa township.

In Wastewater, we are proposing to continue with the previously established programme. This is being developed in collaboration with Horizons, the Ministry for the Environment and major stakeholders.

We continue to work with our funding partners to deliver the required outcomes in the most affordable and sustainable way. These infrastructure projects support growth in the district.

On top of these projects we are planning to continue to deliver all the other Council services. Council is not proposing any significant changes in its approach to funding operational and capital expenditure.

The exceptions to this are the Pensioner Housing activity and the kerbside solid waste bag collection service. Council is considering exiting these services and we need your input on these issues to make sure we make the right decision.



WHAT IS THE CONSULTATION DOCUMENT ABOUT?

This document sets out Council's strategy and the key projects for the next 10 years. There are always more projects and services that the community would like Council to do; however, rates and debt levels have to be affordable across the district.

WHAT YOU NEED TO DO

Your voice counts... We need your feedback so that we can make informed decisions that reflect the views and needs of the community. These decisions will set in place major Council projects and policies, and the expected timing, costs, rates and debt impacts of projects for the next 10 years.

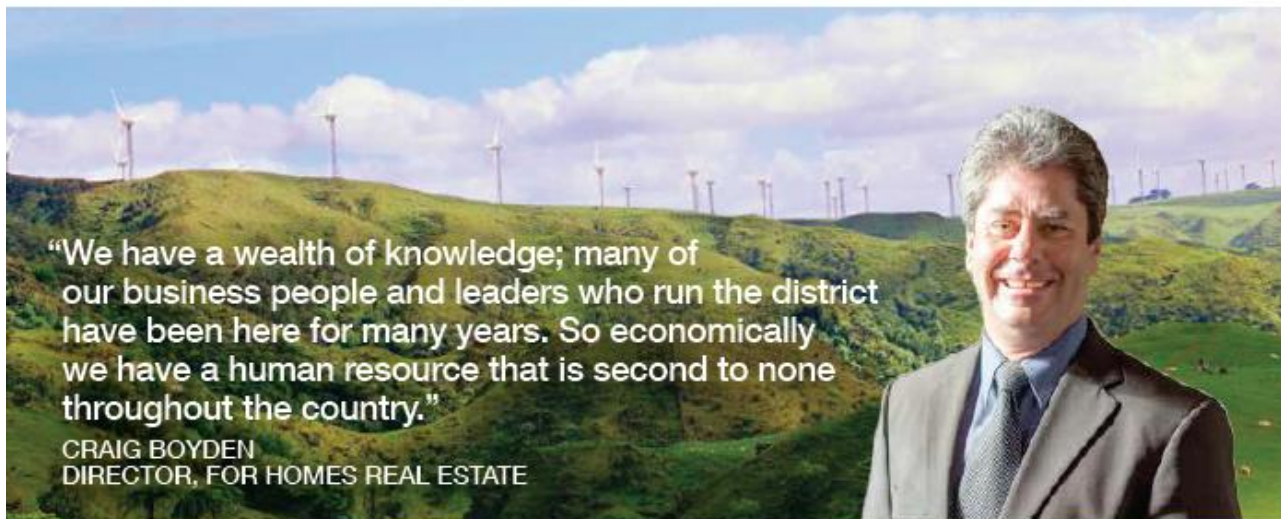
We have focused on the major issues and options that will affect services, rates and debt levels. You may want to raise other issues, or have other ideas on options available to the Council. We do not require feedback on all the issues; however, your input on one or more of the issues will be useful.

Check out page 22 of this Consultation Document. It has information on the consultation and submission process, including where to view or pick up a copy of the document; how to ask questions and get more information; and how to tell us what you think by making a submission.

We now have more options on how you can have input - it is no longer necessary to make a formal written submission or speak in person to Council, unless you would like to.

The time to have your say is now.

Copies of the Consultation Document and supporting documents are available for viewing at all Libraries and Council Service Centres, as well as on the Council's website www.tararuaadc.govt.nz.



OUR VISION & STRATEGY

Council has reaffirmed the Vision that was adopted for the 2012-22 Long Term Plan (LTP). This was developed using a consultation process of workshops with businesses and key stakeholders, as well as the community.

“ A growing and prosperous district providing a wide range of employment opportunities that is underpinned by highly efficient, capable and affordable infrastructure.”

Council is part-way through implementing important parts of this Vision, and good progress has been made. This includes improved water and wastewater services, and an increase in economic development services. Since 2012, employment

levels have increased and the population has shown signs of stabilising.

Council's 10 year plan is about looking after our district and living well!!

The strategies for the next three years that will move us closer to our Vision are:

- continued investment in Core Infrastructure
- promoting and facilitating Economic Development
- continued financial viability through sustainable growth & investment

The workshop that was held with key stakeholders and businesses of Tararua in late 2014 supported the Vision and strategies, however participants suggested that Council prioritise, refocus and expand on the underlying strategies

to achieve the long-term Vision for the district. It was about taking stock of what we have achieved in the last three years and what we want to achieve in the next ten years.

Council decided that the theme for this Consultation Document 2015-2025 is...

LIVING WELL IN TARARUA... IT'S MORE THAN JUST A PROMISE!

This theme is consistent with the Council Outcomes. Council Outcomes reflect the results that the community want to see over the next decade.

The strategies Council has chosen as the focus for the 10 year plan place more emphasis on some of these outcomes - our activities are linked to these and they provide us with a focus as to what we are trying to achieve.



LIVING WELL IS MORE THAN JUST A PROMISE 5.

MAJOR CHALLENGES FACING THE TARARUA

This section provides a summary of the key issues and challenges facing the Council and the community as we plan for the future. Council's proposed responses to these challenges are set out in the following section.

01. Continued investment in Core Infrastructure

02. Promoting and facilitating Economic Development

03. Continued financial viability through sustainable growth and investment

MAJOR CHALLENGES	RELATED STRATEGY	PROJECTS
Turning around the declining population and business activity <ul style="list-style-type: none"> The 2013 census showed a continuing decline in the district population Recent data suggests the population is now stabilising Employment has started to increase 	01. 02. 03.	Woodville Water Supply Storage Upgrade Woodville Service Centre / Library / i-SITE
Providing secure and safe urban Water, Wastewater and Stormwater services that meet mandatory standards <ul style="list-style-type: none"> Standards have increased but there is only limited funding from non-rates sources to improve the networks. Council is under pressure to reduce the impact on rivers and the natural environment There are some longstanding improvements that are needed to meet our desired service levels 	01. 02. 03.	Woodville Water Supply Storage Upgrade Pongaroa Urban Water Supply Upgrade
Rates affordability <ul style="list-style-type: none"> An ageing population and little growth will mean higher rates over time for each ratepayer Increases in household income lower than rates increases 	03.	Woodville Water Supply Storage Upgrade Pensioner Housing Woodville Service Centre / Library / i-SITE
Maintaining and improving service levels to improve lifestyles <ul style="list-style-type: none"> We will struggle to fund current and additional facilities that the community needs and wants Some services may be best delivered by the private sector or other community organisations 	02. 03.	Woodville Water Supply Storage Upgrade Woodville Service Centre / Library / i-SITE Pongaroa Urban Water Supply Upgrade
Ensuring a safe and connected district with the available funding <ul style="list-style-type: none"> Limited funding and imposed national standards may result in reductions in Roading service levels. Increased standards means more costs to deliver Regulatory, Building and Animal Control services. 	01. 02. 03.	Roading and footpath capital and operational programme Dog Pound
Debt levels and ability for future generations to borrow <ul style="list-style-type: none"> Council needs to retain significant room to borrow in case of disasters or other unexpected impacts 	01. 03.	Pensioner Housing

6. WWW.TARARUADC.GOV.TZ/CONSULTATIONDOCUMENT

WHAT ARE WE ASKING YOU TO CONSIDER?

Council needs the community to consider the key projects and responses that require decisions as part of the planning process for the next 10 years. The key projects for 2015-2025 are set out in this section and information on how to make a submission on these can be found on page 22 of this Consultation Document.

WOODVILLE WATER SUPPLY – STORAGE UPGRADE

CONTEXT AND BACKGROUND

Woodville water supply is sourced from an open source stream into a storage dam or directly to the treatment plant.

Council upgraded the quality of water in Woodville in 2011. The issue that remains is the volume of supply. This means that Woodville often enters summer with the storage at less than full levels. Water restrictions are common throughout summer. If anything goes wrong with the treatment plant, there is little opportunity to fix it before the town runs out of water.

The aim of this project is to address these issues and provide adequate drinking water to the community throughout the year.

There is a need to increase the storage of both treated and raw water in Woodville, making the scheme less dependent on weather conditions and more resilient. Options for storage include expanding the current facility, or building a new storage facility at a new site.

**OPTION INCLUDED IN THE FORECAST
BUDGETS: OPTION 3**



LIVING WELL IS MORE THAN JUST A PROMISE 7

OPTION 1:

STATUS QUO - DO NOT PROCEED WITH THIS PROJECT

THIS OPTION IS NOT VIABLE FOR THE FOLLOWING REASONS:

- not acceptable to the community;
- does not address the public health risk;
- does not align to Council's Vision or Strategies; and
- it would be irresponsible of Council not to address the needs of the residents living in Woodville.

IMPACT: The community will face ongoing restrictions and/or run out of water and Council will continue to restrict water use in Woodville.

FINANCIAL: No financial impact on Council

YOUR RATES: No impact on your rates

SERVICE LEVELS: No change to service levels

OPTION 2:

DEFER OR DELAY THIS PROJECT

IMPACT: This option again is not viable for the same reasons stated above. Water security, quality and supply are critical and fundamental to the community.

FINANCIAL: If this project was deferred two years, the capital cost would have increased to \$2.39 million due to inflation of construction cost. This cost will be loan funded.

YOUR RATES: All properties connected to Council's urban water supplies will pay an additional water rates of \$9.81 in Year 5 and \$26.29 in Year 6 for the capital cost of this project. Additional rates for Years 7 to 10 will decrease in line with the repayment of the loan for this capital project. Operational cost impacts will be identified in the business case, but are expected to be similar to existing operations.

SERVICE LEVELS: Increase in service levels

OPTION 3:

PREFERRED OPTION: EXPLORE STORAGE OPTIONS IN YEAR 1 WITH CONSTRUCTION COMMENCING IN YEAR 3

IMPACT:

FINANCIAL: Provide \$50,000 in Year 1 to prepare a business case that will be considered by the Woodville township and Council as part of the 2016/17 Annual Plan. The 10 year plan assumes a total of \$2 million funded from loan will be spent in 2017/18 and 2018/19 for the construction of the Woodville Water storage.

YOUR RATES: All properties connected to Council's urban water supplies will pay additional water rates of \$8.39 in Year 3, \$22.72 in Year 4 for the capital cost of this project. Additional rates for Years 7 to 10 will decrease in line with the repayment of the loan for this capital project. Operational cost impacts will be identified in the business case, but are expected to be similar to existing operations.

SERVICE LEVELS: Increase in service levels

TARARUA DISTRICT COUNCIL CONSULTATION DOCUMENT 2015 - 2025

We look forward to your feedback & submissions.

PONGAROA TOWNSHIP WATER TREATMENT UPGRADE

CONTEXT AND BACKGROUND

The current Pongaroa township water supply is part of the wider Pongaroa rural stock water supply. Treatment and storage for the township does not currently meet the Ministry of Health Drinking Water Standards. The Pongaroa township is not presently rated as part of our district-wide urban water supplies. The current low level of service is matched by a much lower cost. If Pongaroa continues with the current service, Council will need to publicly notify that the water supply does not meet the standards. These standards are not yet mandatory due to the small number of households connected. If the local community is comfortable with this, then this is a possible option; however, there will continue to be a higher risk of health impacts from the supply. Council expects the standards to become mandatory in the medium term.

Council is in the process of applying for a subsidy of up to 85% for construction of a new treatment plant and reticulation. The standards may become mandatory in the next few years, but the subsidy is only available if we commit to the upgrade in Year 1. The key issue is the ongoing operational costs that will result in a big increase in water rates to Pongaroa urban water users. Consultation with the Pongaroa community will help determine the preferred option and whether Council commits to any upgrade. If subsidy from Ministry of Health is not received, Council will need to revisit the upgrade options with the community.

OPTION INCLUDED IN THE FORECAST BUDGETS: OPTION 3

OPTION 1:

DO NOTHING: The community accepts the risk. Council publicly notifies that the water supply does not meet the drinking water standards. Council reassess the risk if and when the requirement to meet the drinking water standards change.

IMPACT:

FINANCIAL: No financial impact on Council

YOUR RATES: The average Pongaroa ratepayer continues to pay the same amount of rates.

SERVICE LEVELS: No change to service levels

OPTION 2:

HOUSEHOLDS MAKE INDIVIDUAL IMPROVEMENTS BY ADDING ULTRA VIOLET TREATMENT AND FILTERS AT THEIR OWN COST. COUNCIL CANNOT ENFORCE THESE IMPROVEMENTS ON THE PONGAROA TOWNSHIP.

IMPACT:

FINANCIAL: No financial impact on Council

YOUR RATES: The average Pongaroa ratepayer continues to pay the same amount of rates.

SERVICE LEVELS: No change to Council service levels. The improved treatment would mean the Pongaroa Township's water quality would be improved but still does not comply with the Drinking Water Standards.

OPTION 3:

PREFERRED OPTION: PONGAROA MEETS MINIMUM RECOMMENDED STANDARDS FOR RURAL TOWNSHIPS AND IS RATED AS PART OF THE DISTRICT WATER SUPPLIES

IMPACT:

FINANCIAL: Total estimated capital cost is \$595,800 – Councils share is \$117,000 after subsidy, funded from loans.

YOUR RATES: Pongaroa Urban ratepayer: will pay the district water rates which for Year 4 is \$418.67 instead of \$97.66, and will continue to be charged the district water rates for all subsequent years. Other rating units in the district that currently pay district water rates : will pay an average of \$8 more in water rates from Year 4 onwards as a result of including the capital cost for Pongaroa Scheme, funded from the district water rates.

SERVICE LEVELS: Increase in service levels

PENSIONER HOUSING

CONTEXT AND BACKGROUND

The Council owns and manages a housing portfolio of 92 units, with tenancy limited to elderly residents with limited assets. Rentals are well below market rates, but are set at a level to ensure that the annual costs of ownership are covered, and that this service is not ratepayer funded.

Many of the units are old and need modernising. Council has insufficient pensioner housing reserves to fund the modernisation of the ageing units. Unless rents are substantially increased, the activity will need a large funding injection over the next 10 years. A rates subsidy will also be required to meet future operating costs.

Community organisations can now receive funding from government to buy or build social housing - Council is not able to access these funds. The need for social housing remains,

however Council may no longer be the best provider of this service due to its limited ability to access these funds.

Council is conscious of the desirability to limit stress and protect the rights of existing tenants, therefore Council will only sell the units to another respected social housing provider. In the 10 year plan, Council has assumed it will divest itself of its housing stock in 2017/18. Depending on the sector response, it may be possible to sell the units to several social housing providers in appropriate blocks. Proceeds from sales would go into the Council general reserves initially and in the future would be used for the benefit of the district as a whole.

OPTION INCLUDED IN THE FORECAST BUDGETS: OPTION 3

OPTION 1:

STATUS QUO - AS DECIDED IN THE 2014/15 ANNUAL PLAN

Sell six of the older units in Dannevirke, and use the sale proceeds to help fund the building of six new units. This option does not address all the ageing units in the housing portfolio and it will be some years before they are renewed and/or modernised.

IMPACT:

FINANCIAL: Reserves in the activity will be depleted by the end of the ten years. Weekly rentals will need to increase from an average of \$71 to \$85 in Year 1 and then gradually increase to \$95 by Year 5.

YOUR RATES: No impact on your rates

SERVICE LEVELS: No change to service levels

OPTION 2:

SELL PART OF THE OLDER UNITS AND USE PROCEEDS TO MODERNISE THE REMAINING HOUSING STOCK

Council would retain the newer units, and sell the balance of 12 older units (Dannevirke and Eketahuna) for redevelopment; recognising that Council has already identified that the older units are not suitable for modernisation. The balance of units in the portfolio are able to be modernised.

IMPACT:

FINANCIAL: The balance of units in the portfolio are able to be modernised through the use of the proceeds of sale and the housing reserves, without Council having to borrow. However, weekly rentals will need to increase from an average of \$76 to \$88 in Year 1 and then gradually increase to \$97 by Year 5.

YOUR RATES: No impact on your rates.

SERVICE LEVELS: Increase in service levels as Council will modernise the remaining flats.

OPTION 3:

PREFERRED OPTION: EXIT FROM THIS SERVICE - SELL THE WHOLE PORTFOLIO TO A SUITABLE SOCIAL HOUSING PROVIDER OR PROVIDERS

IMPACT: Existing tenants continue to live in subsidised social housing units. Greater community benefit through government funding entering the district in the form of social housing grants - monies that Council is not eligible to access.

With a suitable housing provider in place, this ensures that the housing outcomes are better for the community as well as tenants. Council can divest to several providers, if that is the best option, rather than a one solution for the entire district. The balance of the reserves for the pensioner housing - including monies from the sale proceeds - is available for other Council projects in the district.

FINANCIAL: At the end of the sales process, Council is anticipating the proceeds from sales and the reserves balance will total \$3.7 million. These funds will be used to repay debt and/or invest in district wide infrastructure.

YOUR RATES: No rates impact as this activity is currently assumed to be self-funding. The additional reserves may be used to reduce rating requirements for other projects in the future.

SERVICE LEVELS: Decrease in service levels as Council is proposing to exit from providing this service to the community.

WOODVILLE SERVICE CENTRE / LIBRARY / I-SITE

CONTEXT AND BACKGROUND

Council owns three separate buildings in Woodville. Recent changes to tenancies/usage and earthquake prone assessments have meant Council has to decide how these buildings will continue to be used in the future.

To the right is the map of the Woodville town showing the three buildings:

OPTION INCLUDED IN THE FORECAST BUDGETS: OPTION 3



BUILDINGS	CURRENT PURPOSE/USE	EARTHQUAKE PRONE?	SUITABILITY	UPGRADE/RETROFIT COST FOR EXISTING USE
Building 1 42 Vogel Street	Library/Service Centre	Yes	No room for future expansion. Insufficient space to deliver desired levels of service and meet Health and Safety requirements.	\$70,000 minimum to bring the building to minimum standard. Retrofitting has been budgeted for \$40,000 but put on hold due to earthquake strengthening requirements.
	i.SITE/Lindauer Studio and Museum	No	Yes	No. Minimal
Building 2 45 Vogel Street	Roading Alliance	No	Yes. Large enough space for future expansion. The archives for the Roothing Alliance are currently housed in the building and will have to be relocated if the building is sold.	Estimated \$100,000 to retrofit building to house the combined Library/ Service Centre and i.SITE
Building 3 49 Vogel Street	Commercial building – currently vacant	No	No. Not large enough to house the combined Library/ Service Centre and i.SITE and the Lindauer Studio and Museum.	Requires significant cost to retrofit, meet disabled access standards, strengthen and also the construction of a separate library building.

Council believes it is good business sense to move the Library/Service Centre and i.SITE services across the road into a one-stop shop within the building that the Tararua Alliance is currently operating from, when it becomes vacant later in 2015. The business units of Library/Service Centre and i.SITE have good synergy. It is better business practice to have one building and a shared set of operating costs.

An associated factor is the community desire to see public toilets available in this vicinity to service travellers and encourage more people to stop at the Tararua i-SITE.

Woodville Districts' Vision (WDV) is working with the Woodville community on an option to relocate the Library/Service Centre, i-SITE and the Lindauer Studio and Museum to 49 Vogel Street (Building 3). This involves constructing a separate building for the Library on the site. WDV will consult with the community and make a submission to Council for consideration.

Copies of the WDV proposal can be obtained from Council Service Centres and Libraries, or the Council website.

OPTION 1

DO NOTHING - KEEP THE SERVICES IN THE CURRENT BUILDING AND SELL THE TARARUA ALLIANCE BUILDING.

IMPACT:

FINANCIAL: The Library will continue to have less than ideal room and cramped staff conditions. Costs will be \$50,000 to carry out the previously approved upgrade - plus an additional \$70,000 to meet minimum standards for earthquake-prone buildings. Additionally, there is insufficient room for any future growth and the public toilet will only be available during business hours.

Council could realise \$190,000 from the sale of the Tararua Alliance building and \$390,000 from the sale of the commercial building on 49 Vogel Street. Council will use the sales proceeds to reduce debt.

However, Council has assumed that the commercial building on 49 Vogel Street will be leased at the current rental rates.

YOUR RATES: Each ratepayer will pay \$0.17 less each year for every \$50,000 in land value of the property.

SERVICE LEVELS: No change to service levels

OPTION 2: MOVE THE SERVICE CENTRE / LIBRARY ACROSS THE ROAD TO THE TARARUA ALLIANCE BUILDING AND RETAIN THE CURRENT I-SITE.

IMPACT: Increased room for all three services, but operating costs increased and opportunity cost from not selling or leasing the Tararua Alliance Building.

FINANCIAL: The i-SITE building will still require \$70,000 to meet minimum standards for earthquake-prone buildings. Operating two buildings will result in additional operating and renewal costs of \$33,260 a year.

YOUR RATES: Each ratepayer will pay \$0.54 more each year for every \$50,000 in land value of the property.

SERVICE LEVELS: Increased service levels with additional space for all three services

OPTION 3:

PREFERRED OPTION: MOVE THE SERVICE CENTRE / LIBRARY / I-SITE ACROSS THE ROAD TO THE TARARUA ALLIANCE BUILDING AND DEMOLISH THE CURRENT BUILDING.

Create a lawn and public space in its place, making the Gottfried Lindauer Replica Studio a feature in a green space area, as well as building a public toilet facility.

Relocating the services to this building would take up approximately half of the building for Library and Service Centre space. The Council archives stored within the Tararua Alliance building would be able to be left as they currently are. The area that is not required for the Service Centre / Library could be utilised for the relocation of the Tararua i-SITE Visitor Centre. Visitors can still stop and park next to the gallery, lawn and toilets. This facility will provide the room currently required to deliver these activities to Woodville, as well as some room to expand in the future if required.

IMPACT:

FINANCIAL: \$100,000 to relocate the Service Centre / Library / i-SITE – already included in the current year, 2014/15, budgets. \$60,000 demolition costs for current i-SITE building, including forming lawn area. \$100,000 to build public toilet facilities.

Commercial building on 49 Vogel Street will be sold or leased on a commercial basis. Council has assumed the building will continue to be leased at current rental rates.

YOUR RATES: Each ratepayer will pay \$2.61 for every \$50,000 in land value of the property in year 1, with no rating impact in years 2 to 10.

SERVICE LEVELS: Increased service levels for Library and service centre with additional space. No change in service levels for i-SITE.

KERBSIDE REFUSE COLLECTION

CONTEXT AND BACKGROUND

Due to the increasing use of Council's recycling services and competition provided by the private sector, revenue from the kerbside refuse collection service is steadily declining.

The current label sales only just meet the cost of providing this service. In the medium term, as demand for the service continues to fall and costs for disposal continue to increase, either label prices need to increase or the service will require ratepayer subsidy.

Due to higher volumes, the private sector can deliver the service cheaper than the Council. A rates increase is likely to be unpalatable, as many residents do not use the service.

Council has no plans to exit the kerbside recycling collection service, as this would not be consistent with Council's waste

minimisation policy to encourage recycling and reduce waste volumes.

There are no costs to Council exiting the service, providing this occurs at the end of the current contracts, the longest one of which expires in October 2017. Council's preferred option in Year 3, is to exit the provision of kerbside refuse collection. Council will work with the private sector throughout Year 2 to ensure that all towns currently serviced by Council have affordable options in place. Council will continue to provide recycling and transfer stations/landfills regardless of the decisions made for kerbside refuse collection.

OPTION INCLUDED IN THE FORECAST BUDGETS: OPTION 3

OPTION 1:

DO NOTHING

IMPACT:

FINANCIAL: The price of the refuse labels will be increased to offset the cost of providing a kerbside collection service. This would raise the price of refuse labels above that of the private sector impacting users of this service

YOUR RATES: No impact on your rates.

SERVICE LEVELS: No change to service levels.

OPTION 2:

INCREASE RATES TO SUBSIDISE THE INCREASING NET COST OF KERBSIDE REFUSE COLLECTION

IMPACT:

FINANCIAL: No financial impact

YOUR RATES: Rates for solid waste refuse and recycling targeted rate will increase, affecting all rating properties in the district.

SERVICE LEVELS: No change to service levels.

OPTION 3:

PREFERRED OPTION: COUNCIL NO LONGER OFFERS A KERBSIDE REFUSE COLLECTION SERVICE, BUT CONTINUES TO COLLECT RECYCLING AT THE KERBSIDE

IMPACT: Ratepayers benefit, in that as demand drops, there is no expectation that they will be required to subsidise a service they may not use. The private sector will no longer have to compete with ratepayer funded kerbside collection services. Competition between companies will remain, thus ensuring prices remain competitive.

FINANCIALS: No impact on Council as the loss of revenue from refuse bag labels offsets the reduced cost for kerbside refuse collection.

YOUR RATES: No rates impact on the ratepayer. The ratepayer will have to purchase the service from the private sector instead of Council.

SERVICE LEVELS: Decrease in service levels as Council is proposing to exit from kerbside refuse collection. Residents have the option to purchase this service from the private sector.

WHAT ELSE WILL WE BE DOING?

The following are the other key projects that Council has included in the 10 year plan. Council is committed to proceed with these projects as most of them have been consulted in previous Long Term Plan and Annual Plan processes.

OUR COMMITMENTS AS PART OF THE MANAWATU RIVER ACCORD

Council continues to work alongside Horizons Regional Council to achieve the required discharge quality for all urban wastewater networks. The total spend to date is \$5.46 million, for which Council has received \$1.65 million of subsidies from the Ministry of Environment through Horizons Regional Council. Council is looking to spend a further \$2.3 million on projects to achieve the required discharge quality and meet our commitments to the Manawatu River Accord.

Council remains committed to further reducing impacts from wastewater discharges into rivers, and over the 10 years, will continue to pursue land based treatment options. This includes the irrigation and secondary use of the land, which may require the direct purchase or lease as suitable land becomes available.

The rates impact of these investments in the 10 year plan are:

YEAR	2015/16	2016/17	2017/18	2018/19	2019/20
Council Contribution	900,000	550,000	713,000	125,000	20,000
Rates Impact (% increase)	0.3%	0.7%	1.0%	0.6%	0.6%

Note: Rates impact includes interest cost, loan repayment and funding of depreciation and is cumulative.

WATER DEMAND MANAGEMENT

In the next 10 years, Council is continuing to address security of water in our major towns. In the past, decisions on who - in the adjacent rural areas - has access to each water supply, and the cost and conditions of that access, have impacted on the size and treatment costs required. Council has decided that within the next few years the non-urban use of Council water supplies will be reviewed.

Council intends to ensure that extraordinary users (rural and large industrial) of Council water supplies are supplied on an equitable basis. Many of these users have historical agreements made with previous Councils. Longstanding issues

with some of these users are now creating problems as a result of the new standards and consent conditions for water use. Council is seeking to limit the usage of Council supplied water to that set out in any previous agreements. This will help Council address the water demand issues in the main towns.

Council will also look to amend its Water Supply Bylaw to consider the option for all urban users to have a separate rain water tank to help meet water demand for non-portable (garden etc) use during summer months.

"Diverse farming across the region. Here is a good term for you 'capital efficiency' which really means that you get 'a bang for your buck' in the Tararua"

**TIM DELANEY
MEMBER, DANNEVIRKE COMMUNITY BOARD**



MAIN STREET UPGRADE

Council will continue with its CBD upgrade projects with Eketahuna and Pahiatua due in the next few years. Council will work closely on the design and scope with the local community and businesses. NZ Transport Agency is also involved as the owner of the state highway road(s) passing through these towns.

The upgrades have three main objectives. The first is to provide an attractive town centre environment for residents that increases local pride. Secondly to increase local business by attracting out of town travellers to stop and shop. Thirdly to upgrade infrastructure (water, stormwater, wastewater, communications) where required while the road and footpaths are being dug up.

The upgrade of the Eketahuna CBD is next off the block and is scheduled for 2015/2016 for a total cost of \$442,000. The Eketahuna Community Board has undertaken a comprehensive community consultation process to establish the outcomes the community wants from the project. Council will also do kerb and channel, water, stormwater, wastewater renewals and consider lighting, safety and telecommunications improvements as part of this upgrade. To assist with the total construction cost, where possible, these additional works will be funded from budgets other than the CBD upgrade projects. The Pahiatua Town CBD upgrade follows and is scheduled to start in 2017/18 at a total cost of \$2.9 million. As with Eketahuna, infrastructure and other renewals/upgrades will also be considered.

PAHIATUA & EKETAHUNA SWIMMING POOLS

The Pahiatua and Eketahuna swimming pools are nearing the end of their structural life. In the 10 year plan 2015-2025, Council has made a funding provision of \$500,000 towards the renewal of each pool. The funding is not sufficient to completely rebuild the existing facilities, and replacement of the pools will only occur once the community has secured the balance of funding required.

The ongoing costs are of particular concern to Council.

Council will consider a robust business case for each pool and will consult with the wider community as part of the 2016/17 and 2017/18 Annual Plan processes. Council has budgeted \$40,000 in Year's 1 and 2 to complete the business case for Eketahuna. These business cases will be peer reviewed by the New Zealand Recreational Association (NZRA) before being considered by Council and the community.

PUBLIC TOILETS IN DANNEVIRKE UPPER DOMAIN

Currently there are two sets of toilets provided at the Dannevirke grandstand. One set is located under the grandstand (in association with changing rooms) and is for sports users. The toilets are only open when the fields are in use, and the sports codes are responsible for opening and locking them. Council does not propose any change to this arrangement.

The other toilets are accessible to the public during daylight hours. They are located at the end of the grandstand, well away from public scrutiny and are of a poor design. The

large cubicles attract groups of youth, and are vandalised frequently. The vandalism is not limited to graffiti, but also includes wilful damage of fixtures. This results in poor service levels and higher operating costs. These toilets are currently closed to the public.

Council has included in the 10 year plan, budgets for a new toilet facility by the playground beside Christian Street. The toilets will be close to passing activity and combined with the current playground CCTV cameras, this will be a better deterrent to vandalism.

ECONOMIC DEVELOPMENT INITIATIVES

The Council faces the twin challenges of needing to maintain and upgrade our core infrastructure replicated in a number of towns, while having a small rating basis to fund the cost of these services. If we cannot maintain our population numbers into the future, then costs to the remaining residents will increase significantly.

Economic growth is needed to provide quality employment opportunities that will encourage current residents and

businesses to stay, and attract new residents and businesses to the district. Attracting and retaining skilled employees to build on local opportunities is a crucial part of future growth.

Council has committed in the 10 year plan an additional \$40,000 for the first 3 years to help manage and deliver the various new projects in the Economic Development Plan 2013-2018.

ANIMAL CONTROL - INCREASE IN SERVICE LEVELS

We signalled in the 2014/15 Annual Plan that we were looking to increase the dog registration fees over a three-year period beginning in the 2014/15 financial year. This was to fund the transition to the additional resources required to improve public safety arising from the risks associated with wandering and dangerous dogs.

Council decided that it was critical, given public safety, that the transition be brought forward to increase the hours of the two Animal Control Officers; instead of gradually moving towards more resources by 2016/17. The higher fees will also fund the increased costs of running the new dog pound to be built in Dannevirke in 2015/16.

Council is proposing to make the following changes to the dog registration fees:

- Increase rural dog fees from \$25 to \$30
- Remove the Domestic Rural (\$25) and Domestic Urban (\$78) fees and create one category for domestic dogs and set fees at \$65
- Increase preferred dog owners fees from \$38 to \$45

The above fees reflects the increased service levels and reduces the general rate component of this activity in Year 1 to zero.

TARARUA DISTRICT COUNCIL
CONSULTATION DOCUMENT 2015 - 2025

**We look forward to your
feedback & submissions.**



THE FINANCIAL SUMMARY

RATES AND AFFORDABILITY

Affordability of rates is one of our pillars in our Financial Strategy and it underpins all of our other strategies.

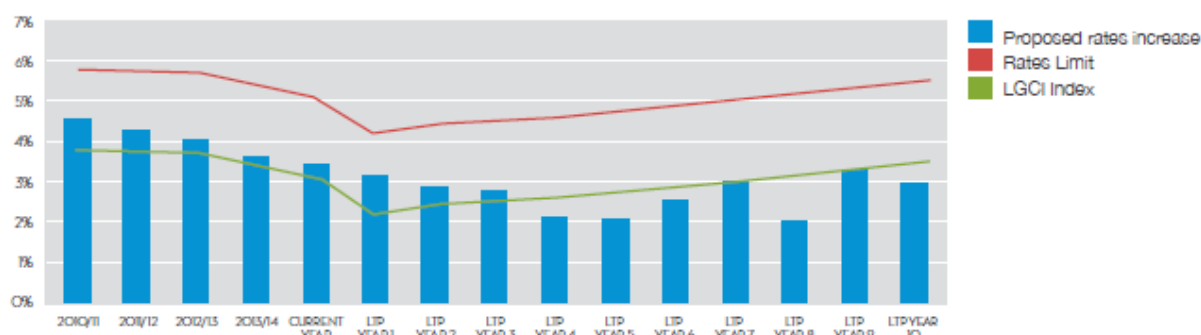
The maintenance, renewal, and capital expenditure programme for Council's core assets is based on the information in Council's Asset/Activity Management Plans. This information is the best information available to Council about these assets. For some assets (e.g. underground pipes) the information around age, type, and quantity is very reliable, however it is acknowledged that information around condition has some limitations. Where these limitations exist the information will be reviewed as new information becomes

available. Updated information could result in changes to the costs or timing of planned expenditure.

Council rates limit as set in the Financial Strategy is:
Throughout the life of the Long Term Plan, Council resolved to keep rates changes within the weighted average local government cost index (calculated by BERL which specifically reflects the types of costs faced by Council) PLUS two percent in any one year.

The proposed rates increases for the 10 year plan 2015-2025 are as follows:

RATES FORECAST - PROPOSED RATES INCREASE



LTP YEAR	2010/2011	2011/2012	2012/2013	2013/2014	2014/15 Current year	2015/16 LTP Year 1	2016/17 LTP Year 2	2017/18 LTP Year 3	2018/19 LTP Year 4	2019/20 LTP Year 5	2020/21 LTP Year 6	2021/22 LTP Year 7	2022/23 LTP Year 8	2023/24 LTP Year 9	2024/25 LTP Year 10
Proposed rates increases	4.66%	4.26%	4.04%	3.65%	3.46%	3.19%	2.95%	2.82%	2.17%	2.13%	2.62%	2.91%	2.01%	3.30%	3.10%
LGCI Index	3.79%	3.79%	3.79%	3.46%	3.17%	2.24%	2.46%	2.63%	2.61%	2.76%	2.90%	3.04%	3.19%	3.36%	3.63%
Rates Limit 2.00%	6.79%	6.79%	6.79%	6.46%	6.17%	4.24%	4.46%	4.63%	4.61%	4.76%	4.90%	5.04%	5.19%	5.36%	6.63%

Rates requirement for Year 1 compared to the Annual Plan 2014/15 is as follows:

2014/15		LTP Year 1 - 2015/16		
SECTOR	CURRENT YEAR 2014/15	RATES BY SECTOR	\$ CHANGE FROM CURRENT YEAR \$000's	% CHANGE FROM CURRENT YEAR
Rural	12,699,176	12,942,295	343,119	2.72%
Urban	8,916,834	9,146,266	229,422	2.67%
Industrial/Commercial	1,498,815	1,647,243	48,428	3.23%
Windfarms	66,825	181,975	115,150	172.31%
Total Rates	23,080,650	23,816,769	736,119	3.19%

Note: rates are including GST.

Examples of the impacts of the Council's rating proposal:

These examples are from a sample set of ratepayers used by Council in modelling impacts of rating scenarios. Four properties in each sector with high, medium and low land or capital values are extracted to show the impact on

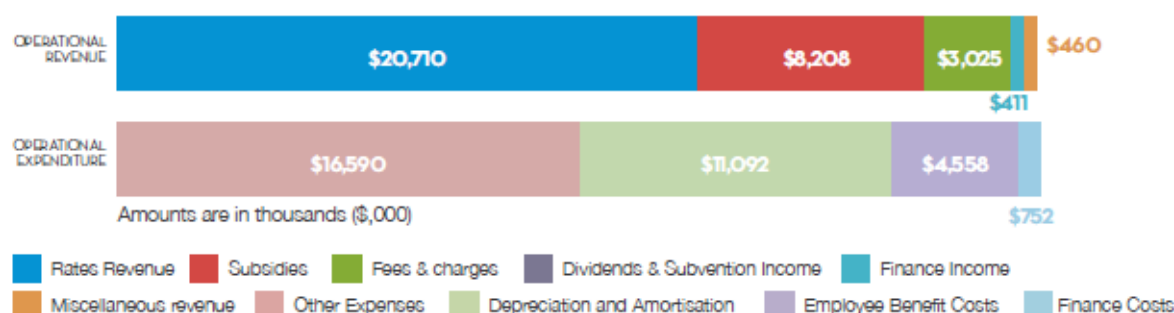
rates. Council will send out sample rates invoices as part of the consultation process to each ratepayer to indicate the proposed rates for Year 1 of the 10 year plan compared to current rates.

PROPERTY TYPE	OLD LAND VALUE	OLD CAPITAL VALUE	NEW LAND VALUE	NEW CAPITAL VALUE	ACTUAL 2014/15	BUDGET 2015/16	DIFFERENCE \$	PERCENTAGE %
Urban properties								
Urban - Settlement	16,000	126,000	16,000	126,000	1,703	1,857	154	9.0%
Urban - Settlement	8,000	66,000	8,000	66,000	1,483	1,638	155	10.6%
Urban Low Land Value	28,000	100,000	17,000	100,000	1,960	2,022	61	3.1%
Urban Low Land Value	26,000	139,000	21,000	120,000	1,948	2,047	99	5.1%
Urban Medium Land Value	40,000	200,000	38,000	185,000	2,020	2,131	111	5.6%
Urban Medium Land Value	41,000	90,000	20,000	76,000	2,043	2,039	-4	-0.2%
Urban Medium Land Value	68,000	360,000	68,000	386,000	2,216	2,329	114	5.1%
Urban Medium Land Value	66,000	220,000	60,000	180,000	1,724	1,767	33	1.9%
Urban High Land Value	90,000	399,000	90,000	399,000	2,366	2,462	106	4.6%
Urban High Land Value	170,000	380,000	160,000	340,000	2,432	2,346	-86	-3.6%
Urban High Land Value	186,000	305,000	186,000	600,000	2,962	3,036	74	2.6%
Rural Properties								
Rural - Settlement	63,000	190,000	60,000	176,000	1,246	1,281	36	2.9%
Rural - Settlement	360,000	360,000	316,000	326,000	2,069	1,972	-97	-4.7%
Rural - Lifestyle	170,000	336,000	170,000	336,000	1,623	1,649	26	1.7%
Rural Medium Land Value	1,326,000	1,876,000	1,460,000	2,070,000	6,023	6,312	290	5.8%
Rural Medium Land Value	2,200,000	2,426,000	2,200,000	2,430,000	7,674	7,471	-203	-2.6%
Rural Medium Land Value	2,000,000	2,260,000	2,200,000	2,480,000	6,060	6,417	357	6.9%
Rural High Land Value	3,776,000	4,600,000	4,160,000	4,960,000	12,430	13,141	711	5.7%
Rural High Land Value	4,937,000	6,677,000	6,431,000	6,222,000	16,963	16,881	-82	-0.5%
Rural High Land Value	6,600,000	6,800,000	6,600,000	6,800,000	17,673	17,097	-576	-3.3%
Rural High Land Value	6,800,000	8,190,000	6,800,000	8,200,000	21,612	20,889	-723	-3.3%
Industrial/Commercial Properties								
Ind/Com - Urban Low Land/Capital Value	8,600	13,600	8,600	14,000	1,921	1,894	-26	-1.4%
Ind/Com - Urban Low Land/Capital Value	9,600	64,000	8,600	62,000	2,161	2,119	-42	-1.9%
Ind/Com Rural - Low - Land/Capital Value	26,000	116,000	26,000	116,000	1,298	1,198	-100	-7.7%
Ind/Com Rural - medium - Land/Capital Value	20,000	296,000	20,000	266,000	3,174	3,261	87	2.4%
Ind/Com Urban - medium - Land/Capital Value	196,000	790,000	176,000	810,000	3,703	3,790	87	2.3%
Ind/Com Urban - medium - Land/Capital Value	76,000	660,000	76,000	690,000	2,704	2,823	119	4.4%
Ind/Com - Urban High - Land/Capital Value	176,000	2,076,000	160,000	1,860,000	4,689	4,641	-48	-1.0%
Ind/Com - Urban High - Land/Capital Value	460,000	2,976,000	406,000	3,630,000	7,826	9,384	1,559	19.9%
Ind/Com - Urban High - Land/Capital Value	-	13,100,000	-	9,790,000	18,897	16,610	-2,287	-12.6%
Ind/Com - Rural High - Land/Capital Value	600,000	30,100,000	600,000	30,100,000	32,861	28,840	-4,021	-12.2%
Ind/Com - Rural High - Land/Capital Value	860,000	7,660,000	860,000	7,660,000	11,386	10,226	-1,161	-10.2%
Ind/Com - Rural High - Land/Capital Value	366,000	6,760,000	366,000	6,760,000	7,887	7,033	-854	-10.8%
Ind/Com - Rural (Windfarm)	300,000	1,800,000	760,000	6,710,000	2,667	8,731	6,064	227.4%
Ind/Com - Rural (Windfarm)	400,000	4,400,000	1,300,000	8,890,000	6,648	12,180	6,632	119.6%

18. WWW.TARARUADC.GOV.NZ/CONSULTATIONDOCUMENT

FUNDING

OPERATIONAL REVENUE AND EXPENSES - YEAR 1 - 2015/16



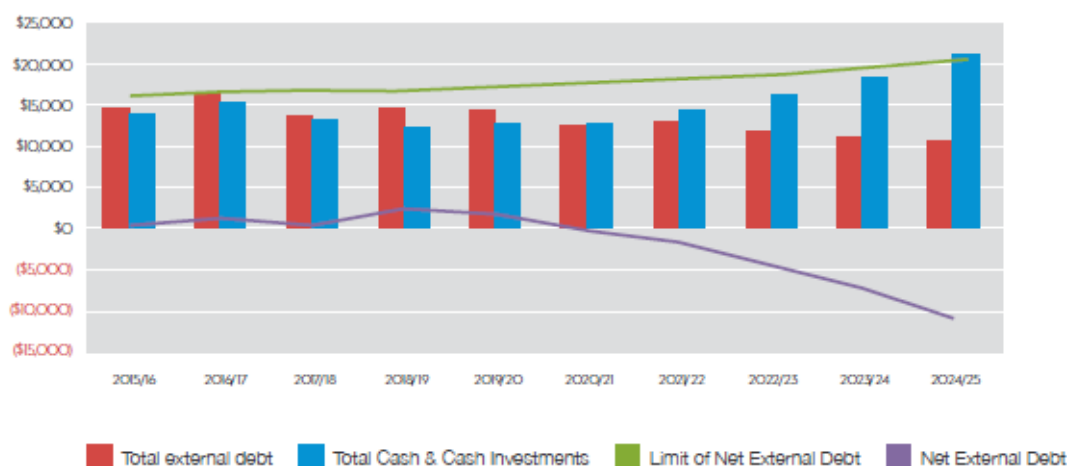
Operating expenses have a greater impact on rates increases for Council as the majority of costs are funded directly from rates. Council will have to continue to deliver its services in a cost effective, sustainable, well-planned and coordinated manner to provide agreed levels of service within the proposed rates levels.

There are no significant changes to the rating system and charges, and how the funding burden is distributed across the district - no proposal to change the Revenue and Financing Policy.

The significant drivers for the operational cost for the 2015/16 year are:

- Increases in water and wastewater activity are the result of ongoing increase in cost for running the new treatment plants.
- Increases in contract costs for refuse bin clearing, and parks, reserves and building maintenance.

DEBT AND INVESTMENT



Debt levels increase from \$11 million in current year to \$17 million in 2017/18, and reduce back to \$11 million by 2024/25. At the lowest point of Council's debt limit, net external debt as a percentage of total revenue, Council still has room to borrow an additional \$14.7 million in 2018/19.

Council hedges its interest rates risk using interest rate swaps (75% of loans are hedged). As a result, the average interest cost Council has projected for the 10 year budgets is 5.8%. Council has assumed that in later years of the 10 year plan, interest on deposits will be higher than Council's interest cost. This might mean that it would be favourable for Council to invest cash reserves in term deposits instead of accelerating loan repayment. However, Council will review its decision regards cash and debt levels as part of its annual planning process.

BALANCED BUDGET

The Councils overall approach is to operate in a fiscally prudent and conservative manner. To achieve this we endeavour to keep rates increases at an affordable level, maintain a low level of debt and operate a lean cost structure.

The Council does not fully fund the depreciation for all Council assets and as a result the 10 year plan shows operating deficits for most years. This is driven by:

- The decision of Council to not replace some assets in the future (mainly old community buildings)
- The way the Rooding and Housing activities are funded:

- 62% (65% by 2017/18) of most of the maintenance and renewal costs of Rooding is funded by the New Zealand Transport Authority by way of a grant. This grant covers a the majority of the depreciation funding required for our largest asset group.

- The Housing activity is a self funding activity, with rental income covering the depreciation required to renew the housing assets.

All assets that Council plans to replace in the future are fully funded for renewal.

CAPITAL PROGRAMME

The key infrastructure challenge facing our community is maintaining affordability while upgrading infrastructure standards and renewing ageing infrastructure. The population of the District is dispersed and there is a large roading network to maintain. There are multiple small towns, each with their own wastewater and water schemes.

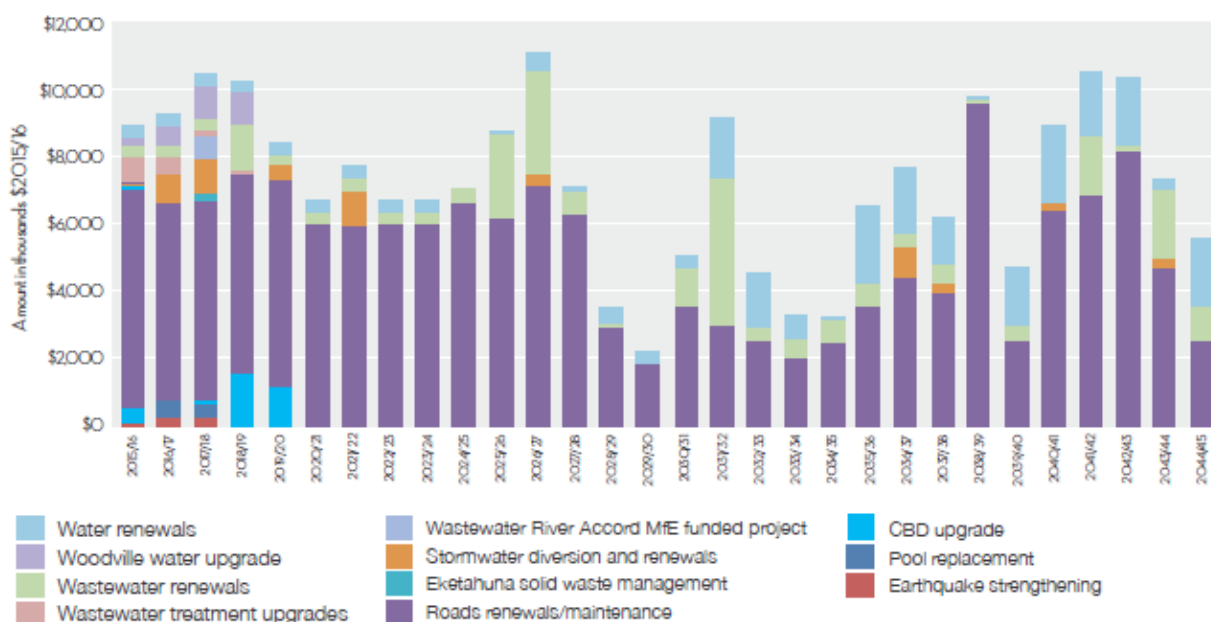
However, the assets of the Council are in overall good condition. Regular and ongoing investment in preventative maintenance and operations of these assets, combined with programmed renewals, will ensure that ageing assets are able to continue to deliver the agreed levels of service for the optimum cost without increasing the risk of failure. With the

current financial strategy, the maintenance, operation and renewal of assets will not be significant issues for Council.

Council has prepared a 30 Year Infrastructure Strategy that details how Council will fund the renewals and upgrades for core infrastructure networks. This Strategy shows that Council can prudently fund the planned renewals and upgrades while keeping within the limits set in the Financial Strategy. The Infrastructure Strategy can be viewed on Council's website or in Service Centre and Libraries.

The following are Council's proposed significant capital investments in the district for the next 30 years:

SIGNIFICANT CAPITAL EXPENDITURE DECISIONS



20. WWW.TARARUADC.GOV.T.NZ/CONSULTATIONDOCUMENT

AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

INDEPENDENT AUDITOR'S REPORT ON TARARUA DISTRICT COUNCIL'S CONSULTATION DOCUMENT FOR ITS PROPOSED 2015 25 LONG TERM PLAN

I am the Auditor General's appointed auditor for Tararua District Council (the Council). Section 93C of the Local Government Act (the Act) requires an audit report on the Council's consultation document. I have carried out this audit using the staff and resources of Audit New Zealand. We completed this audit on 1 April 2015.

OPINION

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2015 25 long term plan, because it:
 - fairly represents the matters proposed for inclusion in the long term plan; and
 - identifies and explains the main issues and choices facing the Council and district, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

BASIS OF OPINION

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards¹.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

RESPONSIBILITIES OF THE COUNCIL AND AUDITOR

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by section 93C of the Act. I do not express an opinion on the merits of any policy content of the consultation document.

INDEPENDENCE

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.

Clint Ramoo

Audit New Zealand

On behalf of the Auditor General

Wellington, New Zealand

1. The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and The International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

HOW TO MAKE A SUBMISSION

WHAT YOU NEED TO DO

The Consultation Document 2015-2025 is currently in a draft form, and it is important that you have your say to help shape the development of the final 10 year plan.

Have we got it right, is it balanced?

We look forward to your feedback and submissions.

HOW CAN I GET COPIES OF THIS CONSULTATION DOCUMENT 2015-2025?

From any of our service centres at Eketahuna, Pahiatua, Woodville or Dannevirke, or from a Council library, or telephone 06 374 4080. Copies of the Consultation Document 2015-2025 are available free of charge.

Alternatively, you can access the Consultation Document 2015-2025 and supporting documents on our website at www.tararua.govt.nz

A mock invoice (detailing the proposed rates) for Year 1 - 2015/16 and a submission form will be sent to each ratepayer in April.

CAN I JUST DISCUSS THE CONSULTATION DOCUMENT 2015-2025 WITH THE MAYOR, COUNCILLORS AND STAFF?

Yes. You can also discuss the Consultation Document with your Councillors, Community Boards and Community Committees.

HOW DO I MAKE A SUBMISSION TO THE COUNCIL?

Submissions are encouraged in the following ways:

Online: Make submission online at www.tararua.govt.nz

Email: Send your submission via email to info@tararua.govt.nz

By fax: Complete the submission form and fax it on 06 374 4137

By post: Post your submission using Freepost 69367 to PO Box 115, Dannevirke

In person: You can deliver your submission form in person to your nearest local library or any of Council's Service Centres.

Submission forms are included in the letter sent to each ratepayer, included in our Consultation Document 2015-2025, and are available on our website and at Libraries and Service Centres.

On pages 23 and 24 is your submission form. Please complete all areas clearly. If you require extra pages, please insert before folding.

Once completed, please tear out of the document, and fold along the dotted lines.

Close the edges with tape, and pop into any postbox.

SUBMISSIONS CLOSE AT NOON ON 8 MAY 2015.

CONSULTATION DOCUMENT 2015 - 2025 SUBMISSION FORM

SUBMITTER DETAILS

To enable Council to acknowledge receipt of your submission and clarify any points, please fill in your details (print clearly).

First name:	Surname:	Mr	Mrs	Ms
Organisation (if applicable):				
Postal address:				
Post code:		Daytime phone number:		
Email address:				

I wish to speak in person on this submission at the Council hearing on Tuesday, 19 May 2015 (please circle): Yes / No

1. WOODVILLE WATER

Council has proposed to resolve water storage and security issues in Woodville by 30 June 2019 (2015/16 – explore options; 2016/17 – consult with community; 2017/18 to 2018/19 – construction).

Should Council proceed with this project as planned?

☐ Yes ☐ No

Your comments:

2. PONGAROA WATER

Are you a Pongaroa ratepayer?

☐ Yes ☐ No

As a Pongaroa urban resident, would you prefer:

Voting yes to take over your supply separate to Council, and accept the potential health risks?

☐ Yes ☐ No

OR

Council upgrades this urban system to meet national drinking water standards subject to obtaining Central Government subsidy funding of at least 70%. (This would significantly increase your water targeted rates to match that charged district-wide for other schemes.)

☐ Yes ☐ No

Your comments:

3. PENSIONER HOUSING

Should Council sell its pensioner housing units to a respected social housing provider who can access the Government's Social Housing Funding?

☐ Yes ☐ No

OR

Should Council retain the pensioner housing units but increase the rentals significantly to ensure operations, maintenance and renewal costs are adequately funded?

☐ Yes ☐ No

Your comments:



4. WOODVILLE BUILDINGS

Should Council relocate the Library/Service Centre and i-SITE into the Council building used by Tararua Alliance when it becomes vacant?

☐ Yes ☐ No

AND

Should Council demolish the current earthquake-prone Library/Service Centre (separate to the Gallery) and provide public toilets and green space on that site?

☐ Yes ☐ No

OR

Should Council support the proposal from Woodville Districts' Vision to:

- Modify the existing buildings on 49 Vogel Street (Site 3) to house the Service Centre, i-SITE and Lindauer Studio and Museum and construct a new library building on the same site. This will require new debt, to be offset by any future sale of the current separate offices used by the Library/Service Centre (which is considered earthquake-prone) and the Tararua Alliance?

☐ Yes ☐ No

Your comments:

1ST
FOLD
↓

5. KERBSIDE REFUSE COLLECTION

Should Council exit from kerbside refuse bag collection, and let the private sector deliver this service to the community?

☐ Yes ☐ No

Your comments:

OTHER ISSUES

I support / oppose:

Because:

.....

.....

.....

.....

.....

2ND
FOLD
↓

Then seal edges with tape

Continue on a separate page, if necessary.

Freepost 69367
Consultation Document 2015 - 2025
Submission
Tararua District Council
PO Box 115
Dannevirke 4942

TIMELINE FOR THE CONSULTATION PROCESS



TARARUA DISTRICT COUNCIL
CONSULTATION DOCUMENT 2015 - 2025

**We look forward
to your feedback &
submissions.**



LIVING WELL IS MORE THAN JUST A PROMISE 25.



TARARUA DISTRICT COUNCIL CONSULTATION DOCUMENT 2015 - 2025
WWW.TARARUADC.GOVT.NZ/CONSULTATIONDOCUMENT

Dannevirke Service Centre
28 Gordon St, Dannevirke
PO Box 115, Dannevirke 4942
Ph: 06 374 4080 (24 hours)
Fax: 06 374 4137
Email: info@tararua.govt.nz

Woodville Service Centre & Library
42 Vogel St, Woodville
Ph: 06 376 0200 (24 hours)
Fax: 06 376 1025
Email: info@tararua.govt.nz

Pahiatua Service Centre
136 Main Street, Pahiatua
Ph: 06 376 0110 (24 hours)
Fax: 06 376 0113
Email: info@tararua.govt.nz

Eketahuna Service Centre & Library
31 Main Street, Eketahuna
Ph: 06 376 0219 (24 hours)
Fax: 06 376 8181
Email: info@tararua.govt.nz

