

WORKSHOP MATERIAL

Workshop: Long Term Plan 2024-2034 – Financials (second cut)

Date: Thursday, 9 November 2023

Item	Released Information
1.	LTP 2024-2034 9 November 2023 - Presentation



LTP 2024-2034

9 November 2023

Thriving and resilient Tasman communities



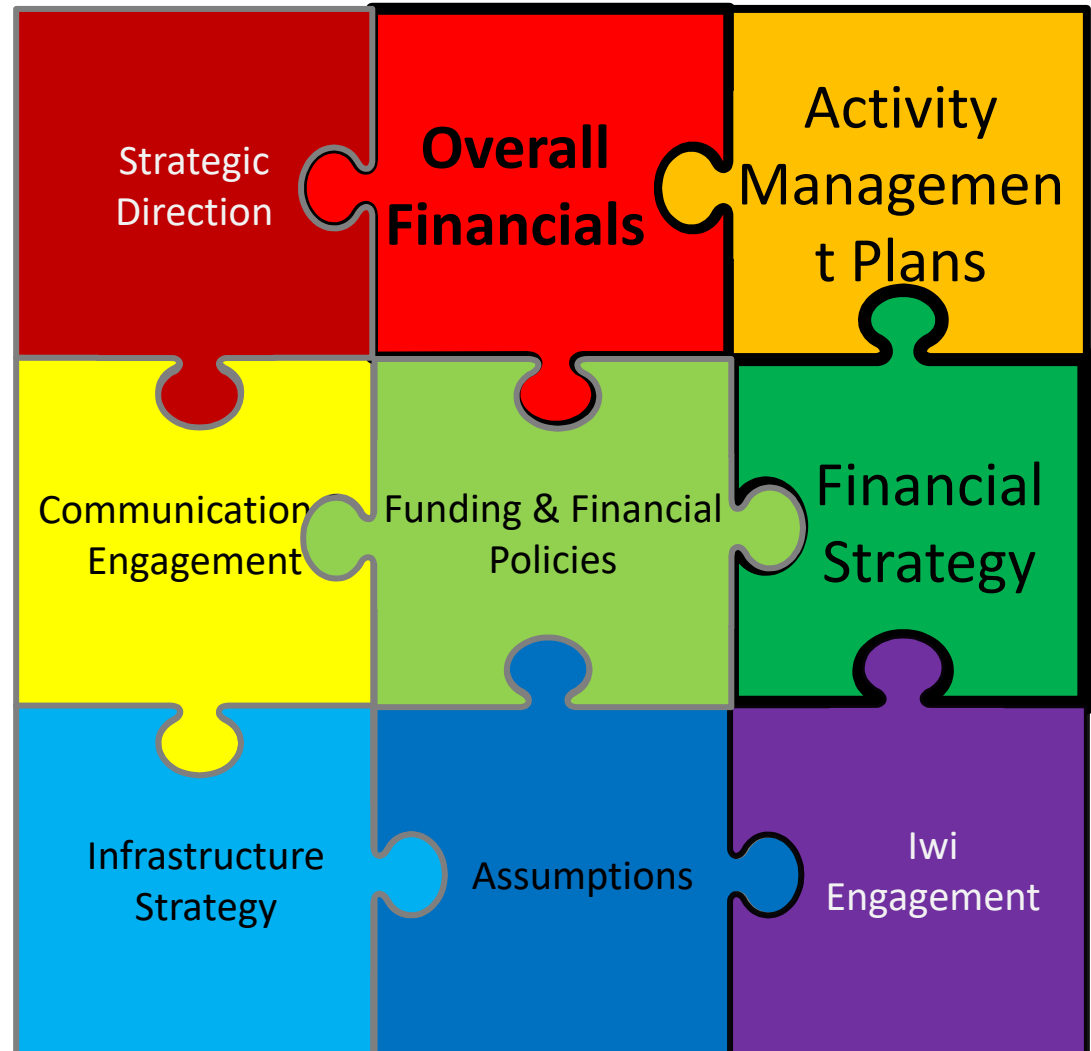
Contents

- Updated financial picture
- Responses to information requests
 - Rivers - Motueka and Wakefield bridges
 - Governance
 - Aquatic facility fees
- TCAP budgets
- Rural and Motueka water
- Financial Strategy
- Next steps

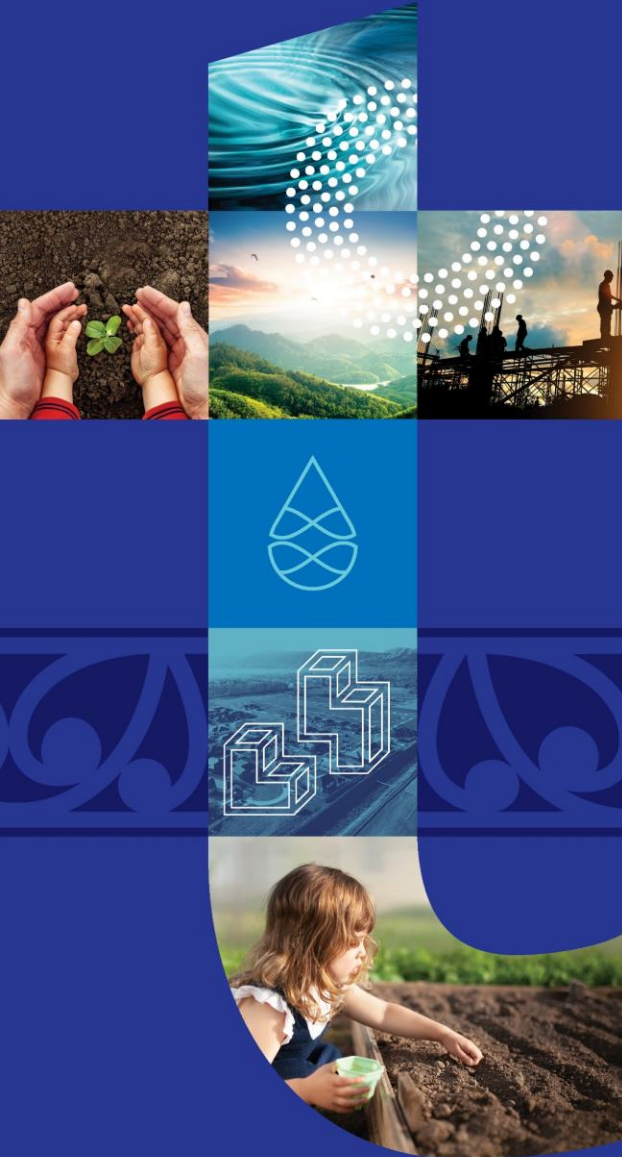
Purpose

Further develop the overall programme and financials.

Provide input to the development of the Financial Strategy



Updated Overall Financials



Thriving and resilient Tasman communities

 **tasman** district council | Te Kaunihera o **te tai o Aorere**

What has changed

Rates to Council 1 November	110,398	10.03%
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Vistor Centre/NTBT	95	0.10%
RRC no General Rate	-145	-0.15%
Phased in Recycling Bins	0	0.00%
Bio Diversty Back in	250	0.25%
Port Tarkohe General Rate Removed	-500	-0.51%
Reduced Speed Management	-10	-0.01%
Total Changes	-310	-0.32%

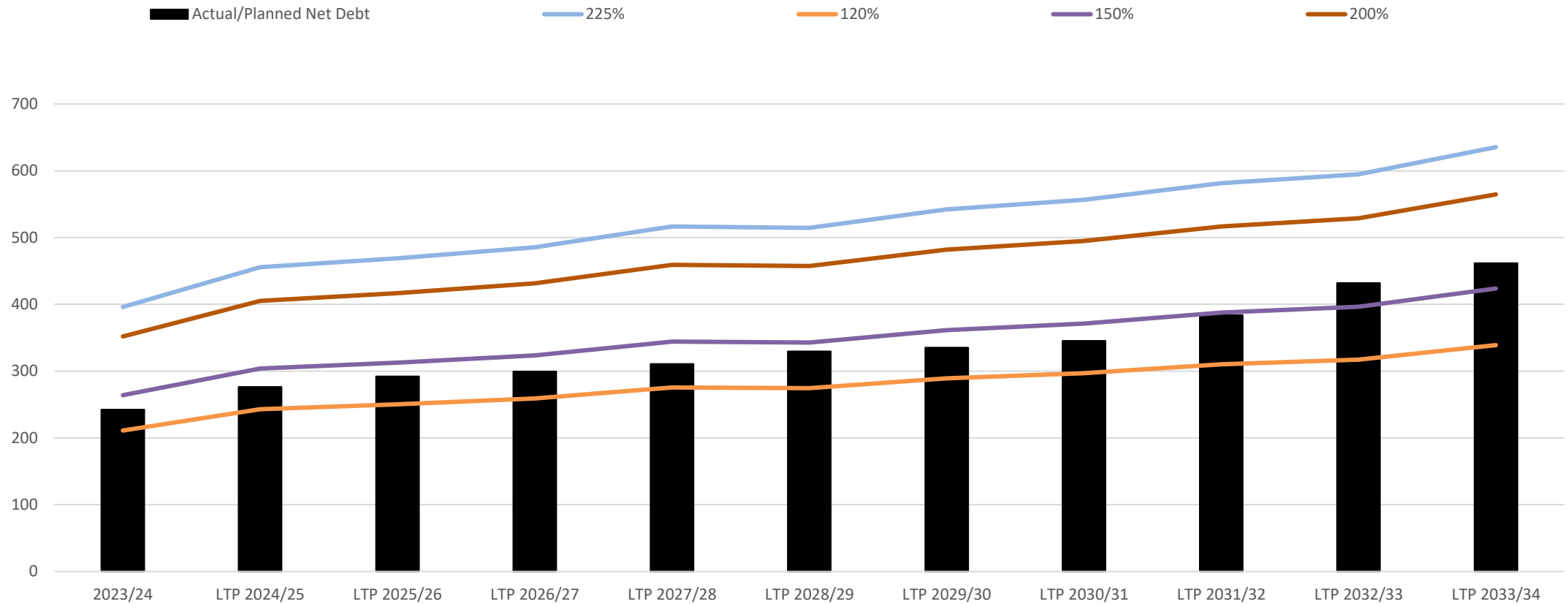
Rates to Council 9 November	110,088	9.71%
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Rates revenue increases

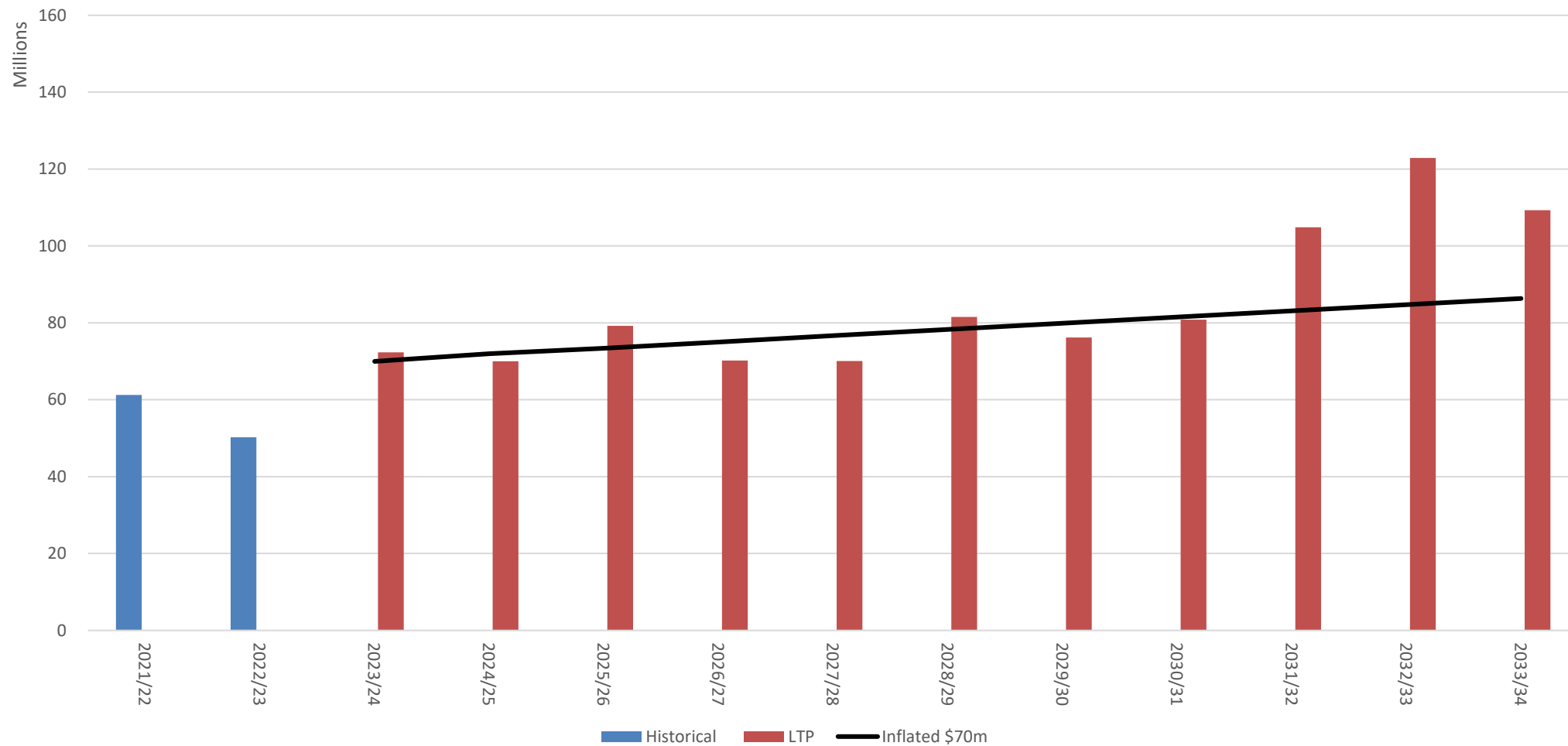


Net Debt

Dynamic Net Debt Cap - Net Debt to Revenue %



Capital



Outstanding

Building Impact* *May have updated figures for Thursday*

Saxton Field Costings

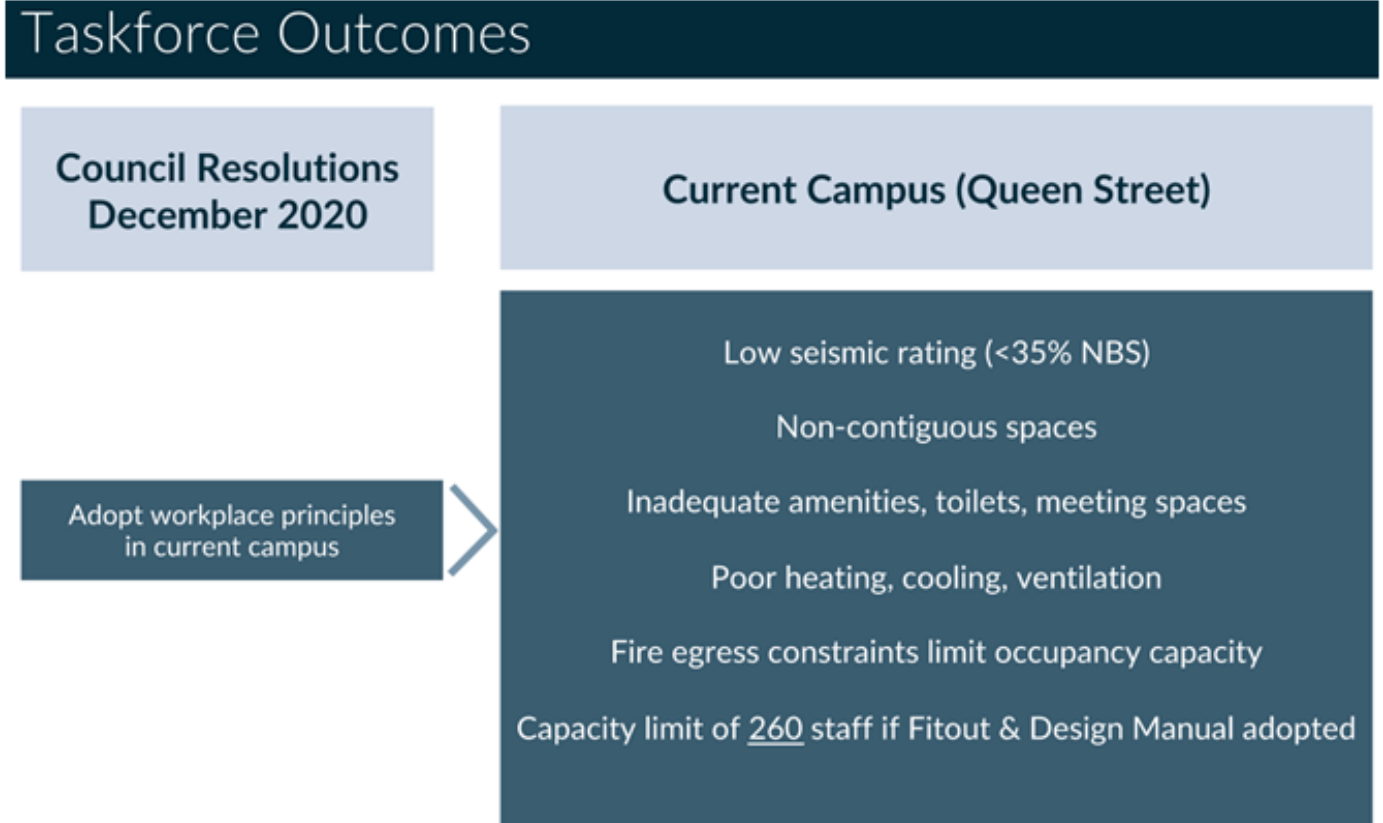
TCAP – to be discussed later in presentation

Community Boards – to be discussed later in presentation

Capital Phasing – small changes

Provision for the Richmond Office Building in the LTP

- \$50m Council built and loan funded building no longer in LTP
- Alternative not yet included
- October 2021 Strategic Workplace Taskforce Report
 - Low Seismic Rating for parts of building
 - Limited capacity
 - Other issues



Options

Option A. Strengthen and expand (\$25m)

- Strengthen \$13.3m. Do minimum to occupy current site. Years 7-8
- Expansion – \$11.5m. Provides 1,190 m² of floor space on current site for forecast staff numbers. Years 11+

**condition assessment being completed which may bring to light new issues

Options

Option B. Lease new building (\$2.8m-3.4m p.a.)

- Lease new 4,500m² building
- Build on, redevelop or dispose of current site
- One off capital cost of \$1.7m (mainly fit out – Yr 7)

Recommended option

- Option B. Lease new building (\$2.8-3.4m p.a.)
- Include as preferred option and budget in LTP – now included in updated figures
- Do not consult on as strategic issue in LTP
- Complete investigation work, and finalise decision as part of LTP 2027

Further Information Requests



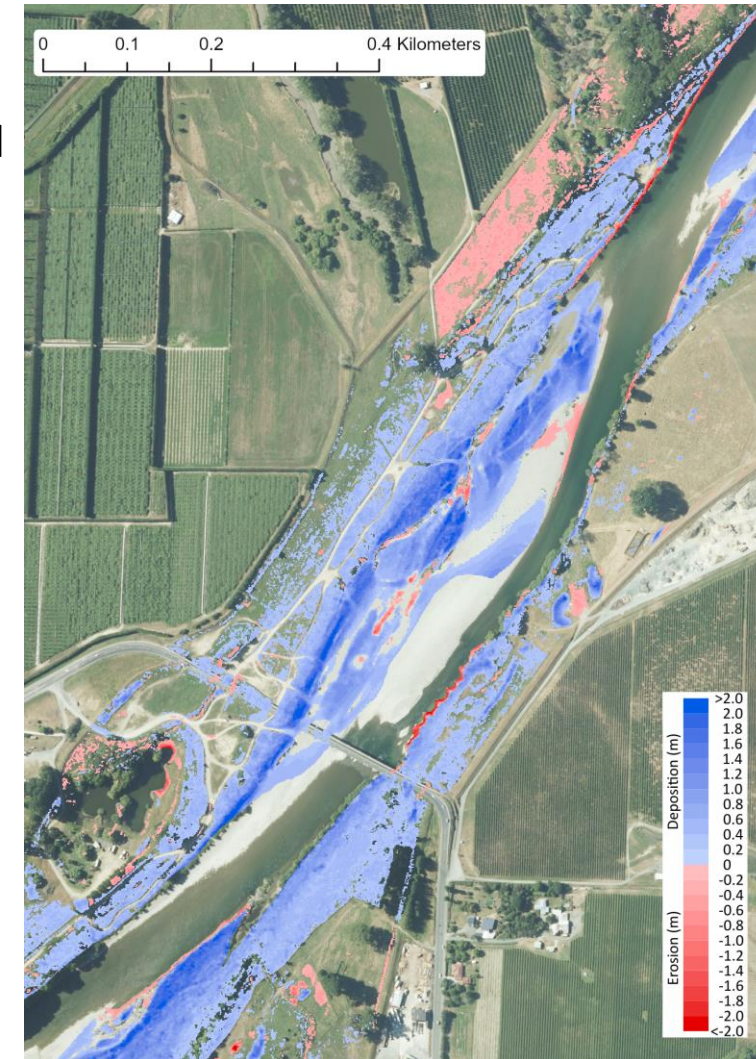
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Rivers

Freeboard Motueka and Wakefield bridges (BAU operations)

- No immediate concerns in the Wai-iti – the May 2023 flood was ~50 yr flood and the bridge had freeboard
- The Motueka has accumulated gravel on the beach since 2008 – no record of accumulation further west but we will follow up

We have very recently updated a govt funding bid for further Motueka stopbank works – \$12m Years 1-3 (40% Council contribution, not budgeted at present)



Governance

What's Included

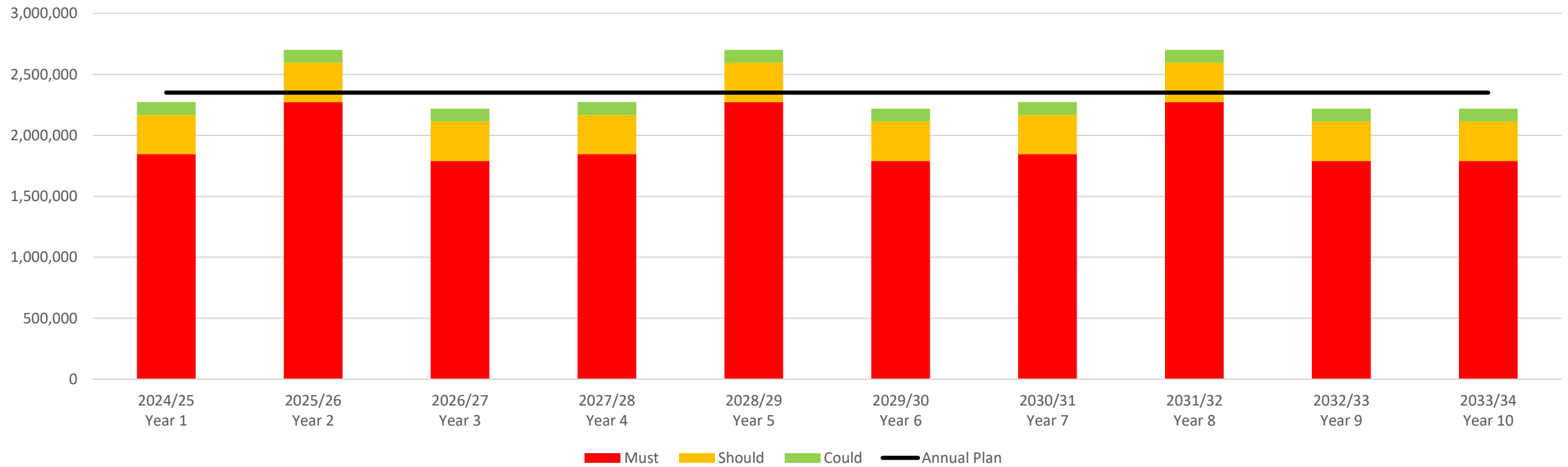
- Elections and setting up new Council
 - End of Triennium, Start of Triennium – Organise swearing in and inaugural meetings
 - Myriad of reports required under legislation in the new Council term – Schedule meeting dates
- Management of Governance Documents (e.g. Standing Orders, Delegations) and multiple policies
- Management of Council, Committee meeting and hearings
- Support Community Boards – meetings
- Governance Advice
- Members/ reps (51) = support, rem, expenses, interest declarations, appointments
- Motueka and Takaka visitor centres \$70k, Nelson Tasman Business Trust \$25k (included in 1 Nov workshop)

What's not included

- Community Board funding for special projects \$70k
- Community Board support staff overheads – never been included in the targeted rate
- Community Board Member - Training, induction, conferences and seminars for EMs \$81k
- Motueka and Golden Board Special Projects and Discretionary Funds
- Litter Cart \$4.4k, Sculpture maintenance \$1k
- Youth Development Fund \$1k
- Mayoral Donations and Taskforce \$23k

Governance Operating

Operating Expenditure by Priority



Governance - Representation

- **29** - Total number of appointed members (including Iwi Representatives and Joint Committees)

Tasman District Council bodies	Current	Vacant	
Iwi Representatives on Standing Committees and Council		4	
Independent Members on Council Committees	5		
District Licensing Committee Commissioners	3		
Other Committees/Groups (non-remunerated appointments)	8		
Total Tasman District Council appointed members			20
Joint Committee/Working Group Appointments			
Iwi representatives	2	4*	
Members	3		
Total Tasman Joint Committee/Working Group appointed members			9

- **30** - Total number of Directors/Trustees on CCOs

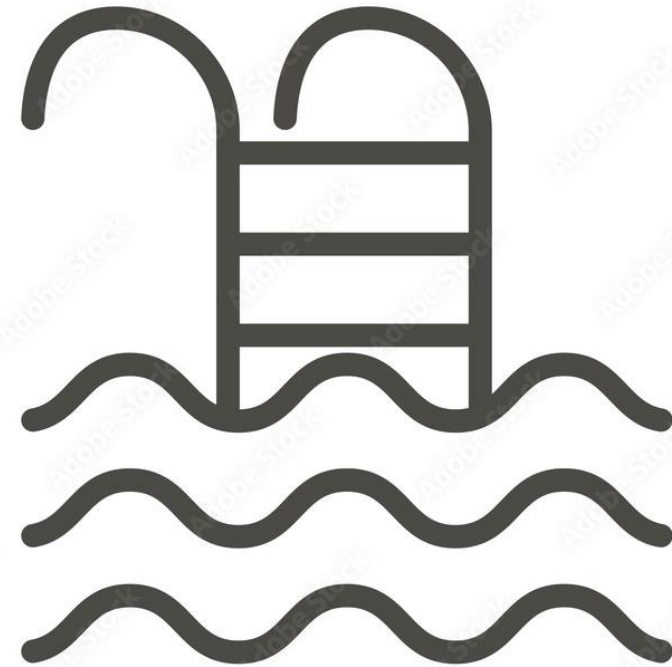
Aquatic Facility Fees

At a previous workshop councillors indicated interest in how the Aquatic Centre fees compare with other councils.

In summary:

- The specific service offerings in different pools vary.
- Our fees are towards the higher end of the range.
- We anticipate applying a further 10% increase as part of fees and charges adjustment for 2024/2025.

Staff recommendation is not to increase these fees further.



TCAP budget matters



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Resilience planning for roading network

“Should” item \$800k - resilience planning for the roading network

i.e. \$80k pa on roading assessment to identify climate vulnerability.

Infrastructure resilience requires a coordinated approach and a clear plan, to be effective.

Resilience planning exercises are important for all types of infrastructure managed by Council.

TCAP actions currently excluded from LTP budget

In (\$)	Wish-list (\$)	Out (\$)	TCAP ACTIONS
MITIGATION ACTIONS			
0	1.5m	1.5m	Energy efficiency/solar initiatives for Council assets (assumes 3 waters assets stay)
0	725k	725k	Reducing emissions from Richmond Aquatic Centre
0	75k	75k	Contribution to Warmer Healthier Homes for retrofitting insulation
ADAPTATION ACTIONS			
0	800k	800k	Planning for resilience of roading network
0	250k	250k	Biosecurity and pest management programmes targeted at readjustment to climate change
0	100k	100k	Habitat restoration programmes targeted at readjustment to climate change
LEADERSHIP ACTIONS			
0	223k	223k	Partner on projects with others (e.g. NTCF)
0	150k	150k	Contribution towards business projects for climate action (e.g. Mission Zero projects)
0	100k	100k	Support local champions to transition to low-carbon business models
0	85k	85k	Develop and maintain a climate change dashboard
0	60k	60k	Create economic risk assessment report for Nelson-Tasman regions
INFORMATION ACTIONS			
0	300k	300k	Communication and <u>behaviour</u> change programme and promotion of community initiatives
0	300k	300k	Comms and promotion of Nelson-Tasman Climate Risk Explorer tool and application of tool in adaptation planning
0	150k	150k	Contribution to Nelson-Tasman climate change hub
0	60k	60k	Reporting on climate change actions against four <u>wellbeings</u> and SDGs
0	20k	20k	Develop an identity to improve climate change communications

Recommended additions to budget

	TCAP actions	\$	Timing
Adaptation	Planning for resilient infrastructure (3 waters + roads + property + facilities)	\$200k (x 2 years)	Years 4 and 5
Mitigation	Energy efficiency/solar initiatives for Council assets (3 waters + property)	\$100k p.a. (ongoing)	Years 4-10
Leadership	Partnering with community and businesses on projects	\$50k p.a. (ongoing)	Years 4-10
Information	A small budget to progress all relevant actions requiring funding for Years 2 and 3.	\$50k (x 2 years)	Years 2 and 3

Energy efficiency/renewable energy initiatives

Demand for renewable energy is increasing.

Council can contribute, while at the same time being cost neutral (or even beneficial) to the ratepayer:

- **Energy efficiency** - general rule of thumb: new energy efficiency projects are 'better' than new electricity generation projects, as the returns are higher.
- **Electricity generation** – Council can produce electricity at a price marginally cheaper than purchasing from a retailer. We already do this through grid-tied solar PV arrays installed at various Council facilities. We could expand the number of sites where solar PV's are installed.

On Demand, Restricted and Rural Water Supplies - Harmonisation Options



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Water Supply – District Wide Harmonisation

The Current Challenge:

- (Un)sustainability of two rural water schemes. Rural water schemes have a high cost per customer to meet regulatory requirements, driving disconnections and reductions in demand which further reinforce the downward cycle.

Water Supply – Harmonised Charges

Other factors:

- Rural Water scheme costs are unaffordable and unsustainable into the future
- Other Council infrastructure services are harmonised across the district
- Each of the 5 current water accounts have different charging mechanisms
- Large users are subsidised by smaller users in the Dovedale and 88 Valley schemes
- Richmond subsidises the other water schemes in the Water Club
- The Dovedale and 88 Valley schemes are subsidised by the General Rate
- High costs causing people to leave the rural water schemes or reduce units
- We already have harmonised charges across the district for connections, disconnections and replacing restrictors.

Water Supply – District Wide Harmonisation

Options:

1. Do nothing
2. General Rate subsidy towards all water schemes
3. Consolidate scheme accounts with differential pricing to send economic signals
4. **Consolidate accounts and harmonise the costs of delivering water to customers across the district, based on the type of water service received by each customer.**

Water Supply – District Wide Harmonisation

Table of current supplies status

Scheme	On-Demand	Line Charge	Firefighting	Restricted
Urban On Demand	✓	✓		
Urban Extension				✓
Motueka	✓	✓	✓	
Dovedale				✓
88 Valley		✓		✓
Redwood				✓

Dovedale – Rate A for 1 to 2 Units, Lesser rate B for 3 or more units

88 Valley – Line charge, single rate for units

Redwood – Single rate for units

Water Supply – District Wide Harmonisation

Table of Connections per Scheme

No. of Units	Dovedale	88 Valley	Redwoods
1	52	97	73
2	169	37	251
3	8	12	10
4	43	11	67
5 – 10	26	15	14
11 +	6	8	3

Water Supply – Harmonised across District

The draft LTP 2024-54 includes funding for upgrades to meet compliance:

- Redwood single source and combined new WTP (Yr 1 - 3);
- Dovedale – new source and pipeline to existing WTP, also WTP upgrade (Yr 2 – 4);
- 88 Valley – incorporating majority of customers into harmonisation (Yr 1)
- Waimea Water Strategy – Brightwater to Wakefield trunk water mains, Clover Road new source and WTP, and extension of Wakefield supply to incorporate bulk of 88 Valley Scheme (Yr 1 – 10);
- Motueka – interconnecting and distribution pipelines to serve areas that have gaps or where services have been requested (beyond Yr 10).

Water Supply – Harmonised across District

Modelling Scenarios

- All upgrades (up to Year 6 of proposed LTP) are undertaken with status quo arrangements.
- All upgrades are undertaken with all schemes in a harmonised, single water account

Scenarios NOT modelled

- Retain status quo scheme arrangements with General Rate subsidy to ensure rural water scheme remain affordable.
- Any other options

Water Supply – Harmonised across District

Modelling Assumptions

- ***Caveat - The figures shown have been calculated via a spreadsheet. While the spreadsheet is robust the chosen scenario will need to flow through the overall TDC model. Changes will occur to the figures presented as a result.***
- Modelled for comparison of relative costs
- Year 6 projections do not include growth, therefore charges should reduce with growth
- Does not account for any other changes in operating costs
- On Demand (100%) and Restricted Potable (80%)

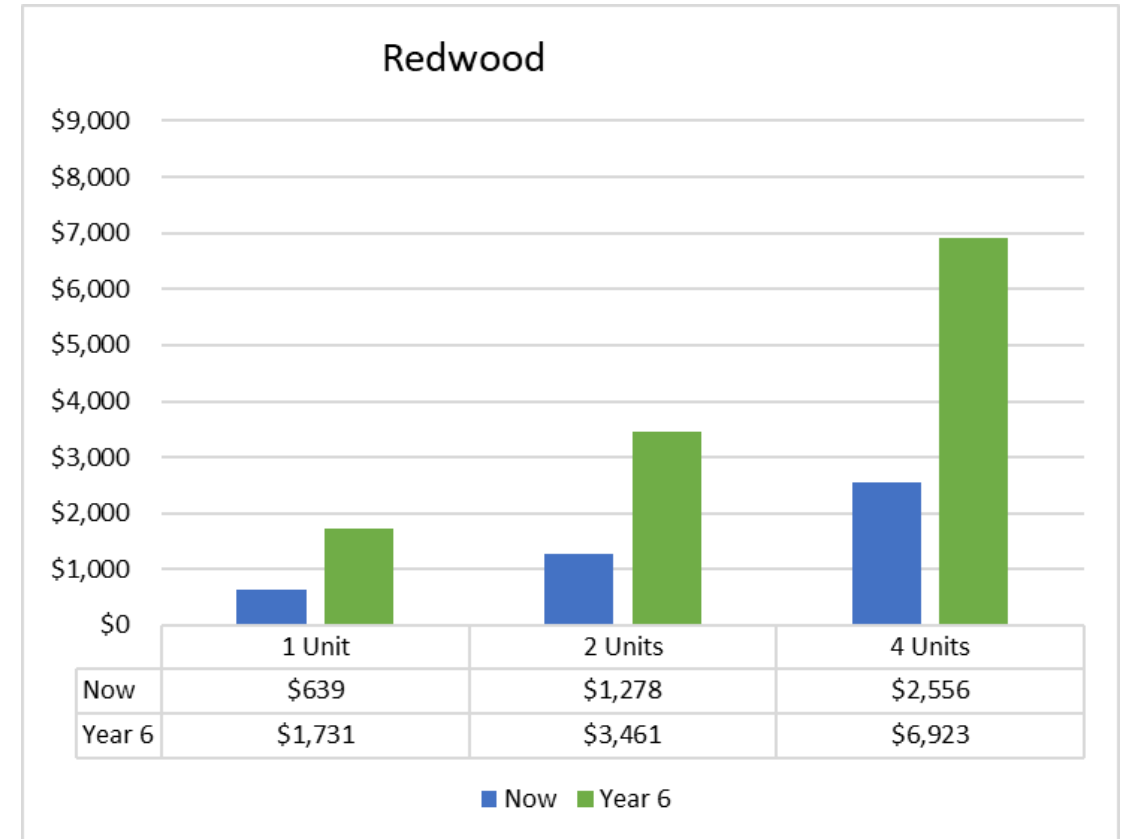
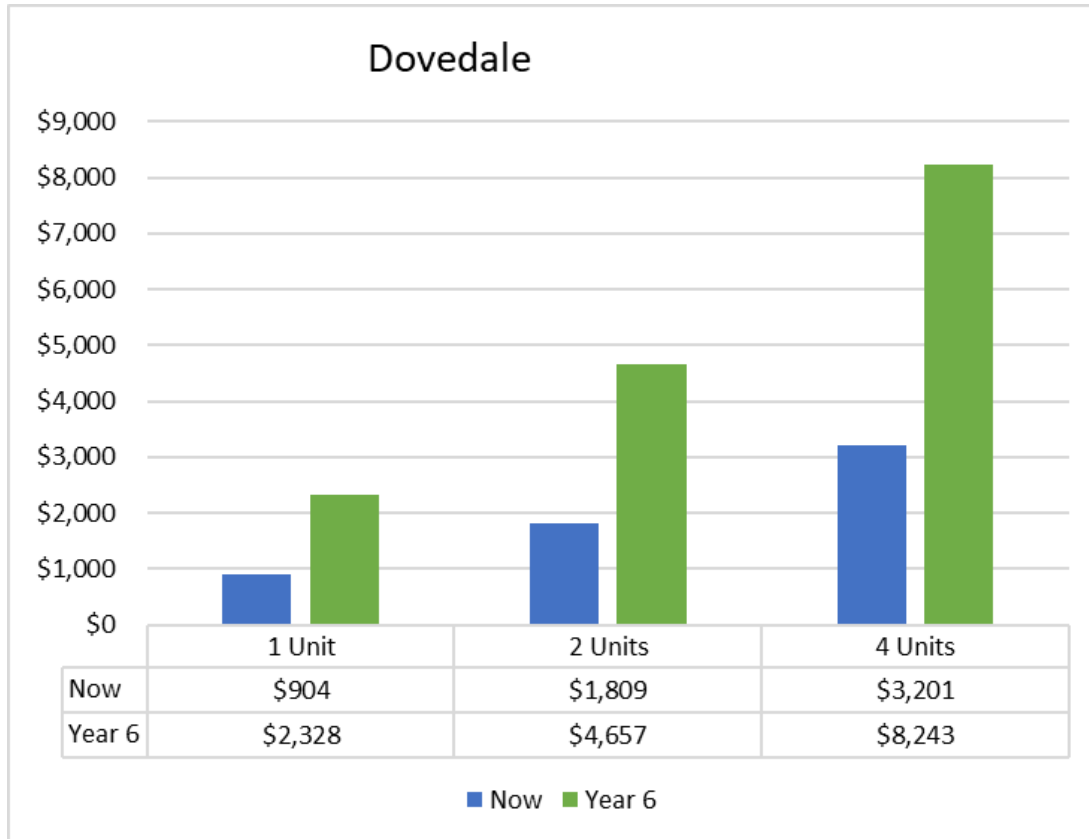
Water Supply – Harmonised across District

Modelling Assumptions

- The full Waimea Strategy will extend over 10 years, this modelling only covers 6 years
- Includes all current and planned capital expenditure and the effect that has on loan repayments and interest costs
- Includes new operating expenditure associated with the new assets
- Does not account for the effect of loans paid off over the five years

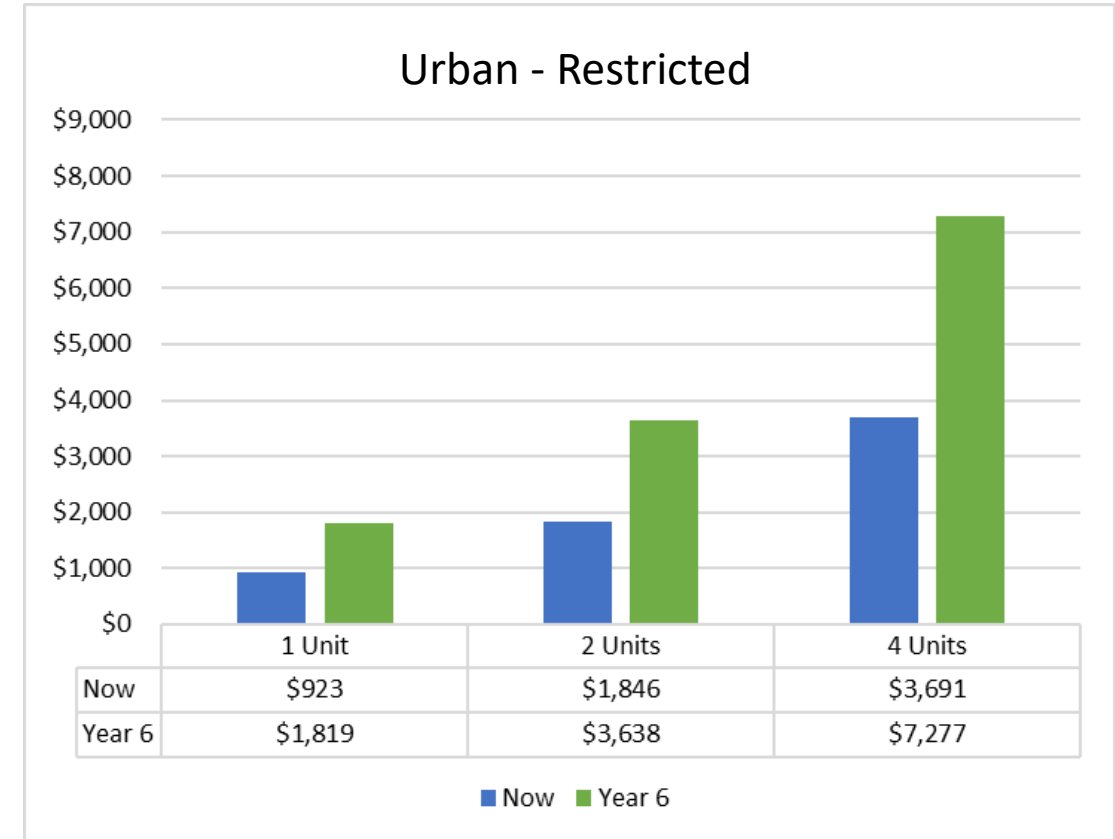
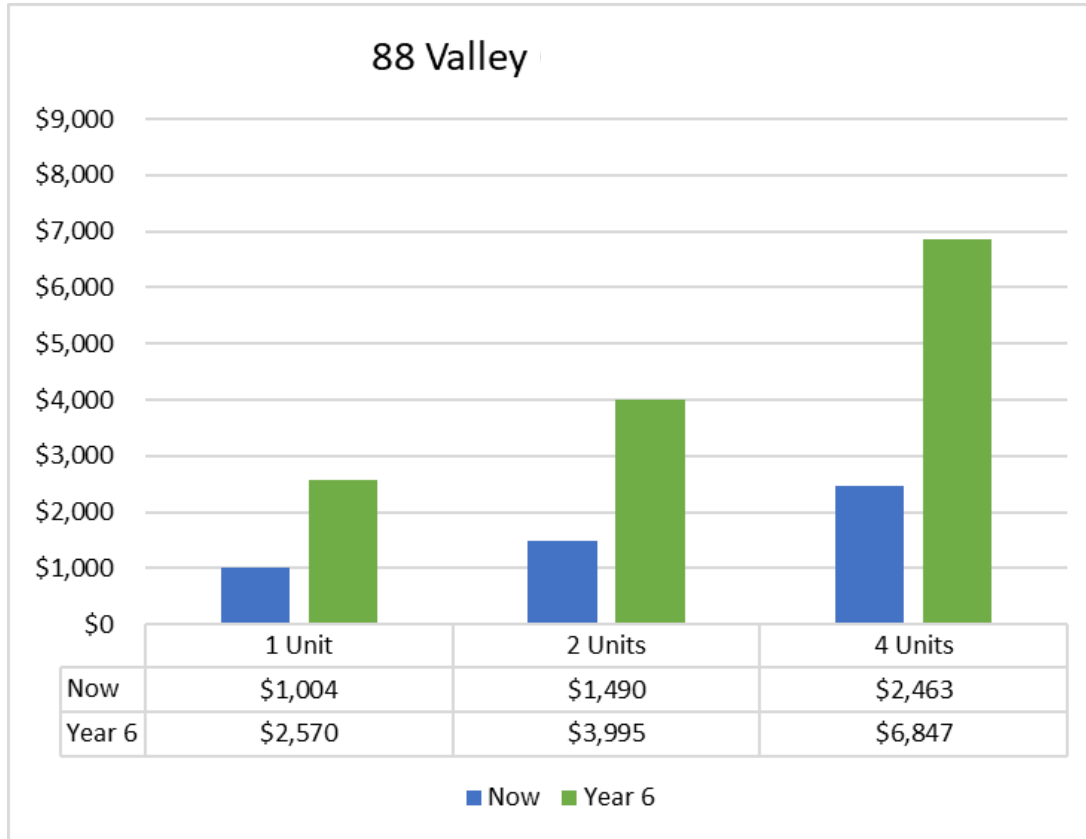
Water Supply – Current Status

Rural Schemes (Current Status)



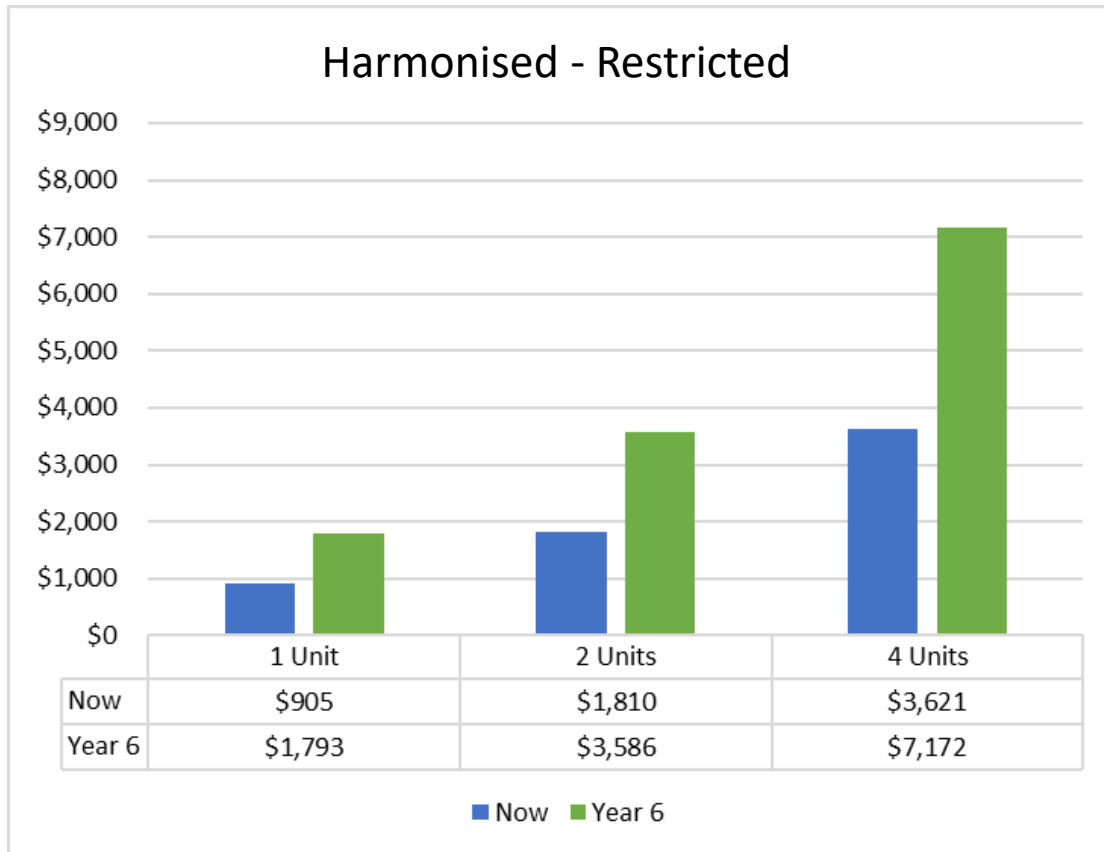
Water Supply – Current Status

Rural Schemes (Current Status)



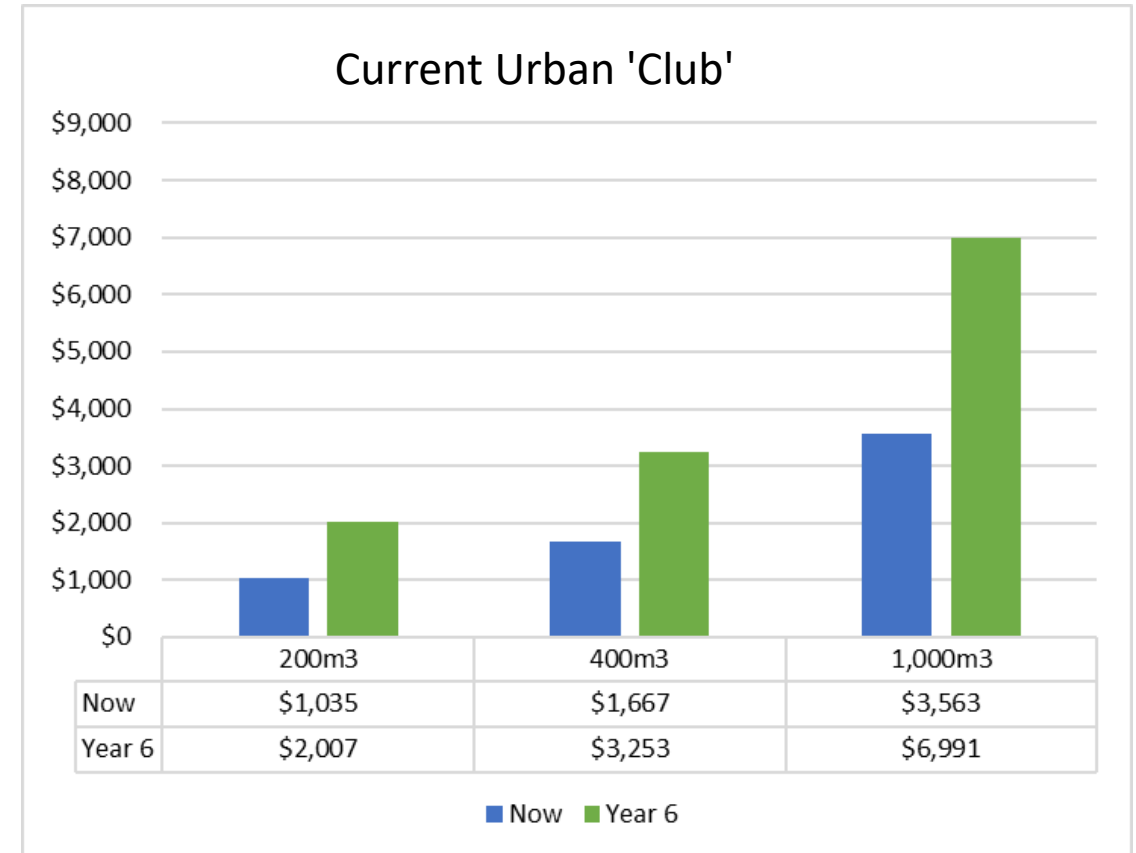
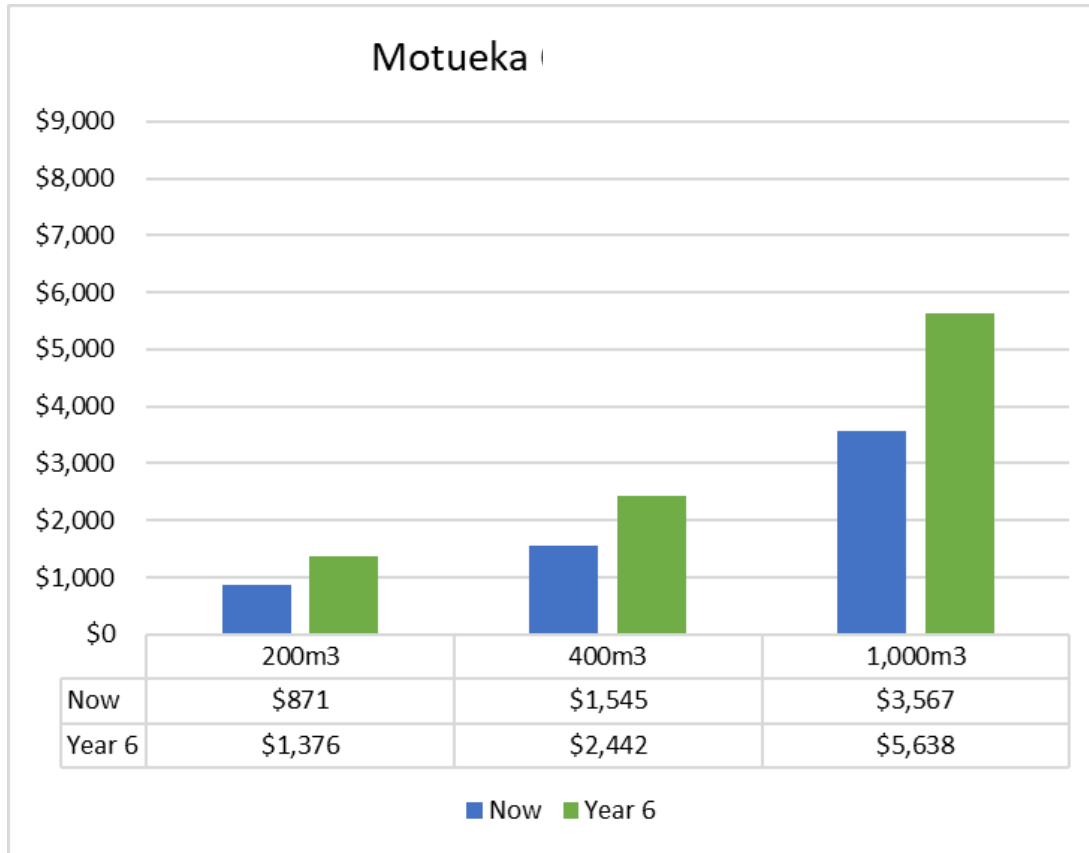
Water Supply – Harmonised Restricted

Rural Schemes



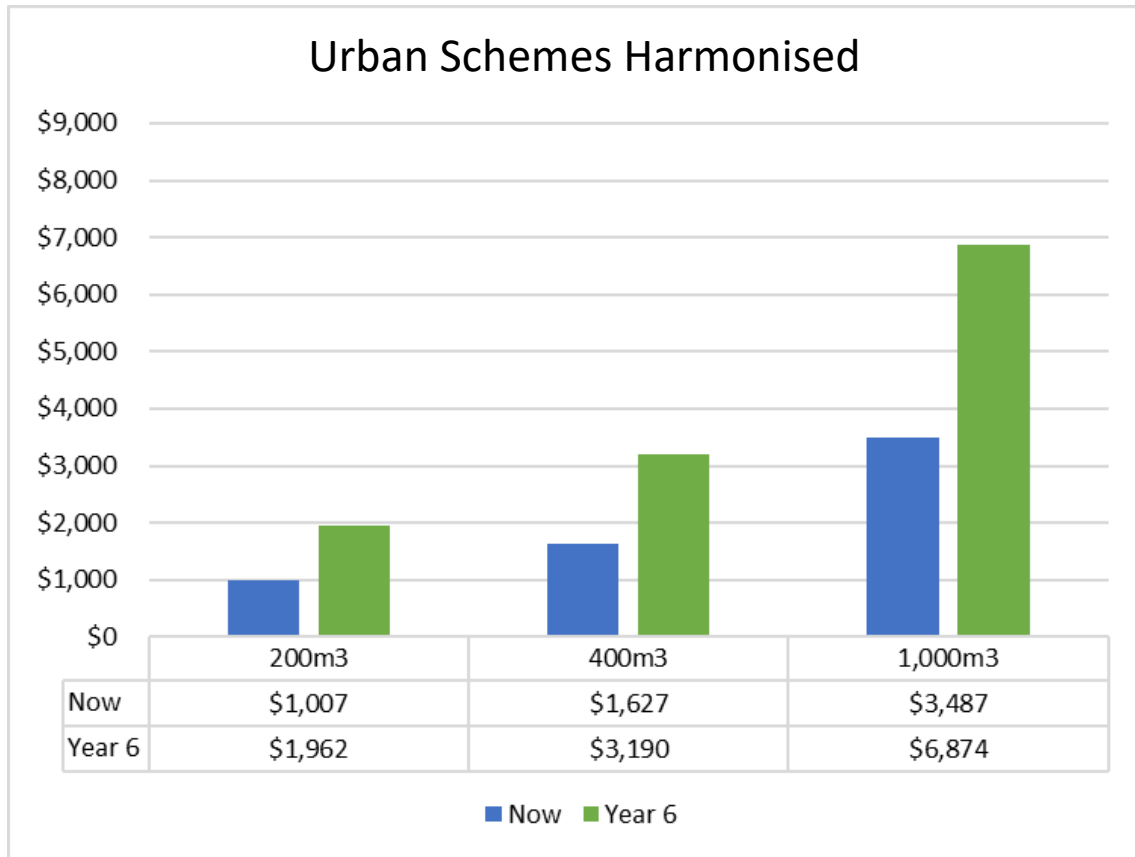
Water Supply – Current Status

On-Demand (urban) schemes



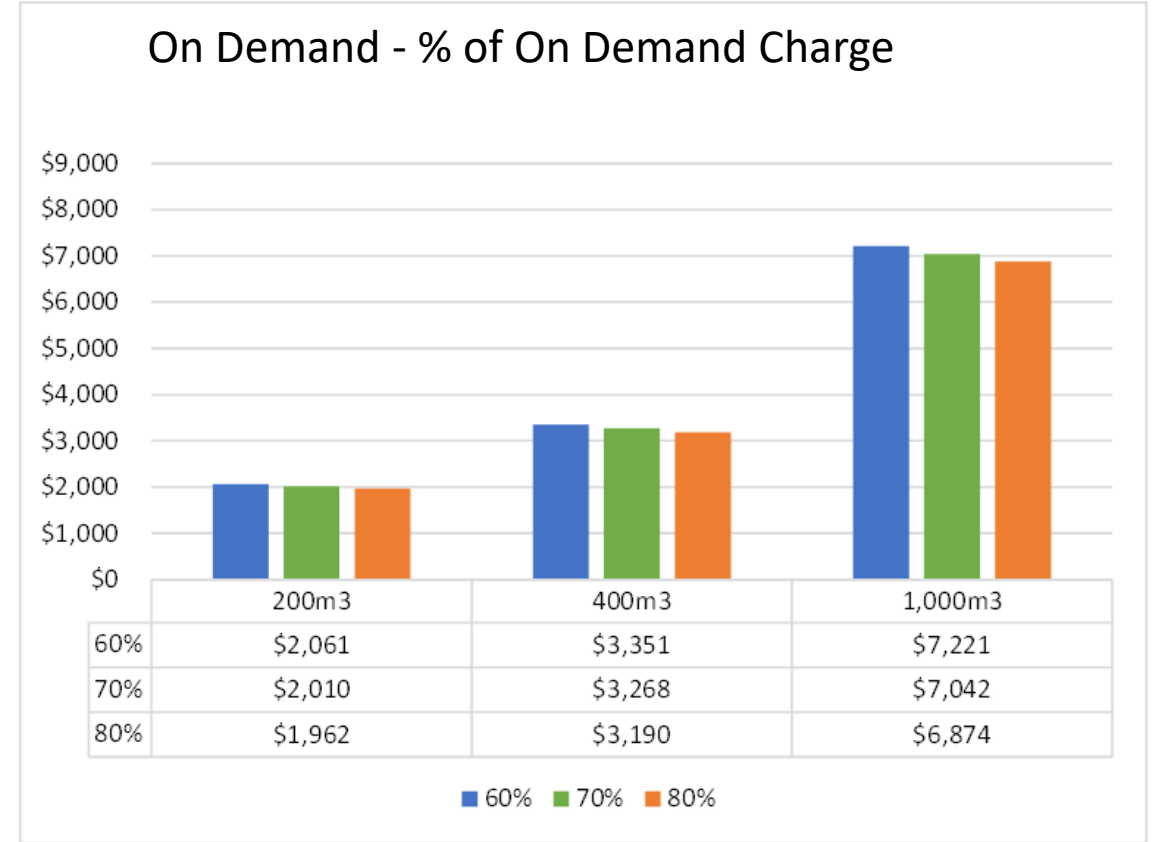
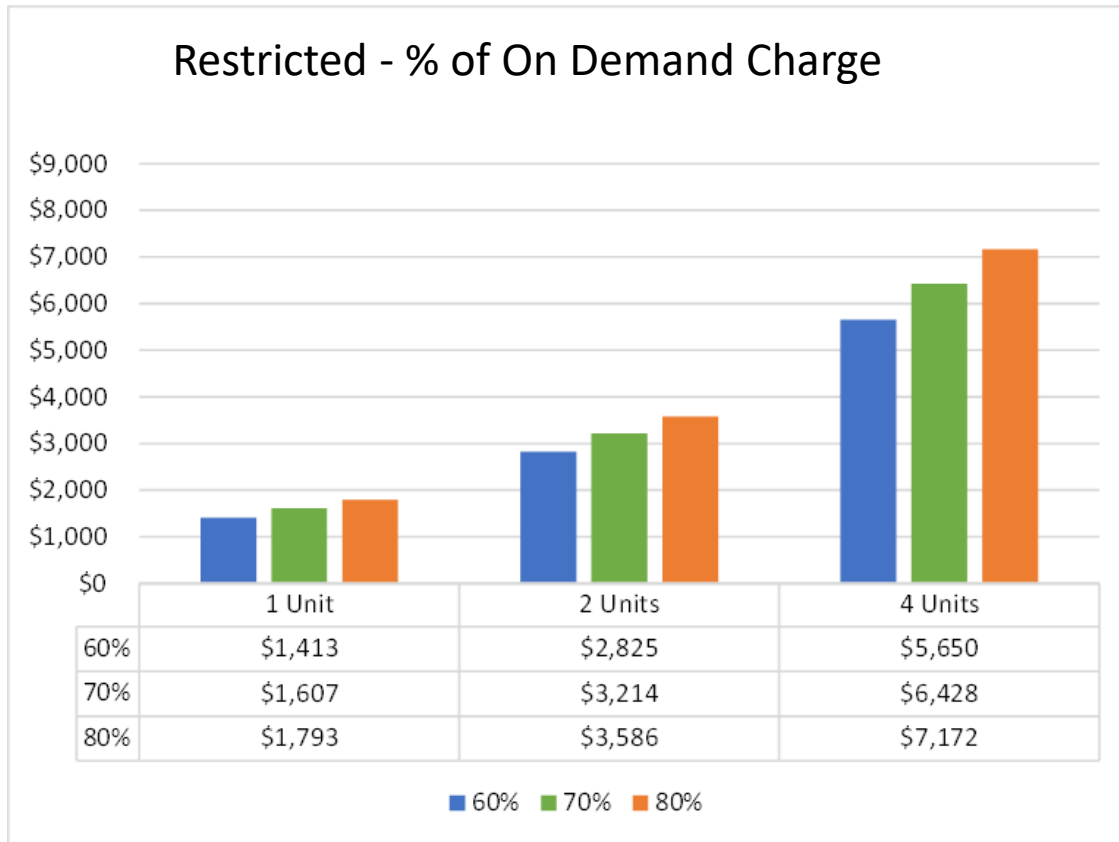
Water Supply – Harmonised across District

On-Demand (urban) schemes



Water Supply – Harmonised across District

Restrictor Rates % Options



Water Supply – District Wide Harmonisation

Summary of current vs harmonised costs (at 80%)

Restricted

	Dovedale	88 Valley	Redwoods	Urban Extension	Harmonised Schemes	Harmonised Schemes Year 6
1 Unit	\$904	\$1,004	\$639	\$923	\$905	\$1,793
3 Units	\$2,505	\$1,977	\$1,917	\$2,769	\$2,716	\$5,379
5 Units	\$3,897	\$2,950	\$3,195	\$4,614	\$4,526	\$8,964

On Demand

	Motueka	Urban	Harmonised Schemes	Harmonised Schemes Year 6
200m3	\$871	\$1,035	\$1,007	\$1,962
400m3	\$1,545	\$1,667	\$1,627	\$3,190
1,000m3	\$3,567	\$3,563	\$3,487	\$6,874

Water Supply – Other points to note

- The large farms in Zone 1 and 2 of the 88 Valley Scheme and the Hamama Scheme would either be handed back to that community or become a stock water scheme on a **targeted rate**.
- The rest of the zones in the 88 Valley Scheme will be connected to the end of the Wakefield scheme and harmonised when the Waimea Strategy is implemented.
- Other private schemes may want to join the public network will become part of the harmonisation but may be required to pay an equity buy in.

Steps...

- Revenue and financing policy analysis – s.101 (3) a and b LGA
- Validate rates modelling
- Consult on in-principle proposal in the LTP
- Rates proposal consultation in year 1
- Implementation from year 2

Water Supply – Direction on Options

- **Should we consolidate and harmonise water rates across the district as outlined?**
 - Include all schemes?
 - Retain on demand and restricted service and rates?
 - Set restrictor rate to be less than 80% of on-demand rate?
 - General Rates subsidy ceases for rural schemes?
- If decision is made not to harmonise rates and charges, should the inconsistency of Dovedale and 88 Valley current subsidy from General Rates subsidy cease?

Drafting the Financial Strategy



Thriving and resilient Tasman communities

Context

TDC Financial Strategy - Taituarā Good Example

Not BAU – state of Flux

Continued themes:

- Large district and dispersed population centres
- Providing for growth
- Renewing ageing infrastructure
- Responding to climate change
- Improving freshwater quality
- Continued three waters improvements
- Completion of Waimea Community Dam
- Implementing Digital Innovation

Changes:

- Wording change - modest rates increases for an extended period (until the last couple of years)
- Removing – responding to Covid 19 impacts

Potential additions:

- Cost pressures and inflation expected to continue for the first part of the LTP
- Local Government funding model unsustainable – FfLG
- Central government reforms, economic, international uncertainties

Goals

Retain existing goals:

- Provide good stewardship of community resources
- Deliver value for current and future residents
- Use debt as a tool for intergenerational equity and retain borrowing headroom

Potential additional goal:

- Establish a sustainable funding model with central government

Principles

Key updates and changes:

- to be financially resilient
- to focus on the medium to long term [removing focus on COVID recovery]
- noting our regional council functions
- responding to economic conditions, reforms and uncertain operating environment
- Make the most of external funding – where they benefit the community and council

Change to dynamic caps

The Financial Strategy will highlight the change to our approach to the caps since the last LTP – static to dynamic.

- Explain the proposed new caps and advantages/disadvantages

Note: the caps need to have a reasonable free-board to avoid minor changes triggering Annual Plan consultation.

Current LTP working budget - Year 1 – above the cap

Feedback/Discussion

Do you agree with the changes and additions to the:

- Context?
- Goals?
- Principles?

What next?

Date	Topic
16 November	Further refinement of programme and financials
30 November	Final direction on programme and financials, Financial Strategy, Assumptions, Te Ture Whenua
13 December	Wash up – various topics
14 December	Agree programme and financials for consultation via a Council report