PEPAMANA RAPU WHAKAARO

MŌ TE RAUTAKINGA TŪROA 2024-2034

CONSULTATION DOCUMENT

LONG TERM PLAN 2024-2034

Contents

How do we plan for the future when the current environment is so uncertain?

Local government in New Zealand has been working through the implications of a number of reform programmes (Three Waters, RMA and Future for Local Government). The new government has repealed some of the legislative changes and are working on new laws and regulations – this creates a lot of uncertainty, which makes long term planning difficult. On top of this, New Zealand has been grappling with significant inflation and interest rate increases, increasing prices not just for households, but for local government as well. **Yet despite these challenges, we need to plan ahead**

FOR OUR DISTRICT TO BE A VIBRANT, PASSIONATE, PROGRESSIVE PLACE WE MUST CONTINUE TO LOOK AHEAD AND MAKE FUTURE-FOCUSSED DECISIONS.

We need to strike a balance between what is affordable and essential in these uncertain times, and what we really need to progress with to ensure this district remains not just a well-serviced community, but a place that puts people at the heart of everything we do. We've developed a draft plan that we think will do just that.

We've kept affordability front and centre in drafting this plan. Removing and deferring projects, and proposing to change how we account for some of our assets in a bid to keep costs down. Even with all these efforts, we believe we need to collect an additional $8 million in rates for the year ahead, just to continue to deliver our services, and the projects we MUST deliver. How the $8 million increase affects your property will vary widely depending on the services you receive, with those connected to water and wastewater services seeing the largest increases. As an example, the median property in our district valued at $700,000 would see a $483 (14.9%) increase if they receive all Council services, or $232 (13.8%) increase if they do not receive services. You can see exactly how the proposed rates increase will affect you by searching your address at mpdc.nz/rates2024.

This document outlines the key challenges we're facing and how we're proposing to tackle them to make good, future focussed decisions that reflect the needs of our people. There are lots of opportunities to give us your feedback throughout – we really need input from the community to help us gauge whether we're on the right track.

There are some complex issues, some tough decisions, and some areas where we have no choice but to proceed. It makes this a lengthy document! But we want to be really clear and transparent with the community, sharing all of these options and considerations – and we invite you to take the opportunity to read and understand the issues and share your own perspectives with us.

Adrienne Wilcock
Mayor

Key dates

Consultation 21 March-21 April 2024

- This is when you can provide your feedback - we need to hear from you by 5pm on 21 April. You can have your say at mpdc.nz/ltp on:

- Te Aroha Spa **(pg 13)**
- Roading renewals **(pg 16)**
- Walking and cycling improvements **(pg 18)**
- Town Centre infrastructure **(pg 19)**
- Additional playgrounds **(pg 20)**
- Stage for Matamata Civic Centre **(pg 22)**
- The services we provide **(pg 23)**
- Te Aroha Library **(pg 24)**
- Our approach to rates and debt **(pg 53)**

Hearings 8/9 May 2024

- This is your chance to speak with Mayor and Councillors in person about your feedback, if you wish to

Deliberations 29 May 2024

- Mayor and Councillors will consider all the feedback from the community and give direction on any changes required

Adopt Long Term Plan - 26 June 2024

- The Councillors will confirm the Long Term Plan 2024-34 on 26 June

Long Term Plan is in place 1 July 2024

This plan includes funding and proposals for three waters

The new government has repealed the Labour government's Affordable Water Reform (previously Three Waters) and is working on new laws and regulations around the ownership and management of water, wastewater and stormwater assets. Based on this, Council has included three waters assets in our forward planning and draft budgets.

Te tauritetanga o te utu me ngā rawa

Balancing affordability and looking after our assets

We have **$821 million of infrastructure assets** (e.g. pipes, treatment plants, roads, paths, public buildings etc)

It costs over **$20 million** each year to maintain and operate our infrastructure assets

Our assets are in **average to good condition**

Costs **keep increasing** just to provide the same services to the current standard

We spend around **$15 million** each year on renewing our assets

Rates **make up** approximately 2/3 of our income

We are proposing to **increase our borrowing by $98m** over the next 10 years

It's our job to not just manage this infrastructure, but to make sure we're planning ahead to support a thriving community, well into the future. That means maintaining, renewing and managing our assets, as well as managing our finances in a responsible way. We have two guiding documents that help ensure we're doing this well:

Our Infrastructure Strategy outlines how we will manage our assets to ensure they keep delivering the expected services over the next 30 years. There are four main challenges that set the starting point for our infrastructure: affordability, compliance, growth and demand, and climate change & resilience.

Our Financial Strategy is the tool we use to help guide our big decisions, to ensure they are prudent, and to ensure that we and the community fully understand the effect of these decisions on our services, our rates and our debt. It focuses on the same four challenges as the Infrastructure Strategy to ensure that our forward planning is well aligned.

The next section of this document highlights some of the key concepts outlined in both of these strategies. The 'How it all adds up section' of this document (pg 37 onwards) also provides a more detailed summary of our Financial Strategy. You can read both documents in full at mpdc.nz/ltp

AFFORDABILITY IS OUR FOCUS FOR THIS PLAN

Costs have gone through the roof in recent years. Every household will have seen this in their groceries, insurance, electricity, fuel etc. And local government is affected by these same cost pressures – along with some even bigger increases in things like contract costs for maintaining roads and water pipes and plants, the cost of chemicals for water treatment, transportation etc. A lot of these costs cannot be entirely avoided, but we can aim to minimise them as much as possible.

So in the short term we're proposing to focus on **affordability** – aiming to keep costs as low as we can for the community.

We're proposing to prioritise:

- *Looking after what we've got:* continuing with our maintenance and renewals programmes to ensure our assets remain in average to good condition.
- *Delivering the same services, to largely the same standard:* We don't think the community wants us to spend more money on extending Council services in the current economic environment – so we're proposing to focus on maintaining our existing assets and delivering our existing services, largely to the same standard. There are some exceptions (like where regulations now require a higher standard, or where reducing our costs might impact service over time). There is more info on those exceptions throughout this document.
- *Smoothing out costs where we can:* There are a range of different ways that we can fund/budget for projects, and these will each impact rates differently. Where it makes sense and is still financially responsible, we're proposing that we smooth those costs out over time. An example is the biosolids (sludge) that have accumulated at the Morrinsville and Te Aroha wastewater treatment plants. This material presents an environmental risk and we have known for some time that it must be addressed. It's expensive to remove (we estimate $8.5 million), but once gone will give us increased capacity in our ponds for a very long time. For that reason our draft budgets plan for getting the work done over the next five years, but spreading the cost to ratepayers over 15 years.
- *Focusing on the projects we MUST do:* There are over 196 potential projects in our work programme – and every one of them would benefit this community. But the reality is that it's not possible or affordable to do them all. We have to choose. We've categorised those projects into:
    - things we **MUST** do - e.g. complying with our wastewater resource consents, or meeting seismic standards for public buildings;
    - things we **SHOULD** do - e.g. upgrades to stormwater systems, or improving walking and cycling connections; and

        - things we **COULD** do – e.g a walkway from Waharoa to Matamata, a stage in the Matamata Civic Centre, or extending the cycleways.

    - We're proposing to focus on the projects we MUST do and a small number of the SHOULD do projects, where we think they have a critical long term benefit. We're also proposing to remove a number of SHOULD do or COULD do projects from our work programme to help minimise the costs. You can read more about all these projects throughout the rest of this document.

- *Changing how we manage our roading budget:* If the costs continue to increase at the current rate, it would cost us about $8.5 million to do the road renewals that we currently do for $7 million. While we could increase the budget (i.e. the work needs doing), we are unsure whether Waka Kotahi/NZ Transport Agency would match the funding – so there is a risk that the entire cost could fall on ratepayers. Our external reports also show that our roads are maintained to a good condition. So we're proposing to reduce part of our road renewal programme to minimise the cost increase. The community won't see a noticeable difference straight away, and we'd aim to prioritise the renewals to try and keep our roads to the same standard (above the minimum standard) – but this may impact the quality of our roads over time e.g. more ruts or potholes, so we want your feedback on this. There is more detail on page 16.

- *Changing how we fund the future replacement of some of our assets.*

  We have over $821 million worth of infrastructure assets. As part of managing those assets now and for future generations, we collect money over time to replace them at the end of their life. How much we collect is based on how much it would cost to replace those assets (their valuation). For our stormwater network, that would mean collecting $12.1 million over the next ten years. Except, we only have $4.6 million worth of stormwater capital work planned in that period (a lot less than $12.1 million). So we are proposing to collect funding for stormwater based on the value of the planned work, rather than the value of the assets. Even looking 30 years ahead, we believe the funding at this level should still collect enough to fund future replacements.

  The renewal or replacement of roading assets is jointly funded by Council and Waka Kotahi. Council expects to continue to receive this subsidy (averaging $3.2 million per year) to cover the funding of almost half of the asset replacements for roading. Without the subsidy, the asset replacements would need to be funded from rates.

  There are risks in the approach we are proposing (e.g. not collecting enough funding at the right time) and these are outlined further in the "Proposed unbalanced budget" section (pg 47). We would regularly monitor and review these as part of our annual budget review process.

- *Increasing our fees and charges*
  While rates are our main source of income, we also receive around 16% of our revenue from fees and charges (such as pool entry fees, or building consent costs). As the costs to deliver our services have increased, we're proposing that a number of the fees and charges should increase too, remaining at 16% of our revenue. We're proposing a number of fee increases, particularly for community venues, pools and spas, cemeteries, building control and animal control fees. While increasing the fees for our services and at our sites is never popular, if we don't increase the fees to cover the income needed, we'd have to increase rates by even more.

OTHER KEY CONSIDERATIONS

While we're proposing to prioritise affordability in this plan, we're also conscious that the decisions we make today, have a flow on affect downstream. So in coming up with this draft plan for community feedback, we've also carefully considered the following:

We are planning for growth

If you see this icon alongside a project identified throughout this consultation document, it's a sign that we think the project is important for catering to a growing district.

Our towns are growing, and are forecast to continue to grow, mostly in urban areas. This growth is great for building thriving communities and it increases the number of ratepayers to split the total rates bill across, but that growth also requires extensions to our infrastructure – like roads, pipes etc. We look to recover the cost of these extensions to our infrastructure from the developers who create this demand, through charging development contributions (DCs). The assets that the DCs fund will cater for growth over a long period of time, so the costs of the growth related expenditure are recovered over 25 years, ensuring that each generation of development 'pays its own way'.

One of the key challenges in this space is ensuring that we are investing in the infrastructure at the right time – not burdening our ratepayers with the costs too early, and not leaving it too long, resulting in a poor service. With affordability top of mind in this plan, we've had to pick our projects carefully. We're giving top priority to the projects we MUST do (compliance projects), followed by the growth-related projects. We have spread these out or staged projects where we can to keep costs as low as possible.

The draft budget includes $51.5 million for growth related projects proposed over the next 10 years. 38% of the cost of these projects is budgeted to be recovered from DCs over this same 10 year period, with 100% recovered over a 25 year period.

Complying with changing regulations from central government

If you see this icon alongside a project identified throughout this consultation document, it's a sign that it's a project we must do to comply with government requirements.

There have been a number of regulatory changes from both central and regional government in recent years – such as changes to the Drinking Water Standards, the RMA, and the introduction of a water regulator (Taumata Arowai). Most of these changes require significant upgrades to our assets or service levels, which come at a significant cost to ratepayers. This can be challenging because for communities, it often looks like exactly the same service (water coming out of the tap, or wastewater being taken away), but it's costing much more to deliver.

For example - in the past we have generally spent around $15 million per year on our water, wastewater and stormwater assets. In comparison, this plan includes $37 million of must do's in year one, $36 million in year two, then $23 million in year three. These are significant increases for projects that we MUST do to comply with the new regulations. For urban ratepayers with water, wastewater and stormwater rates - this will have a big impact. An example of this in action is the new discharge consents and new water treatment plants required to meet the latest legislation - you can read more about these in the projects section.

Capital programme delivery: We are planning for the projects we MUST do to comply with government regulations – but there is a risk that we might not be able to deliver on that plan. The estimated cost over the 10-year period amounts to $350 million and we may not be able to deliver 10-25% ($35 million to $88 million) of the proposed programme. Most of these projects are in the three waters space (water, wastewater or stormwater), having to invest significant funds in upgrading these assets to meet tougher requirements. It is unlikely that the infrastructure industry will be able to meet the demand from local government in the coming years. We will do what we can to plan ahead and deliver on our projects as planned in order to comply with the regulations.

Should we not deliver on our capital programme our expectation is that:

- *Council will need to extend the capital programme beyond the ten-year timeframe and projects costs will probably increase*
- *Borrowing could be less over the ten-year period*
- *We will reprioritise our programme to respond to any asset failures*
- *Our levels of service may be affected*
- *The level of improvement or additional resilience we are seeking will probably not be achieved*

Responding to our changing climate

If you see this icon alongside a project identified throughout this consultation document, it's a sign that we think the project is important for helping our district respond to climate change.

Aotearoa New Zealand is already experiencing the effects of a changing climate, and those impacts are expected to increase over time. Over the next 10 years we propose to undertake a programme of work that will help us to improve the resilience of our assets and services and safeguard our community from the potential impacts of climate change.

The challenge:

- Climate change impacts are projected to increase over time
- We have a key role in looking after the wellbeing of our community
- Council manages many assets that are vulnerable to a changing climate
- There are increasing obligations on Council to respond
- The costs are high

Our response

In response to these challenges we're proposing to focus on the following areas:

- Growing our climate change knowledge
- Protecting our waterways
- Increasing drinking water sustainability
- Reducing our waste
- Developing a climate change strategy

The draft budget includes $10.9 million for projects that we think are important in responding to a changing climate (detailed on page 26 and 28). You can read more about our approach to climate change in part one of our draft Long Term Plan at mpdc.nz/ltp.

Ngā mea e whai tono ana:

What we're proposing:

We consulted widely on our last Long Term Plan in 2021, with lots of great feedback from the community on what our priorities should be to help create a vibrant, passionate, progressive district. This plan is our chance to review that 2021 plan and make sure it's still fit for purpose as a lot has changed in the last three years.

Because of the tough economic environment and uncertainty facing local government (e.g. changing regulations from central government), we have reviewed all the planned projects and chosen to focus on the things we MUST do. We've also included a few of the SHOULD do projects, where we think they have a critical long term benefit. Several other projects have been spread out over time to help spread the costs, or removed from the future budgets to keep costs down.

Alongside all of these projects, we're planning to continue to maintain and manage our existing assets and services. Check out the following sections for more details on each project and proposal. You can also read more about these projects in our Long Term Plan and our Infrastructure Strategy – you can find both of these at mpdc.nz/ltp

WHAT WE'RE PROPOSING TO REDUCE

- Te Aroha Spa **(pg 13)**
- Roading renewals **(pg 16)**
- Walking and cycling improvements **(pg 18)**
- Town Centre infrastructure upgrade **(pg 19)**
- Additional playgrounds **(pg 20)**
- Stage for Matamata Civic Centre **(pg 22)**

WHAT WE'RE PROPOSING TO KEEP THE SAME

- The services we provide **(pg 23)**
- Te Aroha Library **(pg 25)**

WHAT HAS INCREASED

- Resource recovery centres **(pg 27)**
- Morrinsville CBD stormwater upgrades **(pg 29)**
- Wastewater Treatment Plant upgrades **(pg 30)**
- Matamata Stadium **(pg 32)**

WHAT WE ARE UNSURE ABOUT

- Waitoa water **(pg 33)**

How the proposed changes will affect your rates differs based on the value of your property and the services that you receive. The current median capital value of properties across our whole district is $700,000. For all the following projects we've provided an example of how the proposal will affect rates, based on this median value property. Note that some of the proposals are for services with a targeted rate (only charged to properties that receive that service – e.g. wastewater) – where this is the case, it is noted. The 2021-31 LTP project costs have been updated to today's dollars for comparative purposes.

Ngā mea whakaheke e whakaaranga ana

What we’re proposing to reduce

Te Aroha Spa

A history of this project

2017

- Council receives funding from the Provincial Growth Fund to investigate Te Aroha’s tourism potential.

2021

- Council consults on staging the development of an improved spa complex as part ofthe Long Term Plan ($5.3 million).
- Community feedback says “if you’re going to do it, do it properly” Council commits to an $18.9 million spa development if the business case stacks up.
- Project Governance Group is established to oversee the project and give direction. Made up of leading industry experts, and Council and iwi representatives.
- Investigation work for the business case e.g. financial viability, geotechnical issues, geothermal water, cultural values etc.

2022

- Governance Group presents preferred concept to Council, with a cost estimate of $37.7million
- Council endorses the preferred concept in principle, but requires a commercial investor to share the costs and risk.

2023

- Investment case is put to the global market to try and attract an investor.
- Investment cannot be attracted at the level required.

Visit mpdc.nz/spa for more detailed information on this project

The proposed spa development for Te Aroha was a hot topic in the last Long Term Plan, with community support for investing in Te Aroha's spa tourism potential.

We've spent the last three years doing comprehensive investigations, with the advice and support of leading industry experts. The resulting proposal was a spa complex with a cost estimate of $37.7 million. That figure was nearly twice what we had budgeted, but given the potential benefits, we decided to see if we could attract a third party investor to help drive the project forward. The investment case was put out to the global market but didn't attract the level of interest or funding that we hoped for.

Why we're proposing to reduce funding: We committed to developing a spa if the business case stacked up – and we don't believe that the business case stacks up in the current economic environment. Without a third party investor, and with so many other MUST do projects, we don't believe we can justify a $37.7 million spa development.

We still believe that Te Aroha has strong tourism potential and don't want all the groundwork that has been done to go to waste. We are proposing to continue to explore options to help Te Aroha capitalise on its rich spa history and thrive as a tourist destination. That might be developing the existing spa, refurbishing it, or partnering with an investor.

Te Aroha Spa – Tell us what you think

	What was in the 2021-31 Long Term Plan	Council's proposed option – Continue investigating options	Alternative option – Stop work on it all together
	Following community feedback to 'do it properly', Council included $18.9 million for a spa development in Te Aroha if the business case stacked up.	We are proposing to continue to explore options to help Te Aroha capitalise on its rich spa history and thrive as a tourist destination. The draft budget includes $200,000 for scoping and planning works in 2025/26 and $5m for capital in 2026/27 to develop on or refurbish the spa, or make other improvements. Council would come back to the community with further information/details following the scoping phase.	Acknowledging that the business case for a new spa doesn't stack up right now, we could stop work on it all together. We would 'shelve' the work done to date and Council could choose to revisit it at some point in the future. We would continue to operate our existing spas, which already attract tourists to the area - operating at full capacity for most of the year.
Standard of service this would provide	Significant improvement.	Investigation phase – service would remain the same. Capital works – would improve this service.	Same as current service/no change.
Impact on debt	$18.9 million following completion in 2026/27	$5.2 million following completion in 2026/27	$Nil
Average additional operating cost per year	$1.6 million following completion in 2026/27	$494,000 following completion in 2026/27	$Nil
Average additional cost per property per year	$67.04 following completion in 2026/27	$20.18 following completion in 2026/27	$Nil

Roading Renewals

Councils are responsible for managing and maintaining local roads – that's all roads that are not State Highways (which are managed by Waka Kotahi/New Zealand Transport Agency). Our network of local roads is over 1,000km long – that's longer than the entire North Island! But it comes with a hefty price tag – roading accounts for around 20% of our total annual spend, or around $17.8 million. Waka Kotahi/NZ Transport Agency contribute around $6.3 million towards maintenance and capital improvement of the network.

In the current year (2023/24) we will spend around $3 million on pavement maintenance (e.g. pothole repairs, repairing edge breaks etc), and a further $5.1 million on pavement renewals, which includes the resurfacing of our roads (to protect the pavement from rain and wear and tear from traffic) and the renewal of pavement on our roads (to strengthen the pavement).

What we're proposing to reduce: Roading costs have increased dramatically – quite simply, it costs more to do less. Because affordability is our key area of concern for this LTP, and because we're not sure whether central government will contribute additional funding, we're proposing to spread our renewals work programme out over a longer time period and closely monitor the impact this may have on the condition of the roads. Our most recent external report shows that the local roads are maintained to a good condition – so while we would be cutting back the maintenance programme, we believe we could still maintain the roads to the required standard. Even doing less work, the budget for roading renewals would still need to increase to $5.7m.

The catch is that you won't notice the impact of this right away – it could take a couple of years before people start to notice any additional wear and tear on our roads (e.g. more ruts or potholes).

Roading Renewals – Tell us what you think

	What was in the 2021-31 Long Term Plan	Council's proposed option – Reduce our roading renewal programme to cut costs	Alternative option – Keep roading renewals at the current level
	$5.4 million for pavement renewals for 2024/25 to continue to resurface and renew our road network	We're proposing to spread out our road pavement renewal programme over a longer period. We would closely monitor the quality of the road network, and prioritise work to try and keep the roads to the current standard. This would still require $5.7 million for pavement renewals in 2024/25. This is almost a $600,000 increase on the current year, but would result in less works due to the significant cost increases in this area.	There would be less risk of increased wear and tear if we kept our pavement renewal programme at the current level which would require funding of approximately $6.5m. If the community sees this as a priority, we could fund the increase. Waka Kotahi/NZ Transport Agency currently contribute 51% of local roading costs – we could put a proposal to them to increase funding, but we can't be certain that they would approve it, so there is a risk that the community would need to fund the full amount.
Standard of service this would provide	⬇ Continuing to fund at the current level would likely result in a reduction in the service (e.g. more wear and tear on our roads over time)	= We aim to keep the roads to the current standard – but there is a risk of more wear and tear on our roads over time	= Same as current service/no change
Impact on debt	Renewals are funded from Waka Kotahi subsidy, 51%, and rates, 49%. There is no impact on debt.	There is no impact on debt.	There is no impact on debt.
Council's share of additional operating cost per year	$144,000 for 2024/25	$291,000 for 2024/25	If Waka Kotahi contributes 51%: $683,000 If Waka Kotahi do not increase funding: $1.39m
Average additional cost per property per year	$5.87 for 2024/25	$11.87 for 2024/25	If Waka Kotahi contributes 51%: $27.88 for 2024/25 If Waka Kotahi do not increase funding: $56.90 for 2024/25

Walking and cycling improvements

Over the last 10 years we've been focusing on improving walking and cycling connections in our towns. This drive was based on feedback from the community through previous Long Term Plans and our Parks and Open Spaces Strategy - highlighting that safe walking and cycling connections create healthier and more attractive communities. To support this, we have developed strategies, acquired land, developed some connections (e.g. tracks or paths) and worked with developers. It has also included some work around our schools to improve safe travel to and from schools.

Why we're proposing to reduce funding for this: We're proposing that to keep costs down, we stop budgeting for new walking and cycling connections, and safety improvements for walking and cycling. We'd keep working with developers to ensure that any new developments have good walking and cycling connections, and would keep the existing land and strategies on the back burner in case opportunities for third party funding come up (such as the Transport Choices funding that recently funded the perimeter walkway at the Morrinsville Rec Grounds), or opportunities to partner with other community groups.

Walking and cycling connections – Tell us what you think

	What was in the 2021-31 Long Term Plan	**Council's proposed option – stop budgeting for new walking and cycling connections and safety improvements**	**Alternative option – Continue to steadily improve walking and cycling connections, but over a longer time frame**
	Council included $9.3m over 10 years for a 'slow but steady' approach to improving walking and cycling connections, including • Tower Road Matamata pedestrian $50,000, planned for 2024/25 • Hinuera to Piarere cycleway $1.76m over 2 years, planned for 2026/27 • Te Aroha to Matamata cycleway offshoots minor upgrades $175,000, planned for 2027/28 Te Aroha to Morrinsville cycleway $5.4m over 5 years, planned for 2035/36.	We're proposing that to keep costs down, we stop budgeting for new walking and cycling connections, and safety improvements for walking and cycling. The only walking and cycling connection included in the draft budget is $50,000 in 2024/25 for Matamata pedestrian improvements on Bridie Ave.	We could continue to steadily improve walking and cycling connections by spreading the projects over a longer period. • Tower Road Matamata pedestrian $50,000, completed 2024/25 • Hinuera to Piarere cycleway $1.8m over 4 years, completed 2028/29 • Te Aroha to Matamata cycleway offshoots and minor upgrades $187,000 over 2 years, completed 2028/29 Te Aroha to Morrinsville cycleway $3.2m over 3 years of this LTP ($6.5m in total), completed 2042.

Standard of service this would provide	Improvement to existing walking and cycling networks	No change/minor improvement to existing walking and cycling networks	Improvement to existing walking and cycling networks
Impact on debt	$9.3 million after 10 years	$50,000 on completion of project in 2024/25	$6.2 million after 10 years
Average additional operating cost per year	$361,000 over 10 years	$3,600 per year following completion of the project	$263,000 over 10 years
Average additional cost per property per year	$14.75 over 10 years	$0.15 per year following completion of the project	$10.74 over 10 years

Town centre infrastructure upgrades

In the last Long Term Plan there was strong community support for revitalising our town centres. We included over $3 million over five years for capital upgrades (things like bins, new footpaths, new street furniture, or other street infrastructure etc), as well as developing place plans for all three town centres

Why we're proposing to reduce funding for this: Over the last few years we've worked alongside the community to develop place plans (Pride of Place) for all three town centres. The direction from those plans hasn't been about costly bricks and mortar improvements – but about partnerships and activities that create a sense of vibrancy and chances for people to connect. Based on that feedback, we're proposing to prioritise maintaining and renewing the existing infrastructure over doing any major upgrades. This would mean removing the new capital funding, but continuing with operational funding to deliver on Pride of Place.

Town centre infrastructure upgrades – Tell us what you think

	What was in the 2021-31 Long Term Plan	Council's proposed option – prioritise maintenance and renewals and Pride of Place	Alternative option – Stick to the plan
	The Long Term Plan included a town centre revitalisation project, including comprehensive engagement, designing changes with the community to reflect their aspirations for the CBDs. This included both operational funding, maintenance funding and	We're proposing to prioritise maintaining and renewing the existing infrastructure over doing any major upgrades. This would mean removing the new capital funding, but continuing with operational funding to deliver on Pride of Place – focussing on making	If the community sees this project as a priority, we could keep capital funding in the Long Term Plan (as well as the operational funding and maintenance/renewal costs). Because costs have significantly increased over recent years, we'd need to increase the amount of funding to say $1m per year

	$648,000 per year for the first five years of capital funding for infrastructure upgrades	our towns vibrant places for people to connect.	for the first five years, be able to do meaningful upgrades.
Standard of service this would provide	Improvement to town centres	No change/minor improvement to town centres	Improvement to town centres
Impact on debt	$3.4 million following completion in 2031/32	$Nil	$5.2 million following completion in 2028/29
Average additional operating cost per year	$401,000 following completion in 2031/32	$123,000 per year over 10 years, the majority of which is funded from reserves rather than rates	$566,000 following completion in 2028/29
Average additional cost per property per year	$16.37 following completion in 2031/32	$0.20 per year over 10 years	$23.10 following completion in 2028/29

Additional playgrounds

When we're planning ahead we generally look at the whole community and try to make sure that everyone has access to a playground within a 10-15 minute walk. Playgrounds are important for many reasons – they encourage active, healthy communities, they help develop cognitive and physical skills, and they are often a social hub in communities. We have invested quite a bit in play over recent years – most notably at Thomas Park and Davies Park in Morrinsville, and the current Matamata Domain redevelopment.

Why we're proposing to reduce funding for this: when we consulted on our last Long Term Plan, there was a strong demand from the community to invest in play. So we commited to a significant new/upgraded playground in all three towns, as well as new neighbourhood playgrounds to support growth and playground improvements (on top of maintenance and renewals of existing playgrounds). Since then, we have developed two new major playgrounds in Morrinsville and are well underway on a community-led playground project in Matamata. Because funding is committed and work is already underway on the Matamata playground project, we consider this a MUST do project. We also think we SHOULD continue with the plan to develop a new playground in Te Aroha because we've invested in play in the other towns, and a great playground would complement the tourism offerings of the town.

To keep costs down, we're proposing that we limit new playgrounds to these major play projects. We would continue to maintain and renew existing play equipment, but wouldn't build new playgrounds as our towns grow or make improvements to existing playgrounds – for example, we wouldn't be able to build playgrounds in new residential areas off Tower Rd and Mangawhero Rd in Matamata or add additional equipment to existing playgrounds.

Additional playgrounds – Tell us what you think

	What was in the 2021-31 Long Term Plan	Council's proposed option – Limit playground improvements to the planned new playgrounds for Matamata and Te Aroha	Alternative option – Cut costs further by deferring the Te Aroha playground
	Council included $4.4 million over 10 years to provide spaces for the community to play and connect. Of those projects not yet started, this included: • Destination playgrounds in Matamata, and Te Aroha were planned for 2025/26 $1m, and 2026/27 $1m. • Additional playgrounds for Matamata to cater to growth $100,000 in 2022/23, and $200,000 in 2023/24. • Additional playgrounds to cater for growth $240,000 between 2027/28 and 2029/30 • Playground improvements $20,000 per year over 10 years Playground renewals $45,000 per year over 10 years	To keep costs down, we're proposing that we limit new playgrounds to the planned, new playgrounds in Matamata and Te Aroha (one per town): • Matamata - $1.5m in 2024/25 • Te Aroha - $1.5m in 2026/27 We would continue to maintain and renew existing play equipment ($54,000 per year), but wouldn't build new playgrounds as our towns grow or make improvements to existing playgrounds	Times are tight financially, and Te Aroha isn't growing as rapidly as Matamata and Morrinsville. If the community no longer sees play as a priority we could defer the new Te Aroha playground until the next Long Term Plan (i.e. 2028/29) to reduce the financial burden right now.
Standard of service this would provide	Significant improvement to existing playgrounds	New/enhanced playgrounds in Matamata and Te Aroha	Improvement to the existing services in Matamata, and keeping the service the same in Te Aroha and Morrinsville
Impact on debt	$2.6m after 10 years	$3.07m from completion in 2026/27	$1.5m from completion in 2024/25
Average additional operating cost per year	$472,000 after 10 years	$500,000 from completion in 2026/27	$245,000 from completion in 2024/25
Average additional cost per property per year	$19.26 after 10 years	$20.44 from completion in 2026/27	$10.01 from completion in 2026/27

Stage for Matamata Civic Centre

When we built the Matamata-Piako Civic and Memorial Centre in 2016 we didn't include a stage, green rooms and dressing rooms to keep the project within budget - but the building was designed so they could be added later. In 2020 the Matamata community strongly advocated for a stage to be included, so we committed to investigating this.

Why we're proposing to reduce funding for this: We're proposing that to keep costs down, we remove this project from our work programme and maintain the level of service we currently provide. This project could still be picked up again in future, but we don't believe it is a priority in the next ten years when we have so many other projects we MUST do.

Matamata Civic Centre stage – Tell us what you think

	What was in the 2021-31 Long Term Plan	**Council's proposed option – Remove this project from our work programme**	**Alternative option – Keep the project in the work programme, but defer it a few years.**
	We had previously budgeted $230,000 in 2026/27 for investigation work and seed funding – highlighting that if the community wanted this project to proceed, they'd need to raise the funds for the capital work.	We're proposing that to keep costs down, we remove this project from our work programme and maintain the level of service we currently provide.	If the community wishes to see this project go ahead, we could keep it in the plan, but push it out a few years to 2029/30 - the down-side of this being the longer we push it out, the more it is likely to cost due to inflation.
Standard of service this would provide	Improvement to civic centre facilities	No change/same as current service	No immediate change, with future improvements
Impact on debt	$230,000 following completion in 2026/27	$Nil	$245,000 following completion in 2029/30
Average additional operating cost per year	$20,000 following completion in 2026/27	$Nil	$31,000 following completion in 2029/30
Average additional cost per property per year	$1.15 following completion in 2026/27	$Nil	$1.25 following completion in 2029/30

Ngā mea kua tau ōrite

What we're proposing to keep the same

This section outlines things that we are proposing to keep the same as consulted on in our 2021-31 Long Term Plan. The options tables don't have a 'What was in the 2021-31 Long Term Plan' column, because this is the same as option one/the proposed option.

24 The services that we provide

Removing or deferring large projects does help reduce the impact on rates, but not by as much as you might expect. This is because these are usually capital projects, funded by loans that are paid back over a number of years - so the financial impact on rates each year is usually quite small. A bit like when you buy a car, you can choose to get a loan and pay it off over a number of years to reduce the cost up front.

The other type of cost is operating costs - the upfront costs you pay to operate that vehicle (like petrol, a warrant of fitness, and servicing costs). Our upfront costs are things like staff, insurance, electricity, software licences, chemicals etc. These costs typically increase over time due to inflation and growth e.g. needing to employ more staff to maintain our growing parks, cemeteries, toilets, and other facilities, etc. Adding more operating costs to our budget can often have a bigger impact on rates than capital projects, because the costs are usually ongoing for years to come rather than one-off costs to complete the project.

There are some operational costs we can't change. We are required to process consents within certain time frames, we have to manage health and safety for staff and the public, we need the internet and software to deliver our services etc. But there are areas where we can choose the standard of the service we provide - like how often we open pools or libraries, how many urgent LIM (Land Information Memorandum) Reports we can process for people buying a property, how quickly customers get served, or how often we mow reserves.

We've repeatedly trimmed and cut our operational budgets over recent years - to the point where we can't cut more without actually cutting some of our services. We'd need to make some **significant** cuts to actually make a dent in this rates increase, and we would prefer not to do this, as we believe the services we choose to deliver (like pools, parks and libraries) are the services that make a huge difference to wellbeing in our community.

The services that we provide – Tell us what you think

Tell us what you think	Council's proposed option – Continue to provide all the current services, to mostly the same standard	Alternative option – Cut council services to get the rates increase lower
	We're proposing to continue to provide all our current services to the current standards - unless otherwise covered in this document We've repeatedly trimmed and cut our operational budgets over recent years - to the point where we can't cut more without actually cutting some of our services. We'd need to make some significant cuts to actually make a dent in this rates increase, and we would prefer not to do this, as we believe the services we choose to deliver (like pools, parks and libraries) are the services that make a huge difference to wellbeing in our community.	We could make cuts to some of our services to get the rates increase lower - but we'd need to make some significant cuts across multiple services to make a dent in this rates increase. For example we could: • Stop mowing some reserves, or reduce mowing/maintenance • Close the Waihou Transfer Station • Review operating hours and/or the future direction of our facilities - such as pools, libraries, Council offices, Firth Tower, and Te Aroha i-SITE • Increase user fees so ratepayers are not contributing to some facilities - such as the aerodrome • Reduce community grants and funding to regional initiatives (like the regional economic development agency, or the regional tourism agency, or Waikato Screen)
Standard of service this would provide	= No changes or minimal changes to the services we provide	⬇ Reduced services across <u>all</u> the areas listed above
Total cost to deliver all Council services	$84.3 million for 2024/25	$82.5 million for 2024/25
Rates for 2024/25 for an average urban property*	$3,648.55 (15% increase on 2023/24)	$3,583.08 (13% increase on 2023/24)
Rates for 2024/25 for an average rural property^	$5,343.78 (9% increase on 2023/24)	$5,020.00 (2% increase on 2023/24)

** Average urban property example has a CV of $640,000, is connected to water, wastewater, stormwater networks and receives a kerbside collection service*

^ Average rural property example has a CV of $3.165m, is not connected to water networks and has no kerbside collection service

Te Aroha Library

The Te Aroha Library is a beautiful historic building – but it also requires earthquake strengthening, and doesn't meet some of the practical needs of a modern library.

We believe libraries are an essential service. They provide traditional services like access to books and lifelong learning, but they are also community spaces - a space for people to gather and connect, as well as supporting literacy, digital programmes and bridging the digital divide by providing access to wifi, computers, printers and scanners.

To continue providing a library in Te Aroha we MUST do something about this building (meeting seismic standards as a minimum). At the same time, we think we should review our information centre, public meeting spaces, and office space. We are proposing to investigate and deliver a suitable building (relocating, upgrading or a new build) to ensure Te Aroha continues to have library services for years to come.

Te Aroha library – Tell us what you think

Tell us what you think	Council's proposed option – investigate and deliver a suitable building to continue providing library services in Te Aroha	Alternative option – Close the Te Aroha Library
	We are proposing to investigate and deliver a suitable building to ensure Te Aroha continues to have library services for years to come. While more investigation is required to determine what this project might involve, we know we MUST do something about this building. So we are proposing to include $4.7 million between 2026-2028 (this was $4 million in the 2021-2031 LTP but has been increased to allow for inflation). We would come back and consult with the community in more detail once we have more information	We know there are people that don't use libraries, or don't see them as important. If there was a strong community view that Council should not replace or relocate the library, Council could consider closing the Te Aroha library, and only operating in Morrinsville and Matamata.
Standard of service this would provide	= Minimum of existing level of service. Possible increases would be identified through the business case.	⬇ Reduced library services for Te Aroha
Impact on debt	$4.7m following completion in 2027/28	$Nil
Average additional operating cost per year	$322,000 following completion in 2027/28	$262,000 estimated reduction in operating costs per year
Average additional cost per property per year	$13.15 following completion in 2027/28	$10.71 estimated reduction in rates per year

Ngā mea kua piki ake

What has increased

Resource recovery centres

Separating our waste streams (e.g. e-waste, batteries, green waste, food waste, hazardous goods) – keeping these things out of landfill, is good for our environment and for our climate.

Another proposal that received wide support from the community as part of the 2021 Long Term Plan was establishing Resource Recovery Centres in Matamata and Morrinsville to divert more waste from landfill instead of just transferring waste from A to B.

We started early investigation work on these, but identified that our existing transfer station sites are not fit for purpose for the longer term– all three would require multi-million dollar upgrades. Waihou in particular requires around $4-5 million in upgrades just to keep offering the same transfer station services – that's before we even start looking at improvements to divert waste from landfill.

Aotearoa New Zealand can't afford to keep creating rubbish and putting it in big holes in the ground – we need to change how we manage our waste.

Why are we proposing to increase funding? The three sites we currently operate need significant investment to make them fit for purpose - and those costly upgrades would still only be a 'sticking plaster' approach while NZ continues to upgrade its waste infrastructure. We know that providing rubbish and recycling services to the community is important - so we're proposing to continue with upgrades to our existing sites to keep them compliant and operational.

But alongside these upgrades, we think we need to think differently about the future of how our district manages waste. We want to do a more detailed business case on resource recovery options than we signalled in 2021, and include an additional option for consideration: creating one custom-built resource recovery hub for the whole district and closing or reducing some or all of our current sites.

We consider this business case a MUST do, to make sure that whatever we decide to invest in will continue to comply with national standards, benefit the environment, and be more cost effective for residents and ratepayers.

We're not asking for feedback on this yet – it's too soon. We'll do more investigation and come back to the community with more detailed options and costs. But this is likely to be a major project in the next 10 years, so we wanted to flag this to the community, and help people understand what's coming up

	What was in the 2021-31 Long Term Plan	What we've included in this plan: Upgrade existing transfer stations and expand the scope of the resource recovery centres project
	Following community feedback we budgeted: $6.5 million over 2023/24-2030/31 to develop resource recovery facilities in Matamata and Morrinsville, and upgrade the Waihou (Te Aroha) transfer station to improve functionality and health and safety.	We're proposing to complete $2 million worth of work to our existing sites between 2024-2026, to keep them compliant and operational. Alongside these improvements we believe we MUST develop a business case for more future-focussed options for handling our waste, including the option of one centralised facility. We know we need to do something to improve how we manage waste in the long term – so we are proposing to include $5.5m in 2026-2029 for a resource recovery hub. We will consult with the community in more detail once we have more information
Standard of service this would provide	⬆ Improvement to rubbish and recycling services	= Initially this proposal would maintain rubbish and recycling services A proposal to improve these services would be bought back to the community for further consultation.
Impact on debt	$6.5 million following completion in 2025/26	$7.96 million following completion in 2028/29
Average additional operating cost per year	$284,000 following completion in 2025/26	$734,000 following completion in 2028/29
Average additional cost per property per year	$11.60 following completion in 2025/26	$29.97 following completion in 2028/29

Morrinsville Stormwater Upgrades

More frequent and severe weather events are impacting our communities and underlining the importance and urgency of acting now.

Severe weather events in recent years have resulted in flooding in Morrinsville – particularly in the CBD. This has a significant impact on our business community, as well as locals going about their day-to-day lives.

Why are we proposing to increase funding?

The increase in flooding events and likelihood of future ones means we can't afford to continue to defer stormwater upgrades in Morrinsville. We're proposing to do $1.5 million worth of improvements in the Morrinsville CBD in year one. We're also planning to improve our planning and modelling of stormwater in Matamata and Te Aroha to inform future works. We're not seeking feedback on this as we believe it is work we MUST do for the safety of people and property – it's in this document for transparency because we think it's important that people understand the key projects that are driving up our costs.

	What was in the 2021-31 Long Term Plan We had previously budgeted $100,000 per year for minor stormwater upgrades across the district	**What we've included in this plan: Improvements to Morrinsville CBD stormwater and improving our planning information** We're proposing to do $1.5 million worth of improvements in the Morrinsville CBD in year one. We're also planning to improve our planning and modelling of stormwater in Matamata and Te Aroha to inform future works.
Standard of service this would provide	= Improvements towards achieving the standard we agreed with the community	= Accelerating improvements to work towards achieving the standard we agreed with the community
Impact on debt	$1.1m after 10 years	$1.9m following completion in 2025/26
Average additional operating cost per year	$26,000 over 10 years	$161,000 following completion in 2025/26
Average additional cost per property connected to stormwater per year	$1.06 over 10 years	$19.46 more per year

Wastewater Treatment Plant Upgrades

We own and operate five wastewater treatment plants that take sewage and wastewater from your home and clean/treat it before putting it back in the environment. In recent years, central government introduced much stricter rules about wastewater discharge to try and improve thehealth of NZ's natural environment. We've been making small improvements towards meetingthose standards.

Our resource consents to discharge treated wastewater back to land or waterways are due for renewal between 2024 and 2026, and to save time and money we have grouped them together as one resource consent for all five sites. As part of this process we are going to need to upgrade all of our wastewater treatment plants to comply with the new environmental regulations. Alongside this work we are also planning to increase the capacity of our plants to cater for growth.

This is a massive work programme that we MUST comply with, as we can't operate wastewater treatment plants without a consent.

The one area where we have a choice and can manage the costs, is how we accommodate growth. We are choosing to stage the upgrades to our plants, to minimise the cost impact on our community. For example, we're planning to spend $47 million between 2024-2026 on upgrading the Matamata Wastewater Treatment Plant, and a further $20 million in 15 years to accommodate growth. Staging this work will mean we end up spending more in total, but will spread the cost out over time, and limit the financial burden right now, when things are tough for many New Zealanders.

Why are we proposing to increase funding? There have been a number of regulatory changes from both central and regional government in recent years - particularly changes to the Drinking Water Standards and the National Policy Statement for Freshwater 2020. At the same time, a new water regulator, Taumata Arowai has been established, and charged with overseeing the water services sector and ensuring that we are compliant with the new regulations. Complying with these new requirements has meant the costs are significantly higher than we originally budgeted and in many cases the timing of the work has had to be moved forward.

Here's a comparison of what we expected to be required to upgrade our Wastewater Treatment Plant in the last LTP compared to what these upgrades look like now with the increased compliance requirements and the impact of rising costs (inflation) over the last three years.

Required Treatment Plant Upgrades	**2021 LTP budget**		**2024 Proposed LTP budget**	
	Estimated cost	**Estimated timing**	**Estimated cost**	**Estimated timing**
Matamata	$11.8m	2025/26 -2028/29	$46.9m	2024/25 – 2025/26
Morrinsville	$4.1m	2025/26 -2026/27	$7.3m $19.2m	2026/27 2033/34
Te Aroha	$5.6m	2026/27-2028/29	$3.1m*	2026/27
Tahuna	$Nil		$2.2m	2028/29
Standard of service this would provide	= Improvements towards complying with new regulations		= Improvements towards complying with new regulations	
Impact on debt	$18.3m		$76.7m	
Average additional operating costs	$1.97m over 9 years		$4.59m over 10 years	
Average additional cost per household connected to wastewater:	$188.69 per year over 10 years		$444.08 per year over 10 years	

**Given the scale of works required across the district, the upgrade of the Te Aroha treatment plant is proposed to be staged with stage 1 in 2026/27 as indicated, and stage 2 in 2035/36 at an estimated cost of $18.8m.*

We're not seeking feedback on this as we MUST provide wastewater services for our communities and we MUST comply with the legal requirements. It's in this document for transparency because we think it's important that people understand the key projects that are driving up our costs.

Matamata Stadium

We made a commitment in 2018 to Matamata Futures Trust to provide $2 million towards a new indoor stadium for the community, located at Matamata College. Once it is complete, Council will be the majority owner of the stadium and the Ministry of Education will own the balance. The actual ownership shares will relate to the funding contributed by Council, the community and the Ministry of Education. Legal agreements with the Ministry of Education and the Matamata College Board of Trustees are still underway to formalise the ownership agreement. The facility will be managed by Council.

Why are we proposing to increase funding? As the project planning progressed and costs increased, the project governance team requested an increase in Council's contribution, to $3 million.

The timing of this funding was always subject to Matamata Futures Trust raising the balance of the funds required, with Council's contribution to be made once construction began. It was initially expected to begin in 2023, but project and funding delays meant that this funding was not drawn down until 2024.

We're not seeking feedback on this as we consider it a MUST do project, as it is already well underway. It's in this document for transparency because we think it's important that people understand the key projects that are driving up our costs.

	What was in the 2021-31 Long Term Plan We had previously budgeted to contribute $2m of funding in 2023/24, subject to Matamata Futures Trust raising the balance of the funds required.	**What we've included in this plan:** $3m towards the stadium in 2024/25
Standard of service this would provide	Improvement in access to sports facilities in the district	Improvement in access to sports facilities in the district
Impact on debt	$2 million from 2023/24	$3 million following completion in 2024/25
Average additional operating costs	$108,000 from 2023/24	$489,000 following completion in 2024/25
Average additional cost per household per year	$4.42 from 2023/24	$19.97 following completion in 2024/25

Ngā mea kore mōhio

What we're unsure of

There is one other significant project that we think it's important to be transparent about – but at the moment we don't have enough information to consult on it:

Waitoa water supply

Due to central government changes Fonterra have decided that they cannot continue to be the water supplier for the village of Waitoa. Taumata Arowai (the new water regulator) requires Council to help come up with a solution, so we have been working alongside Fonterra and the residents of Waitoa for the last few years to investigate potential options for around 120-150 residential properties in this settlement.

At the time of writing this consultation document we are still working on the options and the financial impacts. Once we have this information the residents of Waitoa will have the opportunity to decide whether they wish to be connected to a Council supply. If the community does decide to connect to a Council supply, the town is likely to be connected to the Te Aroha Water Supply via a trunk main that supplies a nearby industry. There would be no need for any additional treatment facilities, and Council already provides water to a number of similar small rural settlements.

Because we are unsure at this stage whether or not Council will need to invest in this water supply, we have not included any funding in the draft budget for the Waitoa water supply. If the residents do choose to connect to a Council supply, we would consult with affected people after the Long term Plan is adopted.

Te tirohanga whakamua

Looking further ahead

Part of planning ahead for the future is recognising that we can't do everything at once – it isn't practical or affordable. So here are a few of the other key projects that we're planning in years 4-10 of the ten year plan. As these ones are several years out, we don't have a lot of detail on them just yet, and the community will get another chance to give feedback/input into these projects closer to the time.

SWIM ZONE MORRINSVILLE

One of the most common requests we hear from the Morrinsville community is to upgrade the pool and have it open all year round. The pool is nearing the end of its asset life and we'll be looking to upgrade/replace it, with planning starting in year four of this plan (2028/29). The pool upgrade will be a major project, and the community will have the chance to share their ideas and input into the design.

What is in the budget:	$18.1 million, spread over four years, completed 2031/32
Standard of service this would provide	= At least maintain the level of service we currently provide. Possible improvements to the service would be worked through with the community.
Impact on debt	$18.1 million increase by 2031/32
Average additional operating cost per year	$1.8m following completion of the project
Average additional cost per property per year	$75.61 more per year (following completion of the project)

WATER METERS

There is a lot of uncertainty around how water services will be managed in future - but if it does remain our responsibility, we anticipate we will need to install water meters. Water is a precious resource, and in recent years we have seen tighter controls on how much we can take and treat. Making people pay for their actual consumption is a proven way to reduce water consumption, usually reducing total demand by up to 20%. Reducing water consumption/demand for treated water also helps with leak detection/loss reduction and delay the need to do expensive upgrades to increase capacity. If we do go ahead with this, it would be from year 4 of this plan (2027/28).

What is in the budget:	$4.1 million for 2027/28 and $3.4 million for 2028/29
Standard of service this would provide	= No change to water services
Impact on debt	$7.4 million increase by 2028/29
Average additional operating cost per year	$1.2m following completion of the project, (but not including potential cost savings from reduced consumption).
Average additional cost per property per year (only properties connected to water supply)	$107.11 more per year (following completion of the project)

Te katoa

How it all adds up

To proceed with everything we're proposing we would need to collect an additional $8 million in rates (including metered water rates) in the year ahead

Before you look at the example properties to see how these proposals may affect your rates, check out these explanations of the different kinds of rates, and who pays what.

What are rates? Rates are a form of tax, and the basic principle of a tax is that everyone pays to benefit the greater community. They're not necessarily about paying for the services you use or receive - they're about everyone paying a portion towards making their community a great place to live.

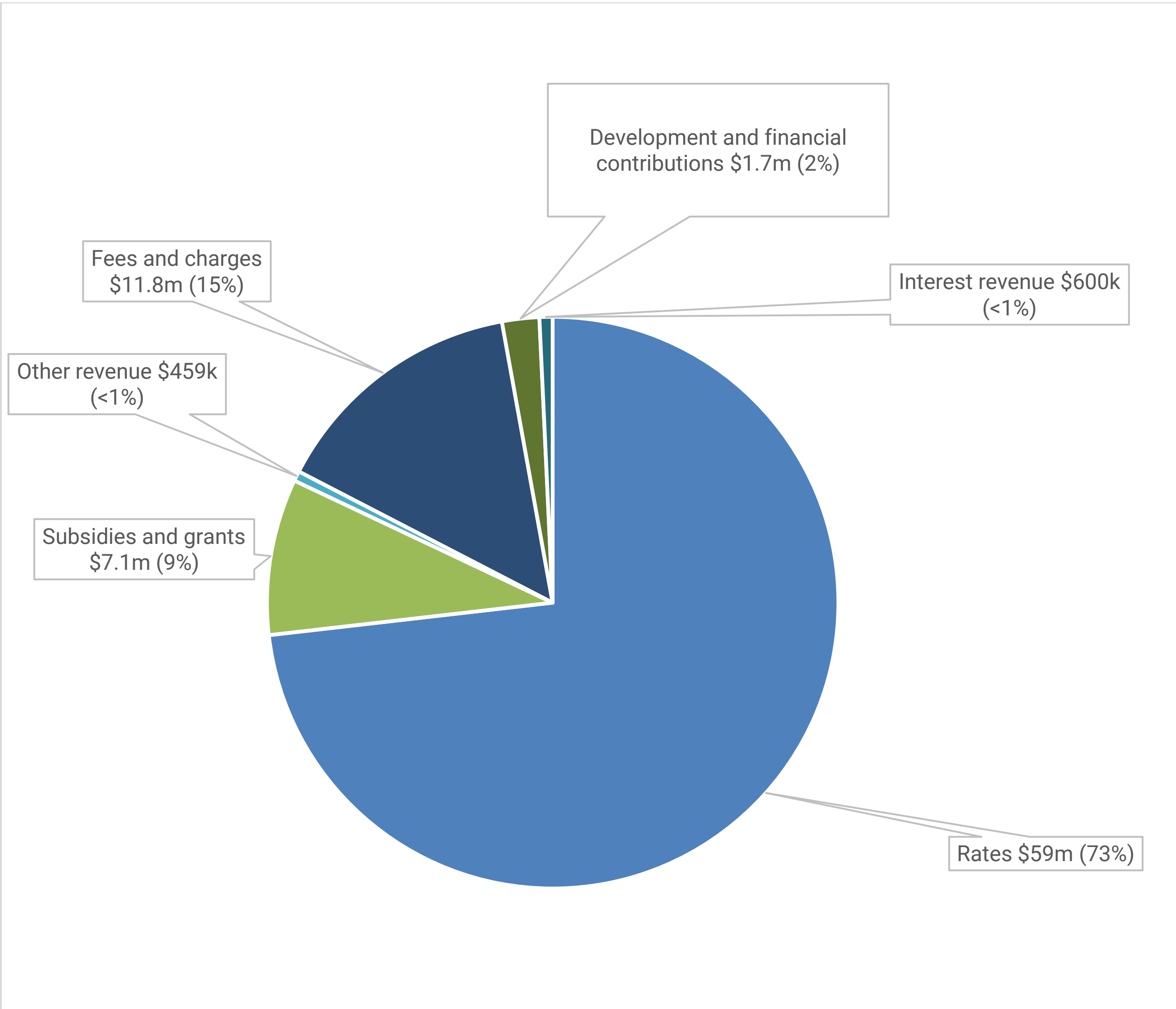
Our rates are made up of a mix of tax-based systems, and user pays charges

Tax based rates (known as 'general rates') generally contribute towards services that everyone benefits from – such as roads, libraries, parks and reserves, democracy, pools, online services, civil defence etc. There are two kinds of general rates:

- Capital value: the higher value your property is, the higher rates you pay
- Uniform Annual General Charge (UAGC): a set fee charged to all properties. The UAGC is designed to 'level the playing field' so that the gap between high value and low value properties isn't so significant.

User pays charges (known as 'targeted rates') are rates charged for specific services that are only charged to the people who receive that service - such as rubbish collection, water and rural halls.

Our proposed sources of income (2024/25)



This pie graph represents the total amount of money ($80.9m) we would need to collect in 2024/25 to deliver our services, and how we're proposing to fund them. Note that there are other ways we could cut the pie (for example, less rates and more fees and charges) but no matter how many pieces you cut a pie into, the total size of the proposed pie remains the same - we still need to collect the same amount of money to provide these services.

This graph also highlights the few options Councils have for raising income. Council have been lobbying central government to make changes and give local government more tools for raising income. Including asking central government to pay rates on their own properties!

Rates: Rates are Council's main source of income. We'd like to have more options (such as a tourist tax, or receiving a portion of GST), but at the moment, the tools within the Rating Act is the only option we have.

Fees and charges: the other user pays charges are our fees for using specific services – such as pool entry, building or resource consents, venue hire fees, transfer station fees, dog registration and more. Most services funded through fees and charges are also subsidised through general rates.

We're proposing some significant rates increases – but we're also proposing some significant increases to various fees and charges. This is a conscious decision about 'how we cut the pie'. Our costs have gone up significantly and we have to cover those costs – we can either recover it ALL through rates, or recover some of it through higher fees (i.e. more user pays). We think it's fairest to split those increases across both where possible.

Our draft Fees and Charges are being consulted on alongside this Long Term Plan – you can find out more at mpdc.nz/fees

Subsidies and grants: Waka Kotahi/New Zealand Transport Agency contributes 51% of costs towards our local roading network. We also receive occasional grants from central government towards specific projects – past examples are the Provincial Growth Fund projects, Tourism Infrastructure Fund, and Transport Choices projects.

With the changing government it is difficult to predict what grants and subsidies will be available for this Long Term Plan. To the best of our knowledge, these subsidies will remain the same, and we have budgeted based on this assumption (e.g. that we will receive our existing level of funding towards roading).

Interest revenue: Council continues to carry a small cash investment of $5.4 million (originating from the Power New Zealand share distribution many years ago). Interest revenue from the fund is used to offset rates, and the fund itself provides a source of emergency funding - for example in the case of a natural disaster. If there is any surplus cash between rates instalments this also earns interest revenue.

Development and Financial contributions: As the district grows, our extensive roading, water, wastewater and stormwater networks need to grow to support this growth. To help fund the cost of this, developers are charged a 'Development Contribution'. Our Development Contribution Policy is being consulted on alongside this Long Term Plan – you can find out more at mpdc.nz/ltp

Other revenue: Includes things like regional petrol taxes, and fines and infringement fees.

YEAR ONE 2024/25 - HOW WILL IT AFFECT YOU?

> ⚠ *How the proposed changes will affect you varies depending on the value of your property and the services you receive. Search your address at mpdc.nz/rid to see exactly how the proposed changes would impact your rates.*

Average urban property:

$676,800
AVERAGE URBAN PROPERTY IN OUR DISTRICT

3,210
CURRENT RATES

3,691
PROPOSED RATES 2024/25

That's an increase of $481, or $9.25 per week.

This property pays

- **General rates** and a **UAGC** towards services everyone benefits from – like roads, libraries, parks and reserves, democracy, pools, online services, civil defence, parks and tracks etc
- And targeted rates for some specific services that this property receives - **kerbside collection, water, wastewater, and stormwater**

Urban rates can seem high when compared to lifestyle and rural properties, which generally have higher capital values. This is because urban properties receive extra services like kerbside collection and water, and pay targeted rates for these. Costs in those areas have increased significantly in recent years (and continue to increase) as central government introduce new rules, taxes and standards that Council must meet.

Average lifestyle property:

$1,030,092

AVERAGE LIFESTYLE PROPERTY IN OUR DISTRICT

2,120

CURRENT RATES

2,377

PROPOSED RATES 2024/25

That's an increase of $257, or just under $5 per week.

This property pays

- **General rates** and a **UAGC** towards services everyone benefits from – like roads, libraries, parks and reserves, democracy, pools, online services, civil defence, parks and tracks etc
- A lifestyle property would not usually pay any targeted rates unless they are close enough to a town to receive metered water or maybe kerbside collection services, or are included in the catchment for a rural community hall.

Average rural property:

$3,817,000

AVERAGE RURAL PROPERTY IN OUR DISTRICT

5,764

CURRENT RATES

6,228

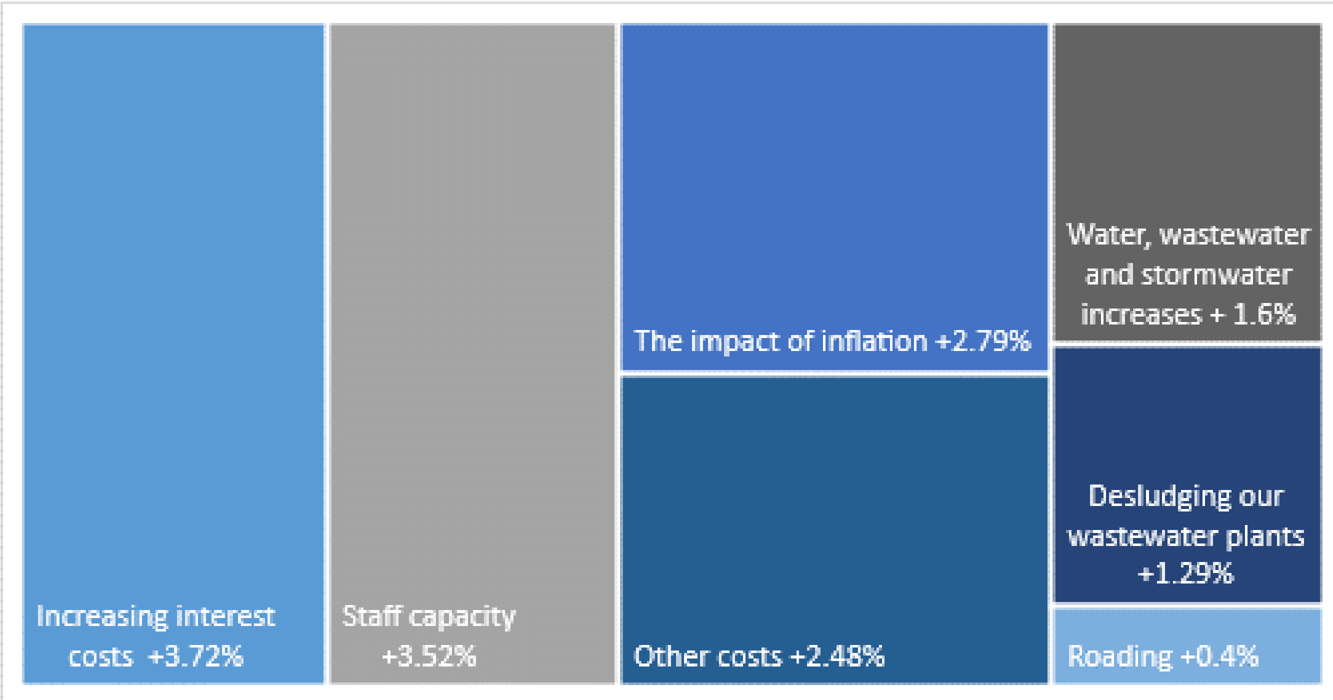
PROPOSED RATES 2024/25

That's an increase of $464, or just under $9 per week.

This property pays

- **General rates** and a **UAGC** towards services everyone benefits from – like roads, libraries, parks and reserves, democracy, pools, online services, civil defence, parks and tracks etc
- And targeted rates for a nearby **rural hall**

YEAR ONE 2024/25 - WHAT'S DRIVING THE PROPOSED TOTAL RATE INCREASE OF 15.7%?



Increasing interest costs

Everybody will know that interest rates have continued to increase over the last 12 months. This also affects Council as we borrow money to pay for capital projects (i.e. buildings or infrastructure), and we are planning to borrow an additional $41 million in year one to fund our MUST DO capital projects.

The impact of inflation

When we forecasted our future rates increases in 2021 they included around 2.5% inflation – what we've seen over the last few years has been MUCH higher. These inflationary pressures will be no surprise to anybody as we've all seen groceries and other household bills increasing over the last few years. While what we buy is different to a household - like pipes, bitumen, and chemicals for water treatment, these costs have all increased too. For 2024/25 our experts project Local government inflation (based on the Capital Goods Price Index) to be 3.9%. These increases drive up our operating costs, and make up nearly 3% of the total proposed rates increase this year. It is important to note that our budgets and projections are sensitive to any changes in inflation. In putting together this 10 year plan, we have relied on the assumptions that the experts have provided, but any fluctuations will require Council to consider, as we do with each Annual Plan, the impact on services and/or rates.

Roading

The cost of operating the road network (road marking, mowing, pot holes etc) has risen over and above the standard rate of inflation outlined above.

Water, wastewater and stormwater increases

The additional regulations introduced by central government in our three waters activities (e.g. reporting on water quality) come at a cost. We've covered some of the capital costs throughout this document, but there are also increases to the day to day operating run our treatment plants and undertake the necessary monitoring to ensure we comply with our resource consents and regulations.

Staff capacity

Our district is growing and that means there are more reserves to mow, more consents to process, more projects to manage and so on. While that growth brings more money into the district, there is also a corresponding cost – we need additional staff to meet the demand and ensure we are planning ahead for the future. In addition to the operating costs for water, wastewater and stormwater outlined above, we also need staff and systems to complete the additional monitoring and reporting that we are now required to do.

We are also planning to invest more in technology. The technological landscape has changed significantly and is further exploding with the rise of artificial intelligence and automation. We know we could use technology smarter to reduce our overall operating costs – or at least slow the steep increases of recent years. But to make those savings a reality requires an upfront investment – including some additional staff.

Desludging our wastewater plants

Wastewater is everything that goes down the drain - from sink water to sewerage. We treat this to a high standard and discharge the clean water back to the environment - but there are also solids left over as part of this process, known as 'sludge'. Sludge accrues over time, but needs to be disposed of in an environmentally friendly way, and as it is a biohazard, this is costly. Up to now we've been using a biochemical treatment, which has slowed the accrual of the sludge/bought us time - but the sludge at our plants has now reached a level where we need to plan and budget for its removal. This is a MUST do, because we can't risk that biohazard being leaked into the environment.

Other costs

The rest of the increase is made up of small increases across a number of budgets. Things like increasing traffic management costs, insurance increases and other compliance costs.

Throughout this document we have highlighted areas where we have tried to offset some of these large increases by reviewing our capital programme, smoothing out costs over many years, taking some risks in how we have proposed to fund some activities, and increasing our recoveries from fees and charges.

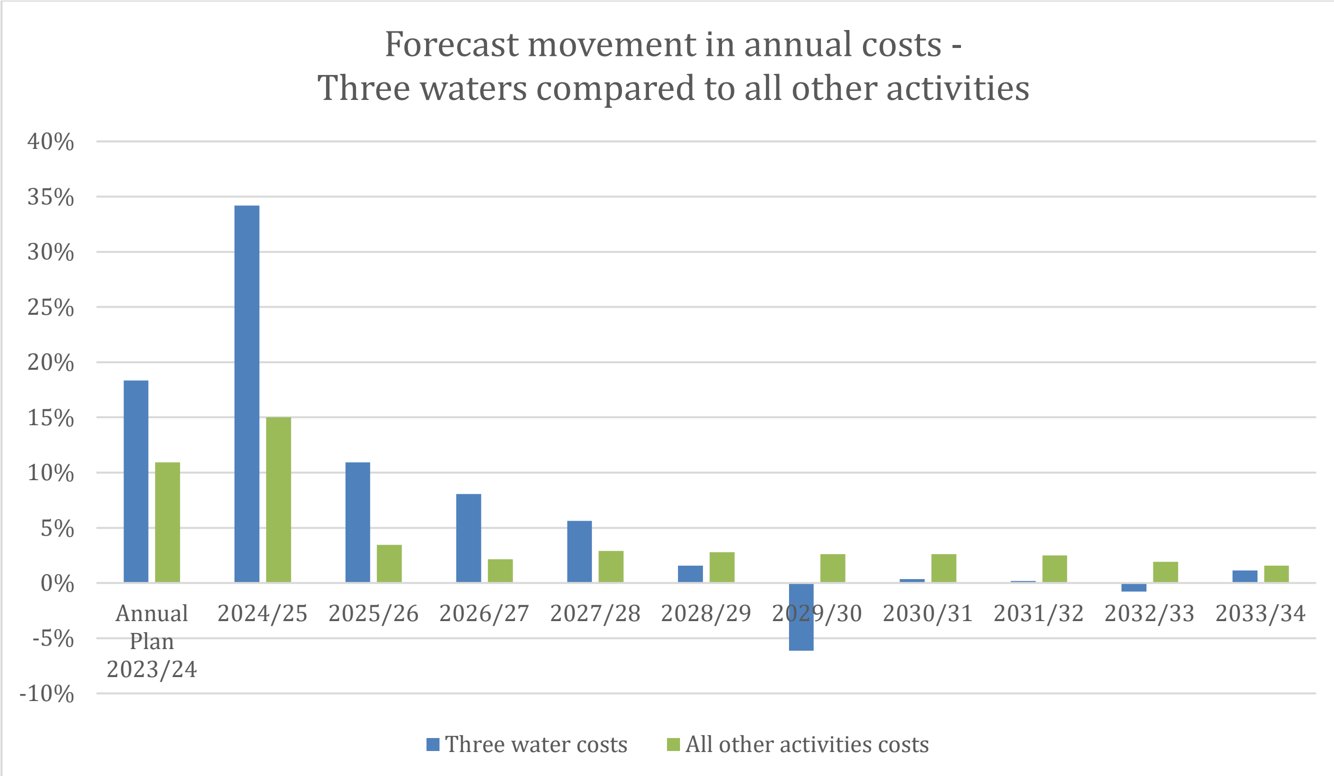
THE 10-YEAR PICTURE

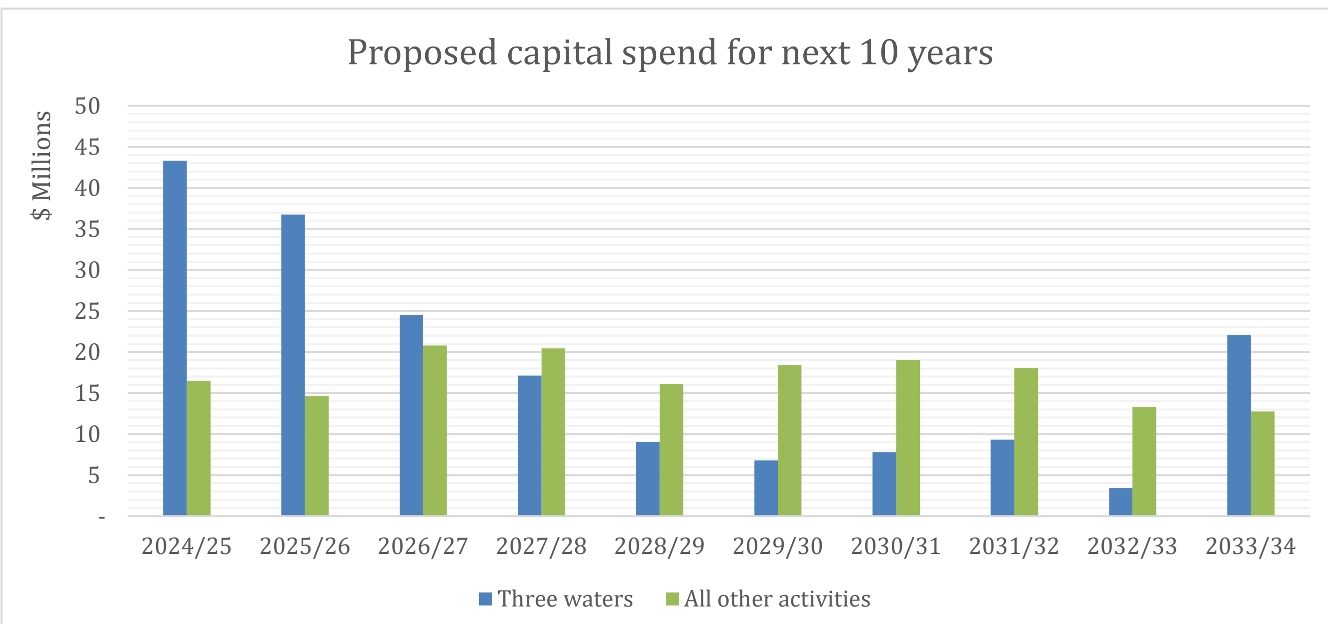
The section above outlines the impact in year one of the plan – but this is a ten year plan. Our Financial Strategy is a key part of that plan, because it helps provide direction and transparency around how we manage the district's finances. Now that you've read more about our proposed plans for the next 10 years, it is important to reflect on how this plan impacts on Council's debt, rates and financial situation over that time. You can also read the Financial Strategy in full at mpdc.nz/ltp

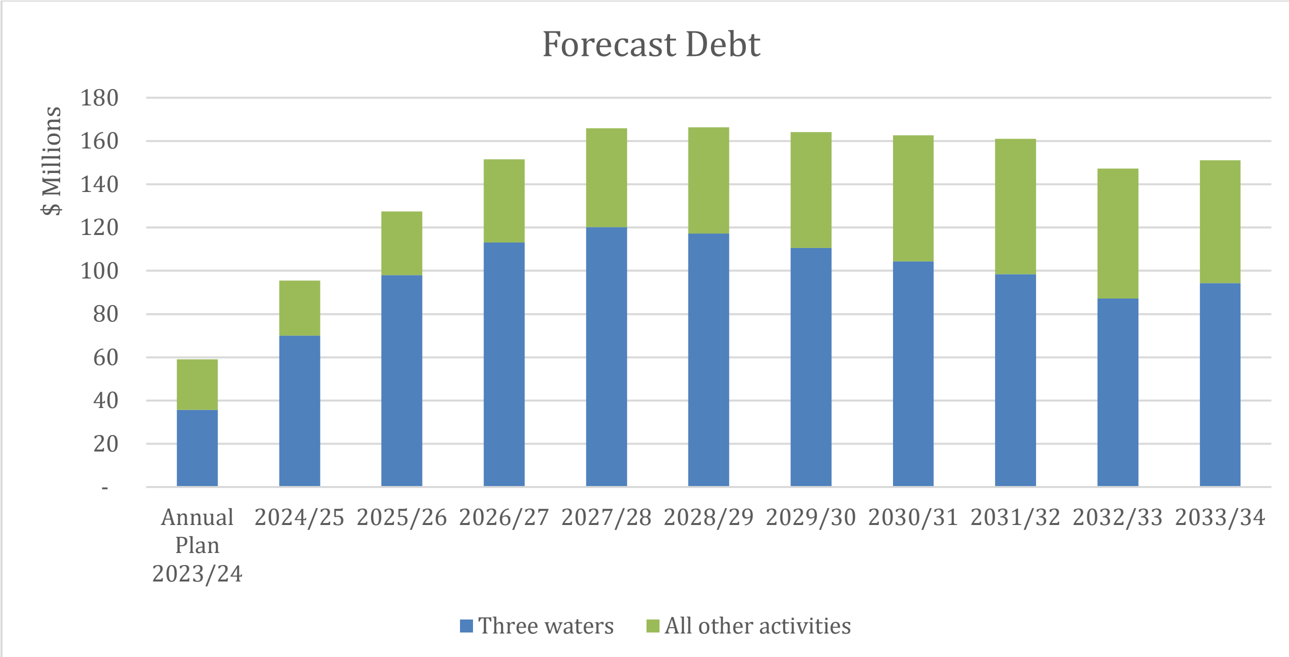
The emerging impact of three waters on our finances

At the start of the document we highlighted some of the key challenges and how we're addressing them in our Financial Strategy.

Central government have confirmed that the three waters reform programme will not proceed – but at this stage, the tougher regulations remain in place, requiring significant upgrades to our assets and services over the coming years in order to comply. The following graphs illustrate just how dominant three waters costs are when we are planning ahead for the next ten years. Regulators like Taumata Arowai determine the minimum standard that Council must achieve, so we have very little choice over our spending in this area.


Forecast movement in annual costs -
Three waters compared to all other activities
40%
35%
30%
25%
20%
15%
10%
5%
0%
-5%
-10%
Annual Plan 2023/24
2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
2030/31
2031/32
2032/33
2033/34
Three water costs
All other activities costs


Proposed capital spend for next 10 years
$ Millions
50
45
40
35
30
25
20
15
10
5
-
2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
2030/31
2031/32
2032/33
2033/34
Three waters
All other activities



The emerging dominance of the three waters has prompted several changes or considerations in our proposed Financial Strategy for the next 10 years of this LTP. These include:

- ***Increasing our limit on borrowing***. The scale of the capital work required for three-waters means that we have had to increase our limit on borrowing (read more under "Managing our debt")

- ***Consideration of the sustainability of debt related to three-waters beyond the 10 years of this LTP***. Our lenders measure the reasonableness of our debt based on our ability to repay it over time, and we fund these repayments from rates. They have set a limit on our overall debt of 175%. On an overall basis, we project that we can manage within the increased limit of 175%. What the projections do reveal however, is that when we drill down and look at the proposed level of debt for just our three-water activities alone, compared to the revenue for these activities over the next 10 years, the ratio gets as high as 416%.

Forecast three waters debt compared to three waters revenue

	Annual Plan 2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000	2031/32 $000	2032/33 $000	2033/34 $000
Debt	35,727	70,009	98,022	113,046	120,130	117,172	110,481	104,307	98,434	87,152	94,310
Revenue	18,791	22,598	24,672	27,177	28,867	30,242	31,168	31,841	32,151	32,270	32,768
Debt to revenue ratio	190%	310%	397%	416%	416%	387%	354%	328%	306%	270%	288%

This made us question, is that level sustainable? Does the debt of the three water activities unfairly reduce the ability for Council to meet other needs and wants of the community? Given the infrastructure needs that lie beyond the 10 years of this plan (as outlined in the 30 year Infrastructure Strategy) how are our funding decisions within this 10 year plan going to leave us placed to deal with the following 10 years and beyond?

And how can we address this issue? There are two ways – reducing debt or increasing revenue. All of Councils proposed three-waters capital work is considered MUST DO projects, so Council's ability to reduce debt is limited, leaving increasing rates as the most likely solution. However, with so much uncertainty around the three waters space at this time, and our overall debt manageable within the limits, Council does not think it would be prudent to rush into hiking rates to resolve this now. Instead, we've provided for a small additional increase in three-waters revenue of 1.5% over the last 4 years of the plan, which will put us in a better position to address the debt position post 2034. And being aware of this issue, it is something we can continue to monitor over future LTPs and as the future becomes clearer from the Governments position on three-waters, regulation and potential future funding sources.

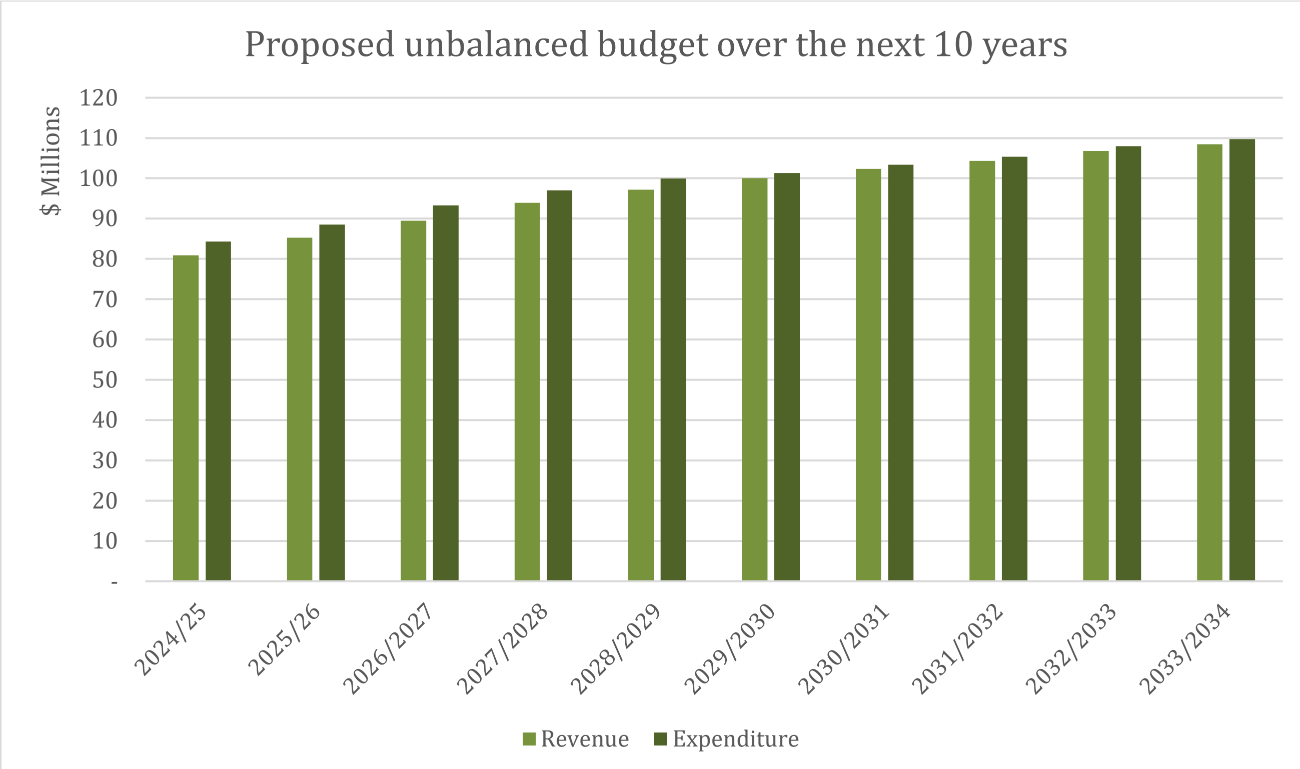
- *Setting limits on three- water rates separately from rates for all other activities.* Council has very little discretion in the three-waters space, and the rates we have proposed are what we consider to be the minimum required to meet the increased requirements. Council has more discretion around our general rate funded activities, and other targeted rate areas, so we have set separate limits on rate increases for each. See more in the section "Proposed rates for the next 10 years".

Proposed unbalanced budget

Under the Local Government Act 2002, local authorities are required to set 'balanced budgets', where operating revenue (income) is equal to expenditure. Council can only operate an unbalanced budget if this can be shown to be financially prudent. We're proposing to have an 'unbalanced budget' in all 10 years of this plan. This means that the revenue received each year will be less than the expenses for that year.

We resolved that this decision is financially prudent and that we will be able to manage operating and capital expenditure and our debt – but we will be closely monitoring and reviewing our risks over this time.

We are not planning to take steps to achieve a balanced budget during this 10-year period. If any of our key assumptions do not eventuate as expected (for example, if our stormwater assets require replacement sooner than we expected), there is a risk that our activities may be left short-funded. Any short-funding would need to be addressed either by externally borrowing the shortfall or increasing rates. Although this approach is aimed at keeping rates low now, it could hold risk for the future. With each LTP cycle we will re-assess our financial position. We foresee that an unbalanced budget will likely continue past the 10-year period due to similar reasons as stated below for this cycle.



There are three reasons for this:

- ***To manage the level of rates increases over the next 10 years by keeping them affordable and avoiding significant fluctuations.*** Our capital programme is heavily dominated by infrastructure projects. This is influenced by regulation, particularly around three-waters, Government funding for roading and maintaining critical assets. Non-infrastructure activities are where we have more discretion and this is where we are planning the biggest trade-off with our improvement programme to keep rates as low as possible. We are limiting our discretionary projects to those that have already been committed to. This means that we cannot progress as many improvements as we would like.
- ***We are proposing to not fund the total asset depreciation expense each year.*** Annual depreciation, which is reflected as an expense in each year, provides a guide on the amount of money that should be collected each year to fund the replacement of assets at the end of their life. Asset replacements are funded directly from rates. Asset lives are based on estimates and in general there is a low level of uncertainty. However, there is greater uncertainty related to the asset lives of stormwater assets. We don't believe it is necessary to collect the total depreciation expense each year where:
    - we don't intend to replace some of our community buildings in the future (reducing rates by an average of $141,000 per year)
    - we expect to continue to receive Government subsidy to fund almost half of the asset replacements for roading (reducing rates by an average of $3.2 million per year)

    - for stormwater, we expect over a 30 year period that we can fund all planned asset replacements by collecting only 25% of the depreciation amount (reducing rates by an average of $908,000 per year).
- *We are planning to remove wastewater biosolids (sludge) from Morrinsville and Te Aroha over a 5 year period at a cost of $8.5 million, but to fund this work over a 15 year period.* As noted on page 6, we need to address the sludge that has accumulated over decades at our wastewater treatment plants. While the work is expected to take 5 years, it will give us increased capacity in our ponds for a very long time, so in this case we think it is prudent to borrow the money up-front to get the job done, and spread the cost out over a longer 15 year period to smooth the impact for ratepayers. This will mean for the first 5 years we will spend around $1.7 million per year, but only $660,000 will be funded from rates, with the balanced being borrowed, and repaid over 15 years. The alternative would be to increase rates for each of the first five years of the plan by $1.04 million.

Except for the wastewater sludge removal projects, there is not expected to be any impact on our borrowing as a result of the unbalanced budget beyond this 10 year period. The proposed budget is based on a number of assumptions, with the risk of uncertainty and impact of which in some cases is high. A full understanding of these assumptions and risks is presented in the Long Term Plan. You can also read about these proposals in more detail and why we believe the unbalanced budget is still a financially responsible approach in the Financial Strategy, both at mpdc.nz/ltp.

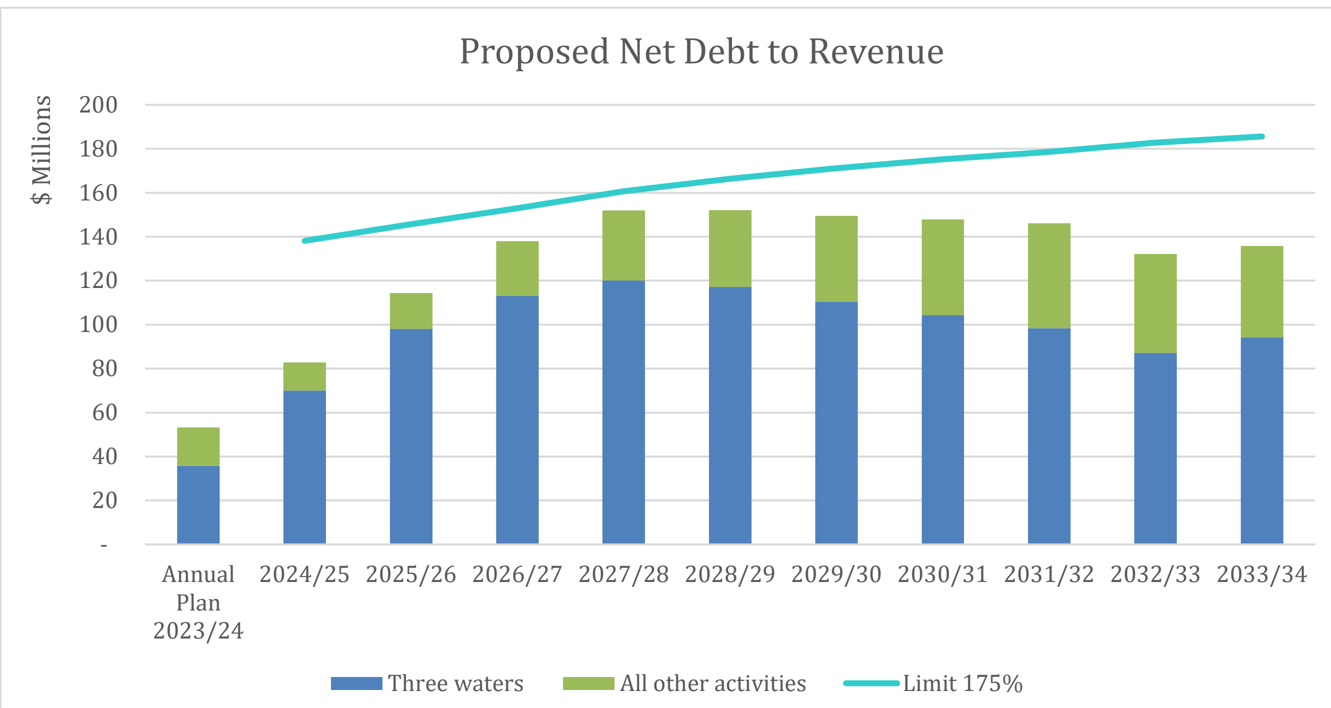
MANAGING OUR DEBT

While borrowing to pay for day to day expenses is not an ideal long-term strategy, borrowing money to pay for assets like water, wastewater, roads and community buildings and facilities that will serve the community over a long period of time makes sense. Using loans to pay for these kinds of assets means we can recover the costs over time, so that both current and future ratepayers pay their share. It also means that increases in rates are usually more stable/steady, as the cost of the asset is spread out over a longer period. While having a certain level of debt makes sense, it can also make us feel uncomfortable – we shouldn't borrow any more than we can comfortably afford to pay interest on, or eventually repay.

The New Zealand Local Government Funding Agency (LGFA) are one of the main lenders to New Zealand Councils. As our key lender, LGFA have set a limit on how much they believe our Council can comfortably borrow, based on our net debt (that's external borrowing less cash and investments) compared to revenue – which is set at a ratio of 175%. Up until now, Council have set our own internal limit at a more conservative level of 150%. We have only reached as high as 47%, and have felt comforted by the extra buffer within our debt limits, which provides opportunity to the district if new things come up, and security if the worst happens.

To fund the MUST DO capital work required for our three waters activities, we're proposing to increase our debt significantly over the first 3-4 years of this plan. This would push our debt over 150%, peaking at $152 million or 166%, meaning we would exceed our current limit and have very little-to-no headroom for much of the next 10 years. These pressures mean that we feel there is little option but to increase our limit to 175% - however this is not a target. Any borrowing adds additional interest costs to ratepayers, so all projects will continue to be carefully considered with that tension in mind.

Our risk management strategies for debt are outlined in Council's Liability Management Policy, including strategies to manage interest rate risk, limits to manage liquidity and funding exposure, counterparty credit exposure, debt repayment, borrowing limits, maintaining financial covenants and security arrangements. The full policy can be found at mpdc.nz/policies. Council has an opportunity to review the impact of interest rates on its overall costs and rates with our community each year as part of the Annual Plan, and can look to slow and spread capital work programmes and/or levels of service accordingly (where this is acceptable to our regulators). However, should a significant event occur (e.g. a cyclone or earthquake) there is uncertainty that the headroom will be sufficient – i.e. we may not be able to stay within our debt limit. Included within the headroom, we have a $5.4m investment fund for emergencies and a $6m credit facility for urgent cashflow requirements.



We project our net debt to peak at $152 million, and to be on average around 143% of our revenue for the next 10 years.

PROPOSED RATES FOR THE NEXT 10 YEARS

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Proposed total rates revenue* $000	51,129	59,162	62,903	66,567	70,267	73,229	75,531	77,329	78,756	80,755	81,897
Proposed increase in total rates revenue*	14.4%	15.7%	6.3%	5.8%	5.6%	4.2%	3.1%	2.4%	1.8%	2.5%	1.4%

*Total rates revenue includes targeted rates from metered water that is charged to large industries and extra-ordinary water users.

Increases in three waters operating expenses, capital budgets and debt have a significant impact on Council finances in the early years of this plan.

The changes are driven by the need:

- to comply with tougher regulations - particularly for drinking water and sewerage treatment.
- to have more robust systems to deliver the services we provide to the standards expected.

Regulators can have a major influence on the focus and timing of investments Council has to make. Council has more choice/discretion in our other activities. For this reason, Council has decided to set two rating limits for the 10-year period:

Three waters activities

We are proposing that rates will not increase by more than:

- **25%** in 2024/2025,
- **11%** in 2025/2026 and 2026/2027
- and will not increase by more than **7%** over the remainder of the 10-year period.

All other activities

We are proposing that rates will not increase by more than:

- **12%** in 2024/2025,
- and will not increase by more than **5%** over the remainder of the 10-year period.

The following graphs show how all the proposals outlined in this document would impact rates over the next 10 years

These are firstly shown as a percentage increase and then as dollars based on a $700,000 property (the median value for our district). It also shows where Council is proposing to set the limits on rate increases.

- The green bars show projected rate increases for all our services, EXCLUDING water, wastewater and stormwater. If your property doesn't have water, wastewater or stormwater services, then you only need to look at the green bars.
- The blue bars show projected rate increases and decreases just for water services. If you have a fully serviced property, then you will be affected by both the green and blue bars
- The orange bars show the projected increase in total rates – that is the total rate revenue that Council collects from the whole district including from our large industrial metered water users.

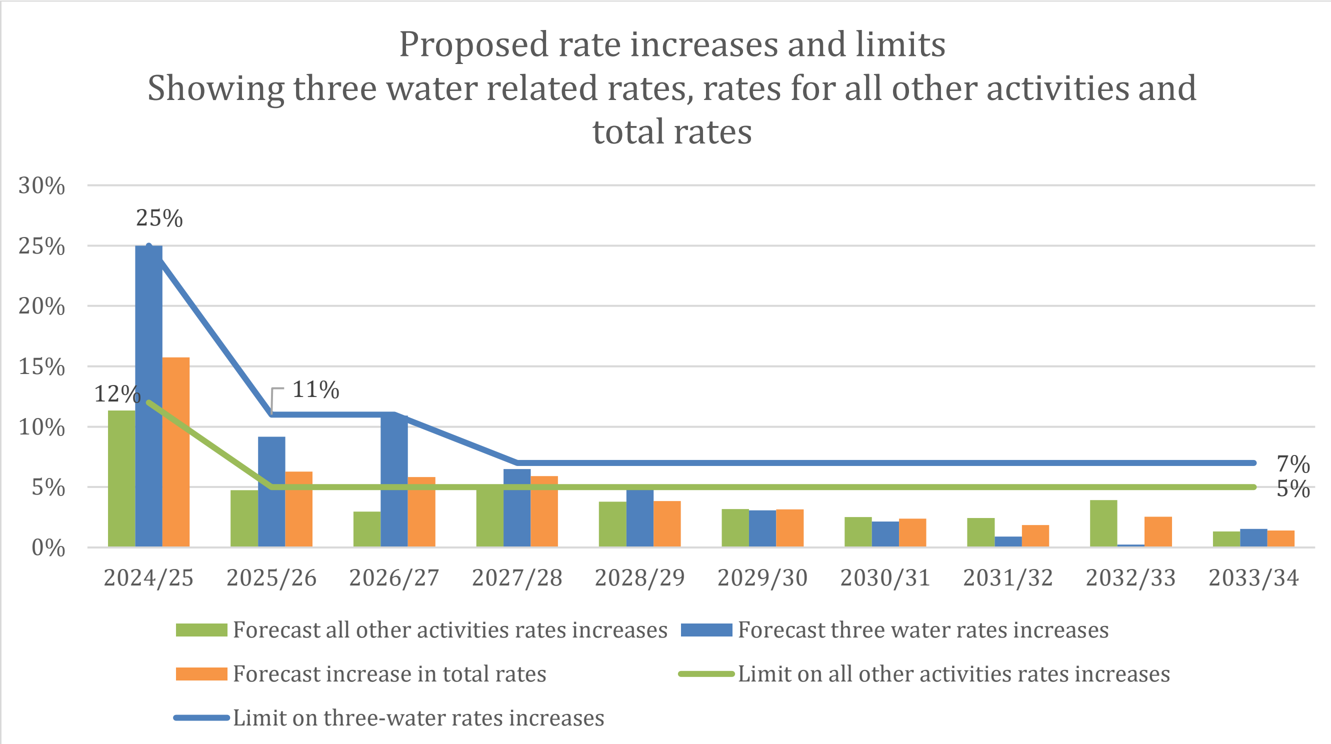
A few important things to note when looking at these graphs:

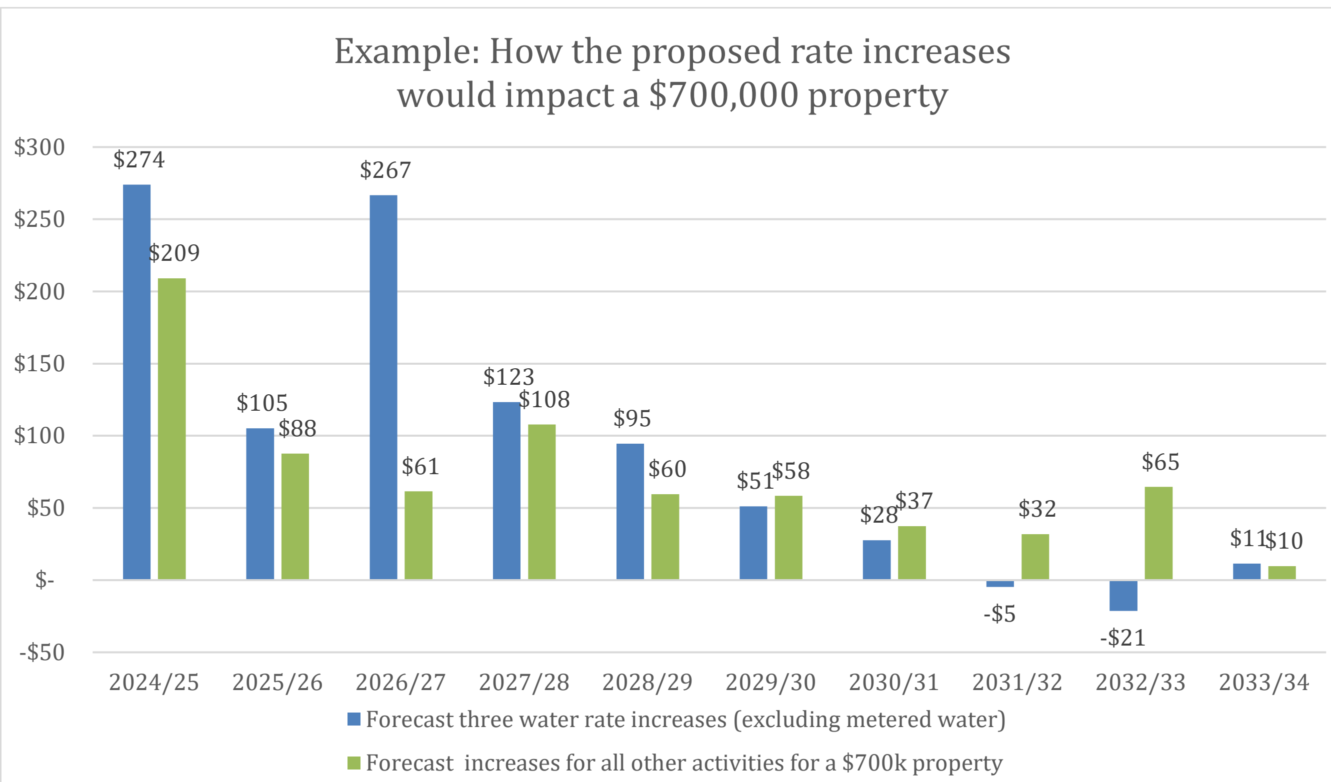
- The average increase over the next 10 years is 4.13% per year (excluding three-waters), or 6.44% per year (if you include three waters).

- The percentages and values in these graphs reflect how much more money we would need to collect to deliver the proposed services. The values shown above are based on a median property valued at $700,000, your actual rates increase will be based on your property value and is likely to be different to this percentage.

- Things change. Government regulations change, inflation changes, and problems and opportunities come up. That's why we do an Annual Plan every year - to see how we're tracking against this Long Term Plan, and make adjustments for the year ahead. These numbers are our best projection - but they are likely to change.

- We use the best available data to predict what inflation will be. But for the last two years, actual inflation was 2-2.5 times more than we projected. While we do what we can to stay within our self-imposed rates limits, factors outside our control can affect this.


Proposed rate increases and limits
Showing three water related rates, rates for all other activities and total rates
30%
25%
20%
15%
10%
5%
0%
25%
12%
11%
7%
5%
2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
2030/31
2031/32
2032/33
2033/34
Forecast all other activities rates increases
Forecast three water rates increases
Forecast increase in total rates
Limit on all other activities rates increases
Limit on three-water rates increases


Example: How the proposed rate increases would impact a $700,000 property
$300
$250
$200
$150
$100
$50
$-
-$50
$274
$209
$105
$88
$267
$61
$123
$108
$95
$60
$51
$58
$28
$37
-$5
$32
-$21
$65
$11
$10
2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
2030/31
2031/32
2032/33
2033/34
Forecast three water rate increases (excluding metered water)
Forecast increases for all other activities for a $700k property

Tell us what you think – Our approach to rates and debt

Council's proposed option – Accept that our rates need a significant increase in the year ahead to manage the significant increase in costs set out in this consultation document.

To proceed with everything we're proposing we would need to collect an additional $8 million or 15.7% in total rates for this coming year. That is after focussing on the MUST DO projects, increasing our fees and charges (more user pays), smoothing out costs where it makes sense to do so, and making changes to how we manage our roading budget and not fully funding the replacement of some assets (i.e. taking more risk in our approach in order to make things more affordable). Through this consultation process, we expect the Community to tell us what changes you want to see made to our proposals. Underlying though, are the large increases in three-water related costs that we have little discretion over.

Our district is not alone in facing these significant cost increases over the next 10 years, and our community is not alone in facing the rating impact of this. But we don't believe it's sustainable to keep rates artificially low, when the costs to deliver our basic services are increasing at the rate they are. For that reason, we believe the proposed rate increases strike a financially sensible balance between keeping rates as low as we reasonably can while enabling us to catch-up on the growing demands that increased Government regulation, growth in our district and current economic conditions have created.

Alternative option – borrow money to help cover the high increase for the year ahead

Costs for everything are extraordinarily high right now - and we know that no one will welcome a significant rates increase. An alternative option is to borrow money to help cover the high operational costs for the year ahead, and pay this back over the following years. This is a bit like taking a personal loan to pay for the groceries when things are tight at home.

Rather than the proposed total rate increases of 15.7%, 6.3% and 5.8% over the first 3 years, we could spread that initial hit, by keeping the rate increase to 10% for each of the first three years by borrowing the funds and then repaying them over 5 years. This would mean a lower increase in year one and two, but higher increases in the years to follow. See the following table and graph for a comparison of how this option would impact rates compared to our proposed option.

This option would result in an increase of debt of up to $3.98 million by year two (2025/26), which would then be repaid by year five (2028/29). Even with this additional debt, we could stay within our debt proposed limits on outlined above. The additional debt would incur interest costs, averaging $91,000 over the five years.

While this option would ease some of the immediate pressure, it would mean playing catch up in the years to come, and sometimes we don't know what is around the corner. In terms of sustainability, it is not an ideal way to manage our day to day costs for the longer term.

Understanding how these two options would impact rates

The following table illustrates the percentage increase in total rates over the next ten years for the two options outlined above. 'Total rates' is how much we would need to collect in rates to deliver everything proposed in this plan. The actual percentage increase will vary significantly depending on the value of your property and the services you receive.

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Council's proposed option	15.7%	6.3%	5.8%	5.6%	4.2%	3.1%	2.4%	1.8%	2.5%	1.4%
Annual rates bill for a $700,000 property with all services	$3,723	$ 3,916	$4,244	$4,475	$4,629	$4,739	$4,804	$4,831	$4,874	$ 4,895
Alternative option	10.0%	10.0%	10.0%	6.2%	3.0%	1.9%	2.4%	1.8%	2.6%	1.4%
Annual rates bill for a $700,000 property with all services	$3,492	$ 3,835	$4,359	$4,602	$4,726	$4,739	$4,804	$4,831	$4,874	$4,895
Change in rates bill under the alternative option	($231)	($81)	$114	$127	$97	-	-	-	-	-

The alternative option would reduce rates in the first two years, then recover the shortfall over the next three years including interest costs, which for this $700,000 property example would total $26.30.

Have your say

You can give feedback on the following proposals until 5pm on **21 April,** 2024

Te Aroha Spa **(pg 13)**

Roading renewals **(pg 16)**

Walking and cycling improvements **(pg 18)**

Town Centre infrastructure **(pg 19)**

Additional playgrounds **(pg 20)**

Stage for Matamata Civic Centre **(pg 22)**

The services we provide **(pg 23)**

Te Aroha Library **(pg 24)**

Our approach to rates and debt **(pg 53)**

We are also seeking feedback on a number of related policies to our Long Term Plan, including our Revenue and Financing Policy, Development Contributions Policy, and Fees and Charges. You can find these documents and make a submission at mpdc.nz/haveyoursay until 5pm on 21 April.

There will also be a Hearing held on 8 and 9 May. This is an opportunity for submitters to speak with the Mayor and Councillors in person about their feedback. The Hearing is a public meeting, and people are welcome to attend and listen, even if they are not presenting

Make your submission online at mpdc.nz/ltp

If you are unable to make a submission online, please contact us on 0800 746 467 and we can provide a hard copy submission form, or take your submission over the phone

Te arotakenga

Audit opinion

Audit New Zealand
Mana Arotake Aotearoa

To the reader:

Independent auditor's report on
Matamata Piako District Council's
consultation document for its proposed 2024-34 long-term Plan

I am the Auditor-General's appointed auditor for Matamata Piako District Council (the Council). The Local Government Act 2002 (the Act) requires the Council to prepare a consultation document when developing its long-term plan. Section 93C of the Act sets out the content requirements of the consultation document and the Council requested me to audit the consultation document. I have carried out this audit using the staff and resources of Audit New Zealand. We completed our audit on 20 March 2024.

Opinion

In our opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2024-34 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.

Emphasis of matters

Without modifying our opinion, we draw attention to the following matters:

Uncertainty over capital programme delivery

Page 9 outlines that the Council is proposing a capital programme of $350 million over the next 10 years. Although the Council has endeavoured to budget for a programme that is deliverable, there is uncertainty over whether the infrastructure construction industry will be able to meet local government demand in the coming years, particularly for three waters assets projects. If the Council is unable to deliver on the planned programme, projects will be delayed and reprioritised which could affect cost and intended levels of service.

Proposed unbalanced budget

Page 46 outlines that the Council is proposing an unbalanced budget for each of the 10 years of the long-term plan. The Act requires a council to budget operating revenue that meets planned operating expenses for each year of the plan unless, after considering certain matters set out in the Act, the Council resolves that it is financially prudent to budget less operating revenue. The Council provides reasons why its proposal is financially prudent on pages 46 to 48 and outlines the potential impact on future debt and rates should its assumptions not eventuate.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400 The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate 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.

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

Independence and quality management

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard *1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour; and

- we have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (PES 3) issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In addition to this audit and our report on the Council's 2022/23 annual report, we have carried out engagements in the areas of the Debenture Trust Deed, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Council.

René van Zyl
Audit New Zealand
On behalf of the Auditor-General, Auckland, New Zealand