GREAT LAKE TAUPŌ
Taupō District Council

Looking after the place we love

Manaaki tūturu tō tātou rohe

Taupō District Council's Draft Long-term Plan 2024-34

Welcome
Haere mai

Waiho i te toipoto,
kaua i te toiroa
Let us keep close together, not wide apart

Kia ora koutou.
It's time to look ahead and decide on the Taupō District Council's priorities for the next 10 years.

Contents

Focusing on what's important

Te Arotahinga ki ngā take e whai tikanga

We all want the best for our district.

We all want a safe, stable place to live, a healthy environment, a thriving economy and a community where people care about each other and feel connected and valued.

The work our people do helps support Council's vision to be a district of connected communities who thrive and embrace opportunities.

In this consultation document, we've set out how we intend to continue building a district that gives people the opportunity to connect with each other and with this beautiful place, to care for our environment and which provides everyone with an opportunity to contribute.

Just like your household budget, ours is under pressure too. The effects of the prolonged period of inflation and subsequent interest rate rises, looking after community facilities and paying for things like insurance mean that the services our community relies on us for are costing more than ever. You'll see we've had to make some hard calls on what to deliver in the next 10 years. We have thought carefully about the challenges we face and agreed we must prioritise our core services - providing safe drinking water, protecting our environment and looking after our infrastructure so our children and their children aren't unnecessarily burdened in the future.

No one likes large rates increases, so we are proposing delaying some projects the community has asked for. Even then, cost increases mean rates will have to rise just to keep our essential services operating.

In this Long-term Plan consultation we're asking for your help with some key decisions:

- **Should we focus most of our effort and money on the essentials?**
- **How should we deal with Taupō's wastewater on the northern side of the Waikato River, and wastewater in Tūrangi?**
- **Bag it or bin it? What's the future of our kerbside rubbish and recycling collection?**
- **Should we use land we own to help ease the district's housing crisis?**

We want to hear your thoughts on the best course of action to take. I give you my commitment that your councillors and myself will listen closely and make decisions with the best interests of our district in mind.

Ngā mihi kia koutou katoa

David J Trewavas JP TAUPŌ DISTRICT MAYOR

Where we're at right now

Kei hea tātou ināianei?

Our district is in a strong position. People want to live, work and play here and our communities are vibrant and passionate about their place.

Despite this, **we are in tight economic times** and everyone, including Council, is feeling the pain.

We are committed to providing the core services we are required to, making sure the district's assets are well-maintained and investing in growth and housing.

There is some **critical work** that we need to do over the next few years to keep up with new water rules; and it is going to cost a lot of money.

Three waters (wastewater, drinking water and stormwater) are **staying with councils** and now we have to figure out what's required under Central Government's new water policy, Local Water Done Well.

Our communities expect more and more from Council and we are receiving growing requests for support from across our district. **But at the same time, people are calling for rates to remain stable.** While we'd love to crack on with some projects, many will need to wait.

The reality is we simply can't afford to do everything.

The future of council water services

Te apōpōtanga o ngā ratonga wai o te Kaunihera

After years of central government telling us they were taking water services off councils, we now have new government policy which keeps water services with councils, provided we can prove that it is financially sustainable.

It is clear in this draft Long-term Plan that water services are a significant driver of both rates and debt pressures and these pressures have been felt across the local government sector. These increased pressures, along with the new legislation from central government's Local Water Done Well Plan, will require Council to review options for its Three Waters services delivery during this 10-year period, however any impact from this is presently unknown. We are having discussions with neighbouring councils to assess whether there might be benefits to working together. Any proposed options will need to be carefully considered by Council, iwi, and the community. At this point we expect water, wastewater and stormwater services to remain with Taupō District Council, and we will work to provide quality services as efficiently as possible.

The first few years of this Long-term Plan focus on ensuring our drinking water assets are up to requirements set by the government's water regulator Taumata Arowai. This is driving large increases in our capital programme.*

***Council spending is divided into two types: capital and operating.**

Capital spending is money spent on new council assets (or to renew existing assets).

Operating spending is money spent to keep things running day to day

So for example, a new mower for our reserves would be paid for by capital spending but the cost of keeping it running (fuel, repairs and maintenance, insurance, depreciation) would come from operating spending.

KEY QUESTION

01

Have we got the balance right?

He tika te taurite o tā mātou arotakenga?

In the first years of this plan, we're proposing to focus on the essentials.

Or, should we spend less and do less, or spend more to do more?

In September last year we went out and spoke to our communities about what their priorities and hopes are. The project list on the next page reflects what people told us.

Our number-one responsibility is to do the essentials well. This means continuing to invest in our infrastructure so that our pipes, water networks and roads remain in good shape. We must also plan for future growth and build resilience for the effects of climate change. We'll continue to take a partnership approach across the projects and activities that are important to iwi and hapū.

We're focusing primarily on the basics over the next few years. While we still want to invest in the future of our district, some of the projects that will improve our places and spaces will have to wait until a bit later.

What we're planning to do in the next 10 years

Complying with New Zealand Drinking Water Standards

Upgrading our smaller water treatment plants to meet new government rules.

$26.3 million

Maintaining the water pipes

A programme of water pipe renewals to keep our pipe network up to date and minimise water main breaks.

$73.7 million

Maintaining our roads

We know this is something the community want us to focus on.

$87.5 million

Managing wastewater

Responsibly managing wastewater protects the environment and our health.

$84.3 million

Managing solid waste

Encouraging waste reduction and recycling; and providing suitable places to dispose of waste that can't be reused or recovered.

$19.3 million

Investing in the infrastructure

We need to keep up with future population growth. We can't stop growth so we have to make good decisions to look after people and the environment.

$174.9 million

Investing in transport

Including building a new bridge, improving rural roads and intersections; and walking and cycling networks.

$133 million

Sport and recreation facilities

Flexible places that cater for communities' changing needs.

$116.1 million

Building resilience

We need to be prepared for the effects of climate change, such as floods and weather events.

$15 million

Places to live

Quality, nice-looking homes for working people to buy.

$27.6 million

Strengthening our relationship

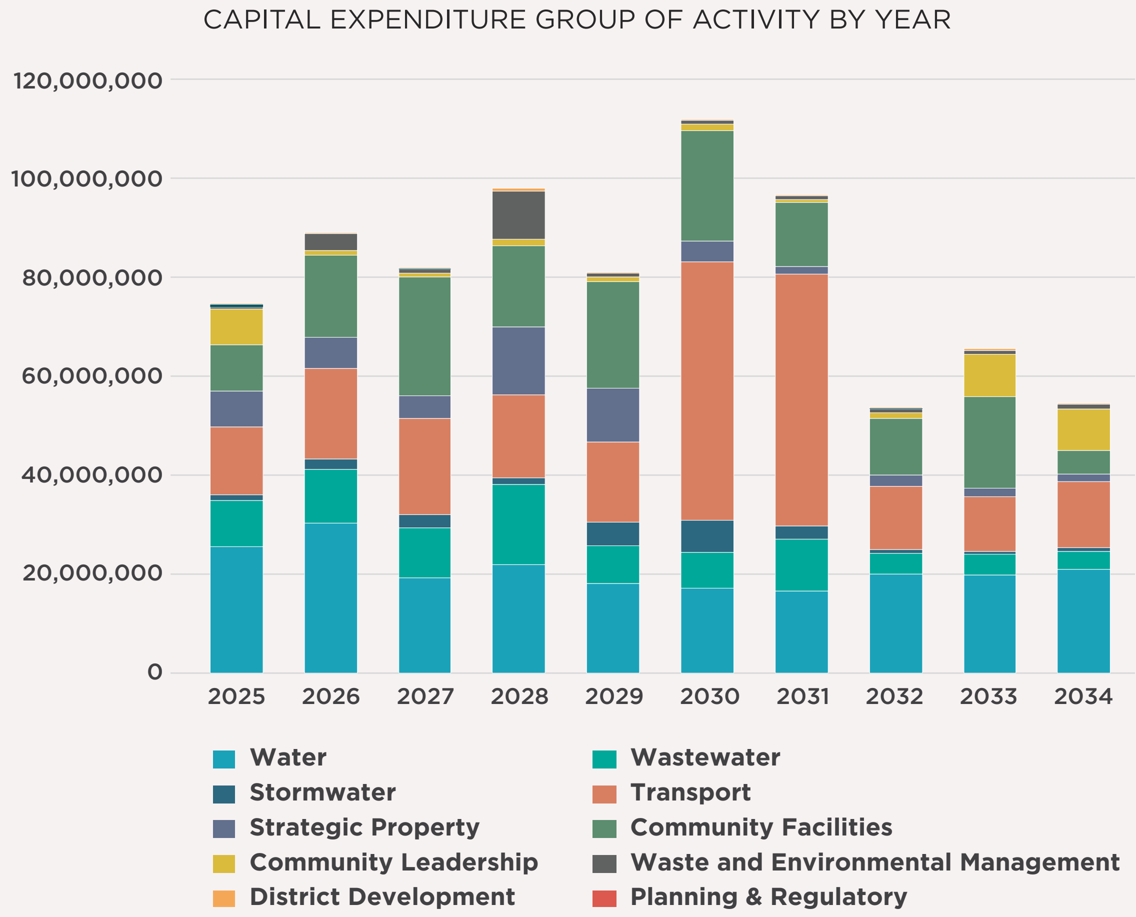
With hapū and iwi.

$5.12 million

Throughout the duration of this Long-term Plan we'll continue to look for savings in our operating costs but we don't propose cutting back any of the council services you're used to. This means we don't intend to change opening hours for council facilities like libraries, or do more or less of things such as reserves mowing.

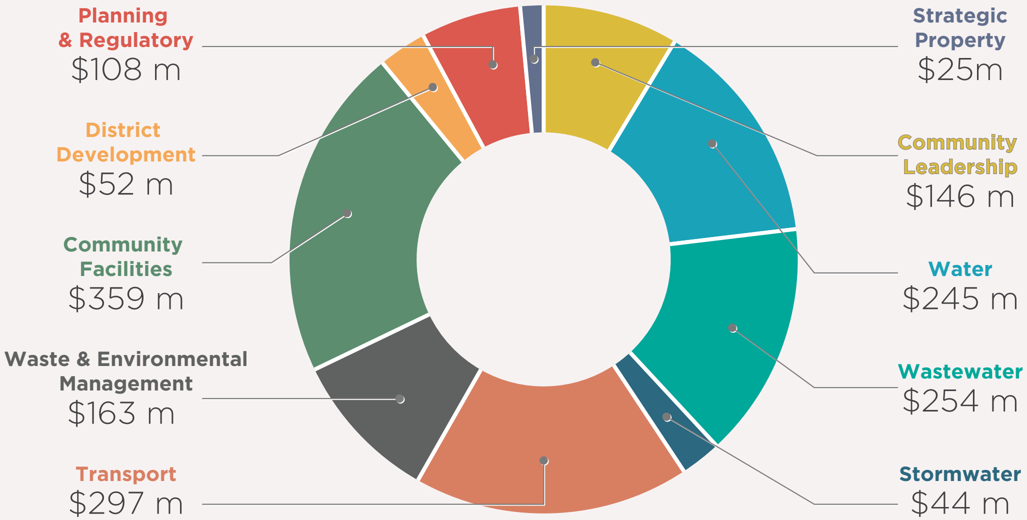
Our programme of capital works is focused on delivering the essential road, drinking water and wastewater services, particularly in the first three years. It is an ambitious programme designed to ensure that we are looking after our assets and keeping our community safe, but it is possible that there will be challenges delivering it. Unintended delays can arise from influences such as disruption to supply chains, availability of contractors, securing land for infrastructure and engaging with stakeholders. We also expect that there will continue to be changes in government policy and legislation that alter how we do our work and market demand. We have assumed there is a high chance of some of these factors delaying individual projects. To help manage these unknown influences, we have built in more time for planning and engagement and improved our project management systems. We will also review the programme of work each year, pushing out projects that might not be ready and bringing others forward where possible.

Our capital spending represents our investment over the life of the Long-term Plan in maintaining the assets we already have, improving levels of service through new infrastructure and responding to demand.

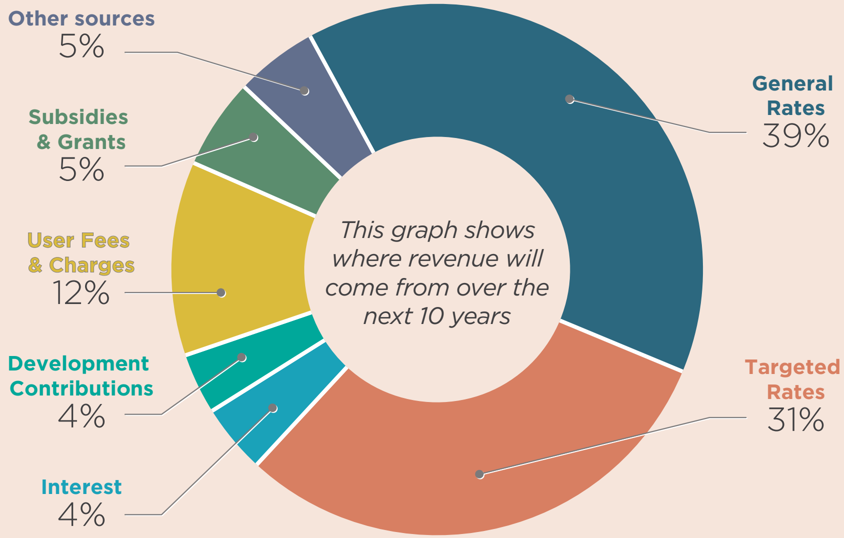


What this plan will cost

Our operating expenditure covers the day-to-day costs of delivering our services over the life of the Long-term Plan. For this 10-year plan, most of the costs are associated with delivering the essentials. Cost are shown in millions.



How This Plan Will Be Funded



What Will Our Rates Look Like?

The amount of your draft rates increase depends on where you live and your property value. You can look up the draft rates rise for your property on our website – www.taupo.govt.nz/rates.

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Weekly $ Increase*	$11.20	$10.35	$7.12	$5.83	$5.51	$5.41	$4.07	$4.29	$3.58	$1.91
% Increase	11.6%	10.7%	6.6%	5.1%	4.6%	4.3%	3.1%	3.2%	2.6%	1.3%

**GST Inclusive*

Note these are average figures and some properties will pay more or less depending on where they live, their property value and what their property is used for.

Proposed Rates Changes

Here's a rough idea of the average increase on rates for your property in year one of our plan.

RESIDENTIAL

PROPERTY VALUATION
$500,000

Proposed rates increase
$435.39 per year

AVERAGE INCREASE 14.8%

PROPERTY VALUATION
$1,000,000

Proposed rates increase
$455.64 per year

AVERAGE INCREASE 11.7%

PROPERTY VALUATION
$750,000

Proposed rates increase
$445.51 per year

AVERAGE INCREASE 13.1%

PROPERTY VALUATION
$1,000,000
divided into two separately used inhabitable parts (SUIP)

Proposed rates increase
$763.60 per year

AVERAGE INCREASE 14.1%

For people struggling to pay their rates, the Department of Internal Affairs operates a rates rebates scheme. Visit www.govt.nz/rates-rebates.

RURAL

PROPERTY VALUATION
$1,000,000

Proposed rates increase
$38.28 per year

AVERAGE INCREASE 1.7%

COMMERCIAL/ INDUSTRIAL

PROPERTY VALUATION
$1,000,000

Proposed rates increase
$485.82 per year

AVERAGE INCREASE 8.7%

Do You Agree With What We're Proposing?

It's important to understand that even if we stopped many of our projects, we would have to increase rates in year one (2024/25) just to cover interest, depreciation and essential council projects and services. At our current levels of service, we are looking at around a 8 percent rates increase to cover the unavoidable rising costs of interest , depreciation, electricity and insurance.

This is what we have already proposed to save money:

- Cutting the operational funding for Destination Great Lake Taupō and Amplify by 20 percent.
- Pausing or cancelling some projects, such as delaying a fourth court at Taupō Events Centre
- Budget reductions and other cost efficiencies across the board, such as, rationalisation of council vehicles, cellular network charges and postage costs.

The list of priorities on page 6 shows that Council has focused this draft Long-term Plan on delivering essential services and infrastructure; and maintaining current service levels. If the community chooses, we could reduce our services and facilities to keep rates increases smaller. An example of this approach would be to cut down opening hours of libraries and pools and do less mowing and weeding of parks and reserves. This is something that other councils have proposed to keep rates down. Is this something you believe Taupō District Council should do?

PROVIDE MORE SERVICES AND FACILITIES IN OUR NEIGHBOURHOODS

Alternatively, if the community wants us to deliver more improvement projects, or bring forward plans for improvements, there would be an increase in rates and debt over and above what is proposed.

Essentially, if the community wants us to do more, our rates will go up. If you're happy for us to do the same amount, rates will be approximately what is proposed in this draft plan, and if you want them to go down, we will have to do significantly less than what is being proposed.

To view the full list of projects we're proposing in your area over the next 10 years, go to our website at www.taupo.govt.nz/haveyoursay.

KEY QUESTION 02

Are we doing what we oughta when it comes to wastewater?

E tika ana ngā kaupapa wai paru e whaia nei e mātou?

Do you agree with our proposed short to medium term options for dealing with wastewater in Taupō North and Tūrangi?

THESE PROJECTS WILL BE FUNDED BY RATES

WHAT ARE THE PROBLEMS?

TŪRANGI

Taupō District Council provides wastewater services for 12 towns and communities in the district. All of these plants, except Tūrangi, discharge treated wastewater to land.

Turangi's wastewater is currently treated to a high standard and is discharged into a wetland. The wetland discharges into a stream, which then discharges into Lake Taupō. While this is different to other areas in Taupō District, this is a very normal process for treated wastewater across New Zealand, and abroad. However, the community has raised concerns over current disposal and its impacts on the waters of Lake Taupō.

The Tūrangi wastewater treatment plant's resource consents need to be replaced as a matter of urgency and we must find a long-term solution (greater than 10 years) for Tūrangi's wastewater.

Council and a community steering group are working together to find a suitable site to discharge Tūrangi wastewater to land in the long term. Council is committed to working closely with iwi and hapū through the steering group to develop and design future options for Tūrangi wastewater and understand their impacts.

For this draft Long-term Plan, we've put in provision for a short (one to three years) to medium-term solution (over the next 10 years) while we continue to work through the long-term options.

Proposed option

PROVIDED FOR IN THE PLAN: Pursue a short to medium-term option for resolving wastewater plant risks in Tūrangi.

Proposed option for Tūrangi

We've allowed $6 million in this plan, from 2028 to 2030, to improve our current treatment process and discharge from the Tūrangi Wastewater Treatment Plant. We'll continue to work with iwi and hapū to find a suitable place to discharge treated wastewater to land in the longer term.

- ☑ Allows Council to apply to renew the Tūrangi Wastewater Treatment Plant's resource consents.
- ☑ Allows the Tūrangi Wastewater Treatment Plant to keep operating.
- ☒ In the short to medium term we will not be able to completely address the community's concerns about the current disposal of Tūrangi wastewater.

Cost and debt impact

Capital Cost: $6.5 million

Debt Funded: $6.5 million

Rates impact

$39 (average per ratepayer in 2030-2031 due to site rehabilitation)

$16 (average per ratepayer thereafter)

Alternative option

ALTERNATIVE OPTION

The alternative option would be to not invest in the current Tūrangi wastewater discharge site and continue to work with iwi and hapū to look for somewhere suitable to discharge the wastewater to land. An initial estimate of the possible cost is $18.5 million, which would be funded by debt with an impact on rates of around $58 (average per ratepayer). Despite extensive investigations we haven't yet found a location for this. However, Council remains open to a land-based wastewater solution for Tūrangi if an approriate site can be found. In the meantime, the wastewater treatment plant's resource consent needs to be replaced urgently, so we need a short to medium term fix.

TAUPŌ

We have a different wastewater problem in Taupō.

Population growth on the northern side of the Waikato River means the pipe that takes wastewater across the river to the Taupō Wastewater Treatment Plant is almost at capacity. Legally, Council must plan for growth, and therefore a solution needs to be found. Council is proposing a short term (one to three years) solution while we plan for a longer-term fix.

Council has been working closely with a steering group of local iwi and hapū. The steering group will continue to explore a solution in the long-term (greater than 10 years) of a wastewater treatment and disposal system in the north of Taupō that avoids connections across the Waikato River.

In the short-term, additional resilience measures (storage tanks) are planned to provide increased options to manage high flow events and reduce the risk of overflows. The high-risk areas for overflows are the manhole covers on either side, rather than the connection across the Waikato River itself.

In the medium-term (over the next 10 years) the Long-term Plan sets aside funding for increasing the capacity of our wastewater connections in Taupō town across the Waikato River. Very high resilience will be a key goal.

Council is committed to continuing to work with iwi and hapū, through the established steering group, to identify the long-term solution for managing wastewater on the Rangatira side of Te Awa o Waikato.

Proposed option

PROVIDED FOR IN THE PLAN: Pursue a medium-term option for resolving wastewater risks on the northern side of Taupō

Proposed option for Taupō North

We would initially install wastewater storage tanks for additional resilience then increase capacity of the wastewater connections across the Waikato River to cater for the extra volume.

- ☑ Support growth on the northern side of Taupō.
- ☑ Improves resilience and reduces spill risks from current levels.
- ☑ Achievable within Council's prudential debt limits.
- ☒ Does not eliminate the carriage of untreated wastewater over the Waikato River in the medium-term.

Cost and debt impact

Capital Cost: $7.3m

Debt Funded: $7.3m

Rates impact

$18.50 (average per ratepayer from 2031/32)

Alternative option

ALTERNATIVE OPTION

There is no other medium-term alternative option at present.

Council is committed to continuing to work with iwi and hapū, through the established steering group, to identify the long-term solution for managing wastewater on the Rangatira side of Te Awa o Waikato.


KENWORTH
SINCE '23

KEY QUESTION 03

Bag It **or** Bin It?

Pēke Rāpihi, Ipupara Rānei?

What's the future of our kerbside rubbish collection?

THIS PROJECT WILL BE FUNDED BY RATES

WHAT'S THE PROBLEM?

The community has been telling us we need to improve our rubbish and recycling collection and we know there is a real appetite for us to switch to bins. In a 2023 survey 75 percent of the 1272 responses favoured moving to wheelie bins over the current rubbish bags and recycling crates.

The current bag system is a pay-as-you-throw setup where people buy yellow rubbish bags, or orange stickers, as needed. But it's not perfect - animals rip the bags open and sharp objects sticking out can injure our collectors. On windy days, recycling items get blown out of recycling crates. Many other districts have moved to wheelie bins for health, safety and environmental reasons.

Because people can put out as many rubbish bags as they like, there is little incentive to reduce the amount of rubbish going to the landfill, filling it up faster and increasing our operating costs. Moving to wheelie bins limits how much rubbish can be thrown out and encourages us to recycle more.

Regardless of which option we choose we will provide a new weekly food scraps collection service with a 23-litre bin. We can recycle these food scraps, to reduce the rate at which the landfill is filled up and reduce costs. This also allows us to move to a fortnightly rubbish collection which saves more money.

This graphic is for residential kerbside collection

Proposed option

PROPOSED: Bin it: switch from user-pays rubbish bags to rates-funded wheelie bins for residential, Taupō and Tūrangi town centres and neighbourhood shops (our preferred option)

What is proposed

From 1 July 2025, we would replace the current rubbish bag and recycling crate collection with a set of wheelie bins. This service would switch weekly between rubbish and recycling with food scraps collected weekly. That means that one week, your rubbish and food scraps would be collected. The next week, your recycling and food scraps would be collected.

For serviced residential areas:

- 140-litre rubbish bin, 240-litre recycling bin and 23-litre food waste bin and up to two 45-litre glass crates.
- Weekly food waste collection.
- Rubbish and recycling collection to be weekly during the summer peak and fortnightly for the rest of the year.
- A service to put bins back for users who are medically unable to do it themselves. This would be covered by rates.

For Taupō and Tūrangi town centres and neighbourhood shops:

- A 240-litre wheelie bin for rubbish, a 240-litre wheelie bin for recycling, and a 23-litre food waste bin and up to two 45-litre crates for glass
- Weekly service, moving to twice weekly over peak.

For rural:

The current service provided to rural areas and those outside the Council collection service is a commercial arrangement which Council has no control over. These households will need to talk directly with companies that could provide this service, with no guarantee that it will continue to be provided in the future.

Advantages and disadvantages

- ☑ Improves health and safety. Contractors won't be cut by sharp things sticking out of bags or injure themselves lifting bags.
- ☑ No risk of animals ripping open rubbish bags, or rubbish and recycling blowing around and getting into our waterways.
- ☑ Reduces the amount of rubbish and food waste we dump, saving Council money purchasing carbon credits.
- ☑ Some households will save money through switching from private rubbish services to the new Council-provided wheelie bins.
- ☑ Would encourage recycling by restricting how much rubbish can be thrown out and only collecting once a fortnight for most of the year.

- ☒ Issues for holiday home users getting wheelie bins back in from kerbside.
- ☒ Bins take up more space on people's property.
- ☒ A new service would be a big change for the community and require additional Council resources for education and roll-out.
- ☒ Requires an enforcement programme to avoid people putting rubbish in their recycling bin and contaminating recycling.
- ☒ Capital costs for bin infrastructure and ongoing replacement.
- ☒ Increased costs for households and businesses that currently produce low amounts of waste.

Capital cost and debt impact

There is an upfront cost of approximately $3 million to purchase the new bins and ongoing cost each year for new homes built or to replace damaged bins. This will result in interest costs of $952,225 over the life of the long-term plan. Depreciation costs are estimated to be $3,027,921 over the life of this long-term plan. We estimate the programme to be $4.7 million per annum.

Operating cost and rates impact

From 2025 for residential: Estimated annual cost for a household is $366 in rates with no user fees.

From 2025 for Taupō and Tūrangi town centre and neighbourhood shops: Estimated annual cost is $644 in rates with no user fees.

TIMELINE

1 July 2025 New wheelie bin service introduced

to 2035 Contracted for 10-year period

Alternative option

ALTERNATIVE OPTION: Bag it: stick with the current pre-paid rubbish bags and recycling crates for residential, Taupō and Tūrangi town centres and neighbourhood shops

The alternative option is similar to the current system, with the addition of the food waste collection. It will cover residential and Taupō and Tūrangi town centres and neighbourhood shops:

- 'Pay-as-you-throw' weekly rubbish collection for residential users.
- 'Pay-as-you-throw' twice-weekly rubbish collection for Taupō, Tūrangi town centres and neighbourhood shops.
- Rates-funded weekly recycling crates and 23-litre food waste bin collections.

The current service provided to rural areas and those outside the Council collection service would stay the same. This is a commercial arrangement which Council has no control over and will likely need to be negotiated with commercial operators.

Advantages and disadvantages

- ☑ The community is familiar with this service.
- ☑ Simple weekly collection.
- ☑ No increased bin storage needed.
- ☑ Users can directly control their costs by managing the amount of waste they throw out.
- ☑ Because it's largely a user-pays service, households and businesses can choose the service that suits best from a range of different bags and bins provided by commercial operators.
- ☑ Users can use as many bags or wheelie bins as required.
- ☑ The current recycling process reduces contamination as materials that are not recyclable are left behind.

- ☒ Health and safety concerns from bags, including injuries from sharp items and repetitive lifting.
- ☒ Environmental concerns from animals damaging rubbish bags and recycling being blown about.
- ☒ Doesn't encourage more recycling as there is no limit on the amount of rubbish put at the kerbside, leading to the landfill capacity being used up faster.
- ☒ Peak periods create large volumes of rubbish and recycling on the kerbside which creates collection issues and increases environmental issues.

Cost and debt impact

There is no debt impact for this option

Rates impact

From 2025 for residential: Estimated average cost per household per year of $340, consisting of $184 in rates and $156 for rubbish bags (based on one bag per week)

From 2025 for Taupō and Tūrangi town centres and neighbourhood shops: Estimated average cost per business per year of $688, consisting of $376 in rates and $312 for rubbish bags (based on two bags per week)

TIMELINE

2025 Current services continued | **to 2035** Contracted for 10-year period

KEY QUESTION

04

Helping ease our housing crisis

Whai Kāinga, Whai Oranga

Should Council partner to provide housing for first home buyers or sell the land?

THIS PROJECT WILL NOT BE FUNDED BY RATES

WHAT'S THE PROBLEM?

Taupō District has a severe housing shortage, and we know people are turning down skilled jobs in Taupō because they can't find somewhere to live. These people have the ability to service a mortgage but even for working families, the large deposit needed just to get on the property ladder in the Taupō District is massive.

We don't want to just be a district of retirees and holiday home owners - we need to keep attracting skilled employees who can help keep our district's services and businesses running. They also make a valuable contribution to our clubs, schools and communities.

Council owns an area of land to the east and south of Richmond Heights. The plan has been to sell this land over time and use the money to pay back debt.

But we have an opportunity to sell some more of this land to a development partner who would build and sell some decent, high-quality homes that aren't million-dollar houses and holiday homes.

It's important to note that the money needed to kick-start this project **would not come from rates** but from Council's strategic property reserve and from our development partners. After the initial kick-start, profits can be reinvested to provide further first home buyer housing.

This project would build on the work that we began in our Annual Plan 2023/24 to look at options for providing housing for working families and first home buyers.

Artist's impressions of how the proposed houses might look

Proposed option

PROPOSED: Partnering to provide quality first home options to working families

What is proposed

We're proposing to do some development with construction partners to produce new, quality, attractive houses to buy that are similar to the market homes in this area – but are smaller and more affordable for everyday people who would then be able to service a mortgage.

We expect our construction development partner to be able to deliver around 42 attractive, quality homes at a relatively low market price which would be suitable for first home buyers by late 2025 or 2026. There would be an eligibility assessment process which Council would determine at a later date. The remaining homes (about 65 percent) would sit outside of the Council's affordability criteria and be made available to the general market to purchase.

The development partners would build the homes and manage the sales and marketing of completed homes. Council becomes the enabler of this development but is not the developer nor is it carrying all the typical development risk.

This option has been developed to ensure there is not any pressure put on rates and limited impact on council debt due to the fact that we are using reserves from previous sales of Council's strategic property to service this debt. Revenue from this project will be used to fund any future stages of the development, as Council's strategic property sales are ringfenced to protect Council's strategic asset base.

Advantages and disadvantages

- ☑ Helps attract skilled workers to Taupō District.
- ☑ Realises Council's housing aspirations at minimum risk to Council.
- ☑ Guaranteed sale with a committed sale price for full market valuation with regular pricing reset.
- ☑ Partnering with an experienced developer reduces risk to Council. The development partner will be responsible for building, funding, marketing, home sales and delivery of first home buyer outcomes as per the proposed agreement.
- ☑ Council maintains control over the scale and design of the development.
- ☑ Remaining homes will be sold at market rates.

- ☒ No competition with other builders. Limited price competitiveness for homes options with multiple parties.
- ☒ No ability for individuals to purchase land and build their own home.
- ☒ Requires further investment into the second part of this project before the returns are realised from the first part.
- ☒ Potential risk comes with any land development such as this and includes weather, unforeseen cost escalation, planning and regulatory risks and uncertainty around timing of sales and completion.

Cost and debt impact

Expect sales revenue of approximately $53 million over 10 years, which is used to pay back project debt and fund future housing projects. We will repay all $14.9 million of debt from this project by the end of Year 3 (2027/28) under this option. This debt would be raised in the preceding three years.

Rates impact

No rates impact. Initial debt repayments are covered by Council's strategic property reserve. Going forward, project will be self-funding from Council returns.

TIMELINE

2025: Earthworks and civil works completed, section titles issued

Late 2025: House construction begins

Alternative option

ALTERNATIVE OPTION: Sell residential land on the open market without requiring quality first home buyer options

Alternative option

Council would sell all its land on the open market at the appropriate time to the highest bidder, without requiring quality first home buyer options. For clarity, any gains would not be used to subsidise rates as any strategic property sales go back into the strategic property reserve to fund future asset purchases, ensuring Council's strategic property assets do not deplete.

Advantages and disadvantages

- ☑ Could sell land blocks, without further investment in the land.
- ☑ A future higher section sale price might be achieved.

- ☒ Is inconsistent with the objectives of Council's Housing Strategy.
- ☒ Potential to lose a willing development partner.
- ☒ Costs to revisit the project could rise, including external advisor fees, planning, intellectual property, building costs, etc.
- ☒ First home buyers and working families have limited housing options.
- ☒ Employers continue to struggle to attract skilled workers.
- ☒ Once the land is sold, options for Council to help ease the housing crisis are severely limited.
- ☒ Timing of any section sales would likely be slower. If land is sold in blocks, we could make less money.
- ☒ Potential risk comes with any land development such as this and includes weather, unforeseen cost escalation, planning and regulatory risks and uncertainty around timing of sales and completion.

Cost and debt impact

No cost or debt impact. Net sales revenue will be used to pay down property related debt. We will repay $13.9 million of debt in year three (2027/28). This debt would be raised in the preceding three years however we would then have to borrow again to fund the next stage of land development. This debt would be repaid from 2029 to 2031.

Rates impact

No rates impact – land sales go back into Council's strategic property reserve.

OTHER THINGS WE'RE THINKING ABOUT

Another Waikato River crossing

There has been a lot of growth on the northern side of Taupō and in Kinloch and we know more is coming. We need to be prepared for the transport impacts of this growth to ensure existing issues are not made worse and we meet our legal requirements.

Planning for a new bridge across the Waikato River was included in the previous Long-term Plan 2021-31 as part of the Transport Asset Management Plan for 2031 to 2033.

We have heard from you that this project is important to help ease traffic congestion and save commuting time.

Over the next three years we'll work with Mercury and iwi and hapū and begin planning for another bridge. Detailed design and consenting would start in 2027/28 and construction in 2029/30, at an estimated cost of $73.5 million. Forecasting now that we will need to pay for such a significant project will allow us to begin planning and to collect development contributions, which will reduce the amount of rates money needed.

In our next Long-term Plan in 2027 we expect to be able to share more detailed design options for you to provide feedback.

NZTA funding changes could mean we must spend more on transport

Every three years we seek funding from the New Zealand Transport Agency Waka Kotahi for many of our roading projects. The agency has been signalling that due to its own cost pressures, less funding will likely be available for councils this time around.

We should know more about the level of NZTA funding we might receive soon. While this won't be an exact figure, it provides an early indication about whether or not we will need to change the transport projects proposed in our Long-term Plan.

There are two options for Council if NZTA are not able to meet our funding expectations:

- Increase our transport budget to make up the shortfall so that we can deliver the full list of our transport projects.
- Remove or reprioritise some of our transport projects or change the scope of the project so we can meet the smaller available budget.

If we don't receive the funding needed from NZTA, Council will make a decision on what to do before we adopt the final Long-Term Plan.

What's the plan for Tūrangi town centre?

Over the last four years Council has delivered the new Te Mataapuna sports facility, Te Kapua Park PapaTākaro and street revitalisation projects in Tūrangi. In our Long-term Plan 2021-31 we also allocated $15.9 million for a new Tūrangi recreation facility. The project was scheduled to start design in 2022/23 and be built by 2025. But once we undertook feasibility work, we realised that build costs have escalated significantly, and the day-to-day operating costs of this centre would add approximately 1 percent to rates. We think it is prudent to relook at how best we can cost effectively deliver the community facilities that the Tūrangi community needs.

In the meantime, the Tūrangi community has told us that they're not happy with the state of their town centre. While Council doesn't own the majority of those buildings, we can work with land owners and business owners to come up with a structure plan to get the town centre functioning better. We think it would be a bad idea to spend a lot of ratepayer money and build a new recreation facility without considering the wider town centre first. The Tūrangi town centre structure planning exercise will help figure out what recreation facilities might be needed and where best to place them.

In recognition that we expect there will need to be an investment in new facilities, and to keep options open, we have included an indicative budget of approximately $17.5 million in years 4 and 5 of this plan. We've also thought about how a new facility would operate and who might run it. Our assumption in this Long-term Plan is that this will be a community hub, and therefore it needs to be community-led. In addition, ongoing building maintenance would cost ratepayers around $260,000 per year, or 0.2 percent on your rates. Who should operate the recreation facility, and how, is something we will consult the community on before we begin designing it.

The funding approach has also changed slightly to reduce the impact on rates. Rather than the project being 100 percent rates funded, we are now proposing that we will try to fund approximately 20 percent of the cost from outside Council.

Infrastructure Strategy and Financial Strategy

Rautaki Whaihanga me te Rautaki Pūtea

Long-term infrastructure objectives

Infrastructure is the term for pipes, treatment plants, pump stations, roads, footpaths and other assets that are essential for our communities to live, play and do business. Council's commitment to meeting legal requirements, looking after our assets, and preparing for expected growth has meant increased budgets to renew and maintain our critical infrastructure, and continued investment in required growth-related assets. This is reflected in the draft Infrastructure Strategy.

As part of this draft Long-term Plan, we have reviewed our Infrastructure Strategy which sets out how we intend to manage and maintain this significant infrastructure over the next 30 years. The draft infrastructure strategy will ensure:

- Assets are well looked after and in good condition for future generations.
- We are planning and investing to support growth and housing development.
- We are maintaining levels of service and improving public health and environmental outcomes, including working with iwi and hapū to protect and restore the health and mauri of our waterways.
- We are managing natural hazard risks to ensure our infrastructure is resilient.

Our infrastructure strategy proposes an increased budget for renewals of infrastructure such as roads and water pipes, significant investment for growth; and working in partnership with iwi to improve environmental outcomes.

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

- Identifying a solution for transport from the northern side of the Waikato River and through Taupō town.
- Managing wastewater north of the Waikato River.
- Improving wastewater disposal in Tūrangi.

To read the full draft *Infrastructure Strategy* visit www.taupo.govt.nz/haveyoursay.

Financial Strategy

We have to carefully manage what Council borrows as well as care for its existing assets. We want our future generations to inherit good-quality assets that have been well looked after. The draft Financial Strategy highlights recent pressures that have put considerable strain on rates, particularly in the first few years of this Long-term Plan. Rates increases are needed to meet the growing costs of providing essential infrastructure and we recognise that these increases will be challenging for the community.

This draft Financial Strategy outlines the financial vision and priorities for the next 10 years. It aims to achieve an appropriate balance between the needs of our communities, responsible management of our assets, and financial sustainability over the long term.

To achieve this, we are proposing the following:

- Maintaining current levels of services.
- Continuing to fund 100 percent of depreciation of council assets over the assets' life cycle.
- Prioritising essential infrastructure, such as water services.
- Prioritising topping up negative reserve balances with rates funding in later years. This will ensure no further pressure is put on future generations and that Council is setting aside funding for the eventual replacement of those assets.
- Continue to use development contributions and development agreements to fund the portion of new assets required as a consequence of growth.

To read the full draft *Financial Strategy* visit www.taupo.govt.nz/haveyoursay.

Proposed Rates Limits

Council is forecasting average rates increases for existing ratepayers of 5.3 percent across the 10-year period. Recent inflationary pressures, non-controllable cost increases, and increased interest costs have put considerable pressure on rates, particularly in the short-term.

Council is proposing to increase its rates increases affordability benchmark from Local Government Cost Index (LGCI) + 2.5 percent to LGCI +5 percent, considering past performance challenges due to LGCI being a forward-looking projection, whereas Council cost increases often occur subsequently to inflationary increases. For most years in this 10-year period, Council is projecting to be well below its self-imposed benchmark. Average rates increases are for existing ratepayers only (after removing forecast growth in rateable properties).

Council recognises that although these short-term rates increases are fundamentally outside of Council's control without compromising key priorities, they are also likely to be challenging for the community. Council has recognised this by not adjusting the benchmark for the two years but instead showing these two years as a short-term breach to the affordability limit.

Increased costs for Council's water services have meant that rates increases are proportionally higher for residential ratepayers who have the ability to connect to Council's water and wastewater services. This has been partially mitigated by a proposed differential increase for electricity generators, utilities, and networks. This differential change is being proposed to ensure all industrial/commercial ratepayers pay rates on the same basis, but also in response to Council's consideration of the affordability of rates for the community, for which the proportionally-larger increases in residential rates in recent times was a factor.

Availability of alternative funding streams, such as external funding, is considered more challenging than previous Long-term Plans and therefore Council will see an increased reliance on rates revenue during this 10-year period. This is reflected in Council's rates (income) affordability, including a breach in the two last years to the benchmark of rates not exceeding 80 percent of total operating revenue.

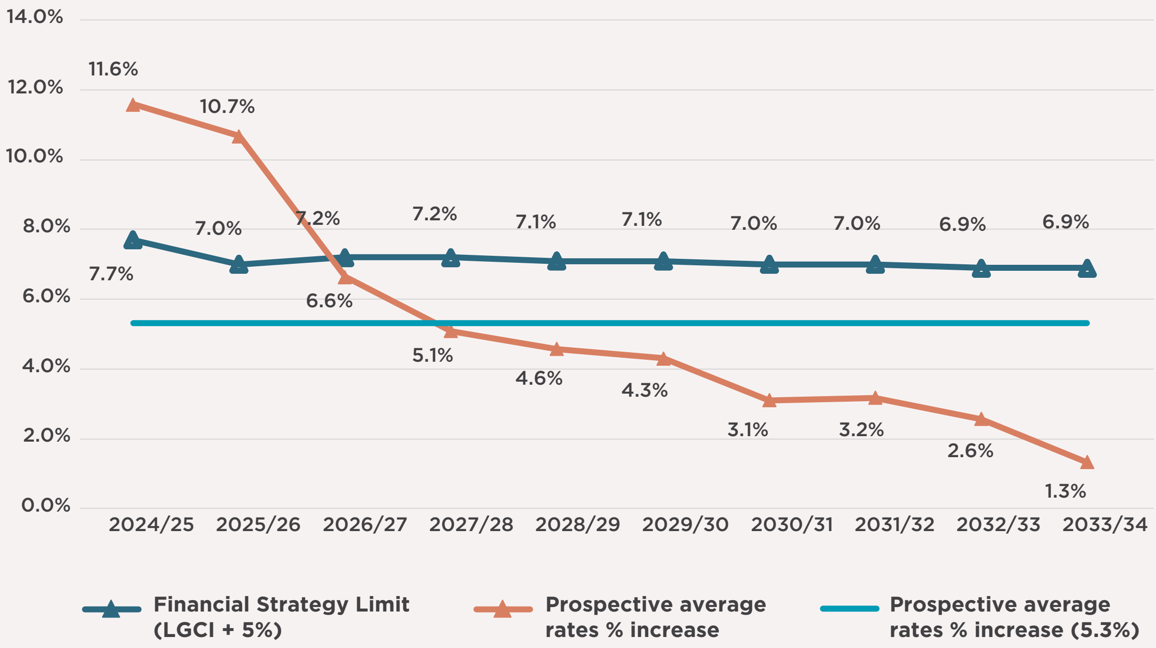
Council has proposed increases to its fees and charges to better reflect increased costs over the past three years. Without these increases, Council would not meet revenue and financing policy funding principles and Council would need to either intentionally breach these principles or amend them to suit current user-pays ratios. This would further increase Council's reliance on rates revenue.

Council believes that the breach in rates (income) affordability, that total rates revenue must not exceed 80 percent of operating revenues, is substantially outside of its control considering the substantial increases already applied to fees and charges.

If Council does not receive the assumed external funding streams in this Long-term Plan, such as New Zealand Transport Agency Waka Kotahi subsidies, it will need to reassess the appropriateness of its capital programme and/or specific projects.

Council will also continue to prioritise opportunities to grow its sources of third-party funding for capital projects. Council will achieve this through relationships with funding agencies, government departments, and community groups. Council will also continue to advocate to central government for alternative funding sources, through its own means and through its involvement with sector partners like Local Government New Zealand and Taituarā.

AVERAGE RATES INCREASES (TO EXISTING RATEPAYERS)



Proposed Debt Limits

We mainly use debt to invest in new infrastructure assets or improving assets we already have. Renewals (replacing old infrastructure with new infrastructure) are funded by depreciation.

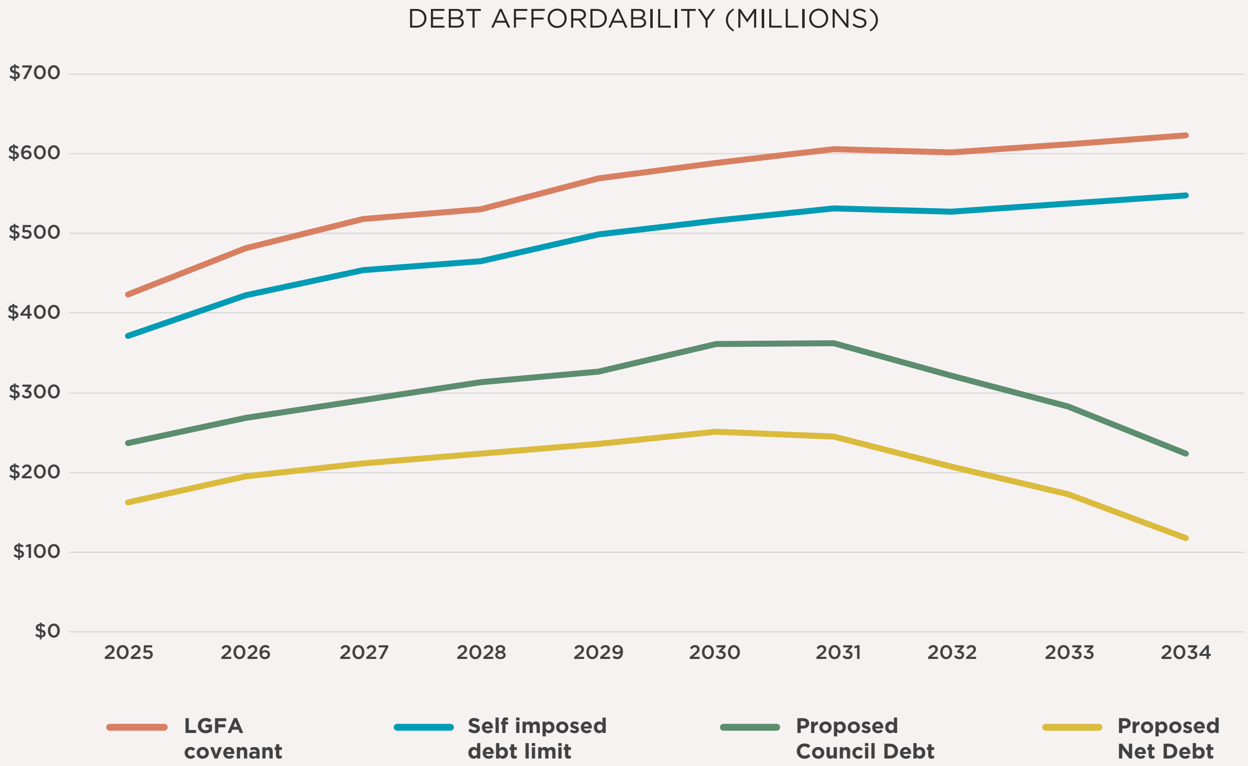
Achieving the balance between debt sustainability and affordability over the long term and Council's priorities of maintaining current level of services, meeting legislative requirements, looking after our assets, and provisioning for the expected growth, has been challenging for this 10-year period.

Council has managed to maintain debt sustainability and affordability by minimising pressure on debt through voluntary repayments on Council loans, depreciation reserve top-ups, and rationalisation of Council's discretionary capital projects.

Council has increased its self-imposed debt limit from 225 percent to 250 percent of gross external debt to revenue for this financial strategy, recognising the increase in growth during this 10-year period. Due to the forecasted growth projections, Council will be required to carry more debt going forward with increasing capital investment required to provision for this growth.

Through this financial strategy, Council also recognises the importance of debt head room as a key part of planning for unexpected events and changes.

Despite the increased pressure on Council's debt and significant increases during this Long-term Plan, it remains at prudent levels. The new limit is well below debt covenants that are set by the New Zealand Local Government Funding Agency, and Council remains comfortably below the increased limit.



Maintaining a low cost of financing is key for this financial strategy and Council aims to achieve this by obtaining high-quality treasury advice and achieving a positive outcome during Council's annual credit rating process. Council's credit rating is currently AA+ (negative watch) and Council endeavours to maintain a credit rating of at least AA during this 10-year period, to ensure the lowest possible lending margins.

Due to Council's increased growth projections, Council is allowed to increase its debt servicing benchmark to borrowing costs to be below 15 percent of revenue (from 10 percent), as per Local Government (Financial Reporting and Prudence) Regulations 2014. In the context of the old benchmark, higher projected interest rates and higher growth were putting pressure on this ratio (due to the revenue calculation excluding growth revenue, such as development contributions), however, Council comfortably sits inside the benchmark for high-growth councils.

Other key documents we invite your feedback on

Ētehi atu pitopito kōrero, tukua mai ōu whakaaro

These documents are being reviewed alongside the development of the Long-term Plan. Budgets have been developed according to these draft policies. If changes are made to these policies as part of the consultation process, this may result in changes to the Long-Term Plan budgets.

- Draft Financial Strategy 2024
- Draft Infrastructure Strategy 2024
- Draft Revenue and Financing Policy
- Draft Fees and Charges Schedule 2024/25 (does not include dogs and food licensing)
- Draft Development Contributions Policy
- Draft Rates Remission and Postponement Policy
- Draft Treasury Management Policy

Other supporting documents

- Draft Significant Forecasting Assumptions 2024
- Draft Groups of Activities
- Draft Financial Information
- Draft Performance Management Framework
- Draft Funding Impact Statement 2024
- Draft 2024 Asset Management Plans
- Long-term Plan Disclosure Statement

KEY CHANGES PROPOSED

Revenue and Financing Policy

The Revenue and Financing Policy sets out the Council's funding approach and describes how each of the Council's activities will be funded, including the rationale for the use of each funding method. The key changes relate to:

- Where we have looked at how the allocation of costs is balanced between the person benefiting from the service and the ratepayer. These are reflected in the fees and charges section on page 33.
- An alignment of electricity generators and utility assets and networks with other industrial/commercial ratepayers.

Rates differential – we know that we need to change some of our funding

As part of this Long-term Plan, Council has considered whether there are ways to improve inequities within the rating system. One approach was a review of rates differentials. The review focused on the industrial and commercial differential, in particular electricity generation and utility assets and networks as these had not been changed since 2012/13.

We propose to align electricity generation and utility assets and networks with other commercial/industrial activities. Council wants to ensure that all industrial/commercial ratepayers are treated equally when assessing rates, more so during these uncertain economic times.

Changing the differential will mean that electricity generators will contribute a higher proportion to the rates which will reduce the burden on other ratepayers, particularly those in urban areas. The energy sector benefits from being in our district and we want them to contribute a fair amount to the community.

Water meters?

You may see water meters are in our plan. We are continuing to install water meters at new properties and for high water users and commercial users. At present we use water meters to track water leaks, which are more common than people think.

For the next few years, there is no intention to charge for water use for normal residential properties.
At some point in the next decade as the district continues to grow, we might need to consider installing water meters on existing residential properties to ensure there is enough water for everyone. We would not charge for residential water until we have talked to the community. In the meantime, water meters will be used to track leaks and provide accurate estimates of demand, which helps with our water planning such as assessing whether we need to expand our water treatment plants.

Fees and Charges

The draft schedule on our website lists the proposed fees and charges for 2024/25*. Fees and charges ensure that those who use Council services contribute towards the costs of providing those services and facilities. This helps reduce that cost burden falling entirely on the wider community through rates (including the people who don't use these services). For instance, a person extending their home requires a building consent but benefits from the increased value of that home. It's only fair that they should bear most of the cost of paying for the building consent.

**note dog registration and food licensing fees have already been consulted on due to the timeframes required by legislation.*

Some of the key proposed changes include increases to fees for:

- Building and resource consenting
- Alcohol and health licensing
- Taupō and Tūrangi pools, and other council facilities
- Cemeteries
- Landfill, transfer station fees, and kerbside rubbish stickers / bags

We are also proposing an increase in rents at our housing for the elderly units, with weekly rents going from $135 to $170 per week for a single unit in Taupō or Tūrangi, and from $105 to $130 per week in Mangakino. The housing stock is ageing and needs work to keep it warm, safe and suitable for the needs of the tenants. These rents are expected to cover around 35 percent of the costs of providing this housing.

Proposed new pool entry fees

	AC BATHS (TAUPŌ)	TŪRANGI AQUATIC CENTRE
Adult	$12.00	$6.50
Senior / Student	$7.00	$5.50
Child (6 – 15)	$6.00	$4.50
Child aged 5 and under	Free	Free

Development Contributions Policy

The underlying principle of development contributions is that developers should meet the costs of projects associated with growth. The Development Contributions Policy enables monetary or land contributions to be charged to developers when they gain resource consent, building consent or are granted a service connection. Council has reviewed its policy, and revised its growth projects, resulting in corresponding changes to development contribution rates for:

- Water
- Wastewater
- Transport
- Reserves

The proposed changes are set out for consultation here: www.taupo.govt.nz/haveyoursay.

Rating Remission and Postponement Policies

These policies outline the circumstances in which the Council may remit or postpone rates. Remission of rates involves reducing the amount owing or waiving the collection of rates altogether, while postponement of rates means payment can be delayed for a certain period of time, but not waived. The review of the policy has resulted in two proposed changes:

- Reducing the toilet pan charges for community groups, marae and churches.
- Simplifying the rate remission available on Māori freehold land that is being developed.

Treasury Management Policy

The purpose of the policy is to set out the approved policies and procedures in respect of all treasury activity to be undertaken by Council and includes investment and liabilities. These policies and procedures will enable treasury risks to be managed. The review of the policy has resulted in several proposed changes. These are:

- Change to Net External Debt/Total Revenue Borrowing Limit from 225 percent to 250 percent.
- Removal of Taupō Electricity Limited fund parameters, to be governed and measured by the Statement of Investment Policies and Objectives.
- Change to a simpler, easier to manage fixed rate hedging percentages.
- Removal of the control limits for financial market investments as the limits contradict the requirement to match investments with cashflows.
- Updated Authorised Investment Parameters.
- Updated performance measures.
- Updated roles, responsibilities and delegations.

Other proposals for community feedback

Ētehi atu kaupapa mahi hei rapu kōrero mai i te hapori

Community funding changes

There are many individuals and groups across Taupō District doing great things for their communities. Council currently distributes $600,000 per year through community grants. These grants support community groups across our district to achieve aspirations for their communities.

Grants are distributed through a multi-year partnership agreement fund, plus six separate one-off funds. Every three years, councillors decide on the total amount of grants money to be given out and how to allocate it through Council's long-term planning process. Currently, seven different committees allocate grants funding up to twice per year, per fund.

We think the community funding programme is an opportunity for Council to achieve greater positive impact across communities and we want it to continue to operate in a transparent, fair and consistent manner. We're reviewing our Grants & Partnerships Policy to see whether improvements can be made for the future. It's also important we ensure public money is invested in a way that is efficient to administer and provides the greatest community impact.

To find out more information about this proposal – you can visit www.taupo.govt.nz/fundingpolicy.

The Waste Management and Minimisation Plan

The current Waste Management and Minimisation Plan (WMMP) is six years old and with a number of changes proposed in the waste management space it was decided that the WMMP should also be reviewed.

The main changes between the 2018 WMMP and the draft WMMP are:

- An increase in the waste diversion goal from 51 percent to 60 percent (to be achieved in 2034).
- Prior to the landfill resource consent expiring in 2027, Council will apply for a new resource consent.
- Review of the kerbside rubbish and recycling collection service and rollout of a kerbside food waste collection.
- A new action to understand the generation of construction and demolition waste and work with commercial operators to try to and increase diversion.
- Investigate and support reuse and repair of products in the district.
- Investigate food rescue in the district.
- Support the reduction of single use items / coffee cups.

More information about the Waste Management and Minimisation Plan and the chance to provide your feedback can be found here www.taupo.govt.nz/haveyoursay.

Changes to two targeted rates

Ngā huringa ki ngā rēti whāiti e rua

Towncentre Taupō Targeted Rate

Towncentre Taupō is a member-based organisation which promotes Taupō's central business district as a safe and vibrant space. Its work is supported by Council via a targeted rate which is paid by more than 500 Towncentre Taupō members as part of their annual rates.

The Towncentre Taupō rate pays for services that enhance and develop the social and economic wellbeing of the Taupō central business district. It is assessed on each separately-used or inhabited part of industrial or commercial rating units within the defined central business district part of Taupō town.

Towncentre Taupō's costs have increased while the sponsorship it would normally secure for some of its events has also diminished. At the Towncentre Taupō AGM in September 2023, a $12,950 increase to its 2023/24 budget was approved by the members – from $185,000 to $197,950 – representing a 7 percent increase to the targeted Towncentre Taupō rate for the 2024/25 year.

Whareroa Refuse Targeted Rate

This targeted rate funds the disposal of waste at the Whareroa Refuse Station. Ratepayers in Whareroa Village currently pay a targeted rate of $90.90 (incl GST) per annum for this service. Since this targeted rate was last reviewed 10 years ago, waste disposal costs have risen significantly and no longer cover the cost of operating the Whareroa Refuse Station. The rate is being raised to $208.69 per property per annum.

We want to hear from you

Kōrerotia mai ōu whakaaro

Make a submission on this Long-term Plan consultation document and tell us what you think about what's proposed. Have we got the balance right? Do you agree with our approach of focusing mainly on essential projects while economic conditions remain tight?

It is just as important for you to let us know which projects you support, as well as the ones you don't.

What is a submission?

A submission is feedback. It is your chance to present your opinions, observations, and recommendations on a matter before Council, to help councillors make an informed decision. Any individual or group/organisation can make a submission. Your submission can support, oppose, or express a point of view on a matter.

If you are submitting on behalf of an organisation or group (e.g. a sports club), make sure you have permission to do so and that you are presenting the views of the group correctly. Only one submission per organisation/group can be accepted.

To make a submission you can do one of the following:

VISIT OUR WEBSITE:
www.taupo.govt.nz/haveyoursay

EMAIL US:
10yearplan@taupo.govt.nz

CALL US:
07 376 0899 or 0800 ASK TDC (0800 275 832)

DROP US A LINE:
Long-term Plan,
Taupō District Council,
Private Bag 2005,
Taupō Mail Centre 3382.

Scan the code
taupo.govt.nz/haveyoursay

You can make a submission from Tuesday 4 June until 4.30pm on Friday 5 July.

Every submission will be carefully considered as the Mayor and councillors work to find the right balance for our district for the next 10 years. Thank you for having your say.

Want to know more?

Come along to one of our community engagement events. Check out the schedule at www.taupo.govt.nz/haveyoursay.

We'll also be holding drop-in sessions at Council representative group meetings and popping up at various community events during June – look out for one in your area!

Antenno
Be informed. Get involved.

To keep up to date with Council, follow us on Facebook, download the Antenno app and sign up for our weekly Connect e-newsletter at www.taupo.govt.nz/connect.

What happens next?

Submission period closes
Friday 5 July at 4.30pm.

Hearings and deliberations
on the draft Long-term Plan: Scheduled for Monday 29 July to Friday 2 August

Long-term Plan adopted
End of September 2024

Have your say
4 June - 5 July 2024

GREAT LAKE TAUPŌ
Taupō District Council

0800 ASK TDC (275 832)

info@taupo.govt.nz

www.taupo.govt.nz/haveyoursay

Looking after the place we love

Manaaki tūturu tō tātou rohe