

Strategic Planning and Policy Committee Workshops - 3 December 2024

These are indicative times only



03 December 2024 09:50 AM

Agenda Topic	Presenter	Time	Page
1. Climate Change and Sustainability update (general update on the overall Sustainability and Climate Change Work Programme and progress to date)	Haven Walsh	09:50 AM-10:10 AM	2
MORNING TEA BREAK		10:10 AM-10:30 AM	
2. 2025-34 Long Term Plan High level budget confirmed subject to final minor changes. Full suite of indicator properties. Final check in Treasury Management Policy. Sports field lease model.	Melissa Russo	10:30 AM-12:00 PM	21
2.1 2025-34 Long Term Plan Parking lot action list			21
2.2 2025-34 Long Term Plan Memo for final budget options and indicator properties			24
2.3 2025-34 Long Term Plan Memo on Treasury Management Policy			51
2.4 2025-34 Long Term Plan Sports Club Lease Model Options paper			53
2.5 2025-34 Long Term Plan Treasury Management Policy			56
2.6 2025-34 Long Term Plan workplan			67
2.7 Presentation			69
LUNCH BREAK		12:00 PM-12:45 PM	
3. 2025-34 Long Term Plan Continued			

SUSTAINABILITY AND CLIMATE CHANGE UPDATE

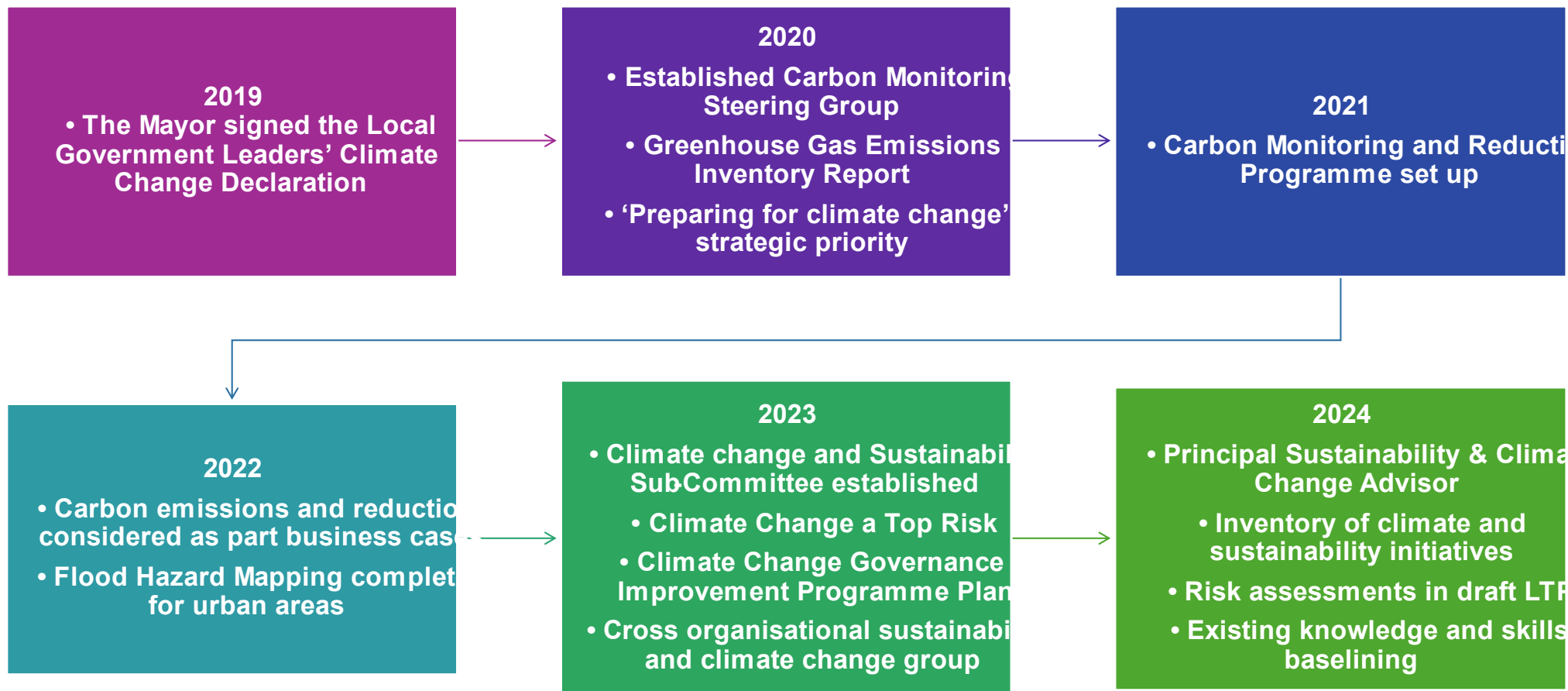
December 2024



PURPOSE

- Raise awareness of work for all elected members.
- Provide insights into:
 - progress to date
 - areas of focus
 - next steps.
- Support Council wide decision-making.

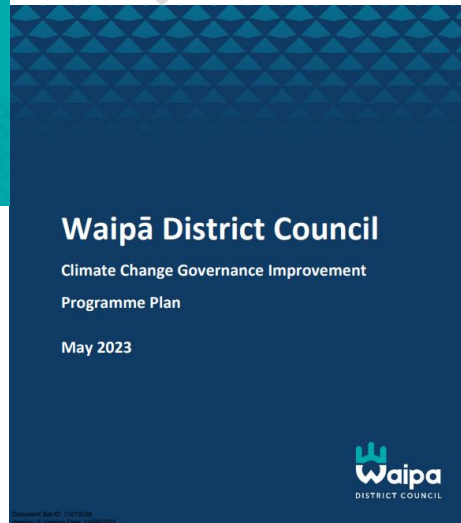
REMINDER OF OUR JOURNEY SO FAR



DEVELOPED A 3-YEAR WORK PROGRAMME



PREPARING FOR CLIMATE CHANGE



Work Programme

Milestone	Expected Outcomes of milestone	Task No.	Key Deliverable / Tasks to be completed	Status	Timeline					
					December 23	December 24	December 25	December 26	December 27	December 28
1	Climate Change Policy will inform decision-making, including strategic, financial and risk management through climate change risk assessments. Waipā will have a formal Sustainability/Climate Change Committee to advise, advise and implement climate change related actions from agreed strategic and planned workstreams at a governance level. This is expected to be fully completed after Strategic Planning and Policy Committee.	1	Adopted membership of the Climate Change Top Team and Improvement Programme Plan at Executive level.	Complete						
2	Develop and agree the Climate Change Governance Improvement Programme with Executive and present to Audit and Risk Committee and Council.	2	Develop and agree the Climate Change Governance Improvement Programme with Executive and present to Audit and Risk Committee and Council.	Complete						
3	Establish cross functional group and maintain oversight of delivery of planned climate change activities, ensuring a holistic view of projects and initiatives and effective management of resources.	3	Include standard agenda item for climate change on Executive Team meeting agenda monthly.	Complete						
4	Regional members and committees will have agreed responsibilities and a common understanding of Council's leadership role in the management of climate change in the District.	4	Establish cross functional group and agree terms of reference for this group.	Complete						
5	Regular and effective reporting of climate-related risks, opportunities and performance to Board/Committee and progress for effective decision-making.	5	Develop timeline of all climate change initiatives underway or planned and portfolio through cross functional group.	Ongoing						
6	Formal accountability reporting implemented in best practice.	6	Cross functional group to provide input into working with Executive Members and provide analysis and recommendations to Sustainability/Climate Change Sub-Committee.	Ongoing						
7	Develop and agree structure and terms of reference for Sustainability/Climate Change Sub-Committee.	7	Develop and agree structure and terms of reference for Sustainability/Climate Change Sub-Committee.	Complete						
8	Develop and agree initial workplan for Sub-Committee by Climate Change Sub-Committee meeting.	8	Develop and agree initial workplan for Sub-Committee by Climate Change Sub-Committee meeting.	Complete						



WHAT WE DO

Three key work areas

- Risk Governance Structures
- Skills and Performance
- Systems and Settings

WHAT WE DO - A BIT MORE DETAIL



FOCUS FOR THE PREVIOUS SIX MONTHS

- Baseline knowledge and skills
- Assessing training and development methods – developing change management plan
- Develop overarching strategy
- Organisation climate change risk assessment

BASELINING CURRENT KNOWLEDGE

- Research and identify options:
 - Taituarā
 - Regional climate change and sustainability network group
 - National climate network group
 - Sector leaders e.g. Christchurch City Council
- Stocktake approaches across the sector
- Identify and agree the skills/competencies required for different roles
- Develop draft assessment - test and agree
- Provides:
 - baseline of current knowledge, and
 - identifies knowledge gaps and development opportunities

Skills and knowledge matrix

Role	Foundational knowledge				Organisational process knowledge					Strategic execution				
	Sustainability and climate science	GHG / carbon literacy	History / Policy landscape	Interdisciplinary / systems thinking	Strategic and spatial planning	Governance / Decision making	Risk management	Budgeting / prioritising	Asset management	Communication	Advocacy and influence	Project management	Stakeholder relationships	Iwi / mana whenua
Elected Member	1	1	2	2	2	2	2	2	2	2	2	1	2	2
Chief Executive	2	2	2	3	3	3	3	3	3	4	4	3	3	3
Group Manager - Business Support	2	3	2	3	3	3	3	4	3	3	3	4	3	3
Group Manager - District Growth & Regulatory Services	2	3	3	3	3	3	3	3	3	3	3	3	3	3
Group Manager - Service Delivery	3	3	3	3	3	3	3	3	4	3	3	4	3	3
Group Manager - Customer and Community Services	2	2	2	3	3	3	3	3	3	4	3	3	3	3
Group Manager - Human Resources	2	2	2	3	3	3	3	3	2	3	3	3	3	3
Group Manager - Strategy	3	3	3	3	4	3	3	3	3	4	4	3	4	4
Sub-committee	2	2	3	3	2	2	2	2	2	2	3	1	2	2
Cross - org group	3	3	3	3	3	2	3	2	2	3	3	2	3	2

Once skills and competencies for different roles are agreed - member's assess themselves to identify areas for learning and development. Key / common areas for development

Level of competence required for the role

0 - No knowledge or experience required

1 - Beginner

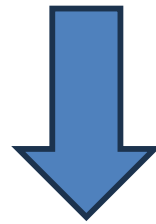
2 - Medium

3 - High

4 - Advanced / expert

TRAINING AND CHANGE MANAGEMENT PLAN

Knowledge gaps and development opportunities identified.



Develop training material and change management plan.

KEY ASPECTS OF TRAINING & CHANGE MANAGEMENT PLAN

- Training tailored for each group
- Clear plan - who, what, when, and how
- Communications
- Work collaboratively to develop training
- A centralised base of tools and guidance
- Monitoring outcomes - performance measurement
- 'Live' training resource, i.e. incorporate new knowledge

KEY COMPONENTS OF TRAINING AND CHANGE MANAGEMENT PLAN

Examples of training tools and methods

Elected members

- Facilitated workshops (in-house and external experts)
- Webinars
- AKONA - online module
- Guidance documents
- Potentially place-based workshops, e.g. wetlands / peat soils

LIKELY PRIORITIES IN BUILDING AWARENESS AND UPSKILLING

Elected Members

- Understanding evidence base – the case for action
- Understanding projections / scenarios – what impacts we can expect
- Legislative framework – knowing our responsibilities
- Stock-take of sphere of influence – roles, functions and activities
- Understanding and assessing risk – to council and our community
- How can we respond – potential responses / what are our communities concerns
- Comprehensive training – adaptation and mitigation

WHY THESE PRIORITIES ARE IMPORTANT

Build understanding of climate change and sustainability across council, so that:

- Governance can make informed decisions
- Staff can integrate into all activities and understand their contribution
- Stakeholders/community can see our direction of travel and how we can work together to:
 - mitigate our collective impact on the climate, and
 - increase our resilience to the changing climate.

TIMEFRAMES

Action and deliverable	Date
Skills assessment - plan, communicate, research, develop, agree	April 2024 – December 2024
Training and change plan developed - Identify need, plan, communicate, develop, build / procure	October 2024 – June 2025
Delivery of Training and Change Plan - communicate, implement	July 2025 – October 2026
Re-evaluation of training needs - Review outcomes, new knowledge, communicate, plan, update	November 2026 – June 2027

DEVELOPING CLIMATE CHANGE STRATEGY

Initial workshop with Sub-Committee to

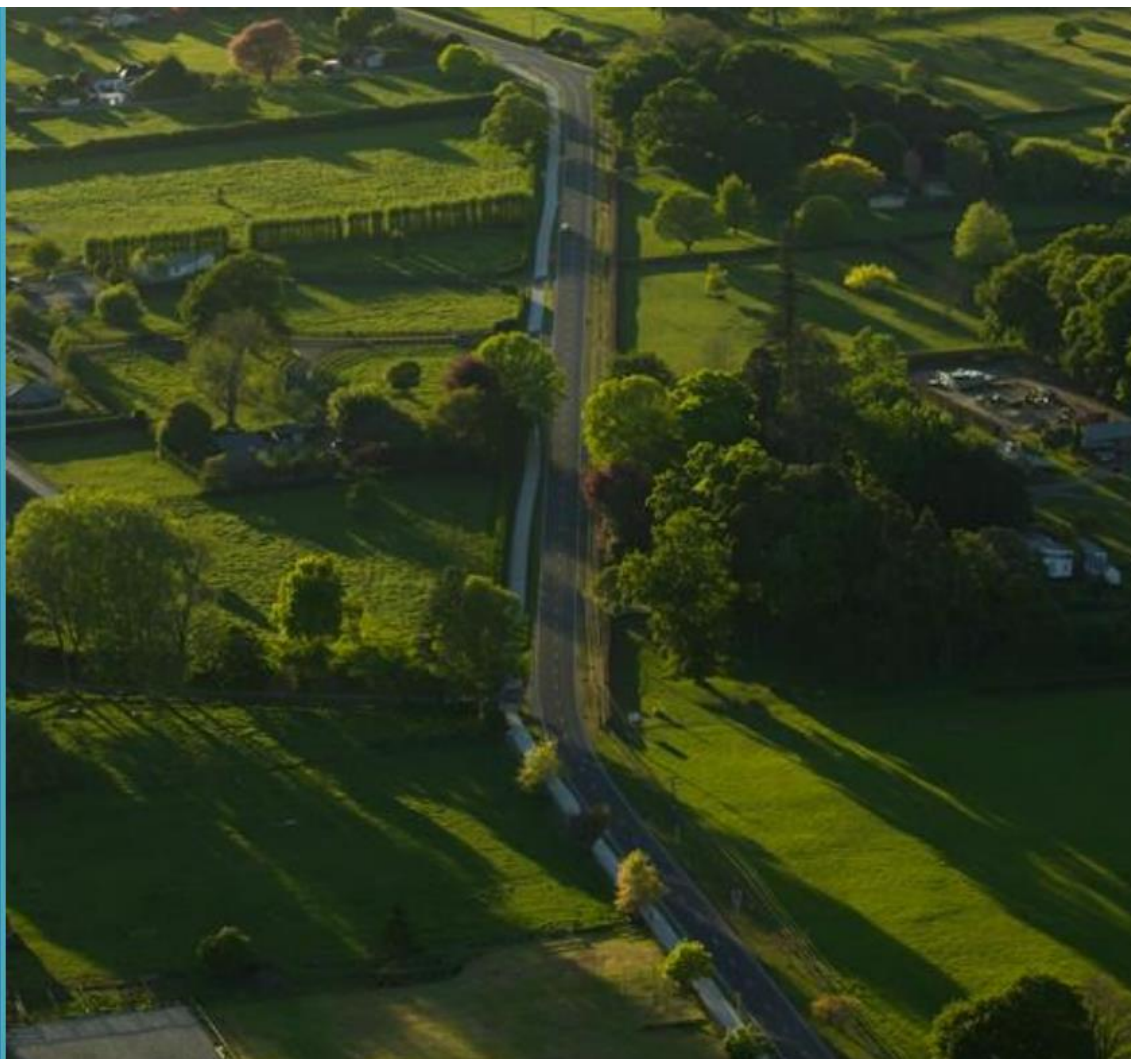
- Agree on the role the Council wants to take in addressing climate change.
- Agree the structure and key focus areas for further development.
- Supported by background paper and draft strategy template.
- Aiming for workshop two before end of the year.

CLIMATE CHANGE RISK ASSESSMENTS



Organisational Climate
Change Risk Assessment
Kick-off meeting follow-up

31 October 2024

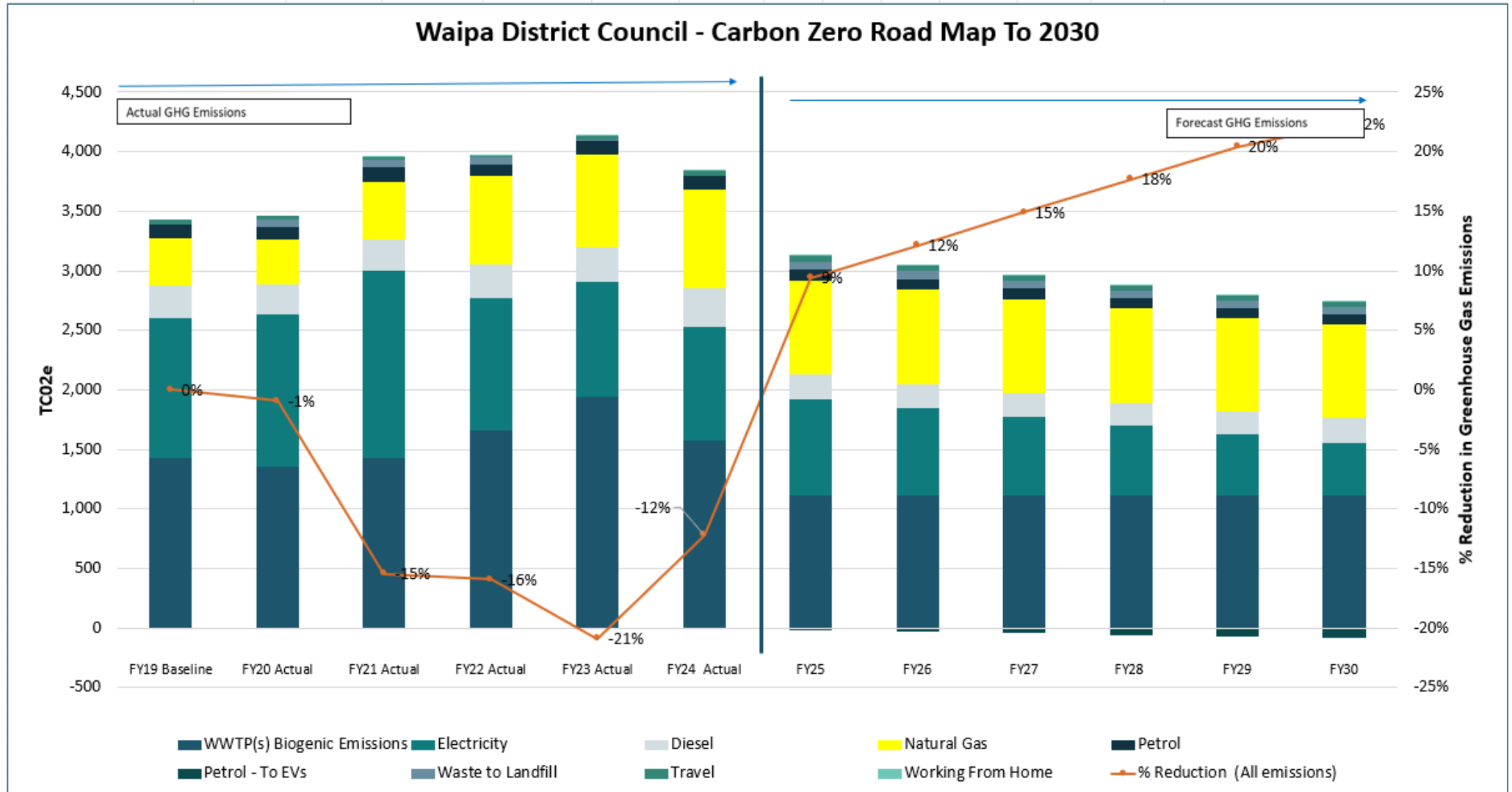


CLIMATE CHANGE RISK ASSESSMENTS

Two phased approach

- Phase one – understand organisational climate change risks to inform planning
- Phase two – understand wider community climate change risks and engage

OUR EMISSIONS – CARBON ZERO ROAD MAP



Parking lot items 2025-34 LTP

SOURCE	PROJECT	ACTION	ASSIGNED TO	STATUS	TIMEFRAME	NOTES
27 August EM LTP workshop	Finance	Incorporate LGCI movement in opex vs rates	Finance Manager	Complete	End of November	This is part of the overall financial prudence benchmarks that are presented as part of the budget modelling.
27 August EM LTP workshop	Finance	Itemise renewals catch up in graph	Finance Manager	Complete	5-Nov	Renewals have been reincluded into the budget in the later years. The size of the additions were outlined in the 5 November memo.
27 August EM LTP workshop	Finance	Growth breakdown of debt profile	Finance Manager	Complete	16-Oct	This was included in the 16 October financial strategy workshop with Elected Members.
10 Sept EM LTP workshop	Te Ara Wai	Provide operational funding to progress the project up until the 2027-37 LTP.	Manager Community Services	Complete	N/A	Opex funding to continue exploring opportunities for the project, including partnering options, is included in the baseline of the 2025-34 LTP budget.
10 Sept EM LTP workshop	Te Ara Wai	Research possible funding and partnering opportunities	Manager Community Services	In Progress	Ongoing	This work will occur in parallel to the long term planning cycles. EMs will be updated on progress over time.
10 Sept EM LTP workshop	Te Ara Wai	Bring back more information on the lease of the Bunnings building including the cost of owning the building, interest costs and lease considerations. Also to include how the Anglican Church views the project specifically regarding the potential to buy land.	Manager Community Services	In Progress	2025	This information will be provided to EMs at the next cornerstone community projects workshop. These projects will not be discussed in any further detail for this LTP but a workshop will be held next year to progress the projects for the 2027-37 LTP. Note also the comment above where further opportunities will continue to be explored and EMs will be updated on progress over time.
10 Sept EM LTP workshop	Cambridge Library	Provide operational funding to progress the project up until the 2027-37 LTP.	Manager Community Services	Complete	N/A	Opex funding to continue exploring opportunities for the project, including partnering options, is included in the baseline of the 2025-34 LTP budget. This work will occur in parallel to the long term planning cycles. EMs will be updated on progress over time.
10 Sept EM LTP workshop	Cambridge Library	Bring back information on any recent assessment of the building and the cost of refurbishing the current library.	Manager Community Services	In Progress	2025	These projects will not be discussed in any further detail for this LTP but a workshop will be held next year to progress the projects for the 2027-37 LTP. Note also the comment above where further opportunities will continue to be explored and EMs will be updated on progress over time.
10 Sept EM LTP workshop	Cambridge Library	Bring back information on what could be done to improve the situation at the library.	Manager Community Services	Complete	2025	Our operational budgets also don't currently have any flex in them for pop-ups/containers etc so we're unable to progress anything in that space in the short term. However, we are in the process of developing our Libraries Strategy which looks at what and how we develop our activity and programmes going forward. This may enable greater opportunities for taking the our library services outside to the public.
10 Sept EM LTP workshop	Cambridge Town Hall	Include the minimum funding required for capital renewals as per our SLA (~\$600k over the nine years).	Finance Manager	Complete	N/A	This has been included in the baseline of the draft budget.
10 Sept EM LTP workshop	Cambridge Town Hall	Bring back to EMs information on what our critical obligations are with regard to the town hall given the heritage status.	Property Manager	In Progress	2025	This information will be provided to EMs at the next major discretionary projects workshop. These projects will not be discussed in any further detail for this LTP but a workshop will be held next year to progress the projects for the 2027-37 LTP.
10 Sept EM LTP workshop	TA to Pirongia Cycleway	Provide operational funding to progress the project, specifically around partnership opportunities.	GM Service Delivery	Complete	N/A	It is considered that no further funding is required to continue to progress the project in regard to partnership opportunities.
10 Sept EM LTP workshop	Food scrap collection	Bring back the cost of contamination vs undertaking the service and potentially seeing less contamination in recycling.	Manager Transportation	Complete	N/A	It is difficult to quantify this noting that there is no evidence that undertaking a food waste service would lead to less recycling contamination.

10 Sept EM LTP workshop	Pay as you throw kerbside rubbish collection	Investigate further for inclusion as a consultation topic in the draft LTP. Include operational costs to set up the service and ongoing opex costs.	Manager Transportation	Complete	14-Oct	Elected Members guided staff to defer the service to year 4 of the draft LTP at the 16th October financial strategy workshop.
10 Sept EM LTP workshop	Holmes Garage	Work with TAKK CB and Chamber of Commerce to further consider partnership opportunities and to reconsider the scope of the project.	Manager Property	In Progress	On going	This work is ongoing.
10 Sept EM LTP workshop	Holmes Garage	Provide a copy of the letter from the Anglican Church.	Senior Strategic Policy Advisor	In Progress	TBD	This can be distributed now or further discussed in more context when the project is next workshopped (unknown at this stage).
10 Sept EM LTP workshop	Holmes Garage	Provide more information on the TA Concept Plan review being planned for year 2.	Strategy Manager	In Progress	TBD	The scope of the review is to be determined. More details will be provided to Elected Members once known.
10 Sept EM LTP workshop	Grants and Funding	Look specifically at what discretionary grants we could increase with an affordability lens.	GM Customer and Community Services	Complete	Nov-24	This will be canvassed as part of the ongoing development of the 2025-34 LTP budget. Increases have not been included in the preferred budget.
10 Sept EM LTP workshop	Grants and Funding	Clarify in a one pager what Sport Waikato does.	GM Customer and Community Services	Complete	N/A	Sport Waikato spoke to the Service Delivery Committee on 17 September 2024
10 Sept EM LTP workshop	Water Tower	Bring back information on water tower.	Manager Property	Complete	14-Oct	Latest information was workshopped with Elected Members on the 14 October.
10 Sept EM LTP workshop	Finance	Provide more granular information on what's driving rates requirements in years 1 to 3.	Finance Manager	Complete	N/A	The rates bridge was presented to Elected Members at a workshop on the 29th October.
10 Sept EM LTP workshop	Finance	Provide certainty in later years in terms of rates increases.	Finance Manager	Complete	N/A	Due to the one nine year plan approach, from year 4 onwards we will take average inflation plus our level of growth expected each year.
10 Sept EM LTP workshop	Finance	Be clear about opex costs vs consequential opex costs.	Finance Manager	Complete	N/A	Both opex and consequential opex are noted within the appropriate business cases and budget lines.
10 Sept EM LTP workshop	Other	Update from Brad Olsen and Earl White	Finance Manager and Strategy Manager	Complete	16-Oct	Brad Olsen presented to Elected Members on 16 October.
10 Sept EM LTP workshop	Finance	Bring back IFF modelling scenarios.	Principal Engineer Growth	Complete	N/A	The models were further discussed at the workshop with Elected Members on the 16 October.
10 Sept EM LTP workshop	Finance	Line by line of budgets provided or reassurance that staff have done a thorough review of budgets.	Finance Manager	Complete	14-Oct	This was provided and discussed at the 14 October LTP workshop.
10 Sept EM LTP workshop	Finance	Provide affordability analysis	Finance Manager	Complete	16-Oct	This was modelled as part of the 16 October LTP workshop budget scenario modelling. An affordability measure is a parameter of the preferred budget.
10 Sept EM LTP workshop	Finance	Consider alternative revenue opportunities	GM Business Support	In Progress	Ongoing	This will be an ongoing piece of work as opportunities for further investigation are highlighted.
Other	Finance	Explanation as to how stormwater DC loans are paid off after the 2023/34 financial year.	Finance Manager	Complete	16-Oct	From our modelling, DC debt for stormwater starts at \$104 m and by the end of year 9 it is down to \$40m.
Other	Finance	More detailed reporting on the DCs for each of water, wastewater, and stormwater (as well as the other categories). Report that lists each of the growth cells and the amount of the DCs for the categories as a total and then a breakdown of the forecasted receipts of them for each year into the future until they are all repaid.	CFO	Complete	5-Nov	Presented to EMs at the 5 November workshop.
14 October LTP workshop	Finance	How is the water tower to be funded?	Finance Manager	Complete	5-Nov	Note - this is how the split is under current Revenue and Financing Policy which is currently under review. The project for the Cambridge Water Tower fits is under Community Properties - 20% from private (fees and charges), 19% from community - CB and TA, 61% from whole district (UAGC and general rate). This is not specific for the water tower. If the value of operating costs is included in the total, it would be split 19% community with the balance to the whole district as there won't be any revenue to offset.
16 October LTP workshop	Finance	LGFA covenant liquidity requirements. What are these?	Finance Manager	Not started	TBC	

16 October LTP workshop	Finance	What's driving the 17% rates increase in year 1?	Finance Manager	Complete	29-Oct	This information was presented to EMs on 29 October.
16 October LTP workshop	Finance	What is the impact on big water users?	Finance Manager	In Progress	November	Staff will engage with large waters users as part of the LTP communication and engagement planning process. A meeting has been scheduled with Fonterra to discuss the proposed increases.
16 October LTP workshop	Finance	Central government costs that have been imposed in recent years.	Finance Manager	Complete	End of calendar year	NZEIR report on this issue which will be of interest to Councillors: https://d1pepq1a2249p5.cloudfront.net/media/documents/Cost_impacts_of_central_government_reforms.pdf
16 October LTP workshop	Finance	Matos Segedin Drive further economic analysis required	Property	Complete	TBC	This work has been completed and will be presented to Elected Members in due course. The budget contained within the LTP is as has been presented previously and will remain unchanged.
29 October LTP workshop	Project	Sport field lease model review	Manager Community Services	Complete	Next LTP	A memo will be presented to EMs as part of the 3 December workshop.
5 November LTP workshop	Project	Frequently asked questions	Comms Manager	In Progress	End of November	Underway as part of broader messaging work for the LTP.
11 November LTP workshop	Project	Examine whether rural residential dogs should be classed as urban for fees and charges.	Manager Regulatory Services	Complete	3-Dec	Any dog not zoned rural is classified as urban. This includes properties in the large lot residential area.
11 November LTP workshop	Project	Reconsider fees for assistance and companion dogs.	Manager Regulatory Services	Complete	3-Dec	Certified assistance dogs are exempt from the fee but companion dogs are not.
11 November LTP workshop	Project	Look at smoothing cemetery fee increases	Finance Manager	Complete	3-Dec	Will be brought back to the 10 December workshop as part of the full fees and charges schedule.
11 November LTP workshop	Finance	Rewording of Treasury Management Policy to be more plain English.	Finance Manager	Complete	3-Dec	This has been done and will be presented to EMs at the 3 December workshop.
11 November LTP workshop	Project	Assumptions - How do types of demographics impact the district and should this be reflected in the assumptions?	Strategy Manager	Complete	3-Dec	The District Plan provides a mechanism for considering demographics and how their preferences influence planning requirements ie multigenerational homes.
11 November LTP workshop	Project	Assumptions - Could Council's potential role in promoting interest in sections (in relation to DC revenue) be reflected in the assumptions?	Strategy Manager	Complete	3-Dec	This is not considered to be Council's role and therefore not considered a monitoring mechanism against Council's key forecasting assumptions.

To:	Elected Members	Cc:	
From:	Georgina Knapp and Jolanda Hechter		
Date:	3 December 2024	File Ref:	11341878
Subject:	2025-34 Long Term Plan – Final budget options and indicator properties		

1.0 PURPOSE

The previous phases of the 2025-34 LTP project have focused on confirming Council’s financial strategy, policies and underpinning assumptions.

- Several key assumptions and budget scenarios have been presented to Council during workshops on the 16th, 19th and 29th October and 5th November.
- At previous budget workshops staff also advised that the end of October four-monthly budget reforecasting process had not yet been completed and may impact the outputs presented to date. The reforecasting process has now been completed.

The budget now needs to be confirmed. The high-level budget parameters will be reported through to Elected Members on the 17th December for formal adoption prior to the compilation of detailed financial statements. The full draft LTP package will be reported through to Elected Members on 28th January for formal adoption prior to Audit NZ commencing on 3rd February.

The purpose of this memo is to provide Elected Members with the following;

- Final budget options for consideration with changes incorporated from the 5th November workshop and the four-month reforecasting process.
- Each option is presented alongside a full suite of draft indicator properties for the first three years of the LTP.

2.0 BUDGET CONFIRMATION

At the budget workshop on the 5th November the preferred budget and draft indicator properties for the first two years of the LTP were presented. The budget incorporated the direction guided by Elected Members up to and including the 29th October workshop. This is outlined in Appendix One.

Three further changes have now been made to the budget models:

- The year five impact of the proposed introduction of a new refuse recycling service has been smoothed over years four and five as Elected Members sought at the 5 November workshop.
- The additional capital expenditure which was verbally advised to Elected Members on 11th November has been included.
- The outcomes of the four-month reforecasting process have been incorporated. This has led to review and rework of our forecasting assumptions around capital works delivery throughout the nine years. We have now better assessed and linked our projected non-delivery to the size of the capital programme. This has had some impact on debt headroom

throughout the nine years and together with the additional capital spend on the Cambridge Wastewater inlet pipe project (referred to in the next section) has led to an issue with the year three debt servicing benchmark. Further comment on this is provided in the option scenarios in section three of this memo.

The incorporation of the changes has resulted in the need for Elected Members to now consider some trade-offs for the financial strategy discussed to date. This is further presented and discussed from sections 2.2.3 onwards.

2.1 ADDITIONAL CAPITAL EXPENDITURE

A verbal update was provided to Elected Members on the 11th November on two increases to the capital works budget for the 2025-34 LTP. Further details are included below.

Te Awamutu Wastewater Treatment Plant Stage 4 Upgrade

- An increase in uninflated budget from original business case of \$18.2m to \$48.5m (earlier reported as \$19m increasing to \$48m) with the main build occurring over years two to six. The updated budget includes a contingency of 30 percent, which is seen as appropriate to this project, given the nature and timing of the work.

When staff were initially preparing the 2024-34 LTP, waters business cases were not required for projects that were beyond 1 July 2026. This decision was in response to the Central Government direction of the time (Water Services Legislation Bill) directing Councils to only plan for three waters activities for years one and two of the LTP.

The existing business cases for the 2021-31 LTP were used to inform the work required for the Department of Internal Affairs (DIA) and National Transition Unit (NTU) in preparation for water services to be delivered by Entity B. These business cases informed a draft entity LTP on an unconstrained basis, meaning that budget proposals did not pass through an affordability lens nor a balancing against other priorities of their respective Councils.

Once this reform was stopped by the new coalition government and the cost of waters was directed to again be included in Council budgets for future years, staff focused on the reprioritisation of renewals and level of service projects in order to meet the budget constraints and to reduce the overall spend in the Enhanced Annual Plan for 2024/2025.

In June 2024, a review commenced into the waters business cases to inform the development of the 2025-34 LTP. Paddle Delamore Partners were engaged in July 2024 to undertake a technical review of the scope of work for the Te Awamutu Wastewater Treatment Plant upgrade noting the 2021-31 business case was based on work undertaken by Beca in 2018. The review was not signalled at the start of the LTP planning process.

The feedback received from the review at the end of October signalled:

- The cost of construction had increased significantly in line with the economic climate for infrastructure projects.

- Further capacity is required at the wastewater treatment plant as growth has occurred ahead of the forecast assumptions used in 2018.
- Modelling now indicating that the plant as it was proposed would be non-compliant for nitrogen and biological oxygen demand in 2029/30.
- The need for new inlet works as the existing works are not operating well and Council needs to future proof for an eventual membrane upgrade (post new consent 2048).
- The proposed location for the plant was deemed unsuitable from a geotechnical perspective, the new site requires the movement of Council's contingency (overflow) ponds to accommodate the new treatment ponds.

The Te Awamutu Wastewater Treatment Plant upgrade path is set within the current conditions of the discharge consent (AUTH135108) granted to Council in 2018. Stages One through Three were scheduled for 2015/18, 2017/18 and 2020 respectively and have been completed. The final upgrade required through the consent, Stage Four, is a treatment process upgrade scheduled for 2030.

The timing of the upgrades detailed in the consent conditions were informed by the understanding of growth and demand at the time (2018) and are aligned with changes to discharge limits in the consent. That is, the upgrades are intended to ensure compliance with changing discharge limits across the life of the consent. As mentioned above, the PDP analysis also indicates that the Stage Four upgrade will be required by 2029/30 to meet discharge limits in the consent.

Cambridge Wastewater Plant Inlet Pipe Renewal

- Inclusion of \$9m (uninflated) in years three to five.

This work is required to replace the inlet pipe from the Waikato River wastewater bridge into the Cambridge Wastewater Treatment Plant. The pipe was indicated as in poor to average condition when the wastewater pipe bridge over the Waikato River was constructed, so a renewal was included in the wastewater renewals programme developed in 2018 (for year 2024/25). The full renewal project was included in the 2018-28 LTP and was included in the work provided to the NTU (National Transition Unit) but was not included in the 2021-31 LTP or the current draft 2025-34 LTP. The complexity of the waters programme and interdependencies between a number of complex business cases resulted in an assumption that the project had been included in the draft budget.

Summary

The additional items of capital expenditure outlined above are considered to be one-off circumstances. Staff have completed a further comprehensive review of the programme and are not expecting any further cases of similar underfunding to be identified.

2.2 FOUR-MONTH BUDGET REFORECASTING OUTCOMES

As part of normal business processes, and in line with good business practice, Council completes a comprehensive, organisation-wide, budget reforecasting process every four months. The purpose of the reforecasting process is to adjust for changes in projected revenue and expense expectations, and any capital expenditure changes of either timing or quantum. This enables accurate forward financial planning and resource allocation. As above, at previous workshops staff advised that the October 2024 four-month budget reforecasting process had not yet been completed and once finalised may impact the outputs presented to date for the 2025-34 LTP. This is further outlined below.

2.2.1 REFORECASTING CONTEXT

There are three key drivers that have influenced the outcomes of the reforecasting process for this period.

1. Delivery of the capital works programme, against the 2024/25 enhanced Annual Plan and carry forwards, was tracking very successfully and initial forecast expectations were for close to full delivery. Actual delivery at the end of October was \$45.3m against an initial programme (budget plus carry-forward) of \$196.9m (23%).
2. There was need for \$9m of funding to be brought forward on the Cambridge Wastewater Treatment project (due to the contract arrangements and progress on the project), a \$105m multi-year project, and the largest project that Council's project delivery team has delivered.
3. There are forecast revenue decreases. Building and planning consent revenue is still tracking lower than anticipated and Council has been impacted by central government led decreases in NZTA funding. These are now starting to play through and we have no ability to control them. These revenue decreases impacted the debt headroom by around \$10m, noting however there were some increases in revenue that assisted to offset this.

2.2.2 REFORECASTING OUTCOMES

The following outlines the outcomes of the four-month reforecasting process that have impacted the draft budget for the 2025-34 LTP.

At a high-level, the initial reforecasting results placed Council in an undesirable position at the end of the 2024/25 year in relation to compliance with the LGFA debt covenant ratio. This also meant that the previously forecast \$14m of debt headroom at year end was compromised and we would have been in a 'breach' position.

We are also now forecasting a year-end general funds cash deficit in the order of \$797k. This relates to activity areas other than the ring-fenced activities of waters, transport, forestry and housing for the elderly. In recent years, we have mostly been in a position of achieving general fund cash surpluses of \$1m to \$2m, but Council is now in an environment where there is greater risk of deficit. There is direct impact of the lower revenue in the consenting space.

Further work has subsequently been completed in regard to the timing of Council’s capital works programme; the outcome being that Council is now forecast to regain a favourable position at year end, including restoration of the \$14m headroom it had previously. This has been achieved by identification of \$49.9m of capital expenditure that can be deferred from the 2024/25 year into year one of the 2025-34 LTP (the list of deferrals are in Appendix Two). Much of this (76%) relates to growth projects. Given such a significant deferral we are forecasting that we would largely achieve the remaining work programme.

We have assessed the risks and consequences of delay for all the identified projects, and these have been assessed as reasonable and appropriately within risk appetite. A higher level risk assessment is provided here, noting the deferral of the identified capital works is short-term i.e. up to one year.

Risk Description	Consequences	Treatment	Residual Rating
If the delays affect relationships with developers, consultants, contractors, key stakeholders, partners, and/or the wider community, Council’s reputation may be negatively impacted.	Lowering of trust and confidence potentially affecting land sales/negotiations, construction timelines and future contractual relationships with Council.	Effective communication with developers, consultants, contractors, key stakeholders, partners throughout the process and as the pipeline is replanned.	Moderate (unlikely/serious)
If the delays impact the willingness of contractors to tender in the future or feasibility for contractors to scale back up as required future programmes of work may be further delayed.	Contractors may not be as willing to tender for works in the future. There may be flow on delays to supply chains and delivery of projects in future resulting in negative financial impacts and negatively impact our levels of service to the community.	Continue planning for the 2025/26 year including progressing engagement with mana whenua/iwi, land acquisitions and disposals and early tender of works for the 2025/26 year.	Moderate (unlikely/serious)
If the delays create uncertainty for staff and/or dissatisfaction with roles, then there may be adverse effects on recruitment	Staff in delivery roles may leave Council resulting in delays in programmes as recruitment is completed. Council’s reputation as an employer may be negatively impacted.	Planning work will continue including the development of a strong pipeline for the 2025/26 year. Opportunities will be explored including supporting neighbouring councils.	Moderate (possible/moderate)
If the delays of the projects result in cost over runs or delays in the collection of revenue or development	Increased cost for materials and construction for the affected projects. Slower	Planning and financial modelling continues. Land purchases and	Moderate (unlikely/major)

Risk Description	Consequences	Treatment	Residual Rating
contributions; for example, the effects of inflation, then the financial impacts may continue to flow through to future years.	collection of DC revenue in the relevant growth cells.	tenders occur as early as able.	
If the delays in the projects result in impacts on asset performance, then there may be an increase in asset failure.	Levels of service may reduce with an associated increase in maintenance costs.	Continued close monitoring of affected assets. Reprioritisation of budgets as necessary for any ad hoc maintenance.	Moderate (unlikely/serious)

Some of the projects that have been reforecast out, particularly the growth-related ones, may have been reforecast out in our next four-monthly cycle in February, however we need certainty of this now.

It needs to be noted that our existing self-determined financial prudence gross debt to total revenue metric of 250% is forecast to be non-compliant by \$4.8m at 30 June 2025. While this could be fixed by a further slowdown in capital spend this introduces risk that we do not think is justified, noting also that the measure does not have the same level of significance as the LGFA covenant measure. We have indicated that the focus in the new LTP is to drop this self-imposed measure in favour of the LGFA covenant measure. We will have to report any non-compliance in the Annual Report, however there is chance that this may self-correct by year-end anyway.

The reforecast proposed has the effect of lowering debt levels in the current year and interest and depreciation expenditure in the following year.

2.2.3 WHAT DOES THIS MEAN FOR THE LTP?

In regard to the capital delivery programme, it will now be \$157.7m for year one of the LTP after all reforecast changes (increased from the \$108.9m presented previously). The capital programme for the current year drops from \$196.9m to \$139.6m.

The deferrals mean delivery for both the 2024/25 Annual Plan and the first year of the LTP are now more in line with previously achieved capex delivery (in the range of \$130m - \$160m per year). There will be a reduction in development contribution rates as a result of the delayed growth spend.

At a higher level however, the changes mean there are trade-offs between the financial strategy principles that the Elected Members need to consider before a confirmed budget can be taken forward.



MEMO

Four options will be presented for discussion. A key trade-off is between remaining within the waters affordability metric (two percent of median household income) versus maximising debt headroom comfort levels, noting that Council is aiming to keep its borrowing within a maximum of 85 per cent of the debt covenant limit.

There is also the important focus of ensuring that the level of rates increase in the outer years is sufficient to keep pace with inflationary pressures.

All four options retain the following assumptions:

1. Growth pays for growth over time
2. General alignment with the draft Financial Strategy principles to date, in particular fixing the balance sheet and supporting intergenerational equity.
3. Supporting sound stewardship of Council's assets in regard to investment in renewals.
4. Supporting rates predictability for the community, albeit at different levels within each of the options.
5. Stepping our debt limit down from 3.5 to 3.0 over time.
6. Continuing to meet all of Council affordability metric of five percent of median household income.
7. Waters remain in for the full nine years.
8. Waters is funded to a level that ensures compliance with a five times debt to revenue ratio if/when these activities move into a CCO.



MEMO

3.0 BUDGET OPTIONS

The parameters of the four options are outlined as follows.

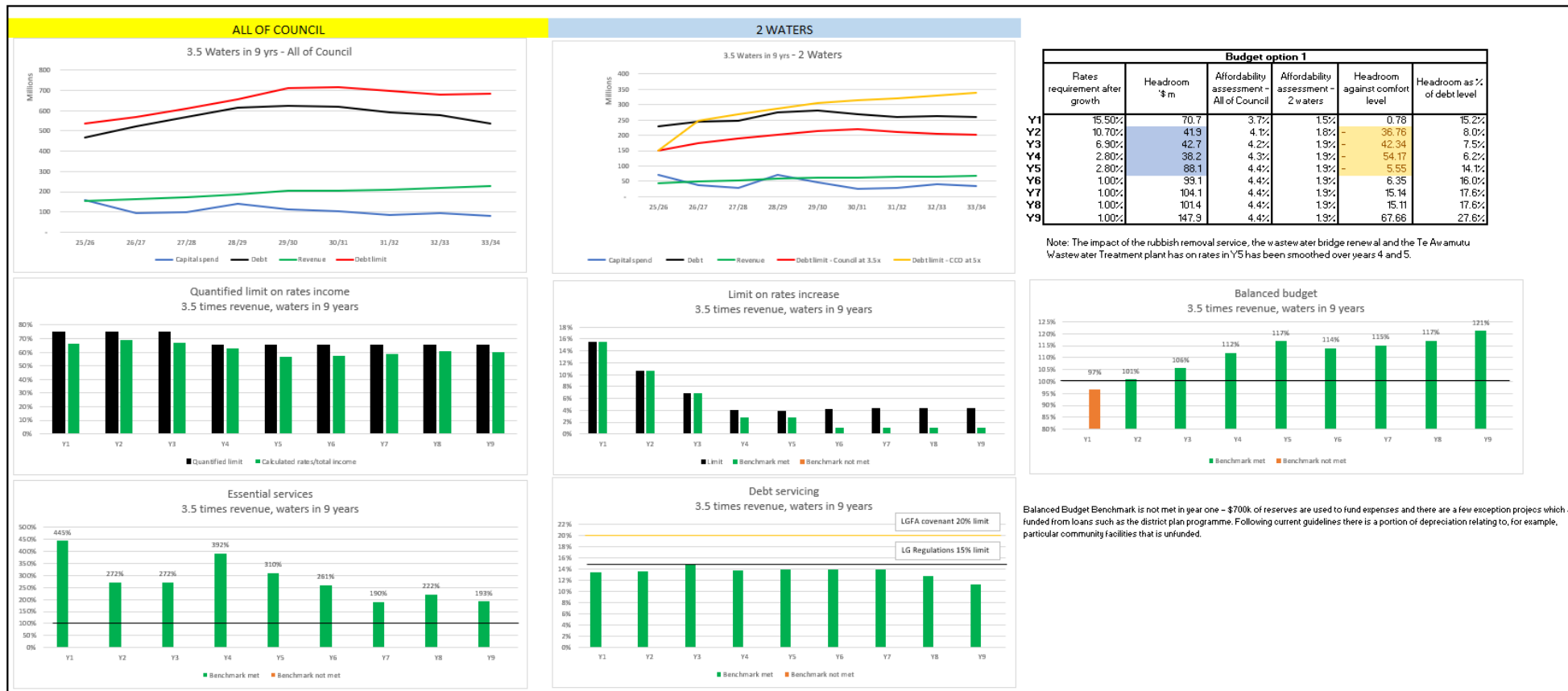
Preferred budget as at 5 th November							Option 1 – Smoothing of early year rates and Waters affordability met							Option 2 - Smoothing of early year rates and Waters affordability not met																																																																																																																																																																																																																																													
<ul style="list-style-type: none"> This budget is shown for comparison purposes. All affordability metrics are met – waters and whole of Council Debt headroom comfort level compromised from years 2 to 4 3.6% increase in year 5 is due to the kerbside refuse service becoming operational, additional costs to fund, in the new options this has been smoothed between years 4 and 5 as requested at the 5 November workshop. 							<ul style="list-style-type: none"> Year 1 rates increase reduced to reflect the lower level of interest and depreciation expense that results from the deferral of capital spend in current 2024/25 year. The lower rating requirement in year one will reverse in year 2 as the interest and depreciation come in then, but essentially there is a smoothing between years 1 and 2. The year 3 rates requirement has now increased to 6.9% to ensure the year 3 debt servicing benchmark is met. This is due to a change in our forecasting assumptions around capex delivery, and the additional spend on the Cambridge wastewater inlet pipe, as explained earlier in this memo. Increases to rates in the later years reduce to one percent after growth to ensure waters affordability metric met, noting however that metric is close to limit. Debt comfort levels not met for years 2 to 5. We still step our debt limit down from 3.5 to 3.0, albeit over a longer time frame. 							<ul style="list-style-type: none"> Year one rates increase reduced to reflect the lower level of interest and depreciation expense that results from the deferral of capital spend in current 2024/25 year. The lower rating requirement in year one will reverse in year 2 as the interest and depreciation come in then, but essentially there is a smoothing between years 1 and 2. The year 3 rates requirement has now increased to 6.9% to ensure the year 3 debt servicing benchmark is met. This is due to a change in our forecasting assumptions around capex delivery, and the additional spend on the Cambridge wastewater inlet pipe, as explained earlier in this memo. Previous rates increases in later years maintained, ensuring they reflect the rate of inflation, however this impacts the waters affordability metric. The 2.3% is the average rate of inflation for years 6 to 9. Debt comfort levels not met for years 2 to 5. We still step our debt limit down from 3.5 to 3.0, albeit over a longer time frame. 																																																																																																																																																																																																																																													
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3.1 BUDGET OPTIONS – FULL FINANCIAL PARAMETERS

OPTION 1 – SMOOTHING OF EARLY YEAR RATES AND WATERS AFFORDABILITY MET





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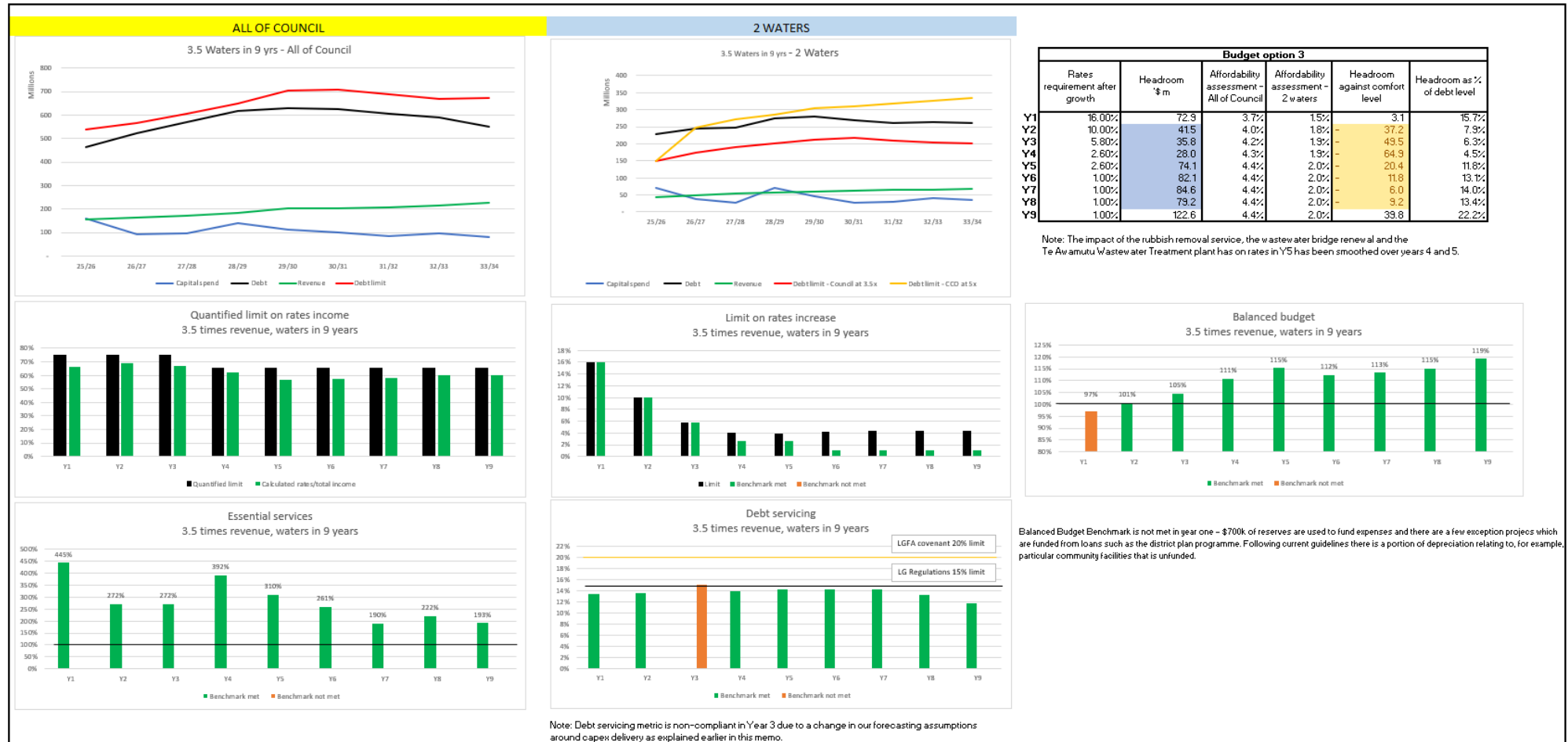
OPTION 2 - SMOOTHING OF EARLY YEAR RATES AND WATERS AFFORDABILITY NOT MET





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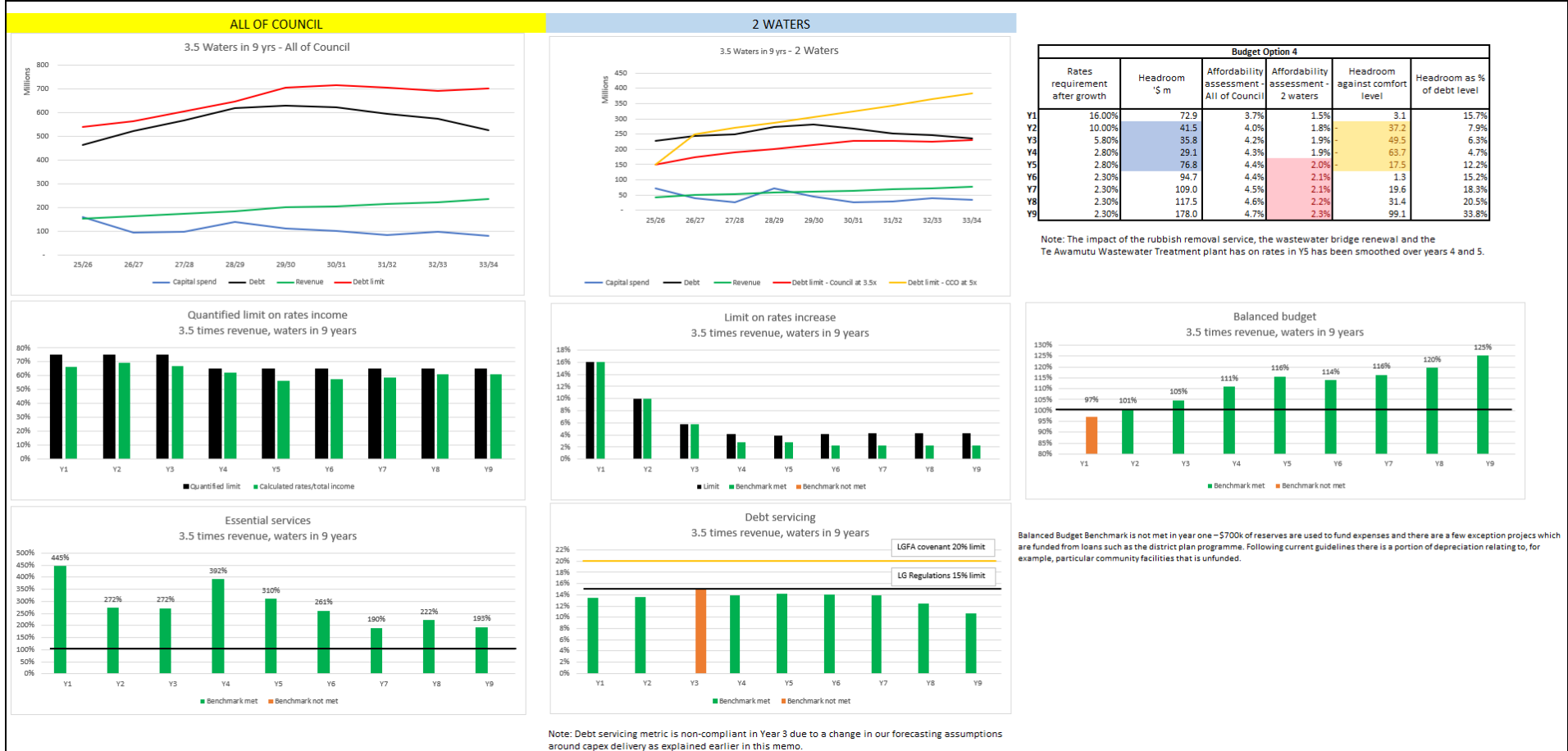
OPTION 3 – RATING INCREASES IN EARLY YEARS MAINTAINED, WATERS AFFORDABILITY MET





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OPTION 4 – RATING INCREASES IN EARLY YEARS MAINTAINED, WATERS AFFORDABILITY NOT MET



Balanced budget
3.5 times revenue, waters in 9 years

Balanced Budget Benchmark is not met in year one – \$700k of reserves are used to fund expenses and there are a few exception projects which are funded from loans such as the district plan programme. Following current guidelines there is a portion of depreciation relating to, for example, particular community facilities that is unfunded.

3.2 SUMMARY

The four budget options included in this memo come with various trade-offs across the financial strategy principles. Council is 'up against the limit' across multiple parameters such as the level of rates increase in the early years of this LTP, the debt headroom comfort levels, the waters affordability metric, and the debt servicing metric. This leaves very little margin to improve one metric, without adversely impacting other metrics.

This very situation demonstrates a strong financial imperative for moving Waters out of the Council business and into a separate entity, as has been identified in our Local Waters Done Well work. Such a large percentage of our debt, current and future, is Waters activity debt, whether that relates to funding renewals, levels of service improvements or growth. That decision, however, needs to be made robustly and in the context of the development of our legislatively required Water Services Delivery Plan which must be submitted by September 2025. In the meantime, Council must adopt its LTP which pending certainty on what happens to the Waters business, must include Waters for the full nine years.

Any decision on which of the four options is preferred is a political decision and must be made by Council itself. The advice of the Chief Financial Officer, is that on balance, Option two could be seen as the preferred option, given the following factors:

- The significantly higher levels of debt headroom achieved, certainly post-year three. This option optimises that and therefore arguably better fixes the balance sheet which is a key focus of the financial strategy.
- The element of relief that it provides to the year 1 headline number, utilising the interest and depreciation saving opportunity that has come from the reforecast of capital out of the current year and into year 1 of the LTP, to smooth the level of rates increase over the first two years of the LTP.
- The maintenance of rates increases at the forecast average level of inflation during that time period, it is difficult to argue the credibility of the alternative of pushing this down to 1%, and this presents significant risks to the objective of providing predictability of future levels of rates increase.
- Compliance with the debt servicing measure.
- No obvious concerns with the indicator property profile, with the profile aligning with expectations given the headline rates increase levels and the nature of those properties and the services they receive.

The obvious disadvantage of Option two is that we are non-compliant with the 2% Waters affordability metric for years five to nine. That said, we are compliant with the 5% All of Council affordability metric. The other argument is that the situation is largely academic anyway, given the high likelihood that by year five when the issue arises, the Waters business is quite likely to be outside Council and being managed under very different circumstances and parameters.

It is suggested that Option three be discounted from consideration given the extended period of seven years that debt headroom comfort levels are not achieved.

4.0 INDICATOR PROPERTIES

The following indicator properties are based upon the confirmed budget above.

The first set of indicator properties for the three years are for Options one and two. The second set of indicator properties for the three years are for Options three and four.

4.1 Revisiting the methodology

For context, Council applies the following approach to setting rates (this extract is as per Council's Revenue and Financing Policy 2021):

'Council seeks to fund private benefit from fees and charges, community benefit from targeted rates, and whole district benefit from a mixture of general rates, uniform annual general charges, and targeted rates for district-wide activities.

Council uses a capital value rating system across the district. Capital value is preferred to land value because Council believes this generally provides a better surrogate for ability to pay. Rates in a capital value rating system are collected as follows:

- (a) A General Rate - Is a rate in the dollar for the capital value of the property and is used to meet a portion of district-wide funding.
- (b) Uniform Annual General Charge (UAGC) - A uniform annual general charge, based on a fixed amount per separately used or inhabited part of a rating unit (SUIP), is used to meet a portion of district-wide funding.
- (c) Targeted Rates - The targeted area rate which is a fixed amount per rating unit is collected on a differential basis based on location.'

4.2 The indicator properties presented here:

- Are used to demonstrate the impact of the budget scenarios in dollar terms across different areas of the district.
- Cover 12 different property types located in different areas within the district.
- Are based on a set of specific properties selected for year-to-year comparison. Waters rates are based on the prior year's consumption for the particular property.
- The increase in water rates and residual Council are separated to aid understanding. Both the water and wastewater individual rates now include the impact of the change suggested in the Revenue and Finance Policy workshop (we have provided a note for the properties in year1 for visibility).
- For year 1, both residual council and the two water activities are based on rating levels required to fund the operational costs associated with Council activities. In year 2, residual council is based on the rating level required to fund operational costs and the rates required

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for the two waters activity is based on the level of revenue required to ensure a waters CCO will be compliant with a debt to revenue ratio of five times revenue.

- In line with section 21 of the Act, councils cannot have more than 30 per cent of the total rates bill based on uniformly set rates (with some definitional exclusions). For the 2025/26 year, this is set at around 22 per cent of the total rates bill. The UAGC was increased in line with the rate requirements to fund the activities for residual council – (11.0 per cent before growth in 2025/26). This ensures that the users of water and wastewater services are paying the portion of costs associated with services delivered to them (mainly the urban and industrial/commercial properties).

Additional Notes:

- Indicator properties presented on 5 November 2024 showed wastewater charges at \$1,177 (GST inclusive) and water charges of \$459 (GST inclusive). The change represents the amendment in the draft Revenue and Finance policy to support the ringfencing principles in the Local Waters Done Well work as well as further budget impacts.
- It is important in considering the Indicator Property information that the dollar increases per week are also considered, as well as the percentage increases. Dollar increases of a similar amount result in higher percentage increases when starting with a lower base. This is seen in the residential property indicators below where the lower valued properties have lower dollar increases per week, but higher percentage increases.



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4.3 Indicator properties

The detailed outputs for the indicator properties are outlined in the following pages.

YEAR ONE APPLIES TO:

OPTION 1 – SMOOTHING OF EARLY YEAR RATES AND WATERS AFFORDABILITY MET

OPTION 2 – SMOOTHING OF EARLY YEAR RATES AND WATERS AFFORDABILITY NOT MET

	Cambridge Area			Te Awamutu Area			Pirongia Village			Ohaupo Village			Ngahinapouri Village		
	645,000 1 SUIP	1,100,000 1 SUIP	2,560,000 1 SUIP	690,000 1 SUIP	800,000 1 SUIP	1,330,000 1 SUIP	750,000 1 SUIP	980,000 1 SUIP	1,220,000 1 SUIP	700,000 1 SUIP	950,000 1 SUIP	1,340,000 1 SUIP	740,000 1 SUIP	1,030,000 1 SUIP	2,300,000 1 SUIP
General rates:															
Fixed Targeted Rates	456	456	456	344	344	344	200	200	200	229	229	229	207	207	207
UAGC	894	894	894	894	894	894	894	894	894	894	894	894	894	894	894
Recycling & Kerbside charge	191	191	191	191	191	191	191	191	191	191	191	191	191	191	191
Capital Value Rates	783	1,335	3,107	841	975	1,622	909	1,188	1,479	848	1,152	1,624	897	1,248	2,788
Water charges:															
Stormwater charges	254	433	1,007	271	315	523	295	385	480	275	374	527	63	88	196
Waste water charges	1,237	1,237	1,237	1,237	1,237	1,237	-	-	-	-	-	-	-	-	-
Equivalent Metered Water	470	470	470	470	470	470	470	470	470	470	470	470	470	470	470
Total Rates	4,284	5,015	7,361	4,248	4,426	5,280	2,959	3,328	3,713	2,907	3,308	3,935	2,251	2,627	4,274
\$ increase per week	11.47	12.72	16.70	11.72	12.02	13.48	5.49	6.12	6.78	5.35	6.04	7.11	2.89	3.46	5.94
\$ increase residual council per week	3.50	4.74	8.72	3.74	4.05	5.50	3.51	4.14	4.80	3.37	4.06	5.13	2.89	3.46	5.94
\$ increase 2 waters per week	7.98	7.98	7.98	7.98	7.98	7.98	1.98	1.98	1.98	1.98	1.98	1.98	-	-	-
% increase	16.18%	15.19%	13.38%	16.75%	16.45%	15.30%	10.68%	10.58%	10.50%	10.59%	10.49%	10.38%	7.15%	7.34%	7.78%

	Rural Residential Cambridge			Rural Residential Te Awamutu			Pirongia Area					Kakepuku Area				Maungatautari Area					
	860,000 1 SUIP	1,380,000 1 SUIP	2,840,000 1 SUIP	837,000 1 SUIP	1,330,000 1 SUIP	2,550,000 1 SUIP	1,080,000 1 SUIP	2,970,000 1 SUIP	3,450,000 2 SUIPs	7,165,000 1 SUIP	7,360,000 3 SUIPs	1,690,000 1 SUIP	5,550,000 1 SUIP	7,810,000 1 SUIP	8,860,000 2 SUIPs	870,000 1 SUIP	1,303,000 2 SUIPs	3,520,000 1 SUIP	7,350,000 1 SUIP	7,430,000 2 SUIPs	
General rates:																					
Fixed Targeted Rates	456	456	476	344	344	344	203	183	177	177	333	226	226	226	226	358	321	358	349	353	
UAGC	894	894	894	894	894	894	894	894	1,787	894	2,681	894	894	894	1,787	894	1,787	894	894	1,787	
Recycling & Kerbside charge	-	-	191	-	191	191	191	191	381	191	572	191	191	191	381	191	381	191	191	381	
Capital Value Rates	1,044	1,675	3,446	1,021	1,622	3,109	1,309	3,600	4,182	8,685	8,921	2,048	6,727	9,467	10,739	1,055	1,579	4,267	8,909	9,006	
Water charges:																					
Stormwater charges	73	117	242	71	113	217	92	1,168	294	610	626	144	472	665	754	74	111	300	625	632	
Waste water charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equivalent Metered Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	470	-	-	-	-	
Total Rates	2,466.28	3,141.53	5,248.55	2,329.00	3,162.79	4,754.23	2,687.91	6,035.00	6,820.44	10,555.27	13,133.05	3,502.86	8,510.06	11,441.72	13,888.05	3,041.38	4,179.74	6,008.61	10,967.55	12,159.67	
\$ increase per week	3.42	4.42	7.23	3.50	4.44	6.82	3.55	9.61	9.87	15.44	19.19	5.05	12.59	17.00	20.74	5.23	5.78	8.42	15.90	17.74	
\$ increase residual council per week	3.42	4.42	7.23	3.50	4.44	6.82	3.55	9.61	9.87	15.44	19.19	5.05	12.59	17.00	20.74	3.25	5.78	8.42	15.90	17.74	
\$ increase 2 waters per week	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.98	-	-	-	-	
% increase	7.77%	7.90%	7.71%	8.48%	7.88%	8.05%	7.38%	9.03%	8.13%	8.23%	8.22%	8.11%	8.34%	8.38%	8.42%	9.82%	7.74%	7.86%	8.15%	8.21%	

	Commercial Industrial Cambridge			Commercial Industrial Te Awamutu			
	530,000 1 SUIP	1,350,000 1 SUIP	3,450,000 1 SUIP	405,000 1 SUIP	1,400,000 1 SUIP	4,320,000 1 SUIP	3,960,000 3 SUIPs
General rates:							
Fixed Targeted Rates	456	456	456	344	344	344	344
UAGC	894	894	894	894	894	894	2,681
Recycling & Kerbside charge	-	-	-	-	-	-	191
Capital Value Rates	643	1,638	4,187	494	1,707	5,288	4,829
Water charges:							
Stormwater charges	208	531	1,357	159	551	368	1,557
Waste water charges	1,237	1,237	7,363	1,237	2,475	1,237	6,311
Equivalent Metered Water	1,813	1,813	1,813	1,813	1,813	1,813	1,813
Total Rates	5,251.85	6,569.42	16,068.79	4,941.08	7,783.06	10,113.86	17,534.48
\$ increase per week	16.84	19.08	54.48	16.62	25.34	23.90	54.35
\$ increase residual council per week	3.20	5.44	11.17	2.98	5.71	10.26	16.14
\$ increase 2 waters per week	13.64	13.64	43.31	13.64	19.63	13.64	38.21
% increase	20.02%	17.79%	21.40%	21.20%	20.38%	14.01%	19.22%



MEMO

YEAR TWO APPLIES TO:

OPTION 1 – SMOOTHING OF EARLY YEAR RATES AND WATERS AFFORDABILITY MET

OPTION 2 – SMOOTHING OF EARLY YEAR RATES AND WATERS AFFORDABILITY NOT MET

	Cambridge Area			Te Awamutu Area			Pirongia Village			Ohaupo Village			Ngahinapouri Village		
	645,000 1 SUIP	1,100,000 1 SUIP	2,560,000 1 SUIP	690,000 1 SUIP	800,000 1 SUIP	1,330,000 1 SUIP	750,000 1 SUIP	980,000 1 SUIP	1,220,000 1 SUIP	700,000 1 SUIP	950,000 1 SUIP	1,340,000 1 SUIP	740,000 1 SUIP	1,030,000 1 SUIP	2,300,000 1 SUIP
General rates:															
Fixed Targeted Rates	432	432	432	329	329	329	202	202	202	231	231	231	209	209	209
UAGC	953	953	953	953	953	953	953	953	953	953	953	953	953	953	953
Recycling & Kerbside charge	194	194	194	194	194	194	194	194	194	194	194	194	194	194	194
Capital Value Rates	839	1,431	3,331	902	1,046	1,739	975	1,275	1,587	910	1,236	1,743	962	1,340	2,992
Water charges:															
Stormwater charges	283	483	1,125	303	351	584	329	431	536	308	417	589	78	109	243
Waste water charges	1,509	1,509	1,509	1,509	1,509	1,509	-	-	-	-	-	-	-	-	-
Equivalent Metered Water	549	549	549	549	549	549	549	549	549	549	549	549	-	-	-
Total Rates	4,760	5,552	8,093	4,740	4,932	5,858	3,203	3,604	4,021	3,145	3,580	4,259	2,396	2,804	4,590
\$ increase per week	9.14	10.31	14.07	9.45	9.73	11.10	4.71	5.30	5.92	4.58	5.22	6.23	2.80	3.41	6.08
\$ increase residual council per week	2.40	3.57	7.33	2.71	2.99	4.36	3.19	3.78	4.40	3.06	3.70	4.71	2.80	3.41	6.08
\$ increase 2 waters per week	6.74	6.74	6.74	6.74	6.74	6.74	1.52	1.52	1.52	1.52	1.52	1.52	-	-	-
% increase	11.10%	10.69%	9.94%	11.56%	11.43%	10.93%	8.27%	8.28%	8.29%	8.19%	8.21%	8.24%	6.47%	6.75%	7.39%

	Rural Residential Cambridge			Rural Residential Te Awamutu			Pirongia Area					Kakepuku Area				Maungatautari Area				
	860,000 1 SUIP	1,380,000 1 SUIP	2,840,000 1 SUIP	837,000 1 SUIP	1,330,000 1 SUIP	2,550,000 1 SUIP	1,080,000 1 SUIP	2,970,000 1 SUIP	3,450,000 2 SUIPs	7,165,000 1 SUIP	7,360,000 3 SUIPs	1,690,000 1 SUIP	5,550,000 1 SUIP	7,810,000 1 SUIP	8,860,000 2 SUIPs	870,000 1 SUIP	1,303,000 2 SUIPs	3,520,000 1 SUIP	7,350,000 1 SUIP	7,430,000 2 SUIPs
General rates:																				
Fixed Targeted Rates	432	432	452	329	329	329	205	185	179	179	335	226	226	226	226	349	312	349	340	344
UAGC	953	953	953	953	953	953	953	953	1,905	953	2,858	953	953	953	953	953	1,905	953	953	1,905
Recycling & Kerbside charge	-	-	194	-	-	194	-	-	194	389	583	-	-	-	389	194	389	194	194	389
Capital Value Rates	1,119	1,796	3,696	1,095	1,739	3,335	1,405	3,863	4,487	9,319	9,573	2,198	7,219	10,158	11,524	1,132	1,695	4,578	9,560	9,664
Water charges:																				
Stormwater charges	91	146	300	89	141	270	114	1,305	365	758	779	179	587	826	937	92	138	372	778	786
Waste water charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equivalent Metered Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	549	-	-	-	-
Total Rates	2,594.68	3,326.39	5,595.51	2,464.75	3,355.88	5,080.32	2,870.67	6,499.40	7,324.80	11,402.83	14,127.26	3,750.14	9,179.04	12,357.62	14,981.33	3,269.27	4,438.59	6,446.99	11,824.34	13,087.89
\$ increase per week	2.47	3.55	6.67	2.61	3.71	6.27	3.51	8.93	9.70	16.30	19.12	4.76	12.86	17.61	21.02	4.38	4.98	8.43	16.48	17.85
\$ increase residual council per week	2.47	3.55	6.67	2.61	3.71	6.27	3.51	8.93	9.70	16.30	19.12	4.76	12.86	17.61	21.02	2.86	4.98	8.43	16.48	17.85
\$ increase 2 waters per week	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.52	-	-	-	-
% increase	5.21%	5.88%	6.61%	5.83%	6.10%	6.86%	6.80%	7.70%	7.39%	8.03%	7.57%	7.06%	7.86%	8.00%	7.87%	7.49%	6.19%	7.30%	7.81%	7.63%

	Commercial Industrial Cambridge			Commercial Industrial Te Awamutu			
	530,000 1 SUIP	1,350,000 1 SUIP	3,450,000 1 SUIP	405,000 1 SUIP	1,400,000 1 SUIP	4,320,000 1 SUIP	3,960,000 3 SUIPs
General rates:							
Fixed Targeted Rates	432	432	432	329	329	329	329
UAGC	953	953	953	953	953	953	2,858
Recycling & Kerbside charge	-	-	-	-	-	194	-
Capital Value Rates	690	1,757	4,490	530	1,831	5,649	5,178
Water charges:							
Stormwater charges	233	593	1,516	178	615	457	1,740
Waste water charges	1,509	1,509	8,977	1,509	3,018	1,509	7,695
Equivalent Metered Water	2,118	2,118	2,118	2,118	2,118	2,118	2,118
Total Rates	5,933.98	7,361.31	18,485.21	5,616.11	8,863.14	11,209.05	19,917.95
\$ increase per week	13.12	15.23	46.47	12.98	20.77	21.06	45.84
\$ increase residual council per week	2.04	4.15	9.56	1.90	4.47	9.98	13.36
\$ increase 2 waters per week	11.08	11.08	36.91	11.08	16.30	11.08	32.48
% increase	12.99%	12.05%	15.04%	13.66%	13.88%	10.83%	13.59%



MEMO

YEAR THREE APPLIES TO:

OPTION 1 – SMOOTHING OF EARLY YEAR RATES AND WATERS AFFORDABILITY MET

OPTION 2 – SMOOTHING OF EARLY YEAR RATES AND WATERS AFFORDABILITY NOT MET

	Cambridge Area			Te Awamutu Area			Pirongia Village			Ohaupo Village			Ngahinapouri Village		
	645,000 1 SUIP	1,100,000 1 SUIP	2,560,000 1 SUIP	690,000 1 SUIP	800,000 1 SUIP	1,330,000 1 SUIP	750,000 1 SUIP	980,000 1 SUIP	1,220,000 1 SUIP	700,000 1 SUIP	950,000 1 SUIP	1,340,000 1 SUIP	740,000 1 SUIP	1,030,000 1 SUIP	2,300,000 1 SUIP
General rates:															
Fixed Targeted Rates	456	456	456	339	339	339	218	218	218	246	246	246	224	224	224
UAGC	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016
Recycling & Kerbside charge	185	185	185	185	185	185	185	185	185	185	185	185	185	185	185
Capital Value Rates	887	1,513	3,522	952	1,104	1,835	1,032	1,348	1,678	963	1,307	1,843	1,018	1,417	3,163
Water charges:															
Stormwater charges	306	522	1,216	328	380	632	356	465	579	332	451	636	85	118	265
Waste water charges	1,633	1,633	1,633	1,633	1,633	1,633	-	-	-	-	-	-	-	-	-
Equivalent Metered Water	599	599	599	599	599	599	599	599	599	599	599	599	-	-	-
Total Rates	5,082	5,924	8,626	5,051	5,255	6,238	3,405	3,830	4,274	3,341	3,803	4,525	2,527	2,960	4,852
\$ increase per week	6.20	7.16	10.25	5.99	6.22	7.32	3.87	4.36	4.87	3.76	4.29	5.12	2.52	2.99	5.04
\$ increase residual council per week	2.86	3.82	6.91	2.65	2.88	3.98	2.92	3.41	3.91	2.81	3.34	4.17	2.52	2.99	5.04
\$ increase 2 waters per week	3.34	3.34	3.34	3.34	3.34	3.34	0.95	0.95	0.95	0.95	0.95	0.95	-	-	-
% increase	6.77%	6.71%	6.59%	6.57%	6.56%	6.50%	6.28%	6.29%	6.25%	6.22%	6.24%	6.25%	5.47%	5.54%	5.71%

	Rural Residential Cambridge			Rural Residential Te Awamutu			Pirongia Area			Kakepuku Area			Maungatautari Area									
	860,000 1 SUIP	1,380,000 1 SUIP	2,840,000 1 SUIP	837,000 1 SUIP	1,330,000 1 SUIP	2,550,000 1 SUIP	1,080,000 1 SUIP	2,970,000 1 SUIP	3,450,000 2 SUIPs	7,165,000 1 SUIP	7,360,000 3 SUIPs	1,690,000 1 SUIP	5,550,000 1 SUIP	7,810,000 1 SUIP	8,860,000 2 SUIPs	870,000 1 SUIP	1,303,000 2 SUIPs	3,520,000 1 SUIP	7,350,000 1 SUIP	7,430,000 2 SUIPs		
General rates:																						
Fixed Targeted Rates	456	456	477	339	339	339	220	200	194	194	350	242	242	242	242	242	242	372	335	372	363	367
UAGC	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	2,031	1,016	3,047	1,016	1,016	1,016	2,031	2,031	2,031	1,016	2,031	1,016	1,016	2,031
Recycling & Kerbside charge	-	-	185	-	-	185	185	185	370	185	555	185	185	185	370	370	370	185	370	185	185	370
Capital Value Rates	1,183	1,899	3,907	1,155	1,835	3,519	1,485	4,085	4,745	9,855	10,123	2,324	7,633	10,742	12,186	1,197	1,792	4,841	10,109	10,219		
Water charges:																						
Stormwater charges	99	159	327	96	153	293	124	1,411	397	824	846	194	638	898	1,019	100	150	405	845	854		
Waste water charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equivalent Metered Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	599	-	-	-	-		
Total Rates	2,753.69	3,528.88	5,910.63	2,805.74	3,527.63	5,351.53	3,030.23	6,896.18	7,736.78	12,073.22	14,920.93	3,961.32	9,714.26	13,082.56	15,847.87	3,468.19	4,677.80	6,818.86	12,517.74	13,841.46		
\$ increase per week	3.06	3.89	6.06	2.71	3.30	5.22	3.07	7.63	7.92	12.89	15.26	4.06	10.29	13.94	16.66	3.83	4.60	7.15	13.33	14.49		
\$ increase residual council per week	3.06	3.89	6.06	2.71	3.30	5.22	3.07	7.63	7.92	12.89	15.26	4.06	10.29	13.94	16.66	2.87	4.60	7.15	13.33	14.49		
\$ increase 2 waters per week	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.95	-	-	-	-		
% increase	6.13%	6.09%	5.63%	5.72%	5.12%	5.34%	5.56%	6.10%	5.62%	5.88%	5.62%	5.63%	5.83%	5.87%	5.78%	6.08%	5.39%	5.77%	5.86%	5.76%		

	Commercial Industrial Cambridge			Commercial Industrial Te Awamutu			
	530,000 1 SUIP	1,350,000 1 SUIP	3,450,000 1 SUIP	405,000 1 SUIP	1,400,000 1 SUIP	4,320,000 1 SUIP	3,960,000 3 SUIPs
General rates:							
Fixed Targeted Rates	456	456	456	339	339	339	339
UAGC	1,016	1,016	1,016	1,016	1,016	1,016	3,047
Recycling & Kerbside charge	-	-	-	-	-	185	-
Capital Value Rates	729	1,857	4,746	559	1,932	5,962	5,465
Water charges:							
Stormwater charges	252	641	1,639	192	665	497	1,881
Waste water charges	1,633	1,633	9,716	1,633	3,266	1,633	8,328
Equivalent Metered Water	2,309	2,309	2,309	2,309	2,309	2,309	2,309
Total Rates	6,394.52	7,912.10	19,881.91	6,047.68	9,526.36	11,939.69	21,368.37
\$ increase per week	8.86	10.59	26.86	8.30	12.75	14.05	27.89
\$ increase residual council per week	2.80	4.53	8.98	2.24	4.31	7.99	12.04
\$ increase 2 waters per week	6.06	6.06	17.88	6.06	8.45	6.06	15.85
% increase	7.76%	7.48%	7.56%	7.68%	7.48%	6.52%	7.28%



MEMO

YEAR ONE APPLIES TO:

OPTION 3 – RATING INCREASES IN EARLY YEARS MAINTAINED, WATERS AFFORDABILITY MET

OPTION 4 – RATING INCREASES IN EARLY YEARS MAINTAINED, WATERS AFFORDABILITY NOT MET

	Cambridge Area			Te Awamutu Area			Pirongia Village			Ohaupo Village			Ngahinapouri Village		
	645,000 1 SUIP	1,100,000 1 SUIP	2,560,000 1 SUIP	690,000 1 SUIP	800,000 1 SUIP	1,330,000 1 SUIP	750,000 1 SUIP	980,000 1 SUIP	1,220,000 1 SUIP	700,000 1 SUIP	950,000 1 SUIP	1,340,000 1 SUIP	740,000 1 SUIP	1,030,000 1 SUIP	2,300,000 1 SUIP
General rates:															
Fixed Targeted Rates	456	456	456	344	344	344	200	200	200	229	229	229	207	207	207
UAGC	898	898	898	898	898	898	898	898	898	898	898	898	898	898	898
Recycling & Kerbside charge	191	191	191	191	191	191	191	191	191	191	191	191	191	191	191
Capital Value Rates	786	1,340	3,118	845	979	1,628	913	1,192	1,484	852	1,156	1,630	900	1,253	2,798
Water charges:															
Stormwater charges	254	433	1,007	271	315	523	295	385	480	275	374	527	63	88	196
Waste water charges	1,248	1,248	1,248	1,248	1,248	1,248	-	-	-	-	-	-	-	-	-
Equivalent Metered Water	473	473	473	473	473	473	473	473	473	473	473	473	-	-	-
Total Rates	4,305	5,038	7,391	4,269	4,447	5,304	2,969	3,340	3,726	2,917	3,320	3,948	2,258	2,636	4,289
\$ increase per week	11.87	13.15	17.26	12.12	12.43	13.93	5.70	6.35	7.03	5.55	6.26	7.37	3.03	3.63	6.22
\$ increase residual council per week	3.63	4.91	9.03	3.88	4.19	5.69	3.65	4.30	4.99	3.51	4.22	5.32	3.03	3.63	6.22
\$ increase 2 waters per week	8.24	8.24	8.24	8.24	8.24	8.24	2.04	2.04	2.04	2.04	2.04	2.04	-	-	-
% increase	16.74%	15.70%	13.83%	17.32%	17.01%	15.82%	11.08%	10.97%	10.88%	10.98%	10.87%	10.75%	7.51%	7.70%	8.15%

	Rural Residential Cambridge			Rural Residential Te Awamutu			Pirongia Area					Kakepuku Area				Maungatautari Area				
	860,000 1 SUIP	1,380,000 1 SUIP	2,840,000 1 SUIP	837,000 1 SUIP	1,330,000 1 SUIP	2,550,000 1 SUIP	1,080,000 1 SUIP	2,970,000 1 SUIP	3,450,000 2 SUIPs	7,165,000 1 SUIP	7,360,000 3 SUIPs	1,690,000 1 SUIP	5,550,000 1 SUIP	7,810,000 1 SUIP	8,860,000 2 SUIPs	870,000 1 SUIP	1,303,000 2 SUIPs	3,520,000 1 SUIP	7,350,000 1 SUIP	7,430,000 2 SUIPs
General rates:																				
Fixed Targeted Rates	456	456	476	344	344	344	203	183	177	177	333	226	226	226	226	358	321	358	349	353
UAGC	898	898	898	898	898	898	898	898	898	2,693	898	898	898	1,795	898	898	1,795	898	898	1,795
Recycling & Kerbside charge	-	191	-	191	191	-	191	191	381	572	-	191	191	191	381	191	381	191	191	381
Capital Value Rates	1,048	1,681	3,459	1,024	1,628	3,121	1,314	3,614	4,198	8,718	8,955	2,056	6,753	9,502	10,780	1,059	1,585	4,283	8,943	9,040
Water charges:																				
Stormwater charges	73	117	242	71	113	217	92	1,168	294	610	626	144	472	665	754	74	111	300	625	632
Waste water charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equivalent Metered Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	473	-	-	-	-
Total Rates	2,474.26	3,151.91	5,265.65	2,336.88	3,172.94	4,769.98	2,696.91	6,052.68	6,844.36	10,592.26	13,178.98	3,514.66	8,539.62	11,481.68	13,936.85	3,052.50	4,193.78	6,028.83	11,005.39	12,201.90
\$ increase per week	3.57	4.62	7.56	3.65	4.64	7.12	3.73	9.95	10.33	16.15	20.07	5.28	13.16	17.77	21.68	5.44	6.05	8.81	16.63	18.55
\$ increase residual council per week	3.57	4.62	7.56	3.65	4.64	7.12	3.73	9.95	10.33	16.15	20.07	5.28	13.16	17.77	21.68	3.40	6.05	8.81	16.63	18.55
\$ increase 2 waters per week	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.04	-	-	-	-
% increase	8.12%	8.26%	8.06%	8.84%	8.22%	8.41%	7.74%	9.35%	8.51%	8.61%	8.60%	8.47%	8.71%	8.75%	8.80%	10.22%	8.11%	8.22%	8.53%	8.59%

	Commercial Industrial Cambridge			Commercial Industrial Te Awamutu			
	530,000 1 SUIP	1,350,000 1 SUIP	3,450,000 1 SUIP	405,000 1 SUIP	1,400,000 1 SUIP	4,320,000 1 SUIP	3,960,000 3 SUIPs
General rates:							
Fixed Targeted Rates	456	456	456	344	344	344	344
UAGC	898	898	898	898	898	898	2,693
Recycling & Kerbside charge	-	-	-	-	-	191	-
Capital Value Rates	646	1,644	4,202	496	1,714	5,287	4,847
Water charges:							
Stormwater charges	208	531	1,357	159	551	368	1,557
Waste water charges	1,248	1,248	7,424	1,248	2,496	1,248	6,364
Equivalent Metered Water	1,825	1,825	1,825	1,825	1,825	1,825	1,825
Total Rates	5,280.61	6,601.95	16,162.21	4,969.25	7,826.16	10,160.05	17,629.49
\$ increase per week	17.40	19.71	56.28	17.16	26.17	24.79	56.18
\$ increase residual council per week	3.33	5.64	11.56	3.09	5.91	10.72	16.72
\$ increase 2 waters per week	14.07	14.07	44.72	14.07	20.26	14.07	39.46
% increase	20.67%	18.38%	22.11%	21.89%	21.05%	14.53%	19.86%



MEMO

YEAR TWO APPLIES TO:

OPTION 3 – RATING INCREASES IN EARLY YEARS MAINTAINED, WATERS AFFORDABILITY MET

OPTION 4 – RATING INCREASES IN EARLY YEARS MAINTAINED, WATERS AFFORDABILITY NOT MET

	Cambridge Area			Te Awamutu Area			Pirongia Village			Ohaupo Village			Ngahinapouri Village		
	645,000 1 SUIP	1,100,000 1 SUIP	2,560,000 1 SUIP	690,000 1 SUIP	800,000 1 SUIP	1,330,000 1 SUIP	750,000 1 SUIP	980,000 1 SUIP	1,220,000 1 SUIP	700,000 1 SUIP	950,000 1 SUIP	1,340,000 1 SUIP	740,000 1 SUIP	1,030,000 1 SUIP	2,300,000 1 SUIP
General rates:															
Fixed Targeted Rates	432	432	432	329	329	329	202	202	202	231	231	231	209	209	209
UAGC	944	944	944	944	944	944	944	944	944	944	944	944	944	944	944
Recycling & Kerbside charge	194	194	194	194	194	194	194	194	194	194	194	194	194	194	194
Capital Value Rates	831	1,418	3,299	894	1,036	1,722	966	1,262	1,571	902	1,224	1,726	953	1,327	2,962
Water charges:															
Stormwater charges	283	483	1,125	303	351	584	329	431	536	308	417	589	78	109	243
Waste water charges	1,518	1,518	1,518	1,518	1,518	1,518	-	-	-	-	-	-	-	-	-
Equivalent Metered Water	554	554	554	554	554	554	554	554	554	554	554	554	-	-	-
Total Rates	4,756	5,543	8,066	4,736	4,927	5,846	3,190	3,587	4,002	3,132	3,564	4,237	2,378	2,782	4,552
\$ increase per week	8.69	9.71	12.98	8.98	9.22	10.42	4.24	4.76	5.30	4.13	4.69	5.57	2.31	2.82	5.07
\$ increase residual council per week	1.94	2.96	6.24	2.23	2.48	3.67	2.69	3.21	3.75	2.58	3.14	4.02	2.31	2.82	5.07
\$ increase 2 waters per week	6.75	6.75	6.75	6.75	6.75	6.75	1.55	1.55	1.55	1.55	1.55	1.55	-	-	-
% increase	10.49%	10.02%	9.13%	10.93%	10.79%	10.21%	7.42%	7.41%	7.40%	7.35%	7.34%	7.34%	5.31%	5.56%	6.14%

	Rural Residential Cambridge			Rural Residential Te Awamutu			Pirongia Area				Kakepuku Area				Maungatautari Area					
	860,000 1 SUIP	1,380,000 1 SUIP	2,840,000 1 SUIP	837,000 1 SUIP	1,330,000 1 SUIP	2,550,000 1 SUIP	1,080,000 1 SUIP	2,970,000 1 SUIP	3,450,000 2 SUIPs	7,165,000 1 SUIP	7,360,000 3 SUIPs	1,690,000 1 SUIP	5,550,000 1 SUIP	7,810,000 1 SUIP	8,860,000 2 SUIPs	870,000 1 SUIP	1,303,000 2 SUIPs	3,520,000 1 SUIP	7,350,000 1 SUIP	7,430,000 2 SUIPs
General rates:																				
Fixed Targeted Rates	432	432	452	329	329	329	205	185	179	179	335	226	226	226	226	349	312	349	340	344
UAGC	944	944	944	944	944	944	944	944	1,887	944	2,831	944	944	1,887	944	944	1,887	944	944	1,887
Recycling & Kerbside charge	-	-	194	-	194	194	194	194	389	194	583	194	194	389	194	194	389	194	194	389
Capital Value Rates	1,108	1,778	3,660	1,084	1,722	3,302	1,391	3,825	4,444	9,229	9,480	2,177	7,148	10,059	11,412	1,121	1,678	4,534	9,467	9,570
Water charges:																				
Stormwater charges	91	146	300	89	141	270	114	1,305	365	758	779	179	587	826	937	92	138	372	778	786
Waste water charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equivalent Metered Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	554	-	-	-	-	-
Total Rates	2,574.89	3,300.02	5,550.67	2,445.27	3,330.16	5,039.16	2,848.10	6,452.92	7,263.35	11,303.28	14,007.45	3,719.86	9,099.93	12,249.92	14,851.45	3,253.98	4,404.29	6,393.56	11,722.46	12,976.09
\$ increase per week	1.94	2.85	5.48	2.08	3.02	5.18	2.91	7.70	8.06	13.67	15.93	3.95	10.78	14.77	17.59	3.87	4.05	7.01	13.79	14.89
\$ increase residual council per week	1.94	2.85	5.48	2.08	3.02	5.18	2.91	7.70	8.06	13.67	15.93	3.95	10.78	14.77	17.59	2.33	4.05	7.01	13.79	14.89
\$ increase 2 waters per week	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.55	-	-	-	-
% increase	4.07%	4.70%	5.41%	4.64%	4.95%	5.64%	5.61%	6.61%	6.12%	6.71%	6.29%	5.84%	6.56%	6.69%	6.56%	6.60%	5.02%	6.05%	6.52%	6.34%

	Commercial Industrial Cambridge			Commercial Industrial Te Awamutu			
	530,000 1 SUIP	1,350,000 1 SUIP	3,450,000 1 SUIP	405,000 1 SUIP	1,400,000 1 SUIP	4,320,000 1 SUIP	3,960,000 3 SUIPs
General rates:							
Fixed Targeted Rates	432	432	432	329	329	329	329
UAGC	944	944	944	944	944	944	2,831
Recycling & Kerbside charge	-	-	-	-	-	-	194
Capital Value Rates	683	1,740	4,446	524	1,813	5,594	5,128
Water charges:							
Stormwater charges	233	593	1,516	178	615	457	1,740
Waste water charges	1,518	1,518	9,032	1,518	3,036	1,518	7,742
Equivalent Metered Water	2,136	2,136	2,136	2,136	2,136	2,136	2,136
Total Rates	5,945.40	7,362.35	18,505.23	5,629.11	8,872.75	11,172.52	19,905.90
\$ increase per week	12.78	14.62	45.06	12.69	20.13	19.47	43.78
\$ increase residual council per week	1.61	3.45	8.16	1.52	3.76	8.30	11.30
\$ increase 2 waters per week	11.17	11.17	36.90	11.17	16.37	11.17	32.48
% increase	12.59%	11.52%	14.50%	13.28%	13.37%	9.97%	12.91%



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YEAR THREE APPLIES TO:

OPTION 3 – RATING INCREASES IN EARLY YEARS MAINTAINED, WATERS AFFORDABILITY MET

OPTION 4 – RATING INCREASES IN EARLY YEARS MAINTAINED, WATERS AFFORDABILITY NOT MET

	Cambridge Area			Te Awamutu Area			Pirongia Village			Ohaupo Village			Ngahinapouri Village		
	645,000 1 SUJP	1,100,000 1 SUJP	2,560,000 1 SUJP	690,000 1 SUJP	800,000 1 SUJP	1,330,000 1 SUJP	750,000 1 SUJP	980,000 1 SUJP	1,220,000 1 SUJP	700,000 1 SUJP	950,000 1 SUJP	1,340,000 1 SUJP	740,000 1 SUJP	1,030,000 1 SUJP	2,300,000 1 SUJP
General rates:															
Fixed Targeted Rates	456	456	456	339	339	339	218	218	218	246	246	246	224	224	224
UAGC	998	998	998	998	998	998	998	998	998	998	998	998	998	998	998
Recycling & Kerbside charge	185	185	185	185	185	185	185	185	185	185	185	185	185	185	185
Capital Value Rates	852	1,454	3,384	915	1,061	1,764	991	1,295	1,612	925	1,255	1,771	978	1,361	3,039
Water charges:															
Stormwater charges	306	522	1,216	328	380	632	356	465	579	332	451	636	85	118	265
Waste water charges	1,647	1,647	1,647	1,647	1,647	1,647	-	-	-	-	-	-	-	-	-
Equivalent Metered Water	604	604	604	604	604	604	604	604	604	604	604	604	-	-	-
Total Rates	5,049	5,867	8,490	5,016	5,214	6,168	3,352	3,765	4,197	3,291	3,740	4,441	2,470	2,887	4,711
\$ increase per week	5.63	6.23	8.16	5.38	5.53	6.20	3.13	3.43	3.75	3.06	3.39	3.91	1.77	2.01	3.05
\$ increase residual council per week	2.19	2.79	4.72	1.94	2.08	2.76	2.16	2.47	2.78	2.10	2.43	2.94	1.77	2.01	3.05
\$ increase 2 waters per week	3.44	3.44	3.44	3.44	3.44	3.44	0.97	0.97	0.97	0.97	0.97	0.97	-	-	-
% increase	6.15%	5.85%	5.26%	5.91%	5.83%	5.52%	5.10%	4.98%	4.87%	5.08%	4.95%	4.80%	3.87%	3.76%	3.48%

	Rural Residential Cambridge			Rural Residential Te Awamutu			Pirongia Area					Kakepuku Area				Maungatautari Area				
	860,000 1 SUJP	1,380,000 1 SUJP	2,840,000 1 SUJP	837,000 1 SUJP	1,330,000 1 SUJP	2,550,000 1 SUJP	1,080,000 1 SUJP	2,970,000 1 SUJP	3,450,000 2 SUJPs	7,165,000 1 SUJP	7,360,000 3 SUJPs	1,690,000 1 SUJP	5,550,000 1 SUJP	7,810,000 1 SUJP	8,860,000 2 SUJPs	870,000 1 SUJP	1,303,000 2 SUJPs	3,520,000 1 SUJP	7,350,000 1 SUJP	7,430,000 2 SUJPs
General rates:																				
Fixed Targeted Rates	456	456	477	339	339	339	220	200	194	194	350	242	242	242	242	372	335	372	363	367
UAGC	998	998	998	998	998	998	998	998	1,997	998	2,995	998	998	1,997	998	1,997	1,997	998	998	1,997
Recycling & Kerbside charge	-	-	185	-	185	185	185	185	370	185	555	185	185	370	185	370	370	185	185	370
Capital Value Rates	1,137	1,824	3,754	1,110	1,764	3,381	1,427	3,924	4,559	9,467	9,725	2,233	7,333	10,320	11,707	1,150	1,722	4,651	9,712	9,818
Water charges:																				
Stormwater charges	99	159	327	96	153	293	124	1,411	397	824	846	194	638	898	1,019	100	150	405	845	854
Waste water charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equivalent Metered Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	604	-	-	-	-	-
Total Rates	2,690.07	3,437.15	5,739.98	2,543.35	3,438.60	5,196.55	2,954.72	6,718.50	7,516.01	11,668.81	14,471.69	3,852.82	9,397.13	12,643.28	15,334.70	3,409.33	4,573.07	6,611.46	12,103.33	13,405.58
\$ increase per week	2.21	2.64	3.64	1.89	2.09	3.03	2.05	5.11	4.86	7.03	8.93	2.56	5.72	7.56	9.29	2.88	3.25	4.19	7.32	8.26
\$ increase residual council per week	2.21	2.64	3.64	1.89	2.09	3.03	2.05	5.11	4.86	7.03	8.93	2.56	5.72	7.56	9.29	2.02	3.25	4.19	7.32	8.26
\$ increase 2 waters per week	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.97	-	-	-	-	-
% increase	4.47%	4.16%	3.41%	4.01%	3.26%	3.12%	3.74%	4.12%	3.48%	3.23%	3.31%	3.57%	3.27%	3.21%	3.25%	4.77%	3.83%	3.41%	3.25%	3.31%

	Commercial Industrial Cambridge			Commercial Industrial Te Awamutu			
	530,000 1 SUJP	1,350,000 1 SUJP	3,450,000 1 SUJP	405,000 1 SUJP	1,400,000 1 SUJP	4,320,000 1 SUJP	3,960,000 3 SUJPs
General rates:							
Fixed Targeted Rates	456	456	456	339	339	339	339
UAGC	998	998	998	998	998	998	2,995
Recycling & Kerbside charge	-	-	-	-	-	-	185
Capital Value Rates	701	1,784	4,560	537	1,856	5,728	5,251
Water charges:							
Stormwater charges	252	641	1,639	192	665	497	1,881
Waste water charges	1,647	1,647	9,798	1,647	3,294	1,647	8,399
Equivalent Metered Water	2,330	2,330	2,330	2,330	2,330	2,330	2,330
Total Rates	6,383.03	7,856.28	19,780.90	6,042.94	9,481.64	11,723.34	21,193.78
\$ increase per week	8.42	9.50	24.53	7.96	11.71	10.59	24.77
\$ increase residual council per week	2.22	3.30	6.07	1.76	3.03	4.39	8.41
\$ increase 2 waters per week	6.20	6.20	18.46	6.20	8.68	6.20	16.36
% increase	7.36%	6.71%	6.89%	7.35%	6.86%	4.93%	6.47%



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5.0 ASSURANCE ACTIVITY

It is expected that Council will be operating in a challenging fiscal environment for some time. Council has a number of reporting mechanisms in place through the Finance and Corporate and Audit and Risk Committees to monitor financial parameters and financial risk management actions. Quality assurance is also in place in regard to reforecasting and budgeting processes.

To further manage financial risks staff are proposing the following;

- Continuous improvement of business partnering and reforecasting processes that could further assist in effective and agile means of identifying significant forecasting positions early.
- Further engagement of quality assurance resource across our LTP numbers in both the three waters and the more general finance spaces as a further check of robustness.

5.1 NEXT STEPS

- Formal adoption of confirmed high-level budget at the Council Meeting on the 17th December.
- Formal adoption of the draft LTP financial statements and supporting documentation at the Council Meeting on 28th January.
- Audit commences onsite on the 3rd February.



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ATTACHMENTS

Description
Attachment 1 - Parking lot (ECM 11308557)
Attachment 2 – Work plan (ECM 11325250)

A handwritten signature in black ink, appearing to read "G Knapp".

Georgina Knapp
MANAGER ORGANISATIONAL EXCELLENCE

A handwritten signature in black ink, appearing to read "J Hechter".

Jolanda Hechter
MANAGER FINANCE

A handwritten signature in black ink, appearing to read "M Russo".

Melissa Russo
MANAGER STRATEGY

A handwritten signature in black ink, appearing to read "K Downey".

Kirsty Downey
GROUP MANAGER STRATEGY

A handwritten signature in blue ink, appearing to read "Ken Morris".

Ken Morris
DEPUTY CHIEF EXECUTIVE / GROUP MANAGER BUSINESS SUPPORT



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APPENDIX ONE

Detailed assumptions and project parameters that form the basis of the confirmed draft budget for the 29th October workshop and the confirmed budget

Key assumptions:

- Balanced budget principle is considered first and then funding the balance sheet is tested.
- Growth pays for growth over time.
- Renewals constrained – increased in later years (refer detail below from the 29th October workshop)
- Waters is funded to a level that ensures compliance with a 5 times debt to revenue ratio if/when these activities move into a CCO.
- Three waters included for the full nine years.
- Borrowing to a maximum of 85 per cent of debt covenant – termed debt comfort level
- Aiming for affordability of within 5 per cent of median income for whole Council, 2 per cent for 2 waters.
- Debt to revenue ratio of 3.5 with a gradual reduction to 3.0 by year nine.

Cornerstone community projects

Opex to continue exploring opportunities:

- Te Ara Wai – Reduction from a total of \$275,000 to \$137,500 over the first two years.
- Cambridge library – Reduction from a total of \$150,000 to \$75,000 in the first year.
- Te Awamutu to Pirongia cycleway – the current design work underway to complete work to KiwiRail approval stage is being funded from allocated “better off funding” in 2024/2025.
- Cambridge Town Hall – \$621,000 over nine years as per contractual agreement.

New level of service included:

- Sports club lease model – years six to nine (\$0.4m capex, \$4.2m opex)
- Sportsfield improvements over the nine years (\$4.3m capex, \$1.3m opex)
- Urban walking and cycling – planning in year one and two (\$0.3m capex)
- Refuse service deferred to year four (\$1.8m capex, \$21.5m opex).

New level of service currently excluded:

- Food waste collection
- Holmes garage
- Cambridge connections – business case funding only from reserves has been included
- Pirongia Hall feasibility outcomes

Other

- Cambridge Water Tower – agreed options included
- Funds and Grants – as per Enhanced Annual Plan 2024/25
- Low cost/low risk road improvements programme expenditure reduced to include Waipā DC share only

- RMA reform budget reduced from \$10.2m to \$3.9m
- Passenger transport rates currently charged by Waipā DC to be charged by Waikato Regional Council
- Matos Segedin Drive infrastructure included
- Growth – re-inclusion of some expenditure as outlined in the 16th October workshop information.

Further changes made and included in the 5th November preferred budget

Element	Size of impact
• Deferral of fleet replacements for two years.	-0.1%
• Operating projects -Reduction in investment to meet requirements of the Comprehensive SW Discharge Consent – Operational Maintenance and Management Plan (anticipated conditions) – spend in 2025/26 of \$390.5k reduced to \$210k.	-0.2%
• FTE changes – removal of budget for eleven demand driven roles.	-0.6%
• Reduced operating expenditure to keep the Cornerstone Community projects 'alive'; <ul style="list-style-type: none"> • Te Ara Wai – Reduction from a total of \$275,000 to \$137,500 over the first two years. • Cambridge library – Reduction from a total of \$150,000 to \$75,000 in the first year. 	-0.1%
• Delayed capital expenditure in the 2024/25 year from preliminary outcomes of the four-month budget reforecast. This is related to growth projects requiring deferral (\$6.7m) and the confirmed reduced cost of the accommodation strategy.	-0.2%
Total reduction - equates to a savings of -\$1,246,000	-1.2%
• Organisational strengthening.	+0.3%
Total increase	+0.3%

Other changes

Based upon the direction given by Elected Members at the 16th October workshop, further renewals have now been reintroduced into the later years of the LTP.

Renewal budgets were reduced by 25 per cent in the 2024-2027 years (2024/25 Enhanced Annual Plan and years one to three of the draft 2025-34 LTP). From 2029/30 onwards (year five) renewals were increased by 20 per cent each year until the end of the nine-year period. Renewals relating to



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subsidised transportation projects were not reduced; these were prioritised as the projects had a co-funding element associated with them.

Further renewals have now been reintroduced, equivalent to \$19.3m across years seven and eight. This is aimed to clear the backlog in renewals as at 30 June 2024 (as communicated at the Elected Member workshop on the renewal programme on 24 June 2024) and the funding reductions made as part of the 2024/25 Enhanced Annual Plan and draft LTP. This now fully clears any deferred renewals.



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APPENDIX TWO

List of deferred projects from the 2024/25 year to the 2025/26 year

Project description	Activity	Major Funding Source	2024/25 Forecast		
			24/25 October Forecast	Changed forecast	Updated Forecast October 2024/25
Library Books Cambridge	District Libraries	RENEWAL	225,142	(20,000)	205,142
Library Books Te Awamutu	District Libraries	RENEWAL	232,769	(20,000)	212,769
Cambridge Town Hall Upgrades	Halls	LOS	3,465,600	(500,000)	2,965,600
Peat Lake Programme	Parks and Reserves	LOS	103,194	(50,754)	52,440
Erosion Control and Amenity Enhancement	Parks and Reserves	LOS	62,639	(58,149)	4,490
Sports Reserves Development	Parks and Reserves	LOS	18,742	(18,216)	526
Karapiro / Arapuni Lakes Programme	Parks and Reserves	RENEWAL	95,426	(94,571)	855
Parks Renewals	Parks and Reserves	RENEWAL	216,000	(50,000)	166,000
CB Nth Land Acquisition and Development	Parks and Reserves	GROWTH	489,868	(489,868)	-
T1 Land Acquisition and Development: Structure	Parks and Reserves	GROWTH	952,521	(900,529)	51,992
C3 Reserves	Parks and Reserves	GROWTH	1,536,000	(1,536,000)	-
Total Community Facilities			7,397,901	(3,738,087)	3,659,814
Picquet Hill Plan Change Roading	Non Subsidised Roading	GROWTH	1,350,767	(1,207,477)	143,290
Frontier Road Plan Change Roading	Non Subsidised Roading	GROWTH	193,775	(111,396)	82,379
C1 Structure Plan Roading	Non Subsidised Roading	GROWTH	942,475	(600,000)	342,475
C1 Norfolk Roading & Victoria Rd Urbanisation	Non Subsidised Roading	GROWTH	1,989,315	(1,900,000)	89,315
C8 C9 C10 Hautapu Rd 1st Roundabout at Victori	Non Subsidised Roading	GROWTH	3,645,001	(3,000,000)	645,001
C8 C9 C10 Hautapu Rd - 1st section of Collector R	Non Subsidised Roading	GROWTH	2,231,280	(1,500,000)	731,280
C8 C9 C10 Hautapu & Hannon Rd Urbanisation	Non Subsidised Roading	GROWTH	1,838,240	(1,500,000)	338,240
Hautapu Transportation Land	Non Subsidised Roading	GROWTH	4,077,411	(3,177,411)	900,000
C10/ Victoria Rd southern roundabout and new c	Non Subsidised Roading	GROWTH	18,310	1,624,135	1,642,445
C4/C11/Cambridge Road intersection and new c	Non Subsidised Roading	GROWTH	2,625,451	(2,000,000)	625,451
Total Roads and Footpaths			18,912,025	(13,372,149)	5,539,876
Storm Water Modelling	Stormwater General	LOS	273,718	(161,518)	112,200
Cambridge Growth Cell SW Development Provisio	Stormwater General	GROWTH	1,895,132	(1,695,000)	200,132
District Wide Stormwater Renewals	Stormwater General	RENEWAL	1,862,200	(1,700,000)	162,200
Kihikihi Brown Field SW Works	Stormwater General	GROWTH	250,000	(235,100)	14,900
Western Catchment Remedial Works	Stormwater General	GROWTH	335,084	(335,084)	-
Trunk Reticulation Connector Road	Stormwater General	GROWTH	412,804	(412,804)	-
Land Victoria Rd Swale	Stormwater General	GROWTH	252,673	(252,673)	-
Stormwater Land Purchases - C1	Stormwater General	GROWTH	1,009,674	(900,000)	109,674
Stormwater LOS Upgrades to Network Capacity	Stormwater General	LOS	1,035,267	(507,742)	527,525
Stormwater Outlet Control Mangohoi-Mangapik	Stormwater General	LOS	79,787	(38,353)	41,434
C8 Stormwater Land Purchase	Stormwater General	GROWTH	6,384,651	(6,284,000)	100,651
Existing Hautapu Industrial Area SW	Stormwater General	GROWTH	5,641,541	(5,357,739)	283,802
Total Stormwater			19,432,531	(17,880,013)	1,552,518
District Wide - Water Modelling	Water Treatment & Supply General	LOS	241,834	(150,894)	90,940
Water Meters - New and Replacement	Water Treatment & Supply General	RENEWAL	431,888	(381,888)	50,000
Cambridge North Water Provision	Water Treatment & Supply General	GROWTH	193,594	(193,594)	-
Te Awamutu Fire/LOS Service Upgrades	Water Treatment & Supply General	LOS	1,273,062	110,675	1,383,737
Cambridge North to Hautapu Pipeline and C8	Water Treatment & Supply General	GROWTH	1,132,729	(971,731)	160,998
Cambridge Water Reticulation Growth- C2 & C3	Water Treatment & Supply General	GROWTH	901,752	(500,000)	401,752
Cambridge Water Reticulation Growth- C1	Water Treatment & Supply General	GROWTH	727,598	(600,000)	127,598
District Wide Water Treatment Plant Renewals	Water Treatment & Supply General	RENEWAL	400,000	74,150	474,150
AGA Renewals (other than TP)	Water Treatment & Supply General	RENEWAL	95,801	74,039	169,840
Wtr Telemetry Upgrade Waipa 21/31	Water Treatment & Supply General	RENEWAL	544,968	(490,000)	54,968
Te Awamutu Internal CBD Rising Main	Water Treatment & Supply General	GROWTH	4,159,284	(110,675)	4,048,609
District Wide Reservoir Renewals	Water Treatment & Supply General	RENEWAL	5,928,117	(5,340,606)	587,511
Total Water			16,030,627	(8,480,523)	7,550,104
District Wide Waste Water Modeling	Waste Water Treatment & Disposal	LOS	113,964	(50,704)	63,260
Cambridge Growth Cell WW Provision - C2 & C3	Waste Water Treatment & Disposal	GROWTH	792,865	(500,000)	292,865
Cambridge Growth Cell WW Provision - C1	Waste Water Treatment & Disposal	GROWTH	1,229,970	(1,100,000)	129,970
District Wide Sewer Pipe Replacement 20/21	Waste Water Treatment & Disposal	RENEWAL	907,040	(300,000)	607,040
Sewage Telemetry Renewals Waipa	Waste Water Treatment & Disposal	RENEWAL	647,250	(565,714)	81,536
TA WWTP Consent & Upgrade	Waste Water Treatment & Disposal	GROWTH	523,200	(300,820)	222,380
District Wide Wastewater Pump Station Upgrade:	Waste Water Treatment & Disposal	GROWTH	240,000	(163,019)	76,981
WW Hautapu Industrial Provision C8 & C9	Waste Water Treatment & Disposal	GROWTH	1,282,504	(1,000,000)	282,504
District Wide Wastewater Treatment Plant Renew	Waste Water Treatment & Disposal	RENEWAL	348,624	(173,509)	175,115
Turere Lane WW PS Capacity Increase and Storage	Waste Water Treatment & Disposal	LOS	130,400	(79,400)	51,000
DW WW Pipe Upgrades - Feasibility Study	Waste Water Treatment & Disposal	RENEWAL	591,702	(590,364)	1,338
DW WW Pipe Upgrades CB Rd to Christie Ave, Ma	Waste Water Treatment & Disposal	GROWTH	2,460,440	500,000	2,960,440
C4 Wastewater Provision	Waste Water Treatment & Disposal	GROWTH	1,782,766	(1,000,000)	782,766
Total Wastewater			11,050,725	(5,323,531)	5,727,194
Business Accommodation Strategy	Council Occupied Buildings	LOS	4,687,000	(841,439)	3,845,561
101 Bank Street Customer Support Upgrade	Council Occupied Buildings	LOS	287,153	(271,046)	16,107
Total Support Services			4,974,153	(1,112,485)	3,861,668
Total All Capital programme			189,499,787	(49,906,787)	139,593,000

To:	Elected Members
From:	Manager Finance
Date:	3 December 2024
Subject:	2025-34 Long Term Plan (LTP) – Draft Treasury Management Policy

PURPOSE

To present the draft Treasury Management Policy to Elected Members (EMs) for feedback.

BACKGROUND

At the 11 November Elected Member workshop, feedback was sought on:

- the draft Remission and Postponement of Rates and Water Charges Policy;
- principles related to the draft Revenue and Financing Policy with specific reference to fees and charges; and
- the draft Treasury Management Policy.

No changes were requested to the draft Remission and Postponement of Rates and Water Charges Policy therefore it will be presented to Elected Members on the 17th December for adoption. EMs did request that certain parts of the Treasury Management Policy were refined to be easier to understand. This has been actioned. Direction was also received on the approach to certain elements of the Revenue and Financing Policy. These matters are still being worked through.

DRAFT TREASURY MANAGEMENT POLICY

Two key changes have been made;

- Wording with regard to hedging has been revised (pages 6 and 7 of the draft policy).
- A further review of the draft policy has also been undertaken by staff and Earl White, Council's Bancorp advisor, to ensure it is more straightforward and easier for the community to understand. Tracked changes are included in the draft policy.

NEXT STEPS

Direction provided at the workshop on the Treasury Management Policy will be reflected in the draft policy and will be brought back to the 17 December Council meeting for approval.

The Revenue and Financing Policy will be brought to a workshop in the next two weeks.



MEMO

ATTACHMENT

Title	ECM #
Draft Treasury Management Policy	11330251

A handwritten signature in black ink, appearing to read "Jolanda Hechter".

Jolanda Hechter
MANAGER FINANCE

A handwritten signature in blue ink, appearing to read "Ken Morris".

Ken Morris
DEPUTY CHIEF EXECUTIVE / GROUP MANAGER BUSINESS SUPPORT

Project	Sports Club Lease Model
Activity Area	Community Services – Parks and Reserves
Project Owner	Brad Ward
Contribution to Strategic priorities	<ul style="list-style-type: none"> Effectively planning and providing for growing communities Creating vibrant communities

Project Description

The sports club lease model review project is a shift in the way sports fields are managed and leased across the district by proposing to bring maintenance and booking of sports fields into Council management.

Project Background

Waipā's current sports field model involves certain sports club leasing entire sports grounds from Council. This is an unusual approach for a Council the size of Waipā and has created issues and inequities across sporting codes/ clubs.

A review of the sports club lease model was funded through the 2021-31 Long Term Plan (LTP). This review began in 2022, with connections across sports clubs and Council via the Service Delivery Committee and Community Boards to work through a review and provide recommendations for consideration.

A final report was presented the December 2023 Service Delivery Committee recommending that over time, publicly owned sports fields are managed by Council on behalf of the wider community. The Committee resolved:

- Notes the intention for a new Sports Liaison Officer role to be created in Council, dependant on funding through the 2024-34 Long Term Plan;
- Agrees for Council staff to continue to explore the option of Council moving towards a sports-filed model where Council owned sports fields would fall under direct Council management, including continuing to work alongside stakeholders to explore this proposed new model further; and
- Notes the need for Council staff to negotiate and provide for short term leases for any existing sports field leases which have either already matured or will mature prior to 2027.

Summary of Options

Following continued concern raised through recent 2025/34 Long Term Plan workshops at the quantum of funding for this project from year 6, coupled with limited club support for the change, three options have been identified for consideration. A summary of these options follows, with more detailed analysis within the next section.

Option	Capex	Opex	Salary	Potential Budget Savings
1 – Current Draft LTP	335,360	4,200,030	637,000	
2 – Reduced Budget	485,360	1,940,000	637,000	Capex -150,000 Opex 2,260,030
3 – Project removed	0	0	0	Capex \$335,360 Opex 4,200,030 Salary 637,000

Option 1 – Current Draft LTP Budget

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Total
Capex	-	-	-	-	-	83,840	83,840	83,840	83,840	335,360
Opex						988,425	1,058,805	1,058,805	1,093,995	4,200,030
Salary			91,000	91,000	91,000	91,000	91,000	91,000	91,000	637,000
Inclusions										
<ul style="list-style-type: none"> • Sports Liaison Officer Role from year 3. This role will work with clubs to build relationship, understand field maintenance/ renovation programmes, events/ tournaments, field usage, develop transition implementation plan and field booking system. This role will also work across clubs and codes who don't have leases to maximise opportunities and connect with Sport Waikato and Regional Sports Organisations to achieve mutual aspirations • Full transition of sports fields into Council management, which includes all sports field maintenance requirements • Sports field booking system • Structural and electrical inspection of flood lights • Design of future field improvements. 										
Pros						Cons				
<ul style="list-style-type: none"> • Main budget impact from year 6 • New role to build connection and trust with clubs to plan future implementation of model • Provide equitable level of Council investment across all sports fields • Transition of sports field network to council management, creating opportunities for equitable access to all sport users • Universal booking system • Clarity between Council and clubs' roles and responsibilities • Oversight of field use demand • Understanding of sports field assets • Opportunity for renewal and development programme across the sports field network. • Best level of ability to ensure sports field network is adaptable to future trends. 						<ul style="list-style-type: none"> • Increased investment required by Council • Level of support from clubs is varied • Risk of gap between clubs' expectations of what council can provide • Field maintenance managed by Council may require field closure at times between seasons • Council to work with clubs to close fields in wet weather. 				

Option 2 – Reduced Budget

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Total
Capex	-	-	-	-	-	233,840	83,840	83,840	83,840	485,360
Opex						473,750	473,750	473,750	518,750	1,940,000
Salary			91,000	91,000	91,000	91,000	91,000	91,000	91,000	637,000
Inclusions						Exclusions				
<ul style="list-style-type: none"> • Sports Liaison Officer Role from year as per option 1 • Slower transition of sports field coming into Council management. • Sports field booking system 						<ul style="list-style-type: none"> • Structure and electrical inspections • Sports light maintenance • Electricity costs for floodlights Review and inspection of goal posts • Replacement of lights, goal posts • Line marking. 				

<p>Pros</p> <p>Similar to Option 1 – with the following adjustments:</p> <ul style="list-style-type: none"> • Opex savings of \$2,260,030 from year 6 • Funding still supports the success of the Sports Liaison Officer in negotiating implementation with clubs. 	<p>Cons</p> <p>Similar to Option 1 – with the following adjustments:</p> <ul style="list-style-type: none"> • Capex cost increase of \$150,000 in year 6 for sports field booking system - reallocating cost to correct funding. • Longer transition period • Increased Health and safety risks associated with aging and failing sports field assets such as lighting.
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Option 3 – Remove Project

<ul style="list-style-type: none"> • Capex Savings of \$335,360 from year 6 • Opex Savings of \$4,200,030 from year 6 • Salary Savings of \$637,000 from year 3 	
<p>Pros</p> <ul style="list-style-type: none"> • Removes all expenditure from LTP budget • Supports continuation of current lease model, where all maintenance sits with individual clubs. 	<p>Cons</p> <ul style="list-style-type: none"> • No role to build relationships and trust with sports clubs • Reputational risk to Council regarding poor condition of sports fields • Inability of current network to respond to growing sports trends and growing population will require new land acquisition at considerable costs to ratepayers • Increased health and safety risks associated with aging and failing sports field assets such as lighting • Continued lack of clarity about roles and responsibilities between Council and clubs • Inequitable access to publicly-owned sports fields for all members of our community, irrespective of sporting code.

DRAFT TREASURY MANAGEMENT POLICY

NOVEMBER 2024



Introduction

Waipā District Council (Council) undertakes liability management (borrowing), investment, cash and associated risk management activity (in total referred to in this document as treasury activity). Council's borrowing and investment activities are carried out within the requirements of the Local Government Act 2002 (the Act) and its various amendments, which define the operating environment for local authorities in relation to borrowing, investment and treasury risk management activity.

This Treasury Management Policy (the policy) document includes the Liability Management Policy and Investment Policy as required by part 6, sections 104 and 105 of the Act. The policy provides the framework for all of Council's treasury activities and defines key responsibilities and the operating parameters within which treasury activity is to be carried out.

The scope of this policy covers treasury activity at the Council level and is formally reviewed and updated from time to time, but at least once every three years, although the review is normally in conjunction with the review of the long term plan (LTP).

Council's borrowing activity is largely driven by its capital expenditure programme.

Council also manages a portfolio of investments comprising equity, [biodiversity assets \(such as forestry\)](#), property and treasury investments.

Treasury objectives and philosophy

Council's broad objectives in relation to treasury activity are as follows:

1. Compliance with the Act and any other relevant local authority legislation.
2. To manage Council's borrowings and investments according to its strategic and commercial objectives and interest expense budget and optimise returns on treasury investments within these objectives.
3. Avoidance of capital losses. For treasury investments this is achieved by investing on a hold to maturity basis (unless exceptional circumstances otherwise dictate) and only invest with creditworthy counter parties.
4. Maintain funding mechanisms with an appropriate maturity profile to ensure adequate liquidity is available at margins and costs appropriate to Council's credit standing.
5. To manage the operational cash position and ensure that any surplus cash is invested in approved liquid instruments, or where appropriate is used to minimise debt.
6. Mitigate potential adverse interest rate risk and minimise financing costs within acceptable risk management parameters. Develop and maintain professional relationships with the New Zealand Local Government Funding Agency Limited (LGFA), Council's bankers and the financial markets in general.
7. Provide timely and accurate reporting of treasury activity and performance.

In meeting the above objectives, Council acknowledges that there are specific financial risks such as funding, liquidity, interest rate, credit and operational risks arising from its treasury activities.

Council is a risk averse entity and does not wish to incur undue risk from its treasury activities. Accordingly, [Council manages](#) its treasury activities ~~is a risk management function~~ [in a manner which addresses these risks and is](#) focused on protecting Council's budgeted interest costs and interest income and stabilising Council's cash flows. Council seeks to prudently manage these risks and activity

that is unrelated to its underlying cash flows or may be construed as speculative in nature, is expressly forbidden.

Borrowing policy

General Policy

Section 104 of the LGA 2002 provides that the Liability Management Policy required under Section 102(2)(b) must state the local authority's policies in respect of liability management, including:

- Interest rate exposure
- Credit exposure
- Liquidity
- Debt repayment.

Council's infrastructure and community assets generally have long economic lives and long-term benefits. The use of debt is seen as an appropriate and efficient mechanism for promoting intergenerational equity between current and future ratepayers in relation to Council's assets and investments, as well as assisting Council in meeting the infrastructure demands of its ratepayers on a timely basis. Council borrows as it considers appropriate within the flexible and diversified borrowing powers contained within the Local Government Act 2002. Borrowing arrangements in aggregate, in excess of \$250,000, that are not included in the current LTP must be approved by Council resolution.

Council raises debt for the following primary purposes:

- General debt to fund Council's balance sheet;
- Specific debt associated with special one-off projects and capital expenditure;
- To fund assets with intergenerational qualities.

Council is able to borrow through a variety of market mechanisms including borrowing from the LGFA, direct bank borrowing or the issue of bonds via the domestic capital markets.

Council has a general preference to firstly use available internal reserves for its borrowing requirements and thereafter utilise external funding sources.

Given the relative advantages to each funding mechanism, Council may have a mix of LGFA, bank and capital markets borrowing over time. Generally, a bank facility is most appropriate to provide working capital and core funding where there is uncertainty regarding timing and amount of borrowing. When there exists a degree of certainty in terms of amount and term, the LGFA or bonds via the domestic capital markets are likely to provide an appropriate source of funding.

Council may borrow from the LGFA and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA;
- provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
- commit to contributing additional equity (or subordinated debt) to the LGFA if required;

- subscribe for shares and uncalled capital in the LGFA; and
- secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

Borrowing limits

In managing debt, Council will adhere to the following limits:

~~As a high growth local authority, the gross interest expense on external debt for the year equal or are less than 15 per cent of its revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) for the year¹.~~

~~Net cash flows from operating activities will exceed gross annual interest expense by a minimum four times or the applicable LGFA covenant, whichever is the lowest.~~

~~Net external debt will not exceed 250-350 per cent of total revenue. Total revenue is defined as cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets), or the applicable LGFA covenant, whichever is the lowest.~~

~~Council will adhere to the borrowing limit that is reached first and provides the lowest level of debt capacity.~~ Council reports compliance to these limits on an annual basis.

Liquidity and funding risk management

Liquidity risk management refers to the timely availability of funds when needed without incurring penalty costs. Funding risk management centres on the ability to re-finance or raise new debt at a future time at the same or more favourable pricing (fees and borrowing margins) and terms of existing facilities.

Council's ability to readily attract cost effective borrowing is largely driven by its ability to maintain a strong balance sheet, levy rates and manage its relationships with ~~capital market investors~~, the LGFA, its bankers ~~and capital market investors~~. Where practical, Council seeks a diversified pool of external borrowing and ensures bank borrowings and incidental arrangements (risk management products) are only sought from strongly rated New Zealand registered banks. This helps ensure that funds are available when required and ~~any~~ amounts owing are paid in full on the due date.

Council minimises its liquidity risk by:

- Matching expenditure to its revenue streams and managing cash flow timing differences through its bank facilities and/or maintaining a liquidity buffer;
- Ensuring that any liquidity buffer investments are liquid and readily negotiable instruments;
- Having in place a committed bank or similar LGFA provided facility that allows headroom of at least \$5 million compared to projected peak borrowing requirements over the next 12 months as detailed in the latest AP/LTP.
- The matching of longer term expenditure and revenue requirements is monitored through the cash flow forecast prepared during the AP and LTP processes and is reviewed through the

¹ Local Government (Financial Reporting and Prudence) Regulations 2014, Section 21

quarterly forecast reports.

In relation to funding risk management, Council aims to minimise the risk of debt maturing or being reissued in foreseeable periods of illiquidity or where credit margins are high, where practical, by maintaining ongoing access to multiple sources of funding, ~~such as banks, loan stock funding~~ including the LGFA, the banking sector and domestic debt capital markets and by having its outstanding debt spread across a ~~g and the LGFA and across a~~ range of maturities.

Specifically, Council manages funding risk by avoiding a concentration of debt maturity dates ~~and manages this specifically~~ by ensuring that:

No more than \$~~70-120~~ million of outstanding external debt is subject to refinancing over the next 12 months or any rolling 12-month period thereafter.

The maximum term for external debt is ~~20-12~~ years unless approved by Council.

Internal borrowing

Council uses its reserves and external borrowing to internally fund capital expenditure as identified in the LTP and AP and approved by Council resolution. The finance function is responsible for administering Council's internal loan portfolio.

The primary objective in funding internally is to use reserves and external borrowing effectively, by establishing a portfolio that provides funding to internal activity centres. This creates operational efficiencies as savings may be created by eliminating the negative margin that would be incurred through Council separately investing and borrowing externally.

The following operational parameters apply in relation to the management of Council's internal loan portfolio:

- The finance function uses the internal loan portfolio as an input into determining its external debt requirements. In most cases, Council's reserves are used firstly to reduce external debt requirements, as this would normally reduce Council's net interest cost.
- All internal borrowing activities are consistent with the principles and parameters outlined throughout this policy.
- In determining an activity centre's internal loan amount, any depreciation reserve or other related amount is firstly allocated to that centre. Any additional funding is then provided through internal loans.
- The maximum term of the internal loan is the lesser of either 60 per cent of the projected economic life of the underlying asset or 30 years.
- A notional internal loan is set up for all new capital projects, and operating projects in special circumstances, which would require Council resolution, and allocated to the activity centre incurring the expenditure. External interest is apportioned across all internal loan balances.
- Loans can be on an interest only basis if it is expected that the underlying asset may be sold or transferred to another party in the future and is strategic in nature. Development contribution loans can also be on an interest only basis. However, the maximum term for such loans is five years.
- Unless specified otherwise principal repayments required in relation to internal loans will be on a table mortgage basis over the expected life of the loan.

Interest Rate Risk Management

Council's borrowing gives rise to a direct exposure to interest rate movements. ~~Generally, given the Council looks to balance the~~ long-term nature of its assets, projects, intergenerational factors, ~~the correlation between interest rate levels and economic activity and ratepayers, income~~ and Council's objective to ~~avoid any~~ smooth the adverse impact ~~of interest rate movements on rating requirements~~. ~~s, there is a preference to have an~~ This implies an appropriate level of long-term fixed rate or hedged debt taking into account Council budget requirements, the nominal level of interest rates and other appropriate factors ~~balanced against the flexibility of floating rate debt~~. In any case interest rate risk must be managed within the parameters detailed below unless an exception is approved by Council. ~~Compliance is measured against total drawn debt excluding any short-term working capital linked debt.~~

Table 1

Timeframe	Policy Parameters	
	Minimum	Maximum
0 – 1 year	40%	100%
1 – 3 years	30%	80%
3 – 5 years	10%	60%
5 years or greater (*)	0%	40%

(*) Hedging beyond ten years can only be by way of bond issuance or hedging that is directly linked to an underlying debt instrument already in place (for example a floating rate note). ~~Any hedging beyond 12-years requires Council approval.~~

Interest rate risk management objectives are reflected in the table above and outline the minimum fixed or hedged rate requirements allocated to various time bands. Debt is regarded as fixed or hedged, where the interest rate is protected for a period of at least ~~one year~~ 6 months. The Group Manager Business Support has discretion within the control parameters to set interest rate risk management hedging levels.

~~However, if total outstanding external debt (excluding short term working capital requirements) is less than \$25 million, actual interest rate risk management hedging levels are at the discretion of the Group Manager Business Support and can be outside the above bands.~~

Approved instruments

Council can only enter into interest rate hedging transactions by way of the following instruments:

- Interest rate swaps for a maximum ~~term of ten~~ twelve years;
- Interest rate collars where the nominal value of the ~~best and worst-case interest rates defined by the collar are the same, and for a cap bought is the same as the floor sold,~~ for a maximum term of ~~ten~~ five years.

Credit risk management

Council can only enter into ~~hedging~~ transactions with approved counterparties. ~~Current approved~~

counterparties and exposure limits are detailed in table 2 (contained within Treasury Investment section) Unless specifically approved by the Council, counterparties must be a New Zealand registered bank with a long term credit rating of A or better from Standard and Poor's, or the Moody's or Fitch equivalent.

Debt security

Council's current security arrangements consist of a charge over rates by way of a debenture trust deed. Council generally does not offer assets, other than a charge over rates or rates revenue, as security for any loan or performance of any obligation under an incidental arrangement.

Loan repayment

The Council repays borrowings from refinancing or surplus general funds. Maturing borrowings may be refinanced by new borrowings that have a maximum 12-year term unless approved by Council, as stipulated in clause 24.

Contingent liabilities

Council provides financial guarantees to community and service organisations. This is by application and after ensuring that the Business Plan of the guaranteed party is consistent with the strategic objectives of Council and that the organisation has the means to service and repay the debt. Should the guarantee be called up, Council takes immediate action to recover the money.

Individual guarantees are limited to \$1 million and total guarantees will not exceed \$5 million. This is supported by section 2.2.5 (Community Grants and Guarantees) of the Procedural Policy Manual. Granting of any guarantees is by Council resolution.

Investment policy

Section 105 of the Act provides that the Investment Policy required to be adopted under section 102(2)(c) must state the local authority's policies in respect of investments, including:

- The mix of investments;
- The acquisition of new investments;
- An outline of the procedures by which investments are managed and reported;
- An outline of how risks associated with investments are assessed and managed.

Council investments may be maintained to meet specific strategic and economic objectives outlined in the LTP. The finance function monitors the investments and reports performance on a regular basis to the Chief Executive and Council. The types of investments held include:

- Equity investments;
- Loan advances;
- Property investments;
- ~~Forestry~~ Biodiversity investments/assets (such as Forestry);
- Treasury investments.

Equity investments

Council maintains equity investments in:

- Waikato Regional Airport Limited;
- New Zealand Local Government Funding Agency Limited;
- Local Authority Shared Services Limited;
- New Zealand Local Government Insurance Corporation Limited (Civic Assurance).

Other than to achieve strategic objectives, it is not Council's intention to undertake new equity investments. Council may periodically review investments with a view to exiting at a time when market conditions are favourable and overall strategic objectives are not compromised.

Any dividend income is included as part of general revenue.

Any purchase or disposition of equity investments not identified in the LTP is by Council resolution.

At the time of disposal, Council determines the most appropriate use of sale proceeds.

New Zealand Local Government Funding Agency Limited Investment

Council may invest in shares and other financial instruments of the LGFA and may borrow to fund that investment.

Council's objective in making any such investment will be to:

- obtain a return on the investment; and
- ensure that the LGFA has sufficient capital to maintain an appropriate credit rating so that it continues as a source of attractively priced debt funding for the Council sector.

Because of this dual objective, Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required in connection with the investment, Council may also subscribe for uncalled capital in the LGFA.

Loan advances

Council provides financial guarantees to community and service organisations but generally does not make loan advances, except in special circumstances, which would require Council resolution. Council has existing outstanding community loans which it will manage until repayment is complete.

Property investments

Council owns property to achieve its operational and strategic objectives. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements that could deliver the same results. This assessment is based on the most financially viable method of achieving the delivery of its services.

The purchase or disposition of property not identified in the LTP is approved by Council resolution. A precondition of all property purchase is the obtaining of a current registered valuation. Property

holdings are sold at market values that are at least equivalent to 90 per cent of a current registered valuation. Vendor financing may be provided to facilitate a sale, in special circumstances, which would require Council resolution.

Except where Council has identified a rental subsidy appropriate to the end use for which the property is held, all properties will be leased on commercial terms at market rates. Rental subsidies, not identified in the LTP, will be by Council resolution. All income, including rentals and ground rent from property held, except for housing for the elderly and 'own your own' properties where revenue is ring-fenced, is included as part of general revenue.

Net proceeds from the sale of property, unless subject to statutory constraints, will [either be used to settle a portion of external loans or](#) form part of the reserves of the district, to be reinvested in new assets or the betterment of existing assets for the benefit of the present and future residents of the district. A resolution of Council is required for expenditure from the asset sales reserve accounts.

Forestry investments Biodiversity Assets

Council's investment in forestry on Mount Pirongia, historically, was to assist with water catchment protection objectives and to provide a scenic reserve. The water catchment protection objective is less of a consideration now with the reduced reliance on the Te Tahi stream for potable water supply and with modern water treatment practices in place. The investment is managed by a specialist consultant and is expected to deliver positive cash flow over the long term.

New investment or the disposition of existing investments not identified in the LTP is by Council resolution.

At time of harvest, Council determines the most appropriate use of both the sale proceeds and the land.

Treasury Investments

Council may maintain treasury investments for the following purposes:

- Provide cash in the event of a natural disaster;
- Invest amounts allocated to special funds and reserves;
- Invest amounts allocated for approved future expenditure, to implement strategic initiatives or to support intergenerational allocations;
- Invest the proceeds from the sale of assets;
- Invest surplus cash.

Council's primary investment objective is capital protection. It utilises its surplus funds through internal lending to various activity centres within Council and through external investment to approved counterparties.

Within the above credit constraints, Council also seeks to:

- Ensure investments are in liquid instruments;
- Maximise investment return;

- Match investment maturities to projected cash flow requirements to avoid realisations prior to maturity;
- Manage potential capital losses due to interest rate movements if investments need to be liquidated prior to maturity.

Council is also able to undertake short-term investments funded by external borrowings that mature within the next 12 months, with approved counterparties, if it is able to earn a positive margin between the borrowing and investment interest rates. This is called positive arbitrage.

The amount that Council can borrow this way can, when added to existing external debt, be no more than the peak projected debt levels for the financial year as outlined in the latest LTP or AP.

In relation to [all external treasury exposures, including](#) treasury investments, credit exposure is minimised by limiting exposure to any investment sector or counterparty and from monitoring compliance against set limits as detailed in the table below:

Table 2:

Institution	Minimum S&P ² Short Term Credit Rating	Minimum S&P ² Long Term Credit Rating	Total Exposure Limit for each Counterparty	Investment Portfolio Limit (up to)
Central Government	N/A	N/A	\$500 million	100%
NZ Registered Bank	A1	AA-	\$40 million	100%
NZ Registered Bank	A1	A - A + A	\$20 million	50%
Local Authorities (including LGFA issues)	Rates as Security (LGFA A1)	Rates as Security (LGFA A+)	\$10-20 million	50%
Strongly Rated Corporates & SOEs	A2	A- (BBB+ for SOEs)	\$5 million	30%

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Note: If ~~an investment~~ counterparty is downgraded only one notch below the minimum rating controls in the above table, the underlying investments can be held to maturity as long as the term is less than six-months. Beyond that it requires Council approval.

Council may also hold LGFA Borrower Notes. However, as these are a required investment by Council when it borrows via the LGFA, they are not deemed an external investment and are thus not included when investment counterparty limits are calculated as per the limits above.

When determining counterparty exposures investments are measured at 100% of their face value including accrued interest.

Any interest rate hedges are only recognised if their current value is positive for the Council. For example, if the Council had an interest swap where it paid a fixed rate of 4.0% and the current rate was 6.00% then the hedge would have a positive value over its life for the Council and its market value is effectively an obligation to the Council from the swap counterparty.

Foreign exchange policy

From time to time Council may have foreign exchange exposure through the occasional purchase of foreign currency denominated plant, equipment and services.

² Minimum Standard & Poor’s or Moody’s or Fitch equivalent.

All exposures over NZD100,000 equivalent are recognised and hedged when the exact timing and amount of the exposure is known following the Group Manager Business Support's approval. Exposures are hedged using foreign exchange contracts.

Exposures of less than NZD100,000 equivalent are transacted at the prevailing spot rate on the day.

Council does not borrow or enter into incidental arrangements within or outside New Zealand in currency other than New Zealand currency.

Approved instruments

Council can only enter into foreign exchange hedging transactions by way of the following instruments:

- Spot foreign exchange or forward foreign exchange contracts with a maturity date aligned with the timing of the confirmed exposure.

2024

	Sept	Beg Oct	Mid October	End October	Beg November	Mid November	End November	End November	Beg December	Mid -December	Mid -December
LTP phase	Growth planning	Project Dependencies	Financial strategy	Financial policies	Refined Budget	Refined Budget	Budget confirmed	Budget confirmed	Consultation confirmation	Infrastructure strategy	Sign-off
LTP outputs	DC policy parameters agreed	14 October -Related workshops for direction on projects: Cambridge Water Tower Pay as you Throw options Matos Sedegin Drive. Operational budgets	16 October - Workshop in depth financial context. Modelling of scenarios based upon assumptions for discussion. Preferred scenarios to take forward. Options for approach for prioritisation of use of preferred financial window.	29 October - Further budget workshop - explanation of 17% increase.	5 November - Workshop of significant forecasting assumptions. Sample of indicator properties. Preferred budget model/s and parameters confirmed. Risk profile if roll back to 2.8 required.	11 November -Workshop draft revenue and financing policy, rates remission and Treasury Management Plan discussion. Draft financial strategy.	20 November - Deferred	26 November - Deferred	3rd December High level budget confirmed subject to final minor changes. Full suite of indicator properties. Final check in Treasury Management Policy. Sports field lease model.	10th Dec Touch point on draft infrastructure strategy. DC fees Fees and charges Performance measures Revenue and financing policy	17 Dec - Formal sign off on high-level budget parameters, Financial strategy and policies, key assumptions and DC policy.
Fees and charges						11 November - Fees and charges first discussion - bands (revenue policy).				Fees and schedule workshop	Sign off of F&C
IFF/debt covenant						19 Nov - shareholder approval (AGM)	Application for 3.5				
LWDW		11 Oct - recommendation re: 2 versus 3 waters	11 October - PGG meeting - Beca report, SWOT analysis, update on heads of agreement. 2 waters vs 3 waters, consultation path (informing or consulting) 16th October - viability and sustainability update by BECA		4 November - LWDW Staff meeting	Consultation approach - LWDW legislation or LGA 14 November - presentation to Exec - Analysis of Options - Martin Jenkins 19 November Workshop - Full discussion - Viability and sustainability assessment including analysis of options - Beca/Martin Jenkins	29 November - LWDW PGG Meeting (report to Exec on 21 November)		3 December - Update to DIA on LWDW progress		Bill 3 - Legislation introduced to the House. 17 December - EM Workshop - Consultation approach - LWDW legislation of LGA
Waikato Water Done Well				29th October Workshop - Heads of Agreement external presentations from Vaughan Payne WWDW, Michael Brewster TasWater & NP CC - 90 minutes		20 November - EM Workshop WWDW - Heads of agreement, plus presentation from Marlon Bridge - DIA / Water Care	26 November - Council Committee Meeting - Heads of Agreement decision		Early December - Heads of Agreement Signed (depends on outcome of 26 November meeting)		
Ahu Ake		4 October - Consultation opens	Consultation	Consultation	4 November - Consultation closes.		27 November - Ahu Ake hearings				Ahu Ake deliberations
Other		14 Oct - Waikato Regional Council – Regional Rate for Public Transport			5 November - Cambridge Connections forward plan 5 November - NTZA funding options						

	January	February	March	April	May	June	July	2026	2027
LTP phase	Audit	Audit	Consultation	Consultation	Consultation	Adoption			
LTP outputs	28th Jan Formal sign-off of budget and any remaining documentation including the infrastructure strategy.	3 Feb - Audit starts 25 Feb - Audit hot review	6 Mar Audit signs of CD and supporting documents for consultation xxx Mar Council sign off on CD and supporting documents for consultation 21 March consultation opens.	21 April Consultation ends	5 May Hearings 19 May deliberations. Budgets changed as necessary. LTP documentation confirmed	24 June Audit and confirmation Adoption by Council	Start 2027 LTP	2027 LTP development	2027 LTP development
Fees and charges			4 March - Consultation material for fees and charges approved	28 April - Adoption of fee schedule					
IFF/debt covenant		Feb - Debt covenant decision TBC.						Potential for IFF to come online into budget	
LWDW	28 January - Council Meeting - Preferred Option decision 29 January - WSDP - Parts B & D - Draft presented to PGG meeting	February - WSDP - Parts A, C & E - Draft presented to PGG meeting	3 March - Update to DIA on LWDW progress			3 June - Update to DIA on LWDW progress Bill 3 - Enacted		CCO in place if preferred option	
Waikato Water Done Well	LWDW consultation planning	Start CCO project planning. LWDW consultation content confirmed.	Consultation begins on Water Services Delivery Plan	Consultation ends on Water Services Delivery Plan		WSDP adopted - pre LTP sign-off			
Ahu Ake		Ahu Ake adopted Implementation begins	Implementation	Implementation	Implementation	Implementation	Implementation	Imforms 2027-37 strategic direction and business cases	
Other							Triennial election - pre-election report and decision embargo	25 Oct - Local Body elections	

2025-34 Long-Term Plan Development

Elected Member Workshop
3 December 2024



Where we are in the process

- Environmental scan
- Strategic priorities
- Groups of activities
- Significance and Engagement Policy
- Non-financial forecasting assumptions
- AMPs
- Levels of service
- Project direction setting
- Finance strategy
- Finance and funding policies

We are here ↓

- Budget confirmed (3rd Dec)**
- Performance measures (10th Dec)
- Infrastructure Strategy (10th Dec)
- Fees and charges (10th Dec)
- High-level budget adopted (17th Dec)
- Draft LTP package adopted (28th Jan)
- Consultation document (28th Jan)
- Audit (3rd Feb audit starts)
- Consultation (14th Mar)
- Hearings and deliberations (5th & 19th May)
- Audit (24th June)
- LTP adoption (end June)

Today's objectives

- Sportsfield Lease Model project
- Draft Treasury Management Policy
- Budget confirmation
 - Confirmed draft budget parameters
 - Indicator properties
- Updated work programme and parking lot

Treasury Management Policy

- Presented on 11th November
- Two further key changes requested:
 - Plain English of some parts for readability
 - Wording with regard to hedging has been revised

Next Step

- Formal adoption by Council on 17th December

Draft budget - where we are at

- Multiple workshops on underlying assumptions and scenarios
- Three further changes have now been made:
 - Smoothing the introduction of the refuse collection service
 - Inclusion of additional capital expenditure as advised on 11 Nov
 - Te Awamutu Wastewater Treatment Plant Stage 4 Upgrade
 - Cambridge Wastewater Plant Inlet Pipe Renewal
 - Outcomes of the four-month budget re-forecast process
- Discussion on financial principles trade-offs now required

Reforecasting context

Three key drivers:

- Successful delivery of the capital works programme
 - The amount forecast is above expectations
- Cambridge Wastewater Treatment Plant
 - \$9m bought forward in line with delivery requirements
- Forecast revenue decreases
 - Building and planning consent revenue tracking lower
 - NZTA funding decreases

Reforecasting outcomes

Initial outcomes:

- Debt head-room compromised
- Non-compliance with LGFA debt covenant
- General funds cash deficit

Changes made to move to a more favourable position:

- Capital expenditure deferred into year one/two of the LTP
 - Acceptable level of programme risk
- Reinstates compliance with LGFA covenant
- Reinstates debt comfort level
- Will manage general funds cash position closely

Influence on the 2025-34 LTP

- Capital programme increase in year one/two
 - better alignment with recent years
- Some reduction in development contribution rates

Four budget options now presented for discussion. Trade-offs required between multiple factors:

- Waters affordability metric
- Maximising debt headroom comfort levels
- Rates increases in early years
- Levels of rates in outer years in relation to inflation
- Meeting other financial assumptions

Recap of position from 5th November

Preferred budget						
	Rates requirement after growth	Headroom '\$ m	Affordability assessment - All of Council	Affordability assessment - 2 waters	Headroom against comfort level	Headroom as % of debt level
Y1	16.00%	80.96	3.7%	1.5%	13.06	15.2%
Y2	10.00%	66.70	4.0%	1.8%	- 8.68	11.7%
Y3	5.80%	60.48	4.2%	1.9%	- 21.12	10.0%
Y4	2.30%	75.97	4.2%	1.9%	- 9.12	11.8%
Y5	3.60%	129.44	4.3%	1.9%	45.22	18.7%
Y6	2.20%	125.12	4.3%	1.9%	42.86	18.6%
Y7	2.20%	169.60	4.3%	1.9%	93.01	24.9%
Y8	2.20%	203.82	4.3%	1.9%	130.40	29.4%
Y9	2.20%	267.70	4.3%	1.9%	203.28	38.4%

Option 1:

Smoothing of early year rates and Waters affordability met

Budget option 1						
	Rates requirement after growth	Headroom '\$ m	Affordability assessment - All of Council	Affordability assessment - 2 waters	Headroom against comfort level	Headroom as % of debt level
Y1	15.50%	70.7	3.7%	1.5%	0.78	15.2%
Y2	10.70%	41.9	4.1%	1.8%	36.76	8.0%
Y3	6.90%	42.7	4.2%	1.9%	42.34	7.5%
Y4	2.80%	38.2	4.3%	1.9%	54.17	6.2%
Y5	2.80%	88.1	4.4%	1.9%	5.55	14.1%
Y6	1.00%	99.1	4.4%	1.9%	6.35	16.0%
Y7	1.00%	104.1	4.4%	1.9%	15.14	17.6%
Y8	1.00%	101.4	4.4%	1.9%	15.11	17.6%
Y9	1.00%	147.9	4.4%	1.9%	67.66	27.6%

Option 2:

Smoothing of early year rates and Waters affordability not met

Budget Option 2						
	Rates requirement after growth	Headroom '\$ m	Affordability assessment - All of Council	Affordability assessment - 2 waters	Headroom against comfort level	Headroom as % of debt level
Y1	15.50%	70.7	3.7%	1.5%	0.78	15.2%
Y2	10.70%	41.9	4.1%	1.8%	36.76	8.0%
Y3	6.90%	42.7	4.2%	1.9%	42.34	7.5%
Y4	2.80%	38.2	4.3%	1.9%	54.17	6.2%
Y5	2.80%	88.1	4.4%	2.0%	5.55	14.1%
Y6	2.30%	108.3	4.5%	2.1%	15.91	17.6%
Y7	2.30%	124.6	4.6%	2.1%	36.57	21.2%
Y8	2.30%	135.2	4.6%	2.2%	50.88	24.0%
Y9	2.30%	198.2	4.7%	2.3%	121.32	38.7%

Option 3:

Rating increases in early years maintained, Waters affordability met

Budget option 3						
	Rates requirement after growth	Headroom '\$ m	Affordability assessment - All of Council	Affordability assessment - 2 waters	Headroom against comfort level	Headroom as % of debt level
Y1	16.00%	72.9	3.7%	1.5%	3.1	15.7%
Y2	10.00%	41.5	4.0%	1.8%	- 37.2	7.9%
Y3	5.80%	35.8	4.2%	1.9%	- 49.5	6.3%
Y4	2.60%	28.0	4.3%	1.9%	- 64.9	4.5%
Y5	2.60%	74.1	4.4%	2.0%	- 20.4	11.8%
Y6	1.00%	82.1	4.4%	2.0%	- 11.8	13.1%
Y7	1.00%	84.6	4.4%	2.0%	- 6.0	14.0%
Y8	1.00%	79.2	4.4%	2.0%	- 9.2	13.4%
Y9	1.00%	122.6	4.4%	2.0%	39.8	22.2%

Option 4:

Rating increases in early years maintained, Waters affordability not met

Budget Option 4						
	Rates requirement after growth	Headroom '\$ m	Affordability assessment - All of Council	Affordability assessment - 2 waters	Headroom against comfort level	Headroom as % of debt level
Y1	16.00%	72.9	3.7%	1.5%	3.1	15.7%
Y2	10.00%	41.5	4.0%	1.8%	37.2	7.9%
Y3	5.80%	35.8	4.2%	1.9%	49.5	6.3%
Y4	2.80%	29.1	4.3%	1.9%	63.7	4.7%
Y5	2.80%	76.8	4.4%	2.0%	17.5	12.2%
Y6	2.30%	94.7	4.4%	2.1%	1.3	15.2%
Y7	2.30%	109.0	4.5%	2.1%	19.6	18.3%
Y8	2.30%	117.5	4.6%	2.2%	31.4	20.5%
Y9	2.30%	178.0	4.7%	2.3%	99.1	33.8%

Indicator Properties

- Three years provided – one set for options 1 and 2, the other for options 3 and 4
- Note the \$ changes as well as the percentage changes

Points of note:

- Fully connected residential properties either slightly above or below the headline average
- Smaller villages, rural residential and farming are lower, not fully serviced for waters
- Commercial/industrial generally higher, given higher impact of waters costs

Summary

- Trade-offs across all options, not much buffer in these metrics
- Strong financial imperative for a separate waters entity
- On balance, option two preferred by staff:
 - Optimises debt headroom
 - Smooths levels of rates over first two years
 - Outer years rates increases in line with inflation
 - Compliance with debt servicing measure
 - Does not meet waters affordability metric but meets all of Council metric
- Option three discounted as headroom comfort significantly impacted

Verbal update: LGFA debt covenant ratio increase process

Next steps

10 December

- Infrastructure Strategy
- Revenue and Financing Policy, DC fees, and Fees and Charges
- Performance measures

17 December

Formal adoption of:

- Financial Strategy and policies
- High-level budget and key forecasting assumptions

Questions on timeline or parking lot