

# Long-term Options debate

Taupō District Council seeks your views to help inform long-term planning



**GREAT LAKE TAUPŌ**  
Taupo District Council

## Message from the Mayor



Having just finished the 2011/12 Annual Plan, Council is now focused on work for the Long Term Plan (LTP) for 2012-2022 which sets the long-term thinking and goals for the next ten years.

Having visited local businesses, I am all too aware of how recent economic times have challenged our community. In starting our long-term planning, Council has reviewed our assets, revenue and operating costs. The good news is that operating and payroll costs have been pretty much constant for the last seven years and we have had strong asset growth due to investment in infrastructure and new community facilities.

However, the investment in infrastructure has been mostly debt funded, which has resulted in increased debt servicing costs. As part of future planning, Council must now look at the best options to sensibly service the growing debt.

In addition, part of our responsibility as local government is delivering core community services. Council must review how we invest in community facilities and must make some tough decisions to ensure that we continue to have a vibrant community.

We would like to hear your thoughts about whether Council should increase, maintain or reduce the level of investment in our community services.

Inevitably, Council has to strive to maintain facilities to meet changing government legal standards on things like drinking water. In more recent times government has required Council to upgrade its water supplies. We would like to hear your thoughts on how best to meet these standards.

To find the balance for our community we need to move toward long-term financial and service sustainability, which is why Council are putting forward the options shown in this document for your consideration.

We invite you to participate in this process and trust that you will discuss the options to determine how we service our debt and manage our services and facilities.

Have a read, decide what you think is best and provide your feedback about how to move the district forward. We have a bright future ahead of us and we will get there together.

Mayor Rick Cooper  
Taupō District

## Background

**In planning for the future, Council developed the long-term growth strategy for the district called Taupō District 2050. The strategy included projected growth in rateable properties which was used to guide development in the district.**

### Preparation

- Council prepared for that significant growth by investing in infrastructure development to manage the potential pressures on services like wastewater, roading and water supply
- That cost money so Council borrowed to pay for infrastructure
- One example is the East Taupō Arterial (ETA) which was built to reduce the bottlenecks at the Control Gates Bridge and remove heavy traffic from Lake Terrace.

### Paying for the investment

- Council planned to pay for the infrastructure development by:
  - Collecting development contributions and rates from all the extra ratepayers and;
  - Selling selected Council land and property, much of which had to be purchased for the ETA and other Council projects.

### The economy slowed

- Since the first projections, the economy has changed significantly
- The global financial crisis and recession have had a serious impact on Council revenues.
  - The debt bills continue to increase
  - Our desire to ensure that our district remains affordable has meant that our rates income has not grown as fast as our expenses.

## Long-term plan

- In developing the 2012-2022 LTP, Council has reviewed its financial position: assets, revenue and operating costs.
  - Council is facing considerable financial pressures
  - Council must review its funding.

## What is Council doing?

Council has taken steps to manage the debt bills by:

- Looking at the way that we conduct business and taking the first steps to cut costs
- Conducting a high level review to identify savings and increase revenue streams

- Making the decision to reduce operating costs while maintaining a focus on providing services.

Council's Chief Executive responded to the recession's impact on Council's income with a review of staffing and a major restructure.

## Our options

- Some tough decisions must be made to ensure that we look after the district's future in a sensible and responsible way as we plan for long-term financial health.

## Why this matters to you

**Your input will influence this community's 2012–2022 Long Term Plan and direction for the coming 10 years.**

In challenging times, great communities require great strength to make tough decisions. This document outlines the tough financial decisions currently facing our community. Although many New Zealand communities are facing similar challenges today, these decisions are about what is best for the ratepayers and residents of the Taupō district.

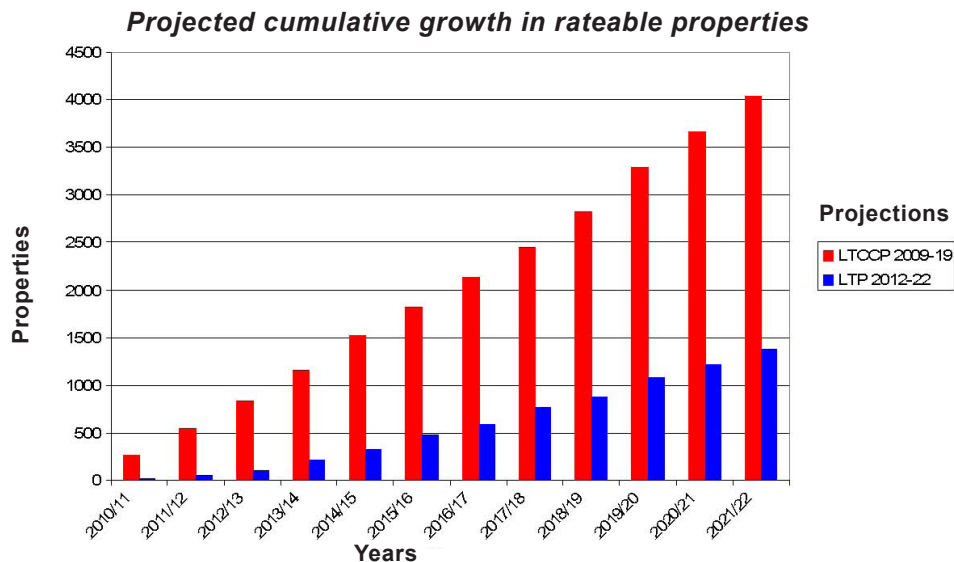
**Please take this opportunity to share your thoughts on:**

- Growth projections
- Current funding for community facilities
- Debt funding options
- When to upgrade our water treatment plants

## Growth projections

Council has reviewed the growth projections that were set out in Council's long-term growth strategy for the district (Taupō District 2050). We used this information to understand where and when growth may occur so that we could have infrastructure in place to meet the needs of the community.

With the global financial crisis and recession, growth has slowed. Council has revised our growth projections and want to know if you agree or disagree with the projections.



## Debt funding options

The global economic crisis and recession has had an impact on growth. Consequently council's land sales have slowed and our land investments have declined in value.

Council forecasts that by June 2012 it will have \$177 million in debt from its investment in infrastructure and this will cost approximately \$9.7 million per year in interest.

Council had planned to reduce its debt by selling land and collecting development contribution income from the anticipated additional rateable properties.

Although Council has property and land for sale, the current market could mean that it could take a while to sell. In addition, the sale of Council property in a weak market would be risky with low sale prices and less property to sell once the market rebounds.

To supplement the possible sale of land, Council must also consider an increase in rates to pay for the interest costs. We would like to know if you would prefer a one off increase or a phased increase over two or three years.

## Community facilities options

Council needs to maintain community facilities to ensure we meet the needs of the community and to support the District Events Strategy. Every \$3.5 million spent on upgrading current facilities or creating new ones requires about a 1% rates increase.

When developing the current facilities, Council has always had a strong community focus especially when it has decided on user fees and charges. To help pay for these facilities, Council could apply more targeted rates and user fees and charges to those who use the facilities.

We would like to know if you think we should maintain the current level of investment in our facilities or if we should increase or decrease the level of investment. Specifically under review are the AC Baths, Great Lake Centre, Taupō Events Centre, Owen Delany Park, Museum, libraries, gymnasiums, the climbing wall, pensioner housing, and Turangi sports and recreation facilities. We would also like to know whether you think we should increase investment, with a suitable partner, in facilitating the development of new community facilities such as an ice-rink.

## Water treatment options

Water supply has three elements: the source or raw water, treatment and a distribution system.

The government requires Council to upgrade all its water supplies to meet the drinking water standards within a specified time-frame. The time-frames vary based on the size of the community.

Since water is paid for by targeted rates, each community is paying for its own upgrades. Council is considering taking longer to meet the drinking water standards than government wants because of the costs to small communities. This carries some risk, but the risks are no higher than residents currently face.

Council is in the progress of upgrading the Mangakino, Turangi and Taupō schemes. Council received some subsidy from the Ministry of Health for the Mangakino and Turangi upgrades, but this is unlikely to be available for other schemes.

That leaves 18 other water schemes to be upgraded, mostly in small communities. The impact on ratepayers would vary for each scheme because water schemes are funded by targeted water rates.

Council wants to know if you think these schemes should be upgraded and, if so, whether they should be within the government required time-frame.

You can get more information on this option on [www.taupo.govt.nz](http://www.taupo.govt.nz)

# HAVE YOUR SAY ON THE OPTIONS

Please tick your choice – Your feedback is a critical component to Council’s decision-making.

## Growth projections

Noting the consequences of over-estimating growth (income shortfalls) or underestimating it (insufficient infrastructure to meet demand). Do you:

G1  Agree with the revised growth projections    or    G2  Disagree with the revised growth projections

## Debt funding options

Depending on the level of land sales we can achieve, Council may need to charge additional rates on top of any other increases required. If that is necessary, do you want the additional rates brought in over:

D1  one year    or    D2  two years    or    D3  three years

## Community facilities options

With reference to AC Baths, Great Lakes Centre, Taupō Events Centre, Owen Delaney Park, Museum, libraries, gymnasiums, the climbing wall, pensioner housing and Turangi sports and recreation facilities, do you want Council to:

- C1  Increase investment in community facilities  
or  
C2  Maintain current levels of investment in community facilities  
or  
C3  Reduce investment in community facilities

Council could apply more targeted rates, and user fees and charges to the people who use its facilities.

- F1  Do you support Council using more targeted rates, and user fees and charges  
or  
F2  Want Council to keep its current focus on cross-community support for community facilities

## Water treatment options

Government requires Council to upgrade its water supplies to meet drinking water standards. Do you want Council to:

- W1  Meet drinking water standards in the required time for all schemes  
or  
W2  Meet drinking water standards over 12 years  
or  
W3  Meet drinking water standards only for schemes where the upgrade has already begun  
(Mangakino, Taupō, Turangi)



# COMMUNITY OUTCOMES

The purpose of the 'Community Outcomes' is to provide a set of high level goals that Council will work on to promote the social, economic, environmental and cultural well-being of its district, in the present and for the future.

In 2010, the Local Government Act was amended with changes to the definition of 'Community Outcomes', the requirements for developing the 'outcomes' and also how the 'outcomes' are monitored.

Below are the proposed draft 'Community Outcomes' for our district. We would like your feedback.

## The proposed draft Community Outcomes are:

1. **ECONOMY** Our communities prosper in a thriving local economy
2. **EMPLOYMENT** Our people have rewarding employment opportunities
3. **ENVIRONMENT** A shared responsibility for places we are proud of
4. **ENGAGEMENT** Connection with our community
5. **EDUCATION** Springboard to a brighter future

Do you agree with the outcomes for our community?

Do you have any other comments about the Community Outcomes?