



Thames-Coromandel District Council

Combined Ratepayer Chairs Alliance

March 21st, 2024

Key discussion points.....

- ▶ LTP - timelines and process
- ▶ Representation review
- ▶ Regional Land Transport Plan (RLTP) - Roothing, revised GPS (Government Policy Statement on Roothing and Transport)
- ▶ Funding for councils - City and Regional deals
- ▶ User pays - the new reality - which will affect
- ▶ Tourism, roading, water, wastewater, public transport
- ▶ Three waters - LTP impact and future direction



PRESENTATION TITLE

20XX



PRESENTATION TITLE

20XX

4



PRESENTATION TITLE

20XX

5



PRESENTATION TITLE

20XX

6



2023 was NOT an ordinary year

- ▶ \$35-50 million in local roading damage (unbudgeted)
- ▶ Our emergency roading fund ran out in November 2022 (budgeted but insufficient to cover events)
- ▶ LTP proposal to re-instate that fund - rates impact

▶ OUR RESPONSE AS A COUNCIL.....

- ▶ Businesses hit hard - \$91 million in lost revenue (card transactions only)
- ▶ Government support for business - \$8 million - up to \$40,000 per business
- ▶ Mayoral relief fund - \$300,000 from Govt - \$900,000 from communities
- ▶ \$300,000 for business associations
- ▶ \$200,000 for tourism promotion

We've been here before.....

Coromandel businesses call for future-proofing after storm damage

09/01/2018

Lucy Warhurst



We've been here before.....
Again and again and again



PRESENT

So what can we do better?



Thames Coast Road 2018 storm events

The objective - a sustainable, long term plan for roading resilience

Regional LT Plan - \$811 million for Coromandel Roads

BUT.....

District Priorities

- ▶ Local projects and priorities
- ▶ SMP - Coastal protection and Climate Change mitigations
- ▶ Rating review - equitable and sustainable financial models?
- ▶ Representation review - 2024
- ▶ Affordable Housing
- ▶ Spatial planning - our living environments
- ▶ Infrastructure sustainability and resilience
- ▶ Support for Economic development and balanced growth
- ▶ Planning for future generations

What can we do
better?

Localism - in house capability

Local decision-making

Local contractors

Council efficiencies

Representation Review

Our LTP process - What are the drivers?

- ▶ Compliance - required by law

- ▶ Community wishes

Both are dependent on....

- ▶ **Capacity to deliver**

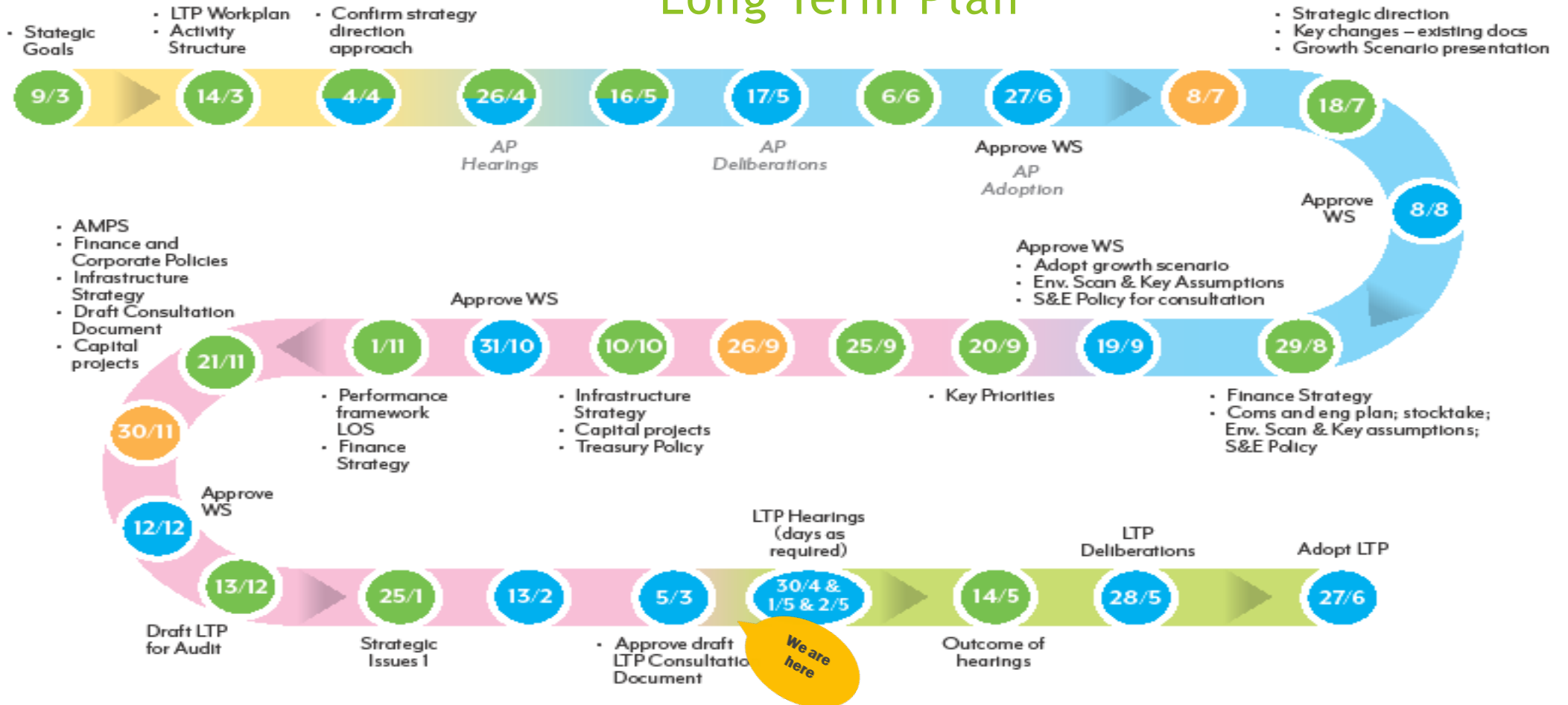
- ▶ **Funding (and rating impact)**

- ▶ **Legal risk**

- ▶ **Long term vision**

- ▶ **District wide priorities**

Long Term Plan



● WORKSHOPS
 ● COUNCIL MEETINGS
 ● RISK AND ASSURANCE

Phase 1: Set up
 Phase 4: Development
 Phase 2 & 3: Strategic Analysis and Initial LTP Development
 Phase 5: Audit/Consultation/Adopt

Rates increase forecast?

What's driving costs?

Councils squeezed on rates increases...

- ▶ A prominent economist believes hefty council rates increases are set to be the new normal as interest rates and expense costs continue to rise.
- ▶ (Cameron Bagrie)

Capital Costs escalation.....

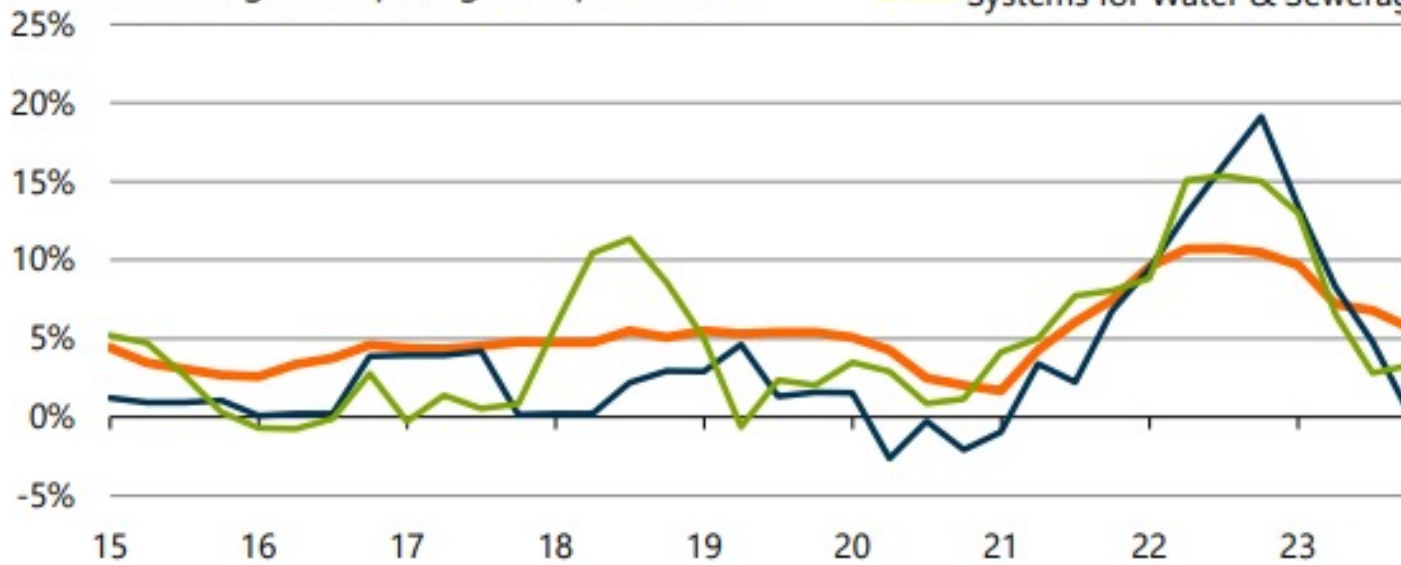
Compliance and infrastructure costs had accelerated substantially over 2021-23....(*Infometrics - Feb. 2024*)

- ▶ Transport - up 19% pa
- ▶ Bridges - up 29% pa - overall increase in cost - 3 years - 38%
- ▶ Civil Construction costs overall - 27% (Roads and water supplies)

Transport inflation peaked at 19%pa

Annual % change in capital goods price index

- Commercial Buildings
- Transport Ways
- Systems for Water & Sewerage



Capital Costs escalation.....

Compliance and infrastructure costs had accelerated substantially over 2021-23....(*Infometrics - Feb. 2024*)

- ▶ Water and sewage - up 28% pa
- ▶ Transport Ways - up 27% pa -
- ▶ Capital Goods - 26%
- ▶ Commercial Buildings - 25%
- ▶ Non-resident buildings - 25%

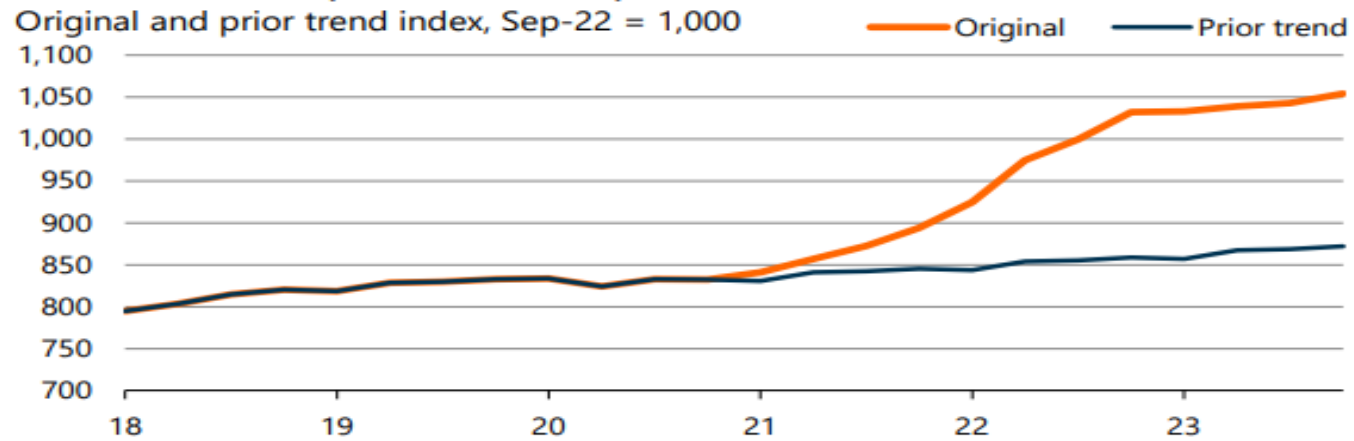
A 20%+ gap exists between actual and anticipated inflation

For civil construction costs, this difference was even larger. In late 2020, prior trends (from 2019) might have suggested cumulative cost escalation of 5% over the three years to the end of 2023. Instead, actual civil cost increases were a cumulative 27%.

Graph 7

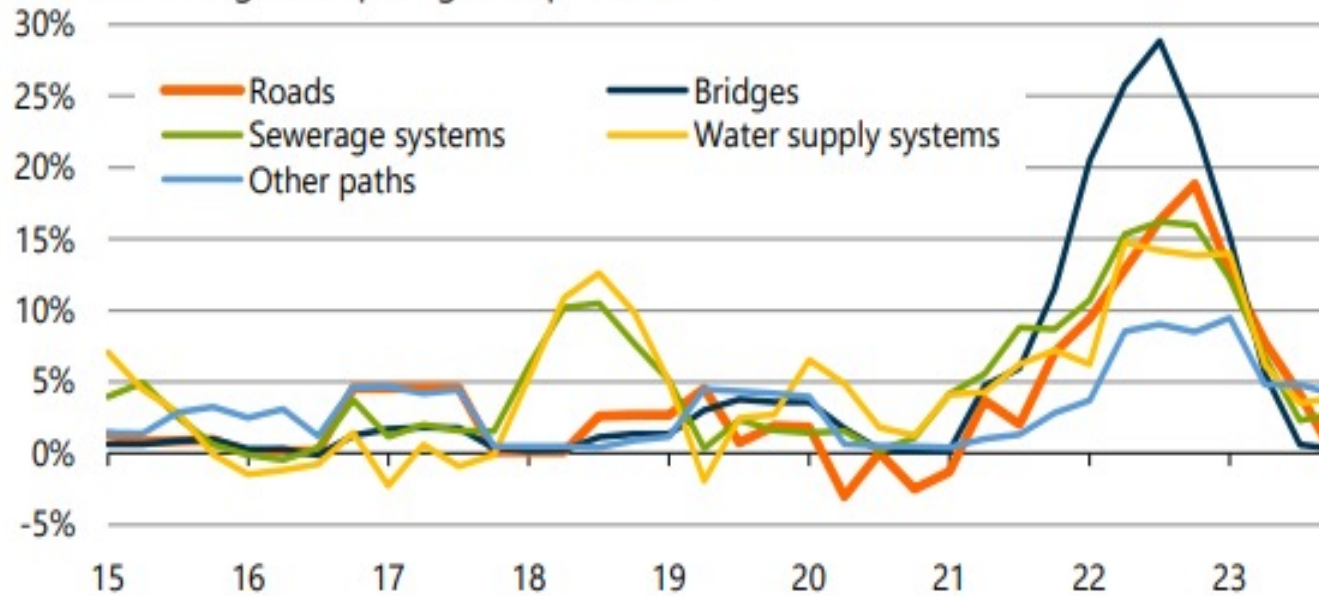
Civil inflation up 21% above prior trend

Original and prior trend index, Sep-22 = 1,000



Bridges inflation peaked at nearly 30%pa

Annual % change in capital goods price index



Three waters 2.0

- ▶ What was on the table - V1 - Entity B:
- ▶ \$5 billion in better off funding
- ▶ Council debt written off (approx. \$85 million for TCDC)
- ▶ Potential access to \$185 billion in long term funding (all councils)

Three waters 2.0

- ▶ What's on the table now?
- ▶ Funding?
- ▶ Responsibility for all wastewater, drinking water, stormwater infrastructure.
- ▶ Build it, maintain it, upgrade it, depreciate it, replace it.

3 Waters Compliance costs.....

Mayor Jamie Cleine – Westport

“\$2 million dollar water supply for....”

“....a panelbeater and a coffee cart...”

“The council had been quoted \$2 million to install a protozoa barrier and other treatment required to get the water up to the standards required by new regulations. It couldn't afford that, for a water supply that serves just 130 households, a panelbeater and a coffee cart.”

So what's that got to do with us?



Expectations for achieving compliance with requirements for protozoa barriers in drinking water supplies

5 October 2023

Protozoa barriers are a legislative requirement

To comply with the requirements of the Water Services Act 2021 and Drinking Water Quality Assurance Rules 2022 the following supply(s) you are responsible for require a protozoa barrier:

Supply name and ID:	Source type:
MAT009 Matatoki	Surface water
PUR003 Puriri	Surface water

Our expectations for achieving compliance with this requirement

Our expectation is that you will have advised us of a confirmed, funded plan for a protozoa barrier by 30 June 2024. Taking into consideration the different levels of risk posed by surface water and shallow bores, we have set the below timeframes for protozoa barriers to be in place:

- **for surface water sources** - installation and operation of a protozoa barrier completed by no later than **31 December 2024**.
- **for bore water sources** - installation and operation completed by no later than **31 December 2025**.

Cost to Council of Compliance

(two examples - both district funded)

▶ WATER COMPLIANCE COSTS

- ▶ \$19 million (last LTP budget - \$13 million) Thames South Water supply - District funded
- ▶ Impact on rates - approx. 1% increase

▶ AUDIT COMPLIANCE

- ▶ Audit NZ Fees - approx. \$500,000
- ▶ Audit NZ cost on rates - approx. 1%

Rates for 2024-25 - what can we expect?

- ▶ Councils across the country are anticipating double digit rates increases
- ▶ Inflation - LGCI
- ▶ Interest rates
- ▶ Cost increases (bitumen, contract services, wages, fuel, Cost of Goods)



(Source: 1News)

A number of councils are proposing massive double-digit rate rises as part of their long-term plan discussions.

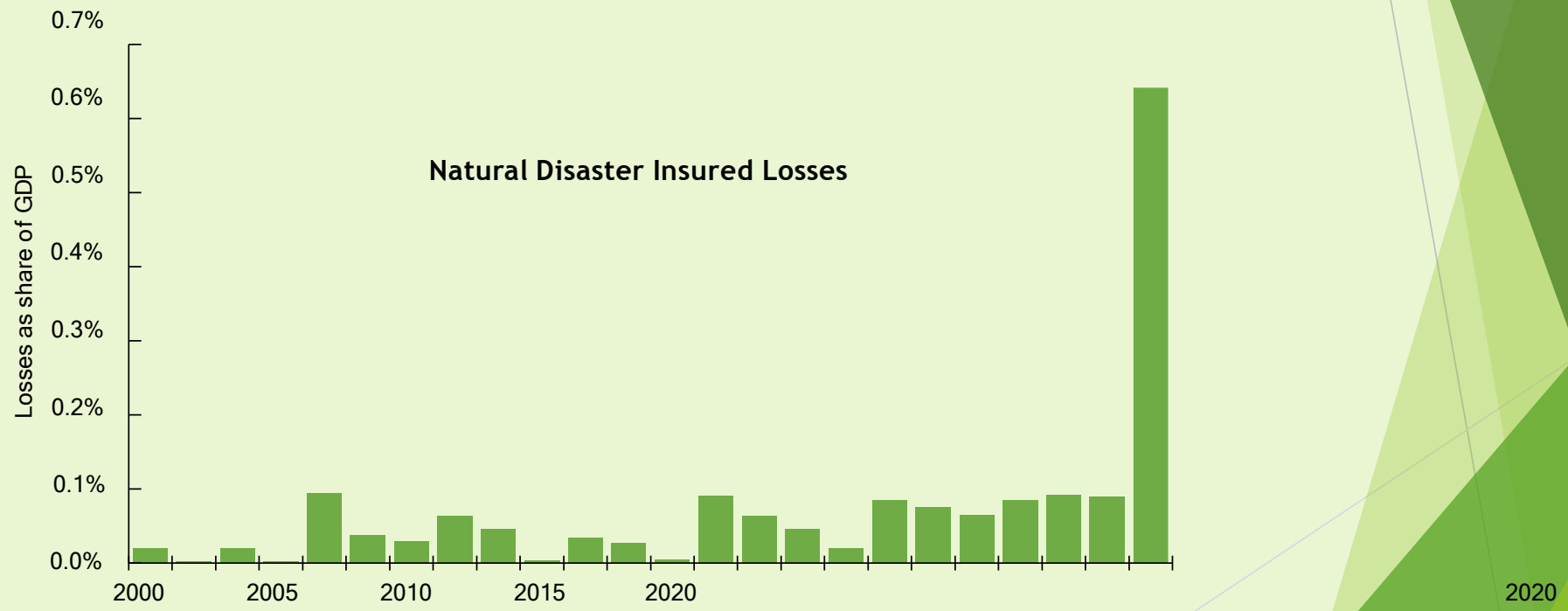
Three waters?

- ▶ “Many Councils now have to factor water services back into their 10m year plans, which could mean massive rates increases” (Campbell Barry)
- ▶ Wellington Water - a billion dollars a year for the next 30 years
- ▶ **Hamilton City Council -**
- ▶ **Year 1 - 19% increase**
- ▶ **PLUS - 15% p.a. for the next five years**

Rates for 2024-25 - what can we expect?

- ▶ **Hamilton - 25.5%**
- ▶ **Christchurch - 30%**
- ▶ **Northland - 30%**
- ▶ **Buller - 31.8%**
- ▶ **Lower Hutt - 16.5%**
- ▶ **TCDC - estimate - 13-16%**

Climate change now – Insurance cost increases – up 40%

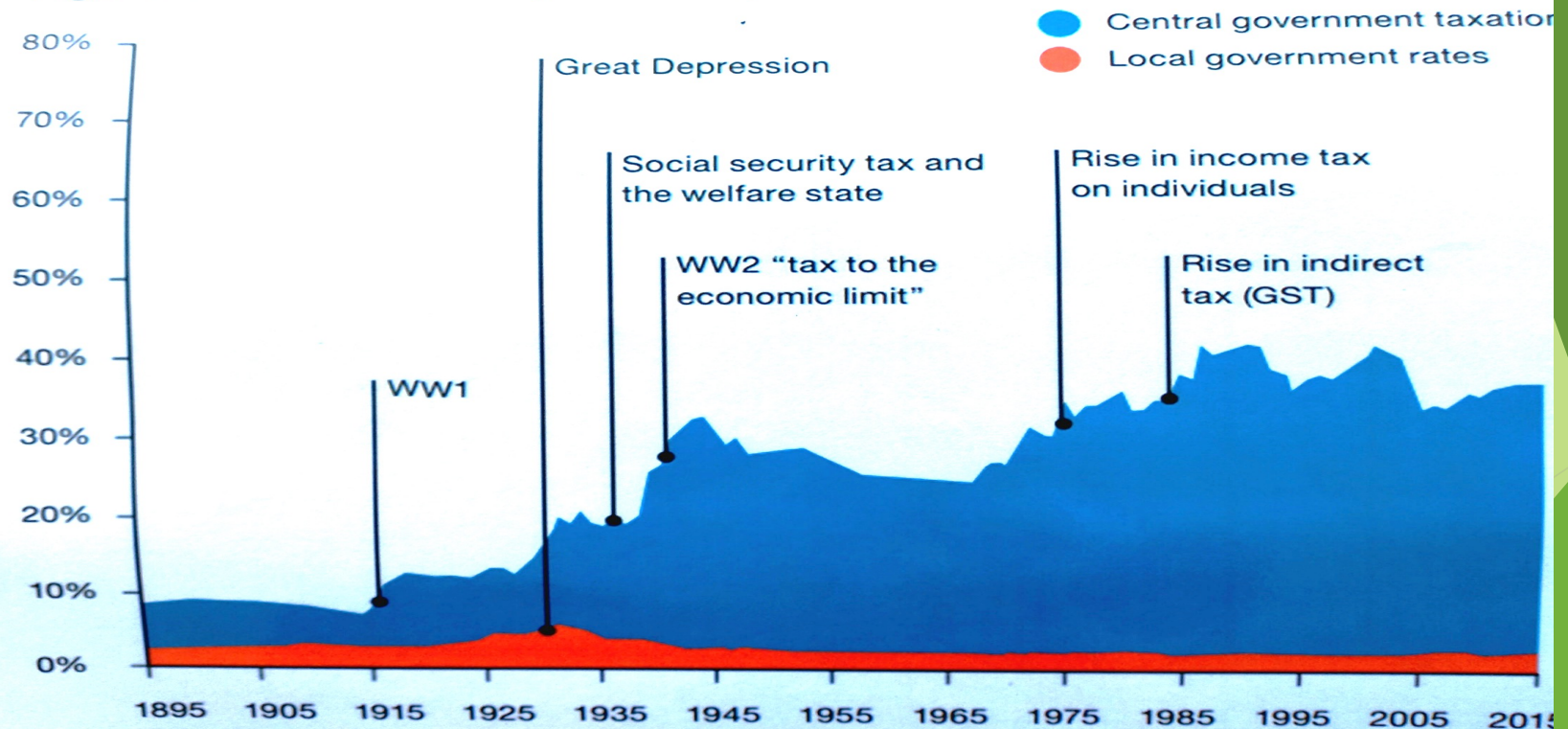


Sources: Statistics NZ, ICNZ, S Eaqub

Source: Statistics NZ, S Eaqub

While taxation as a percentage of GDP has risen over time, local government's share has stayed at around 2% of GDP – even as it has responsibility for an increasing share of the national public good.

Figure 3: Taxation as a percentage of GDP



Adapted from New Zealand Productivity Commission, Local government insights (2020).

Here is a weekly breakdown on what you get for your rates based on our proposed budget for 2024/25.



In December 2023, the average cost of a kiwi pie was

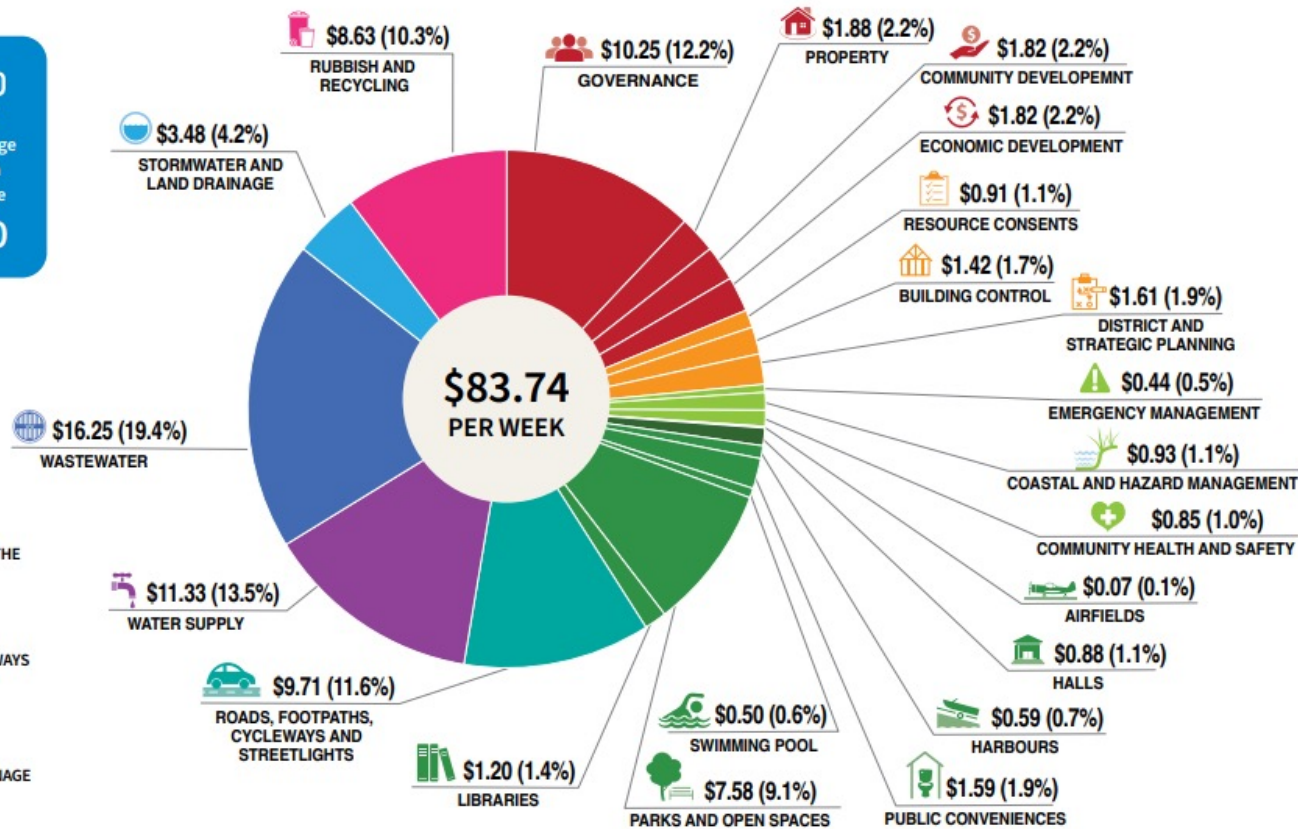
\$5.94



The average cost of a flat white

\$4.70

- COUNCIL
- PLANNING AND REGULATION
- PROTECTION OF PEOPLE AND THE ENVIRONMENT
- COMMUNITY SPACES AND DEVELOPMENT
- ROADING, FOOTPATHS, CYCLEWAYS AND STREETLIGHTS
- WATER SUPPLY
- WASTEWATER
- STORMWATER AND LAND DRAINAGE
- RUBBISH AND RECYCLING



What can we do better?

- ▶ Localism - in house capability
- ▶ Local decision-making
- ▶ Local contractors
- ▶ Council efficiencies

How do we
work together
to achieve our
goals for the
community?

Constructive
collaboration to
achieve positive
results.

The way
forward

