FINDING THE BALANCE

Timaru District Council 2024 - 2034 Long Term Plan Consultation Document

TIMARU DISTRICT COUNCIL
Te Kaunihera ā-Rohe o Te Tihi o Maru

THE COST TO RUN OUR DISTRICT

Keeping our district running and providing the facilities and services you use costs nearly half a million dollars a day. For most people when you're driving or riding on the road, flushing the toilet, making a cup of tea, getting a book out of the library or going for a swim you're using a council service. Here's a breakdown of what it costs on average per person, per day to keep our district going.

Cost to run our district
$13.94
per person, per day

(Average based on total spend and a population of 48,500)

Water Services	**$3.56**
Roading & Footpaths	**$3.20**
Recreation & Leisure	**$2.80**
Corporate Activities	**$1.41**
Waste Minimisation	**$1.02**
Community Services	**$0.97**
Environmental Services	**$0.62**
Democracy	**$0.36**

BALANCING THE BIG ISSUES

1 Balancing our approach to debt to deliver projects.

Do you agree with our proposal to set our debt cap at 2.5 times our income over this 10-year plan?

2 Ensuring we balance income and costs.

How fast should we balance our budget, reduce our deficit, and pay off debt?

3 Balancing the things you use with the things you enjoy.

Have we got the balance of spending right over our 10-year plan?

4 Balancing user pays with common good.

How should we set our fees over the next 10 years?

HOW TO JOIN THE CONVERSATION

We want feedback from as many people in our community as possible. Please give us your input through whatever channel is best for you.

MAKE A WRITTEN SUBMISSION

Visit our website timaru.govt.nz/ltp then fill out the Have Your Say form (Preferred)

Fill out our feedback form at the back of this document and return it to us or drop it off at any council facility.

Need another form? Download from timaru.govt.nz/ltp or collect from a Council facility.

GIVE US GENERAL FEEDBACK

Talk to your elected members or staff at the events we have planned.

Send us a message or comment on facebook facebook.com/TimaruDC

Any questions? Email ltp@timdc.govt.nz

TIMELINE

April 9
Draft Plan Adopted

April 12 - May 12
Community Consultation

May 27 - May 29
Council Hearings

June 25
Final Plan Adopted

FINAL SUBMISSIONS CLOSE 12 MAY 5PM

TENA KOUTOU KATOA, GREETINGS

We are pleased to put our draft Long-Term Plan out for public consultation and start the conversation on where our priorities should lie over the next 10 years.

Our focus in this plan is on striking a balance between rates affordability and meeting our levels of service delivery.

There's a lot of talk about balance in this LTP, and we've tried to strike a good balance across all areas of council spending and service provision. We shouldn't act alone in coming to these conclusions, it's vitally important that you take this opportunity to tell us if you think we have this balance right.

My priorities are getting the basic infrastructure right, then it's about delivering as many of the things you've previously told us you want as we can, while setting our council on a strong and sustainable long-term financial standing.

Timaru District has some of the lowest rates in the country, and while on one hand it is a sign the council was run in a fiscally prudent and conservative way, it also meant that in previous years we may not have been putting enough money in the bank to replace our infrastructure when it was needed.

For a lot of that infrastructure that time is coming due, and we have to act to ensure these critical services are in good shape for now and the future.

Properly planning for this through depreciation is never going to be an exciting topic, nor make the front page of the paper, but it's the main tool we have to ensure we meet these current and future infrastructure needs.

You won't see a proposal to go from the bottom of the rates pack to the top, but our rates need to be set at a sensible level to cover the cost of providing the services you use every day while also ensuring we can replace the pipes, the roads and the bridges when it becomes necessary.

While infrastructure is my priority, around 80% of the capital spending we set out in this plan is on water, roads and waste, no one wants to live in a district with nothing to see or do. That's why we need to balance this spending with improving and updating our cultural and recreational facilities.

With the public focus on the refurbishment of Theatre Royal & Heritage Centre you could easily be mistaken in thinking it made up the bulk of council spending.

While it is a large project encompassing both the restoration of the Theatre Royal and the building of a brand-new museum as a shared facility, it is still in line with what we'd usually aim to spend on cultural facilities over the life of a LTP.

Ensuring we make careful choices around timing of projects and prudent use of debt means we can deliver the core services our communities require as well as provide the kind of services that make people want to visit and move to our district, and hopefully make it their home.

So here is our plan laid out for your comment. It's not just our plan, it's a plan we'd love the community to help shape, so make sure you take time to read it and come back to us with what you think about it.

Nga mihi,

Nigel Bowen

NIGEL BOWEN
MAYOR

What's a Long-Term Plan (LTP) and how can I join the conversation?

LTP stands for Long-Term Plan. It sets our vision for the future and what we'll do as a Council to make it happen. While it's a 10-year plan, we review it every three years. Our work and world are constantly changing, and we need to ensure our planning is up to date and based on the best information available.

It's one of our most important conversations with our community and covers a lot of topics, all of which can't be detailed here, so if you're interested check out timaru.govt.nz/ltp to dig into more detail.

The aim of this document is to give you a high level understanding of the issues to help you give us your views.

You don't just have to answer the questions we're posing, you can say anything you wish, just make sure you don't miss out on this opportunity!

Council is also consulting on: The Significant & Engagement Policy, Revenue & Financing Policy, Treasury Management Policy, and Rating Policy) the draft LTP document and the Fees & Charges. These can all be found at: **timaru.govt.nz/ltp**

What makes this long term plan different?

This Long-Term Plan is different in many ways to previous ones in that we're not proposing any new facilities or services. The community has faced significant inflationary pressures in the years following COVID, and the council is no different. We face increased contracting and input costs in nearly everything we do, which puts pressure on our budgets.

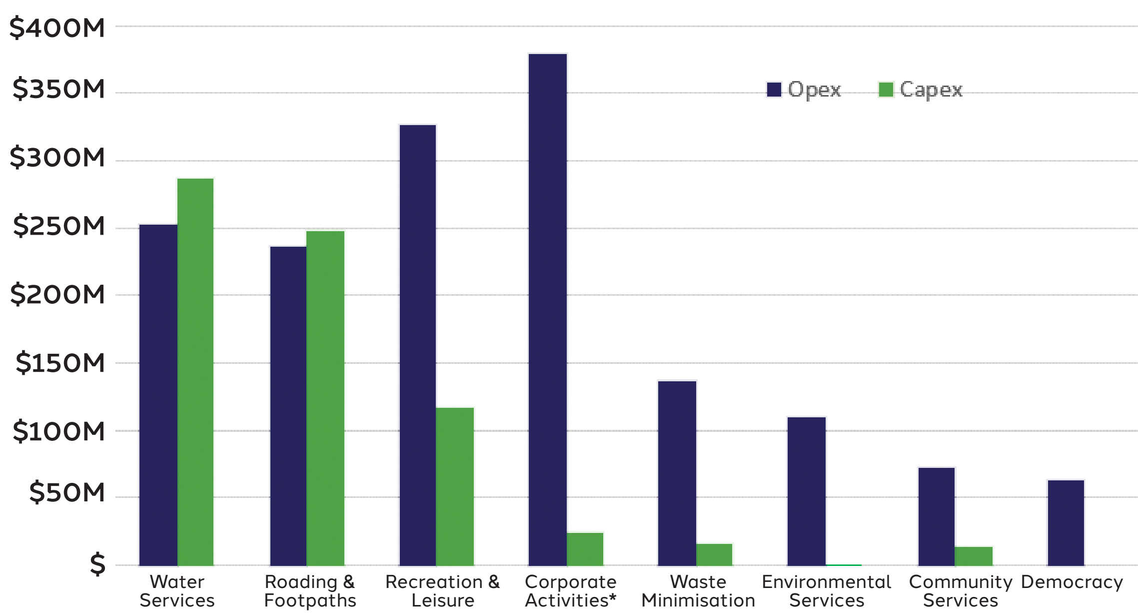
We are also in the situation where a lot of work that was planned some time ago is now coming due, this includes investments across a range of projects in three waters infrastructure, roading and bridges, as well as in facilities such as the Theatre Royal and Heritage Centre and upgrading the stadium at Aorangi Park.

We have also made some proposals to defer or delay projects that are not considered a priority at this time, such as CityTown enabling works and the Aigantighe Art Gallery extension.

This LTP lays out how the council will deliver these infrastructure and community asset improvements and asks your feedback on the fundamental issues that underpin the delivery of them. These are:

- **Council debt levels:** are you happy with the levels of debt we are proposing to deliver infrastructure and facility upgrades?
- **How fast should we start paying this debt back?** How quickly and deeply should we cut operational expenditure to get back in surplus?
- **Balance of investment:** are you happy with the overall balance of council spending across infrastructure, community facilities and other costs?
- **Balancing user pays with common good costs:** are you happy that we are recovering enough from users to cover the costs of the services they use, or should ratepayers subsidise services to keep them more affordable?

Take a look at Councils Capital vs Operational expenditure over 10 years by Groups of Activities



* Corporate Activities includes all the operation costs of the Council, including salaries, IT, Property and other costs.

What is Operational Expenditure (OpEx)?

This is our everyday spending used to keep street lights shining, get the lawns mowed and keep the doors to our facilities open.

What is Capital Expenditure (CapEx)?

This is spending we do to to create new things, renew old things, or upgrade something we already have. Building a new museum or replacing a bridge are examples of CapEx

Mayor
Nigel Bowen

Balancing our approach to debt to deliver projects.

Councillor Allan Booth

What is debt cap?

The **debt cap** is the maximum we're allowed to borrow.

The maximum is 2.8 times our income.

This is similar to if you go for a mortgage the bank can lend you up to six times your income.

Getting the council back in the black, while delivering significant projects.

Similar to how people use mortgages to spread the cost of a house to make it affordable, councils use debt to pay for large and long-life infrastructure, so the cost is spread over all the people who will use it now and in the future.

While major projects such as a new water pump station, a replacement bridge or a museum carry a significant upfront price tag, we spread the cost out over a number of years, so it is paid by all the people who will use it over time.

This means that these large capital projects have less effect on your annual rates bills than our day-to-day costs.

There are two important numbers when it comes to Council debt. All our lending comes via the Local Government Funding Agency, which allows us to borrow up to 2.8 times our operating income (280%). This is the maximum amount of debt we can take on, so in total this would be about $485 million in this ten-year plan based on our projected rates increases.

The second number is our self imposed debt cap, which currently sits at 2.1 (210%) times our income or about $280.3 million.

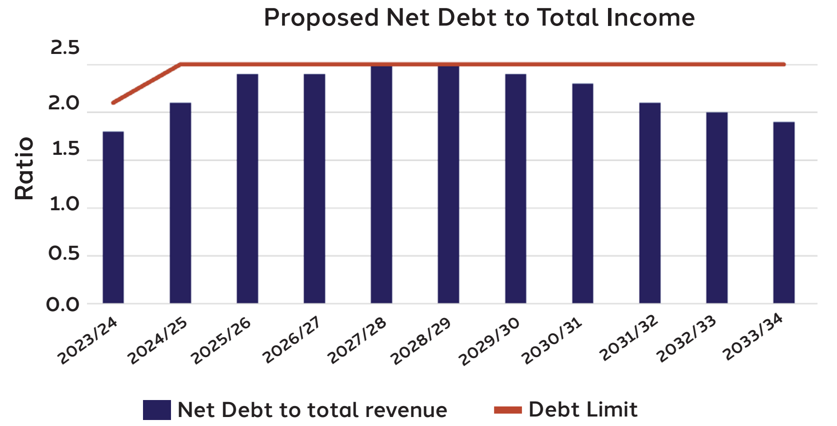
This means we still have some headroom, just under $100 million if something significant like a natural disaster occurs.

However, at the 2.1 cap we can't deliver everything that is planned over the life of this plan and keep rates rises at a reasonable level.

Our preferred option is raising this cap to 2.5 (250%) times our income. If you look at the graph below, you'll see that we get close to this cap for a few years, then it begins to go down as we get back into surplus and start paying down debt.

Our overall amount of debt will increase, but we will still have a significant amount of headroom in case of a disaster, such as the Rangitata floods we experienced recently.

We want to know how comfortable you are with our plan to raise the debt cap to 2.5.



Do you agree with our proposal to set our debt cap at 2.5 over this 10-year plan?

Option 1 **Lower debt cap (2.1)**

Cuts across capital investment and infrastructure and community facilities.
Effect on debt cap: $353M (2.1 Debt cap)

Pros:

The overall net debt of the council will be $59m less.

We will have reduced interest costs compared to if the debt cap is raised.

There will be more financial headroom for unexpected spending due to a disaster or financial shock.

The council's credit rating is preserved, leading to better long-term cost of borrowing.

Cons:

We cannot deliver as much of the capital works planned as part of previous Long-Term Plans.

We will be unable to replace critical infrastructure and upgrade community facilities within a reasonable timeframe.

There will be more operational expenditure due to ageing infrastructure failing more often.

Future generations face higher costs to replace assets when they fail.

Impacts:

No impact on planned rates rises in years 1-4 (15% in year 1). Approximate interest savings of $3 million per annum from year 5 compared to 2.5.

Sale of non-core Council assets and properties.

Deferment of footpath and water renewals, as well as reducing levels of service in areas such as playground renewals or parks maintenance.

PREFERRED OPTION

Option 2 **2.5 Debt Cap**

We can deliver most of our capital works.
Amount of debt: $412M
(2.5 Debt cap, reaching 2.47 at peak)

Pros:

We can deliver most of the capital works planned as part of previous Long-Term Plans.

The Council is able to replace critical infrastructure and upgrade community facilities within a reasonable timeframe.

Reasonable capital investment will lower operational expenditure required for maintaining end of life infrastructure.

There remains headroom for unexpected spending due to a disaster or financial shock.

The Council's credit rating is preserved, leading to better long-term cost of borrowing.

Spending for long-term projects is spread out over generations.

Cons:

The Council's net debt is higher than before.

We will be paying more in interest when the debt peaks in year 2030.

There is less headroom than previously for unexpected spending due to a disaster or financial shock.

Some projects will still need to be deferred or cancelled.

Moderate rates increase still required.

Impacts:

Rates rises as planned in years 1-10 (15% in year 1). Additional interest costs of approximately $3 million per annum from year 5 compared to 2.1.

Main projects delivered under preferred option:

Theatre Royal and Heritage Facility
Aorangi Stadium Upgrade
Claremont Treatment Plant Upgrades
Geraldine Water Main & Reservoir Upgrade
Completion of District Plan
Bridge Renewals

Main projects deferred under preferred option:

Timaru CityTown Masterplan Enabling Programme
Aigantighe Art Gallery Extension
New Library Building in Temuka
Road seal extensions
New cycleways/walkways
Highfield Park Development

Option 3 **Higher debt cap (2.8)**

We can deliver more of our capital works, no financial headroom if required.
Effect on debt: Borrowing maximum $485M (2.8 Debt cap)

Pros:

Financing is available for new projects.

We can deliver more of the capital works planned as part of previous Long-Term Plans.

We will be able to replace critical infrastructure and upgrade community facilities in a proactive way.

Lower operating expenditure as there will be less maintenance due to old infrastructure.

Spending for long-term projects is spread out over generations

Cons:

The Council's net debt is higher than before.

We will be paying more interest and will require higher rates over the long term to pay it.

No headroom for unexpected spending due to a disaster or financial shock as will be at borrowing limit.

The Council's credit rating is at risk of downgrade, leading to more expensive long-term cost of borrowing.

Impacts:

Rates rises are planned in years 1-4 (15% in year 1). Additional interest costs of approximately $4.3 million per annum from year 5.

Projects as per option 2 with addition of items Aigantighe Art Gallery Extension, New Cycleways/Walkways.

Ensuring we balance income and costs.

While you often see large headline figures attached to projects, these have a smaller effect on your annual rates bills as the overall cost is spread out over decades.

The main driver of your rates bill are the day-to-day costs such as staff and contractor salaries and costs of the things we use such as power, water, fuel, and building and roading materials.

It also covers the cost of financing any debt interest the council carries and depreciation, which is the money we have to set aside to replace infrastructure at the end of its life.

You can look at it like a household. For big purchases such as your house or your car you can take out a loan or mortgage and pay it back over time.

Ongoing costs such as food, electricity, fuel, and any maintenance, as well as interest on those loans, you have to pay for at the time you incur them.

As it is not prudent to taken on debt to cover day-to-day running expenses, the main options to handle increasing costs is to increase rates, reduce the amount we spend on providing those services, or charge more fees for services.

Council staff are also undertaking a major project to cut operational spending by reducing waste, bringing more work in-house instead of contracting it out, and cutting out non-priority projects.

For the first three years of this LTP Council will be running at a deficit. To get the council books back in surplus, we need to reduce the gap between how much the council spends and how much we charge ratepayers, and we need your feedback as to how quickly we should close that gap.

What does Levels of Service mean?

A Level of Service (LoS) describes the expected amount of activities or services we will provide over 12 months.

This can be anything from new books purchased at our libraries, to how often we reseal roads.

When we do more or less of these things, it's described as a change to the level of service.

Councillor Stacey Scott

Councillor Michelle Pye

What does Deficit mean?

A deficit is when your expenses exceed your income. In everyday terms it means your bills (mortgage, power, internet, food etc) cost more than you earn (wages, salary etc).

How fast should we balance our budget, reduce our deficit, and pay off debt?

Option 1 **Faster**

No improvements to levels of service and operations, deficit eliminated Year 1, depreciation fully funded from Year 2, lower debt costs, higher rate rises.

Pros:

The deficit is gone in Year One, and Council books are back in shape more quickly.

Debt starts to get repaid earlier.

Lower long-term debt costs.

Higher debt headroom for unexpected events and disaster preparedness.

Potential to increase levels of service from Year Two onwards if not running at a deficit.

Depreciation fully funded from Year 2 onwards.

Cons:

No increases to levels of service.

All extra income goes towards funding depreciation and servicing debt, not improving services.

Higher than forecast rate rises.

Impacts:

Effect on rates: 21.6% increase Year 1

Net deficit Year 1: Nil

Net surplus for 10 years: $86.9m

Depreciation funded: 84% Year1; 100% Year 2; Unfunded depreciation over plan: $5.5 million

Net Debt peak: $396m

PREFERRED OPTION

Option 2 **As planned**

No improvements to levels of service and operations, higher debt costs, moderate average rates rises.

Pros:

The deficit is eliminated within Year 4 of this plan.

Levels of service and maintenance are kept at a reasonable level.

Rates rises in line with forecast.

Still reasonable debt headroom for disaster preparedness.

Cons:

Debt repayment is delayed, and interest costs are increased.

No improvements to levels of service and maintenance.

No increases in the amount we do for the extra income, such as extending pool and library opening times or response times for service requests.

Same levels of maintenance on water and roads, meaning no improvements on road conditions and water pipe renewals.

Depreciation not fully funded until Year 4.

Impacts:

Effect on rates: 15% increase Year 1

Net deficit Year 1: $4.6m

Net surplus for 10 years: $61.8m

Depreciation funded: 71% Year1; 100% Year 4

Net Debt peak: $412m

Option 3 **Slower**

Significantly reduced levels of service and operations, significantly higher debt costs, lower average rates rises.

Pros:

Rates rises lower than forecast.

Cons:

Council runs at deficit for until Year 9 of this plan.

Significant cuts to levels of service and maintenance for core services and community facilities.

Higher likelihood of asset failures, increased operational costs resulting in increased rates in future years.

Depreciation not fully funded until Year 8; Unfunded depreciation over plan: $71 million

Debt increases to over $520m by year 10

Debt cap breached (highest at 2.94)

Impacts:

Effect on rates: 9% increase for Years 1, 2 & 3

Net deficit Year 1: $8.7m

Net deficit for 10 years: $70.3m

Depreciation funded: 59% Year 1; 100% Year 8

Net debt peak: $520m

Balancing the things you use with the things you enjoy.

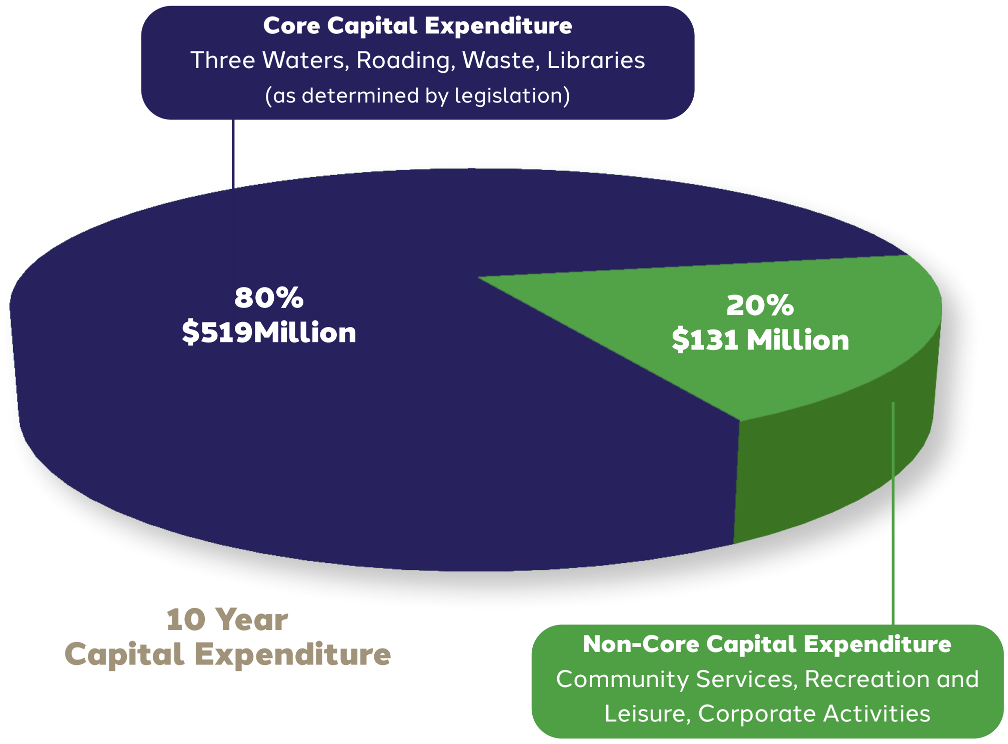
There's a common view that councils should just be about roads, rubbish and water and everything else is a nice to have. And while infrastructure is critical, for us to attract people and keep them in our district we also need to make it a great place to live with things for people to do.

This is where our community facilities come in. Ensuring we have great swimming pools, having a space to show our local art collection, bring in plays and concerts from outside the district, or being able to preserve and display the taonga that tell the story of the district are all part of this.

That's not to mention all the sports fields, skate parks, playgrounds, halls, theatres and walking tracks that give energy and life to the district.

Over the next ten years the Council proposes to split its funding over all these services:

Councillor
Peter Burt



10 Year
Capital Expenditure

This pie chart has remained reasonably consistent for many years, but we want to hear from you if you think we've got this balance right or, if not, how you think we should split our spending.

In this section we're not talking about increasing or decreasing overall funding, just how we split up the pie. So, if you increase spending in one area, it means decreasing spending in another.

An increase in community spending would mean older pipes and rougher roads, or pushing up infrastructure spend could come at the cost of less park development, or older playground equipment.

Have we got this balance of spending right over our 10-year plan?

Option 1 **90/10 Split**

No, it should be more in favour of infrastructure, and spend less on community facilities.

$585 million core spending, additional $66 million for projects including road renewals, bridges and water treatment.

$65 million non-core spending, $66 million less for upgrades of community facilities, playgrounds and parks.

PREFERRED OPTION

Option 2 **80/20 Split**

Yes, you've got the balance right.

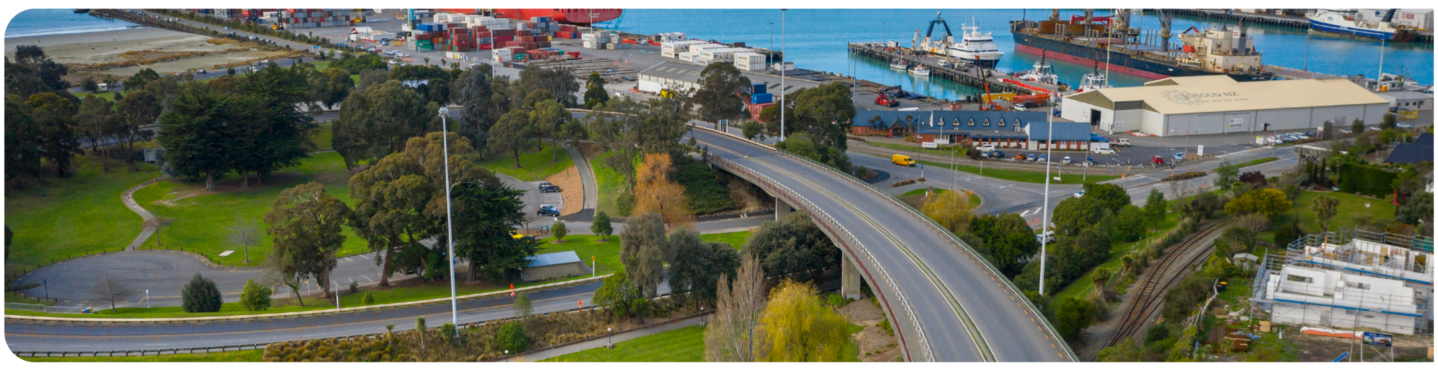
$519 million on core spending, $131 million on non-core spending. Work programme as planned.

Option 3 **70/30 Split**

No, you should invest more in community facilities and less on infrastructure.

$455 million on core spending, $64 million less for projects including road renewals, bridges and water treatment.

$195 million on non-core spending, additional $64 million available for projects such as the Aigantighe Art Gallery Extension, Community Facilities, Playgrounds and Parks.



Balancing user pays with common good.

For many of our services we charge a fee to cover some of the cost of the work required to provide them.

This includes services such as planning and building consents and inspections, renting a social house, going to the swimming pool, dropping off rubbish at the transfer station, or registering your dog.

This is different to how you pay for things such as roads or libraries, which are seen as a common good, and are funded by everyone.

When we are setting these fees, we try to balance them so that most of the cost of providing the service is covered by the fees, but some of the cost is covered by all ratepayers so they aren't so expensive to put off development, stop people going for a swim, or disposing of their rubbish responsibly.

As part of this Long-Term Plan we are proposing to increase the fees we charge for services to bring them closer to how much it costs us to provide the service.

These changes will not affect the total rates charged to ratepayers. Instead, the goal is to adjust the charges to better reflect the actual cost of providing these services. Any rates funding that was previously used to subsidise some of these services will be used other purposes such as maintenance.

We want to know how you think we should balance what we charge with how much subsidy we provide.

Some questions to ask yourself:

Should we increase the amount we charge people for a building consent?

Will rising planning costs reduce development in the district?

Should we need to support physical activity or swimming through subsidising pool entry costs?

Are we charging enough dog registration to cover the cost of animal management?

Councillor Gavin Oliver

How should we set our fees over the next 10 years?

Option 1 Limit Fee Increases

No fee increases, same or reduced levels of service, increase demand on rates income for subsidies.

Pros:

Fees & Charges remain the same for users who are getting a good deal.

Some venues/activities will be more attractive due to competitive charges.

Community groups and lower-income users are supported to access services.

Cons:

Service users not covering the costs of the service and placing burden on ratepayers.

Rates income diverted from other core services and activities to cover shortfall from fees and charges which could impact levels of service.

Ratepayers covering costs of services not used by all ratepayers (such as community halls).

Impact:

Impact on rates: 15% average rate increase, but less will be spent on other core services.

Impact on Fees & Charges: Nil.

Ratepayer subsidies between 60-80% of operating costs on community facilities such as swimming pools, stadium, and airport.

PREFERRED OPTION

Option 2 Higher User Pays

Moderate increases to most fees & charges, no impact on rates, same level of rates subsidies.

Pros:

Users (including visitors and all residents) are covering more of the cost of the service and paying a fairer share.

Less rates going to subsidising the facilities used by community groups and individuals so less demand on rate increases.

Activities and amenities that provide a "community good" are supported by all ratepayers.

Rates income distribution will remain as proposed to cover expenses for core services.

Cons:

User charges increase so paying for services will cost more, which may deter some users such as developers or businesses

Community groups and lower income residents may not be able to afford the increases and have less access to facilities and services

Impact:

Impact on rates: 15% average rate increase, nil increase to cover costs of subsidies.

Impact on Fees & Charges: 15% increase across most fees and charges.

Ratepayer subsidies remain at current levels of between 48-69% for community facilities such as swimming pools, stadium, and airport.

Option 3 Fully User Pays

Significant increases to fees & charges, no impact on rates, no rate subsidies.

Pros:

Users (including visitors and all residents) fully cover the cost of the service.

No rates going to subsidise the services, which means rate income can be diverted to other core services to potentially increase levels of service.

No pressure on rates increases to cover funding shortfalls from fees & charges.

Cons:

Some fees & charges will increase significantly, reducing affordability, and not be financially sustainable to continue operating.

Community groups and low-income users will not be able to access services and facilities.

Levels of service will either be capped or decreased to keep costs down, meaning limited opening hours and access to services and facilities for public.

Council services and facilities will no longer be cost competitive and will likely result in decreases usage, exacerbating revenue issues for services and facilities.

Decreased income would result in less investment in maintenance and upkeep, resulting in degraded conditions for community facilities.

Impact:

Impact on rates: 15% average increase, nil increase to cover subsidies.

Impact on Fees & Charges: Overall increase of 56% to cover rates subsidies shortfall.

Ratepayer subsidies nil, meaning increases of between 65-100% of fees for community facilities such as swimming pools, stadium, and airport.

Infrastructure Strategy Summary.

Deputy Mayor
Scott Shannon

While Timaru District has generally good infrastructure, much of it is coming to the end of its expected life and will need replacing. There is a need to put more money aside to ensure that we have enough to fund renewing this infrastructure over time.

The Council seeks to ensure a balanced work program that protects public health, promotes economic growth, and supports our community wellbeing.

Challenges

Ensuring Resilient Infrastructure that Meets Standards

Developing infrastructure and maintaining our assets are vital to meet legislative standards, and community safety and environmental expectations. Upgrades and renewals are needed at water and wastewater treatment plants and pipe networks, roading networks and bridges, and waste management assets to improve safety and resilience.

Ageing Infrastructure

Much of the district's infrastructure is due for replacement over the next 30 years. We must borrow substantially for projects, and the current debt cap may constrain our capacity to do all we need to do.

NZTA Funding

Council anticipates potential variances in NZTA Waka Kōtahi roading subsidies and may need to adapt its work program or increase rates after consulting the community through future Annual Plans.

Climate Change and Natural Hazards

Climate change mitigation and adaptation, as well as being in an area subject to natural hazards influences our infrastructure strategy. We need to work to reduce emissions while ensuring our infrastructure is built to handle a changing environment and is resilient enough to handle hazards such as flooding and earthquakes.

Affordability

Solely relying on rates, grants and end-user charges to fund council services may not be a sustainable model over the long term, but for now they are our only options for funding infrastructure.

Closed Landfills

The risk assessment project is progressing to develop the Closed Landfill Management Plan in Years 1 and 2 at a total cost of $100k, with future remediation or removal of individual closed landfills to be considered as necessary in future Annual Plans.

Increasing Standards and Expectations

Council faces rising community expectations over quality of services, as well as stricter resource consent requirements, increasing regulations on water and land use, higher health and safety compliance standards, traffic management needs, and increased wear of roads from things like heavier freight vehicles.

Balancing these heightened standards against affordability poses an ongoing challenge for all councils, and Timaru District is no exception. Improving service levels must be weighed against the cost burden on ratepayers.

The full infrastructure strategy can be downloaded at timaru.govt.nz/ltp

Our Options

Option One: Maintain the Status Quo

This approach increases operational costs and the risk of expensive asset failures in the future. The Council borrows up to 210% of its revenue to fund necessary capital work, but maintaining this status quo creates problems for future generations.

Option Two: Invest in the Asset Renewal Programme and Increase Debt Cap

To fund the capital work programme, including upgrades to Aorangi Stadium and Theatre Royal/Heritage Centre, the Council can raise its debt cap to 250% and increase rates to eliminate the deficit and fully fund depreciation within four years. While this approach increases costs, it allows the Council to maintain emergency borrowing capacity and achieve its goals of delivering critical capital works, upgrading facilities, and reducing operational expenditure on ageing infrastructure.

Option Three: Reduce Capital Investment and the Debt Cap

The approach fails to address critical assets nearing the end of their life and relies on asset failure to drive capital works, which does not meet modern New Zealand standards. Although this option reduces debt and saves on interest costs, increased operational costs to maintain stressed assets may minimise the effect on rates. Adopting this option would require the Council to revoke previous decisions and discontinue key projects such as the microfiltration plant, water metering, or rebuilding community assets.

Option Four: Accelerate Asset Renewal Programme and Increase Debt Cap

Increasing debt to the LGFA limit could accelerate water services upgrades but would limit borrowing capacity for other projects over 30 years. It also makes the Council vulnerable to emergency borrowing limitations and could negatively impact its credit rating and long-term interest rates.

Councillor
Stu Piddington

What does Renewal mean?

When we replace a worn out item like a water pipe or a picnic table with a new one this is called a renewal.

Our Response

Prioritising Asset Renewals

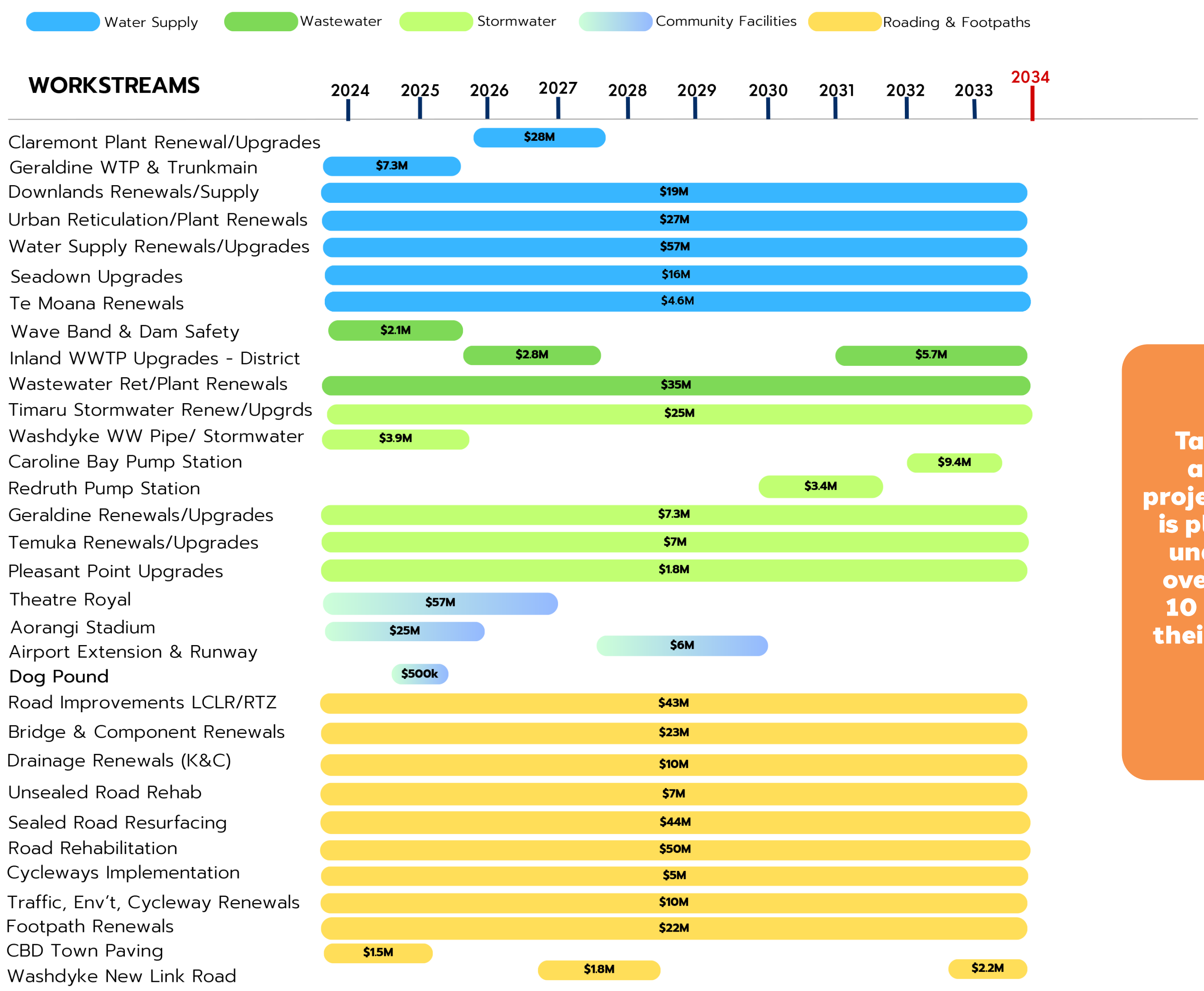
Many of the District's assets are getting to the point where they need to be replaced as they reach the end of their useful life, and we will prioritise renewals based on the greatest need and risk.

Asset Information Focus

Council invested heavily in updating all its information on water, roading and waste which enables informed decision making over work prioritisation.

Considering Climate Change as Business as Usual

Infrastructure assets are routinely evaluated whether they are vulnerable to climate change impacts, and renewals are planned accordingly.



Take a look at all the projects Council is planning on undertaking over the next 10 years and their budgeted cost.

Councillor
Sally Parker

Financial Strategy Summary.

The 2024-2034 Long Term Plan budget was developed to prioritise core services, business operations, and deliver Council priorities.

The Council has committed to sustaining current service levels, upgrading community facilities, and addressing climate change, so this budget allocates more funding to asset renewal and replacements.

The Financial Strategy aims to get the balance right so that we can achieve our goals of:

- Maintaining long-term financial resilience
- Providing high-quality infrastructure and facilities
- Ensuring our services are affordable and meet the wellbeing needs of our community.

This Financial Strategy complements our Infrastructure Strategy and relies on our Significant Forecasting Assumptions and Activity Statements, which can all be read at timaru.govt.nz/ltp

Together, these detail Council's plans to achieve its key outcomes and address the pressing challenges outlined above.

The Infrastructure Strategy and forecasting assumptions outline the context, while the Activity Statements detail steps for realising our financial and infrastructural goals. This integrated planning supports Council in delivering results.

Debt

The long-term debt-to-revenue limit is proposed to be raised to 250% for the 2024/2025 fiscal year and remains at that level for the rest of the Long Term Plan.

Over the 10-year period, Council is allocating $650 million towards capital projects, with the majority (80%) of the investment going into water services and roading renewals, and a smaller share (20%) going to community facilities. This capital investment delivers on objectives to upgrade assets, improve amenities, and enable quality services.

Although our maximum allowable debt level is 280% (2.8 times) of operating revenue, this Financial Strategy caps our normal debt operating limit at 250% (2.5 times) or lower - aligned with New Zealand Local Government Funding Authority (LGFA) thresholds.

By staying below the 250% limit over the life of this long term plan, we are likely to retain Council's strong AA- credit rating.

Balanced Budget

Generating consistent budget surpluses is required to service existing debts and continue investing in infrastructure.

This Financial Strategy targets a balanced budget or surplus from the fourth year onward.

Through the plan timeframe, Council will continue to seek expenditure control and efficiency gains across all its operations.

Projected rates from 2030 forward will produce surpluses to pay down existing debts.

What does this mean for my rates?

The 2024-2034 Long Term Plan budget was developed to prioritise core services, business operations, and deliver Council priorities. The Council has committed to sustaining current service levels, upgrading community facilities, and addressing climate change, so this budget allocates more funding to asset renewal and replacements.

	Geraldine	Pleasant Point	Temuka	Timaru	Timaru	Pleasant Point	Rural	Timaru
Land Value	$175,100 (Average)	$161,100 (Average)	$132,000 (Average)	$203,400 (Average)	$400,000 (Sample)	$417,600 (Sample)	$1,571,400 (Sample)	$536,100 (Sample)
General Rates (including UAGC)	1,697.60	1,649.87	1,546.32	1,796.93	2,027.00	2,068.54	4,791.50	9,269.25
Targeted Rates	1,750.66	1,431.91	1,678.30	1,739.63	636.00	31.06	94.28	2,268.62
Total Rates	**$3,448.26**	**$3,081.77**	**$3,224.62**	**$3,536.56**	**$2,663.00**	**$2,099.59**	**$4,885.79**	**$11,537.86**
Increase % over 23/24	18%	17%	17%	16%	12%	11%	12%	14%
Increase $ over 23/24	$529.53	$439.77	$473.58	$499.09	$287.00	$209.10	$542.71	$1,459.23
Cost Per Week	$66.31	$59.26	$62.01	$68.01	$51.21	$40.38	$93.96	$221.88

Note: These sample figures are examples of average properties and only include rates charged by Timaru District Council, not regional Council rates.

Residential   Rural   Commercial/Industrial/Accommodation

Rates

The overall increase in rate collected is proposed to be 15% in 2024/25, 12% in 2025/26 and 12% in 2026/27. From 2027/28 onwards, rate increases will not exceed 5%. The average annual rates increase over the ten year period is 7.4%.

The Council considers that its overall rating system represents the most appropriate option to address the present and future needs of the district.

A new targeted rate has been introduced for 2024/25 onwards:

- The Timaru CBD Group, in partnership with the Timaru District Council, has developed a Business Improvement District (BID) that aims to create a stronger town centre and business district which maximises economic opportunities and enhances the lifestyle and wellbeing of the local community. A targeted rate will be established to fund promotional initiatives within that area.

The average increase in rates collected represent the minimum viable levels Council needs to fund planned capital investments and maintain existing levels of service. Since borrowing capacity depends on debt ratios, rising interest costs would require higher rates.

These budgets enable our capital projects to be completed, sustain existing levels of service, and generate surpluses for debt payments within the overall debt constraints.

Council has struck a prudent balance, which enables investment for present and future needs while maintaining affordability.

Rates from district growth (new housing developments and business investment) are pivotal within the financial strategy.

Total rates revenue grows an average 0.5% annually over the 10-year span due to this growth. Lower than anticipated growth could impact our capital plans, as baseline rates from existing properties could not solely fund intended investments.

The full financial strategy can be downloaded at timaru.govt.nz/ltp

BID Targeted Rate

Council is proposing to add a targeted rate to 275 properties within the CBD for a Business Improvement District Rate of $120,000 per annum; to be used for CBD specific activities.

Community Board Targeted Rates

Council is proposing to increase these rates by $1 per annum as agreed by the Community Boards to meet the increased requests and costs for support for community projects.

What is a Targeted Rate?

Targeted rates are rates paid by people who receive a specific service that others don't. If you are on Council water supply or have a wheelie bin you pay for this through a targeted rate, if you don't receive those services you don't pay that rate.

Councillor Owen Jackson

Join the Conversation.

This is your chance to give us your thoughts, tell us what you support or don't support

HOW TO JOIN THE CONVERSATION

We want feedback from as many people in our community as possible. Please give us your input through whatever channel is best for you.

MAKE A WRITTEN SUBMISSION

Visit our website Timaru.govt.nz/ltp then fill out the Have Your Say form (Preferred)

Fill out our feedback form at the back of this document and return it to us or drop it off at any Council facility.

Need another form? Download from timaru.govt.nz/ltp or collect from a Council facility.

GIVE US GENERAL FEEDBACK

Talk to your elected members or staff at the events we have planned.

Send us a message or comment on facebook
facebook.com/TimaruDC

Any questions? Email ltp@timdc.govt.nz

WHERE YOUR COUNCILLORS WILL BE

Councillors are going to be out and about across the District talking to you about our Plan and the key issues. Come on down to one of these events. Follow us on Facebook and Instagram to keep up to date with all the LTP news and events.

TIMARU

Saturday, 13 April, 9am - 12.30pm, Timaru Farmers Market
Saturday, 20 April, 9am - 12.30pm, Timaru Farmers Market
Saturday, 27 April, 9am - 12.30pm, Timaru Farmers Market
Sunday, 28 April, 1.30pm - 3pm, Aigantighe Art Gallery
Thursday, 2 May, 10am - 3pm, Positive Ageing Expo (Caroline Bay Hall)
Saturday, 4 May, 9am - 12.30pm, Timaru Farmers Market

TEMUKA / PLEASANT POINT

Monday, 15 April, 3pm - 5pm, Temuka Drop in (Temuka Library)
Tuesday, 16 April, 5.30pm - 7pm, Cave Drop in (Cave Arms Tavern)
Sunday, 21 April, 9am - 12.30pm, Pleasant Point Market (Main Road)
Monday, 29 April, 12pm - 2pm, Temuka Drop in (Temuka Library)
Wednesday, 1 May, 3pm - 5pm, Winchester Drop in (Winchester School)

GERALDINE

Sunday, 14 April, 9am - 1pm, Geraldine Farmers Market
Wednesday, 17 April, 5pm - 6.30pm, Peel Forest Drop In (The Green Man at Peel Forest)
Friday, 3 May 3pm - 5pm, Geraldine Drop In (Geraldine Library)
Friday, 10 May, 1pm - 3pm, Geraldine Drop In (Geraldine Library)

TALK TO THE DECISION MAKERS

NIGEL BOWEN

Mayor
027 622 1111
nigel.bowen@timdc.govt.nz

SCOTT SHANNON

Deputy Mayor - Pleasant Point Temuka Ward
027 672 6889
scott.shannon@timdc.govt.nz

ALLAN BOOTH

Councillor - Timaru Ward
029 239 3487
allan.booth@timdc.govt.nz

PETER BURT

Councillor - Timaru Ward
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peter.burt@timdc.govt.nz

OWEN JACKSON

Councillor - Timaru Ward
021 049 9717
owen.jackson@timdc.govt.nz

GAVIN OLIVER

Councillor - Geraldine Ward
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gavin.oliver@timdc.govt.nz

SALLY PARKER

Councillor - Timaru Ward
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sally.parker@timdc.govt.nz

STU PIDDINGTON

Councillor - Timaru Ward
027 437 8896
stu.piddington@timdc.govt.nz

MICHELLE PYE

Councillor - Pleasant Point Temuka Ward
021 360 515
michelle.pye@timdc.govt.nz

STACEY SCOTT

Councillor - Timaru Ward
021 688 588
stacey.scott@timdc.govt.nz

Timaru District Council 2024 - 2034 Long Term Plan Consultation Submission Form

Your Details

Your submission must include your name, and a postal or email address.

First name*:

Surname*:

Organisation (if applicable):

Phone (landline or mobile):

Email*:

Postal Address*:

Do you want to speak about your submission at a council hearing?

◯ Yes ◯ No

If you do not indicate, we will assume you do not wish to speak

* we require your email address and/or your physical postal address

Your Views

Give us your views below. Attach extra pages if there isn't enough space.

Balancing our approach to debt to deliver projects.

Pg 3

Do you agree with our plan to set our debt cap at 2.5 over this 10-year plan?

◯ **Option 1: Lower Debt Cap (2.1)** - uts across capital investment and infrastructure and community facilities.

◯ **Option 2: 2.5 Debt Cap** - We can deliver most of our capital works. **(Preferred)**

◯ **Option 3: Higher Debt Cap (2.8)** - We can deliver more capital works, no financial headroom if required.

◯ **Option 4: Other** - Please comment below.

Tell us your comments:

Ensuring we balance income and costs.

Pg 4

How fast should we reduce our deficit and start paying back debt more quickly?

◯ **Option 1: Faster** - No improvements to levels of service and operations, deficit eliminated Year 1, depreciation fully funded from Year 2, lower debt costs, higher rate rises (21.6%).

◯ **Option 2: As planned** - No improvements to levels of service and operations, higher debt costs, moderate average rates rises (15%). **(Preferred)**

◯ **Option 3: Slower** - Significantly reduced levels of service and operations, significantly higher debt costs, breach debt cap, lower average rates rises (9%).

◯ **Option 4: Other** - Please comment below

Tell us your comments:

Balancing the things you use with the things you enjoy.

Pg 5

Have we got this balance of spending right over our 10 year plan?

- ◯ **Option 1:** **No, it should be more in favour of infrastructure, and spend less on community facilities** - 90/10 split core infrastructure/community facilities.
- ◯ **Option 2:** **Yes, you've got the balance right** - 80/20 split core infrastructure/community facilities **(Preferred)**
- ◯ **Option 3:** **No, you should invest more in community facilities and less on infrastructure** - 70/30 split core infrastructure/community facilities
- ◯ **Option 4:** **Other** - Please comment below

Tell us your comments:

Balancing user pays with common good.

Pg 6

How should we set our fees over the next 10 years?

- ◯ **Option 1:** **Limit Fee Increases** - No fee increases, same or reduced levels of service, increase demand on rates income for subsidies.
- ◯ **Option 2:** **Higher user pays** - Moderate increases to most fees & charges, no impact on rates, same level of rates subsidies. **(Preferred)**
- ◯ **Option 3:** **Fully User Paid** - Significant increases to fees & charges, no impact on rates, no rate subsidies.
- ◯ **Option 4:** **Other** - Please comment below

Tell us your comments:

Other Information

Is there anything else you would like to add to your submission?

Tell us your comments:

Send in Your Submission

1) You can put your form in a sealed envelope and post it to

FreePost Authority Number 95136
LTP 2024-34 Submission
Timaru District Council
PO Box 522
TIMARU 7940

To ensure we receive your submission before they close, we ask that you post it to us by 5 May 2024.

or

2) Scan and Email it to ltp@timdc.govt.nz

or

3) Drop it into the Main Council Building, Timaru Library, CBay Temuka or Geraldine Library and Service Centres.

April 9
Draft Plan Adopted

April 12 - May 12
Community Consultation

May 27 - May 29
Council Hearings

June 25
Final Plan Adopted

All submissions must be received by Council by the close of consultation, being 12 May at 5pm.

Privacy Statement

All submissions are public information and will be included on Council's website or in public documents located at Council offices and Libraries/Service Centres. This will include your name and, if applicable, the organisation you represent. Your contact information (phone number and/or email address and/or postal address) will not be made publicly available. Your contact information will be accessible to, and used by, Council staff for submission administration purposes. All information is held by Council in accordance with the Privacy Act 2020. You have the right to access and correct personal information.