

Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee



Kaupapataka Wātea | Open Agenda



Notice is hereby given that an ordinary meeting of Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee will be held on:

Ko te rā | Date: Tuesday 23 January 2024
Wā | Time: 9:00
Wāhi | Venue: Council Chambers
35 Kenrick Street
TE AROHA

Ngā Mema | Membership

Tiamana | Chairperson

Jaydene Kana

Independent Member

Joanne Aoake

Koromatua | Mayor

Adrienne Wilcock, JP

Koromatua Tautoko | Deputy Mayor

James Thomas

Kaunihera ā-Rohe | District Councillors

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1 Whakatūwheratanga o te hui | Meeting Opening

Chairperson to welcome members and open the meeting.

2 Karakia

The opening karakia is to be performed.

3 Ngā whakapāha/Tono whakawātea | Apologies/Leave of Absence

At the close of the agenda no apologies had been received.

4 Pānui i Ngā Take Ohore Anō | Notification of Urgent/Additional Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

- (a) The local authority by resolution so decides; and
- (b) The presiding member explains at the meeting, at a time when it is open to the public,-
 - (i) The reason why the item is not on the agenda; and
 - (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
 - (i) That item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

5 Whākī pānga | Declaration of Interest

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

6 Whakaaetanga mēneti | Confirmation of Minutes

Minutes, as circulated, of the Ordinary meeting of Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee, held on 5 December 2023

7 Pūrongo me whakatau | Decision Reports

7.1 Risk and Assurance Committee Work Programme 2024 (Amended)

CM No.: 2808796

Te Kaupapa | Purpose

The purpose of this report is to set the Committee's Work Programme for the 2024 calendar year.

Rāpopotonga Matua | Executive Summary

This report outlines the work programme for 2024 for the Risk and Assurance Committee. The Committee may wish to suggest amendments or additions to the programme.

Tūtohunga | Recommendation

That:

1. The information be received.
2. The Committee approve the draft 2024 Work Programme.

Horopaki | Background

Each year the Committee sets a work programme. While priorities can shift during the year as unexpected issues arise, the work programme is a useful tool to enable Committee members to set their direction and to allow staff to understand the work priorities that need to be achieved.

The Committee will also need to consider whether its draft work programme is consistent with its Charter.

Ngā Take/Kōrerorero | Issues/Discussion

Following the meeting held on 5 December 2023, the Committee requested the draft work programme be amended to include additional reports and dates of meetings where frequent reports were previously discussed. These changes are reflected in Attachment A. The dates of reports to previous meetings will be populated in the work programme 2024 tracking update to each meeting.

Ngā Tāpiritanga | Attachments

A. Draft Risk and Assurance Committee Work Programme 2024 (Amended)



Ngā waitohu | Signatories

Author(s)	Stephanie Hutchins Governance Support Officer	
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Approved by	Niall Baker Policy Team Leader	
	Erin Bates Strategic Partnerships and Governance Manager	

Risk and Assurance Committee Work Programme 2024



Meeting Date	Scheduled Reports	Frequency	Date of previous report
23 January 2024 (additional meeting for Long Term Plan)	Review of supporting documentation to be adopted for the Long Term Plan	Triennial	
	Long Term Plan audit engagement letter	Triennial	
	Long Term Plan peer review	Triennial	
	Treasury Policy Review	Annual	
	Review of Work Programme 2024	Annual	

12 March 2024	Long Term Plan – project update	Every meeting until June 2024	
	Annual Report – review of the Audit Arrangements Letters <i>(if available)</i>	Annual	
	Annual Report – review of the six-month report	Annual	
	IT Security Audit	Annual	
	LGOIMA requests annual summary	Annual	
	Audit management report	Annual	
	Strategic Risk Review	Every meeting	
	Council Policy Reviews	Biannual	
	<u>Standing Items</u>		
	Chair's Update	Every meeting	
	Procurement report	Biannual	
	Review of Work Programme 2024	Every meeting	
	Specific Project Risk Management Review – high/very/extreme project risks	<i>(if required)</i>	
	Review of any audit reports that have been completed	<i>(if required)</i>	
	Policy review	<i>(if required)</i>	
	Safety and wellness	<i>(if required)</i>	
	Review of progress with Internal/External audit recommendations	<i>(if required)</i> Every second meeting	

Risk and Assurance Committee Work Programme 2024



18 June 2024	Annual update on organisational culture - vision and values – Kelly	Annual	
	Annual Report – review of the report on the interim audit <i>(if available)</i>	Annual	
	Annual Insurance Programme Review	Annual	
	Long Term Plan – project update	Every Meeting until June 2024	
	Annual risk management framework/analysis review and Risk Management Policy	Annual	
	Accounting Policies	Annual	
	<u>Standing Items</u>		
	Chair's Update	Every Meeting	
	Review of Work Programme 2024	Ever Meeting	
	Strategic Risk Review – deep dive into specific strategic risks	Every meeting	
	Specific Project Risk Management Review – high/very/extreme project risks	<i>(if required)</i>	
	Review of any audit reports that have been completed	<i>(if required)</i>	
	Policy review	<i>(if required)</i>	
	Safety and wellness	<i>(if required)</i>	

10 September 2024	Annual Report – review of the draft Annual Report and Summary	Annual	
	Annual review of delegations	Annual	
	Annual review of legislative compliance assessment	Annual	
	Self-assessment of committee circulated <i>(Survey Monkey)</i>	Annual	
	Policies raised in interim management report	Annual	
	Web Security Audit	Biennial	
	Council Policy Reviews	Biannual	
	<u>Standing Items</u>		
	Chair's Update	Every meeting	
	Procurement Report	Biannual	

Risk and Assurance Committee Work Programme 2024



	Review of Work Programme 2024	Every meeting	
	Strategic Risk Review – deep dive into specific strategic risks	Every meeting	
	Specific Project Risk Management Review – high/very/extreme project risks	<i>(if required)</i>	
	Review of any audit reports that have been completed	<i>(if required)</i>	
	Policy review	<i>(if required)</i>	
	Safety and Wellness Report	<i>(if required)</i>	
	Review of progress with Internal/External audit recommendations	<i>(if required)</i>	

29 October 2024	Annual Report review of the final Annual Report, Audit Opinion and letter of representation <i>(if available)</i>	Annual	
	Annual financial warrant of fitness assessment	Annual	
	<u>Standing Items</u>		
	Chair's Update	Every meeting	
	Review of Work Programme 2024	Every meeting	
	Strategic Risk Review – deep dive into specific strategic risks	Every meeting	
	Specific Project Risk Management Review – high/very/extreme project risks	<i>(if required)</i>	
	Review of any audit reports that have been completed	<i>(if required)</i>	
	Policy review	<i>(if required)</i>	
	Safety and Wellness Reports	<i>(if required)</i>	
	Review of the Risk and Assurance Committee Charter	Annual	

10 December 2024	Schedule of Meetings 2025	Annual	
	Draft Work Programme 2025	Annual	
	Annual Plan – project update	Every meeting	
	Annual update of External Audits being undertaken by Council	Annual	
	Annual Risk Policy review	Annual	

Risk and Assurance Committee Work Programme 2024



	Self-assessment of committee completed and chair comments (<i>Survey Monkey</i>)	Annual	
	<u>Standing Items</u>		
	Chair's Update	Every meeting	
	Review of Work Programme 2024	Every meeting	
	Strategic Risk Review – deep dive into specific strategic risks	Every meeting	
	Specific Project Risk Management Review – high/very/extreme project risks	(if required)	
	Review of any audit reports that have been completed	(if required)	
	Policy review	(if required)	
	Safety and Wellness Reports	(if required)	
	Review of progress with Internal/External audit recommendations	(if required)	

7 Pūrongo me whakatau | Decision Reports

7.2 Long-Term Plan 2024-34 Update and transitional options

CM No.: 2812552

Te Kaupapa | Purpose

The purpose of this report is two-fold. Firstly, it seeks a recommendation from the Committee as to continuation of the Long-Term Plan 2024-34 (LTP) for completion by 30 June 2024 or whether it proactively defers the adoption of the Long Term Plan 2024-34 to no later than 30 September 2024. The report also provides an update on progress the overall; Long-Term Plan 2024-34 project, including the upcoming timeframes.

Rāpopotonga Matua | Executive Summary

Under the Local Government Act 2002 a local authority must have an LTP in place at all times. The structure, timing, information provided, and consultation processes are defined by the legislation. LTPs are audited by the Office of the Auditor-General through Audit NZ, and both Consultation Documents and final LTPs are published with the audit opinion.

The government has announced it will introduce a repeal bill that will restore council ownership and control of water infrastructure and services. To provide flexibility, the repeal legislation will include temporary modifications for the transitional period affecting the 2024 LTPs. Options will be available to have an unaudited Consultation Document and a deferral of the LTP to 30 September 2024 (currently set as 30 June 2024).

Staff recommend the existing programme be continued, with adoption by 30 June 2024 – i.e. the proposed legislative options are not taken up by Council.

Tūtohunga | Recommendation

That:

1. The information be received.
2. That the Committee recommend that Council continue with the current programme for Long Term Plan 2024-34 adoption by 30 June 2024.

Horopaki | Background

Council is required to prepare and adopt a LTP under the Local Government Act 2002 (LGA). The Long Term Plan sets out the activities, budgets, Financial Strategy and key financial policies of the Council for the next 10 years and the Infrastructure Strategy for the next 30 years. The LTP is required to be updated every three years, with the last LTP being approved in 2021 (available online <https://www.mpd.govt.nz/plans/long-term-plan>).

The LTP:

- describes the type of district Council wants to achieve – our vision and community outcomes
- identifies the key projects to take place over the next 10 years
- provides an overview of each activity we will carry out and the services we will provide for the next ten years determines how much this will cost and how it will be funded.

It also provides communities the opportunity to have a say on where Council are heading and to ensure planning is robust. In completing the plan Council are required to do a number of things, including:

- take a sustainable development approach and promote community interests
- carry out our business in a clear, transparent and accountable manner
- operate in an efficient and effective manner, using sound business practices
- take into account community views by offering clear information and the opportunity to present views
- provide opportunities for Māori to contribute to decision making
- collaborate and co-operate with other agencies and councils to achieve desired outcomes.

Under the existing legislation, the LTP must be adopted prior to 30 June 2024. Council is legislatively required to review its Long Term Plan (LTP) every three years, and has been in the process of reviewing its current LTP 2021-31 with a view to developing the LTP 2024-34, and undertaking formal consultation (scheduled for March 2024). This requires development of a CD and supporting information to identify the significant issues for the coming 10 years and proposing options to address these issues.

Key components of the supporting information include the 30-year Infrastructure Strategy (which sets out our approach to looking after existing assets to ensure they continue to meet community needs and providing infrastructure for the future) and Financial Strategy (which sets out our approach to managing our finances over the next 10 years).

Ngā Take/Kōrerorero | Issues/Discussion

Overall project status

The Risk and Assurance Committee and Council have received regular project updates.

A draft LTP has been developed, and initial audit work undertaken. With this in mind, the breakdown of the status of individual work streams is not provided as they have mostly been completed. The remaining stages are: quality assurance, audit and community consultation.

Reforms

Significant legislative reform has been progressed since the LTP 2021-31 was adopted in June 2021. In particular, the Affordable Waters reform requires transfer of water assets from Council to a regional entity, with an indicative transfer date for Waikato by 1 July 2026.

However, the incoming Coalition government has signalled that it intends to repeal and replace Three Waters reforms. The National Party have put forward its own plan, called “Local Water Done Well” that will effectively put water services back in the hands of local councils.

The Government has announced it will start repealing the legislation in its first 100 days in government. Advice to the sector is that it is unlikely any significant legislative change will be enacted until February 2024 given the parliamentary processes that are required following an election.

The Waka Kotahi NZ Transport Agency board made a decision in September to delay adopting the 2024-27 National Land Transport Programme by two months to the end of August 2024. This was in response to the delay in the release of the draft Government Policy Statement (GPS) on land transport. The Funding Assistance Rates (FAR) has been confirmed but the transport funding priorities may change. This has an impact upon the Infrastructure Strategy and Asset Management Plans as the priorities might change

This lack of clarity, particularly in relation to three waters and transportation, has significant implications for Council's financial and infrastructure strategies, including debt levels and rates affordability.

Council typically adopts its consultation document and supporting information (following completion of audit requirements) in March, with consultation generally taking place in March-April preceding LTP adoption. In light of the uncertainty noted above, the risk for this LTP is that we complete the audit and adopt a consultation document with information that is then incorrect and based on the wrong legislative assumptions.

Undertaking community consultation on a Long-Term Plan with incorrect information on water management and transport funding priorities will not enable Council to have the right conversation with the community. We don't want to ask the community for its views when things are likely to change.

These factors combined lead to a degree of uncertainty, which undermines elected members' ability to make good trade-off decisions. Council also needs to ensure that it is not compromising core services and projects with intergenerational benefits for short term rates reductions.

Taituarā asked Simpson Grierson to provide advice on the risks involved in each of four options that councils could take in the present environment of uncertainty around the timing of water reform. This advice is attached together with a comment on powers to rate in the absence of an LTP and on the implications of the decision in *Fitzgerald vs Muldoon*.

Options available to Council to complete its LTP 2024-34

Cabinet has agreed to introduce a repeal bill that will restore council ownership and control of water infrastructure and services. To provide flexibility for these local circumstances, Cabinet has agreed the repeal bill will include temporary modifications to local government legislation for the transitional period affecting the 2024 LTPs.

A letter from the Minister of Local Government to Mayor Adrienne is attached along with Long-Term Plan guidance for Councils.

Once the bill is passed, these options will be available for councils to use, as appropriate:

If your council is...	Options available
Starting to prepare or consult on long-term planning material that includes water services information – ahead of the repeal bill being enacted	<p>The enacted provisions clarify that the council can include water services material in the final plan, without re-consulting, but:</p> <ul style="list-style-type: none"> • Must include new/updated information on water services in its final plan – to reflect the continuation of its responsibilities; • Must consider the views and preferences of affected and interested persons as it considers appropriate; and • Does not have to delay the adoption of its long-term plan past 30 June 2024 (in order to provide opportunities for public consultation on its revised proposals). <p>Transitional provisions will also help ensure the risks of future legal challenge (associated with concerns about possible issues in process) will be minimised.</p>

If your council is...	Options available
Needing more time to develop and consult on long-term planning material	<p>The statutory deadline by which the 2024 long-term plan must be adopted will be extended by three months – to 30 September 2024.</p> <p>This flexibility may be desirable to smaller councils with fewer resources, or those councils that would prefer to wait until the repeal legislation is enacted before starting consultation. The deadline for adopting the 2023/24 annual reports will also be extended, to reflect the possible overlap in auditing processes if councils are taking longer than usual to finalise the long-term plan.</p> <p>Councils will be permitted to have unaudited long-term plan consultation documents.</p> <p>This would allow auditing of the final long-term plan to proceed in tandem with consultation, to help achieve statutory deadlines.</p>

Proposed Legislative Options for 2024 LTP	
Repeal implication - LTP disclosures will be restored to what they were in 2021.	
Scope - only available to Councils affected by three waters	
Options for Council	Staff comments on the options
<ol style="list-style-type: none"> Standard procedure (Audit of Consultation Document, Final LTP) No audit of consultation document Defer adoption to no later than 30 September 2024 (<i>note: If we choose this – adoption of annual report is deferred to no later than end of December 2024</i>) If you started under the old Act – add in three waters as far as possible If you started until the old Act with three waters in - neither LTP nor rates made in reliance are invalid Defer LTP until 2025 (still being considered as an legislative option) 	<ol style="list-style-type: none"> Three waters is currently included in the LTP, Infrastructure Strategy etc. The standard approach is currently planned for. No audit of the consultation document will likely mean audit work is deferred until the final LTP audit. Assumptions and underlying information still requires audit. It is preferable to commence the 2024/25 financial year with a new LTP to line up with fees and charges, new Development Contribution charges, and setting rates. It will also impact on audit timing, as the Annual Report is usually audited in August/September for October adoption. This would likely be deferred as audit would be working on the LTP instead at this time. This is not applicable as Council has included three waters in the LTP. It is noted that if the legislation is not passed by the time the audit opinion on

Proposed Legislative Options for 2024 LTP	
	<p>the Consultation Document is issued in March 2023 (assuming option 1 is followed) audit may give a qualified audit opinion as the CD is not compliant with existing legislation.</p> <p>6. The LGA requires an LTP is in place at all times. This would likely mean year 4 of the LTP is used in place of the Annual Plan.</p>

Issues and Options assessment

There are two options for Council to consider, set out on the following pages:

Option A Continue with the current programme for Long Term Plan 2024-34 adoption by 30 June 2024	
Assessment of advantages and disadvantages	<p><u>Advantages</u></p> <ul style="list-style-type: none"> • Continues with the intended programme as expected by current legislation and the community. • Legislation aiming to be passed in February 2024 which aligns with the audit/CD adoption. • Proposed programme enables dog control and health premises fees and charges can proceed and meet related legislative requirements. <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> • Significant reform is signalled by the incoming government, which may not be enacted until February 2024 or later. This includes waters reform, resource management reform and other programmes. • Lack of certainty on final transportation funding priorities from Waka Kotahi in time to feed into consultation document and supporting information. • Potential for a qualified audit opinion on the CD if the legislation is not in place before the CD is adopted. • Potentially provides a poor basis of information for community consultation, and may lead to further consultation being necessary on a revised LTP as a result of legislative change (potentially unlikely as legislation exemption is being considered to avoid this).
Costs	<p>This option is currently being progressed so should not result in additional costs.</p> <p>At the time of writing Council had not received the audit engagement letter or fees which may be impacted by three water reform legislation/changes to the audit scope.</p>
Other implications and any assumptions that relate to this option	<p>There is a risk due to Council not complying with current legislation which requires waters to be removed from the LTP from the date of transfer to the proposed entity.</p> <p>Community confusion may arise from the level of uncertainty on likely scenarios for consultation. It may be challenging to keep the community engaged in a further consultation.</p>

Option B Proceed with an unaudited Consultation Document	
Assessment of advantages and disadvantages	<p><u>Advantages</u></p> <ul style="list-style-type: none"> Provides further time for staff to develop the Consultation Document that would otherwise be taken up with an audit process. <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> The community does not have confidence of an independent audit opinion on the Consultation Document and underlying information during the consultation phase. No audit of the consultation document will likely mean audit work is simply deferred until the final LTP audit. Assumptions and underlying information still requires audit. Further time would need to be allocated post-consultation/hearings (the time currently allowed for during February 2024 would shift to May-June). The consultation timeframes would need to be shifted earlier to accommodate this or the LTP adoption would need to occur in July-August. Delays in LTP audit may have a flow-on affect for the Annual Report audit timing.
Costs	Unlikely to significantly change the audit fees and the same/similar audit work will be required for an audit opinion to be issued on the final LTP.
Other implications and any assumptions that relate to this option	This approach has not been used before, so would be new for Audit and Council.

Option C Proactively decide to defer the adoption of the Long Term Plan 2024-34 to no later than 30 September 2024, noting that the Schedule of Fees and Charges 2024/25 relating to dog control and registered health premises will require earlier consultation in March 2024 to meet legislative timeframes.	
Assessment of advantages and disadvantages	<p><u>Advantages</u></p> <ul style="list-style-type: none"> • Likely to have further clarity on legislative changes to inform consultation document and supporting information. • Expected decisions by Waka Kotahi to provide certainty on final transportation funding priorities in time to feed into consultation document and supporting information. • Enables system corrections to be made and tested. • Proactive planning of audit resourcing, and efficient use of their time (reducing the risk of audit fee cost escalation). Informal engagement with auditors indicates support for the deferred programme. • More certainty for community in terms of information and timeframe. Will enable Council to have the right conversation with the community on the key proposals for the LTP and their implications. • Council can still set rates before the first instalment is due, and can adjust payment and penalty dates to align with the deferred programme. <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> • Does not enable Council to adopt its LTP by the current 30 June 2024 deadline. • May have implications for other processes, such as the Annual Report 2023/24. • May continue to be a level of uncertainty due to legislative reform. • Increased complexity and uncertainty is expected to lead to longer audit timeframes and potential additional costs as a result. • Difficulty in programming audit requirements if our programme is uncertain.
Costs	<p>Deferral of the Long Term Plan process to no later than 30 September may give rise to cost implications for the audit.</p> <p>Additional costs may be incurred for re-work, further auditing and further consultation if significant legislative reform is enacted after Council has adopted its consultation document and supporting information.</p>
Other implications and any assumptions that relate to this option	<p>A deferred programme will mean that Council does not meet its current legislative requirement to adopt the LTP by 30 June 2024.</p> <p>Community confusion may arise from the level of uncertainty on likely scenarios for consultation. It may be challenging to keep the community engaged in a further consultation.</p>

Related Processes and Decision-Making

Council usually undertakes consultation on its proposed fees and charges for the upcoming financial year concurrently with consultation on its LTP.

There are specific legislative requirements in health regulations and the Dog Control Act 1996 which mean that the fees and charges relating to dog control and health premises registration must be set prior to 30 June annually, and complete required notification and invoicing steps.

This means that if a deferred programme is agreed for the LTP 2024-34, consultation on the proposed fees and charges for dog control and health premises registration should proceed in March 2024. The balance of the proposed fees and charges for 2024/25 could then be consulted on alongside the LTP 2024/34.

Council also usually consults on its proposed development contributions for the upcoming financial year concurrently with consultation on its LTP. It is recommended that consultation remains aligned with LTP timeframes. This means that the development contributions for 2024/25 will not be adopted until 30 September 2024 (at the latest) in the event that a deferred programme is agreed.

Council cannot strike rates until the LTP is adopted. Dates for payment and penalty deadlines can be adjusted to align with a deferred programme (these are set annually in the rates resolution). The first rates instalment is currently scheduled for 25 August 2024.

In the absence of an adopted LTP and rates resolution, there is provision in the Local Government Rating Act for Council to invoice 25% of last year's rates. Once the 2024/25 rates are confirmed Council can invoice at that rating level across the subsequent instalments. This will provide a means of cash flow for Council but likely to result in higher instalments (across instalments 2-4) to make up the difference in rates. This would need to be communicated to ratepayers.

Staff recommendation

Council staff have discussed with Audit NZ the options available. It is recommended Council follow option 1 – continue with the current programme for the LTP with adoption by 30 June 2024. This is for the following reasons:

- Meets expectations of current legislation and the community.
- Council LTP planning and work is now well advanced.
- Likely to have further clarity on legislative changes to inform consultation document and supporting information in February 2024, which is prior to the audit opinion on the consultation document being issued and public consultation in March-April
- Proactive planning of audit resourcing, and efficient use of their time (reducing the risk of audit fee cost escalation by extending the audit process). Informal engagement with auditors indicates support for progressing with the current timeline.
- Proposed programme enables dog control and health premises fees and charges to proceed and meet related legislative requirements.
- A delay in adopting the Schedule of Fees and Charges 2024/25 would mean that new fees and charges cannot be used until the time of adoption.
- A delay in adopting the development contributions for 2024/25 will mean that the new contributions will not be charged until the time of adoption.
- Council can set rates before the first instalment is due (and before commencement of the 1 July 2024 financial year).
- Any deferral into the 2024/25 financial year may have implications for other processes, such as the Annual Report 2023/24.
- There may continue to be a level of uncertainty due to legislative reform and a delay may not assist greatly.

Future Timetable

The timeline for the project centres on key dates for completion of the draft documents in December 2023, auditing in January / February 2024 and consultation in March / April 2024.

The below table provides a summary of key milestones and timelines.

Activity	Dates
First interim visit (initial assessment)	11 December 2023
Council Approval of LTP information - finalising for audit - Council meeting	13 December 2023
Risk and Assurance Committee meeting - To review proposed LTP, supporting information and Consultation Document prior to audit - To receive report back from external reviewer	23 January 2024
Council meeting To adopt proposed LTP, supporting information and Consultation Document for auditing	24 January 2024
Proposed consultation document available for audit	30 January 2024
Second interim visit	30 January to 15 February 2024
Risk and Assurance Committee meeting - to review draft LTP and Consultation Document	12 March 2024
Council meeting - Audit opinion on consultation document to be issued - Council to adopt supporting information - Then adopt Consultation Document	13 March 2024
Public consultation/engagement period - Minimum period of 1 month to be provided	20 March to 21 April 2024
Council LTP hearings of submitters	8-9 May 2024
Council LTP deliberations/decision making - Council meeting	29 May 2024
Final LTP visit - Draft LTP Available for audit	7 June to 14 June 2024 (<i>to be confirmed</i>)
Proposed LTP for adoption available	14 June 2024
Risk and Assurance Committee meeting - to review final LTP	18 June 2024
Audit opinion on adopted LTP - Council meeting	26 June 2024
Finalised management report on LTP engagement	26 August 2024

Mōrearea | Risk

Risk management involves the identification and assessment, then avoidance, mitigation or elimination of risks. An LTP risk register has been developed, and has monitored and updated throughout the project.

Risk Assessment:

In relation to the LTP content:

Option	Involves	Risk rating	Risks / Consequences
Waters included in the LTP	Prepare and consult on 'waters in' LTP (from date of transfer) but in manner that does not currently comply with Schedule 1AA LGA	Low-medium	Currently unlawful, but have degree of certainty of as to legislative amendments Will remove need for LTP amendment (if 'waters out' LTP progressed in interim). Modified/adverse audit opinion for Consultation Document/LTP if legislation is not passed by date of audit opinion.
Waters out of the LTP	Prepare and consult on 'waters out' LTP - currently complies with Schedule 1AA LGA. Waters can still be discussed in the Infrastructure Strategy.	High	Currently legally compliant. High level of risk due to likely legislative amendments.
Dual / hybrid option (waters out then put waters in)	Prepare and consult on a dual model ahead of legislative amendment, and then pivot to 'waters in'	Medium	Increased cost (including resourcing implications), potentially better to opt for 'waters in' LTP only.

In relation to the LTP transitional options-

Option	Involves	Risk rating	Risks / Consequences
A - Continue with the current LTP programme	Adoption by 30 June 2024	Low	Legislation change and other Council decisions may affect audit resourcing.

Option	Involves	Risk rating	Risks / Consequences
B - Unaudited consultation document	Defer adoption to no later than 30 September 2024 <i>(note: If we choose this – adoption of annual report is deferred to no later than end of December 2024)</i>	Medium	Timing issue, linked to audit window and adoption date (3 month extension relevant)
C - Delay the LTP process	Defer LTP up to 30 September 2024	High	Timing issue, linked to audit window and adoption date (3 month extension relevant)

Ngā Whiringa | Options

The options are set out above.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

The legal considerations have been set out above.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a **medium** level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	This report provides the Council with an update – options are canvassed above with regards to
Section 78 – requires consideration of the views of Interested/affected people	The LTP is subject to a consultative process
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a medium level of significance, due to the options for progressing the LTP.
Section 82 – this sets out principles of consultation.	The LTP is subject to a consultative process and these principles will be considered as part of the consultation/communications plan.

Policy Considerations

To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

The LTP project is one of Council's key opportunities to engage with our communities to find out what their aspirations and priorities are.

The LTP is subject to the special consultative process under the LGA ([s83](#)). The special consultative process is a minimum one month submission process with a hearing for those who have submitted and wish to speak to their submission.

Further detailed plans on engagement for the LTP consultation period will be brought to Council for consideration early in the New Year.

Formal consultation for the LTP will take place in March-April 2024 as above.

Ngā take ā-lhinga | Consent issues

There are no consent issues.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

The relevant Community Outcomes are set out below:











Connected Infrastructure	Infrastructure and services are fit for purpose and affordable, now and in the future.	Quality infrastructure is provided to support community wellbeing.	We have positive partnerships with external providers of infrastructure to our communities.
Economic opportunities	We are a business friendly Council	Our future planning enables sustainable growth in our District.	We provide leadership and advocacy is provided to enable our communities to grow.
Healthy communities	Our community is safe, healthy and connected.	We encourage the use and development of our facilities.	We encourage community engagement and provide sound and visionary decision making.
Environmental Sustainability	We support environmentally friendly practices and technologies.	Development occurs in a sustainable and respectful manner considering kawa/protocol and tikanga/customs	We engage with our regional and national partners to ensure positive environmental outcomes for our community.
Vibrant	We promote and	We value and encourage	Tangata Whenua with

Cultural values	protect our arts, culture, historic, and natural resources	strong relationships with Iwi and other cultures, recognising wāhi tapu and taonga/significant and treasured sites and whakapapa/ ancestral heritage.	Mana whenua status (those with authority over the land under Māori lore) have meaningful involvement in decision making.
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Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The development of and consultation on the LTP is funded from the Strategy and Engagement Activity Operating budget.

Ngā Tāpiritanga | Attachments

- A  Minister for Local Government - Letter regarding 3W repeal 
- B  Government announcement – new direction for water services - Long-term plan guidance shared with councils 
- C  Legal advice-Application-of-section-50-LGRA 
- D  Legal advice - LTP process risks and mitigation - December 2023 
- E  Legal advice-Effect-of-Fitzgerald-v-Muldoon-and-LTPs 

Ngā waitohu | Signatories

Author(s)	Niall Baker Policy Team Leader	
Approved by	Erin Bates Strategic Partnerships and Governance Manager	

Hon Simeon Brown

MP for Pakuranga

Minister for Energy

Minister for Auckland

Minister of Local Government

Minister of Transport

Deputy Leader of the House



Mayor Adrienne Wilcock
Matamata-Piako District Council
Email: awilcock@mpdc.govt.nz

cc. Don McLeod Chief Executive
Email: dmcLeod@mpdc.govt.nz

Dear Mayor Wilcock

New direction for water services delivery

This morning I announced that earlier this week Cabinet agreed to repeal the previous government's water services legislation. I also signalled next steps for implementing our plan for water services, Local Water Done Well.

I wish to provide you with further information about three key aspects of our plan, to ensure you have the clarity and certainty you need as you develop your council's 2024-34 long-term plan and prepare for your next financial year:

1. Repeal of the previous government's water services legislation
2. Options to help your council complete its 2024-34 long-term plan
3. Local Water Done Well – key principles of our future direction for water services.

I want to acknowledge that councils across the country are facing multiple challenges, including pressures with water infrastructure. I also want to acknowledge that many councils have done a good job of managing their water infrastructure, and that there is not a one size fits all solution to moving to more financially sustainable water services.

The Government is committed to addressing the longstanding challenges this country is facing with our water services infrastructure.

Our Local Water Done Well approach recognises the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered in future. We will do this while ensuring a strong emphasis on meeting rules for water quality and investment in infrastructure.

1. Repealing the previous Government's water services legislation

Cabinet has agreed to introduce a repeal bill that will restore council ownership and control of water infrastructure and services. The bill makes the following changes:

- All legislation relating to water services entities will be repealed (Water Services Entities Act 2022, Water Services Entities Amendment Act 2023, and Water Services Legislation Act 2023).
- Previous legislation related to the provision of water services will be reinstated (including local government legislation). This will restore continued council ownership and control of water services, and responsibility for service delivery.

[Private Bag 18041, Parliament Buildings, Wellington 6160 New Zealand](#)

- The Northland and Auckland Water Services Entity (the only entity that had been legally established under the Water Services Entities Act 2022) will be disestablished and any outstanding work on the entity's set-up will cease.
- Councils will need to add and integrate information about water services into their 2024 long-term plans. Some transitional support options are available to assist you (below).

The repeal bill is expected to be introduced in February 2024 and enacted as soon as possible.

2. Options to help your council complete its 2024-34 long-term plan

I have heard that councils are seeking legislative certainty for your 2024-34 long-term plan and are seeking direction and support for how to continue to plan for and finance water services.

I am also conscious that different councils will have different needs and preferences and will be at various stages of developing their long-term plans.

To provide flexibility for these local circumstances, Cabinet has agreed the repeal bill will include temporary modifications to local government legislation for the transitional period affecting the 2024 long-term plans. Once the bill is passed, these options will be available for councils to use, as appropriate.

I recognise a few councils are preparing an unaudited three-year plan, with a focus on cyclone recovery, rather than a standard 10-year plan. As such, some of the proposed modifications may be less relevant to you.

If your council is...	Options available
Starting to prepare or consult on long-term planning material that includes water services information – ahead of the repeal bill being enacted	<p>The enacted provisions clarify that the council can include water services material in the final plan, without re-consulting, but:</p> <ul style="list-style-type: none"> • Must include new/updated information on water services in its final plan – to reflect the continuation of its responsibilities; • Must consider the views and preferences of affected and interested persons as it considers appropriate; and • Does not have to delay the adoption of its long-term plan past 30 June 2024 (in order to provide opportunities for public consultation on its revised proposals). <p>Transitional provisions will also help ensure the risks of future legal challenge (associated with concerns about possible issues in process) will be minimised.</p>

If your council is...	Options available
Needing more time to develop and consult on long-term planning material	<p>The statutory deadline by which the 2024 long-term plan must be adopted will be extended by three months – to 30 September 2024.</p> <p>This flexibility may be desirable to smaller councils with fewer resources, or those councils that would prefer to wait until the repeal legislation is enacted before starting consultation.</p> <p>The deadline for adopting the 2023/24 annual reports will also be extended, to reflect the possible overlap in auditing processes if councils are taking longer than usual to finalise the long-term plan.</p> <p>Councils will be permitted to have unaudited long-term plan consultation documents.</p> <p>This would allow auditing of the final long-term plan to proceed in tandem with consultation, to help achieve statutory deadlines.</p>

3. Local Water Done Well – key principles of our future direction for water services

With Local Water Done Well we are going to do things in a way that recognises the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered in future. We will do this while ensuring a strong emphasis on meeting rules for water quality and investment in infrastructure.

We want to enable councils and communities to determine what works best for them, while establishing clear expectations and bottom lines.

Key principles of our future plan for the delivery of water services include:

- Introducing greater central government oversight, economic and quality regulation.
- Fit-for-purpose service delivery models and financing tools, such as improving the current council-controlled organisation model and developing a new class of financially separate council-owned organisation.
- Setting rules for water services and infrastructure investment.
- Ensuring water services are financially sustainable. Financial sustainability means revenue sufficiency, balance sheet separation, ring-fencing and funding for growth.

I intend to work with all councils on the development of our Local Water Done Well policy to ensure it reflects your local needs and circumstances.

I look forward to working with you in the New Year to refine our approach to water services delivery.

Yours sincerely,



Hon Simeon Brown
Minister of Local Government

Attachment: Long-term plan information shared with councils (FYI)

Options to help councils complete their 2024-34 long-term plans

Councils are seeking legislative certainty for their 2024-34 long-term plans and are seeking direction and support for how to continue to plan for and finance water services.

Different councils will have different needs and preferences and will be at various stages of developing their long-term plans.

To provide flexibility for these local circumstances, Cabinet has agreed the repeal bill will include temporary modifications to local government legislation for the transitional period affecting the 2024 long-term plans. Once the bill is passed, these options will be available for councils to use, as appropriate.

A few councils are preparing an unaudited three-year plan, with a focus on cyclone recovery, rather than a standard 10-year plan. As such, some of the proposed modifications may be less relevant to them.

If your council is...	Options available
Starting to prepare or consult on long-term planning material that includes water services information – ahead of the repeal bill being enacted	<p>The enacted provisions clarify that the council can include water services material in the final plan, without re-consulting, but:</p> <ul style="list-style-type: none"> • Must include new/updated information on water services in its final plan – to reflect the continuation of its responsibilities; • Must consider the views and preferences of affected and interested persons as it considers appropriate; and • Does not have to delay the adoption of its long-term plan past 30 June 2024 (in order to provide opportunities for public consultation on its revised proposals). <p>Transitional provisions will also help ensure the risks of future legal challenge (associated with concerns about possible issues in process) will be minimised.</p>
Needing more time to develop and consult on long-term planning material	<p>The statutory deadline by which the 2024 long-term plan must be adopted will be extended by three months – to 30 September 2024.</p> <p>This flexibility may be desirable to smaller councils with fewer resources, or those councils that would prefer to wait until the repeal legislation is enacted before starting consultation.</p> <p>The deadline for adopting the 2023/24 annual reports will also be extended, to reflect the possible overlap in auditing processes if councils are taking longer than usual to finalise the long-term plan.</p> <p>Councils will be permitted to have unaudited long-term plan consultation documents.</p> <p>This would allow auditing of the final long-term plan to proceed in tandem with consultation, to help achieve statutory deadlines.</p>

Councils have been operating in a period of uncertainty and complexity for some time, and may be seeking additional options with respect to their long-term planning obligations. Updates will be provided as any further decisions are made.



Our advice

Prepared for	Raymond Horan, Taituarā
Prepared by	Mike Wakefield, Jonathan Salter and Liam Stevens
Date	17 November 2023

The application of section 50 of the Local Government (Rating) Act 2002

Background and advice sought	<p>A local authority cannot set rates for the 2024/2025 financial year until it has adopted the LTP, because section 23 of the Local Government (Rating) Act 2002 (Rating Act) requires rates to be set in accordance with the funding impact statement and other provisions in the adopted LTP.</p> <p>The uncertainties arising from the proposed repeal of water reform legislation could give rise to delays in adopting LTPs, in some cases until well after 30 June 2024. For this reason the application of section 50 of the Rating Act is being considered. This little-used provision authorises the issuing of a one-off invoice for up to 25% of previous year's rates in certain circumstances.</p> <p>You have sought advice in relation to the application of section 50 of the Rating Act.</p>
Summary of advice	<p>When section 50 of the Rating Act is available and how it works varies depending on whether a local authority has set rates for the year.</p> <p>A Council resolution is required to authorise invoices under section 50 of the Rating Act.</p> <p>The ability to send an invoice for (up to) 25% of the previous year's rates as provided in section 50 is limited to those rating units that were assessed for rates in the previous financial year.</p>

Reasoning explained

Explanation of how section 50 works and timing requirements

1. Section 50 of the Rating Act states:
 - (1) A local authority may deliver a rates invoice for not more than 25% of the rates that are payable in the previous year if it is not able to deliver a rates assessment at least 14 days before—
 - (a) the date on which the first payment of rates for the current year is payable in a case where the rates have been set by resolution of the local authority under section 23; or
 - (b) the date 1 calendar year after the date when the first payment of rates for the previous year was payable in a case where no resolution has been made under section 23.
 - (2) A rates invoice delivered under subsection (1) must comply with section 46(2), except that, instead of the information required by paragraphs (d) and (e) of that section, the rates invoice must state that the invoice is based upon the rates payable in the previous year.
2. Rates are not payable until they are invoiced, and normally rates cannot be invoiced unless and until the relevant rates assessment for the year has been delivered. However, section 50 allows for an exception: in certain circumstances, the invoiced rates can be based on the previous year's rates. The purpose of section 50 is to provide a means by which local authorities can continue to receive rates revenue even though there may be some delay in the normal rate setting process.
3. Section 50(1) deals with two scenarios: depending on whether rates have or have not been set under section 23. We explain these as follows:
 - 3.1 Where the 2024/25 rates have been set (and therefore the instalment dates have been determined), section 50 can only be used if a council is unable to deliver rates assessments at least 14 days before the first instalment date. [By way of example, if the Council is in a position to adopt the LTP and set rates on 31 July 2024 with a due date for the first instalment of 20 August 2024, but logistically cannot issue rates assessments until 15 August, section 50 could apply. However, this situation could be managed by the rates resolution setting the first instalment date on a date that is 14 days after the assessments could be delivered (then invoices would be issued in the normal way)]
 - 3.2 Where the 2024/25 rates have not been set, section 50 can be used if a council is unable to deliver rates assessments by the date that is 14 days before the date 1 year after the 2023/24 rates were payable. [By way of example, if the 2023/24 rates resolution specified 24 August 2023 as the due date for the first instalment (or the due date for all rates if there were no instalments), the relevant date would be 10 August 2024. At the point where a Council identifies that it will not have set rates by 10 August 2024,

**The process for
invoicing rates
using section 50 of
the Rating Act**

it could resolve to issue invoices under section 50 on or after that date.

4. Section 50 relates only to invoicing of rates, and not to rates setting or assessing. The 2024/25 rates will be set and assessed, in due course, in the normal way.
5. So long as the timing prerequisites referred to above are met, the section 50 invoice may be delivered irrespective of the rates which are or will be set and assessed for 2024/25.
6. While there is no express requirement in the Rating Act for councils to resolve to send the section 50 invoice for up to 25% of the previous year's rates, a resolution is required to provide clear authorisation for council officers to issue the invoices. There are related decisions that it would be necessary for a council to make, for instance about whether the invoice should be for 25% or less of last year's rates and the due date for payment. The usual reporting and meeting processes would apply to the resolution.
7. A council does not need to prepare a special "funding impact statement" for the generation or sending of the section 50 invoice. That is because the invoice is simply based on the previous year's rates (rather than any information that would be found in the funding impact statement - and which relates to the setting of the rates).
8. The invoice is delivered to the ratepayer in the normal way. The only other requirements relate to the content of the invoice, as compared to the content of a normal rates invoice. In this regard, section 50(2) says that the section 50 invoice must comply with section 46(2) of the Rating Act – which sets out what information should be included in a rates invoice – except that:

... instead of the information required by paragraphs (d) and (e) of the section, the rates invoice must state that the invoice is based upon the rates payable in the previous year.
9. Paragraphs (d) and (e) of section 46(2) are as follows:

(d) the total amount of rates payable for the financial year for the rating year;

(e) the amount of rates that have been paid to date for the financial year.
10. Accordingly, the section 50 rates invoice will not set out the total rates for the 2024/25 year nor the rates paid to date in the 2024/25 year. Instead, it will state that "the rates are based upon the rates payable in the 2023/24 year".
11. In all other respects the invoice is the same as any "normal" section 46

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Item 7.2

Attachment C

	rates invoice.
Penalties	<p>12. There are two types of penalties: penalties on rates that are unpaid after the due date in the current year (instalment penalties) and penalties on rates unpaid from previous years (arrears penalties).</p> <p>13. Section 57 of the Rating Act requires the penalty resolution to be made no later than the date the rates are set. This means the resolution can be made before the rates setting resolution. There is no doubt that, if the appropriate resolution under sections 57 and 58 is made, arrears penalties can be added in 2024/25 even if the rates for that year have not yet been set.</p> <p>14. However, there is some doubt about the ability to add instalment penalties to a section 50 invoice. This is because the instalment penalty provision refers to a “penalty on rates assessed in the financial year for which the resolution is made”. As section 50 rates are technically not “assessed”, there is the possibility that a penalties added to those invoices could be successfully challenged. However, the alternative position is arguable and there is no clear policy reason why penalties ought not to be authorised.</p>
New rating units	<p>15. The ability to send an invoice for 25% of the previous year’s rates provided for in section 50 is limited to those rating units that were actually assessed for rates in the previous financial year.</p> <p>16. That is because section 50 refers to the delivery of a rates invoice “based upon the rates payable in the previous year”. For rating units that are new (e.g., subdivided from an existing rating unit) there were no rates payable in the previous year, so section 50 does not apply.</p> <p>17. In practical terms, this means that the invoice should be sent in respect of all rating units that were assessed for rates in the 2024/25 year (and in respect of which rates were payable). Any revaluation will have no effect (because the invoice is simply for 25% of the previous year’s rates). Of course, to the extent that ratepayers have changed (e.g., through the sale of a rating unit), then the invoice should be sent to the current ratepayer.</p>
Setting and assessing ‘normal’ rates when section 50 invoice has been sent	<p>18. If a council sends rates invoices under section 50 of the Rating Act, this will evidently result in the receipt of revenue from ratepayers that is not directly connected to the setting and assessing of “normal” rates in respect of the 2024/25 rating year.</p> <p>19. Payments should be recorded in the rate records as rates paid for the 2024/25 year.</p>

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20. The balance of 2024/25 rates will be recovered through the remaining “normal” instalments as equal instalments (with the due dates as resolved in the rate setting resolution).
21. New rating units will obviously have the full amount of the 2024/25 rates payable over the remaining instalments (because those rating units will not have been invoiced under section 50).
-

**Please call or email
to discuss any
aspect of this
advice**

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Our advice

Prepared for	Raymond Horan, Taituarā
Prepared by	Mike Wakefield and Jonathan Salter
Date	30 November 2023

PRIVILEGED AND CONFIDENTIAL

Long Term Plan preparation in the context of the enacted Affordable Water Reform legislation: risk assessment and mitigation options

Background	<p>All local authorities are¹ currently in the process of preparing long-term plans (LTPs) for adoption by no later than 30 June 2024, as required by section 93 of the Local Government Act 2002 (LGA).</p> <p>The LGA prescribes the content of a LTP, and specifies the process by which a LTP is to be developed, consulted on and then adopted.</p> <p>The preparation of a LTP is currently subject to the provisions in Part 6 of Schedule 1AA of the Local Government Act 2002, which were inserted by the Water Services Entities Amendment Act 2023 (WSEAA). The effect of the provisions inserted by the WSEAA is to specify certain mandatory LTP content requirements, that relate to the Affordable Water Reforms (mandatory content requirements).</p> <p>In summary, the mandatory content requirements require specific disclosures, and prohibit the inclusion of water services related content for certain periods. For those territorial authorities in a service area of a water services entity with an establishment date of 1 July 2024, water services content is precluded entirely (clause 27), whereas for all other territorial authorities, the exclusion applies for the third and subsequent years (clauses 28 and 32).</p> <p>Taituarā is currently engaging with the Department of Internal Affairs (DIA) in relation to potential transitional statutory amendments to the Schedule 1AA provisions, and it is expected that a briefing with the incoming relevant Minister is imminent.</p> <p>While the Government has committed to a repeal of the Labour governments Three Waters legislation (being the Affordable Water Reforms),² at this time there is no certainty around whether the Schedule 1AA provisions will be</p>
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1 We note that at least two are considering or proposing to not prepare a LTP for the 2024-27 years, and instead wait until 2027 before adopting their next LTP.

2 As recorded in National's 100 Day Action Plan, and the related coalition agreements with the ACT and NZ First parties

amended, or separately repealed, to remove the mandatory content requirements for the 2024-27 LTPs. The recently announced 100-day plan intends to “Introduce legislation to repeal the Water Services Entities Act 2022”, but does not go as far as saying that there will be a complete repeal within the first 100 days.

Advice requested What options exist for the preparation of a LTP in light of the Schedule 1AA provisions and mandatory content requirements, and what risks and/or mitigation options exist for local authorities?

Summary answer In our view, there are four options available to affected local authorities, all of which will carry some risk unless transitional statutory amendments are enacted ahead of the adoption of a LTP, or which will validate actions taken by local authorities in compliance with the law at applicable times. There is no one option that will likely work for all Councils, given the diverging funding and capacity constraints.

The risks associated with the various options differ, ranging from litigation risk through to audit and community / political perception.

Given the recent announcements from the new Government, it may be considered preferable to wait for clarity in terms of how the promised repeal of the Affordable Water Reform legislation will be progressed, and on what timetable. That said, pre-arranged audit timing and the need to initiate public consultation may force Councils to notify draft LTPs and consultation documents ahead of any legislative repeal.

With this in mind, our view is that there are two preferred options – which cater separately for different funding and capacity constraints. Those are:

- For local authorities that do not have funding or capacity to prepare for consultation on a ‘waters in’ basis, they should continue to prepare their LTPs on the basis of the current legislative requirements (**waters out**).
- For local authorities that do have the funding and resource capacity, to prepare a dual (or hybrid) LTP and consultation document, which can be adjusted to either a ‘waters in’ or ‘waters out’ LTP for adoption (**dual option**).

Please call or email to discuss any aspect of this advice

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Reasoning explained

Four options identified

1. In summary, the four options are:

	Approach	Comment
A	Prepare and consult on a draft LTP that complies with the current legislative requirements (waters out).	<p>This approach will be legally correct, and cannot be criticised or challenged.</p> <p>However, it is contrary to the new Government’s intentions, and will be out of step with community expectations post-election.</p>
B	Prepare and consult on a draft LTP that does not comply with the current legislative requirements (waters in).	<p>This approach is prima facie unlawful, and contrary to the principle established in <i>Fitzgerald v Muldoon</i> [1976] 2 NZLR 615.</p> <p>However, it is consistent with the new Government’s policy intentions, and will be aligned with community expectations post-election.</p>
C	Wait until Schedule 1AA (at least) is amended, and then consult on a draft LTP that includes water services content (delay).	<p>Conditional on the Schedule 1AA provisions being repealed ahead of consultation, this approach will be legally correct and cannot be challenged.</p> <p>The timing however is unclear, and may lead to process or funding issues.</p>
D	Prepare and consult on a dual (or hybrid) LTP and consultation document, which can be adjusted to either a ‘waters in’ or ‘waters out’ LTP ahead of adoption, once there is certainty as to the shape of legislative amendments (dual option).	<p>Until legislative amendments are enacted, the ‘waters in’ approach will be prima facie unlawful.</p> <p>However, as with Option B, the inclusion of water services content is consistent with the new Government’s policy intentions, and will be aligned with community expectations post-election.</p>

2. We set out below the risks and mitigation options for each.

Option discounted	<ol style="list-style-type: none"> 3. We are aware that some councils are considering making a decision to not prepare a LTP for the 2024-27 period. 4. While the current uncertainty is frustrating, in our view deciding to not prepare and adopt a LTP in 2024 would create a high degree of legal, funding, operational process and community/political risk for local authorities. It would also likely lead to further uncertainty for communities. 5. From a legal standpoint, if no LTP is adopted within the statutory timeframe prescribed by section 93(3) of the LGA, there will be no LTP in force. This would have a flow-on impact on the ability for councils to set and collect rates, undertake new (or potentially planned) activities, alter service levels, and provide a general basis for accountability with communities for their activities. It would also mean that there would be no LTP to amend, were there a requirement to do so to accommodate any new water reform legislation enacted by the Government. In effect, a new LTP will need to be adopted at some point which will be out of step with the legislative regime. 6. In addition, making a deliberate public decision to not prepare and adopt a LTP in 2024 may be significantly less likely to attract any form of validation via legislative amendments enacted by the new Government, as it is overtly in breach of the existing requirements of the LGA, rather than only the Schedule 1AA mandatory content requirements (which restrict the 'waters in' option, but align with the Government's policy intentions). 7. This option could also result in potential Ministerial interest, and consideration of the powers available to the Minister under Part 10 of the LGA (for perceived "problems", as defined in section 256 of the LGA). 8. We are also aware that other councils, who are subject to the Severe Weather Emergency Recovery (Local Government Act 2002—Long-term Plan) Order 2023, are able to prepare a LTP that covers a period of not less than 3 consecutive financial years. This 3-year modification remains subject to the mandatory content requirements, and so we have not considered this another option.
Option A: waters out	<p>Risks</p> <ol style="list-style-type: none"> 9. In the event that a local authority prepares a compliant consultation document and draft LTP, and then publicly consults prior to the enactment of any legislative amendments, there will be no litigation risk, as those acts would have been in compliance with the current legal requirements. As a result, there will be no litigation risk for those steps.

10. However, if legislative amendments are passed and enacted during consultation, and before adoption of the LTP, then this may lead to at least process, and potentially litigation, risk for a local authority.
11. The process risk would arise from the expectation that the LTP, when adopted, would comply with the LGA following amendment (ie. the former status quo, waters in, position). Due to funding, resourcing and timing constraints it may simply not be possible for local authorities to pivot post-consultation and adopt a LTP that includes water services content.
12. In addition, if a LTP was adopted after the mandatory content requirements were repealed, then the adoption would be prima facie unlawful. This could lead to litigation risk.
13. In any case, given the new Government's policy intentions, if a waters out LTP was prepared and adopted, it would be inevitable that the LTP would need to be amended to reflect the ongoing delivery of water services by territorial authorities. This would be by, at worst, 30 June 2026, for those Council's with a foreshadowed establishment of 1 July 2026.
14. We note that there is no immediate statutory trigger for a LTP amendment, unless the Government includes provision for that. The need for a LTP amendment could, however, be highlighted in an annual report audit and, for the Northland territorial authorities in particular, the issue of presumably having to rate for water service delivery from 1 July 2024, which may require a LTP amendment unless another rating mechanism can be relied on.
15. This situation could lead to political and community risks, but in our view these are not significant in this context due to the manifest compliance with the relevant law at the time of consultation.

Mitigation

16. The mitigation options for Option A are legislative. Transitional amendments will be needed to validate existing (waters out) consultation, or to validate the adoption of a (waters out) LTP.
17. If the Schedule 1AA provisions are repealed without any provisions that validate these actions, then there may be an expectation that the LTP is amended to reinstate water services content³ (but no strict legal requirement, unless one is enacted). There could be some potential for

³ And to address any material changes to other activities that are consequent on the continued service, debt and funding responsibility for water services.

a modified process to be developed to expedite this process (which could involve an unaudited LTP and consultation document, and reduced consultation period), but this would require further amendments to the LGA, and there have been no such indications from the new Government.

18. We note for completeness that Tauranga City Council has already prepared its consultation document to align with Option A, which has received a satisfactory report from the Auditor.

Option B: waters in Risks

19. There are two key risks with Option B: audit and legal.
20. The audit risk arises from the potential for an adverse audit report under sections 93D(4) and 94, based on the non-compliance with the mandatory content requirements. On this point, it is relevant to note that the Tauranga City Council has received a satisfactory audit report for its 'waters out' consultation document.
21. Option B will be vulnerable to legal challenge, due to the principle established in *Fitzgerald v Muldoon* [1976] 2 NZLR 615. In *Fitzgerald v Muldoon*, an individual sought a declaration from the High Court that certain public statements made by the incoming Prime Minister were illegal. These statements related to the immediate cessation of superannuation payments and the repeal of the New Zealand Superannuation Act 1974.
22. In granting a declaration that the Prime Minister's statements were unlawful, having been made without any change to the law by Parliament, the Court held that "the sovereignty of Parliament is such that it has the right to make and unmake laws and no person or body is recognised as having the right to override or set aside the legislation of Parliament."⁴
23. While, in this instance, the new Government has announced that it will repeal the Affordable Water Reform legislation, this has not yet been progressed or even timetabled.
24. Until the enactment of legislation which repeals the mandatory content requirements, formally consulting on and adopting an LTP in a way that ignores those requirements will be in breach of the LGA and offend against the principle established in *Fitzgerald v Muldoon*.
25. There would therefore be a high degree of risk of judicial review or

⁴ *Fitzgerald v Muldoon* [1976] 2 NZLR 615 at 40.

declaration proceedings being lodged in the High Court that challenge the validity of an LTP either consulted on or adopted in such circumstances.

26. In reliance on *Fitzgerald v Muldoon*, the High Court may well find that the actions of the offending local authority were unlawful, but the grant of substantive relief may be unlikely. The reason we say this is that in *Fitzgerald v Muldoon* the Court considered that the inevitability (or likelihood) of repeal of the New Zealand Superannuation Act 1974 was such that requiring the reinstatement and back payment of employee contributions and deductions was not proportionate. Instead, the Court exercised discretion to not grant relief, and instead placed the proceedings on hold for a period of six months (to allow the legislative amendments to proceed).
27. In our view, a similar approach would be likely here, with the Court open to finding that the likelihood of repeal means that no substantive relief should be immediately granted. From a timing perspective, it would also be unlikely for any judicial review to be heard and determined before adoption by 30 June 2024, unless it was heard under urgency.

Mitigation

28. The mitigation options for Option B are legislative. Transitional amendments could be introduced to validate any existing (waters in) consultation (even though the legal risk is low), or validate any (waters in) LTP adopted prior to the legislative amendments.
29. There is also scope for audit relief, or specific provisions to address the content of the audit report, which may be needed in any case due to the uncertainty surrounding the current mandatory content requirements.
30. Overall, early and clear Government announcements to address both the audit and process (legal) risks will be needed, if Option B is to be relied on.

Option C: delay

Risks

31. The primary risk with Option C is that while the Government's repeal intentions have been clarified, the required legislative amendments are not progressed as a matter of urgency. The recently announced 100-day plan does not provide any certainty as to timing, and leaves the possibility that the repeal will not be within the first 100 days.
32. If the amendments are not progressed until well into the new year, then the status quo legal uncertainty will remain (outlined in Options A and

B).

33. This could be addressed through an extension to the date by which a LTP must be adopted, but that will bring with it additional risks, including in relation to delayed rate setting.
34. The financial impact of delayed rate setting, or even process issues arising from section 50 of the Local Government (Rating) Act 2002, could be highly problematic.
35. Depending on how long any delay is for LTP adoption, there is the potential to affect local authority cash flow (which is damaging to communities as it could either disrupt services or make them more expensive), and it could also result in a condensed period for the collection of rates after the LTP is adopted (ie. rates collected at higher amounts due to the delay).

Mitigation

36. The only obvious mitigation is to seek clarity from the new Government around the timing, and approach, to legislative amendments. If it is clear that the mandatory content requirements can be repealed before a local authority plans to consult on its draft LTP, then this may provide sufficient confidence that delay is the best option to take.

Option D: dual Risks

37. Option D engages the risks outlined in both Option A and B, but mitigates those risks by allowing scope to pivot in either direction.
38. The key challenge will be preparing a consultation document that sufficiently complies with the mandatory content requirements for audit purposes, despite the prima facie non-compliance with the water services content restrictions.

Mitigation

39. As with the other options the best form of mitigation will be legislative amendments, but for Option D – given that a dual LTP is being prepared – a reversion to the former legal provisions will allow the LTP to advance and be adopted in manifest compliance with the law.

Final comment

40. We are aware that some local authorities are not in a position to be able to pivot to a waters in approach (for various reasons). Given that there will be a mix of approaches, this will not make lobbying the Government, or achieving a simple repeal easy.

-
41. In our view some form of legislative validation will be desirable – for actions already taken, or to authorise (but not require) the inclusion of water services content at a later date.
 42. We also note that, once the substantive replacement of the Affordable Water Reform legislation is enacted, there may be a further need to amend LTPs to align with whatever the new legal requirements may be. This could be relevant for the 2027 LTPs, but may require more immediate steps to amend LTPs (particularly in the case of those territorial authorities in Auckland and Northland that are precluded, currently, from including any water services content).
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To Raymond Horan, Chief Adviser, Taituarā **25 October 2023**
From Jonathan Salter, Mike Wakefield and Liam Stevens
Subject The effect of *Fitzgerald v Muldoon* on the development of a local authority's long term plan

1. This memorandum provides an overview of *Fitzgerald v Muldoon* [1976] 2 NZLR 615 and the effect that the case has on local authorities in the development of their long-term plan 2024 (LTP).

FITZGERALD V MULDOON

2. In 1974, the newly elected Prime Minister, Rob Muldoon, made a press release announcing the abolition of the superannuation scheme established by the previous Government under the New Zealand Superannuation Act 1974. In the press release, the Prime Minister stated that the Government would enact retrospective legislation to remove the compulsory requirement for employer contributions to the scheme and employee deductions from pay. The Prime Minister stated that this change was effective immediately, despite there being no legislation enacted to repeal the New Zealand Superannuation Act 1974.
3. After becoming aware of the Prime Minister's statement, the Superannuation Board did not take any action under the New Zealand Superannuation Act 1974 to enforce the payment of deductions and contributions from salaries and wages.
4. An individual sought a declaration from the High Court that these actions were illegal. In granting a declaration that the Prime Minister's statement was illegal, the Court found that it had the illegitimate effect of suspending the New Zealand Superannuation Act 1974. The Court held that "the sovereignty of Parliament is such that it has the right to make and unmake laws and no person or body is recognised as having the right to override or set aside the legislation of Parliament."¹
5. The judgment has been cited with approval in subsequent cases, including by the Supreme Court, and is now regarded as part of New Zealand's constitutional law.

WHAT IMPACT DOES FITZGERALD V MULDOON HAVE ON THE PREPARATION OF LOCAL AUTHORITIES LTP?

6. All New Zealand local authorities are in the process of preparing the LTPs for adoption by 30 June 2024, as required by section 93 of the Local Government Act 2002 (LGA). The Water Services Entities Amendment Act 2023 inserted into the LGA mandatory LTP content provisions relating to the Affordable Water Reform (**mandatory content requirements**). The mandatory content requirements expressly require specific disclosures and prohibit certain water services related content.

¹ *Fitzgerald v Muldoon* [1976] 2 NZLR 615 at 40.

SIMPSON
GRIERSON

7. The National Party has signalled the intention to repeal the Affordable Water Reform legislation. In reliance on this, some local authorities are considering consulting on and adopting LTPs that do not comply with the mandatory content requirements.
8. Until the enactment of legislation which amends the LGA by repealing the mandatory content requirements, formally consulting on and adopting an LTP in breach of them will directly contravene the current provisions of the LGA and offend against the constitutional principle in *Fitzgerald v Muldoon*.
9. Judicial review or declaration proceedings in the High Court challenging the validity of an LTP adopted in such circumstances are highly likely to succeed in reliance on *Fitzgerald v Muldoon*. It is also likely that the Office of the Auditor-General would find this situation problematic in relation to its reporting under sections 93D(4) and 94 of the LGA.
10. In the circumstances, we are committed to assisting you in lobbying for the earliest possible enactment of legislation which removes this constitutional problem and enables local authorities to consult appropriately with their communities.

7 Pūrongo me whakatau | Decision Reports

7.3 Review of draft Liability Management Policy and draft Investment Policy

CM No.: 2802151

Te Kaupapa | Purpose

The purpose of this report is to present the draft Liability Management Policy and draft Investment Policy to the committee for their review and feedback.

Rāpopotonga Matua | Executive Summary

Council's Liability Management policy and Investment policy are reviewed regularly to ensure the policies remain effective in meeting Council's treasury objectives, and to consider if any amendments to the policies are required. The 150% limit of net debt to revenue set within the policy is raised for discussion considering Council's draft LTP projections. Council's independent external advisors, PWC have reviewed the existing policies and have recommended some minor amendments to tidy up wording and flow of the policy. Other than this, staff are not proposing any further changes to the existing policies. After review by this committee the draft policies will be recommended to Council for adoption.

Tūtohunga | Recommendation

That:

1. The committee receive the report
2. The committee review the draft policies and provide comment

Horopaki | Background

Following a review, PWC have recommended a few minor changes to the content of the policy that are largely housekeeping in nature.

Should the Committee agree, the other change proposed is that rather than the current annual review stipulated, the policies are recommended to be reviewed at least every three years (to align with the development of Council's Long Term Plan). This would allow for an additional review within the three years should it be required for any reason. PWC advise that this is the usual pattern of review across the sector.

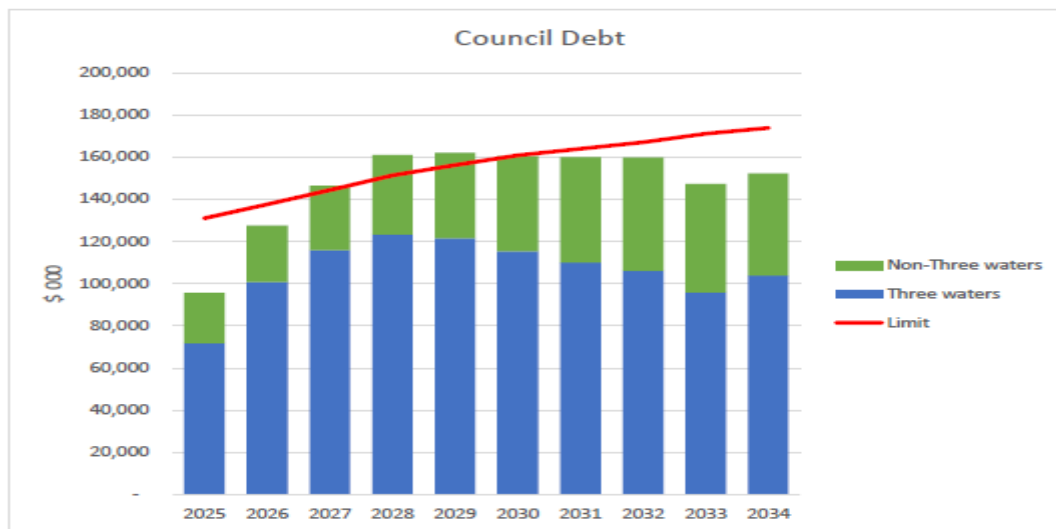
The updated policies are attached to this report, showing and explaining the reason for these minor proposed changes.

Ngā Take/Kōrerorero | Issues/Discussion

Liability Management Policy – Limit on net debt to revenue in consideration of the draft LTP

We're proposing to increase our debt quite significantly over the first 3-4 years of the LTP mostly to fund MUST DO capital work required for our three waters activities. If our capital work happens as quickly as we have projected it to, there is a possibility that we could exceed our current self-

imposed policy limit of net debt at 150% of revenue in years 3 to 5 of the plan. We project our net debt to peak at \$148 million or 161% of revenue, and to be on average, around 141% of our revenue for the next 10 years.



The Committee and Council should consider if they wish to revise the current policy limit of 150% as part of this policy review.

Note that the limit on net debt to revenue that we must comply with to satisfy our lenders (LGFA) is 175% for our Council, so our current policy is considered conservative.

Increasing the limit (to anywhere between 161% to cover the LTP projections to 175%) would both ensure that we have more available borrowing headroom throughout the 10 years of the plan, and that our projections at the beginning of the plan are within policy limits (avoiding the need to explain why we have set forecasts that are outside of our policies).

Another option however is to leave the limit at 150%, noting that the projected breach will only arise if the capital programme progresses as quickly as forecast. Retaining the current limit of 150% and challenging ourselves to operate within that limit would ensure that we retain an appropriate level of tension on our debt limits. Should the situation arise, we do have opportunity to remedy a potential breach before it occurs through our Annual budget reviews, including by:

- reducing the capital programme,
- increasing revenue (eg rates) beyond what is projected in the LTP, or
- subsequently increasing the debt limit in this policy.

Interestingly we note that three-waters debt compared to three waters revenue ranges between 297% and 426% over the 10 year term. While our Council's debt covenants are not monitored on this basis, it does raise the question of whether our recoveries from 3 waters (rates) is sustainable long term?

Liability Management Policy – Review of policy compliance and effectiveness

Council staff responsible for the operation of this policy meet on a monthly basis with PWC to discuss policy compliance, market conditions and future borrowing and strategy. PWC also met with Council on a bi-annual basis, providing further explanation of the market conditions and the

adopted strategy. The current policy requires quarterly reporting to Council on borrowing, however the regularity of reporting recently has not met this requirement as we have been trialling a refreshed monthly reporting template. Monthly reporting on this aspect will resume to ensure continued compliance with the policy.

With respect to the 3 waters reforms, over the past few years we have provided PWC with debt forecasts post reforms (eg excluding 3 waters debt), which they monitored alongside our 'business as usual' forecasts to ensure that any strategy decisions would not jeopardise our position post-reform. Given the change of Government and likely repeal of the reform legislation, we will need to consider going forward what or whether alternate scenarios should be considered in our treasury management activity alongside our business as usual.

At December 2023 our external debt is \$52 million which is in line with the 2023/24 Annual Plan, although noting that \$7 million of this has been drawn to pre-fund a loan maturing in April 2024 (so does not form part of our core external debt).

There have been no breaches or one-off approvals outside the policy since the current policies' adoption. Council's external auditors annually review compliance with key policy requirements, our internal controls and accounting treatment and reporting as part of their annual audit function and have not raised any concerns or made recommendations in recent years.

The Liability Management policy includes a number of statutory and general objectives, including minimising costs and risk and compliance with legislation and borrowing covenants. We believe that all of these objectives are being met. We have maintained our debt well within the limits set out in the policy, and within financial covenants.

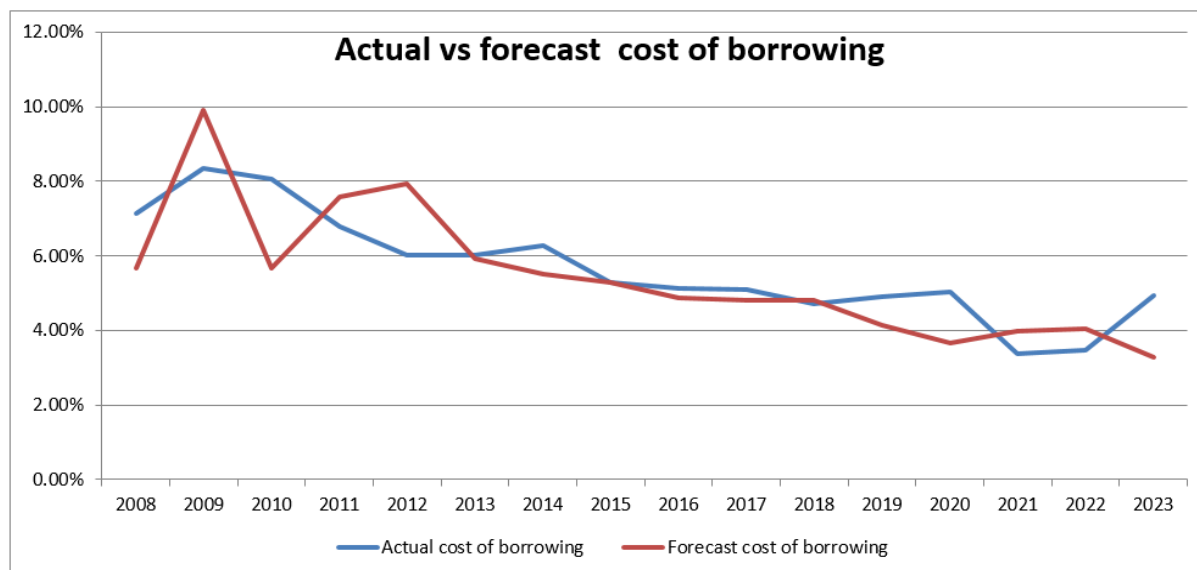
Council's multi-option credit facility with Westpac has given us the opportunity to effectively manage our variable cashflows, maintain the required level of liquidity and minimise our net interest costs. Internal borrowing has been utilised where possible to minimise net interest costs.

We have been very pleased with the continued low margins achieved through Council's participation in the Local Government Funding Agency. Council's exposure to potentially adverse interest rate movements is managed through the use of interest rate swaps. Further assessment of the effectiveness of these swaps is provided below.

Review of the effectiveness of Council's interest rate swaps

As provided for in the policy, and on the advice of PWC, Council started using interest rate swap instruments from 2011. This was at a time when interest rates were significantly higher and our external debt was rising significantly, largely as a result of the Morrinsville Wastewater Treatment Plant upgrade at the time. The key objective for Council's use of interest rate swaps is to minimise exposure to adverse interest rate movements (smoothing), so as to provide certainty over interest costs into future years.

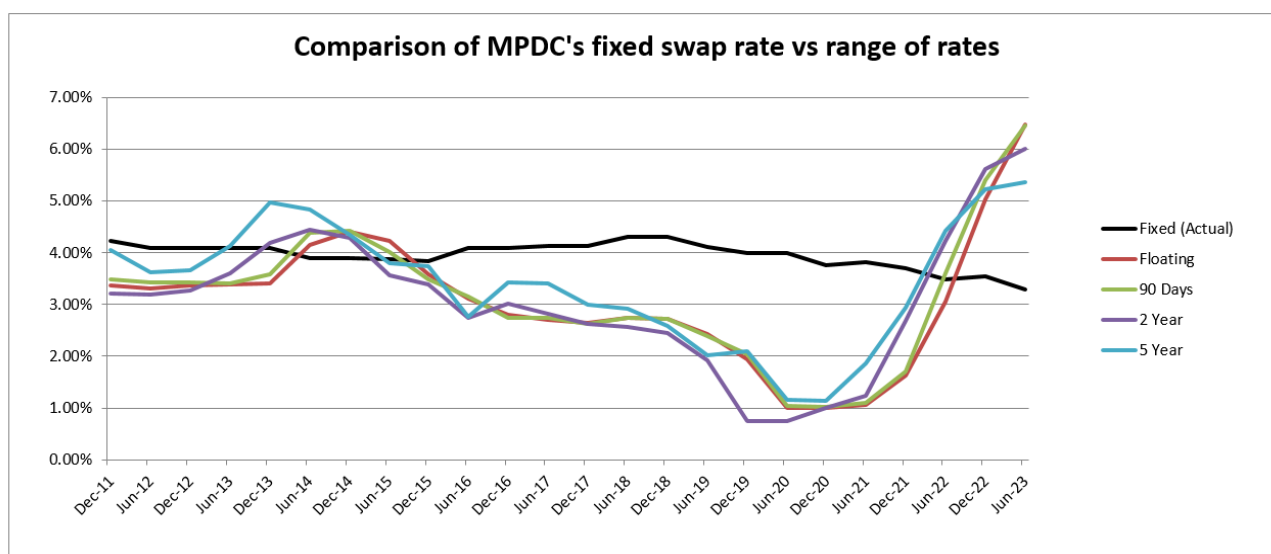
In assessing the effectiveness of Council's interest rate swaps, we firstly compare Council's actual cost of borrowing with the forecasted cost of borrowing.



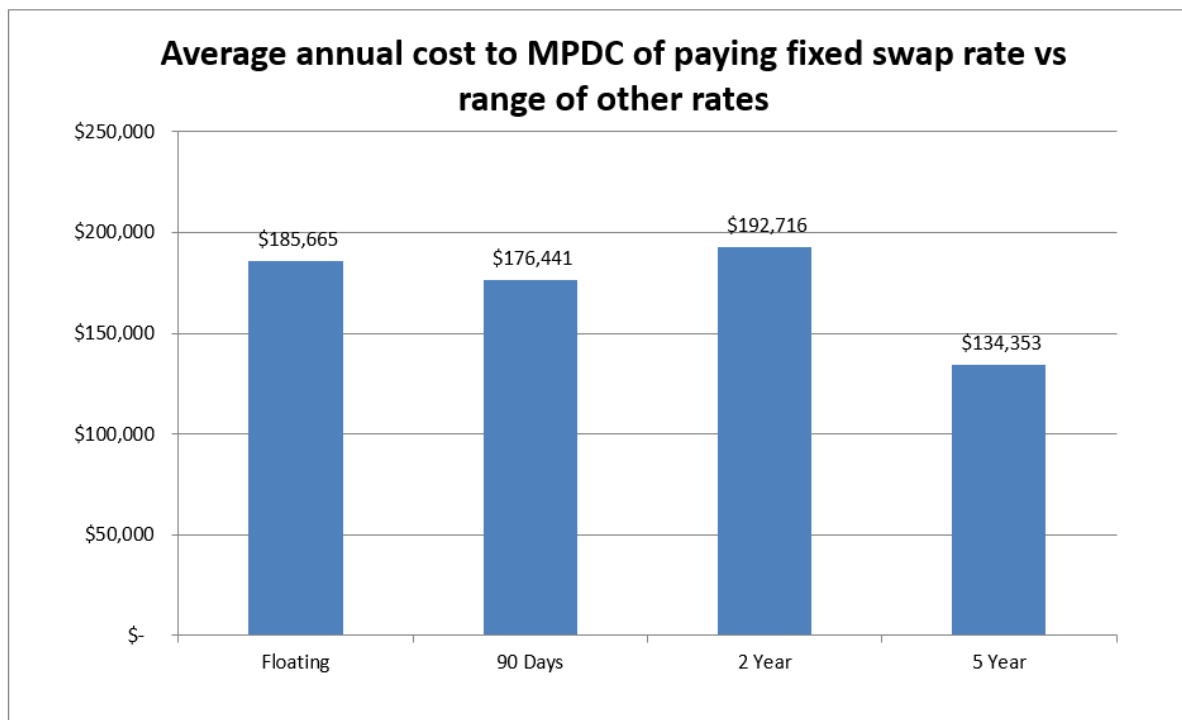
Since 2011 when Council first took up swaps, and particularly after 2014 when the bulk of the swaps became effective, Council's ability to forecast the cost of borrowing has improved as we have more certainty over our interest rates. This was tested more-so over the last financial year with the sharp increase in interest rates. An identified and on-going area for improvement is in the forecasting of the completion of capital works and it's associated impact on overall borrowing costs.

The second step in assessing the effectiveness of Council's interest rate swaps was to compare Council's actual fixed swap rates with a range of maturities to determine if the objective has been met, and at what cost to MPDC. In this exercise we have used the Council's 6 monthly weighted average fixed swap rate compared to 6 monthly wholesale rates (sourced from Reserve Bank NZ) plus average LGFA margin of 0.74378.

This exercise is comparable to reviewing in hindsight what costs or savings you may have made if you had fixed your home mortgage at a different fixed or floating rate of interest, keeping in mind that usually your objective for fixing is to secure rates that you predict will increase in the future, and/or to give you a level of certainty with which you can plan ahead.



The graph shows that the use of swaps has been effective for Council in terms of the objective of minimising exposure to interest rate movements. The fixed rates achieved have provided a relatively smooth cost over time. This has however come at a cost, particularly over recent years where wholesale rates decreased and stayed lower much longer than anyone predicted. This has turned around quickly over the last 18 months in Council's favour.



This next graph shows, in hindsight, what the average annual cost of minimising our exposure to interest rate risk was against a range of other available rates. In terms of our total interest costs, this added between 8.4% and 12.0% on average to our overall interest costs per annum. Since Council started using swaps in 2011, the cumulative cost to Council is between \$1.6 million and \$2.3 million. The cumulative cost has decreased compared to last year due to the sharp increase in interest rates over the last year.

Overall, we are satisfied that the interest rates swaps have been effective in the key objective of minimising our exposure to movements in interest rates. With hindsight, and over the recent prolonged period of low interest rates, this has come at a cost, but we are now seeing the benefits as rates have climbed sharply over the last 18 months. We will continue to work with our Treasury Advisors to identify opportunities where we can obtain some beneficial savings across our portfolio.

Liability Management Policy – Proposed amendments

As part of PWC's policy review process, as well as updating the policies to meet emerging best practice, observations made throughout the year also help to inform their recommendations. There are no major changes recommended from this review, but amendments suggested include:

In the Interest rate exposure section:

- The language around determining the gross external debt forecast was reviewed and suggest adding in a comment that enables the Group Manager Business Support to consider alternative debt forecast scenarios when evaluating long-term debt and interest rate management decisions. This will provide management with greater insight around how

the interest rate risk profile will change under different debt forecast scenarios to that of the base case debt forecast. Reviewing alternative debt forecast scenarios will reduce the risk of Council being in an over or under-hedged position in events such as the Affordable Waters Programme or changes to the capital expenditure programme. Management will continue to report to Council against the approved and agreed base case debt forecast for its Treasury Compliance and Reporting.

In the Liquidity/Funding section:

- They've clarified that Council's Liquidity parameter is "greater than" 110% and not "equal to" 110% as required by the LGFA.
- They have detailed how pre-funded debt is incorporated within the debt funding maturity profile calculation percentages. Once upcoming maturing debt has been pre-funded and the proceeds are held in a contracted term deposit that is ear-marked to repay the maturing debt, the term deposit amount held is netted off the upcoming maturing debt amount. This illustrates the forward management of the debt refinancing risk.
- They have removed the policy statement relating to the 33% of debt amounts maturing within a 12 month period. The funding maturity limit table adequately meets the maturity spreading objectives so this parameter was considered unnecessary.

The updated policy is attached to this report, showing these and other minor proposed changes.

Investment Policy

Investment Policy – Review of policy compliance and effectiveness

The current policy includes a number of general objectives, and states the range of investments Council can hold. Each of these types of investments have varying specific objectives, management controls and levels of reporting outlined in the current policy. We believe that all of these policy objectives are being met. Other than cash investments to manage cashflow requirements and additional borrower notes in respect of our LGFA lending, we have not made any further investments this year to date.

We have complied with our policy requirements for cash investments throughout the period. Investment rates have improved throughout the year, with the weighted average for this year to June 2023 sitting at 4.10% (compared to 1.17% last year). The Financial Strategy in our 2021-31 LTP earmarked an expected rate of return over the next 10 years of 2.24% on a specific \$5.4 million cash investment held, which is currently invested at 6.4% for 12 months.

Council's external auditors annually review compliance with key policy requirements, our internal controls and accounting treatment and reporting as part of their annual audit function and have not raised any concerns or made recommendations in recent years. As with the Liability Management policy, the Investment policy requires monthly reporting to Council on investments held, however the regularity of reporting recently has not met this requirement as we have been trialling a refreshed monthly reporting template. Monthly reporting on this aspect will resume to ensure continued compliance with the policy.

Investment Policy – Proposed amendments

PWC have not recommended any significant changes to the Investment Policy, with only minor housekeeping suggestions proposed as shown in the attached draft policy.

The updated policy is attached to this report, showing the proposed changes.

Mōrearea | Risk

Risks relating to Council's draft policies could include; adopting provisions in the policies that do not comply with the covenants of the LFGA or other lenders, or that may jeopardise Council's statutory requirement to operate in a financially prudent manner. To mitigate these risks, Council have sought independent professional advice in the review of these policies.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Sections 102 (2) (b) & (c) of the Local Government Act 2002 require Council to adopt a liability management policy and an investment policy.

Section 104 requires that the liability management policy adopted must state the local authority's policies in respect of the management of both borrowing and other liabilities, including—

- (a) Interest rate exposure; and
- (b) Liquidity; and
- (c) Credit exposure; and
- (d) Debt repayment.

Section 105 requires that the investment policy adopted must state the local authority's policies in respect of investments, including—

- (a) [Repealed]
- (b) The mix of investments; and
- (c) The acquisition of new investments; and
- (d) An outline of the procedures by which investments are managed and reported on to the local authority; and
- (e) An outline of how risks associated with investments are assessed and managed.

Proposed amendments to policies as outlined above are considered minor

Section 102(5) allows for the adoption of the investment and liability management policies without the requirement to use a special consultative procedure.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

Policy Considerations

1. To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Tāpiritanga | Attachments

[!\[\]\(84f47badaad7772cd95667a7c387a639_img.jpg\) Recommended changes to Liability Management Policy - January 2024 Review](#)



[!\[\]\(5d954b3e270654ad8ab0d5913161c03c_img.jpg\) Recommended changes to Investment Policy - January 2024 Review](#)



Ngā waitohu | Signatories

Author(s)	Larnia Rushbrooke Finance and Business Services Manager	
Approved by	Manaia Te Wiata Group Manager Business Support	

Liability Management Policy



Our vision is

To minimise the cost of borrowing used to fund the capital development of the Community's assets

Council's commitment

Council's commitment is to:

- Minimise our long term borrowing costs within approved risk parameters
- Minimise our exposure to adverse wholesale interest rate and credit margin movements, maturity and interest rate re-pricing concentrations
- Maintain appropriate liquidity levels and manage cash flows to meet known and reasonable unforeseen funding requirements.
- Minimise exposure to credit risk
- Comply with, monitor and report on financing/borrowing covenants and ratios under the obligations of our lending/security arrangements and this policy
- Comply with the requirements of the Local Government Act 2002

Management of borrowings

Council will:

- Consider and approve its forecast borrowing requirements by approving its Long Term Plan and each Annual Plan.
- Manage financial assets and debt on a net portfolio basis (borrowings less cash instruments).
- Prudently and effectively manage borrowings and liabilities having regard to:
 - Interest rate and credit margin exposure
 - Liquidity and funding exposure
 - Counterparty credit exposure
 - Debt repayment
 - Borrowing limits and financial covenants
 - Security arrangements

(Procedural guidance on each of these matters is set out in appendix one).



- Delegate authority to the Chief Executive Officer to initiate any actions in terms of this policy, including the authority to execute any documents on behalf of Council.

This policy covers internal and external borrowings. Any other Council liabilities are managed in the course of the Council's day-to-day operations.

Borrowing limits

Council will:

- Ensure that the following parameters are not exceeded:

Item	Borrowing limit
Net external debt ¹ as a percentage of total revenue ²	<150%
Net interest ³ on external debt as a percentage of total revenue	<15%
Net interest on external debt as a percentage of annual rates income ⁴ (debt secured under debenture)	<20%
Liquidity: (Liquid investments + external debt + unutilised committed debt facilities) / external debt	>110%

Interest rate exposure

Movements in interest rates can affect Council's financial performance and funding requirements. Interest rate risk management seeks to minimise interest costs and risks as interest rates change.

To manage interest rate risk on debt Council will:

- Utilise mechanisms including
 - setting risk control limits on fixed and floating rates
 - setting risk control limits on the use of interest rate instruments (under the guidance of independent external advisors) on a portfolio basis

¹ Net external debt is defined as external debt less liquid financial assets and investments. Liquid financial assets and investments are defined as cash, bank deposits and any fixed interest and equity investments that are held for other than strategic purposes.

² Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue. Revenue excludes non-government developer contributions and vested assets (including found assets and the revaluation of derivatives and assets).

³ Net Interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.

⁴ Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other Local Government Authorities (LGAs) for services provided and for which the other LGAs rate.

Liquidity and funding

Financial assets and funding sources need to be managed to ensure that Council can meet all of its obligations as they fall due.

Council will:

- Utilise mechanisms to manage liquidity and funding risk including:
 - cashflow management and forecasting,
 - maintenance of unutilised committed debt facilities and liquid funds,
 - having risk control limits that enforce spreading of funding maturities,
 - pre-funding of existing and forecast debt requirements,
 - accessing long term debt where available and cost effective, to assist with spreading of term profile of funding risk

Credit exposure

Prudent credit management can reduce Council's risk of loss from a counterparty failing to meet its obligations. Liquidity risk for borrowings is relevant for the undrawn portion of any committed, standby or bank facility, where the counterparty has a contractual obligation to provide funds to Council. Credit exposure from derivative and other financial contracts relates to the default of the counterparty leading to non-payment of their contractual obligations. To manage these risks, Council will:

- Set limits on the acceptable credit rating for counterparties.
- Ensure legal documentation is independently reviewed by Council's legal counsel.

Debt repayment

Council will:

- Make debt repayment decisions driven by Council's liquidity profile, contractual terms, debt levels and sustainable funding needs. External debt is managed on a net portfolio basis.
- Only borrow externally when it is commercially prudent to do so.
- Determine the cashflows to be used for the repayment of debt or reduction in borrowing requirements.

Security for debt

Council will:

- Offer security over borrowing by way of a charge over rates and rates revenue through the Debenture Trust Deed.



- From time to time, may offer alternative security over specific assets, with approval by Council and Trustee.

Source of funds

Council considers the following to be appropriate sources of funds:

- any New Zealand registered bank of suitable credit worthiness (as defined within the credit exposure section of the policy).
- Council reserves, special funds, or surplus cash available for internal borrowing
- borrowing secured by the Debenture Trust Deed.
- lease to own arrangements – the counter parties shall be the open market
- Council issued commercial paper and bonds to the LGFA, LGFA stand-by facilities that is secured by the Debenture Trust Deed.

Borrowing mechanisms for Council Controlled Organisations and Council Controlled Trading Organisations.

To better achieve its strategic and commercial objectives, Council may provide financial support in the form of debt funding directly or indirectly to CCO/CCTO's. Indirect lending is where the CCO/CCTO becomes a member of the LGFA and Council provides the financial support.

Council guarantees of financial indebtedness to CCTO's are prohibited, but financial support may be provided by subscribing for shares as called or uncalled capital. Council will not transact with a CCTO on terms more favourable than that of Council, if Council were not providing rates as security.

All lending arrangements must be executed under legal documentation (e.g. loan, guarantee) reviewed by Council's independent legal counsel and approved by Council.

New Zealand Local Government Funding Agency Limited (LGFA)

Despite anything in this Policy, Council may borrow from the LGFA and, in connection with that borrowing, may enter into the following related transactions to the extent we consider necessary or desirable:

- Contribute a portion of our borrowing back to the LGFA as an equity contribution to the LGFA. For example, in the form of borrower notes.
- 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.
- Secure our borrowing from the LGFA and the performance of other obligations to the LGFA or our creditors with a charge over our rates and rates revenue.
- Subscribe for shares and uncalled capital in the LGFA.

Financial exposure to the LGFA is to be reviewed annually and reported to the Audit and Risk Committee and Council.

Management procedures, reporting and policy review

The Group Manager Business Support will:

- Approve documented treasury and operational procedures for borrowing activities, which will be administered by the Finance and Business Services Manager.

The Chief Executive Officer will:

- Report to Council on borrowings on at least a quarterly basis.

The Risk and Assurance Committee will:

- Formally review this policy at least every three years in line with the review of the Long Term Plan.

Council will:

- Receive recommendations from the Risk and Assurance Committee and review and adopt this policy at least every three years in line with the review of the Long Term Plan.

A Wilcock
Mayor

D J McLeod
Chief Executive Officer

Version 6
Council resolution date: 24 January 2024





Appendix one

LIABILITY MANAGEMENT POLICY PARAMETERS

Interest rate exposure

Objective

To manage and minimise our costs and risks arising out of interest rate movements associated with our borrowing activities.

Policy parameters

Forecast gross core external debt is the amount of total core external debt that is expected to remain outstanding for a period greater than one year. When approved forecasts are changed (signed off by the Group Manager Business Support or equivalent), the amount of interest rate fixing in place may have to be adjusted to ensure compliance with the policy minimum and maximum limits.

The Group Manager Business Support can consider and approve alternative debt forecast scenarios that make assumptions around such matters as, the delivery and timing of the capital expenditure programme when designing the interest rate hedging strategy. . **However, the interest rate risk position is measured and reported against the base debt forecast approved by the Group Manager Business Support.**

Exposure to interest rate risk is managed and mitigated through the risk control limits below. Council's forecast gross core external debt should be within the following fixed/floating interest rate risk control limits.



Debt interest rate policy parameters (calculated on a rolling monthly basis)

Debt period ending	Minimum fixed	Maximum fixed
Current	40%	90%
Year 1	40%	90%
Year 2	35%	85%
Year 3	30%	80%
Year 4	25%	75%
Year 5	20%	70%
Year 6	0%	65%
Year 7	0%	60%
Year 8	0%	50%
Year 9	0%	50%
Year 10	0%	50%
Year 11 plus	0%	25%

A fixed rate maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. Maintaining a maturity profile beyond 90-days requires specific approval by Council.

“Fixed Rate” is defined as all known interest rate obligations on forecast gross external debt, including where hedging instruments have fixed movements in the applicable reset rate.

“Floating Rate” is defined as any interest rate obligation subject to movements in the applicable reset rate.

Pre-hedging in advance of projected physical drawdowns of new debt is allowed.

Fixed interest rate percentages are calculated based on the average amount of fixed interest rate obligations relative to the average forecast gross core external debt amounts for the given period (as defined in the table above).

Interest rate risk management instruments may be used to convert fixed rate borrowing into floating rate, floating rate borrowing into fixed or hedged borrowing. Independent external advisors will be consulted when using interest rate risk management products.

The following instruments may be used and are approved for interest rate risk management activity:

- Forward rate agreements (“FRA”) on:
- Bank bills
 - Government bonds

Interest rate swaps including:

- Forward start swaps
- Amortising swaps (whereby notional principal amount reduces)
- Swap extensions and shortenings

Interest rate options on:

- Bank bills (purchased caps and one-for-one collars)
- Interest rate swaptions (purchased swaptions and one-for-one collars with matching notional amounts, and maturity dates only)

Use of interest rate instruments:

- Any interest rate swap with a maturity beyond the maximum LGFA bond maturity must be approved by Council.
- Selling interest rate options for the primary purpose of generating premium income is not permitted, because of its speculative nature.
- During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed out simultaneously.
- Purchased borrower swaptions mature within 12 months.
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate cannot be counted as part of the fixed rate percentage calculation.
- Forward start period on swaps and collar strategies to be no more than 36 months, unless the start date of the new swap coincides with the maturity date of an existing swap. The new swap's notional amount must be no greater than that of the existing swap.
- Buying and selling of financial futures is not permitted due to the administrative burden.
- Any other financial instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved.

Interest rate instruments are only sought from strongly credit rated New Zealand registered banks. Banks must have a minimum long term credit rating of single "A" (Standard & Poor's', Fitch, or Moody's).



Liquidity/Funding

Objective

To ensure that we have adequate committed financial resources to meet all our obligations as and when they arise, our liquidity and funding risk management centres on the ability to re-finance or raise new debt at a future time, at acceptable pricing (fees and borrowing margins) and terms.

Our ability to readily attract cost effective borrowing is largely driven by our ability to maintain a strong financial position, raise general rates and manage relationships with investors, financial institutions/brokers and the LGFA. External borrowing is sought from the LGFA and bank facilities.

Policy parameters

Council will manage liquidity and funding risk by:

- Appropriate cashflow management to ensure that sufficient funds are available to meet financial obligations as they fall due.
- Maintaining appropriate committed short-term borrowing facilities with Council's bank counterparties and/or with the LGFA.
- Maintaining financial investments in liquid instruments counterparties within credit risk limits.
- Liquid investments, available committed bank/loan facilities and external debt are maintained at greater than 110% over the existing external debt amount.
- Maintaining a spread of debt funding maturities to reduce concentration risk so that credit margins and overall borrowing costs are not unnecessarily increased due to market conditions.
- The Chief Executive Officer or delegate has the discretionary authority to re-finance existing debt on acceptable terms. Such action is to be reported and ratified by Council at the earliest opportunity.
- Council has the ability to pre-fund up to 18 months of forecast debt requirements including debt re-financing and pre-funded capital expenditure.

The funding maturity profile of the total committed funding in respect of all loans and committed facilities is set by the following risk control limits:-

Period	Minimum	Maximum
0 to 3 years	15%	60%
3 to 7 years	25%	85%
7 years plus	0%	60%

A funding maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, a maturity schedule outside of these limits will require specific Council approval.

Once debt has been refinanced with a contracted term deposit (pre-funded), the term deposit amount will net off the maturing debt instrument from the funding maturity profile percentage calculation.

To minimise concentration risk, the LGFA require that no more than the greater of NZD 100 million or 33% of a council's borrowings from the LGFA will mature in any 12 month period.

Liquid investments are defined as those investments held for operational requirements and/or used to meet liquidity buffer requirements and include:

- Overnight bank, call deposits at 100% of principal amount
- Bank term deposits no greater than 30 days at 100% of principal amount
- Bank registered certificates of deposit (RCD's) maturing in less than 181 days at 100% prevailing market value

Borrowing Mechanisms for CCO and CCTO organisations

Any debt funding arrangement directly or indirectly to a CCO/CCTO must be approved by Council. In recommending an arrangement for approval the following is considered:

- Credit risk profile of the borrowing entity, and the ability to repay interest and principal amount outstanding on due date
- Impact on Council's credit standing, debt cap amount (where applied), lending covenants with the LGFA and other lenders and Council's future borrowing capacity.
- The form and quality of security arrangements provided
- The lending rate, given factors such as: CCO or CCTO credit profile, external Council borrowing rates, borrower note and liquidity buffer requirements, term etc
- Lending arrangements to CCO/CCTO must be documented on a commercial arm's length basis. A term sheet, including matters such as borrowing costs, interest payment dates, principal payment dates, security and expiry date is agreed between the parties
- Accounting and taxation impact of on-lending arrangements.



All lending arrangements must be executed under legal documentation (e.g. loan, guarantee) reviewed by Council’s independent legal counsel and approved by Council.

Credit exposure

Objective

To minimise our risk of default on the part of any counterparty that has a contractual obligation to make any payments to us.

Policy parameters

Proposed counterparties to borrowing transactions will be assessed to ensure that there is reasonable certainty that obligations under borrowing facilities will be honoured. Financial related transactions will only be entered into with organisations specifically approved by the Council. Counterparties and limits can only be approved on the basis of long-term single “A” and above credit ratings (Standard & Poor’s’, or equivalent Fitch or Moody’s) and/or a short-term credit rating of A-1 or above.

In conjunction with the Investment Policy, positions should be spread amongst a number of counterparties to avoid concentrations of credit exposure. The following matrix guide will determine limits:-

Counterparty	Minimum long term credit rating	Total maximum per counterparty (\$m) ⁵
NZ Government	N/A	Unlimited
NZ Local Government Funding Agency (LGFA)	AA-	Unlimited
NZ Registered Bank	A	15.0

Note these limits are a total across both the Investment Policy and Liability Management Policy and are not cumulative.

In determining the usage of the above gross limits, the following product weightings will be used:

- Investments (e.g. bank deposits) – transaction principal amount x weighting 100% (unless a legal right of set-off exists).
- Interest rate risk management (e.g. swaps, FRAs) – transaction Notional x maturity (years) x 3%.
- Foreign exchange – transactional face value amount x the square root of the maturity (years) x 15%.

⁵ Total counterparty exposure includes; financial instruments for investments and risk management instruments.

Debt repayment

Objective

To ensure that we can repay debt in a timely manner from appropriate sources.

Policy parameters

We will manage external debt on a net portfolio basis and will only externally borrow when it is commercially prudent to do so. We may determine that all or any part of the following cashflows may be used for the repayment of debt or reduction in borrowing requirements:

- depreciation charges for activities
- the proceeds of asset sales if we consider it appropriate
- contributions from other parties in terms of any contractual arrangements
- renewal loans
- specific revenue streams as determined by us (e.g. repayment of rental housing loans from rental housing income or loan repayment rates).

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Borrowing limits

Objective

To ensure that our debt is maintained within prudent limits.

Policy parameters

Borrowings will be managed to ensure that the following parameters are not exceeded:

Item	Borrowing limit
Net external debt ⁶ as a percentage of total revenue ⁷	<150%
Net interest ⁸ on external debt as a percentage of total revenue	<15%

⁶ Net external debt is defined as external debt less liquid financial assets and investments. Liquid financial assets and investments are defined as cash, bank deposits and any fixed interest and equity investments that are held for other than strategic purposes.

⁷ Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue. Revenue excludes non-government developer contributions and vested assets (including the revaluation of derivatives and assets).

⁸ Net Interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.



Net interest on external debt as a percentage of annual rates income ⁹ (debt secured under debenture)	<20%
Liquidity: (Liquid investments + external debt + unutilised committed debt facilities) / external debt	>110%

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate. Disaster recovery requirements are to be met through the liquidity ratio amount.

Security arrangements

Objective

To provide appropriate security that does not restrict our operations or limit control of Council community and strategic assets, whilst being sufficiently attractive to lenders to secure competitive borrowing margins, fees, interest rates and terms.

Policy parameters

Council offers security by way of a charge over rates and rates revenue through the Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government (Rating) Act 2002. From time to time, with Council and Trustee approval, specific security may be offered by providing a charge over one or more of our assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance).
- We consider a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the Debenture Trust Deed.

Source of funds

Appropriate sources of funds are specified in the policy. In evaluating strategies for new borrowing (in relation to source, term, size and pricing) we take into consideration the following:

- available liquidity and terms on offer by the LGFA and banks

⁹ Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other Local Government Authorities (LGAs) for services provided and for which the other LGAs rate.

- our overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time
- the outlook on LGFA and bank credit margins
- ensuring that the implied finance terms and conditions within the specific debt (e.g. project finance) are evaluated in terms such as cost/risk limitation compared to the terms and conditions we could achieve in our own right
- legal documentation, security arrangements and financial covenants.

Alternative strategies for new borrowings considered in this evaluation process are documented for review purposes. Our ability to readily attract cost effective borrowing is largely driven by our ability to rate, maintain a strong financial position and manage our relationships with financial institutions/LGFA.

Policy review

Objective

To uphold and maintain current Liability Management Policy best practice standards.

Policy parameters

Each external loan will be monitored on an annual basis over the term of the loan, and benchmarked against the other identified options at the time the loan was raised. This will enable Council's performance in the achievement of the objectives set out in this policy to be assessed and reported to Council.

This Policy is to be formally reviewed on an annual basis. The General Manager Business Support, or equivalent, has the responsibility to prepare a review report that is presented to the Council or Council sub-committee. The report will include:

- recommendation as to changes, deletions and additions to the Policy
- overview of the treasury function in achieving the stated treasury objectives, including performance trends in actual borrowing cost against budget (multi-year comparisons), and interest rate management instruments against benchmarks
- summary of breaches of policy and one-off approvals outside policy to highlight areas of policy tension
- analysis of bank lender service provision, share of financial instrument transactions etc
- comments and recommendations from our external auditors on the treasury function, particularly internal controls, accounting treatment and reporting



- an audit of the treasury system/spreadsheets and procedures should be undertaken
- adherence to borrowing limits specified in the covenants of bank lenders to Council

The Council receives the report, approves policy changes and/or rejects recommendations for policy changes.

Statutory matters

- All borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002, and incorporate the Liability Management Policy and Investment Policy.
- We do not borrow in foreign currency in terms of section 113 of the Local Government Act 2002.
- We also ensure we are consistent with the Local Government (Financial Reporting and Prudence) Regulations 2014 and, in particular, Schedule 4.
- All projected borrowings are to be approved as part of the Annual Plan process or resolution of Council before the borrowing is affected.
- All legal documentation in respect to borrowing, investments and financial instruments will be approved by our solicitors prior to the transaction being executed.
- We will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by Council itself.
- A resolution of Council is not required for hire purchase, credit or deferred purchase of goods if:
 - The period of indebtedness is less than 91 days (including rollovers); or
 - The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of Council.



Investment Policy



Our vision is

To get the best return on low risk financial investments and/or to secure long-term benefits for the community through strategic investments.

Council's commitment

Council's commitment is to:

- Prudently manage Council's financial investments from low risk investments.
- Maintain a prudent level of liquidity and flexibility to meet both planned and reasonably unforeseen cash requirements.
- Invest only in approved investment instruments and securities.
- Seek to optimise investment income
- Monitor and report on risk and performance against predetermined limits and benchmarks
- Ensure operational controls and procedures are in place that protect the Council against financial loss, opportunity cost and other inefficiencies.
- Ensure that all statutory requirements related to Council's investments are adhered to.

Investment mix

Council may:

- Invest in the following assets from time to time:
 - New Zealand Local Government Funding Agency Limited
 - Investments in other companies and entities
 - Community loans and advances
 - Property investments for strategic objectives
 - Cash and treasury investments
 - Internal loans

The specific objectives and policies related to these types of investments are detailed in appendix one.

Risk management

Council is risk averse and seeks to minimise exposure from its treasury activities. Council does not allow any transactions that are speculative in nature to be entered into. Council's investment activities expose it to a variety of financial market risks including credit risk and liquidity risk.

Credit risk is managed by the Council limiting the amount of credit exposure to any one institution or organisation. Investments in other local authorities are secured by charges over rates. Other than other local authorities, Council invests funds only



with entities that have a Standard and Poor's (or equivalent recognised agency) credit rating of at least A-1 for short term and A for long term investments.

Liquidity risk is managed by investing only in financial assets that can be liquidated through a readily available secondary market or have a short time period before maturity as articulated within the liquid investment's definition.

Council will:

- Adopt prudent risk management practices that will include:
 - Engaging appropriate expertise when major investment strategies are being developed
 - Reference to authoritative and current economic commentaries and financial market forecasts.

The appendix to this policy contains parameters and procedures which have been established to reflect Council's risk tolerance.

Acquisition of new investments

All investment acquisitions (other than treasury investments, LGFA and internal loans) will be approved by Council, and Council will:

- Assess the acquisition of any new investments having regard for the following:
 - The requirements of the Local Government Act 2002
 - Council's policy on significance
 - Council outcomes and objectives
 - The provisions of this policy.

Application of returns on investments.

Council will:

- Apply returns on investments as outlined in the LTP or the Annual Plan or as specifically determined by Council from time to time.

Delegated authority and responsibilities

Council will:

- Delegate to the Chief Executive Officer, authority to implement this policy, except where this policy expressly states that Council resolution is required.

The Chief Executive Officer will:

- Be responsible for ensuring that appropriate procedures and controls are in place to safeguard Council's assets. These procedures and controls will be documented within Council's quality assurance programme.

The Group Manager Business Support will:

- Ensure the administration and management of the investments is undertaken in accordance with the procedures contained within Council's quality assurance programme. This includes overseeing monthly reconciliations to the general ledger of the cash and treasury investments and other financial instruments such as LGFA borrower notes. The monthly reconciliation will be independently reviewed in accordance with the procedures contained within Council's quality assurance programme.

Reporting requirements

The Chief Executive Officer will:

- Ensure Council is provided with the following reports on investment performance:

Investment types	Frequency	Reporting
New Zealand Local Government Funding Agency Limited	Annually	Other financial instruments invested in the LGFA will be included in the investment report provided as part of the Chief Executive's monthly report to Council.
Investments in other companies and entities	Annually	Investment balances reported as part of the Annual Report. Performance of Council Controlled Entities that have not been exempted under section 7 of the Local Government Act 2002 will be reviewed bi-annually.
Community loans and advances	Annually	Investments reported as part of the Annual Report
Property investments	Annually	Investments reported as part of the Annual Report
Liquid and treasury investments	Monthly	Liquid and treasury investments (including reporting of compliance with approved treasury instruments and approved counterparties), will be included in the investment report provided as part of the Chief Executive's monthly report to Council.
Internal loans	Annually	Investments reported as part of the Annual Report

Policy review

The Risk and Assurance Committee will:

- Formally review this policy at least every three years in line with the review of the Long Term Plan.

Council will:

- Receive recommendations from the Risk and Assurance Committee and review and adopt this policy at least every three years in line with the review of the Long Term Plan.

A Wilcock
Mayor

D J McLeod
Chief Executive Officer

Version 5
Council resolution date: 24 January 2024

Appendix one

INVESTMENT POLICY PARAMETERS

New Zealand Local Government Funding Agency Limited (LGFA)

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

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

- Obtain a return on the investment; and
- Ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for Council.

Because of these dual objectives, the 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, the Council may also subscribe for uncalled capital in the LGFA and be a Guarantor.

Investments in other companies and entities

Equity investments arise from Council owning or controlling an equity holding in another entity. In general, investments in this category have and may be acquired with the primary objective of achieving strategic, efficiency, or community outcomes.

Any purchase or disposition of equity investments requires Council approval. Council will assess the acquisition of any new investments in line with the provisions of this policy. Any profit or loss arising from the sale of these investments is to be recognised in the Statement of Comprehensive Revenue and Expense.

The proceeds from the disposition of equity investments will be used firstly to repay any debt relating to the investment and then applied to the designated purpose as determined by Council.

Council recognises that there are risks associated with holding equity investments. To minimise these risks Council, through the relevant Council-committee, monitors the performance of its equity investments in Council Controlled Entities (that have not been exempted under section 7 of the Local Government Act 2002) on a twice yearly basis to ensure that the stated objectives are being achieved. Council seeks professional advice regarding its equity investments when it considers this appropriate.

Community loans and advances

From time to time Council may provide loans and/or advances to community organisations to assist with the achievement of community outcomes. The amounts

involved are typically below \$500,000 and the numbers of applications received (and/or approved) are minimal.

The purpose of such investments is to achieve community outcomes. Council will assess all applications having regard for the legislated purpose of Local Government as set out in the Local Government Act 2002, the need for prudent financial management and after assessing the risk associated with the investment and the security provided by the other party. All such loans/advances will only proceed by resolution of Council.

Property investments for strategic objectives

Council owns property to achieve its strategic objectives, that is, property that is expected to secure long-term benefits for the community. As a general rule Council will not maintain a property where it is not essential to the delivery of relevant services. 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 Council services.

All rented or leased properties will be at market rentals, except as approved by Council

Any acquisitions or disposals of strategic property require the resolution of Council and any purchased properties must be supported by a current registered valuation, substantiated by management including a fully worked, capital expenditure analysis. Any minor parcels of land purchased for the purpose of roading and utility activities will be affected under the delegation of the Chief Executive Officer.

Net proceeds from the sale of surplus property will be used to reduce borrowings where appropriate, 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. The exception to this is endowment property or other property subject to legislative restrictions, in which case any proceeds would be applied in accordance with the provisions of the legislation.

Liquid and treasury investments

Council generally operates as a “net borrower”, and aims to manage its borrowings and cash assets on this basis in order to reduce the overall net cost of borrowing. Council does not usually maintain significant cash investments. Longer term investments may be held to support the level of restricted reserves though not for the balance of Council created reserves. To achieve the aim of minimising the overall cost of funds and managing debt re-financing risks, at times it may be prudent to pre-fund, and invest any surplus in treasury investments. Cash investments are also used to maintain and manage liquidity risk. A range of treasury investment instruments may be used as outlined below to achieve the desired level of returns within acceptable risk parameters.

The following policies will apply in making any such investment:

- Council’s primary objective when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties.
- Council invests in approved financial instruments that are of high credit quality and liquid.



- Council's treasury investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due.
- Interest income from investments is credited to general funds, except for income from investments for restricted reserve funds and other funds where interest may be credited to the particular fund.
- For liquidity purposes treasury investments incorporate all investments which are not cash or liquid investments. Liquid investments are defined as those short term funds which are held for operational requirements and/or used to meet liquidity buffer requirements as per the Liability Management Policy.

Each transaction should be entered into a treasury spreadsheet and a monthly report prepared to show assessed counterparty actual exposure versus limits.

Approved investment instruments

The approved investment instruments are as follows:

Category	Instrument
Liquid investments	<ul style="list-style-type: none"> • Overnight call deposits and term bank deposits no greater than 30 days • Bank certificates of deposit (RCDs) less than 181 days
Treasury investments	<ul style="list-style-type: none"> • Term bank deposits no greater than 12 months unless related to debt pre-funding or pre-funded capital expenditure. • Bank certificates of deposit (RCDs) less than 365 days. • LGFA borrower notes

All investments must be senior in ranking. The following types of investments are expressly excluded;

- Structured debt where the issuing entities are not a primary borrower/issuer
- Sub-ordinate debt (other than Borrower Notes subscribed from the LGFA), junior debt, perpetual notes and hybrid notes such as convertibles.

Interest rate management instruments are not approved instruments for investment management purposes.

Any other treasury instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction.

Approved counterparties/issuers

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. Credit exposure for investments relates to funds on deposit where the counterparty is not able to pay Council interest and principal amounts owing on the due date. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into.



Credit risk will be regularly reviewed by the Council. Treasury related transactions would only be entered into with organisations specifically approved by the Council.

Counterparties and limits can only be approved on the basis of a long-term Standard & Poor's (S&P) credit rating (or equivalent Fitch or Moody's rating) being A and above.

The relevant counterparty limits can be found in the Liability Management Policy.

Internal loans

Council may utilise surplus funds for the purposes of internal borrowing. Internal borrowing forms a part of the overall mix of Council investments (though will only be reported to Council on an annual basis unless otherwise requested). Internal borrowing will be used wherever possible to avoid external borrowing.

Internal loans shall be managed as commercial debt, with interest applied. The interest rate shall be calculated at the start of each financial year, and will be based on the mid-point between the prior year's weighted average external borrowing and investment rates.

Guarantees/contingent liabilities and other financial arrangements

Council may act as guarantor to financial institutions on loans or enter into financial arrangements for organisations, clubs, Trusts, or Business Units, when the purposes of the loan are in line with Council's strategic objectives. Council approval must be sought for any guarantees or financial arrangements to organisations, clubs, Trusts, or Business Units.

Council is not allowed to guarantee loans to Council-controlled trading organisations under Section 62 of the Local Government Act.

Council will ensure that sufficient funds or available committed bank facilities exist to meet amounts guaranteed. Guarantees given will not exceed any amount agreed by Council or an appropriate Council Committee in aggregate. The Finance and Business Services Manager would be responsible for monitoring and reporting on guarantees on a quarterly basis to Council.

Foreign currency

Council may from time to time be exposed to foreign exchange risks through the occasional purchase of foreign exchange denominated services, plant and equipment etc. Significant commitments over NZ\$100,000 will be hedged using foreign exchange contracts, once expenditure is approved and legally committed. Both spot and forward foreign exchange contracts can be used by Council.

The following instruments may be used for risk management activity:

Category	Instrument
Foreign exchange risk management	Forward foreign exchange contracts
	Foreign currency deposits
	Spot foreign exchange



7 Pūrongo me whakatau | Decision Reports

7.4 Review for Audit of Draft Consultation Document for the Long Term Plan 2024-2034

CM No.: 2810781

Te Kaupapa | Purpose

The purpose of this report is to present the draft Long Term Plan 2024-34 Consultation Document for the Committee to review.

Rāpopotonga Matua | Executive Summary

The Consultation Document is prepared based on guidance received through Council decisions throughout 2023. It presents information from other key supporting Long Term Plan (LTP) documents, such as matters from the Infrastructure Strategy.

The purpose of the Consultation Document is to provide key information to communities, and to encourage them to share their views on the most significant issues and choices facing Council, allowing their views to be considered in the LTP decision making process.

Following adoption for audit of the Draft Consultation Document content the document will go to audit for their review. Staff will make changes based on feedback from the auditors, and then the document will be templated/ designed to make it more engaging.

At the 12 March meeting, the Committee will receive the draft auditor's opinion and be requested to recommend the adoption of the Consultation Document by Council (scheduled to occur on 13 March 2024).

Council will receive public submissions between March-April 2024, and hold hearing and deliberations in May 2024, before adopting the final LTP in June.

Attachments will be circulated under separate cover.

Tūtohunga | Recommendation

That:

1. The Committee receives the report.
2. The Committee recommends for auditing, the content of the draft Long-term Plan 2024-34 Consultation Document.
3. The Committee notes the Consultation Document will be reported back to Committee in March, for final review (for public consultation) and issue of Audit opinion.

Horopaki | Background

The purpose of a LTP is to:

- (a) describe the activities of the local authority; and
- (b) describe the community outcomes of the local authority's district; and
- (c) provide integrated decision-making and co-ordination of the resources of the local authority; and
- (d) provide a long-term focus for the decisions and activities of the local authority; and
- (e) provide a basis for accountability of the local authority to the community

An LTP is prepared every three years, covers ten years (and includes an Infrastructure strategy that covers 30 years), must include specific information described in the Local Government Act 2002, must be audited, and can only be adopted after a period of public consultation on a consultation document which itself also needs to be audited.

The consultation document is an important milestone in the development of the 2024-34 Long-term Plan. It sets out our broad direction over the next ten years, with a focus on the next three, how much that will cost, and the effects we will achieve. It asks the public to provide their views on key issues facing Council. It is the legal basis for consultation on the Long-term Plan and must be audited by Audit New Zealand.

The consultation document for an LTP must be presented in as concise and simple a manner as possible, while still achieving its purpose. It must not be a draft LTP and must not include a full version of any of the draft supporting documents. It must clearly show to affected communities, using graphs and charts where appropriate, what is changing, with a particular focus on rates and debt levels.

Council must include a preferred option for any topic on which it is seeking community views and cost its budget to that option. Council will be asked to adopt the consultation document only after having adopted all the supporting information.

Ngā Take/Kōrerorero | Issues/Discussion

The story for this Consultation Document is: **balancing affordability and looking after our assets**

Main driver for this plan has been: **affordability**

Council's response is: **choosing to focus on looking after what we have**

Council's approach:

- **Prioritise capital investment**
- **Focus on things we MUST to do,**
- **Including some projects that we think we SHOULD do**
- **Deferring or removing everything else**
- **Looking for other ways to reduce our costs – taking greater risks**

Other points of discussion:

- **Climate change**
- **Looking ahead (10+ years):**
 - **Growth - investing in infrastructure at the right time**
 - **Climate change and resilience: upgrading our assets to be more resilient**

Topics in the Consultation Document for consultation include:

1) Resource recovery centres (consult/option for feedback)

- We previously consulted on creating two resource recovery centres (MM and MV)
- Major improvements needed at Waihou (possibly millions of dollars)
- Challenges with all three existing sites
- Costs continue to increase – need to look at better, future focussed options

- Proposing to develop one, central resource recovery centre
- May need to close Waihou in year 2027 (rather than sinking money into it)
- Cost info/rating impact

2) Roading (consult/option for feedback)

- Continue implementation of speed management plans and other safety improvements
- Costs have increased significantly – would cost around \$6.5m to do what we had been doing for \$5m
- Think we should keep the funding level the same to manage affordability. In an ideal world we would spend more.
- It will mean stretching out our work programme. Results will take a few years to be seen
- Cost saving/other options

3) Te Aroha Spa (consult/option for feedback)

- Background on the project (drivers, public support)
- Business case + recommendation (\$37m)
- Outcome of investment case
- Decision: not include \$37.7 million spa at this point, but include some funding (\$5m) to continue to explore options and further them if appropriate i.e. develop on the existing spa, refurbish it, or partner with an investor
- Still acknowledge the original drivers and desire of the community to do something.
- Plan to revisit the Domain Reserve Management Plan
- Cost saving/other options

4) Te Aroha Library (consult/option for feedback)

- The Te Aroha Library is not suitable for future use and is earthquake prone – so consider this a 'HAVE to do'.
- Spreading out capital work programme, so doesn't start until year 3
- Other options - if the community considers that the cost of a new library outweighs the benefit, could be an option to not replace it

5) The services we provide (consult/option for feedback)

- Removing/deferring projects (capex) doesn't impact rates as much as people might think
- Reducing operational expenditure (opex) has a bigger impact
- Council has already trimmed budgets significantly over recent years or not increased when needed. Further cuts to opex would mean cuts to services
- Council doesn't believe cutting services is good for community wellbeing – but there is a choice here.

6) Rates

- Proposing to run a balanced budget, which means a significant rates increase in year one

- Alternative option would be to spread this over multiple years

7) Walking and cycling improvements

- Proposing to not budget for new walking and cycling connections, or safety improvements for walking and cycling in order to keep costs down
- Will continue to work with developers to ensure new developments have good walking and cycling connections,
- Will look for opportunities to use external funding or work in partnership
- Cost info / other options

8) Town centre upgrades

- Proposing to prioritise maintaining and renewing existing infrastructure rather than any major upgrades
- Cost info / other options

9) Neighbourhood playgrounds

- Last few years have seen investment in parks and playgrounds
- Proposing to not fund additional neighbourhood playgrounds apart from Te Aroha (see below)
- Continue to maintain and renew existing play equipment
- Cost info / other options

10) Te Aroha playground

- Parks and Open Spaces Strategy planned to deliver at least one community playground in each of three main towns.
- Propose to deliver a new playground in Te Aroha
- Cost info / other options

11) Civic centre stage

- Proposing to remove project to construct a stage in order to keep costs down
- Cost info / other options

Topics in the consultation document for information only include:

1) Matamata Domain Playground (inform, not consult)

- Consider this a 'HAVE to do' because already committed, work underway. Community partnership project
- Include costs info/rating impact
- Not giving people the option

2) Matamata Stadium (inform, not consult)

- Consider this a 'HAVE to do' because already committed, work underway. Community partnership project
- Include cost info/rating impact

- Not giving people the option

3) Matamata Wastewater Treatment Plant (inform, not consult)

- This is a 'HAVE to do' project to ensure we can comply with our new resource consent conditions
- \$40 million, with another \$40m in 15-20 years to cater for growth.
- Choosing to stage this manage affordability (alternative is the full \$75m now)
- Include cost info/rating impact

4) Public toilets at Matamata Domain and Davies Park (inform, not consult)

- Consider this a 'HAVE to do' because of growth/demand. Support existing projects
- Include cost info/rating impact
- Cost info/rating impact

5) Morrinsville CBD stormwater upgrades (inform, not consult)

- Consider this a 'HAVE to do' because of climate change/resilience
- Include cost info/rating impact

6) Morrinsville WWTP upgrade (inform, not consult)

- This is a 'HAVE to do' project to ensure we can comply with our new resource consent conditions
- \$X million
- Include cost info/rating impact

7) Digital enablement (inform, not consult)

- A SHOULD do project to prioritise organisational efficiency
- Rates increases at this level are unsustainable, so looking at how we can do things differently.
- Reserve funded, no rates impact.

8) Waitoa water (inform, not consult)

- Fonterra has decided that they do not want to be the water supplier for the village of Waitoa.
- Council is required to do something to ensure the area has a water supply – however, investigation of options is still under way
- This issue will require ongoing consultation with the Waitoa community.

Note that Council is being asked to approve the draft content of the Consultation Document today. The document will be designed after the audit takes place to allow for changes/ text additions without affecting the layout. Council will have the opportunity to review the designed Consultation Document and associated consultation materials at its meeting in March 2024.

Mōrearea | Risk

The Local Government Act 2002 sets the requirements for preparation of the LTP.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Council is required to have a LTP under section 93 of the Local Government Act (LGA). As part of this, it is required to utilise the Special Consultative Procedure, which at s93(c)(4) requires audit of the draft Consultation Document.

Policy Consideration

To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

Next Steps

Once Council has approved the draft consultation document for audit, the draft consultation document will be provided to Audit New Zealand for their audit.

Once that audit is completed, the draft consultation document will be revised as necessary, designed to make it engaging, and presented to Council for adoption in March 2024, along with the supporting documentation and Statement of Proposals.





If adopted, the Consultation Document will be used for the Special Consultative Procedure required by the LGA. Council decision making may require further changes through this process.

Ngā take ā-lhinga | Consent issues

There are no consent issues.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata Piako District Council's Community Outcomes are set out below:

MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO OUR PLACE		MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI STRATEGIC DIRECTION	
TŌ MĀTOU WHAKAKITENGA OUR VISION			
Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. 'The heart of our community is our people, and the people are the heart of our community.'			
TŌ MĀTOU WHĀINGA MATUA OUR PRIORITIES (COMMUNITY OUTCOMES)			
			

He wāhi kaingākau ki te manawa A place with people at its heart	He wāhi puawaitanga A place to thrive	He wāhi e poipoi ai tō tātou taiao A place that embraces our environment	He wāhi whakapapa, he wāhi hangahanga A place to belong and create
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The community outcomes relevant to this report are as follows:

The LTP contributes to all outcomes by setting the funding and activity framework for delivery of Council services and activities.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

All costs associated with the production of the Consultation Document can be met within existing budgets.

The financial impacts of the decisions included in the draft 2024-34 LTP supporting documents have been outlined in the consultation document.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Anne Gummer Policy Advisor	
	Jenni Cochrane Communications Manager	

Approved by	Niall Baker Policy Team Leader	
	Erin Bates Strategic Partnerships and Governance Manager	

7 Pūrongo me whakatau | Decision Reports

7.5 Review for Audit of Draft Long Term Plan 2024-2034

CM No.: 2810733

Te Kaupapa | Purpose

The purpose of this report is to present the draft Long Term Plan 2024-2034 (LTP) to the committee for their review. The next step will be for the draft LTP to be presented to Council at which point approval will be sought for the LTP to be approved for audit.

Rāpopotonga Matua | Executive Summary

The Draft LTP 2024-2034 outlines the Council's proposed plans including major projects, levels of service and forecast budgets for the next ten years.

The Draft LTP is made up of a number of key sections, namely 1) Introduction and Overview, 2) Key Assumptions, 3) Financial Strategy, 4) Infrastructure Strategy, 5) What We Do, 6) Financials, 7) Policies, 8) Council Controlled Organisations.

The purpose of this report is to present the Draft LTP to the committee for their review and to seek the committee's recommendation to Council that the Draft LTP be approved for audit.

If the draft LTP is approved for audit at the Council meeting on 24 January 2024, Audit NZ are scheduled to complete the audit from 30 January to 15 February 2024. The Draft LTP (with any changes) and Consultation Document will be presented in March to this committee and then to Council for approval for community consultation.

The Draft LTP makes up part of the supporting documentation that accompanies the LTP consultation document when it goes out to the community for feedback.

Tūtohunga | Recommendation

That:

1. The Committee receives the report.
2. The Committee recommends Council adopt for audit the draft Long Term Plan 2024-34 as supporting documentation for the proposed Consultation Document, including:
 - a) Draft Introduction and Overview (Section 1)
 - b) Draft Key Assumptions (Section 2)
 - c) Draft Financial Strategy (Section 3)
 - d) Draft Infrastructure Strategy (Section 4)
 - e) Draft What We Do (Section 5 – including Groups of Activities and Performance Measures)
 - f) Draft Financials (Section 6)
 - g) Draft Policies (Section 7 – including draft Revenue and Financing Policy)
 - h) Draft Key Relationships (Section 8 – including CCOs)
3. The Committee notes that the supporting information as per resolution 2 above, will be reported back to this Committee and then to Council in March, for adoption (for public consultation) and issue of Audit opinion.

Horopaki | Background

The Local Government Act 2002 (LGA) requires Council to adopt the information that supports the development of the consultation document and the LTP. Schedule 10 of the LGA sets out the requirements for the final LTP document, this has been used to form the basis of the supporting documentation.

The next step is for formal LTP audit to occur. Audit NZ are scheduled to complete the audit from 30 January to 15 February 2024.

The supporting documentation will be available on Council's website during the consultation period for public reference, but the legislation makes it clear that other than the draft policies, Council should not be consulting on the supporting documentation.

The supporting documentation consists of key components that underpin the LTP, which as a whole, provides Council's investment plan in support of the intention for Matamata-Piako to keep rates affordable, by focusing on required projects ("must do's") while making strides towards achieving its community outcomes.

Ngā Take/Kōrerorero | Issues/Discussion

The supporting documentation for Council's 2024-34 LTP is circulated separately to this report and contains the following sections:

- 1) **Draft Introduction and Overview (Section 1)** – This section contains the Mayor's Foreward, the function of the Long Term Plan, Council's planning cycle, Council's strategic planning and implementation framework, and ways for the community to give feedback on

the LTP. It gives a snapshot of our District now and in thirty years' time, details the Councillors, Council's governance structure and Māori engagement in decision making, and Council's purpose, vision and community outcomes. It highlights the four key drivers / challenges which are referred to throughout the LTP – Affordability, Growth and demand, Compliance, and Climate change and resilience, and how Council will respond to these. Finally, it outlines an additional challenge faced by Council – legislative change.

- 2) **Draft Key Assumptions (Section 2)** - The Key Assumptions represent the important trends and projections expected to affect the Council and the District over the next ten years, and are one of the essential building blocks in the development of the LTP. These key assumptions are used to provide a common set of data and direction for the organisation to use in its planning, to be used in conjunction with a wider set of corporate level assumptions and activity-specific assumptions. These assumptions have been fully revised since the last LTP and workshopped with elected members, a new structure included to improve readability, and the assumptions grouped and aligned (where applicable) with the four key drivers / challenges. The groups of assumptions are as follows: Significant assets, Policy landscape, Growth and demand, Climate change and resilience, Compliance, and Affordability.
- 3) **Draft Financial Strategy (Section 3)** - The Financial Strategy includes the following content: a set of key principles which underpin the strategy, information on how we have performed compared to what we said we would do in the last Strategy, some of the key issues we are facing and how we are responding to these, the financial consequences of the options presented in the LTP, our financial goals, and our rates limit, debt cap and objectives for our financial investments. The Financial Strategy reflects our overall approach to the LTP – focussing on looking after what we have and delivering the 'must dos' to our community. Our financial goals are identified as the following: to maintain current levels of service, to improve levels of service where this complements our vision, to set prudent limits on rates and rate increases, and to set prudent limits on debt. The Strategy identifies four factors that have changed since last time: 1) increased costs of maintaining current levels of service, 2) high inflation, 3) increased costs of asset replacement, 4) additional costs and pressures, including compliance and uncertainty. The Strategy discusses how each of the four key drivers / challenges impacts the Financial Strategy and how Council will respond. As required the Financial Strategy also includes information on our objectives for holding financial investments and equity securities and providing quantified targets for returns on those investments and our policy on giving securities for borrowing.
- 4) **Draft Infrastructure Strategy (Section 4)** - Council's 30-year Infrastructure Strategy is a requirement of the LGA. The draft Infrastructure Strategy was approved for audit by Council on 13 December 2023. The groups of activity included in the strategy are Water, Wastewater, Stormwater, Roothing, Rubbish and recycling, and Parks and open spaces and Community facilities and property. The Strategy sets out Council's key principles for managing its assets, namely: looking after what we have, focusing on the must dos ie complying with legislative requirements, including only a few should dos, smoothing renewals and reducing some roading renewals. The Strategy provides a snapshot of our District and Council's assets, outlines the method used to prioritise capital projects and asset renewals, and discusses Council's approach to risk management. It sets out the most likely scenario for our District in 2054 and how Council will respond. The Strategy discusses the four key drivers / challenges that feature throughout the LTP and how Council will address these in respect of its assets. The Strategy discusses 6 key areas of work: 1) investment in roading renewal, 2) meeting water demand, 3) prioritising capital projects, 4) responding to climate change, 5) servicing growth, 6) meeting our waste

minimisation targets. For each it outlines a range of options, associated costs and the preferred option. It then discusses each group of activity in more detail. The Strategy concludes with a Financial Summary and What's Next section.

5) Draft What We Do (Section 5) – This section details Council's eight groups of activity – Community Facilities and Property, Strategy and Engagement, Roading, Rubbish and Recycling, Stormwater, Wastewater, Water, Consents and Licensing. For each group of activity, we identify how the group contributes to our vision and community outcomes, how the key drivers / challenges impact on the group and how Council will respond, our goal in respect to levels of service for that activity, any negative impacts it may have, key legislation etc that guide the planning and operation, the funding source, our projects over the next 10 years, the performance measures and targets we will report on and the funding impact statement.

6) Draft Financials (Section 6) – The information in this section underpins the summary financial information including rate and debt limits presented in the consultation document. The underlying financials include: a) Statement of comprehensive revenue and expense, b) Statement of changes in equity, c) Statement of financial position, d) Statement of cash flows e) Statement of accounting policies f) Self-funding activities, g) Non funded depreciation, h) Depreciation and amortisation expense by group of activity, i) Reserve funds, j) Funding impact statement for whole of Council, k) Calculation of rates, l) Financial prudence disclosures.

7) Draft Policies (Section 7) – This section includes the following:

- a) Draft Revenue and Financing Policy (reviewed 2023) in full
- b) Significance and Engagement Policy (reviewed 2023) in summary

8) Draft Council Controlled Organisations – This section outlines the Council Controlled Organisations we are part of, namely: Waikato Regional Airport and Co-Lab. For each we have provided detail on their ownership structure, the nature and scope of their activities and their key performance targets.

Mōrearea | Risk

The Local Government Act 2002 sets the requirements for preparation of the LTP.

Ngā Whiringa | Options

There are two options for consideration:

Option 1: The committee recommends to Council that the draft LTP 2024-2034 is approved for audit	
The Committee recommends the draft supporting documentation as proposed	
Advantages	Disadvantages
<ul style="list-style-type: none"> Keeps within the current timeframes. 	<ul style="list-style-type: none"> Potential opportunities for amendments to the supporting documentation may not have been considered.
Recommended?	Yes

Option 2: The committee recommends further changes be made to the LTP 2024-2034 before Council approval for audit

The Committee does not approve the draft supporting documentation as proposed

Advantages	Disadvantages
<ul style="list-style-type: none"> Potential opportunities for supporting documents to be amended and reconsidered. 	<ul style="list-style-type: none"> Delay in adopting the supporting documentation (depending on the duration) will delay preparation of the LTP and commencement of public consultation.
Recommended?	No

Recommended option

Option 1 is the recommended option.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

An LTP is prepared every three years, covers ten years (and includes an Infrastructure Strategy for a 30-year period), must include specific information as prescribed in the Local Government Act 2002 (LGA), must be audited, and can only be adopted after a period of public consultation on a consultation document which itself also needs to be audited.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Significance

The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

In making this assessment, consideration has been given to the likely impact, and likely consequences for:

- the current and future social, economic, environmental, or cultural well-being of the district or region
- any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter
- the capacity of the local authority to perform its role, and the financial and other costs of doing so.

In accordance with the consideration above criteria and thresholds in the policy, it is considered that the supporting documentation is of high significance as its implementation will have a large impact on a wide range of people.

Taking into consideration the above assessment, that the supporting documentation is of high significance, the supporting documentation will be made available alongside the LTP consultation document during the consultation period for public reference.

As stated above the legislation makes it clear that other than the draft policies, Council will not be consulting on the supporting documentation.

Policy Consideration

To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy

adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Included in the draft LTP is identification of variations from our Waste Management and Minimisation Plans and assessment of public toilets and sanitary services, as required by legislation. We have identified no significant variations.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

Timeframes

The following table sets out the key dates for the LTP process ahead:





Key Task	Dates
Risk and Assurance Committee meeting - to review draft LTP and Consultation Document before audit	23 January 2024
Council meeting - to approve LTP and Consultation Document before audit	24 January 2024
Second interim audit visit	30 January to 15 February 2024
Risk and Assurance Committee meeting - to review draft LTP and Consultation Document before adoption for consultation	12 March 2024
Audit opinion on consultation document Council sign off on draft LTP, Consultation Document - Council meeting	13 March 2024
Public consultation/engagement period	20 March to 21 April 2024
Council LTP hearings of submitters	8-9 May 2024
Council LTP deliberations/decision making - Council meeting	29 May 2024
Final LTP audit visit - Draft LTP Available for audit	6 June to 13 June 2024 <i>(to be confirmed)</i>
Risk and Assurance Committee meeting - to review final LTP	18 June 2024
LTP Adoption - Council meeting	26 June 2024

Ngā take ā-lhinga | Consent issues

There are no consent issues.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata Piako District Council's Community Outcomes are set out below:

MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO OUR PLACE		MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI STRATEGIC DIRECTION	
TŌ MĀTOU WHAKAKITENGA OUR VISION			
Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. ‘The heart of our community is our people, and the people are the heart of our community.’			
TŌ MĀTOU WHĀINGA MATUA OUR PRIORITIES (COMMUNITY OUTCOMES)			
			
He wāhi kaingākau ki te manawa a place with people at its heart	He wāhi puawaitanga a place to thrive	He wāhi e poipoi ai tō tātou taiao a place that embraces our environment	He wāhi whakapapa, he wāhi hangahanga a place to belong and create

The community outcomes relevant to this report are as follows:
The LTP contributes to all outcomes by setting the funding and activity framework for delivery of Council services and activities.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

All costs associated with the production of the Long-term Plan and community engagement can be met within existing budgets.

The financial impacts of the decisions included in the draft 2024-34 LTP supporting documents have been outlined in the consultation document.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Niall Baker Policy Team Leader	
	Anne Gummer Policy Advisor	
	Olivia Picard Graduate Policy Advisor	

Approved by	Niall Baker Policy Team Leader	
	Erin Bates Strategic Partnerships and Governance Manager	

8 Ngā Pūrongo Whakamārama | Information Reports

8.1 Long Term Plan Audit Update Letter

CM No.: 2808249

Te Kaupapa | Purpose

The purpose of this report is to present the attached letter from Audit New Zealand dated 20 December 2023 regarding the Long Term Plan 2024-34 audit update for the Committee review.

Rāpopotonga Matua | Executive Summary

Audit NZ have provided an update on the LTP audit. This includes particular areas of emphasis on:

- Impact of the current economic environment on the Council's forecasts
- Central Government reforms
- Financial strategy and infrastructure strategy
- Quality of asset-related forecasting information
- Assumptions

The letter also outlines the key dates in the audit timetable.

Tūtohunga | Recommendation

That:

1. The information be received

Ngā Take/Kōrerorero | Issues/Discussion


As at the date of writing this letter, Audit NZ were not in a position to share the Audit engagement letter for the Audit of the consultation document (CD) and long-term plan (LTP) for the period commencing 1 July 2024.

This mainly relates to the uncertainties regarding the impact of recent announcements and communications regarding the affordable waters reform as well as finalisation of audit fees.

The attached letter is based on current legislation. Audit NZ expect changes to legislation in the coming months which will inform the decisions made by the Council.

Staff and Audit representatives are available at the Committee meeting for any questions or clarification that may be needed during the discussion.

Ngā Tāpiritanga | Attachments

 Audit Letter for RAC 23/01/2024



Ngā waitohu | Signatories

Author(s)	Olivia Picard Graduate Policy Advisor	
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Approved by	Niall Baker Policy Team Leader	
	Erin Bates Strategic Partnerships and Governance Manager	



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

20 December 2023

Level 14, 88 Shortland Street, Auckland 1010
PO Box 1165, Auckland 1140

Don McLeod
Chief Executive
Matamata-Piako District Council
PO Box 266
Te Aroha 3342

Dear Don

LTP audit update

As at the date of writing this letter we are not in a position to share the Audit engagement letter for the Audit of the consultation document (CD) and long-term plan (LTP) for the period commencing 1 July 2024. This mainly relates to the uncertainties regarding the impact of recent announcements and communications regarding the affordable waters reform as well as finalisation of audit fees. This letter can be used as an update for the Audit and Risk Committee meeting scheduled for 23 January 2024.

This letter outlines the following based on current legislation. However, we expect changes to legislation in the coming months which will inform the decisions made by the Council.

- the audit scope and objectives;
- the areas of emphasis; and
- the audit logistics.

1 Our audit scope

The Act requires us to provide two separate reports, as follows:

- On the consultation document, a report on:
 - whether the consultation document gives effect to the purpose specified in section 93B; and
 - the quality of the information and assumptions underlying the information in the consultation document.

- On the LTP, a report on:
 - whether the LTP gives effect to the purpose in section 93(6); and
 - the quality of the information and assumptions underlying the forecast information provided in the LTP.

Our focus for the first limb of each report will be to assess whether the consultation document and the LTP meet their respective statutory purposes. Given the different purposes of each document, we will assess the answers to different questions for each report.

Our focus for the second limb of each report will be to obtain evidence about the quality of the information and assumptions underlying the information contained in the consultation document and LTP. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the information and assumptions underlying the information contained in the consultation document and LTP, whether because of fraud or error.

Our audit reports do not:

- provide a guarantee of absolute accuracy of the information in the relevant document;
- provide a guarantee that the Council has complied with all relevant legal obligations;
- express an opinion on the merits of any policy content; or
- include an opinion on whether the forecasts will be achieved.

2 Our particular areas of emphasis

2.1 Impact of the current economic environment on the Council's forecasts

The national and international response to the Covid-19 pandemic has created a significantly uncertain economic environment. Supply chain and labour market constraints due to closed borders and economic stimulus has led to inflationary pressures being seen around the world. New Zealand's response to increased inflation has meant significantly higher interest rates than that experienced in the recent past.

The current economic environment and what it means for the future will need to be factored into the Council's LTP forecasts.

2.2 Central Government reforms

2.2.1 Affordable waters reform

We understand that Cabinet agreed to repeal the previous government's water services legislation and will introduce a repeal bill that will restore council ownership and control of water infrastructure and services. We also understand that the bill will include temporary modifications to local government legislation for the transitional period affecting the 2024 long-term plans.

The Council will need to consider the impact of the above which may also impact the audit.

2.2.2 Resource Management Act reforms

The Natural and Built Environment Act 2023 and the Spatial Planning Act 2023 were both enacted in August 2023. We understand implementation of the reforms will be staged over the next seven years. The Council will need to consider the impact of this on the LTP.

2.3 Financial strategy and infrastructure strategy

The Act requires a local authority to prepare two key strategies as part of the LTP: the financial strategy and the infrastructure strategy. For the two strategies to be effective, they must be closely aligned.

Although the Act clearly sets the minimum requirements for these strategies, it does not define the only things that can be in a strategy. A good strategy should include what is needed to be a good quality strategic planning document. In the case of the infrastructure strategy, the principles of ISO 55000 should be considered, particularly where the Council is seeking to prepare a best practice strategy.

The OAG has included sector-wide strengths and weaknesses in the last two parliamentary reports on the results of our audits of LTPs, which is available from <https://oag.parliament.nz>.

The Council's financial modelling is a significant component of the underlying information that supports both the financial strategy and infrastructure strategy.

An additional role played by these strategies is to facilitate accountability to the community. It is critical that these strategies are presented in such a way that they are engaging and informative, and support the presentation of issues, options, and implications presented in the consultation document.

2.4 Quality of asset-related forecasting information

A significant portion of the Council's operations relates to the management of its infrastructure: the provision of water, roading, community facilities and management of wastewater.

To prepare reasonable quality asset information, the Council needs to have a comprehensive understanding of its critical assets and the cost of adequately maintaining and renewing them. An important consideration is how well the Council understands the condition of its assets and how the assets are performing.

2.5 Assumptions

The quality of the Council's financial forecasts is significantly affected by whether the assumptions on which they are based are defined and reasonable. The Act recognises this by requiring all local authorities to clearly outline all significant forecasting assumptions and risks underlying the financial estimates in the LTP (Schedule 10, clause 17). Prospective Financial Statements (PBE FRS 42) also requires the disclosure of significant assumptions.

We consider that the significant forecasting assumptions are crucial to the underlying information.

2.5.1 Climate change assumption

We will focus on the assumptions that the Council has made about climate change and the adequacy of other information and disclosures relating to climate change.

2.5.2 Capital expenditure delivery

We will continue to pay attention to the reasonableness of the assumptions the Council has made about capital expenditure delivery.

Under delivery of capital expenditure budgets can have significant implications to the local authority and the community, including reductions in levels of service, and ratepayers paying for work that has not been completed.

3 Audit logistics

3.1 Audit timing

The key dates in the audit timetable are reflected in Appendix 1. These are based on discussions with management in the anticipation of performing work over both the CD and LTP. We are in the process of agreeing a final detailed timeline with management.

The main risk to the timeline relates to the affordable waters reform. Should we encounter any significant problems or delays during the audit, we will inform you immediately.

If there are any matters requiring clarification, please contact me on 021 244 2723.

Yours sincerely

René van Zyl
Director

cc Niall Baker, Policy Team Leader, Matamata-Piako District Council
Manaia Te Wiata, Group Manager, Matamata-Piako District Council
Larnia Rushbrooke, Finance & Business Services Manager, Matamata-Piako District Council

Appendix 1: Draft audit timing

Self-assessment provided to Council	27 November 2023
Self-assessment returned to audit team for consideration	22 December 2023 (or 10 January 2024)
First interim visit (initial assessment) Specific focus: <ul style="list-style-type: none"> 30-year infrastructure strategy Asset management plans (AMP) Forecast performance 	11 December 2023
Audit engagement letter sent to Council	To be confirmed
Audit and Risk Committee	23 January 2024
Council meeting	24 January 2024
Proposed consultation document available	30 January 2024
CD audit	30 January 2024 to 15 February 2024
Designed CD to audit	1 March 2024
Hot review - CD	To be confirmed
Verbal clearance - CD	6 March 2024
Audit and Risk Committee	12 March 2024
Audit report on consultation document required	13 March 2024
Draft report to governors on consultation document engagement	To be confirmed
Finalised report to governors on consultation document engagement	To be confirmed
Proposed LTP for adoption available	7 June 2024
Final LTP visit	7 to 13 June 2024
Verbal clearance – LTP	13 June 2024
Audit report on adopted LTP required	26 June 2024
Draft report to governors on LTP engagement	To be confirmed
Finalised report to governors on LTP engagement	To be confirmed
Audit and Risk Committee	10 September 2024

8 Ngā Pūrongo Whakamārama | Information Reports

8.2 Long-Term Plan Quality Assurance - Audit self-assessment & QA checklists

CM No.: 2808308

Te Kaupapa | Purpose

The purpose of this report is to provide the Long-Term Plan 2024-34 (LTP) Audit self-assessment, project 'health check', and Quality Assurance (QA) checklist for the Committee to review.

Rāpopotonga Matua | Executive Summary

As part of the LTP Quality Assurance and risk management approach Council staff have completed the Audit self-assessment, LTP project 'health check'. These are attached for the Committee to review.

A Quality Assurance (QA) checklist is currently being completed and will be circulated to the Committee separately.

Section 94 of the Local Government Act 2002 requires the LTP to be audited by and contain a report from the Auditor-General. To deliver an LTP that achieves an unqualified audit opinion, it is critical for the Council to ensure that:

- LTP processes are robust
- information contained in the LTP is materially complete and reliable
- any risks associated with the LTP process are minimised and
- the LTP meets the requirements of all relevant legal requirements, including those set out in the Local Government Act 2002.

Taituarā guidance is that good Quality Assurance (QA) should help Council:

- detect errors and omissions and minimise the amount of re-working
- keep audit fees (both now and in future LTPs) to their lowest level
- minimises the chance of non-compliance (and the risk of associated challenge)
- improve the overall clarity and consistency of the document
- maximise the level of useful feedback received on the document by improving the public's understanding of our proposals.

Tūtohunga | Recommendation

That:

1. The information be received.
2. The Committee review and provide any feedback on the following:
 - a) Audit self-assessment
 - b) LTP health check
 - c) LTP Quality Assurance (QA) checklist

Horopaki | Background

Council is required to prepare and adopt a LTP under the LGA. The Long Term Plan sets out the activities, budgets, Financial Strategy and key financial policies of the Council for the next 10 years and the Infrastructure Strategy for the next 30 years.

Long-term Plan 2024-2034 (LTP) assurance process

According to the Local Government Act 2002, Council must have an LTP adopted before the beginning of the first year to which it relates (2024/25) and utilise the special consultative procedure to consult with its community.

Section 94 of the Local Government Act 2002 requires the LTP to be audited by and contain a report from the Auditor-General. To deliver an LTP that achieves an unqualified audit opinion, it is critical for the Council to ensure that:

- LTP processes are robust
- information contained in the LTP is materially complete and reliable
- any risks associated with the LTP process are minimised and
- the LTP meets the requirements of all relevant legal requirements, including those set out in the Local Government Act 2002.

Taituarā guidance is that good Quality Assurance (QA) should help Council:

- detect errors and omissions and minimise the amount of re-working
- keep audit fees (both now and in future LTPs) to their lowest level
- minimises the chance of non-compliance (and the risk of associated challenge)
- improve the overall clarity and consistency of the document
- maximise the level of useful feedback received on the document by improving the public's understanding of our proposals.

Ngā Take/Kōrerorero | Issues/Discussion

While a lot of QA is informal and takes place as staff go about their work on a day to day basis, a process and document is important as the LTP also needs more formalised QA. Taituarā guidance sets out the following considerations for the QA:

QA Area	Aspects to be considered
Role and responsibility	<ul style="list-style-type: none"> • Who is responsible for what part of QA • A decision on the use of internal vs external resources
Consistency checks	<ul style="list-style-type: none"> • The general 'does the whole document make sense' test. • Checking financials and groups of activity statements against the funding and financial policies. • Checking the Mayor and/or CE foreword and/or strategic issues discussion aligns with the rest of the document. • Checking that forecasting assumptions have been consistently applied and reasons for any departures have been documented. • Consistency of language
LTP preparation and process	<ul style="list-style-type: none"> • Checks of data compilation controls • Identifying project risks and pressure points and Processes • Checking links between underlying data (e.g. AMPs) and the LTP
LTP content	<ul style="list-style-type: none"> • Legislative compliance checklists • Checks of content against agreed formats • Checks that the LTP is readable and as user friendly as

	possible (e.g. have the key issues for consultation been clearly identified)
External audit	<ul style="list-style-type: none">• Liaising with auditors on how internal QA work may help with the completion of the external audit of the LTP

External Quality review

Council staff have commissioned an independent review of the LTP consultation document and supporting material (also referred to as the draft LTP) as a quality review mechanism. This will:

1. Consider the continuity and consistency of the strategy and key messages throughout the LTP as a whole, providing an external and independent assessment of how well the LTP package hangs together. For example, have the assumptions been applied consistently?
2. Assess completeness against legislative requirements.
3. Assess the LTP against Local Government sector best practice guidance.

This was discussed with the Committee at its meeting on 25 October 2023. The Committee discussed its preference to have a report from the reviewer at the January meeting. A separate item on this Committee agenda addresses this.

Taituarā checklists

Taituarā's Living through the LTP guide provides a step-by-step map of the LTP process. This includes two useful tools which staff have used:

- Health check - The purpose of this health check is to aid Council preparation for the 2024–34 LTP by providing an honest assessment of its readiness, identifying where there are concerns and what should be done. Taituarā suggest completing this early in 2023 and around November 2023 as a check on progress. Refer attached.
- Quality Assurance (QA) checklist - this aims to assist Councils with their quality assurance. It is there to supplement, rather than replace quality assurance processes within Council. In particular, Taituarā strongly advises local authorities to ensure they undertake an independent legal check against the requirements in the Local Government Act 2002 before adoption of each of the Consultation Document and LTP.

Staff have completed both the Health check, which is attached to this report. At the time of writing, the QA checklist is being finalised and will be circulated when available.

Audit self-assessment

As part of our audit of Council's consultation document and LTP and to help Audit NZ to understand our LTP development systems and key risks and matters that impact on the audit planning, they have asked Council to complete the attached self-assessment.

As per the attached introductory letter, Audit NZ ask that one person be responsible for co-ordinating the response, and that the Chief Executive along with the Chair of a relevant Council Committee (i.e. Risk and Assurance) review it before it is sent back to Audit.

The Committee Chair has been provided a copy of the self-assessment for comment.

Mōrearea | Risk

A key focus for this Committee is providing oversight of key risks and assumptions.

Risk management involves the identification and assessment, then avoidance, mitigation or elimination of risks.

An LTP risk register has been monitored and updated throughout the project. This is ensure emerging or new risks are considered and reviewed in a timely manner as they relate to the project.

Ngā Whiringa | Options

There are no reasonably practicable issues to consider. The LTP is required by legislation and has prescribed content.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Requirement for a Long Term Plan

The preparation of the LTP is a requirement under the Local Government Act 2002. [Schedule 10](#) of the LGA sets out the requirements for a LTP

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	Options are addressed above in this report.
Section 78 – requires consideration of the views of Interested/affected people	There is no consultation required on risk management/quality assurance of the LTP.
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a low level of significance.
Section 82 – this sets out principles of consultation.	No consultation is required on this issue.

Policy Considerations

To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

This is addressed in a separate report on the LTP project update. There is no communications/engagement required for the QA and risk management aspects.

Ngā take ā-lhinga | Consent issues

There are no consent issues.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

The relevant Community Outcomes are set out below:

Connected Infrastructure	Infrastructure and services are fit for purpose and affordable, now and in the future.	Quality infrastructure is provided to support community wellbeing.	We have positive partnerships with external providers of infrastructure to our communities.
Economic opportunities	We are a business friendly Council	Our future planning enables sustainable growth in our District.	We provide leadership and advocacy is provided to enable our communities to grow.
Healthy communities	Our community is safe, healthy and connected.	We encourage the use and development of our facilities.	We encourage community engagement and provide sound and visionary decision making.
Environmental Sustainability	We support environmentally friendly practices and technologies.	Development occurs in a sustainable and respectful manner considering kawa/protocol and tikanga/customs	We engage with our regional and national partners to ensure positive environmental outcomes for our community.
Vibrant Cultural values	We promote and protect our arts, culture, historic, and natural resources	We value and encourage strong relationships with Iwi and other cultures, recognising wāhi tapu and taonga/significant and treasured sites and whakapapa/ ancestral heritage.	Tangata Whenua with Mana whenua status (those with authority over the land under Māori lore) have meaningful involvement in decision making.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source


The development of and consultation on the Long Term Plan is funded from the Strategy and Engagement Activity Operating budget.

A budget of \$45,000 per annum is provided for, being \$135,000 over 3 years, excluding audit fees

Ngā Tāpiritanga | Attachments


A.  LTP Audit self assessment introductory letter



B.  Audit Self-assessment 2024-34 LTP (*Under Separate Cover*)

C.  LTP health-check 2024/34 - Taituarā



D.  LTP QA-checklist 2024/34 - Taituarā (*Under Separate Cover*)

Ngā waitohu | Signatories

Author(s)	Olivia Picard Graduate Policy Advisor	
	Niall Baker Policy Team Leader	

Approved by	Niall Baker Policy Team Leader	
	Erin Bates Strategic Partnerships and Governance Manager	



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

24 November 2023

Level 14, Shortland & Fort
88 Shortland Street, Auckland 1010
PO Box 1165, Auckland 1140

Niall Baker
Policy Team Leader
Matamata-Piako District Council
PO Box 266
Te Aroha 3342

Dear Niall

Self-assessment: 2024 long-term plan

Purpose of the self-assessment

As part of our audit of your consultation document and long-term plan (LTP) and to help us to understand your LTP development systems and key risks and matters that affect our audit planning, we are asking you to complete the attached self-assessment.

The self-assessment is an efficient way to confirm the approach you intend to use to prepare your LTP and its associated consultation document.

We hope that completing this self-assessment will also assist you to identify opportunities for improvement in your own processes.

This self-assessment asks questions about the changes you have made to prior systems and processes for developing your LTP and its associated consultation document. There is no need to explain in detail systems and processes that we have examined in prior years.

How will the self-assessment be used?

We will review and discuss your self-assessment answers with you to help decide whether there are any particular areas of risk that require further consideration. The information obtained will assist us to prepare our audit plan and will assist us in updating our understanding of your control environment for preparing the consultation document and LTP. It also assists our understanding of the systems and processes you have in place to support the Council in working within the provisions of the Local Government Act 2002.

Process of preparation

We ask you to involve whoever you think appropriate in preparing your self-assessment response. In most cases, it is unlikely that one member of staff will be in a position to respond to all the questions. We also ask you to consider the involvement you may need from elected members in preparing your response.

We ask that one person be responsible for co-ordinating the response, and that the Chief Executive and the Chair of the Audit and Risk committee review it before it is sent back to us.

When you are completing the self-assessment, we would appreciate it if you would attach a copy of any documents (that have not been previously provided to us) you refer to in completing the self-assessment to enable us to understand the relevance/importance of the document. An AuditDashboard file will be set up to assist with sharing this information.

We have formatted the self-assessment questions into core areas of questions. This may result in each area appearing to suggest a stand-alone process. We understand that there is an existing body of knowledge in which each step or part of preparing the consultation document and LTP occurs as part of a much wider and iterative process. However, our intention in formatting the questions in this way is to be clear about the focus of our interest.

We do not intend the completion of the self-assessment to be a time-consuming task.

What happens next?

Please return the completed self-assessment to us. We would appreciate if the completed self-assessment can be returned to us by 11 December 2023, if possible (alternatively 8 January 2024).

Please contact me if you have any questions. Likewise, do advise me if there is any significant change through the process of preparing your consultation document and LTP after you complete your self-assessment that would have affected your response to any of the self-assessment questions.

We will use the information in the self-assessment to assist in planning our audit of your consultation document and LTP.

We thank you for your time and work on this part of the audit process.

Yours sincerely



René van Zyl
Appointed Auditor

Tool One: The 2024 LTP Health Check

Author's note: This tool is designed to help the user assess organisational readiness to undertake the LTP. It is not designed as a tool for assessing the compliance of a consultation document, supporting information or long-term plan

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Introduction

The purpose of this health check is to aid your preparation for the 2024–34 LTP by providing an honest assessment of your readiness, identifying where there are concerns and what should be done.

We suggest completing the *Health Check 2024* early in your long-term plan process, so you have an idea of what further actions are necessary, and their general priority. Try to undertake this health check early in the 2023 calendar year, and around November 2023 as a check on progress.

The health check uses a ranking system to assess your long-term plan readiness. The following table can be used as a guideline in choosing your ranking:

	Rank	Prognosis
1	Haven't thought about this yet.	<i>Call the undertaker.</i>
2	Started thinking but too early to say one way or the other.	<i>Could be fatal if left too long.</i>
3	Firming up thoughts / timetabling.	<i>There is some hope.</i>
4	Decisions made / fully prepared and timetabled / making progress.	<i>On the road to good health.</i>
5	Done.	<i>Time to enter a marathon!</i>

Health check completed by MPDC staff: November/December 2023

	Project initiation	Ranking (1-5)	What do you need to do?	Who?	When?
A.	Has your local authority ... considered the lessons learnt during the 2021–31 LTP process?	5	<p>Debrief notes considered at first project meeting in February 2024.</p> <p>Since 2021 LTP, we have workshop reports/agendas which provide elected members with pre-reading and allow for more focused workshops.</p> <p>Council staff and an external reviewer will complete a quality assurance process across the LTP documents in January 2024 to ensure the learnings from the 2021-31 LTP process and the advice from the OAG, and Taituarā have been reflected consistently throughout the documents.</p>	<p>Project Team</p> <p>Council staff</p>	<p>COMPLETED</p> <p>January 2024</p>
B.	identified likely risks and weaknesses? Thought about how these could be managed?	5	<p>Risk register in CM 2569841</p> <p>An LTP risk register has been monitored and updated throughout the project. This ensures emerging or new risks are considered and reviewed in a timely manner as they relate to the project. The MPDC Risk Manager has been involved, providing advice and guidance as appropriate.</p> <p>The Risk and Assurance Committee has a role in providing oversight of key risks and assumptions for the LTP. The Committee has</p>	<p>Project Team</p> <p>Policy team</p>	<p>Ongoing</p>

			received regular reports on LTP progress and risks. Emerging risks such as impacts of the three water reforms were also reported to the Committee.		
C.	developed a checklist of material you will need to cover within your LTP (including legal compliance aspects)?	5	<p>A detailed timeline CM 2788969 has been developed which includes all parts of the LTP. Timetable is reviewed and updated as required</p> <p>The project timeline and work-streams provides a full breakdown of all project components and in-scope works, roles and responsibilities.</p> <p>Plan on a page – key steps/milestones (CM 2697015) was also developed and discussed with elected members.</p>	Niall Project Team	Reviewed and updated as required
D.	reviewed monitoring information (from performance measures, etc)?	5	<p>Each activity manager ran workshops with elected members on their activity plan, including the levels of service and performance measure and targets. These were subsequently formally confirmed at Council meetings.</p> <p>Council has reviewed the performance monitoring information as part of the activity planning process. This has also taken into account historic levels of performance, customer feedback and a review of other Councils performance measures and results to see if there are any improvements that can be made.</p>	<p>Policy Team and Activity Managers</p> <p>Council Staff</p>	<p>Completed</p> <p>Completed</p>

			The performance targets have been set based on community feedback through the customer satisfaction survey and past performance, balanced with resource availability and affordability.		
E.	appointed an LTP project sponsor, manager, and team (including resources towards engagement and communications)?	5	<p>A project sponsor, management and team have been appointed/established to co-ordinate the LTP process:</p> <ul style="list-style-type: none"> • Project sponsor - Strategic Partnerships and Governance Manager • Project Manager - Policy Team Leader • A project team of key staff from the asset strategy, finance and policy, communications teams with other staff, such as activity managers also involved particular points. <p>Resources towards communications and engagement have been considered and included within the project scope and budget. There is separate GL 3036 and budget for all LTP work.</p>	Project Team Erin Bates (Project sponsor) Niall Baker (Project Manager)	Completed / Ongoing involvement of project team
	Project initiation	Ranking (1-5)	What do you need to do?	Who?	When?
F.	discussed the Mayor's priorities and expected involvement in the project per s41A of the LGA? (for territorial and unitary authorities only) or discussed	5	Early on in the project Council staff discussed the project with the Mayor and her priorities and expected involvement in the project. The Mayor indicated preference for collective discussion with the full Council to ensure political buy-into the plan. The Mayor wished to be kept informed on the plan development but	Project Manager and Mayor Adrienne Wilcock	Completed

	Chair's role in leading the LTP (regional council)?		did not wish to take a lead role in putting forward draft plans and budgets		
G.	discussed LTP governance arrangements with the council?	5	<p>Following the October 2022 local elections, elected members went through a comprehensive induction programme, which included governance arrangements and their roles in developing and consulting on the LTP. The Governance structure was confirmed by Council post-election. A new Maori Ward Councillor position was elected in 2022.</p> <p>Council has used its existing governance structure to develop the LTP. Council holds regular workshops on LTP topics and these discussions are reported formally to a Committee or Council meeting so there is a public record and informal direction given at the workshop can be confirmed.</p> <p>Council engages with iwi through Te Manawhenua Forum mō Matamata-Piako, and the Waharoa (Matamata) Aerodrome (Co-governance) Committee.</p> <p>Council has also a Risk & Assurance Committee in place with an independent chairperson. The Committee has reviewed aspects of the LTP process and the supporting documents.</p>	Governance Team Policy Team	Completed
H.	discussed the council's priorities and expectations of the process?	5	Following the October 2022 local elections, elected members went through a comprehensive induction programme, which included their roles in developing and	Governance Team	Completed (November 2022- February 2023)

			consulting on the LTP. The Annual Plan 2023/24 also provided an introduction to aspects of the LTP, such as budgets and rates. Plan On A Page CM 2697015 and overview of the project was discussed with Council in February 2023. Elected indicated where they wanted to put emphasis on certain work streams and a 'traffic light colouring was used'.	Project Manager	
I.	discussed how the council wants to approach its strategic direction setting?	5	Elected members set their strategic direction early in the LTP development process by setting a new vision and outcomes for the 2024 LTP, anchored around the community wellbeing's. This was formally confirmed by Council on 24 May 2023.	SPAG Team	Completed
J.	assessed the impact of various reform processes (including, but not limited to, three waters and RMA reform)?	4	Yes, this has been assessed. There is discussion of our approach to the various reforms in the introductory section of the LTP. The significant forecasting assumptions also detail our assumptions on reforms.	Project Team	Completed with ongoing monitoring of reforms especially 3 waters
	Project initiation	Ranking (1-5)	What do you need to do?	Who?	When?
K.	confirmed when the water services in your local authority will transfer to the relevant water services entity and which of the amendments to the LTP disclosure regime may apply	3	This was planned for 1 July 2026, however the incoming government has advised they will repeal the legislation and thus the transfer will not proceed as planned. It is understood the disclosure requirements for the LTP will be restored to what was previously in the LGA, prior to the water legislation.	Project Team Assets Executive Team	Ongoing legislative change

	in your local authority (if any)?		Legislation is expected to be introduced to Parliament in February 2024 to address this.		
L.	confirmed the timetable for the establishment of the regional planning committee, and the preparation of the regional spatial strategy and the natural and built environment plans?	3	<p>The Natural and Built Environment Act and Spatial Planning Act were passed into law in August 2023.</p> <p>The Act allows flexibility of the Joint Committee and this was to be decided by the region at a later date.</p> <p>It is noted the change of government has resulted in repeal of this legislation, which would have established regional planning committees with a return to the Resource Management Act. It is now uncertain as to what future changes may be made in the resource management area.</p>	District Planner	Ongoing monitoring of reforms
M.	assessed what priority actions your council may be committed to under regional spatial strategies in development?	3	See comments above – the regional spatial strategies have been repealed.	District Planner	Ongoing monitoring of reforms
	Project Scope	Ranking (1-5)	What do you need to do?	Who?	When?
A.	What work will your local authority need to do to conduct an environmental scan?	5	<p>Briefing pack for elected members was compiled and made available in May 2023</p> <p>Together with the Growth Projections and the Economic Profile on our website, these briefing papers provide an overview of key issues facing Council and informs the development of the</p>	<p>Project Team</p> <p>Project team</p>	<p>First quarter 2023</p> <p>Completed</p>

			<p>Activity Plans/Business Plans and all LTP associated politics and documents</p> <p>Council has not undertaken an environmental scan per se however the demographic and social-economic situation of the district has been reviewed with these and wider issues such as climate change discussed with Council and the responses to them covered in the activity plan workshops with Council.</p> <p>Key Strategies and Plans (e.g. the District Plan, WMMP, Open Spaces Strategy) have been taken in to account when undertaking LTP planning to ensure there is consistency with these docs.</p> <p>There are no plans to carry out a full environmental scan or prepare a report separate report on this but this will be reviewed as part of the next LTP.</p>		
B.	discuss the purpose of local government with the council and community??	5	<p>The purpose of Local Government was discussed with elected members as part of the post-election indications.</p> <p>No community engagement has occurred on this.</p>	Project Team	Completed.
	Project Scope	Ranking (1-5)	What do you need to do?	Who?	When?
C.	undertake a stocktake of strategic documents (including strategies, policies,	4	All strategic documents have been considered, authority register has been set up to track policy, strategy amendment dates.	Project Team SPAG Team	Ongoing - 2023

	and plans) that underpin your long-term plan?		<p>Council has not undertaken a full stocktake of strategic documents per se for the LTP. Although we did not carry out full stocktake or prepare a report separate report on this for the 2024 LTP this will be reviewed as part of the next LTP.</p> <p>Relevant strategic documents have been discussed through the activity plan and asset workshops with Council. The relevant strategies, policies and policies that affect each activity documents are referenced in the activity plans as providing strategic context.</p>		To be considered further as part of the 2027 LTP process
D.	review key forecasting assumptions (such as growth models)?	5	<p>Population growth Projections completed by Te Ngira (formerly NIDEA) based on projections provided in 2018.</p> <p>Council had used the high population projection scenario, as recommended Te Ngira and consistent with all FutureProof Councils. Council adopted the high population projections for the purposes of future planning including the LTP 2024-34 at its meeting on 13 July 2023.</p> <p>Growth projections for the next 10 years have been revised (pop growth, pop profile including aging pop forecasts, households and household numbers). Forecasting Assumptions for IS and FS are documented in CM 2800769 and reported to Risk and Assurance Committee in in June and December 2023.</p>	<p>Olivia (Growth) Larnia for financial forecasting</p> <p>SPAG and Project team</p> <p>Finance team</p>	Completed

			<p>Financial assumptions have been reviewed with financial policies</p> <p>The significant forecasting assumptions have been reviewed and discussed with Risk and Assurance Committee. External advice (via Te Ngira) has been obtained on the growth model for the district, BERL assumptions used for inflation and independent advice on borrowing costs</p>		
E.	developed a scenario outlining the impacts of climate change on the community and on the council's activities?	5	<p>We have based our climate change assumptions in the LTP on a report commissioned by Waikato Regional Council for the Matamata Piako district: Matamata-Piako District Climate Impact Report Applying CMIP6 Data, prepared by CLIM Systems for Waikato Regional Council, October 2021. This report uses two climate scenarios: +2.7C and >4C</p> <p>We are planning to undertake a risk assessment of Council's assets and services in the 2024-25 year which will be based on two climate scenarios and work with our community to develop a climate change strategy.</p> <p>The infrastructure strategy highlights the key risks from climate impacts for our infrastructure.</p>	SPAG and Assets	Completed (during second half of 2023).
	Project Scope	Ranking (1-5)	What do you need to do?	Who?	When?

F.	discuss any changes to objectives and priorities with relevant CCOs?	5	<p>CCOs come and present to Council twice a year, objectives and priorities are discussed at these meetings if required.</p> <p>Council has not discussed any changes to objectives and priorities with our CCO's as we are comfortable that the CCO's are delivering upon Council objectives and Council is not part of any major asset-based such as a water CCO.</p> <p>Council receives 6 monthly reports from the CCO's and an Annual Statement of Intent which informs us of the CCO activities and what they have planned, which Council is asked to provide feedback on.</p> <p>It is noted the Hauraki Rail Trail Charitable Trust has been granted a reporting exemption by Council for the next three years on 27 September 2023. This means the exemption will expire in 2026.</p>	Project Team	Ongoing
				SPAG Team	Ongoing
G.	Review activity choice and rationale for service delivery?	4	Activity Choice and rationale for service delivery as required in LGA schedule 10 2(a) have been completed in conjunction with managers for inclusion in the LTP document.	Laura	Completed
H.	Group activities (including the two mandatory groups)?	5	The Long Term Plan Group Activities were adopted by Council on 22 November 2023; CM 2793336	Project Team Laura	Completed
I.	align activity management plans and asset plans with the long-term plan and	5	Activity Plans have been updated. Asset Management Plans have been reviewed, updated and finalised in December 2023.	Activity Managers	Completed

	ensure they are up to date (they should be reviewed regularly)?		Activity/asset management plans have been aligned with the draft long-term plan and reviewed to ensure they are up to date and reflect council priorities and vision	Activity managers and project team	Completed
	Project Scope	Ranking (1-5)	What do you need to do?	Who?	When?
J.	review your performance management framework and the associated systems for recording performance information?	5	<p>This was completed as part of the Activity Plan review. Council considered the framework at its meeting on 25 October 2023; CM 2782174</p> <p>Council has reviewed its performance management framework as part of the activity planning process. This has also taken into account historic levels of performance, customer feedback and a review of other Councils performance measures to see if there are any improvements that can be made</p>	<p>Laura</p> <p>Activity managers and project team</p>	<p>Completed</p> <p>Completed</p>
K.	review and develop funding and financial policies?	3	<ul style="list-style-type: none"> DC Policy review underway. External advice sought on certain aspects. Workshopped with Council on 13 September 2023 Rates Remission and Postponement Policies workshopped on 29 November 2023. Council indicated it did not wish to make any changes. Revenue and Financing Policy – this has been reviewed following Council direction given at workshops on 6 September and 4 October 2023. 	Larnia, Susanne, Olivia	December 2023 - February 2024

			<ul style="list-style-type: none"> Fees and charges for 2024/25 have been reviewed and aligned with the Revenue and Financing Policy 		
L.	review and develop your council's local board funding policy?	N/A	Not applicable as Council does not have any local boards.	N/A	N/A
M.	review your fees and charges?	4	<p>Managers have completed their review alongside their budget preparation. Fees and Charges were discussed with Council in November 2023.</p> <p>The fees and charges have been reviewed by activity managers and aligned with the Revenue and Financing Policy and budgets and BERL forecast of price level change adjustors has been applied to most fees.</p> <p>The Fees and Charges will be consulted on alongside the LTP.</p>	<p>Budget Managers</p> <p>SPAG Team and Activity Managers</p>	<p>Completed.</p> <p>Completed</p>
	Project Scope	Ranking (1-5)	What do you need to do?	Who?	When?
N.	review your significance and engagement policy?	5	<p>Complete.</p> <p>This has been reviewed and workshopped with Council. Council has adopted a new policy on 23 August 2023.</p>	<p>Laura</p> <p>SPAG team / communications officer</p>	Completed.
O.	change accounting policies and practices in the wake of reforms e.g., overhead allocation models?	3	<p>No change planned</p> <p>It is noted Council's Liability Management policy and Investment policy have been reviewed and will be presented to Risk and Assurance Committee and Council in January 2024. It is proposed is that rather than the</p>	Larnia	<p>Completed</p> <p>January 2024</p>

			current annual review stipulated, the policies are recommended to be reviewed at least every three years (to align with the development of Council's Long Term Plan).		
P.	introduce new software or information systems? (e.g., financial modelling software)	4	No new systems No new modelling or information systems have been introduced as part of the LTP. Council is working on improvements to the existing systems such as CRM's to ensure better data capture and reporting.	Project team	Ongoing
	Community Engagement	Ranking (1-5)	What do you need to do?	Who?	When?
A.	Has your LTP project team: discussed community engagement with your elected members?	3	Through the LTP process there has been discussion with elected members around how and when to engage with the community. An LTP pre-engagement process is scheduled for January/February 2024 as a lead-into formal LTP consultation. A communications plan will be developed in December/January and discussed with elected members in February 2024.	Jen C SPAG and communications team	Ongoing February 2024
B.	identified key projects, options, or issues you want to engage on?	4	Council staff have engaged with elected members to identify the projects, options or issues they want to engage on We have reviewed the activity plans and AMPs at a high level, with major projects, issues being	Project Team SPAG and communications team	Ongoing Ongoing

			identified. Some of these matters have will come through in the Consultation Document.	SPAG team	
C.	determined what your key messages to your community are?	4	Interim message is that we will continue to deliver our LOS, focus on affordability, delivering 'must do' projects and looking for ways to work smarter and more efficiently. This may be refined following feedback from Audit NZ.	Comms	Feb 2024
D.	reviewed the information you presently hold on community views and preferences?	4	<p>Review of previous consultation conducted and pre-consultation on relevant topics has been done.</p> <p>It is proposed to build on the 2021 LTP and explain to the community what's new, what's changed etc. For example, the Te Aroha spa was included in the 2021 LTP.</p>	Project Team	Completed.
	Community Engagement	Ranking (1-5)	What do you need to do?	Who?	When?
E.	created a plan to engage with the community?	3	A communications / engagement plan will be developed and discussed with elected members in February 2024.	Jen	Ongoing
F.	decided to seek early community feedback on anything?	3	Council has not undertaken any pre-consultation on LTP topics.	Project Team SPAG Team / Communications	Not occurred
G.	looked at the way your local authority considers and manages community feedback (this may include a	4	Council currently uses several channels for community feedback – newspaper, online, social media, and hard-copy and through other promotional activities. Council staff and elected members usually engage with specific sector	SPAG and Comms team	Ongoing February-March 2024

	revision of your current system)?		<p>groups during the consultation period and may attend town market days. Council staff have established processes for managing this feedback.</p> <p>All submissions are entered by the records team and sent to relevant staff for comment and advice. Council staff have previously considered purchasing specific consultation database software however is not considered to be justified at this stage.</p> <p>We have refined our systems from previous consultations and how we work with our records team to process submissions. Council's digital team are developing the online submission function.</p>	SPAG / records team	n/a
H.	looked at the current processes your local authority has for engaging Māori in decision-making?	5	<p>Council has reviewed its processes for engaging with iwi in conjunction with the Te Mana whenua Forum (iwi committee) and this was discussed with the Forum at its December 2023 meeting.</p> <p>A review of the Te Mana whenua Forum Heads of Agreement has been completed CM 2723503 in early 2023 and Council has committed to establishing individual iwi agreements.</p> <p>Council is also part of co-governance arrangements with iwi e.g Waharoa Aerodrome.</p>	<p>Iwi Liaison officer</p> <p>SPAG team</p>	<p>Completed</p> <p>TMF Heads of Agreement with development of iwi agreements ongoing</p>

			Collective iwi aspirations have also been presented to Council, with further hui taking place in March 2024.		
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	Timeline	Ranking (1-5)	What do you need to do?	Who?	When?
A.	Does your local authority have a timeline: for all of the LTP inputs? How do these match up with other priorities within the council work programme?	5	CM 2678056 A detailed project timeline has been developed. This covers all the LTP inputs. The LTP can conflict with other priorities within the council work programme however this is managed through discussions with relevant teams and updates to the management and executive management teams on LTP progress and timeframes	Niall Project team	Completed
B.	that aligns with council, committee, local and community board meeting schedules?	4	All Council and Committee meetings have been included in the timeline. The project manager has worked with governance team to co-ordinate meetings and workshops.	Niall Governance Team	Completed. Ongoing
C.	that aligns with statutory holidays and other times when elected members and staff may not be available (e.g., school holidays)	4	Consideration for Public Holidays have been included	Niall Project team	Completed.
D.	that aligns with the processes of other parties such as Waka Kotahi or any CCOs?	5	A separate document has been developed for Waka Kotahi process, which is based on our AMPS but focuses on the requirements of Waka Kotahi.	Susanne	Ongoing

			<p>Waka Kotahi, Funding Assistance Rates (FAR) has been confirmed but the funding priorities may change so we don't know how much or what we can receive funding for.</p> <p>So it does impact the IS and AMP as the priorities might change</p> <p>Government decisions on the 2024-27 National Land Transport Programme have also been deferred.</p>		
E.	for the audit process – including both the service provider's work and review by the Auditor-General's office?	4	<p>Yes. All audit dates are added to the timeline. Tentative dates were used until Audit has confirmed</p> <p>Meetings with the Audit NZ staff on the LTP commenced during late 2023.</p>	Niall Project Team	Completed: Dec 2023 – audit dates agreed.
	Timeline	Ranking (1-5)	What do you need to do?	Who?	When?
F.	for document production?	4	Yes. All technical aspects of the plan will be completed in Word/Excel documents before Xmas, allowing January to run QA over the documents. Design templates are used and sections are copied/entered into the templates as it becomes available	Niall / Anne	Ongoing December 2023-January 2024.
G.	for communications ?	4	<p>No pre-consultation has occurred.</p> <p>SCP has been scheduled from mid-March to mid-May with dates confirmed for Hearing and deliberations, as formal Council meetings.</p>	Jen	Ongoing

			Communication plans for each topic including social media, news articles etc. will developed		
H.	for the Department of Internal Affairs to review those aspects of the plan relating to three water services?	3	Have not had any further discussion with DIA apart from having our initial budget for 3 waters submitted	Susanne	Feb-Mar 2024
I.	for staff and council approval?	4	By having the Hearing in early-May, we have allowed time for Council decisions to be included in the Final Plan which will be adopted at ExOrd Council meeting 26 June 2024.	Project Team	May-June 2024
J.	that allows for adequate quality assurance to be undertaken and changes made?	3	There is a short window of time between Council deliberations, audit and finalising the Plan for inclusion in Council agenda. An external QA review of the draft LTP and Consultation Document is planned for January 2024. QA has also been undertaken during the LTP development.	Project Team	May-June 2024
K.	that considers how to brief elected members on each issue that may arise?	4	Weekly workshops were scheduled with topics and issues discussed as they come up, as well as a planned programme of discussion topics as part of the overall development of the Plan and its Strategies and Policies	Project Team	Ongoing
L.	that considers whether and when your local authority will undertake any early engagement?	4	This was considered but did not occur due to a lack of identified topics early on and further clarity needed on budgets.	Project Team	Completed.

Item 8.2

Attachment C

			Consultation took place on the Annual Plan in May 2023.		
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8 Ngā Pūrongo Whakamārama | Information Reports

8.3 Long-Term Plan 2024-34 external review

CM No.: 2810488

Te Kaupapa | Purpose

The purpose of this report is to provide the Committee with a report from the external review of the draft Long-Term Plan 2024-24 (LTP).

Rāpopotonga Matua | Executive Summary

An independent review of the LTP has been commissioned. The results of this will be provided to the Committee when available.

The reviewer, Angela Jane, will be in attendance (remotely) to highlight key points within the report and answer any questions Committee members may have.

Tūtohunga | Recommendation

That:

1. The information be received.
2. The Committee provide feedback on the external review for the Long-Term Plan 2024-34.

Horopaki | Background

Quality assurance is a vital part of developing an LTP. Quality assurance helps ensure the plan is:

- complete – legislative requirements are met, and the key issues are included
- coherent – all parts of the plan make sense individually and hang together
- consistent – all information is presented in the same way and
- cost-effective – the need for reinvention of the wheel and rework is minimised.

Ngā Take/Kōrerorero | Issues/Discussion

Quality review

For the 2021-31 LTP, Council commissioned an independent review of the LTP as a quality review mechanism. Council has done the same for the 2024 LTP with the same scope of work.

The goals of an independent review of the LTP consultation document and supporting material (also referred to as the draft LTP) is to:

1. Consider the continuity and consistency of the strategy and key messages throughout the LTP as a whole, providing an external and independent assessment of how well the LTP package hangs together. For example, have the assumptions been applied consistently?
2. Assess completeness against legislative requirements.
3. Assess the LTP against Local Government sector best practice guidance.

This is to specifically include:

- Compliance cross check with the requirements of Part 6 and Schedule 10 of the Local Government Act 2002, to assess completeness of component parts.
- Assessment against the most recent Taituara LTP guidance.

- Review of the Office of the Auditor General, *Matters arising from our audits of the 2021-31 long-term plans*, and assessment of MPDC LTP against matters arising report.
- If supplied, a review of the MPDC LTP project plan (*i.e.* if it identifies areas for improvement) and/or any internal debrief or reporting from the MPDC 2021 LTP, to cross check whether improvement items have been carried into the 2024 LTP.
- A light review of the 2021 LTP and most recent Annual Plan to check on continuity of direction of travel and any commitments made in those documents to the 2024 LTP.
- If supplied, a review of the Audit NZ Management Report from the 2021 LTP audit to cross check whether improvement items have been carried into the 2024 LTP.
- If supplied, any pertinent internal working documents and/or Council reports (and new Strategic Direction for Council adopted in early 2023) which outline the strategic direction of Council for this coming LTP, and a cross check to identify consistency of strategy and direction.

The following items are not in scope:

- Financial review.
- Cross check against requirements under the Local Government (Rating) Act 2002.
- Asset Management Plan review.
- Assessment of proposals in the Consultation Document and supporting material against the Council's Significance and Engagement Policy.

Angela Jane Consulting

Council have engaged Angela Jane to complete an independent review of the draft LTP.

Angela has extensive experience in managing local government long term planning processes, having been closely involved, and often holding the overall responsibility, for eight long term plans across five different local authorities over 23 years.

Angela has a policy and governance background. She has held the positions of corporate planner and manager of the corporate planning team at the various councils, in addition to managing many other council departments. Her involvement with long term planning included building the plans, managing the elected members workshops, liaising with the auditors, managing any consultants, project managing the various council departments, writing or reviewing the formal reports required throughout the process and ensuring quality assurance processes were instigated and completed. During time employed by councils Angela actively participated in the reviews of the SOLGM/Taituarā guidance.

Angela has built a working knowledge of the Matamata-Piako District Council through delivering the elected members induction programme in October/November 2022. The size and scale of the Council's operations are similar to a number of the councils that Angela has worked for in the past.

Mōrearea | Risk

There are no identified risks with this review.

Ngā Whiringa | Options

The Committee may wish to consider providing any feedback or comments on the independent review.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

The independent review provides a quality check of the draft 2024-34 Long Term Plan.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	This report is to provide the Committee with an the independent review; there are no options to consider at this stage.
Section 78 – requires consideration of the views of Interested/affected people	The LTP is subject to a consultative process
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a Low level of significance, as this report is an information update. The LTP overall has higher significance
Section 82 – this sets out principles of consultation.	The LTP is subject to a consultative process and these principles will be considered as part of the consultation/communications plan.

Policy Considerations

To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

The LTP project is one of Council's key opportunities to engage with our communities to find out what their aspirations and priorities are.

The LTP is subject to the special consultative process under the LGA ([s83](#)). The special consultative process is a structured one month submission process with a hearing for those who have submitted and wish to speak to their submission.

Formal consultation for the LTP will take place in March-April 2024.

Ngā take ā-lhinga | Consent issues

There are no consent issues.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

The relevant Community Outcomes are set out below:

Connected Infrastructure	Infrastructure and services are fit for purpose and affordable, now and in the future.	Quality infrastructure is provided to support community wellbeing.	We have positive partnerships with external providers of infrastructure to our communities.
Economic opportunities	We are a business friendly Council	Our future planning enables sustainable growth in our District.	We provide leadership and advocacy is provided to enable our communities to grow.
Healthy communities	Our community is safe, healthy and connected.	We encourage the use and development of our facilities.	We encourage community engagement and provide sound and visionary decision making.
Environmental Sustainability	We support environmentally friendly practices and technologies.	Development occurs in a sustainable and respectful manner considering kawa/protocol and tikanga/customs	We engage with our regional and national partners to ensure positive environmental outcomes for our community.
Vibrant Cultural values	We promote and protect our arts, culture, historic, and natural resources	We value and encourage strong relationships with Iwi and other cultures, recognising wāhi tapu and taonga/significant and treasured sites and whakapapa/ ancestral heritage.	Tangata Whenua with Mana whenua status (those with authority over the land under Māori lore) have meaningful involvement in decision making.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The development of and consultation on the LTP is funded from the Strategy and Engagement Activity Operating budget.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Niall Baker Policy Team Leader	
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Approved by	Erin Bates Strategic Partnerships and Governance Manager	
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