



# KOMITI ITI MAHERE Ā- NGAHURUTANGA / MAHERE Ā-TAU LONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE

20 March 2024

Order Paper for the meeting to be held in the  
Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt,  
on:

**Wednesday 27 March 2024 commencing at 1:00 pm**

The meeting will be livestreamed on Council's Facebook page.

## Membership

Mayor C Barry (Chair)

Deputy Mayor T Lewis

Cr G Barratt

Cr K Brown

Cr S Edwards

Cr K Morgan

Cr N Shaw

Cr G Tupou

Cr J Briggs

Cr B Dyer

Cr A Mitchell

Cr C Parkin

Cr T Stallinger

For the dates and times of Council Meetings please visit [www.huttcity.govt.nz](http://www.huttcity.govt.nz)

### **Have your say**

You can speak under public comment to items on the agenda to the Mayor and Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this by emailing [DemocraticServicesTeam@huttcity.govt.nz](mailto:DemocraticServicesTeam@huttcity.govt.nz) or calling the Democratic Services Team on 04 570 6666 | 0800 HUTT CITY

## KOMITI ITI MAHERE Ā-NGAHURUTANGA/MAHERE Ā-TAU LONG TERM PLAN / ANNUAL PLAN SUBCOMMITTEE

<b>Chair:</b>	Mayor Campbell Barry
<b>Deputy Chair:</b>	Deputy Mayor Tui Lewis
<b>Membership:</b>	All Councillors (11)
<b>Quorum:</b>	Half of the membership
<b>Meeting Cycle:</b>	Meets on an eight-weekly basis or as required during the LTP/ AP process
<b>Reports to:</b>	Council

### PURPOSE:

To carry out all necessary considerations and hearings, precedent to the Council’s final adoption of Long Term Plans (LTP) and Annual Plans (AP) which give effect to the strategic direction and outcomes set by the Komiti Ratonga Rangatōpū me te Rautaki | Policy, Finance and Strategy Committee through setting levels of service, funding priorities, the performance framework and budgets.

#### **Determine:**

- Development of a framework and timetable for the LTP and AP processes.
- The nature and scope of engagement and public consultation required.
- Statements to the media.
- Such other matters as the subcommittee considers appropriate and which fall within its Terms of Reference.
- Informal engagement with the community, and the hearing of any formal public submissions.
- Consideration of submissions on Hutt City Council’s Assessment of Water and Sanitary Services.

#### **Consider and make recommendations to Council:**

- Levels of service, funding priorities, performance framework, budgets, rating levels and policies required as part of the LTP or AP, excluding any policies recommended to Council by the Komiti Ratonga Rangatōpū me te Rautaki | Policy, Finance and Strategy Committee.
- Consultation documents.
- Council’s proposed and final LTP.
- Council’s proposed and final AP.
- Final content and wording, and adoption of the final Hutt City Council Assessment of Water and Sanitary Services.

## HUTT CITY COUNCIL

### KOMITI ITI MAHERE Ā-NGAHURUTANGA / MAHERE Ā-TAU LONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE

Meeting to be held in the Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt  
on  
Wednesday 27 March 2024 commencing at 1:00 pm.

#### ORDER PAPER

#### PUBLIC BUSINESS

##### 1. OPENING FORMALITIES - KARAKIA TIMATANGA

Whakataka te hau ki te uru  
Whakataka te hau ki te  
tonga  
Kia mākinakina ki uta  
Kia mātaratara ki tai  
E hī ake ana te atakura  
He tio, he huka, he hau hū  
Tihei mauri ora.

*Cease the winds from the west  
Cease the winds from the south  
Let the breeze blow over the land  
Let the breeze blow over the ocean  
Let the red-tipped dawn come with  
a sharpened air.  
A touch of frost, a promise of a  
glorious day.*

##### 2. APOLOGIES

No apologies have been received.

##### 3. PUBLIC COMMENT

Generally up to 30 minutes is set aside for public comment (three minutes per speaker on items appearing on the agenda). Speakers may be asked questions on the matters they raise.

##### 4. CONFLICT OF INTEREST DECLARATIONS

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have

##### 5. RECOMMENDATIONS TO TE KAUNIHERA O TE AWA KAIRANGI | COUNCIL - 27 March 2024

a) Draft Long Term Plan 2024-2034 and Consultation Materials

Report No. LTPAP2024/1/70 by the Corporate Planning Lead

5

#### CHAIR'S RECOMMENDATION:

“That the recommendations contained in the report be endorsed.”

## b) Reserves Investment Strategy update

Report No. LTPAP2024/1/71 by the Parks Planner

35

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be discussed."

**6. QUESTIONS**

With reference to section 32 of Standing Orders, before putting a question a member shall endeavour to obtain the information. Questions shall be concise and in writing and handed to the Chair prior to the commencement of the meeting.

**7. CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA**

Unuhia!	<i>Release us from the supreme sacredness of our</i>
Unuhia!	<i>tasks</i>
Unuhia i te uru-tapu-nui	<i>To be clear and free</i>
Kia wātea, kia māmā	<i>in heart, body and soul in our continuing</i>
Te ngākau, te tinana, te	<i>journey</i>
wairua i te ara takatū	<i>Oh Rongo, raise these words up high</i>
Koia rā e Rongo	<i>so that we be cleansed and be free,</i>
whakairihia ake ki runga	<i>Yes indeed, we are free!</i>
Kia wātea, kia wātea!	<i>Good and peaceful</i>
Ae rā, kua wātea!	
Hau, pai mārire.	

Kate Glanville

**SENIOR DEMOCRACY ADVISOR**



# Long Term Plan/Annual Plan Subcommittee

23 February 2024

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Report no: LTPAP2024/1/70

## Draft Long Term Plan 2024-2034 and Consultation Materials

### Purpose of Report

1. The purpose of this report is to seek approval of Hutt City Council's draft Long Term Plan 2024-2034 (Appendix 1), draft Long Term Plan 2024-2034 consultation document (Appendix 2), and the consultation feedback form (Appendix 3), and ahead of public consultation beginning 2 April 2024.

### Recommendations

That the Subcommittee recommends Council:

- (1) receives the information contained in the report;
- (2) notes the high-level plan as outlined in Table 1 of the report;
- (3) endorses the decisions provided by the Long Term Plan Working Group (comprising the Mayor and Chairs of standing committees) as detailed in Table 2 of the report;
- (4) agrees to adopt the underlying information for the draft Long Term Plan 2024-2034, attached as Appendix 1 to the report, acknowledging that it is still in draft form and will be updated after consultation feedback is considered and final decisions made;
- (5) agrees to adopt the consultation document, attached as Appendix 2 to the report, for public consultation between 2 April and 3 May 2024;
- (6) agrees to adopt the attached consultation feedback form attached as Appendix 3 to the report;
- (7) receives the Audit opinion from Audit New Zealand following the adoption of the consultation document attached as Appendix 6 to the report;
- (8) notes the other updated budget and financial information attached as Appendix 5 to the report which has been endorsed by the Long Term Plan Working Group;

- (9) agrees that the Chief Executive be delegated authority to make minor editorial changes to the draft Long Term Plan 2024-2034 documents ahead of these being published for consultation; and
- (10) notes that the final Long Term Plan 2024-2034 will be presented to Council for adoption on 27 June 2024.

For the reason that Council is required to prepare and consult on a draft Long Term Plan in accordance with the Local Government Act 2002

## **Background**

### *Legislative context*

2. Section 93 of the Local Government Act 2002 (the Act) requires councils to have a Long Term Plan at all times. Council must use the special consultative procedure in order to provide an effective basis for public participation in decision-making processes relating to the Long Term Plan.
3. The purpose of the Long Term Plan is to:
  - a. compare the actual activities and the actual performance of the local authority during the year with the intended activities and the intended level of performance as set out in the Long Term Plan and the Annual Plan; and
  - b. promote the local authority's accountability to the community for the decisions made throughout the years by the local authority.
4. The purpose of the consultation document is to provide a fair representation of the issues and challenges faced by Council and matters proposed in the draft Long Term Plan. These matters must be presented in a way that can be readily understood by the public with regards to objectives and how rates, debt and levels of service may be affected. It must also identify other significant matters of public interest.
5. Section 83 of the Act requires a consultation period of no less than 1 month.

### *Council decisions and direction to date*

6. On 12 December 2023, the Long Term Plan/Annual Plan Subcommittee (the Subcommittee) agreed on the priority projects for inclusion in the consultation document. The Subcommittee also considered and provided feedback on the engagement approach which has been incorporated into the draft Long Term Plan 2024-2034 (draft Long Term Plan) and consultation documents.
7. At the same meeting, elected members received reports and agreed on a number of financial decisions to be incorporated into the draft Long Term Plan.
8. On 20 February 2024, the Subcommittee agreed that consultation on the draft Long Term Plan will run from 9am Tuesday 2 April 2024 through to 5pm Friday 3 May 2024.

9. On 13 March 2024, officers briefed elected members with material, consultation activities and information to support the consultation process.

*Project timeline for delivering the Long Term Plan*

10. **Table 1** provides the high-level timeline and milestones for delivering the 2024-34 Long Term Plan.

**Table 1: high level timeline for the 2024-2034 Long Term Plan**

Activity	Date	Status
Initial planning	May 2023	Complete
Elected member hui to set initial priorities and objectives for the Long Term Plan.	31 May 2023	Complete
Council decisions on draft strategic framework, approach to early engagement and high-level approach to draft Long Term Plan.	30 June 2023	Complete
Council decisions following feedback from early engagement and progressing decisions on key draft Long Term Plan assumptions.	30 August 2023	Complete
Council agreement on draft budgets, policies and strategies and any issues arising from asset management planning review process.	30 October 2023	Complete
Council agreement on updated budgets, policies and strategies, trade-off considerations.	27 November 2023	Complete
Council agrees draft Long Term Plan budgets, policies and strategies and approach to consultation.	12 December 2023	Complete
External audit process by Audit NZ commenced.	5 February 2024	Complete
Council decisions on the draft consultation document and survey, further budget decisions and policy settings agreed.	20 February 2024	Complete
Council briefing on consultation material.	13 March 2024	Complete
Council adopts the draft Long Term Plan and consultation material for the formal public consultation process.	27 March 2024	Today
Public consultation process.	2 April to 3 May 2024	Not Started
Hearings of public submissions on the draft Long Term Plan.	15 to 17 May 2024	Not Started
Council provides direction and progresses decisions to support the plan being finalised.	17 May 2024	Not Started
Final external audit process by Audit NZ.	June 2024	Not Started
Council meets to make final decisions.	5 June 2024	Not Started
Council adopts the Long Term Plan 2024-2034 and sets the rates.	27 June 2024	Not Started

## Discussion

### *Long Term Plan Working Group decisions*

11. On 30 June 2023, Council agreed to establish a Working Group comprising the Mayor and Chairs of standing committees to finalise decisions in the preparation of the consultation material for the draft Long Term Plan and consider any other matters that may arise in the preparation of the draft Long Term Plan.
12. The Working Group has provided feedback on various points in relation to the draft Long Term Plan and consultation document. Officers have made changes in response to the feedback which are summarised in Table 2.

**Table 2: LTP Working Group - direction provided and/or decisions.**

	Area	Brief description	LTP Working Group
1.	Consultation document	Update key issue items (Water services, Food Organics and Green Organics, Rates Relief, and Petone Assets) to give better context around decisions elected members have made previously, and the impact of the proposed levels of investment on levels of service	Approve the updated key issue items to give better context around decisions elected members have made previously, and the impact of the proposed levels of investment on levels of service
2.	Consultation document	Provide clarity in the Infrastructure Strategy on costs that are shared with others, such as joint venture parties or central government.	Approve updated tables.
4.	Development contribution policy changes	Further changes to development contribution charges as a result of the reviews and updates to growth assumptions as well as underlying capital projects. Refer to Appendix 5 for more details.  Results in total estimated revenue of \$146M over 10 years (\$50M more than 20 February 2024 DC policy report to the Subcommittee).	Approve the updated charges in the development contribution policy and revenue budget for the draft Long Term Plan.



5.	Water budget changes	<p>On 20 February 2024 Council made a range of changes to operating budgets and capital budgets for Three waters. There is an impact on budgets and rates as a result of these changes, which were reported at the time.</p> <p>Refer to Appendix 5 for more details.</p>	<p>Notes the proposed rates increases and budget updates for the draft Long Term Plan as a result of the decisions.</p>
6.	Other budget changes	<p>As a result of ongoing budget review and reconciliation work, a range of changes were identified for capital grants, subsidies capex and opex budgets, mainly in Transport and Three Waters.</p> <p>Refer to Appendix 5 for more details.</p>	<p>Approve the proposed budget changes for the draft Long Term Plan as a result of the reviews.</p>
7.	Financial strategy projections	<p>As a result of the budget changes the projections around balanced operating budget, forecast net debt and debt headroom have changed.</p> <p>Refer to Appendix 5 for more details.</p>	<p>Approve the proposed financial projection graphs for the draft Long Term plan as a result of the updated budgets.</p>

### *Development of the draft Long Term Plan*

13. The draft Long Term Plan was developed with consideration of environmental, organisational, financial challenges and changing demographics. It highlights key projects, including the agreed strategic direction, priorities, challenges, and the Statements of Service Performance.
14. The draft Long Term Plan document is attached as Appendix 1 (to be separately circulated). Note that the document has been reviewed to incorporate feedback from elected members following the Subcommittee meeting on 20 February 2024. It also incorporates the LTP working group feedback and audit feedback.

### *Consultation document and consultation material*

15. The draft consultation document, attached at Appendix 2 (to be separately circulated), has been reviewed to incorporate feedback from elected members following the Subcommittee meeting on 20 February 2024.
16. Consultation collateral was presented at the briefing on 13 March 2024. Elected members have now been provided with a calendar of engagement activities and the toolkit to support engagement.

17. The consultation document will be available online as a digital, interactive document, as well as in print at our facilities and partner organisations. Officers will be available to provide additional engagement support as required.

#### *Feedback form content*

18. The draft feedback form is attached at Appendix 3 (to be separately circulated). The questions have been developed based on best practice and meet the requirements of the Act.
19. The feedback form has been reviewed to incorporate feedback from elected members following the Subcommittee meeting on 20 February 2024.
20. To support the analysis process, the feedback form will be hosted by an external provider. It will be embedded on Council's website, accessible from the draft Long Term Plan page. Printed copies will also be available at our facilities alongside the consultation document.

#### *Audit of the draft Long Term Plan and consultation document*

21. On 5 February 2024, Audit NZ began its audit of the draft Long Term Plan and consultation documents. The purpose of the audit is to assess:
  - a. whether the consultation document provides an effective basis for public participation in the council's decisions about the proposed content of our draft Long Term Plan;
  - b. whether the underlying information and assumptions are reasonable; and
  - c. whether the draft Long Term Plan provides a reasonable basis for long-term decision-making and co-ordination of the council's resources, and its accountability to the community.
22. The Audit New Zealand engagement letter for the audit of the consultation document and Long Term Plan 2024-2034 was to be reported to the Audit and Risk Subcommittee on 27 February 2024. The Office of the Auditor General delayed the distribution of the letters due to the repeal of water reform legislation the was being progressed by Central Government. The engagement letter is attached to this report for information (Appendix 4) and will also be presented to the next Audit and Risk Subcommittee.
23. The audit plan notes that the main focus areas for the audit includes:
  - a. impact of the current economic environment on the Council's forecasts;
  - b. Central Government reforms;
  - c. Financial strategy and Infrastructure strategy;
  - d. assumptions; and
  - e. quality of asset-related forecasting information.

24. Officers have prepared and submitted material for the audit process. The audit “hot review” process of the Consultation Document took place on the 13 and 14 March and officers have worked through the feedback and queries raised.
25. The final step in the process is a meeting of the Office of the Auditor General to agree the audit opinion to be issued. This is scheduled for the 20 March which is after the close off for agenda papers. Officers will therefore publish a supplementary agenda paper which includes:
  - a. information on the outcome of the audit opinion;
  - b. the audited Consultation Document; and
  - c. the full detailed Draft Long Term Plan document.
26. Our Audit New Zealand Audit Director will attend the Subcommittee meeting and talk through the audit findings and audit opinion.
27. Following Council’s adoption of the consultation document and the draft Long Term Plan on 27 March 2024, the final published version of the consultation document will include the signed audit opinion from Audit NZ.

### **Next Steps**

28. Officers will keep the Subcommittee informed about any escalation of risks associated with the delivery of the Long Term Plan.
29. The public hearings on the draft Long Term Plan will take place on 15 to 17 May 2024. This will be an opportunity to hear feedback on the draft plan and consider further decisions to be made ahead of the plan being finalised.
30. The final Long Term Plan 2024-2034 will be presented to Council for adoption on 27 June 2024.

### **Climate Change Impact and Considerations**

31. The matters addressed in this report have been considered in accordance with the process set out in Council’s Climate Change Considerations Guide.

### **Consultation Considerations**

32. Consultation on the draft Long Term Plan is required under section 93(2) of the Act.
33. The proposed approach to consultation aligns with the special consultative procedure described in section 83 of the Act.

### **Legal Considerations**

34. Councils must develop and manage a Long Term Plan under section 93 of the Act.
35. In developing the draft Long Term Plan and consultation document, officers have sought appropriate legal advice to ensure that they comply with the requirements of the Act and associated legislation. The most relevant legislation includes the Local Government Act 2002, Local Government (Rating) Act 2002 and the Rating Valuations Act 1998.

### Financial Considerations

36. Appendix 5 outlines the changes to budgets and financial projections since the information presented at the 20 February 2024 meeting which have been endorsed by the Long Term Plan Working Group.

### Appendices

No.	Title	Page
1	Appendix 1 - Draft Long Term Plan 2024-34 (to be separately circulated)	
2	Appendix 2 - Draft Consultation Document (to be separately circulated)	
3	Appendix 3 - Draft feedback document (to be separately circulated)	
<a href="#">4</a>	Appendix 4 - Audit NZ Engagement Letter	13
<a href="#">5</a>	Appendix 5 - Budget and funding changes memo	30
6	Appendix 6 - Audit opinion (to be separately circulated)	

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**Reviewed By:** Jarred Griffiths  
Director Strategy and Engagement

**Approved By:** Jo Miller  
Chief Executive



**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa

28 February 2024

Level 1, 100 Molesworth Street  
Thorndon  
PO Box 99, Wellington 6140

Campbell Barry  
Mayor  
Hutt City Council  
30 Laings Road  
Lower Hutt 5040

Dear Campbell

**Audit Engagement Letter: Audit of the consultation document and long-term plan for the ten-year period commencing 1 July 2024**

This Audit Engagement Letter is sent to you on behalf of the Auditor-General, who is the auditor of all “public entities”, including Hutt City Council (the Council), under section 14 of the Public Audit Act 2001. The Council wishes to have its 2024 consultation document audited and it is mandatory for the long-term plan (the LTP) to be audited. The Auditor-General has appointed me, John Whittal, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Public Audit Act 2001, to carry out the audit of the Council’s consultation document and the LTP.

This letter outlines:

- the terms of the audit engagement and the respective responsibilities of the Council and me as the Appointed Auditor;
- the audit scope and objectives;
- the approach taken to complete the audit;
- the areas of audit emphasis;
- the audit logistics; and
- the professional fees.

**1 Specific responsibilities of the Council for preparing the consultation document and the long-term plan**

We will carry out our audit on the basis that the Council acknowledges that it has responsibility for preparing the consultation document and LTP, by applying the Council’s own assumptions, in accordance with the Local Government Act 2002 (the Act) (in particular, the requirements of Part 6 and Schedule 10) and in accordance with generally

accepted accounting practice in New Zealand. We assume that elected members are familiar with those responsibilities and, where necessary, have obtained advice about them.

For clarity, we note the following statutory responsibilities as set out in the Act:

- Section 93 of the Act requires the Council to have an LTP at all times, and Part 1 of Schedule 10 prescribes the information that must be included in the LTP.
- Section 111 requires all information that is required to be included in the LTP to be prepared in accordance with applicable generally accepted accounting practice standards.
- Section 83 (with reference to section 93A) sets out the special consultative procedure that the Council is required to follow to adopt the consultation document and LTP.
- Section 93C(4) requires an auditor's report on the consultation document<sup>1</sup>, and section 94 requires a separate audit report on the LTP.

Please note that the audit does not relieve the Council of any of its responsibilities.

Other general terms are set out in the relevant sections of this letter and Appendix 1.

## 2 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; and
- 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.

We expect our work to assess the quality of underlying information and assumptions to be a single, continuous process during the entire LTP preparation period.

<sup>1</sup> Clause 45 of Schedule 1AA of the Act (inserted by the Water Services Acts Repeal Act 2024) provides that, despite section 93C(4), the consultation document for the 2024-2034 LTP of a territorial authority (except the Chatham Islands Council) or the Wellington Regional Council need not contain an auditor's report. However, the Council wishes to have its consultation document audited.

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.

### **3 Our approach to this audit**

#### **3.1 The content of the consultation document**

The Act emphasises the discretion of the Council to decide what is appropriate to include in the consultation document and the associated consultation process. In deciding what to include in the consultation document, the Council must have regard to its significance and engagement policy, and the importance of other matters to the city and its communities.

We will need to understand how the Council has approached the task of applying its significance and engagement policy, and how it has weighed the importance of other matters in deciding what to include in the consultation document. This will help inform our assessment of whether the consultation document achieves its statutory purpose.

#### **3.2 Adopting and auditing the underlying information**

Before adopting the consultation document, section 93G of the Act requires the Council to prepare and adopt the information that:

- is relied on by the content of the consultation document;
- is necessary to enable the Auditor-General to issue an audit report under section 93C(4); and
- provides the basis for the preparation of the LTP.

The information to be prepared and adopted needs to be enough to enable the Council to prepare the consultation document.

We consider that local authorities will need to have thought comprehensively about how best to meet the requirements of the Act. Consistent with the guidance of Taituarā, Local Government Professionals Aotearoa, our view is that core building blocks of an LTP will be needed to support an effective consultation document. This will include, but not be limited to, draft financial and infrastructure strategies and the information that underlies them, including asset management information, assumptions, defined levels of service, funding and financial policies, and a complete set of financial forecasts.

We will work with management to understand the information proposed to be adopted and assess whether it will enable us to issue an audit report under section 93C(4).

In addition, the time frames to consider and adopt the LTP after the consultation process will be tight. From a practical perspective, it will be important that the Council is well advanced with the preparation of the full LTP when it issues the consultation document. Otherwise, you may find it difficult to complete the work and adopt the full LTP before the statutory deadline. The same is true for the audit work. The more audit work that can be completed at the first stage of the process, the less pressure there will be on you and the audit team at the end of the process.

### **3.3 Control environment**

The Council is responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the Council), supported by written policies and procedures, designed to prepare the consultation document and LTP, and to provide reasonable quality information and assumptions underlying the information contained in these documents.

Our approach to the audit will be to identify, confirm, and assess the Council's key processes and controls over the underlying information and the production of both the consultation document and the LTP. The purpose of this assessment is to enable us to plan the most effective and efficient approach to the audit work needed to provide our two audit reports. Our assessment is not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls.

We will carry out a review of the control environment to help us understand the approach taken to develop the consultation document and LTP, develop expectations of what should be included in the consultation document and LTP, and identify areas of potential audit risk. This will involve discussions with elected representatives and selected staff throughout the Council, review of publicly available information about the Council, updating our knowledge of Council issues developed during recent years, and a review of Council minutes since the last audit review.

Our review of your self-assessment response (see below) and key controls relating to the underlying information and development of the LTP is useful to our initial assessment of audit risk and so the nature and extent of our overall audit work.











































20 December 2023

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Report no: LTPAP2024/1/71

## Reserves Investment Strategy update

### Purpose of Report

1. The purpose of this report is to update the Subcommittee on the development of the Draft Reserves Investment Strategy (RIS or the 'Strategy') and Proposed Project List and seek approval for these to progress to the 24-34 Long Term Plan (LTP) consultation.

### Recommendations

That the Subcommittee recommends Council:

- (1) notes changes made to the Proposed Project List since the last update in September 2023, outlined in point 8, a - f;
- (2) provides feedback to officers on the Draft Reserves Investment Strategy and Proposed Projects List attached as Appendix 1; and
- (3) subject to feedback, agrees for the Reserves Investment Strategy and the Proposed Project list to proceed to draft Long Term Plan consultation.

For the reason that approval to fund projects from the Reserves Purchase and Development fund requires approval in the Long Term Plan process.

### Background

2. The Reserves Investment Strategy (the 'Strategy') outlines why we need to grow, adapt, and activate our green network as our city's open space needs change, and how we will meet the rapidly growing demand created by more residents living more densely.

3. The timeline for engagement to date with elected members is outlined in the table below:

Date	Milestone
March 2023	Communities Culture and Partnership Committee provided early guidance on a Reserves Investment Strategy
March-Nov 2023	Draft RI Strategy developed with internal consultation, consideration of existing strategies, data and insights and early conversation with stakeholders
August 16 2023	Elected members briefing on strategy development
September 2023	Paper to Communities Culture and Partnership Committee updating on strategy and proposing projects for LTP 24
October 2023	AP/LTP Sub-committee considers LTP budgets including proposed projects supported by CCP Committee

4. In September 2023, as well as approving the draft strategy, the CCP Committee approved a Proposed Projects List to provide budget certainty for the draft Long Term Plan 2024-34, with proposed projects to be funded from the Reserves Purchase and Development Fund. The budget was approved for inclusion in the draft LTP by the AP/LTP Subcommittee in October 2023.
5. The Projects List will be reviewed and adjusted every three years in line with the LTP process.
6. There is a planned Open Space Best Practice Design Guide (non-statutory) that will act as a supporting document to accompany the Strategy. The Guide is expected to be completed in June 2024. The Strategy also indicates the need for Officers to update the existing Land Acquisition and Disposal framework, including full review of the 2016 Reserves Strategic Directions.

### Discussion

7. Since the October meeting Mana Whenua have been further briefed and provided feedback, and further conversations have been held with teams across Council.
8. The Project list has been amended slightly to reflect these conversations and align with the bespoke Typology Framework (Appendix A). This includes:
- removed proposed central city 'Skate Park' project, as Council has now approved the development of a significant new skate facility at Avalon Park in partnership with NZTA (freeing up the previous \$5M allocation);
  - the addition of Te Wai Takamori o Te Awa Kairangi/Riverlink capital funding to improve Streetscapes (\$1.6M allocation);
  - the addition of Te Whiti Park Enhancement in Waiwhetu to further provide funding to meet capex project needs, particularly for placemaking with Mana Whenua partnership (\$250K allocation);
  - after further investigation and costed examples from other accessibility (Universally)- designed the 'All abilities Play & Recreation' project has proposed an additional \$600K for a total of \$1M to sufficiently meet

growing demand, rising costs and increasing levels of service over the next 10 years;

- e) widening scope on 'Purchase Properties for New Reserve Land (Waterloo/Epuni); Other indicated possibilities from the Valley Floor Review is expanding frontage off Farmer Crescent into Pomare Reserve, in close proximity to train station (Taitā neighbourhood); and
  - f) addition of resource allocation to add Ancillary Facilities in Frederick Wise Sportsground to meet carrying capacity from increased growth and depleting levels of service (\$1.5M).
9. The proposed project list will need to be fully scoped, as budgets are indicative only. Projects may overlap, be staged, or extend into multiple years. Projects are based on predicted feasibility, demand, and previous public engagement.
  10. Elected members should note that where new assets are being created, additional Opex funding will be required to fulfil the work programme. Where possible new assets will be designed to be low-cost in terms of ongoing maintenance.
  11. Including previously approved Reserve Purchase and Development Fund backed projects (from March 2023), the proposed portfolio currently sits at \$25.9M. This figure does not include the future proposed separate fund of \$10M to act more swiftly on opportunities to acquire reserve land through purchase (indicated within the Strategy). A delegations change for officers to utilise this separate fund will be proposed in 2025, when delegations' policies are under review. The Fund balance as of 30 June 2023 was \$26M, with projected Financial Contributions of \$3M pa proposed to be added to offset the debt impact requirement (predicted at \$1.2M over 10 years).
  12. Internal controls include an application that must be filled out and approved via Parks and Reserves Team before allocation of budget. This will help adhere to policy, strategy and management of project including responsible team(s) and operational accountability. To note, projects do not need to always go through the LTP process to receive budget allocation from the Fund but will need to be approved through Council processes and due diligence.
  13. Without a clear investment plan, parks and reserves might suffer from decreased safety, poor visitor experience, and potential loss of biodiversity. Limited amenity provision will deter user numbers and reduce community satisfaction with reserves.

### **Options**

14. Council could agree for the Reserves Investment Strategy and the Proposed Project list to proceed to draft LTP consultation.
15. Alternatively, Council could agree for the Reserves Investment Strategy and a reduced project list to proceed to the draft LTP consultation.

### **Climate Change Impact and Considerations**

16. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.
17. Retaining and providing new reserve can support the concept of spongy cities. There are soft engineering opportunities to develop and redevelop parks and reserves to provide landscapes and surfaces that are permeable (like turf) and can cope with some stormwater inundation. One simple option is to retain parks and reserves and preserve surfaces, like turf, that allow water to permeate into soil. This reduces the increasing amount of water that is being piped and directed into stormwater infrastructure which may not always cope well.
18. Biophilic principles; nature-based solutions and energy-efficient design can aid in adaptation to climate change impacts such as heat waves, floods and drought. This would align with Council's "spongy city" vision.
19. Intensification may result in further depletion of permeable surfaces, and the proliferation of invasive species such as invasive mammalian predators and harmful pest plants, thus raising the need and pressure to respond quickly and directly. Improving reserve space, including the use of pest management can help offset these effects.

### **Consultation**

20. Parks and Reserves, alongside Thrive Consultants, have met with Mana Whenua representatives and the Te Tira Māori team. There is a high level of interest in contributing to the Strategy, particularly to:
  - work out how the relationship between Mana Whenua and Council will work to implement the strategy to provide a great network of quality and meaningful reserves for the community;
  - include values-based thinking into the approach for making decisions and setting priorities for Reserves Purchase and Development Fund expenditure with direct input on the Strategy and;
  - represent Mana Whenua stories in reserve development and redevelopment to tell the community about the past function and characteristics of the site. There will be features or clues that help to explain the past from a Te Ao Māori perspective.

21. The draft Reserves Investment Strategy work addressed technical and metric matters for planning purposes and has included extensive consultation and advisement from internal Council teams and Thrive Spaces and Places. This included workshops to identify:
- tighten up criteria to determine which proposed projects quality and which don't;
  - include decision making process in the design guide;
  - identify critical issues in the reserves network and possible solutions and projects and;
  - capture best practice ideas, principles and vision for the reserves network to support the local and wider community.
22. In September 2023, local planning and land surveying firms met with officers and the consultant to provide advice about the draft Reserves Investment Strategy. Developers are typically seeking certainty so that they can easily understand Council's likely requirements and plan for maximum yield. The firms expressed a desire for very clear direction on:
- tools, eg a design guide
  - incentives
  - rules and possibly designations
23. If the recommendations in this report are adopted, formal consultation on the Draft Reserve Investment Strategy will be undertaken as part of the 2024 Draft Long Term Plan. Information about the Strategy and a link to it would be included in the Draft Long-Term Plan for consultation in April 2024. The results would be reported back in June for implementation over 10 years starting 1 July 2024.

### **Legal Considerations**

24. Reserves Investment Strategy decisions will need to meet the requirements of the Resource Management Act. Reserves Financial Contributions are collected in accordance with the District Plan and Development and Financial Contributions Policy.

### **Financial Considerations**

25. Absence of an investment strategy may result in a reduction or further loss of resourcing (financial and/or staffing) to maintain public open space. Without a strategy, the District Plan will not have a formal strategic position which justifies taking Reserve Financial Contributions.
26. As new lots and dwellings are developed, Council collects additional rates. A proportion of the rates from these new lots and dwellings should be directed at operations to fulfil obligations from Reserve Financial Contributions.

27. Although the capital cost of acquisition can be covered by the Reserves Purchase and Development Fund and thus eases pressures on ratepayers, ongoing operational cost are likely to require additional budget in the future. This will be sought through future Annual and Long Term Plan budget reviews.
28. While all efforts will be made to ensure new assets are low-maintenance, Council should anticipate the need to increase operational budgets as the investment programme is rolled out.

## Appendices

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