



21 February 2024

Agenda Item: C2

(if approved under A7 Extraordinary business)

2024-34 Alternative to the Long-Term Plan

1. Purpose

To seek direction on whether to develop an Enhanced Annual Plan for 2024/25 and defer the adoption of the 2024-34 Long-term Plan (LTP) as per Part 8 (sections 48 to 53) of the draft [Water Services Acts Repeal Bill](#).

2. Executive Summary

On 13 February 2024, the Government introduced the draft Water Services Act Repeal Bill which contained an additional clause to allow local government authorities to defer their 2024-34 long-term plans. The bill made it through its first, second and third reading on 13 February and is now awaiting the Royal Assent into law, which is likely to happen within seven days¹ (by or on 20 February, at the time of writing, Royal Assent has not yet taken place).

This paper presents the background and discussion on the two options.

Option 1: (recommended) to defer the 2024/34 LTP to 2025 (LTP 2025-34) and develop and adopt a 2024-25 Enhanced Annual Plan with additional information as per the Water Services Acts Repeal Bill. This option does not require the consultation document and background information to be audited.

Option 2: (status quo) to continue to develop and adopt the 2024-34 LTP. This option requires the consultation document and background information to be audited.

3. Recommendations

Officers recommend that the Council:

1. Receive the 2024-34 Alternative to the Long-Term Plan Report.
2. That Council defers the 2024-34 Long-term Plan for one year and consults on a 2024-25 Enhanced Annual Plan with the additions laid out in the new legislation and adopts a Long-Term Plan (2025-34) by 30 June 2025.

4. Background & Discussion

Council must develop an LTP every three years. Over the last six or so months, work has progressed to revise the current LTP, examine outcomes, draft budgets for the

¹ [Water Services Acts Repeal Bill \(bills.parliament.nz\)](https://bills.parliament.nz)

next ten years, and prioritise activities in preparation for formal community consultation to begin in April. Councillors, Community Board members, and the Māori Standing Committee have participated in briefings and workshops. An open workshop was held in September 2023 that outlined the LTP process and next steps.

As part of preparing for the LTP we have completed a first principles review of our rating model and policies. Consultation was open during September and October 2023 and hearings and deliberation were held in November 2023. The updated policies are due for adoption in March 2024.

With the central government election in October, the new government committed to a 100-day plan that included the Water Services Acts Repeal Bill. It has been a complex process for councils to predict the outcome of this change, noting the significant work load on smaller councils like ours.

In saying this, considerable work has already been undertaken and we have developed a draft consultation document (CD) in preparation for auditing, which is on pause until the outcome of this decision.

The Water Services Acts Repeal Bill announced on 13 February, includes a number of transitional arrangement(s) for local authorities.

The Bill will include transitional arrangements for local authorities to include water services provision in their 2024-34 long-term plans, which are designed to provide relief for the completion of their upcoming plans. The modifications set out a range of options that local authorities can use. The options are voluntary and local authorities can continue with their long-term plans as normal, if they wish, and include:

...provisions allowing local authorities to defer their 2024-2034 long-term plan by a year, replaced by an 'enhanced' annual plan for the 2024/25 financial year. A council must make a decision to do so by 30 April 2024, and if it does not, it may be authorised to defer its plan by Order in Council.

On announcement of this option, the CE sought legal advice from Simpson Grierson, who have confirmed that the Revenue and Finance Policy review (rating model) and consultation that took place in September and October of 2023 do not trigger an LTP amendment (which would require auditing).

The CE sought input from the Chair of the Assurance, Finance & Risk Committee, who supported the deferral option. Councillors were briefed of the option and their perspectives were requested via email and there was strong support for the deferral option. The LTP working group (staff) also provided their thoughts on the options noting the significant work and progress that has been completed, which was acknowledged as setting us up very well for a 2025-34 LTP process.

There remain considerable unknowns for the future of water reform and the new legislation outlines a clear timeline and process to resolve these over the next 12 - 18 months. The option of deferring the long-term plan for a year, gives time for this substantial change to take place and clarify future direction.

Other advantages include the completion of the Featherston Masterplan, the Combined District Plan, and the confirmation of the next three years of NZTA funding. Staff could continue to work with colleagues at Wellington Water to better define a long-term prioritised view of the work required on our water network. Activities in the Enhanced Annual Plan for 2024/25 would also help inform the LTP and offer more insight to the future options and costs of some of our assets.

4.1 Te Tiriti obligations

This shift in direction, does not have substantive impact on the work we plan to deliver, or the relationships we have with iwi, hapū, and Māori. It could have beneficial impacts, giving us more time to connect more meaningfully as we develop the 2025-34 Long-term Plan, including the emerging work of the Treaty settlement entities.

5. Options

	Option 1 RECOMMENDED	Option 2 STATUS QUO
Description	Pivot to a 2024-25 Enhanced Annual Plan with additional requirements and defer to a 2025-34 LTP.	Continue with the ten-year LTP.
Advantages	<p>Reduces the immediate workload to prepare for and conduct an audit of the consultation document including the production of a 30-year infrastructure plan (and budget) with the significant unknown nature of further water reform.</p> <p>Confirmation of NZTA funding for the next three years.</p> <p>Completion of the Featherston Masterplan and Wairarapa Combined District Plan would firm up direction on future development and options in the out years of the LTP.</p> <p>Embed improved engagement and consultation practices to enable the community to participate more fully in the development of the LTP.</p>	Large volume of completed work that will be deferred.
Disadvantages	None that can be immediately identified however, there will be a local body election in October 2025.	Completing an audit with draft roading budgets (waiting on NZTA to confirm) and incomplete information on water reform. Council could be required to carry out an LTP amendment, which would also need to be audited, thereby increasing cost for the ratepayer.
Costs	<p>Audit costs would be deferred.</p> <p>Consultation costs may be reduced slightly this year but would need to be increased in the next financial year.</p>	Currently budgeted for.

6. Strategic Drivers and Legislative Requirements

6.1 Significant risk register

The LTP risk register would need to be reviewed and updated. External legal and governance advice has been sought.

6.2 Policy implications

Not applicable.

7. Consultation

7.1 Communications and engagement

The communication and engagement plan is in draft and would require updating.

7.2 Partnerships

Wellington Water Ltd would be provided updates.

8. Financial Considerations

Not applicable.

9. Climate Change Considerations

Not applicable.

10. Health and Safety Considerations

There are no health and safety considerations.

Contact Officer: Amanda Bradley – General Manager Democracy and Engagement

Reviewed By: Janice Smith – Chief Executive Officer