



EXTRAORDINARY MEETING

of

Council - Annual Plan and Speed Management Plan Deliberations

AGENDA

Time: 6:00 pm
Date: Thursday, 15 June 2023
Venue: Waiata House, 27 Lincoln Road,
Masterton

MEMBERSHIP

Mayor Gary Caffell (Chairperson)

Councillor Bex Johnson
Councillor Craig Bowyer
Councillor Brent Goodwin
Councillor David Holmes

Councillor Tom Hullena
Councillor Stella Lennox
Councillor Tim Nelson
Councillor Marama Tuuta

Values

1. **Public interest:** members will serve the best interests of the people within the Masterton district and discharge their duties conscientiously, to the best of their ability.
2. **Public trust:** members, in order to foster community confidence and trust in their Council, will work together constructively and uphold the values of honesty, integrity, accountability and transparency.
3. **Ethical behaviour:** members will not place themselves in situations where their honesty and integrity may be questioned, will not behave improperly and will avoid the appearance of any such behaviour.
4. **Objectivity:** members will make decisions on merit; including appointments, awarding contracts, and recommending individuals for rewards or benefits.
5. **Respect for others:** will treat people, including other members, with respect and courtesy, regardless of their ethnicity, age, religion, gender, sexual orientation, or disability. Members will respect the impartiality and integrity of Council staff.
6. **Duty to uphold the law:** members will comply with all legislative requirements applying to their role, abide by this Code, and act in accordance with the trust placed in them by the public.
7. **Equitable contribution:** members will take all reasonable steps to ensure they fulfil the duties and responsibilities of office, including attending meetings and workshops, preparing for meetings, attending civic events, and participating in relevant training seminars.
8. **Leadership:** members will actively promote and support these principles and ensure they are reflected in the way in which MDC operates, including a regular review and assessment of MDC's collective performance.

These values complement, and work in conjunction with, the principles of section 14 of the LGA 2002; the governance principles of section 39 of the LGA 2002; and our MDC governance principles:

Whakamana Tangata	Respecting the mandate of each member, and ensuring the integrity of the committee as a whole by acknowledging the principle of collective responsibility and decision-making.
Manaakitanga	Recognising and embracing the mana of others.
Rangatiratanga	Demonstrating effective leadership with integrity, humility, honesty and transparency.
Whanaungatanga	Building and sustaining effective and efficient relationships.
Kotahitanga	Working collectively.

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Karakia timatanga

Kia tau ngā manaakitanga a te mea ngaro
ki runga ki tēnā, ki tēnā o tātou

Kia mahea te hua mākihikihi

kia toi te kupu, toi te mana, toi te aroha, toi te Reo
Māori

kia tūturu, ka whakamaua kia tīna! Tīna!

Hui e, Tāiki e!

Let the strength and life force of our
ancestors

Be with each and everyone of us

Freeing our path from obstruction

So that our words spiritual, power, love and
language are upheld

Permanently fixed established and
understood

Forward together

1 CONFLICTS OF INTEREST

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.

2 APOLOGIES

The Chair invites notice from members of:

- leave of absence for future meetings of Masterton District Council
- apologies, including apologies for lateness and early departure from the meeting where leave of absence has not previously been granted.

3 ITEMS NOT ON THE AGENDA

The Chairperson will give notice of items not on the agenda as follows:

Matters requiring urgent attention as determined by resolution of the Council

- The reason why the item is not on the agenda; and
- The reason why discussion of the item cannot be delayed until a subsequent meeting.

Minor matters relating to the general business of Council

No resolution, decision or recommendation may be made in respect of the item except to refer it to a subsequent meeting of Masterton District Council for further discussion.

4 CONFIRMATION OF COUNCIL MINUTES

4.1 MINUTES OF COUNCIL - ANNUAL PLAN AND SPEED MANAGEMENT PLAN MEETING HELD ON 7 JUNE 2023

File Number:

Author: Harriet Kennedy, Governance Advisor

Authoriser: David Hopman, Chief Executive

RECOMMENDATION

That the Minutes of Council - Annual Plan and Speed Management Plan Meeting held on 7 June 2023 be confirmed as a true and correct record.

ATTACHMENTS

- 1. Minutes of Council - Annual Plan and Speed Management Plan Meeting held on 7 June 2023**



MINUTES

**Ordinary Council – Speed
Management Plan and Annual Plan
Deliberations Meeting
Wednesday, 7 June 2023**

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**MINUTES OF MASTERTON DISTRICT COUNCIL
ORDINARY COUNCIL - ANNUAL PLAN MEETING
HELD AT WAIATA HOUSE, 27 LINCOLN ROAD, MASTERTON
ON WEDNESDAY, 7 JUNE 2023 AT 9:00 AM**

PRESENT: Mayor G Caffell (Chair), Councillors C Bowyer, B Goodwin, T Hullena, B Johnson, S Lennox, T Nelson (by Teams) and M Tuuta

IN ATTENDANCE: Iwi Representative Ra Smith (from 9.20am), Chief Executive, Manager Finance, Manager Strategy and Governance, Manager Community Facilities and Activities, Manager Communications and Engagement, Manager People and Culture, Manager Assets and Operations, Manager Regulatory Services, Rooding Manager, Management Accountant, Project Delivery and Assets Manager, Project Manager, Community Development Team Leader, Senior Policy Advisor, Governance Advisor.

1 CONFLICTS OF INTEREST

No conflicts of interest were declared.

2 APOLOGIES

Moved Mayor Gary Caffell
Seconded Councillor Bex Johnson

That the apology received from Councillor Holmes for non-attendance be accepted.

CARRIED

3 PUBLIC FORUM

There was no public forum as the meeting was to deliberate on the Speed Management Plan and Annual Plan.

4 ITEMS NOT ON THE AGENDA

There were no late items

5 CONFIRMATION OF COUNCIL MINUTES

**5.1 MINUTES OF COUNCIL - ANNUAL PLAN AND SPEED MANAGEMENT PLAN
MEETING HELD ON 17 AND 18 MAY 2023**

RESOLUTION 2023/3

Moved by Councillor T Hullena
Seconded by Councillor C Bowyer

1. That the Minutes of Council - Annual Plan and Speed Management Plan Meeting held on 17 and 18 May 2023 be confirmed as a true and correct record.

CARRIED

6 REPORTS FOR DECISION

6.1 MASTERTON DISTRICT SPEED MANAGEMENT PLAN DELIBERATIONS

The report providing Council with a summary of submitters' feedback on the Consultation Draft Speed Management Plan, providing additional supporting information for Council to take into consideration when deliberating on submissions received, and seeking Council agreement to proceed with the Speed Management Plan for adoption was presented by the Senior Policy Advisor.

In response to a question about whether speeds around schools and marae could be reduced only when necessary staff advised that on primary collector roads it was appropriate for the speed limit to be reduced at various times, however on low volume residential roads it was more appropriate to keep the speed limit permanently reduced and it would add to the cost as variable signs were more expensive. It was also noted that schools weren't only used during school hours.

(Ra Smith joined the meeting at 9.20am)

Members discussed the recommendations.

In relation to the speeds around schools, members supported variable speeds around all schools as it wasn't necessary to have a reduced speed limit when schools weren't being used and the cost of variable signs shouldn't be taken into account. Staff advised that Council's partner funder Waka Kotahi may not be likely to support low volume roads having variable speed limits, not just for cost but in recognition that schools are generators of activity outside school times.

In relation to the speed around Te Ore Ore marae whether the speed should be reduced to 60km/h from the turnoff to past the marae was discussed as the marae was used frequently and there were houses in the area, and there would be three different speed limits over a short distance. Staff advised that a variable speed wouldn't be possible outside the marae in response to events as speeds needed to be formally gazetted however if there was an event a traffic management plan application could be made to Council which could temporarily reduce speeds for a period of time.

In relation to the reduced speed proposed for Lees Pakaraka Road, members discussed the feedback from the residents against the proposal and were concerned that hadn't been taken into account. Members supported maintaining the current speed on Lees Pakaraka Road and to improve delineation and signage instead of reducing the speed limit.

(Councillor Nelson left the meeting at 10.00am)

(Councillor Nelson returned to the meeting at 10.11am)

With the agreement of the meeting an alternative motion was proposed to reflect the discussion, to direct staff to review and report back on the following proposed amendments to the Speed Management Plan: implementing variable speed limits at all schools, reducing the speed on Te Ore Ore Bideford Road from the turn off to past Te Ore Ore Marae to 60km/h and to maintain the current speed limit on Lees Pakaraka Road.

[Note to minutes: an extraordinary meeting was scheduled for 15 June to consider the staff report back on the issues to be reviewed.]

RESOLUTION 2023/4

Moved by Councillor B Goodwin
Seconded by Councillor C Bowyer

That Council

1. **Notes** that Council received a full set of submissions on the Consultation Draft Speed Management Plan as part of the Annual Plan and Consultation Draft Speed Management Plan Hearings agenda;
2. **Notes** the community feedback received in response to the Consultation Draft Speed Management Plan Statement of Proposal;
3. **Agrees** to direct staff to review the Speed Management Plan as follows
 - i. Review the option for implementing variable speed limits at all schools
 - ii. Review reducing the speed on Te Ore Ore-Bideford Road from the turn off to past Te Ore Ore Marae to 60km/h; and
 - iii. Review maintaining the current speed limit on Lees Pakaraka Road
 - iv. Requests officers to report back on the implications of the proposed changes
4. **Notes** that Council will consider the formal adoption of the Speed Management Plan on 28 June 2023.

CARRIED

The meeting adjourned from 10.17am to 10.26am

Members present when the meeting reconvened were Mayor Gary Caffell, Councillors Bowyer, Goodwin, Hullena, Johnson, Lennox, Tuuta and Nelson (on Teams).

6.2 ANNUAL PLAN 2023/2024 DELIBERATIONS REPORT

The report providing Council with an overview of the 2023/24 Annual Plan consultation process; an update on any changes since the Consultation Document was developed and recommendations regarding topics that were consulted on was presented by the Principal Advisor Strategy and Governance and the Manager Finance.

The Manager Finance advised that since the report had been written there was an indication that the increase in insurance costs would be closer to 15%, interest rate movements would be factored into the next iteration of the budget, that there were further cost escalations that would also have to be factored in, for example the Parks contract, solid waste tonnages and costs and a potential increase in the cost of disposal of e-waste.

The Mayor noted that staff had worked hard to keep the rates increase as low as possible and while no rates increase was ideal he noted that the previous decision of Council to smooth rates played a part in the increase and that he was comfortable with where the increase had landed. He noted that Masterton had the lowest average increase in the region, that Council continued to deliver a good level of service and the feedback on levels of service showed that the people didn't want to lose any services. He also noted that the budget didn't include any increase in staff, that Council continued to deliver well and that there was a need to continue to challenge staff to do

their best to keep costs down.

Members discussed the recommendations.

With the agreement of the meeting an amendment to recommendation 6 was proposed, to make provision of up to \$20,000 for the Dark Skies project, as members did not want a commitment of \$20,000 and would rather make provision for that amount but only if it was needed.

Recommendation 7 was taken separately as, while there was support for the project, most members did not support providing the funding requested as the view was that the project was a nice to have and would benefit Masterton the least and so shouldn't be at the expense of the Masterton ratepayers. Those who supported the funding were of the view that the funding requested was an initial amount and that any further funding would be consulted on as part of the next long-term plan and that the project would give Masterton the opportunity to link to the other trails. With the agreement of the meeting, an alternative motion to not agree to the funding was proposed.

RESOLUTION 2023/5

Moved by Councillor B Johnson

Seconded by Councillor S Lennox

That Council

1. **agrees** to confirm fee and charge increases as discussed in the Consultation Document and outlined in the proposed Fees and Charges for 2023/24, with the exception of the proposed new e-waste fee;
2. **agrees** to maintain the status quo for e-waste with free disposal, rather than introducing a new e-waste disposal fee,
3. **agrees** to reduce Council funding for community events by \$66,000 and community grants by \$22,000 and to assist our community to identify alternative funding sources;
4. **agrees** to reduce Council's own events budget by \$22,000 and commits to seeking alternative funding for Council run events and for other Council projects and initiatives;
5. **agrees** to explore options for equitable funding as part of the Revenue and Finance Policy review;
6. **agrees** to join the Wairarapa Dark Sky Reserve and make provision of up to \$20K from Council's economic development project budget;
8. **directs staff** to explore the option of transferring funding for Three Waters 'Better Off' projects that have not yet commenced and/or been fully committed to Project 1: Targeted Wastewater Renewals.

CARRIED

RESOLUTION 2023/6

Moved by Councillor T Hullena
Seconded by Councillor M Tuuta

7. **does not agree** to fund the requested \$27,624 Five Towns Trail cost in 2023/24.

CARRIED

Councillor Goodwin proposed an additional motion to cap staff costs at \$12,891,500 (which includes benefits) and add the elected members remuneration of \$657,564 to give total Personnel costs of \$13,549,064 for the 2023/24 Annual Plan. Councillor Goodwin added that the figures provided Council with an additional \$1.25m which was 6-7% more than what was needed today and wouldn't reduce any salaries.

Those who supported the motion felt that the rates increase of nearly 8% was still too high. They thought that the community were suffering and Council needed to do their best in the next 12 months to ease the burden on the community. There was a view that the increases in personnel costs had been significant and were not sustainable, reasonable or fair on the community, and there was a view that there appeared to be a trend of overbudgeting staff costs. Staff were well remunerated and remuneration should be based on the local market rate for the non-specialised Council roles.

(Councillor Tuuta left the meeting at 12.08pm)

Some members noted that the actual figures needed to be clarified including the cost of contractors.

(Councillor Tuuta returned to the meeting at 12.15pm)

As there was a lack of clarity around the figures and the proposed motion didn't have all the implications and information members would need to make a decision, staff suggested the motion include a direction to staff to report back on the feasibility and implications of the proposal. There would need to be an additional meeting as the final Annual Plan needed to be adopted at the 28 June meeting so rates could be set.

Councillor Goodwin agreed to amend his proposed motion accordingly as long as the numbers in the motion were used.

[Note to minutes: an extraordinary meeting was scheduled for 15 June to consider the staff report back referred to in the motion.]

RESOLUTION 2023/7

Moved by Councillor B Goodwin
Seconded by Councillor T Hullena

That Council directs staff to report back on the feasibility and implications of capping the staff cost at \$12,891,500 (including benefits) and add the elected member remuneration of \$657,564 to total personnel costs of \$13,549,064 for the 2023/224 Annual Plan.

CARRIED

Councillor Goodwin put another motion to loan fund a further \$1.5m on increasing water and wastewater renewals and stormwater services, as Council were in a position where those things had been under funded in the past and this was Council's last chance to accelerate some funding to prioritise and fix some things.

Those who didn't support the motion thought that there was no capacity to do any more work in that area and that the review of the Better Off funding would potentially provide for more funding.

Staff advised that Council had committed to \$3m spending next year and \$1.5m in the following year. The level of debt the new water entity would take over if established would be based on what was in the current Long-Term Plan so it couldn't be assumed that any additional debt would be taken over.

MOTION

Moved by Councillor B Goodwin
Seconded by Councillor T Nelson

That Council makes provision to spend an additional \$1.5m (loan funded) on increasing water and waste water renewals and stormwater services.

LOST

6.3 CONSULTATION FEEDBACK: CIVIC FACILITY

The report providing Council with feedback on the Civic Facility received via consultation undertaken in alignment with the 2023/24 Annual Plan consultation process; and recommending a way forward, taking into consideration the views of our community and the legal requirements for decision making under the Local Government Act 2002 was presented by the Manager Strategy and Governance.

Members discussed the recommendations and agreed that the governance structure for the project would be full Council as all elected members needed to be involved.

In response to a question about why the town hall couldn't be demolished and the library couldn't progress immediately, staff advised that the current project in the Long-Term Plan was a civic facility, which included a library, so that needed to be changed through a Long-Term Plan process.

RESOLUTION 2023/8

Moved by Councillor B Goodwin
Seconded by Councillor S Lennox

That Council:

1. **Receives** this Report.
2. **Notes** that submitters have indicated that they agree the civic facility scoped in the 2021-31 LTP is no longer affordable and that they would prefer:
 - a. A facility with a reduced scope on the existing Town Hall site and
 - b. An upgrade of the existing Library in its current location.

3. **Agrees** to proceed with the analysis required to meet information and decision-making requirements for consultation as part of the 2024-34 Long-Term Plan, noting this will include:
 - a. Option definition and scoping in order to refine options for assessment.
 - b. Assessment of costs, implications and risks associated with each option.
4. **Agrees** the recommended governance structure for the project, will be full Council
5. **Notes** that a decision on the Civic Facility will be made as part of the 2024-34 Long-Term Plan
6. **Notes** that a project plan detailing the delivery of the project will be developed as a next step.

CARRIED

7 PUBLIC EXCLUDED

Nil

The Meeting closed at 1.19pm.

The minutes of this meeting were confirmed at the Extraordinary Council Meeting held on 15 June 2023.

.....
CHAIRPERSON

5 REPORTS FOR DECISION

5.1 MASTERTON DISTRICT SPEED MANAGEMENT PLAN FURTHER CONSIDERATIONS

File Number:

Author: Matt Steele, Senior Policy Advisor

Authoriser: David Hopman, Chief Executive

PURPOSE

The purpose of this report is to provide Council with further information on specific areas of the draft Speed Management Plan as requested at the deliberations meeting on 7 June 2023.

RECOMMENDATIONS

That Council:

- a. **Notes** that Council directed staff to review specific areas of the draft Speed Management Plan at the Council Deliberations on 7 June 2023;
- b. **Agrees** to
 1. proceed with proposed changes to speed limits around schools as set out in the Consultation Draft Speed Management Plan (excluding the changes proposed for Pownall Street including St Matthew's Collegiate and Wairarapa College); OR
 2. Council directs staff to change permanent speed limits outside schools to variable speed limits;
- c. **Agrees** to
 1. Proceed with the 40km/h speed zone for Pownall Street as set out in the Consultation Draft Speed Management Plan; OR
 2. Proceed with 30km/h variable speed zones on Pownall Street outside St Matthew's Collegiate and Wairarapa College;
- d. **Agrees** to
 1. Proceed with the proposed lowering of the speed limit on Lees Pakaraka Road to 60km/h as set out in the Consultation Draft Speed Management Plan; OR
 2. Remove the proposed speed limit change on Lees Pakaraka Road from the Speed Management Plan;
- e. **Agrees** to
 1. Proceed with the proposed lowering of the speed limit on Te Ore Ore Bideford Road to 80km/h as set out in the Consultation Draft Speed Management Plan; OR
 2. Proceed with a 60km/h speed limit on Te Ore Ore Bideford Road from the corner with Te Ore Ore Road until north of the marae (approximately 1 kilometre);
- f. **Adopts** the Speed Management Plan following update to reflect the decisions at this meeting;

- g. **Delegates** authority to the Chief Executive to approve minor proofing corrections prior to publication and submission to Waka Kotahi

CONTEXT

At the 7 June 2023 Council deliberations meeting Council considered the draft Speed Management Plan. Following consideration of the Council report, elected members directed officers to review and report back on:

- the option for implementing variable speed limits at all schools;
- reducing the speed on Te Ore Ore-Bideford Road from the turn off to past Te Ore Ore Marae to 60km/h; and
- maintaining the current speed limit on Lees Pakaraka Road.

ANALYSIS AND ADVICE

Speed limit changes around schools (excluding St Matthew's Collegiate and Wairarapa College)

Under the Land Transport Rule; Setting of Speed Limits 2022, Council is required by law to have reduced the speed limits in the vicinity of schools to a maximum of 30km/h in urban areas and 60km/h in rural areas by 2027. In the Consultation Draft Speed Management Plan we proposed permanent speed limit changes where schools are located on no-exit roads or within residential neighbourhoods. For schools that are on through roads with higher speed limits, we proposed utilising variable speed limits.

Attachment 1 and Attachment 2 provide more detail on the proposed changes for each school in the Masterton District. As set out in the attachment, there are 15 schools (excluding St Matthew's Collegiate and Wairarapa College, see discussion below) in the Masterton District. In the plan as it currently stands, we propose updating:

- 7 existing permanent speed limits to a lower permanent speed limit (3 urban and 4 rural schools)
- 6 variable speed limits to a lower variable speed limit (4 urban and 2 rural schools)
- 1 permanent speed limit to a variable speed limit (Masterton Stronvar Road outside Wainuioru School)

Officers' recommendation is that the speed changes remain as detailed in the Consultation Draft Speed Management Plan. The only permanent change to an existing 50km/h road is to Herbert Street and the Bird Sanctuary area near Chanel College. As this is a low traffic area, it does not meet the Waka Kotahi expectations for a variable speed limit area.

Implementing a permanent reduction in the speed limit outside and around residential schools is a more effective and efficient approach compared to a variable speed limit that only applies during school drop off and pick up periods. The recommended safe speed for most residential areas is 30km/h, considering the high foot traffic and presence of vulnerable individuals. By reducing the speed limit throughout the entire school catchment area, including the immediate vicinity of the school, we can create a safer environment for students and residents alike. This comprehensive approach not only maximizes the impact on safety but also proves to be more cost-effective in the long run.

While a secondary concern to safety, officer's do not consider it cost effective to change those areas with an existing lower speed limit (Masterton Intermediate and Douglas Park School) to variable speed limits. Variable signs in each of these areas would cost \$16,600 around Masterton Intermediate and \$24,900 around Douglas Park, compared to a very low cost of new speed stickers under the proposed approach.

Speed limit changes on Pownall Street near St Matthew's Collegiate and Wairarapa College

Under the Land Transport Rule Council has the discretion to use different speed limits than the 30km/h and 60km/h limits where the risk to road users is comparatively lower. As part of the assessment work to support the development work of the Speed Management Plan, Pownall Street was identified as an area where a 40km/h speed limit may be most appropriate. Detailed information on the proposed change is available in Attachment 2.

As set out in the plan, officers recommended creating a permanent 40km/h speed limit zone on Pownall Street from just south of Wairarapa College to just north of St Matthew's Collegiate. This recommendation is made on the basis that a 40km/h zone creates less uncertainty over the limits on this stretch, is likely to have higher compliance, and facilitates easier enforcement by Police.

There is an alternative option available where variable speed limits are used outside Wairarapa College, and outside St Matthew's Collegiate but stretching far enough south to encompass the pedestrian crossing on the corner of Pownall Street and Cole Street. There are limitations to this approach, particularly the number of speed limit changes when the zones are operating, and the short distance between the zones. The implementation of the variable speed zone option would incur an estimated additional cost of \$30k, not including annual maintenance costs and the need for replacement, which would arise approximately every 10 years.

Speed limit changes on Lees Pakaraka Road

Lees Pakaraka Road has been identified as a high-risk road during the analysis conducted to develop the Speed Management Plan. This assessment is based on several factors, including the road's usage by vulnerable users such as cyclists, its geometry and width, as well as the significant number of both serious and minor crashes that have occurred on the road over the past 10 years.

In the Consultation Draft Speed Management Plan, a number of engineering improvements were proposed for the road, as well as dropping the speed limit from 80 km/h to 60 km/h on the road. Following feedback to the consultation, the review of curve warning signs and centre line on corners will take place in the 2024/27 period.

The recommended lowering of the speed on the road to 60 km/h currently remains in the plan. If Council wishes to, this change can be removed. Officers recommend that the safety infrastructure works proposed for Lees Pakaraka Road remain in the plan.

Speed limit changes near Te Ore Ore Marae

In the Consultation Draft Speed Management Plan, a number of changes for Te Ore Ore Bideford Road were proposed including safety infrastructure improvements and a lowering of the speed limit

on the road to 80 km/h for 2.3 kilometres from the corner with Te Ore Ore Road. This lower speed limit would be in place past Te Ore Ore Marae and for just over a kilometre beyond the marae.

Following feedback from Councillors, officers have explored an alternative speed limit approach on the road near Te Ore Ore Marae. This would involve setting a speed limit of 60 km/h from the corner with Te Ore Ore Road for a distance of approximately 1.1 kilometre. This would take the reduced speed limit a few hundred metres past the marae, where the speed limit would revert to 100 km/h.

Officers have contacted the marae and Kōhanga Reo on the site outlining the alternative option. Any feedback received will be provided to Council at the meeting.

OPTIONS CONSIDERED

A summary of the options considered is included in the table below.

Options for speed limits outside schools		Advantages	Disadvantages
1	Recommended Option: Council agrees to proceed with proposed changes to speed limits around schools as set out in the Consultation Draft Speed Management Plan (excluding the changes proposed for Pownall Street including St Matthew's Collegiate and Wairarapa College)	<ul style="list-style-type: none"> - Meets the expectations set out in the Land Transport Rule - Aligns with Waka Kotahi expectations on the use of variable speed limits - Retains the existing speed limit treatments in the school zones - Does not incur additional costs for variable speed signs 	<ul style="list-style-type: none"> - There may be some respondents to the public consultation who feel their views have not been reflected
2	Alternative Option: Council directs staff to change permanent speed limits outside schools to variable speed limits	<ul style="list-style-type: none"> - Some submitters may feel that their feedback will be reflected 	<ul style="list-style-type: none"> - May fail to meet Waka Kotahi expectations on the use of variable speed limits - Funding assistance may not be provided for the change - Changes the speed treatments outside some schools - Will incur additional costs

Options for speed limits on Pownall Street		Advantages	Disadvantages
1	Recommended Option: Proceed with the 40km/h speed zone for Pownall Street as set out in the Consultation Draft Speed Management Plan	<ul style="list-style-type: none"> - Reflects the approach deemed most appropriate from the analysis - Ensures one speed limit across the length covered - Supports enforcement 	<ul style="list-style-type: none"> - May be low compliance outside of hours of use due to low activity - This is a different approach than that outside other schools and risks confusion
2	Alternative Option: Proceed with variable speed zones on Pownall Street outside St Matthew's Collegiate and Wairarapa College	<ul style="list-style-type: none"> - May lead to enhanced compliance as the speed limits are only in place during times of use - Is in line with the approach around other schools 	<ul style="list-style-type: none"> - Will create a number of speed limit changes in a small area - Additional costs due to the need to purchase and operate additional variable signs - Does not reflect the approach deemed most appropriate from the analysis

Options for speed limit on Lees Pakaraka Road		Advantages	Disadvantages
1	Recommended Option: Proceed with the proposed lowering of the speed limit on Lees Pakara Road to 60km/h as set out in the Consultation Draft Speed Management Plan	<ul style="list-style-type: none"> - Reflects the approach deemed most appropriate from the analysis 	<ul style="list-style-type: none"> - Lees Pakaraka Road submitters may feel their feedback has not been reflected
2	Alternative Option: Remove the proposed speed limit change on Lees Pakaraka Road from the Speed Management Plan	<ul style="list-style-type: none"> - Lees Pakaraka Road submitters may feel that their feedback will be reflected 	<ul style="list-style-type: none"> - Does not reflect the approach deemed most appropriate from the analysis

Options for speed limit near Te Ore Ore Marae		Advantages	Disadvantages
1	Recommended Option: Proceed with the proposed lowering of the speed limit on Te Ore Ore Bideford Road as set out in the Consultation Draft Speed Management Plan	<ul style="list-style-type: none"> - Reflects the approach deemed most appropriate from the analysis - Extends the reduced speed limit further along Te Ore Ore Bideford Road 	<ul style="list-style-type: none"> - May not provide marae users with as much reassurance due to the speed of vehicles traveling
2	Alternative Option: Proceed with a 60km/h speed limit on Te Ore Ore Bideford Road from the corner with Te Ore Ore Road until north of the marae (approximately 1 kilometre);	<ul style="list-style-type: none"> - Marae users may not be provided with as much reassurance due to the speed of vehicles along this stretch of road. - Continues the existing 60km/h speed limit from Te Ore Ore Road 	<ul style="list-style-type: none"> - Does not reflect the approach deemed most appropriate from the analysis - There will likely be issues with Compliance - Shortens the proposed speed limit areas. -

Options for Adoption		Advantages	Disadvantages
1	Recommended Option: Council adopts the Speed Management Plan following update to reflect the decisions at this meeting, and delegates authority to the Chief Executive to approve minor proofing corrections prior to publication and submission to Waka Kotahi	<ul style="list-style-type: none"> - Allows MDC to continue to meet the agreed timelines to complete the district level Speed Management Plan ahead of the 2024-27 National Land Transport Programme - MDC can proceed with the changes to roads around schools, kōhanga reo and marae in the 2024-27 period - High-risk roads can be further considered as part of the 2026 review 	<ul style="list-style-type: none"> - Some submitters to the public consultation may feel their feedback has not been reflected

Options for Adoption		Advantages	Disadvantages
2	Alternative Option: Council directs staff to make further changes to the draft Speed Management Plan	<ul style="list-style-type: none"> - Some submitters to the public consultation may feel that their feedback will be reflected 	<ul style="list-style-type: none"> - Will impact on agreed timelines to complete the district level Speed Management Plan - Dependent on the suggested changes, further investigatory work may need to take place

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implications

The Masterton District Speed Management Plan aligns with the Land Transport Rule: Setting of Speed Limits 2022. The proposal also supports the community outcome to provide a safe place in which to live, work and play by assisting pedestrians, cyclists and motor vehicle users to safely move around the Masterton District.

Significance, Engagement and Consultation

Council were required to consult on the Masterton District Speed Management Plan. The Speed Management Plan consultation followed the Special Consultative Procedure as prescribed in Section 83 of the Local Government Act 2002, and the expectations under the Land Transport Rule: Setting of Speed Limits 2022.

Financial Considerations

The Speed Management Plan and subsequent implementation is covered within existing operational budgets. The implementation and installation of supporting engineering is eligible for co-funding through the National Land Transport Programme at the council funding assistance rate. Speed management programmes will be prioritised for funding within the safety improvement work category.

Communications/Engagement Plan

Council decisions on the Speed Management Plan will be communicated to submitters and the community.

Implications for Māori

Of the 83 submitters to the public consultation for the Speed Management Plan consultation just under 10 per cent identified as Māori.

Council contacted marae and kōhanga reo (in the vicinity of marae) to inform the development of the Consultation Draft Speed Management Plan.

There are specific actions in the Speed Management Plan to improve signage and reduce risk around marae and kōhanga reo (in the vicinity of marae).




Environmental/Climate Change Impact and Considerations

The draft Speed Management Plan has alignment with the Masterton District Climate Change Action Plan, particularly the aim to create accessible, safe and attractive local areas.

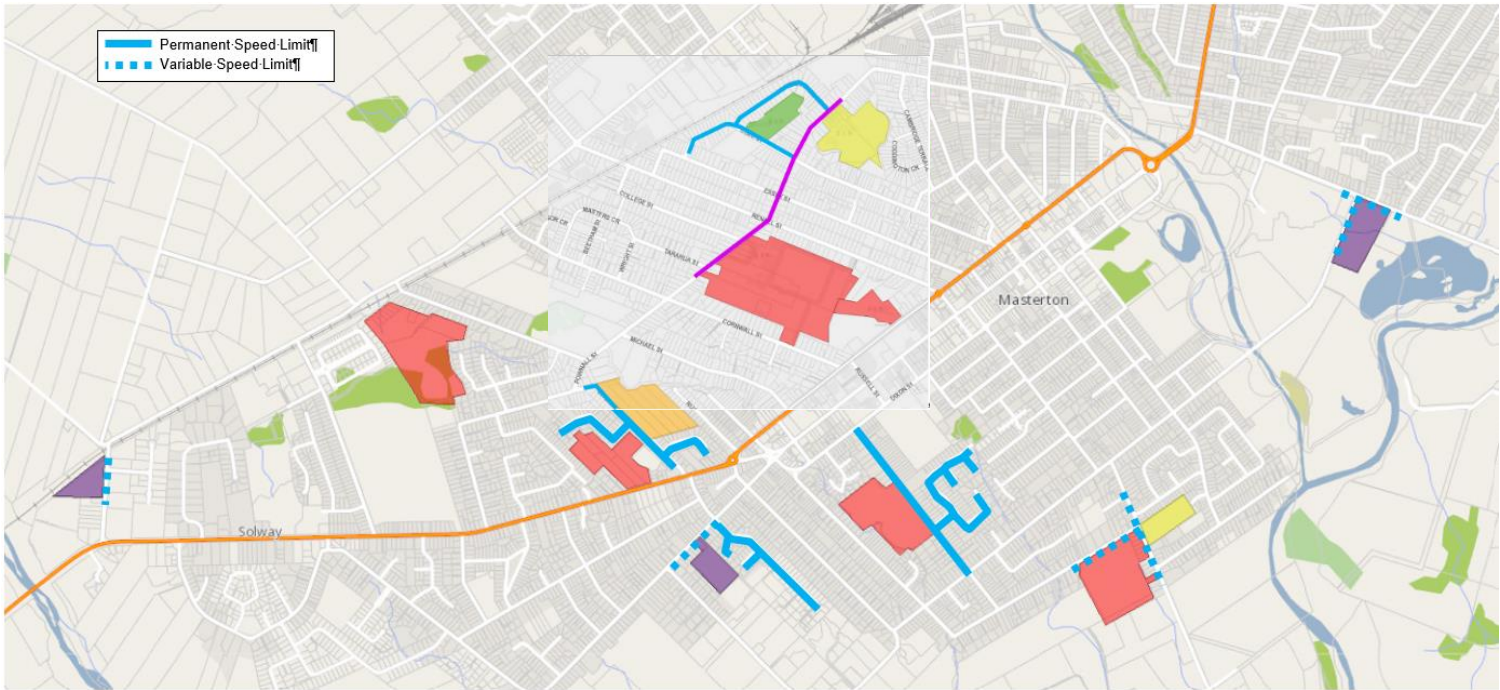
NEXT STEPS

If Council agree to the recommended options in this report, the draft Speed Management Plan will be provided to Waka Kotahi.

ATTACHMENTS

1. **Attachment 1 - Masterton School Speeds Limits Summary** [↓](#) 
2. **Attachment 2 - Masterton School Speed Limits Detailed Information** [↓](#) 
3. **Attachment 3 - Lees Pakaraka Road Information** [↓](#) 
4. **Attachment 4 - Te Ore Ore Marae Information** [↓](#) 

Masterton Schools – Summary Information to inform discussions



School	Existing Speed Limit	Proposed Speed Limit	Discussion	Costs
Chanel College	50km/hr - permanent	30km/hr - permanent	Residential street, used as a shortcut. Low traffic volumes don't warrant variable speed limit.	Permanent signs = \$2,000 Variable signs = \$16,600
Lakeview School	40km/hr - Variable	30km/hr - Variable	Existing variable speed limit. Proposed reduction to 30km/hr	Low cost – software change
Masterton Intermediate	40km/hr - permanent	30km/hr - permanent	Existing permanent speed limit. Proposed reduction to 30km/hr	Low cost – signs updated with stickers Variable signs = \$16,600
Masterton Primary School	40km/hr - Variable	30km/hr - Variable	Existing variable speed limit. Proposed reduction to 30km/hr	Low cost – software change
Solway College	50km/hr - permanent	50km/hr - permanent	No change proposed	No cost
Solway School	40km/hr - Variable	30km/hr - Variable	Existing variable speed limit. Proposed reduction to 30km/hr	Low cost – software change
TKKM o Wairarapa and Makoura College	40km/hr - Variable	30km/hr - Variable	Existing variable speed limit. Proposed reduction to 30km/hr	Low cost – software change
Douglas Park School	40km/hr - permanent	30km/hr - permanent	Existing permanent speed limit. Proposed reduction to 30km/hr	Low cost – signs updated with stickers Variable signs = \$24,900
St Matthew's Collegiate	50km/hr – permanent	40km/hr - permanent	Proposed reduction to 40km/hr. Provides a consistent message to drivers.	Permanent signs = \$3,000 Variable signs = \$17,600

School	Existing Speed Limit	Proposed Speed Limit	Discussion	Costs
Wairarapa College	50km/hr – permanent	40km/hr - permanent	Proposed reduction to 40km/hr. Provides a consistent message to drivers.	Permanent signs = \$3,000 Variable signs = \$18,600

Hadlow Preparatory School and St Patrick's Contributing School are on State Highway - Waka Kotahi is the road controlling authority for these schools.

Masterton Rural Schools

School	Existing Speed Limit	Proposed Speed Limit	Discussion	Costs
Fernridge School	40km/hr - Variable	40km/hr - Variable	Existing variable – no change	No cost
Mauriceville School	50km/hr – permanent	40km/hr - permanent	Lower permanent speed limit proposed. Traffic volumes don't warrant variable speed limit.	Permanent signs = \$1,500 Variable signs = \$16,600
Opaki School	100km/hr – permanent	30km/hr - permanent	No exit road – not suitable for variable speed limit.	Permanent signs = \$750 Variable signs = \$16,600
Rathkeale College	70km/hr – permanent	60km/hr - permanent	No exit road – not suitable for variable speed limit.	Permanent signs = \$750 Variable signs = \$16,600
Tinui School	50km/hr – permanent	30km/hr - permanent	Lower permanent speed limit proposed. Traffic volumes don't warrant variable speed limit.	Permanent signs = \$3,000 Variable signs = \$18,600
Wainuioru School	100km/hr – permanent	40km/hr - variable	Due to Masterton Stronvar Road being a rural connector route a variable speed limit is considered to be the most appropriate in this location.	Variable signs = \$17,600

School	Existing Speed Limit	Proposed Speed Limit	Discussion	Costs
Whareama School	40km/hr - Variable	40km/hr – Variable	Existing variable - Change in length proposed Permanent speed limit changes on approach to support compliance	Relocation costs only

5.2 ANNUAL PLAN 2023/24 FURTHER DELIBERATIONS

File Number:

Author: Senior Leadership Team

Authoriser: David Hopman, Chief Executive

PURPOSE

The purpose of this report is to respond to Council's directive to report on the feasibility and implications of capping the proposed 2023/24 staff costs at \$12,891,500 for the 2023/24 Annual Plan.

RECOMMENDATIONS

That Council:

1. Receives the Annual Plan 2023/24 Further Deliberations report.
2. Notes staff advice on the effect of the resolution made at the 7 June 2023 Council meeting on capping staff costs.
3. Proceeds with the activities and budget outlined in the 2023/24 Annual Plan Consultation Document as modified by Council Resolutions 2023/5 and 2023/6 relating to the Annual Plan 2023/24 Deliberations report with an average rates increase of 7.6%.
4. Notes that discussions on reviewing outputs and levels of service will be progressed and consulted on as part of the LTP.
5. Notes that recommendations approved will be built into the 2023/24 Annual Plan which must be adopted by 30 June 2023

CONTEXT

Annual Plan 2023/24 Deliberations

On 7 June 2023 Council met to deliberate on the submissions and other feedback received during consultation on the proposed 2023/24 Annual Plan and to consider staff advice. Council agreed to eight of the nine recommendations in the report and added a further resolution:

That Council directs staff to report back on the feasibility and implications of capping the staff cost at \$12,891,500 (including benefits) and add the elected member remuneration of \$657,564 to total personnel costs of \$13,549,064 for the 2023/24 Annual Plan.

ANALYSIS AND ADVICE

Comparison of 2022/23 and 2023/24 Staff Budgets

Firstly, the figures specified in the tabled additional resolution are unclear. The \$12,891,500 is the forecast Personnel figure for 2022/23 which comes from the Audit & Risk financial report from the 24 May 2023 meeting. This figure includes elected member costs, so adding these costs again is

not valid. For reasons set out below, expecting personnel costs to be held at the same level as the actual 2022/23 costs is unrealistic and would come with high risk.

The following summary sets out the comparison of budgets and forecast actuals for the 2022/23 year and compares this with the proposed budget for the 2023/24 Annual Plan. The figures below isolate the Personnel costs from Other Expenditure but need to be seen in the context of total operating budgets of close to \$60 million. Staff costs are 23% of operating costs.

2022/23 Annual Plan

Projected Personnel Costs to 30 June 2023	\$ 12,891,500	(includes EMs)
Salary budget used on paying contractors	\$ 403,450	(estimate)
	\$ 13,294,950	
Annual Plan 2022/23 Personnel budget	\$ 14,126,104	(includes EMs)
Savings due to vacancies during the year*	\$ 831,154	5.9%

*Vacancies in service delivery areas have put pressure on our ability to deliver services. Remaining staff in areas such as Utility Services, Civic Facilities, Animal Control, ICT, Finance and Planning have had to absorb greater workloads, which are not sustainable. See further commentary below.

2023/24 Draft Annual Plan

Annual Plan 2022/23 Staff component of budget	\$ 13,541,554	
Draft Annual Plan 2023/24 - Staff component	\$ 14,441,544	
	\$ 899,990	6.6% Increase

6.6% increase incorporates allowance to increase salaries to match labour market movements as well as staff progressing towards full competence and paid at 100% of market rates. This is based on total remuneration which includes salary, benefits, and FBT.

Annual Plan 2022/23 EM component of budget	\$ 584,550	
Draft Annual Plan 2023/24 - EM component	\$ 647,564	
	\$ 63,014	10.8% Increase

Annual Plan 2022/23 Personnel budget	\$ 14,126,104	
Draft Annual Plan 2023/24 - Personnel budget	\$ 15,089,108	
	\$ 963,004	6.8% Increase

While 5.9% of the 2022/23 budget (\$831,000) is not expected to be spent, the full budget of \$14,126,104 was identified and accepted in 2022 as being required to support Council's service delivery. Officers have used this as the starting point for reviewing the budget for 2023/24 taking

into account contractual commitments and resourcing set to deliver the levels of service agreed in the 2021-31 LTP.

The boundary between governance and management

The LGNZ’s Good Governance Guide notes that “Aotearoa’s governance approach is based on well-established divisions between the political and administrative side of kaunihera (councils). The governing body, for example, directly employs the chief executive who then employs the council kaimahi (staff) on its behalf.¹

The governance roles include developing a vision alongside communities and translating that vision into achievable goals, strategies and objectives.² Management is about detailed planning; creating the plans and programmes that ensure the vision is achieved. LGNZ note that the boundary between governance and management can vary according to the size of a local authority (the “grey area”) but provide a clear distinction between roles in terms of the employment of staff.³

Table 3 Complementary roles

GOVERNANCE	‘GREY’ AREA	MANAGEMENT
Long term strategic view		Planning to implement long term
Effective (doing the right things)		Efficient (doing things right)
Concepts		Here and now
Strategy and policy leadership		Strategy and policy advice
Performance monitoring		Performance and delivery
Employ CE		Employ staff
Identify opportunities		

The Chief Executive’s responsibility to Council includes implementing the decisions of Council, determining the means of achieving the outcomes sought, and appointing and terminating staff, including negotiating their terms of employment in accordance with any remuneration and employment policy.⁴ Such policies may set out councils’ approach to staff remuneration and employment conditions, including collective bargaining and remuneration adjustment processes.

The Council does not have a remuneration and employment policy as provided for in the LGA. Staff remuneration and employment conditions are contained within individual employment

¹ Local Government New Zealand *The Good Governance Guide* (October 2022), p 13. Local Government Act 2002 (LGA), s 42.
² Local Government New Zealand *The Good Governance Guide* (October 2022), p 21.
³ Local Government New Zealand *The Good Governance Guide* (October 2022), p 21.
⁴ Local Government New Zealand *The Good Governance Guide* (October 2022), page 28; LGA s 42(2).

agreements and under a collective employment agreement negotiated through the Public Services Association, through HR policies and subsidiary agreements. For example, in 2021 Council agreed, through the setting of the LTP budgets, to fund a commitment from the Council to ensure equitable pay for staff by moving to local government market rates over a three-year period.⁵ The proposed Annual Plan 2023/24 is the last year of the three-year period. This agreement is a term of staff employment.

To comply with sections 54(3)(a)(ii), (4)(a) and (b) of the Employment Relations Act the Council has adopted Strategic Pay's job evaluation system (SP10) that objectively determines the relative impact, breadth, complexity, skill, and expertise requirements of each job relative to others in the organisation and relative to similar jobs in the local government market; and is directly linked with market information about how other councils of similar size value jobs using those same criteria; and includes monitoring and audit mechanisms to ensure consistency of sizing and ongoing internal relativity. Council provides remuneration guidelines to staff each year which outlines our remuneration and moderation approach.

The Office of the Auditor-General (OAG) notes that staffing is an area of administration to which the separation between the governance and management roles and the existence of mutual trust and respect are most necessary.⁶ The OAG consider that councils can expect the Chief Executive to provide it with information on staff employment and management in order to enable the council to be accountable to the community for its decisions on policies, plans and budgets. For this purpose, the OAG considers that councils should be able to express views about staff policy and general management issues. However, in purporting to meet those responsibilities the council should not encroach on matters relating to the employment of staff that are the exclusive preserve of the Chief Executive – including who is or who is not to be employed and their terms of employment.

Duty to be a good employer and other legal requirements

The Council, including the elected members and Chief Executive, must operate as a good employer; that is one that provides for the fair and proper treatment of its employees.⁷ In addition, the Employment Relations Act requires employers and employees to deal with each other in good faith.⁸ Council is also responsible for staff health, safety and wellbeing under the Health and Safety at Work Act.⁹

To comply with sections 44(4)(c) and (f) of the Health and Safety at Work Act the Chief Executive must exercise due diligence to ensure that Council complies with health and safety obligations. This includes taking reasonable steps to ensure they have available for use, and uses, appropriate resources and processes to eliminate or minimise risks to health and safety from work carried out as part of the conduct of the business or undertaking.

This means that Council has a responsibility to resource appropriately to minimise potential health and safety risks, including ensuring we have the right capability and capacity to deliver our work, appropriately skilled staff and numbers of staff.

⁵ Masterton District Council *Te Taunaki i Nga Wa Tukituki Delivering in Difficult Times* (March 2023), p 20.

⁶ Office of the Auditor-General *Managing the Relationship Between a Local Authority's Elected Members and its Chief Executive* (July 2002), para 8.11.

⁷ LGA s 39; Local Government New Zealand *The Good Governance Guide* (October 2022), p 28.

⁸ Employment Relations Act 2000, s 4(1)(a).

⁹ Health and Safety at Work Act 2015.

Effect of resolution to cap staff costs

Although the Council is responsible for setting the annual budget through the approval of the Annual Plan,¹⁰ this cannot extend to prescribing a cap on staff costs.

From an accounting perspective, it is not possible to reduce the sum of staff costs by a certain amount or percentage. Staff costs are based on actual salaries and allocated to services and functions as part of the cost of delivering those services and functions.¹¹ A reduction in staff costs would require identification of the particular service or function where the budget is to be reduced and no such identification has been made. Reducing all budgets by a particular amount or percentage does not take into account the assessment of actual staff time/costs to deliver the service or function. A blanket reduction increases the risk of failure to deliver services.

Council's proposed staffing budget is set to deliver services and functions to the level of service reflected in the LTP. As noted above, a cap on staff costs at \$12.89 million does not take into account the vacancies that need to be filled and the gap in resourcing that has been filled this current year through staff working longer hours, taking on additional work, employment of contractors and/or failing to undertake work/not meeting service levels, as indicated above. The proposed cap on staff costs would either mean a cap on staff numbers to existing levels or an increase in current staff numbers to fill the vacancies with a cap/reduction in staff remuneration. The first option would place an unreasonable burden on already strained resources and would require a significant reduction in output and levels of service to avoid a breach of Council's obligations to staff.¹² Such a reduction can only be provided for through the LTP process.¹³ The second option is outside of elected member's jurisdiction.

As the OAG guidance states, terms of employment are the domain of the Chief Executive. Council's personnel budget for 2023/24 reflects existing individual employment contracts, PSA agreements and previous commitments to staff. Any reduction in the salary budget for 2023/24 could risk the Chief Executive not being able to meet employment and contractual obligations for staff. This would place the Council at legal risk.

Review of operating budgets

As noted in the Annual Plan Consultation Document, budget estimates were reduced from a projected average rates increase 14.2% to an average increase of 7.9%.¹⁴ Officers worked with Council to reduce or remove planned activities and associated costs via a range of budget levers and judgements. The resulting operating budget is the amount needed to maintain outputs and levels of service provided in the LTP.

Officers recommend that Council proceeds with the activities and associated budget as outlined in the Annual Plan Consultation Document and modified by the Resolutions 2023/5 and 2023/6 relating to the Annual Plan 2023/24 Deliberations Report. That would see a 7.6% average rates

¹⁰ One of the purposes of the Annual Plan is to contain the proposed annual budget and funding impact statement for the year to which the Plan relates (s 95(5)(a)). The Annual Plan must be adopted before the commencement of the year to which it relates (s 95(3)) and its adoption cannot be delegated by the Council (Schedule 7, cl 32(1)(d)).

¹¹ See for example the Roading Financial Impact Statement in Masterton District Council *Annual Report 2021/22*, p 87 (adopted 24 May 2023).

¹² See for example Agenda of Audit and Risk Committee Meeting Wednesday 24 May 2023, p 50 and 51.

¹³ LGA s 97(1)(a).

¹⁴ Masterton District Council *Te Taunaki i Nga Wa Tukituki Delivering in Difficult Times* (March 2023), p 6.

increase still being achieved and no change to the personnel budget. The reduction is due to more growth in the rating base. Council can undertake to review outputs and service levels with any corresponding reduction in resourcing through the LTP process.

However, if Council wishes to find cost reductions for the 2023/24 year to achieve a lower increase in rates, officers have developed a revised budget. The changes incorporate the items listed in the Deliberations Report and include additional insurance, interest and contracted costs in the parks and solid waste areas. The opportunity to review solid waste costs based on current tonnages has also been taken and this affects the revenue and costs in that activity. Additional revenue from rates penalties and growth in the rating base has been incorporated at 1.8% (the Draft Annual Plan assumption was 1.5%). Minor amendments to staff budgets have been achieved by refining the timing of start dates for some current vacancies.

The Council received a report in May about the costs of renewing the rural roading sites that were damaged by the storm events of the last 12 months. The cost estimate of \$18.92 million has been added to the capital expenditure budget and a subsidy rate of 76% has been assumed. The Council will need to fund \$4.54 million and the Annual Plan model assumes this will be debt-funded. The cost estimates are provisional and the subsidy rate has yet to be confirmed, so the figures allowed in the Annual Plan are a provision based on best current information. No significant impact from this late change is expected on the 2023/24 rates requirement, but future years will be impacted by increased debt servicing costs on the debt.

The most significant change to rates required that is proposed is to reduce the amount of depreciation that is funded into reserve funds. A total of \$215,000 (0.56% of rates) of less funding depreciation across property, parks, water and wastewater budgets is included in the revised budget figures. These reductions are not significantly or materially different to the original proposals, which if they were, would prompt further consultation.

The revised version of the budget model produces an average rates increase of 6.9% (urban 5.7%, rural 10.5%). A schedule of activity costs is included as Attachment 1 to demonstrate the changes and movements between versions of the budget. Rates samples are included as Attachment 2.

If Council wishes to proceed with this option, officers will seek to make additional operational savings throughout the year where possible and without a significant reduction in service levels. Note that the Council does have a number of one-off sources of revenue in 2023/24 that disguise the risk of a deficit budget. The increase in unfunded depreciation puts Council at greater risk of larger rates increases in future years or running an unbalanced budget in future years. There remains cost pressures and a real risk that the Council will not meet the balanced budget benchmark in the 2023/24 Annual Report.¹⁵ There is little to no buffer to handle the risks of revenue shortfalls and cost over-runs from unplanned expenditure.

¹⁵ LGA, s 100.

OPTIONS CONSIDERED

A summary of the options considered is included in the table below.

Options	Advantages	Disadvantages
<p>1 Proceed with activities and budget outlined in 2023/24 Annual Plan Consultation Document as modified by Council Resolutions 2023/5 and 2023/6 relating to the Annual Plan 2023/24 Deliberations Report</p>	<p>This will enable service levels to be maintained as per the 2021-31 LTP, and work planned for 2023/24 to be delivered.</p> <p>This will ensure sufficient depreciation is funded for future maintenance and renewal work.</p> <p>This approach takes into consideration intergenerational equity by ensuring funding is set aside now for future work vs leaving a legacy of challenges for future ratepayers.</p> <p>This will enable staff salary adjustments consistent with contracts, PSA agreements and the commitment that was made to staff via the 2021-31 LTP, which has flow on benefits including:</p> <p>Being able to offer market rates will place MDC in a better position when recruiting, especially where skills are highly sought after – e.g. engineers, building control, resource management and environmental health.</p> <p>Mitigating the risk of losing staff who may seek roles elsewhere if MDC cannot meet market rates; offer inflationary adjustments and/or recognise performance, especially in areas where staff have been working additional hours to ‘fill the gap’ and continue to provide services for our community despite staff shortages.</p>	<p>The rates impact will be an average of 7.6%, noting this is amongst the lowest rate increases in the Wellington region.</p>

Options	Advantages	Disadvantages
<p>2 Review and re-cast 2023/24 operational budgets, in particular the level of funding of depreciation to reserve funds</p>	<p>The average rates impact will reduce to 6.9% (urban 5.7%, rural 10.5%)</p> <p>Staff budgets remain sufficient to deliver service levels</p>	<p>Under-funding depreciation will mean we have to 'catch up' at some point, increasing the likelihood of larger rate increases when maintenance or replacements are necessary in the future.</p> <p>This approach does not consider intergenerational equity. Reducing depreciation now will impact future ratepayers.</p> <p>This approach increases the risk of asset failures and service delivery challenges in future if there is insufficient funding available to maintain and renew assets that are needed to deliver services.</p> <p>This approach increases the risk of not achieving a balanced budget.</p> <p>This approach increases the risk of financial over-runs.</p> <p>If the funding did not come from depreciation, there would be further risks including:</p> <p>Service levels may be compromised if there is insufficient budget to resource and deliver services.</p> <p>Work programmes may not be delivered if there is insufficient budget to resource and deliver work programmes.</p> <p>Increased risk of staff leaving the organisation to seek better working conditions and/or remuneration, especially for</p>

Options	Advantages	Disadvantages
		those who have been working extra hours to fill gaps and maintain service levels.

RECOMMENDED OPTION

Officers recommend Option 1. This will ensure that Council meets its obligations to staff and provides sufficient resourcing to deliver the proposed activities to the agreed service levels in the LTP as consulted on through the Annual Plan consultation. Discussions on reviewing outputs and service levels will be progressed and consulted on as part of the LTP.

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implications

Section 82 of the LGA applies to the 2023/24 Annual Plan consultation process. Council followed the Special Consultative Procedure as prescribed in Section 83 of the LGA. This meets the requirements of Section 82 and includes preparing and adopting a consultation document, making information available and providing an opportunity for people to present their views.

Provisions for projects within a long-term plan or annual plan do not constitute a commitment. The Local Government Act provides that a resolution to adopt a long-term plan or an annual plan does not constitute a decision to act on any specific matter included within the plan so Council can deviate from the plan during the year for good reason if something unforeseen does arise.

Section 100 of the LGA provides that a local authority must ensure that each year’s operating revenues are set at a level sufficient to meet that year’s projected operating expenses. Council can set revenues at a different level from that required if it resolves that it is financially prudent to do so having regard to:

- the estimated expenses of achieving and maintaining predicted levels of service
- projected revenue
- the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life
- council’s funding and financial policies.

The Council’s and Chief Executive’s respective responsibilities and obligations to staff are identified in the body of the report.

Significance, Engagement and Consultation

Council chose to consult on the 2023/24 Annual Plan. As noted, the Annual Plan consultation followed the Special Consultative Procedure as prescribed in Section 83 of the LGA. The proposed reductions in depreciation funding are not significantly or materially different to that proposed in the Annual Plan Consultation Document.

Financial Considerations

The 2023/24 Annual Plan includes financial budgets for all Council activities and the subsequent rates increase. Financial considerations are discussed further in the body of this report. Financial implications for any decisions made in response to this report will be factored into the final Annual Plan for adoption on 28 June 2023. The Annual Plan forms the basis of the Rates Resolution which Council will be asked to adopt immediately after the Annual Plan is adopted.

Implications for Māori

There are no specific implications for Māori associated with the decisions in this report.

Communications/Engagement Plan

Council decisions on the proposals included in the Annual Plan, and reasons for those decisions, will be communicated to submitters and our community.

Environmental/Climate Change Impact and Considerations

There are no specific implications associated with the decisions in this report.

In total, funding provision of \$286K has been allowed for climate change/environmental projects and initiatives in the 2023/24 Annual Plan, excluding projects funded by the Three Waters, Better Off Funding.

Some of the other projects included in the 2023/24 Annual Plan budget could have climate change and/or other environmental implications. These will be considered as the project is explored.

ATTACHMENTS

1. **Attachment 1 Schedule of Activity Costs** [↓](#) 
2. **Attachment 2 Rates Samples 2023/2024 Annual Plan** [↓](#) 

