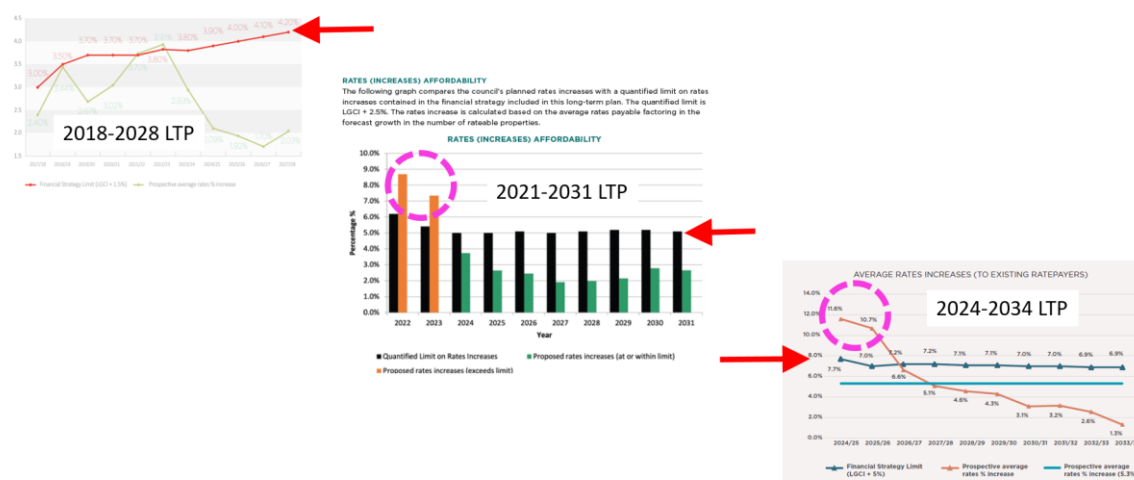


I will say this from the start: it is all very simple really, this 'Rates Crisis' is because Councils are a place which incentivise spending and risk-aversion at the expense of thinking outside the square and innovation - not always the fault of individuals—it's systemic. So it is either up to the government to put a lid on things - like tying rates to inflation - or for us to vote in some people who are determined to reign things in.

So first of all, It was September last year that Phil Shields and I gave some talks at the Acacia Bay Hall on this topic of RATES CAPS, and which happened to coincide with the Prime Minister announcing that something was on the way, so I am using same slides as then. We are now to July and it looks like something will officially be announced and possibly in place by Christmas or so says the Minister of local Government Simon Watts at the Taxpayer Union protest outside the LGNZ annual conference in ChCh last week, accompanied by former minister of finance Ruth Richardson who was helpfully advocating that rates be linked to inflation and anything more has to be decided by binding referendum. What a good idea, and it should be obvious to everyone by now that something has to be done – obvious to everyone it seems, except Council bureaucrats and elected members who do not realise the long term implications of compounding debt and unchecked capex.

Rate Forecasts: Can we believe them?



Now this first slide is just to illustrate that the 'blips' in the rates forecasts for the last coupler of LTP's, along with the incremental notching up of the self-imposed Limits on Rates Increases (marked with RED ARROWS). I probably don't have to go on about the effect of all this to **people on fixed incomes such as Retirees**, except to point out the obvious - which is that it is simply not sustainable. Put simply, these Long Term Plan forecasts by the Council bureaucrats are based on a fantasy world that doesn't include unexpected things happening, and all of us living in the real world do know - unexpected things always do happen.

Reset is coming



- 1/ 'Wellbeings' to go
- 2/ Performance benchmarks
- 3/ Limit expenditure on 'nice to haves'
- 4/ Review transparency & accountability rules

Now it was last year's LGNZ conference that the Prime Minister gave which gave rise to some consternation. So I will just briefly outline the four main points again:

1/ **Wellbeing statements** in the Local Government Act are to go – these are the things that give Left-leaning Councils the licence to do whatever they please without conforming to any actual need. And if you look at various versions of the LGA the past 20 years, these 'Well being' statements get taken in and out quite regularly with successive changes in government – so I expect they will be back sooner or later.

2/ **Performance benchmarks** to measure one Council against another, now these metric comparisons undertaken by the DIA were meant to be out 13th July but it looks there is a hold up for some reason. One thing I hope is measured is STAFF plus CONSULTANT cost per head of population. Because staff numbers alone are a pretty poor indicator if taken just in isolation, and when a Council is doing its best to do all the work in-house then higher staff numbers can be held against them when they are actually saving money (and I have worked in a Council before which tried extraordinarily hard to always do that, which was sometimes counter-productive).

3/ **Limit expenditure of nice-to haves** –We aren't a Wellington which spent up large on a \$180M conference centre at the expense of their water pipe infrastructure, but I think we have a few contenders in that category which I will mention in the next slide.

4/ **Review transparency & accountability rules** – Thank goodness that is coming in some form or another, because something absolutely has to be done. Pretty pointless having elections for a bunch of people supposed to be governing how a Council operates, if some of the most basic information required for decision-making is not being released in a timely fashion, or in a format available for third party independent review as I have attempted to do without success many times. And my experiences with the Ombudsman haven't helped much—they seem more inclined to sympathise with internal processes than public transparency

Necessaries, or Niceties?



My take on a few **Necessities or Niceties**, in this District?

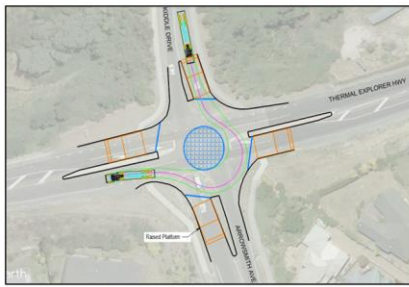
Top left is not Council it is NZTA but your money all the same, the 5km's of wire rope barrier on SH1 installed last year between the Airport and SH5 to Napier. In my capacity as a traffic engineer with access to police crash data I can say that \$6M expense will not only increase maintenance costs for that piece of road, but probably increase the chance of a serious crash happening.

Middle is the Taupo Town Transformation Project - I will say something like it could have been done long ago, for a whole lot less money, and a whole lot less disruptive to town traffic flow.

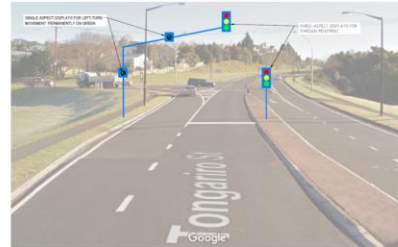
Bottom right is the new COUNCIL BUILDING, or rather leased building. Like the \$180M Wellington Conference Centre our PM was alluding to last year, we can rightfully ask if we really did need to demolish a perfectly serviceable Council building and put staff up in temporary rented accommodation for over five years.

And because I happen to be a practicing civil engineer who specializes in transport, I will use these next few slides to point out some thinking outside the square opportunities for savings in the infrastructure space.

Doing Stuff Cheaper

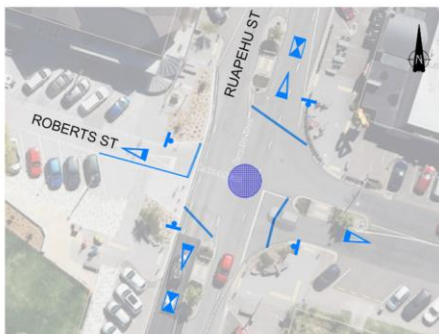


Vision HERO = Innovative
Vision HERO = Putting into Practice
Vision HERO = Best Value



First slide are a couple of past examples, on left being the roundabout at Arrowsmith Ave / Kiddle Drive which I know could have been done for about a quarter to a third of the \$2M put into it in 2019. On right is a simple SIGNAL METER that could have been an effective treatment for the Norman Smith / Wairakei Drive intersection done in 2018 (and I am talking roughly \$50K compared to the several hundred thousand for the signalized intersection that went in).

Doing Stuff Cheaper



Vision HERO = Innovative
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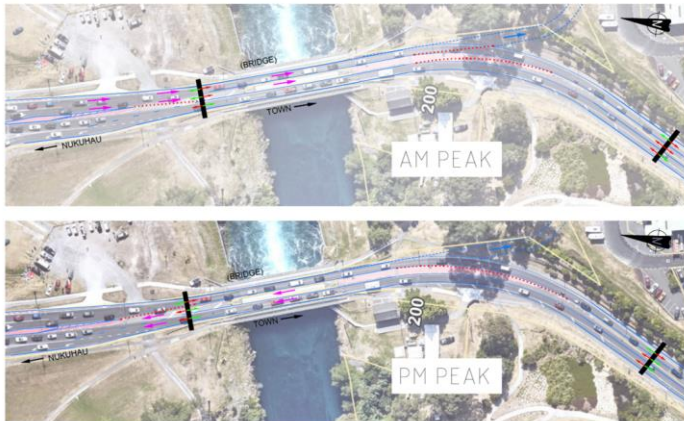
What was done

- 12 roundabouts installed using only road markings, flexible bollards, signs and speed cushions.
- Each roundabout was installed overnight and cost in the range of \$10,000 to \$15,000.
- The conversion took 2 months, and cost of \$155,000.
- A great way to prove and show the public/council how the improvements works.



Secondly is an example of what they did in Dunedin with some very cheap roundabout treatments (**\$10-15K each**), and these could be a viable solutions for at least the short-medium term for many locations around the Taupo township.

Doing Stuff Cheaper



Vision HERO = **Innovative**
 Vision HERO = **Putting into Practice**
 Vision HERO = **Best Value**

Thirdly is my proposed solution for the **control gates bridge**, which I believe is an eminently viable LONG TERM SOLUTION without resort to any new bridge structure as is currently being proposed. This option wasn't considered by the consultants engaged to look at this over a year ago, and I saw nothing SMART about paying them \$300K to essentially come up with no new ideas at all and hasn't even factored in what it will cost to keep the existing bridge going.

Ratepayer Advocacy

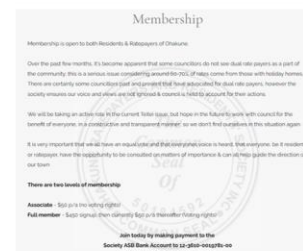
Tauranga
Ratepayers'
Alliance

The aims of the XXX Ratepayers' Alliance are to:

- *reduce wasteful Council spending;*
- *increase transparency and accountability of those funded by ratepayers;*
- *increase institutional checks on the Council;*
- *enable ratepayers to easily scrutinise Council spending;*
- *lower the rates burden; and*
- *promote evidence-based public policy.*



**Hamilton Residents &
 Ratepayers Association**
 incorporated
 POSITIVE CHANGE for HAMILTON



To finish with this last slide, Taupo does not have any potent **Ratepayer Advocacy Group** as some other places have, and I think it is long overdue. There is even a Ratepayer Residents Society in **small town Ohakune**, which was formed (in anger as far as I can tell) just a year or so ago after Ruapehu District Council gifted some public land to Kainga Ora without bothering to talk to any of their constituents about it.

So to wrap things up and I will repeat what I said at the start: it is all very simple really, this 'Rates Crisis' is because Councils are a place which incentivise spending and risk-aversion

at the expense of thinking outside the square and innovation - not always the fault of individuals—it's systemic. So it is either up to the government to put a lid on things - like tying rates to inflation - or for us to vote in some people who are determined to reign things in.

And vote in some people who are also not so arrogant to think they know much better than you, signing up to agreements that embed corporate statutory bodies into Council decision-making in ways that are difficult to reverse (and I am of course referring to the JMA agreement with Tuwharetoa Maori Trust Board, as it is currently drafted anyway).

Finally to close and I just wasn't to say one last thing –

The system is not going to fix itself, and your silence will only feed it further.