



NOTICE OF AN EXTRA ORDINARY COUNCIL MEETING

Ōpōtiki District Council Chambers, 108 St John Street, Ōpōtiki
Thursday, 1 April 2021
Commencing at 9.00am

ORDER PAPER

APOLOGIES

DECLARATION OF ANY INTERESTS IN RELATION TO MEETING AGENDA ITEMS

PUBLIC FORUM

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	and separate document

Chair: Her Worship the Mayor – Lyn Riesterer

Members: Cr Shona Browne (Deputy Mayor)

Cr Debi Hocart

Cr Barry Howe

Cr David Moore

Cr Steve Nelson

Cr Louis Rāpihana

Committee Secretary: Gae Newell

Quorum: 4

LOCAL AUTHORITIES (MEMBERS' INTERESTS) ACT 1968

Councillors are reminded that if you have a pecuniary or non-pecuniary interest in any item on the agenda, then you must declare this interest and refrain from discussing or voting on this item, and are advised to withdraw from the Council chamber.

Aileen Lawrie

CHIEF EXECUTIVE OFFICER



**MINUTES OF AN EXTRA ORDINARY COUNCIL MEETING DATED MONDAY, 15 MARCH 2021 IN
THE ŌPŌTIKI DISTRICT COUNCIL CHAMBERS, 108 ST JOHN STREET, ŌPŌTIKI AT 9.00AM**

PRESENT:

Mayor Lyn Riesterer (Chairperson)
Deputy Mayor Shona Browne (Deputy Chairperson)
Councillors:
Debi Hocart
David Moore
Steve Nelson
Louis Rāpihana

IN ATTENDANCE:

Bevan Gray (Finance and Corporate Services Group Manager)
Gerard McCormack (Planning and Regulatory Group Manager)
Glen McIntosh (Engineering and Services Group Manager (Acting))
Gae Finlay (Executive Assistant and Governance Support Officer)

SUBMITTERS:

Lawrence Hayward
Adrian Gault
Nigel Billings (via Zoom)
Chris Hopman (via Zoom)

MEDIA:

Charlotte Jones (Democracy Reporter, The Beacon)

GUESTS:

Councillors Bill Clark and Toi Iti (Bay of Plenty Regional Council)

APOLOGY

Councillor Howe.

RESOLVED

(1) That the apology be sustained.

Browne/Hocart

Carried

DECLARATION OF ANY INTERESTS IN RELATION TO AGENDA ITEMS

Councillor Rapihana declared an interest in the submission from the Coast Community Board. He is the Chair of that Board.

Her Worship the Mayor invited the Finance and Corporate Services Group Manager to give an overview of the process around setting the Revenue and Financing Policy.

The Finance and Corporate Services Group Manager noted that the process is to look at activities then think whether there is a community benefit, user benefit or district-wide benefit. The budgets are then set. National guidance is that this process is done in the absence of financial information.

1. SCHEDULE OF SUBMITTERS TO SPEAK

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Lawrence Hayward

Lawrence Hayward provided handout notes. He stated that not completely understanding the Revenue and Financing Policy it is hard to know what to submit, adding that the policy is one thing but the impacts on ratepayers are the unknowns.

Lawrence Hayward read from his handout notes which covered:

- Extraordinary Capital (non PGF)
 - No transparency around extraordinary capital; no knowledge of impact on overall Council expenditure and potential rate increases.
 - How is Council going to cap expenditure to ensure no rate increase or no exceeding CPI?
 - Introduction of targeted rates.
 - Extra staff taken on due to various capital projects and building works – what cost/benefit analysis is being done by Council and how much consideration is being given to short term fixed contracts?
- UAGC and General Rate
 - The UAGC needs to increase as current costs to higher capital value properties is via the General rate.
- Feedback from Council
 - Acknowledgement of submission and written response from Council is needed.

Lawrence Hayward left the meeting at 9.13am.

The Engineering and Services Group Manager (Acting) entered the meeting at 9.17am.

Adrian Gault entered the meeting at 9.18am.

Coast Community Board Representative

The nominated presenter from the Coast Community Board was unable to attend.

Councillor Rāpihana provided an overview of the Coast Community Board's submission.

Adrian Gault spoke to his submission next

Adrian Gault

Adrian Gault stated that although his submission sounds negative he wanted to be constructive.

Adrian Gault said the Revenue and Financing Policy is where the rubber hits the road and it is important for the community to understand this is how Council gets rates from individuals and the mechanism you use to do that. He added that the document was lacking in that it did not have any numbers attached to it which makes it hard to judge what the impact is. I would suggest that when Council puts a document out like this, there is reference to some numbers.

Further points made by Adrian Gault were:

- Little linkage between the five considerations and what was in the document
- Council uses capital values as the basis for the general rate to extract the biggest portion of rates
- Council has a lot of tools available but acknowledge that the system is broken
- Council has no way to determine what a person or entity earns
- Council decided that rural property could pay more rates – need to take that into consideration when setting this Policy.
- Suggest that Council has targeted rates, a UAGC and differentials and using those tools to moderate the fluctuations in rates
- Allowing the valuer to set rates, e.g. if coastal values go up compared to the rest of the district those property owners will pay higher rates; differentials can stop this to balance it out.
- These are hard decisions for Councils to make and you have to get buy-in from the community.
- Targeted rates are probably the most transparent rates in the mix – where Council is targeting a specific activity. At the moment Ōpōtiki probably uses targeted rates one of the least in the country.
- Government money is good to use but the assets that you built with it come with cost – depreciation etc. The Library has eight staff; overheads are huge – that is over 10% of Council staff in that activity.
- There are wider implications of cost to Council which needs to be taken into consideration when taking Government funding and building assets – a warning to heed.

The Planning and Regulatory Group Manager entered the meeting at 9.31am.

BOPRC Councillor Bill Clark entered the meeting at 9.33am.

Nigel Billings for Federated Farmers (via Zoom)

Nigel Billings extended his thanks for the opportunity to submit to the Revenue and Financing Policy. He said that it is very hard to comment on the merits of a policy that does not in any way show how it will play out in practise, in particular the rating impact on different property types. It is a relatively hollow process in that you can submit to the overall strategic way in which Council intends to fund various activities, and difficult to make constructive comments on.

Nigel Billings referred to the example from Otorohanga District Council's 2018-2028 Long Term Plan which give contributions of example properties to Council services. It feels that Ōpōtiki District Council has presented a menu with no price list, therefore difficult to form an opinion.

Although the document is good, Nigel Billings said it did not contain enough detail for a Consultation Document. Federated Farmers note the matters considered by Council when making funding decisions around affordability, particularly to the rural sector. Net worth is difficult to tax, income is not. Rural businesses pay a lot in rates and this works against the principle on page 8 of the Revenue and Financing Policy document. Federated Farmers favour differentials.

Nigel Billings concluded that he would appreciate Council taking the views of Federated Farmers on board.

Adrian Gault left the meeting at 9.47am.

Chris Hopman (via Zoom)

Chris Hopman thanked Council for the opportunity to present his submission. He stated that he is an Ohiwa Harbour ratepayer, with 40 years' experience in Local Government and his submission is intended to be constructive.

Harbour Development Project

Chris Hopman referred to the huge cost of the Harbour Development Project, adding that costs will increase. This will be Council's largest asset and it is obvious that there are issues as final designs have not been completed as yet, despite the length of time.

With regard to User Pays, Chris Hopman said that he is happy to pay rates for the common good and clearly advocates User Pays. Ōpōtiki District Council also promotes, but does not follow, that principle. No other Council in the region charge for water services in their General Rates.

Chris Hopman referred to examples regarding water supplies in his submission – private schemes pay for themselves and subsidise Council's scheme. Stormwater is only concentrated in the lower parts of the Ōpōtiki township and Council is charging ratepayers who have no access.

Chris Hopman stated that papers were not provided to him in time and he was only given 10 minutes to speak to three submissions. He further stated "Please let there be someone in Council who reviews the submissions so I get direct feedback."

Referring to the document, Chris Hopman said it contained few words, no financial content and no substance. How can you approve such a range when no financial information is made available? You have the figures; you can do it. Chris Hopman added that if he had a business with 10,000 customers, sought feedback and only 11 people replied, I would conclude I did something seriously wrong with my consultation

The Chief Financial Officer entered the meeting at 9.50am.

The Planning and Regulatory Group Manager left the meeting at 9.50am.

BOPRC Councillor Toi Iti entered the meeting at 9.54am

The Finance and Corporate Services Group Manager advised that each submitter will receive a written response to their submission following deliberations and a decision by Council.

The meeting adjourned at 10.06am for a Bay of Plenty Regional Council LTP presentation and reconvened at 11.35am at which time the Planning and Regulatory Group Manager rejoined the meeting. The Engineering and Services Group Manager (Acting) and BOPRC Councillors Bill Clark and Toi Iti did not rejoin the meeting at this time.

2. REVENUE AND FINANCING POLICY – STAFF REPORT

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The Finance and Corporate Services Group Manager spoke to the report. He advised that 36% fully supported the policy, 27% partially supported, 9% did not support and three submitters had no preference.

With regard to rating impacts, the Finance and Corporate Services Group Manager stated that it was difficult to provide any rating impact as there were no changes to the draft policy. One submission talked about the ranges in the policy which is technically incorrect; in terms of funding we have six ranges. There is an option to put in more ranges if you wish to add that in. In relation to the Three Waters and the benefit that we are allocating district-wide, this is not out of step with other Councils.

There are submissions which relate to the Financial Strategy, e.g. raising of the UAGC to 30%. Another component which relates to the Financial Strategy is affordability. A further piece of work will be done of what Year 1 looks like on affordability and what it will look like long term.

Some other submissions relate to the Long Term Plan and a full rating review.

Her Worship the Mayor stated that when the Revenue and Financing Policy went out for consultation it was hoped that people would find it easier to understand and would actually reflect on our funding principles and funding challenges. Although a couple of the submissions have done that, the significance of the strategic thinking we are doing has not been put in the submissions. Submitters are saying that there was not enough examples as in financial figures for them to assess the competency of the strategic policy.

In response to a query from Councillor Nelson as to why Council would not use more targeted rates, the Finance and Corporate Services Group Manager advised that Community Facilities and Economic Development are target rated. Regulation, Safety, Solid Waste, Stormwater, Wastewater, Water Supply and Land Transport all have a targeted rate component. When the harbour is handed back there will be user charges and that should be a different funding activity with funding principles.

The Finance and Corporate Services Group Manager stated that any changes made to the Revenue and Financing Policy will be captured in the LTP Consultation Document, with examples, and go back to the community.

Councillors were generally comfortable with adopting the Revenue and Financing Policy, provided there was the ability to make changes, including a change to the UAGC.

The Finance and Corporate Services Group Manager advised that the UAGC is part of the Financial Strategy, not the Revenue and Financing Policy.

Deputy Mayor Browne was of the view that was a common denominator in the submissions was in relation to rating impacts following revaluations. She moved that a third clause be added to the recommendations that Council direct staff to look at ways to manager the rating impacts following district revaluations.

Moved: Browne

Seconded: Hocart

- (3) That Council direct staff to look at ways to manage the rating impacts following district revaluations.

The motion was PUT and CARRIED.

Councillor Rāpihana noted that he would abstain from voting in light of his interest in the Coast Community Board's submission.

RESOLVED

- (1) That the report titled "Revenue and Financing Policy – Staff Report" be received.
- (2) That the Revenue and Financing Policy be adopted.
- (3) That Council direct staff to look at ways to manage the rating impacts following district revaluations.

Browne/Hocart

Carried

Councillor Rāpihana abstained

THERE BEING NO FURTHER BUSINESS THE MEETING CLOSED AT 12.28PM.

**THE FOREGOING MINUTES ARE CERTIFIED AS BEING A
TRUE AND CORRECT RECORD AT A SUBSEQUENT
MEETING OF THE COUNCIL HELD ON 1 APRIL 2021**

L J RIESTERER

HER WORSHIP THE MAYOR



REPORT

Date : 22 March 2021

To : Ordinary Council Meeting, 1 April 2021

From : Finance and Corporate Services Group Manager, Bevan Gray

Subject : **FEES AND CHARGES FOR THE 2021-2031 LONG TERM PLAN**

File ID : A234990

EXECUTIVE SUMMARY

The Local Government Act 2002 (LGA) requires Council to describe the fees and charges for our district in the Long Term Plan (LTP). The purpose of this report is to consider and adopt the fees and charges for use in the 2021-2031 LTP.

PURPOSE

To consider and adopt fees and charges for use in the 2021-2031 Long Term Plan (LTP). A schedule setting out the draft fees and charges is attached to this report.

BACKGROUND

The LGA requires Council to describe the fees and charges for our district in the LTP.

User fees and charges help fund the operation and maintenance of a variety of services provided to the community. User fee revenue reduces the rate revenue required to be collected from ratepayers.

Stepped Water Charges

Changes have been made to the way we apply volumetric fresh water charges. These changes, as mentioned in our consultation document, are expected to promote water conservation among high volume users as well as giving them certainty and transparency.

These changes are the implementation of a stepped rate, with the rate increasing at specified thresholds based on average daily water use.

The base rate for water supply will remain the same. Higher rates will be applied to the extra water use above certain thresholds. These thresholds are 2m³, 3.5m³, and 4.5m³ per day. Currently the average residential water use would be under 0.5m³ per day, so it is expected that only up to 5% of customers would be affected by this change.

SIGNIFICANCE ASSESSMENT

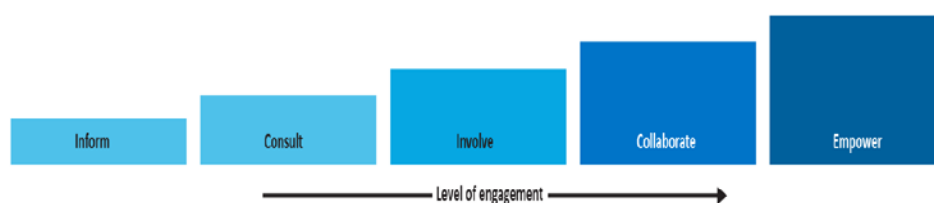
Assessment of significance

Under Council's Significance and Engagement Policy, on every issue requiring a decision, Council considers the degree of significance and the corresponding level of engagement required. The level of significance for the Fees and Charges for the 2021-2031 Long Term Plan is considered to be low as determined by the criteria set out in section 12 of the Significance and Engagement Policy.

Fees and charges do however inform the LTP which will be part of a special consultative procedure in early 2021.

Assessment of engagement requirements

As the level of significance for adoption of the Fees and Charges for the 2018-28 Long Term Plan is considered to be low, the level of engagement required is determined to be at the level of inform according to Schedule 2 of the Significance and Engagement Policy.



COMMUNITY INPUT AND PUBLICITY

Once adopted for use by Council the Fees and Charges will be loaded onto our website for review and feedback from the community during the official 2021-2031 Long Term Plan consultation period.

RECOMMENDATIONS:

1. That the report titled "Fees and Charges for the 2021-31 Long Term Plan" be received.
2. That the draft Fees and Charges be approved for use in the preparation of the Long Term Plan.
3. That the draft Fees and Charges be made available for feedback from the public.

Bevan Gray

FINANCE AND CORPORATE SERVICES GROUP MANAGER

Draft Ōpōtiki District Council 2021/22 Fees and Charges

User fees and charges help fund the operation and maintenance of a variety of services provided to the community. User fee revenue reduces the rates revenue required to be collected from ratepayers.

Actual and reasonable costs as referred to in this document will vary, but will represent staff cost plus an allowance for overheads.

Regulation and Safety

Animal Management

(All charges include GST)

	Charges 1 July 2020	Charges 1 July 2021
Dog Registration		
The following fees apply to registration of dogs in the Ōpōtiki District		
Discounted fee (applies if paid on or before 1 August)		
Complete dog	\$110.00	\$110.00
Neutered dog	\$55.00	\$55.00
Working dog*	\$40.00	\$40.00
Full fee (applies if paid after 1 August)		
Complete dog	\$165.00	\$165.00
Neutered dog	\$82.50	\$82.50
Working dog*	\$60.00	\$60.00
Certified disability assist dog	\$15.00	\$15.00
* At the Ordinary Council meeting on 23 April 2019, Council resolved that hunting dogs that are kept solely or principally for the purposes of hunting game by a person undertaking legal hunting activities, and that have completed avian awareness and aversion training, be declared to be working dogs for the purposes of the Dog Control Act 1996.		
Dog Pound and Other Fees		
Seizure of dogs – charge per dog		
1st occasion	\$60.00	\$60.00
2nd occasion	\$100.00	\$100.00
3rd and subsequent occasions (within 12 months)	\$150.00	\$150.00
Sustenance charge – per day per dog	\$10.00	\$10.00
Destruction/euthanasia – per dog	\$45.00	\$45.00
Replacement of registration tags	\$5.00	\$5.00
Implant of microchip transponder	\$25.00 – free for dogs with annual 2020/21 registration paid before 1 August	\$25.00 – free for dogs with annual 2020/21 registration paid before 1 August
Hireage of dog barking collar (per fortnight)	\$15.00	\$15.00
Application for permit to have more than 2 dogs on a property	Free	Free
Droving Charges		
Collection fee and costs incurred (plus impounding cost if appropriate) in leading, driving or conveying stock from the place where it is found to the pound or to the place where it is delivered to the owner. Mileage @ 82c/km plus actual cost of staff time. Note: Costs for after-hours will be as billed.	At cost	At cost

(All charges include GST)

Charges
1 July 2020

Charges
1 July 2021

Impounding of Stock		
The fees charged will be either those charged by any contractor employed by the Council or Council officers. The charge-out rate for Council staff is calculated on time spent and is set at \$70.00 per hour.		
Impounding per day per animal		
Cattle, horses, deer	\$50.00	\$50.00
All other livestock	\$25.00	\$25.00
Sustenance charge per head of stock per day	15.00	15.00
Call-out fee	\$70.00 per officer	\$70.00 per officer
Advertisement fee	Actual cost plus 10% administration fee	Actual cost plus 10% administration fee
Droving fee minimum fee	\$25.00 plus actual cost	\$25.00 plus actual cost
Transport	95cents per km	82cents per km
Horse Float	\$200.00	\$200.00

Noise Control

(All charges include GST)

Charges
1 July 2020

Charges
1 July 2021

Return of seized equipment	\$100.00	\$100.00
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Environmental Health

(All charges include GST)

Charges
1 July 2020

Charges
1 July 2021

Registration and Verification under the Food Act 2014		
All fees and charges are based on an estimated time to process applications and verify (inspect). If more time is required, a further \$140 per hour will be invoiced.		
Application for registration of a new food control plan	\$260.00 (includes 2 hours of processing time)	\$280.00 (includes 2 hours of processing time)
Application for registration of a new national programme	\$130.00 (includes 1 hour of processing time)	\$140.00 (includes 1 hour of processing time)
Renewal of registration of a food control plan or national programme	\$130.00 (includes 1 hour of processing time)	\$140.00 (includes 1 hour of processing time)
Application for amendment to registration	\$130.00	\$140.00
Verification of a food control plan (including initial site visit, verification report, and any revisits)	\$130.00 per hour	\$140.00 per hour
All other services for which a fee may be set under the Food Act	\$130.00 per hour	\$140.00 per hour
A copy of template for food control plan	\$25.00	\$25.00
A copy of national programme guidance	\$25.00	\$25.00

Other

(All charges include GST)

	Charges 1 July 2020	Charges 1 July 2021
Camping Grounds		
Application for initial registration	\$260.00	\$280.00
Application for annual renewal of registration	\$240.00	\$260.00
Certificate of exemption from Camping-Grounds Regulations 1985	\$240.00	\$260.00
Hairdressers		
Annual premises registration fee (includes 30 minute visit)	\$200.00	\$200.00
Funeral Directors		
Registration of premises	\$130.00	\$140.00
Street Stall		
Charitable or non-commercial organisation	No charge	No charge
Commercial		
Food stalls	\$60.00 (per event)	\$60.00 (per event)
Non-food stalls	\$20.00 (per event)	\$20.00 (per event)
Hawker's Licence		
Hawker's licence (Any food sold must comply with the Food Act - refer to Environmental Health fees).	No charge	No charge
Mobile Traders		
Mobile Traders (non-food)	\$75.00 (6 months) \$150.00 (12 months)	\$75.00 (6 months) \$150.00 (12 months)
Mobile Traders (sale of food) (Compliance with the Food Act also required - refer to Environmental Health fees)	\$50.00	\$50.00
Amusement Devices (set under legislation)		
Approval to operate:		
(a) 1 device up to 7 days	\$11.50	\$11.50
(b) Additional device up to 7 days	\$2.30	\$2.30
(c) Each device for 7 day period after first 7 day period	\$1.30	\$1.30
Class 4 Gambling Venue		
Application fee	\$465.00	\$465.00
Any other certificate or amendments		
	\$130.00 per hour	\$140.00 per hour

Litter Infringements

(All charges include GST)

Offence	Charges 1 July 2020		Charges 1 July 2021	
	1st offence	2nd or subsequent offence within 1 year	1st offence	2nd or subsequent offence within 1 year
Litter, of less than or equal to 1L, left in a public place, or on private land without the occupier's consent	\$75.00	\$200.00	\$75.00	\$200.00
Litter, of more than 1L and less than or equal to 20L, left in a public place, or on private land without the occupier's consent*	\$100.00	\$400.00	\$100.00	\$400.00
Litter, of more than 20L and less than or equal to 120L, left in a public place, or on private land without the occupier's consent**	\$250.00	\$400.00	\$250.00	\$400.00
Litter, of more than 120L, left in a public place or on private land without the occupier's consent	\$400.00	\$400.00	\$400.00	\$400.00
Hazardous or offensive litter left in a public place or on private land without the occupier's consent	\$400.00	\$400.00	\$400.00	\$400.00

*20L is the approximate maximum capacity of two standard supermarket bags in normal conditions.

**120L is the approximate maximum capacity of a standard mobile garbage bin in normal conditions.

Hazardous litter refers to broken glass, barbed wire, jagged metal, medicines, and hazardous waste.

Offensive waste refers to rotting food, animal remains, faeces and discarded nappies.

Sale and Supply of Alcohol

The following risk matrix fees structure was implemented under the **Sale and Supply of Alcohol (Fees) Regulations 2013** effective from 18 December 2013.

(All charges include GST)

**Charges
1 July 2021**

Alcohol licensing fees – set by regulation		
Temporary authority		\$296.70
Manager's certificate application		\$316.25
Renewal of manager's certificate		\$316.25
Special licence	Class 1 (1 large event; more than 3 medium events; more than 12 small events)	\$575.00
	Class 2 (3 to 12 small events; 1 to 3 medium events)	\$207.00
	Class 3 (1 or 2 small events)	\$63.25
On-licence/renewal application	See below for new risk matrix fee structure	
On-licence – BYO endorsed	See below for new risk matrix fee structure	
Off-licence/renewal application	See below for new risk matrix fee structure	
Club licence/renewal application	See below for new risk matrix fee structure	
Resource management and building certificates required under the Sale and Supply of Alcohol Act 2012	See below for new risk matrix fee structure	

Definitions

Type	Class	Description
Restaurants	1	A restaurant that has or applies for an on-licence and has, in the opinion of the territorial authority, a significant bar area and operates that bar area at least one night a week in the manner of a tavern.
	2	A restaurant that has or applies for an on-licence and has, in the opinion of the territorial authority, a separate bar area and does not operate that bar area in the manner of a tavern at any time.
	3	A restaurant that has or applies for an on-licence and, in the opinion of the territorial authority, only serves alcohol to the table and does not have a separate bar area.
	BYO	A restaurant for which an on-licence is or will be endorsed under section 37 of the Act.

Type	Class	Description
Clubs	1	A club that has or applies for a club licence and has at least 1,000 members of purchase age and in the opinion of the territorial authority, operates any part of the premises in the nature of a tavern at any time.
	2	A club that has or applies for a club licence and is not a class 1 or class 3 club.
	3	A club that has or applies for a club licence and has fewer than 250 members of purchase age and in the opinion of the territorial authority, operates a bar for no more than 40 hours each week.
Remote sales premises		Premises for which an off-licence is or will be endorsed under section 40 of the Act.
Enforcement holding		A holding as defined in section 288 of the Act, or an offence under the Sale of Liquor Act 1989 for which a holding could have been made if the conduct had occurred after 18 December 2013.

Latest alcohol sales time allowed for premises

Type of Premises	Latest trading time allowed (during 24 hour period)	Weighting
Premises for which an on-licence or club-licence is held or sought	2.00 am or earlier	0
	Between 2.01 and 3.00 am	3
	Any time after 3.00 am	5
Premises for which an off-licence is held or sought (other than remote sales)	10.00 pm or earlier	0
	Any time after 10.00 pm	3
Remote sales premises	Not applicable	0
On-licence	Class 1 restaurant, night club, tavern, adult premises	15
	Class 2 restaurant, hotel, function centre	10
	Class 3 restaurant, other premises not otherwise specified	5
	BYO restaurants, theatres, cinemas, winery cellar doors	2

Type of Premises	Latest trading time allowed (during 24 hour period)	Weighting
Off-licence	Supermarket, grocery store, bottle store	15
	Hotel, tavern	10
	Class 1, 2 or 3 club, remote sale premises, premises not otherwise specified	5
	Winery cellar doors	2
Club-licence	Class 1 club	10
	Class 2 club	5
	Class 3 club	2

Number of enforcement holdings in respect of the premises in the last 18 months	Weighting
None	0
One	10
Two or more	20

Fee categories for premises

A territorial authority must assign a fees category to any premises for which an on-licence, off-licence or club licence is held or sought in accordance with the table below except that it may, in its discretion and in response to particular circumstances, assign a fee category to premises that is one level lower but no premises may be assigned a category lower than very low.

The date on which the fees category must be determined is, for the purpose of an application fee, the day on which the application is made or, for the purpose of the annual fee, the day on which the annual fee is payable.

Cost/risk rating	Fees category	Application fee \$ incl GST	Annual fee \$ incl GST
0-2	Very low	\$368.00	\$161.00
3-5	Low	\$609.50	\$391.00
6-15	Medium	\$816.50	\$632.50
16-25	High	\$1,023.50	\$1,035.00
26 plus	Very high	\$1,207.50	\$1,437.50

(All charges include GST)

**Charges
1 July 2021**

Temporary licence	Fee payable to the territorial authority by a person applying under section 74 of the Act to sell alcohol pursuant to a licence from premises other than the premises to which the licence relates	\$296.70
Permanent Club Charter	Annual fee payable to the territorial authority in which the club's premises are located by the holder of a permanent club charter as described in section 414 of the Act	\$632.50
Extract from register	Fee payable to a licensing committee under section 66(2) of the Act for an extract from a register	\$57.50
	Fee payable to ARLA under section 65(2) of the Act for an extract from a register	\$57.50
Appeals	Fee payable to ARLA under section 154 of the Act (against a decision of a licensing committee)	\$517.50
	Fee payable to ARLA under section 81 of the Act (against a local alcohol policy)	\$57.50

Resource Management Services

(All charges include GST)

Charges
1 July 2020

Charges
1 July 2021

ALL CHARGES MINIMUM PLUS ACTUAL AND REASONABLE COSTS unless otherwise stated. The amount stated is a fixed deposit, payable at the time of lodging an application or when making any other request for Council to perform any other function under the Resource Management Act 1991 (RMA). The below deposits are charges fixed under section 36(1) of the RMA and are payable in full at the time of lodging the application. A charge additional to the fixed deposit paid may be made once the application has been determined, to cover the actual and reasonable costs incurred in determining the application. Actual and reasonable costs will also be charged for applications that are withdrawn. Actual and reasonable costs will include costs incurred by Council in respect of staff salaries and wages (including travel time, and on-costed to cover overheads), internal analytical costs, record keeping/storage (e.g. photocopying), external analytical costs or consultant costs, vehicle usage costs and any other direct costs or disbursements (including postage, advertising costs, etc.), plus GST. The charge out rate for Council officers is \$130.00 per hour. Pre-application - (after the first free 30 minutes) will be charged at the Council officer's hourly rate.		
Resource consent applications (see note above)		
Land use applications (non-notified)		
• Non-notified	\$1040.00	\$1040.00
• Resource consent limited to non-compliance with Zone standards	\$650.00	\$650.00
Subdivision (non-notified and includes full partitions)		
1 to 2 lots	\$1,560.00	\$1,560.00
3 plus lots	\$1,820.00	\$1,820.00
Boundary adjustment / Full partitions / Cross lease flats plan update (all inclusive)	\$1,000.00	\$1,000.00
All notified application (includes land use, subdivision and full partitions): Notified / limited notified requiring a hearing (includes private plan change, designation, and heritage order)	\$3900.00	\$3900.00
Hapu Partition and occupation orders (assessments)- up to 20 days to process	\$260.00	\$260.00
Additional urgency fee (under 5 days to process)	\$130.00	\$130.00
Trimming, disturbance or removal of a Notable tree , when supported by an arborist's report, for the purpose of maintaining the health of the tree, or for protecting human life and/or property	No Charge	No Charge
Trimming, disturbance or removal of a Pohutukawa tree within the Coastal, Coastal Settlement and/or Ōhiwa Harbour Zones, when supported by an arborist's report, for the purpose of maintaining the health of the tree, or for protecting human life and/or property (and where the activity is not permitted by the District Plan rules)	No Charge	No Charge

(All charges include GST)

Charges
1 July 2020

Charges
1 July 2021

Certificates and legal documents		
Section 124 – Renewal of resource consent	\$390.00	\$390.00
Section 125 – Lapsing consent application	\$260.00	\$260.00
Sections 127 – 132 Change, review or cancellation of consent conditions		
Land use	\$520.00	\$520.00
Sub division	\$390.00	\$390.00
Section 139 – Certificate of Compliance	\$455.00	\$455.00
Section 176 – Assessment of outline plan	\$585.00	\$585.00
– Outline plan waiver	\$260.00	\$260.00
Section 221 – Preparing consent notice	\$260.00 + legal cost	\$260.00 + legal cost
Section 221 – Change or cancellation of consent notice (221 (5))	\$325.00	\$325.00
Section 223 Survey plan	\$130.00	\$130.00
Section 224 (c) Certification including compliance with consent	\$455.00	\$455.00
Section 224 (f) Certificate	\$60.00	\$60.00
All other certificates reviewing, preparing, signing including peer review	\$260.00	\$260.00
Resource Management Plans - fixed charge		
District Plan Purchase	\$300.00	\$300.00
Or charged in components		
• Hard copy maps	\$125.00	\$125.00
• Hard copy District Plan	\$175.00	\$175.00
• Disc / USB	\$10.00	\$10.00
Resource Consent Conditions Monitoring - fixed charge		
Monitoring of resource consent conditions hourly rate	\$130.00	\$130.00
Plus mileage @ 82c/km (if appropriate)		
Local Government (Section 348)		
Section 348 – Easement approvals and revocation	\$280.00	\$280.00

Land Information Memorandum (LIM)

(All charges include GST)

Charges
1 July 2020

Charges
1 July 2021

The following fees are fixed fees		
Rural or residential LIM	\$335.00	\$360.00
Commercial/industrial LIM	\$630.00	\$675.00
Urgency fee (under 5 days)	\$160.00	\$170.00
Copy of Certificate of Title	\$30.00	\$30.00
	Plus \$5 for additional instruments	Plus \$5 for additional instruments

Building Services

(All charges include GST)

Charges
1 July 2020

Charges
1 July 2021

Project Information Memorandum (PIM)		
It is recommended an owner apply for a PIM if they are considering carrying out building work and before lodging a building consent.		
All projects valued under \$50,000	\$130.00	\$140.00
All projects valued over \$50,000	\$215.00	\$230.00
Building Consents and Code of Compliance Certificate (CCC)		
This deposit is payable for all residential and commercial consent applications and is non-refundable. All fees are deposits unless otherwise stated. All deposits are non-refundable. An assessment of total fees will be made based on actual cost (including any specialist reviews). The deposit will be deducted from the actual cost. All fees and \$140.00 hourly rate are inclusive of GST and are payable before the Code of Compliance Certificate is issued.		
Category 1 Solid fuel burners, demolitions, decks and solar systems etc.	\$260.00	\$280.00
Category 2 Carport, deck, septic tank /on-site effluent treatment disposal systems	\$335.00	\$350.00
Category 3 (\$5,001 - \$20,000) Building work such as sleep-outs, garages, farm buildings without plumbing and drainage	\$780.00	\$840.00
Category 4 (\$5,001 - \$50,000) Building work such as sleep-outs, additions, garages and farm buildings including plumbing and drainage	\$1,300.00	\$1,400.00
Category 5 (\$50,001 - \$100,000) Large additions, alterations to dwellings, alterations to commercial buildings without plumbing and drainage	\$1,560.00	\$1,680.00
Category 6 (\$100,001 - \$300,000) New dwellings, large additions/alterations, commercial buildings with plumbing and drainage	\$2,600.00	\$2,800.00
Category 7 (over \$300,000 - \$500,000) New dwellings, commercial buildings	\$3,770.00	\$4,060.00
Category 8 (over \$500,000) New construction dwellings, commercial buildings.	\$4,290.00	\$4,620.00
BCA accreditation levy (per application) Per \$1,000 of work.	\$2.00	\$2.00
Compliance schedules Applies to new buildings with certain automatic systems that require annual maintenance.	\$260.00	\$280.00
Note: All building consent applications requiring a compliance schedule must include the compliance schedule application. The above fees do not include the costs of checks by structural engineers or Fire and Emergency New Zealand.		

(All charges include GST)

Charges
1 July 2020

Charges
1 July 2021

Government Levies		
Building research levy collected by the Council under the Building Research Levy Act 1969 to be paid to the Building Research Association (BRANZ).	\$1 per \$1,000 or part thereof of building works \$20,000 or more	\$1 per \$1,000 or part thereof of building works \$20,000 or more
Building levy collected by the Council under the Building Act 2004 to be paid to MBIE.	\$1.75 per \$1,000 or part thereafter of building works \$20,444 or more	\$1.75 per \$1,000 or part thereafter of building works \$20,444 or more
Following minimum charges plus actual and reasonable costs		
Application for change of use of a building Applies to buildings in relation to fire safety and access for persons with disabilities (includes one inspection). Plus mileage at 95c/km	\$500.00	\$540.00
Amendment to Consent Plans Minor changes Significant changes	\$200.00 \$300.00	\$215.00 \$320.00
Extension of time to start or complete building work	\$50.00	\$50.00
All other applications under the Building Act	Actual and reasonable costs, including mileage if appropriate	Actual and reasonable costs, including mileage if appropriate
Code Compliance Certificate (excludes category 1, where CCC is included in the fee) Inspection	\$100.00 Actual cost (minimum charge \$130.00)	\$110.00 Actual cost (minimum charge \$140.00)
WOF Inspection Existing Compliance Schedules (Auditing)		
Audits and inspection fees	Actual cost (minimum charge \$130.00)	Actual cost (minimum charge \$140.00)
Building WOF annual renewal fee	\$130.00	\$130.00
Certificate of Acceptance		
Application for Certificate of Acceptance	Actual cost (minimum charge \$1,000.00)	Actual cost (minimum charge \$1,000.00)
Application for Certificate of Public Use	\$200.00	\$200.00
Mileage	95c/km	82c/km
Fencing of Swimming Pools Inspection of pool fence under Building Act, as required by the Building (Pools) Amendment Act 2016 (supersedes the Fencing of Swimming Pools Act 1987). Inspections include an audit every 3 years and any follow-up inspections required to ensure any identified issues are addressed.	\$150.00 first inspection 2nd inspection free if the pool has been made compliant.	\$150.00 first inspection 2nd inspection free if the pool has been made compliant.

(All charges include GST)			Charges 1 July 2020	Charges 1 July 2021
Issuing of a Notice to fix				
Service of a notice to fix			\$260.00	\$280.00
Request for Information – Regular				
Annual subscription for the regular provision of copies or summaries of building consents, or applications or ancillary information:				
<ul style="list-style-type: none"> Request for 1 month Per year 			\$50.00	\$50.00
			\$200.00	\$200.00
Other Fees				
Title endorsements under s73 Building Act (includes Land Registrar fees) per lot			\$450.00	\$450.00
Note: Legal fee component may vary and is cost recoverable.				

Engineering Charges

(All charges include GST)			Charges 1 July 2020	Charges 1 July 2021
(a) Road, street, footpath and infrastructure damage				
<ul style="list-style-type: none"> Bond Inspection fee 			\$850.00	\$850.00
			\$160.00	\$160.00
(b) Water supply connection fee				
For Ōpōtiki, Ōhiwa, Te Kaha plus actual costs of any additional materials, plant, and labour required.			\$310.00	\$310.00
(c) Sewer connection fee				
For Ōpōtiki plus actual costs of any additional materials, plant, labour required.			\$350.00	\$350.00
(d) Stormwater discharge				
Fee for discharge to land administrated by Council			\$250.00	\$250.00
(e) Vehicle entrance – approved contractor				
Specification Entrance Description				
R08	1 Lot – Residential		\$3,600.00	\$3,600.00
	2 Lots – Residential		\$4,100.00	\$4,100.00
R09	Heavy Industrial Single		\$9,700.00	\$9,700.00
	Heavy Industrial Double		\$13,800.00	\$13,800.00
	Light Industrial Single		\$9,200.00	\$9,200.00
	Light Industrial Double		\$13,300.00	\$13,300.00
R10	1 Lot – Existing Residential		\$3,600.00	\$3,600.00
	2 Lots – Existing Residential		\$4,100.00	\$4,100.00
R28	1 Lot – Rural Vehicle Entrance		\$5,100.00	\$5,100.00
	2-3 Lots – Rural Vehicle Entrance		\$6,100.00	\$6,100.00
Inspection fee				
Entrance cost refundable if approved contractor used and entrance installed to specification.			\$160.00	\$160.00
(f) Peer review of engineering specifications			At cost	At cost
Note: Where costs exceed bonds applicants will be required to meet the difference after receiving invoice.				

Community Facilities

CBD and i-SITE Public Toilets Usage

(All charges include GST)

	Charges 1 July 2020	Charges 1 July 2021
i-SITE showers	\$3.00	\$3.00

Hire of Reserve Land

Leases or licence for exclusive use of reserve land shall be determined by public tender or valuation. Community groups may be granted preferential exclusive use of reserve land where the reserve meets the group's specific requirements.
Temporary use of Council reserves for a commercial operation charged \$100.00 application fee plus \$50.00 per day. For example circus or similar.
A commercial concession may be granted for a food or beverage stall occupying less than 10 square metres to operate on reserve land - charge \$50 application fee, \$10 per day or \$50 per week.
No charge shall apply for A&P Association use of the Showgrounds for the annual show.

Hire of Sports Pavilions

	Cost / Session 1 July 2020	Cost / Hour 1 July 2020	Cost / Session 1 July 2021	Cost / Hour 1 July 2021
Community group (non-profit)	\$40.00	\$15.00	\$40.00	\$15.00
Private (i.e. family function, no entry fee)	\$100.00	\$25.00	\$100.00	\$25.00
Corporate/commercial use	\$150.00 + GST	\$50.00 + GST	\$150.00 + GST	\$50.00 + GST
* Session is defined as: 7 am – midday, midday – 5 pm, 5 pm – midnight				
* A refundable bond up to \$500 may be charged.				

Library Fees and Charges

(All charges include GST)

Charges
1 July 2020

Charges
1 July 2021

Loans		
Rental fees	\$0.00 - \$5.00	\$0.00 - \$5.00
Lost / damaged / unreturned items	Replacement cost	Replacement cost
Interloans (where reciprocal borrowing applies)	\$4.00	\$4.00
Interloans (where reciprocal borrowing does not apply)	\$15.00	\$15.00
Printing and Photocopying		
A4 B&W	\$0.20	\$0.20
A4 Colour	\$1.00	\$1.00
A3 B&W	\$0.40	\$0.40
A3 Colour	\$2.00	\$2.00
Faxing / Scan to email		
All destinations	\$1.00	\$1.00

Cemetery Fees and Charges

(All charges include GST)

Charges
1 July 2020

Charges
1 July 2021

Cemetery Plots			
Purchase plot (also reserve plot)	Adult	\$1,315.00	\$1,315.00
	Child	\$630.00	\$630.00
Interment fee	Adult	\$850.00	\$850.00
	Child	\$235.00	\$235.00
	Stillborn	\$235.00	\$235.00
	Saturday	\$740.00	\$740.00
	Ashes	\$115.00	\$115.00
Ashes – niche wall	Adult/Child	\$315.00	\$315.00
Ashes – cremation strip			
• Purchase plot	Adult/Child	\$370.00	\$370.00
• Interment fee	Adult/Child	\$125.00	\$125.00
Monument permit		\$48.00	\$48.00

Water Supply

Bulk Water Take From Hydrants

(All charges include GST)

	Charges 1 July 2020	Charges 1 July 2021
Bulk water cost to fill tankers from hydrants from Ōpōtiki and Te Kaha water supplies	\$10.00 / m ³	\$10.00 / m ³

Water Meter Charges

Any property that is connected to the Ōpōtiki, Te Kaha or Ōhiwa Water supplies, where there is a water meter, the metered volumes of water used shall be charged to the following rates per cubic meter, for average daily use up to 2m³

Ōpōtiki	65.5 c/m ³	65.5 c/m ³
Te Kaha	\$1.15 /m ³	\$1.15 /m ³
Ōhiwa	\$1.15 /m ³	\$1.15 /m ³

Additional charges for high volume use

Any property that is connected to the Ōpōtiki, Te Kaha or Ōhiwa Water supplies, where there is a water meter, the metered volumes of water used shall be charged to the following rates per cubic meter, for average daily use between the following thresholds:

Ōpōtiki		
2m ³ to 3.5 m ³	New charge	98.25 c/m ³
3.5m ³ to 4.5m ³	New charge	\$1.31 /m ³
4.5 ³ to 10m ³	New charge	\$1.64 /m ³
Te Kaha		
2m ³ to 3.5 m ³	New charge	\$1.73 /m ³
3.5m ³ to 4.5m ³	New charge	\$2.30 /m ³
4.5 ³ to 10m ³	New charge	\$2.88 /m ³
Ōhiwa		
2m ³ to 3.5 m ³	New charge	\$1.73 /m ³
3.5m ³ to 4.5m ³	New charge	\$2.30 /m ³
4.5 ³ to 10m ³	New charge	\$2.88 /m ³

Request Water Meter Reading

(All charges include GST)

	Charges 1 July 2020	Charges 1 July 2021
Request water meter reading	\$60.00	\$60.00

Water Testing

(All charges include GST)

	Charges 1 July 2020	Charges 1 July 2021
This charge covers transport, testing and reporting on private water samples from Ōpōtiki by the laboratory in Whakatāne. Test covers bacterial compliance.	\$60.00	\$60.00

Land Transport

Temporary Road Closure Fees

(All charges include GST)

	Charges 1 July 2020	Charges 1 July 2021
Processing fee	\$110.00	\$110.00
+ Advertising costs If full road closure under statutory requirements (road closure), two advertisements are required. If temporary road closure under statutory requirements (disruption to traffic), one advertisement is required.	\$160-\$220 per advertisement	\$160-\$220 per advertisement

Road Stopping Fees

(All charges include GST)

	Charges 1 July 2020	Charges 1 July 2021
+ Deposit fee: For contribution to initial evaluation – to accompany application.	\$950.00	\$950.00
+ Additional fees: The actual and reasonable costs incurred by the Council will be charged for all applications. Therefore, a charge additional to the deposit fee may be made once the application has been determined. Actual and reasonable costs will also be charged for applications that are withdrawn.	Actual and reasonable costs	Actual and reasonable costs

Rapid Number Assessment

(All charges include GST)

	Charges 1 July 2020	Charges 1 July 2021
Assignment of rapid number (excludes number plates)	\$90.00	\$90.00

Solid Waste

Ōpōtiki District Resource Recovery Centers (RRC)

(All charges include GST)

Household/ Domestic Waste	Green Waste	% Recyclable				Non- Recyclable
		100%	75%	50%	25%	
Cars	\$5.00	\$5.00	\$8.00	\$10.00	\$12.00	\$15.00
Ute, station wagon, van, small trailers (up to 1m³)	\$8.00	\$8.00	\$11.00	\$14.00	\$17.00	\$20.00
Large trailers (1m³ to 2m³)	\$16.00	\$16.00	\$22.00	\$28.00	\$34.00	\$40.00
Loads greater than 2m³ (per cubic metre charge)	\$10.00	\$10.00	\$25.00	\$40.00	\$55.00	\$70.00
Plastic bags (each)	Small - less than 25 litres \$2.00	Large - up to 75 litres \$3.00	Extra-large - over 75 litres and wheelie bins \$5.00	Wool fadge \$20.00		
Commercial/Industrial/Business Waste Depending on ease of handling, price by negotiation, but generally \$70.00 per m³. For loads greater than 2m³, waste depositors may have to arrange for their own transport to landfill. Note: Council reserves the right to reject any commercial, business or industrial loads.						
Whiteware, TVs, PCs etc.		\$5.00 each				
Car bodies: empty (no fuel or oil)		\$25.00 (car bodies are only accepted at the Ōpōtiki RRC)				
Gas bottles	Empty		With gas			
Up to 9.00 kg	\$5.00		\$10.00			
Over 9.00 kg	\$10.00		\$20.00			
Tyres	Without rims		With rims ((includes \$5.00 Rim Removal fee)			
Car / van	\$5.00		\$10.00			
4x4 ute or SUV	\$7.00		\$12.00			
Truck – Light – 17.5"	\$14.00		\$19.00			
Truck – Medium – up to 18"	\$18.00		\$23.00			
Truck – Large up to 22.5"	\$23.00		\$28.00			
Tractor – Small - up to 18"	\$6.00		\$11.00			
Tractor – Medium – 19" – 30"	\$50.00		\$55.00			
Tractor – Large – 32" – 34"	\$62.00		\$67.00			
Waste definitions						
Household / Domestic Waste	The amount of refuse that would normally be generated from a residential property up to a volume of 2m³ load.					
Commercial / Industrial / Business Waste	Any load greater than 2m³ in volume. Any waste generated from commercial, industrial or business activities, inclusive of forestry, orchard, farming and property rental activities.					
Green waste	Vegetation and garden waste with tree limbs up to a maximum of 100mm in diameter.					
WE DO NOT ACCEPT:						
Ōpōtiki <ul style="list-style-type: none">AsbestosExplosives (including flares and bullets)SoilHypodermic needlesHot fire place embersVegetation other than household garden material and trees.			Te Kaha and Waihou Bay As for Ōpōtiki above and including: <ul style="list-style-type: none">External and internal wall and roof liningsCommercial quantities of timber framing/building framing and materialsLawn clippingsAgricultural chemicals and poisons. Note: these additional categories of materials will be accepted if deposited at Ōpōtiki RRC.			

Other

Copying and Access to Records and associated Consents

(All charges include GST)

	Charges 1 July 2020	Charges 1 July 2021
All charges minimum plus actual and reasonable costs		
Administration cost	\$5.00	\$6.00
a) Supplying information, photocopy or digital		
A4 B/W	\$0.50	\$0.50
A4 Colour (maximum 40% coverage)	\$1.50	\$1.50
A3 B/W	\$1.00	\$1.00
A3 Colour (maximum 40% coverage)	\$5.00	\$5.00
A2 B/W	\$2.00	\$2.00
A2 Colour (maximum 40% coverage)	\$10.00	\$10.00
A1 B/W	\$4.00	\$4.00
b) Supply of digital files		
Plus Administration cost	20c per Mb	10c per Mb
c) Published documents		
Fee fixed per document to include the cost of printing, postage and may include actual and reasonable costs in preparing the document.	\$45.00 per hour	\$45.00 per hour
Search fee (first 30 minutes free)		

Hire of Chambers Meeting Room

Plus reasonable charges

(All charges include GST)

	Charges 1 July 2020	Charges 1 July 2021
Government/other council use – per hour	\$69.00	\$69.00
Full day	\$414.00	\$414.00

Official Information Requests

(All charges include GST)

	Charges 1 July 2020	Charges 1 July 2021
Staff time – First hour	Free	Free
Staff time – (after the first 1 hour free) per half hour	\$38.00	\$38.00
Photocopying – first 20 pages	Free	Free
Photocopying – (additional to first 20 pages)	current copying charges apply	current copying charges apply
Other actual and reasonable costs	At cost	At cost

REPORT

Date : 22 March 2021

To : Extra Ordinary Council Meeting, 1 April 2021

From : Finance and Corporate Services Group Manager, Bevan Gray

Subject : **2021-2031 LONG TERM PLAN SUPPORTING DOCUMENTATION**

File ID : A234963

EXECUTIVE SUMMARY

The Local Government Act 2002 (LGA) requires Council to adopt a number of underpinning or supporting documents for use with the 2021-2031 Long Term Plan (LTP) and consultation document during the special consultative process. The purpose of this report is to provide Council with the remaining documents that need to be adopted for public use.

PURPOSE

To provide Council with the remaining documents that need to be adopted for public use during the Long Term Plan special consultative process. These documents (and those already adopted for use by Council) provide underlying information relevant to the LTP and must be adopted before consultation can begin.

BACKGROUND

Every three years, Council is required to prepare an LTP and use the consultation document to outline the key issues and options for the LTP. As the consultation document is a smaller, separate document, compiled before the LTP is prepared, a suite of supporting documents containing underlying information needs to be adopted and made available to the public to support the consultation document. The preparation of such a plan and the corresponding documents is like putting together a jigsaw puzzle. Local Government often refers to it in this way. It involves a number of key pieces that when pulled together give the Council and community some surety around the next three years, while providing a longer 10 year context.



Once adopted by Council, the consultation document and supporting documentation will be available on Council's website and Council's offices.

This report and attached documents completes the jigsaw that is the LTP project plan. We have now worked through all of the steps to building a long term plan for the community. It has been a long process pulling together all of the information and components that are legislatively required for LTP's.

Staff would like to thank the councillors for their involvement, engagement, and direction provided through this process to develop the Council's 2021-31 LTP.

DISCUSSION AND OPTIONS SECTIONS

Following Audit review, minor amendments have been made to the Draft Revenue and Financing Policy and the Draft Infrastructure Strategy supporting documents. These documents have already been adopted for public use by Council and the updated versions will be available as supporting documents once LTP consultation opens. That leaves us with the final pieces of the puzzle to adopt for consultation which are:

Supporting document	Adoption	Location
Draft Funding Impact Statement	To be adopted for public use	Appendix 1 – Included in this report
Draft Financial Statements	To be adopted for public use	Appendix 2 – Included in this report
Draft Financial Strategy	To be adopted for public use	Appendix 3 – Included in this report
Draft Asset Management Plans	To be adopted.	Appendix 4 – Separate documents

SIGNIFICANCE ASSESSMENT

Assessment of significance

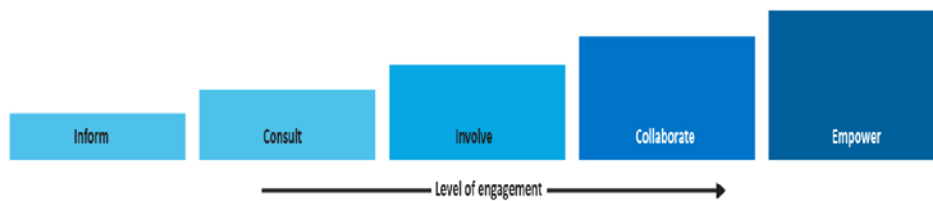
Under Council's Significance and Engagement Policy, on every issue requiring a decision, Council considers the degree of significance and the corresponding level of engagement required. The level of significance to obtain approval from Council to adopt the 2021-2031 Long Term Plan supporting documents for public use during consultation is considered to be high as determined by the criteria set out in section 12 of the Significance and Engagement Policy.

This is part of the process of putting together the 2021-2031 LTP, which is subject to a special consultative procedure. The adoption by Council of the consultation document supporting documents enables Council to consult with the community on the proposed plans.

The decisions or matters of this report are part of a process to arrive at a decision that will be significant in accordance with Section 2 of the Significance and Engagement Policy. This states that a matter shall be determined to be significant when adopting a LTP. As a significant decision or matter, the Council must apply greater diligence in regards to the decision making requirements of the Local Government Act 2002 sections 76-82. This includes, but is not limited to, the degree to which different options are identified and assessed and the extent to which community views are considered, including whether consultation is required.

Assessment of engagement requirements

As the level of significance to obtain approval from Council to adopt the 2021-2031 LTP supporting documents for public use during consultation is considered to be high, the level of engagement required is determined to be at the level of consult according to Schedule 2 of the Significance and Engagement Policy.



COMMUNITY INPUT AND PUBLICITY

As required by the Local Government Act, Council will run a full public consultation process for the 2021-2031 LTP including a formal submissions and hearing process.

The consultation document and all supporting information will be made available on Council's website and at Council's offices. Council will notify the opening of consultation and the submission process on its website, social media pages and through local media which may include print and radio.

The official consultation period will start on 6 April and will close on 7 May. Hearings meetings will be held on 3 June and it is expected the final LTP will be adopted at an Extra Ordinary meeting of Council on 29 June 2021.

Authority

Council have the authority to adopt the 2021-2031 Long Term Plan supporting documents for public use during consultation.

RECOMMENDATIONS:

- 1. That the report titled "2021-2031 Long Term Plan Supporting Documentation" be received.**
- 2. That Council approve the following 2021-2031 Long Term Plan supporting documents for public use during consultation:**
 - **Draft Funding Impact Statement**
 - **Draft Financial Statements**
 - **Draft Financial Strategy**
 - **Draft Asset Management Plans**

Bevan Gray

FINANCE AND CORPORATE SERVICES GROUP MANAGER

Appendix 1 – Draft Funding Impact Statements

Draft Funding impact statement

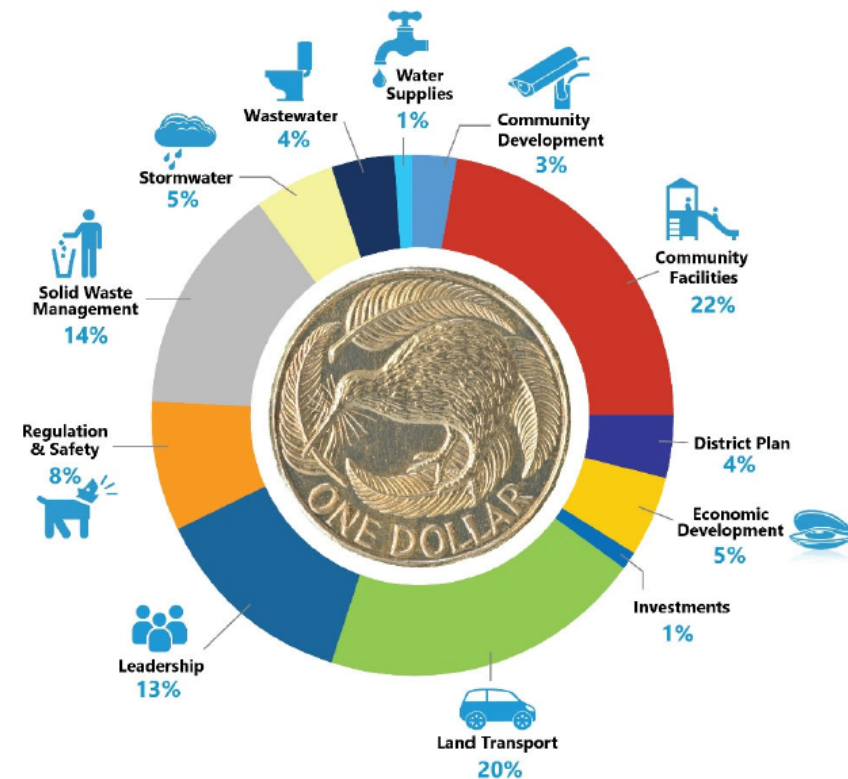
The purpose of the funding impact statement is to provide information about the income and funding streams we will use and is an indication of the amount of funding we will generate from each stream.

Council will use a mix of revenue sources to meet operating costs, with major sources being general and targeted rates, land transport subsidies and fees and charges.

Capital expenditure for new works will be funded from loans, with capital renewals being funded by rates and reserves set aside for this purpose.

At various points in this funding impact statement the Council has included an indicative level of rate or charge. These indicative figures support the calculations in the rates sample models and are included to provide you with an indication of the level of rates we are likely to assess on your rating unit in the coming year. So long as we set the rates in accordance with the system described in this statement, the amounts may change.

How your rates dollar is split over our activity groups



Forecast Funding Impact Statement

	Annual Plan 2020/2021	LTP 2021/2022	LTP 2022/2023	LTP 2023/2024	LTP 2024/2025	LTP 2025/2026	LTP 2026/2027	LTP 2027/2028	LTP 2028/2029	LTP 2029/2030	LTP 2030/2031
Sources of Operating Funding											
General rates, uniform annual general charge, rates penalties	8,615	9,086	9,593	10,149	10,720	11,328	11,930	12,601	13,204	13,909	14,368
Targeted rates	2,714	2,977	3,183	3,378	3,854	4,168	4,491	4,686	4,848	4,937	5,096
Subsidies and grants for operating purposes	2,386	2,145	2,026	2,042	2,070	2,134	2,200	2,268	2,338	2,410	2,482
Fees and charges	1,355	1,480	1,531	2,558	2,871	4,024	4,891	5,191	5,371	5,695	5,825
Interest and dividends from investments	42	46	47	49	50	52	53	55	56	58	59
Local authorities fuel tax, fines, infringement fees, and other receipts	354	352	362	373	384	395	407	419	431	444	456
Total Operating Funding (A)	15,466	16,086	16,742	18,549	19,949	22,101	23,972	25,220	26,248	27,453	28,286
Applications of Operating Funding											
Payments to staff and suppliers	13,185	13,893	14,336	15,646	17,912	18,509	19,085	19,681	20,386	21,132	21,451
Finance costs	928	337	487	714	1,112	1,472	1,655	1,751	1,813	1,890	1,866
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	14,113	14,230	14,823	16,360	19,024	19,981	20,740	21,432	22,199	23,022	23,317
Surplus (deficit) of operating funding (A-B)	1,353	1,856	1,919	2,189	925	2,120	3,232	3,788	4,049	4,431	4,969
Sources of capital funding											
Subsidies and grants for capital expenditure	25,823	15,114	4,213	3,344	1,810	1,819	1,600	1,751	1,721	1,928	2,152
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	9,064	3,614	6,689	7,297	14,577	6,009	4,259	1,115	2,188	2,022	(3,431)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	34,887	18,728	10,902	10,641	16,387	7,828	5,859	2,866	3,909	3,950	(1,279)
Applications of capital funding											
Capital expenditure											
- to meet additional demand	22,368	2,538	6,972	9,637	12,364	2,383	2,153	192	-	25	-
- to improve the level of service	10,260	11,475	2,663	1,154	1,412	2,463	3,548	2,565	4,566	6,103	1,554
- to replace existing assets	3,613	8,573	3,699	2,567	4,082	5,662	3,966	4,490	4,004	2,883	2,780
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) of investments	-	(2,000)	(515)	(529)	(545)	(561)	(576)	(593)	(610)	(628)	(645)
Total applications of capital funding (D)	36,241	20,586	12,819	12,829	17,313	9,947	9,091	6,654	7,960	8,383	3,689
Surplus (deficit) of capital funding (C-D)	(1,354)	(1,858)	(1,917)	(2,188)	(926)	(2,119)	(3,232)	(3,788)	(4,051)	(4,433)	(4,968)
Funding Balance ((A-B)+(C-D))	(1)	(2)	2	1	(1)	1	-	-	(2)	(2)	1

Depreciation by Group of Activity

Group of Activities	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028	Forecast 2028-2029	Forecast 2029/2030	Forecast 2030/2031
Community and Cultural Sustainability	381	537	571	659	690	693	724	724	724	796
Economic Sustainability	1,825	1,863	1,986	2,028	2,060	2,263	2,329	2,359	2,606	2,679
Environmental Sustainability	691	762	835	965	1,059	1,084	1,209	1,216	1,216	1,365
Support Services	415	415	435	447	447	447	467	467	467	491
	3,312	3,578	3,828	4,100	4,256	4,487	4,729	4,766	5,013	5,330

Rates

*All figures exclude GST

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
General Rates	7,524,567	7,940,772	8,389,123	8,581,240	9,269,326	9,909,892	10,451,310	10,925,936	11,476,545	11,856,777
UAGC Rates	2,121,252	2,228,955	2,352,975	2,748,764	2,686,297	2,665,755	2,814,242	2,961,472	3,135,570	3,232,949
Total General Rates and UAGC	9,645,818	10,169,727	10,742,098	11,330,004	11,955,623	12,575,647	13,265,553	13,887,409	14,612,116	15,089,726
Targeted Rates										
Opotiki/Hikutaia Water	552,723	657,991	682,275	718,745	777,355	806,759	856,228	871,912	885,593	926,904
Te Kaha Water	76,479	90,924	85,689	96,022	103,161	104,691	115,404	119,749	122,498	130,484
Ohiwa Water	12,599	12,909	13,403	14,013	14,411	14,762	15,428	15,640	15,874	16,622
Opotiki Sewerage	872,192	890,846	1,000,147	1,415,483	1,607,398	1,781,076	1,887,752	1,935,251	1,941,124	2,031,334
Waihau Bay Sewerage	13,964	17,397	17,930	18,683	19,300	20,526	21,450	21,956	22,488	23,473
Refuse Collection	526,057	540,673	555,812	571,155	586,771	602,045	618,453	635,093	652,272	669,382
Waioeka Wastewater Extension	39,885	39,885	39,885							
Total Targeted Rates	2,093,899	2,250,624	2,395,141	2,834,102	3,108,396	3,329,858	3,514,716	3,599,601	3,639,849	3,798,199
Communities of interest rates										
Residential	135,029	142,197	150,113	156,942	164,713	185,826	187,977	203,254	214,931	214,566
Rural	82,339	90,618	99,494	103,666	108,457	132,164	127,564	143,061	149,198	142,574
Commercial	239,041	258,663	278,775	289,546	301,107	345,025	341,357	370,076	383,898	377,076
Total Targeted Rates	2,550,309	2,742,102	2,923,524	3,384,255	3,682,673	3,992,873	4,171,614	4,315,993	4,387,876	4,532,415
Total Rates	12,196,127	12,911,829	13,665,622	14,714,260	15,638,296	16,568,520	17,437,167	18,203,402	18,999,992	19,622,141

*All figures exclude GST

Description	Land Liabe	Differential	Factor of Liability	Rate Value (Excl GST)	Amount Sought
District Wide Rates					
General	All rateable property	Uniform	Capital Value	0.2777162 cents in the dollar	\$ 7,524,567
Uniform Annual General Charge	All rateable property	Uniform	Fixed amount per rating unit	\$ 449.80	\$ 2,121,252

Targeted Rates

Opotiki/Hikutaia Water	Service available	Service available/connected	Amount per SUIP	\$238.27 Connected	\$ 552,723
			Amount per rating unit	\$119.14 Available	
Te Kaha Water	Service available	Service available/connected	Amount per SUIP	\$207.4 Connected	\$ 76,479
			Amount per rating unit	\$103.7 Available	
Ohiwa Water	Service available	Service available/connected	Amount per SUIP	\$586 Connected	\$ 12,599
			Amount per rating unit	\$293 Available	
Opotiki Sewerage	Service available	Service available/connected	Amount per SUIP	\$509.85 Connected	\$ 872,192
			Amount per rating unit	\$254.925 Available	
			Amount per pan	\$407.88 Multiple	
Waihou Bay Sewerage	Service available	Service available/connected	Amount per SUIP	\$547.61 Connected	\$ 13,964
			Amount per rating unit	\$273.81 Available	
Waioeka Wastewater Extension	Service available	Service	Amount per rating unit	\$19942.5 Connected	\$ 39,885
Refuse Collection	Service available	Service available/provided	Amount per SUIP	\$237.87 Collected	\$ 526,057
			Amount per rating unit	\$118.935 Available	

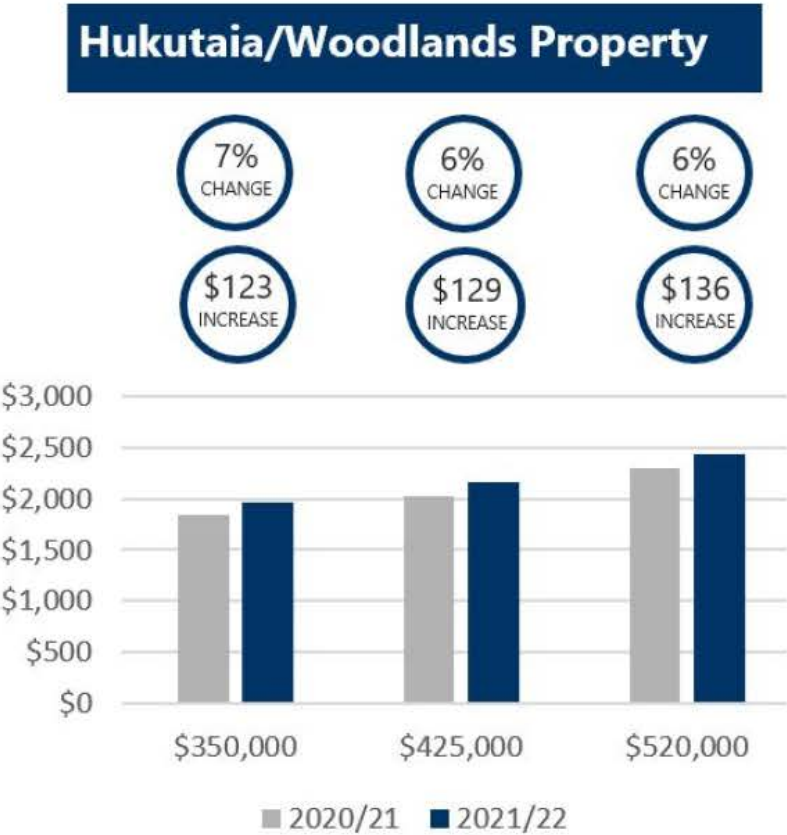
Communities of Interest Rates

Residential	Residential property	Uniform	Amount per rating unit	\$ 63.36	\$ 135,029
Rural	Rural property	Uniform	Amount per rating unit	\$ 34.80	\$ 82,339
Commercial	Commercial/Industrial	Uniform	Amount per rating unit	\$ 1,117.01	\$ 239,041

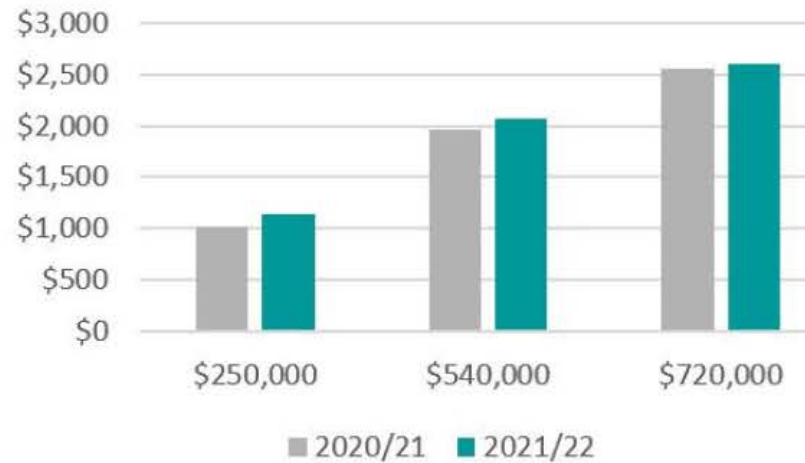
Metered Water Rates

Ōpōtiki/Hikutaia	Service connected	Uniform	Amount per cubic metre	\$ 0.57	\$ 320,000
Ōhiwa	Service connected	Uniform	Amount per cubic metre	\$ 1.00	\$ 7,000
Te Kaha	Service connected	Uniform	Amount per cubic metre	\$ 1.00	\$ 100,000

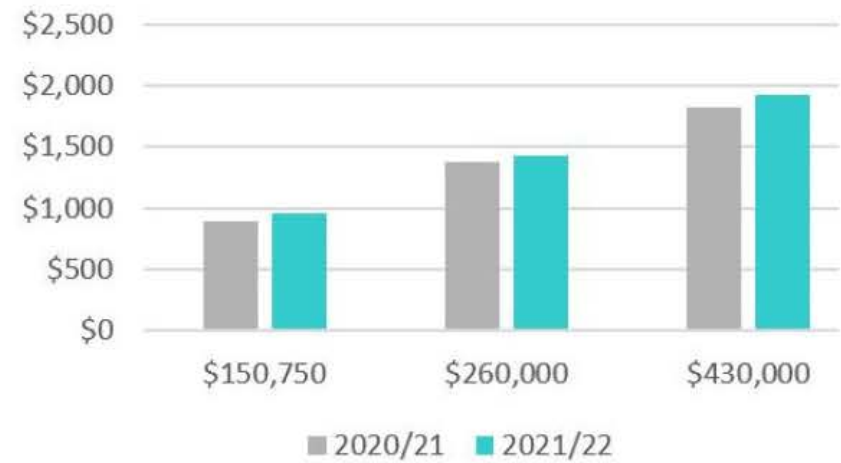
Rating Examples



Ohiwa Property



Rural Residential Property



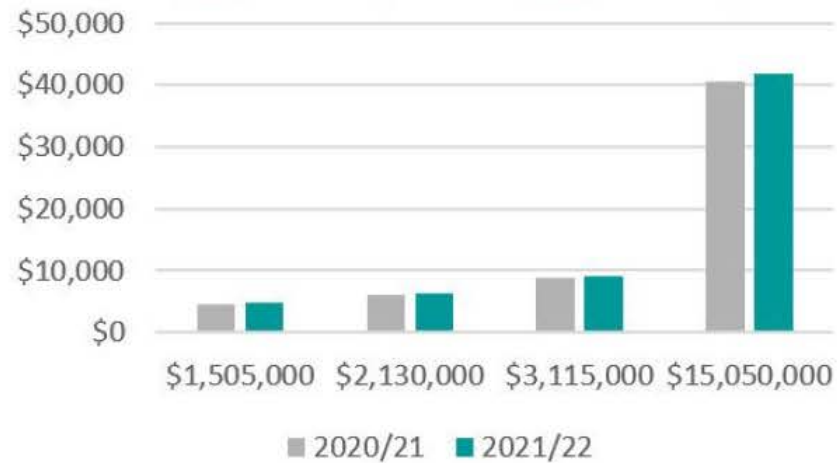
Rural Property



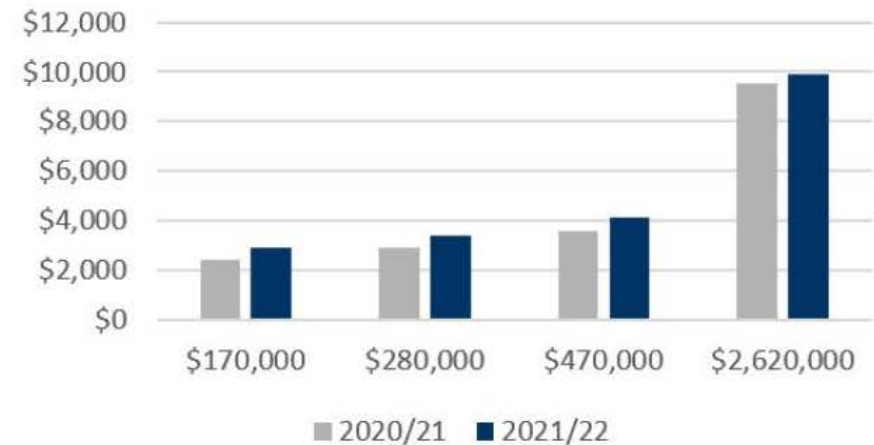
Te Kaha on water



Kiwifruit Property



Commercial & Industrial



The following rates are proposed to be set and assessed within the District for the 2021/22 year (GST Exclusive):

District Wide Rates

1 General Rates

A general rate set under section 13 of the Local Government (Rating) Act 2002 for the purposes of providing all or some of the cost of the Council activities set out in this 2021-2031 Long Term Plan.

For the 2021/22 year this rate will be 0.2777 cents per dollar (excluding GST) based on the rateable capital value of all land within the District.

2 Uniform Annual General Charge

A rate set under section 15 of the Local Government (Rating) Act 2002 on each rating unit within the District. See definition below. This rate is for the purpose of providing some of the cost the Council activities set out in this 2018-2028 Long Term Plan.

For the 2021/22 year this rate will be \$449.80 (excluding GST)

Definitions:

Separately Used or Inhabited Parts of a Rating Unit

Definition: A separately used or inhabited parts of a rating unit is defined as –

Any part of a rating unit that is, or is able to be, separately used or inhabited by the owner or by any other person or body having the right to use or inhabit that part by virtue of a tenancy, licence or other agreement.

Examples of separately used or inhabited parts of a rating unit:

- For residential rating units, each self-contained household unit is considered a separately used or inhabited part. Each situation is assessed on its merits, but factors considered in determining whether an area is self-contained would include the provision of independent facilities such as cooking/kitchen or bathroom, and its own separate entrance

- Residential properties, where a separate area is used for the purpose of operating a business, such as a medical or dental practice. The business area is considered a separately used or inhabited part.

These examples are not considered inclusive of all situations.

Targeted Rates

3 Water Supply Rates

A targeted rate set under section 16 of the Local Government (Rating) Act 2002 for water supply operations of a fixed amount per separately used or inhabited part of a rating unit.

The purpose of this rate is to fund water supplies for Ōpōtiki/Hikutaia, Te Kaha and Ōhiwa, as well as to fund the maintenance, operation and capital upgrades of water supplies and treatment in those parts of the districts where these systems are provided.

The rate is subject to differentials as follows:-

- (a) A charge per separately used or inhabited part of a rating unit connected in the Ōpōtiki/Hikutaia, Te Kaha and Ōhiwa communities.
- (b) A half-charge per rating unit which is serviceable in the above locations.

For this rate:

- “Connected” means a rating unit to which water is supplied.
- “Available” means a rating unit to which water is not being supplied, but the property is situated within 100 metres of the water supply.

For the 2021/22 year these rates will be:

	WATER RATES	
	Connected	Available
Ōpōtiki/Hikutaia	238.27	119.14
Te Kaha	207.40	103.70
Ōhiwa	586.00	293.00

4 Metered Water Rate

A targeted rate under section 19 of the Local Government (Rating) Act 2002 per cubic metre of water supplied, as measured by cubic metre, to any property that is connected to one of the water supplies in Ōpōtiki, Te Kaha or Ōhiwa Districts. This domestic rate applies to the first 2m³ per day measured on an average daily basis.

	METERED WATER
	Connected
Ōpōtiki/Hikutaia	57 cents per cubic metre
Te Kaha	\$1.00 per cubic metre
Ōhiwa	\$1.00 per cubic metre

High volume users will be charged the following multipliers of the domestic rate for usage between the below volumes as measured on an average daily basis.

Average Daily Usage	Multiplier on domestic rate
	Connected
2m ³ to 3.5m ³	1.5*domestic rate
3.5m ³ to 4.5m ³	2.0*domestic rate
4.5m ³ to 10.0m ³	2.5*domestic rate

5 Sewerage Rates

A targeted rate set under section 19 of the Local Government (Rating) Act 2002 for the Council's sewage disposal function of fixed amounts in relation to which the Council's sewage disposal service is provided or available as follows:

The purpose of this rate is to fund the maintenance, operation and capital upgrades of sewerage collection, and treatment and disposal systems in those parts of the District where these systems are provided.

- This rate is subject to differentials as follows
- (a) A charge of per separately used or inhabited part of a rating unit connected.
 - (b) A charge per pan within the separately used or inhabited part of a rating unit for each pan where there are multiple connections.

- (c) A charge per rating unit where the service is available but not connected.

For this rate:

- "Connected" means the rating unit is connected to a public sewerage system.
- "Available" means the rating unit is not connected to a public drain, but the property is situated within 30 metres of such a drain.
- A rating unit used primarily as a residence for one household is treated as not having more than one pan
- For multiple connections each pan will be rated at 80% of the full charge.

For the 2021/22 year these rates will be:

A uniform targeted rate on the capital value of all rateable land in the Ōpōtiki stormwater catchment area.

	SEWERAGE	RATE	
	Connected	Available	Multi-connection
Ōpōtiki	509.85	254.92	407.88
Waihou Bay	547.61	273.80	

(d) Waioeka Wastewater Extension Charge

A targeted rate set under section 16 of the Local Government (Rating) Act 2002 for each property connected to the wastewater extension to Factory Road, Ōpōtiki of \$19,942.50 per rating unit.

6 Refuse Collection Rate

A targeted rate set under section 16 of the Local Government (Rating) Act 2002 for the purposes of funding collection of household refuse in the Ōpōtiki district as follows:

The collection area is:

- Within the Ōpōtiki Ward with the exception of Dip Road, Crooked Road and State Highway 2 west of Baird Road
- Within the Waiotahi/Waioeka Ward for the Waiotahi Drifts Subdivision, Appleton Road, State Highway 2 between Waiotahi Drifts and Paerata Ridge Road, Whakaari Road and Paerata Ridge Road up to but excluding

Thompson Road, Otara Road to Factory Road, Factory Road, Stoney Creek Road and Waioeka Road/State Highway 2 to rural number 126.

The rate is subject to differentials as follows:-

- (a) A full charge of \$237.87 on each separately used or inhabited part of a rating unit (that is used or inhabited) within the collection area.
- (b) A half-charge of \$118.93 on each separate rating unit where the property is not used or inhabited within the collection area.

7 Communities of Interest

A targeted rate set under section 16 of the Local Government (Rating) Act 2002 for specific groups of ratepayers that receive a greater benefit from certain activities. The rate is set differentially on all rateable rating units as follows:

(a) Residential Communities of Interest

This targets a charge for certain activities to the Ōpōtiki Town Ward plus all rating units less than 0.5ha outside the Ōpōtiki Town Ward on the seaward side of the area commencing from Ohiwa Harbour at the intersection of Ruatuna Road and State Highway 2 and following State Highway 2, Waiotahi Valley Road, Gabriels Gully Road, Browns Road, Verralls Road, Paerata Ridge Road, Old Creamery Road, Crooked Road, Dip Road, Armstrong Road, McGregor Road, line from intersection of McGregor and Woodlands Road to intersection of State Highway 2 and Clarks Cross Road, Stump Road, line bisecting Tablelands and Tirohanga Road to Te Wakanui Road, Te Wakanui Road concluding at intersection with State Highway 35. The activities include litter control, playgrounds, compliance, economic development, animal control, and stormwater.

For the 2021/22 year this rate will be \$63.36 per rating unit.

(b) Rural Communities of Interest

This targets a charge for certain activities in the rural areas of the district excluding properties included in the residential communities of interest, and commercial/industrial communities of interest. The activities include rural stormwater, cycleway, economic development, compliance, and rural litter control.

For the 2021/22 year this rate will be \$34.80 per rating unit.

(c) Commercial/Industrial Communities of Interest

This targets a charge for certain activities to rating units where the land use is commercial or industrial. The activities include cycleway, litter control, stormwater, economic development, compliance, property, tourism, and health. For the 2021/22 year this rate will be \$1,117.01 per rating unit.

Sources of funding for subsequent years

The funding sources applied for 2021/22 will also apply for all the other years covered by the Plan. However, the specific rates applying for each other year of the plan, may vary.

Council will not seek any lump sum contributions for the 2021/22 rating year.

Appendix 2 – Draft Financial Statements

Prospective Statement of Comprehensive Revenue and Expense

	Annual Plan 2020/2021	LTP 2021/2022	LTP 2022/2023	LTP 2023/2024	LTP 2024/2025	LTP 2025/2026	LTP 2026/2027	LTP 2027/2028	LTP 2028/2029	LTP 2029/2030	LTP 2030/2031
Revenue											
General rates and UAGC	8,615	9,086	9,593	10,149	10,720	11,328	11,930	12,602	13,204	13,909	14,368
Targeted Rates											
Targeted rates for water supply	1,077	1,069	1,202	1,236	1,299	1,381	1,425	1,502	1,539	1,573	1,638
Other targeted rates	1,637	1,909	1,980	2,142	2,555	2,788	3,067	3,185	3,309	3,364	3,458
Subsidies and grants	28,209	17,259	6,239	5,386	3,880	3,953	3,800	4,019	4,059	4,338	4,634
Fees and Charges	1,355	1,465	1,510	2,531	2,843	3,996	4,863	5,161	5,341	5,664	5,793
Other Revenue	409	367	459	479	496	513	523	548	567	587	599
Finance revenue	42	46	47	49	50	52	53	55	56	58	59
Total operating revenue	41,344	31,200	21,031	21,972	21,843	24,010	25,660	27,071	28,075	29,493	30,549
Expenditure											
Depreciation and amortisation expense	3,027	3,312	3,578	3,828	4,100	4,256	4,487	4,729	4,766	5,013	5,330
Personnel costs	4,654	5,034	5,404	5,516	5,649	5,784	5,911	6,047	6,180	6,322	6,445
Finance costs	928	337	487	714	1,112	1,472	1,655	1,751	1,813	1,890	1,866
Other expenses	8,529	8,859	8,934	10,131	12,263	12,726	13,175	13,633	14,205	14,807	15,005
Total operating expenditure	17,138	17,542	18,403	20,189	23,124	24,238	25,228	26,160	26,964	28,032	28,646
Operating surplus (deficit)	24,206	13,658	2,628	1,783	(1,281)	(228)	432	911	1,111	1,461	1,903
Other comprehensive revenue and expense											
Gain on revaluation of property, plant and equipment	3,056	-	8,748	6,053	-	16,913	12,764	-	20,218	17,186	-
Total other comprehensive revenue and expense	3,056	-	8,748	6,053	-	16,913	12,764	-	20,218	17,186	-
Total comprehensive revenue and expense	27,262	13,658	11,376	7,836	(1,281)	16,685	13,196	911	21,329	18,647	1,903

Prospective Statement of Changes in Equity

	Annual Plan 2020/2021	LTP 2021/2022	LTP 2022/2023	LTP 2023/2024	LTP 2024/2025	LTP 2025/2026	LTP 2026/2027	LTP 2027/2028	LTP 2028/2029	LTP 2029/2030	LTP 2030/2031
Equity balance at 1 July	210,732	225,352	239,011	250,387	258,225	256,943	273,629	286,824	287,737	309,066	327,713
Comprehensive income for year	27,262	13,658	11,376	7,836	(1,281)	16,685	13,196	911	21,329	18,647	1,903
Equity Balance 30 June	237,994	239,010	250,387	258,223	256,944	273,628	286,825	287,735	309,066	327,713	329,616
Components of Equity											
Retained Earnings at 1 July	136,870	147,760	160,974	163,551	165,287	163,951	163,665	164,036	164,888	165,934	167,329
Transfers to/(from) Retained Earnings	46	(446)	(49)	(50)	(55)	(58)	(60)	(61)	(65)	(66)	(69)
Net Surplus/(Deficit)	24,206	13,658	2,628	1,783	(1,281)	(228)	432	911	1,111	1,461	1,903
Retained earnings 30 June	161,122	160,972	163,553	165,285	163,951	163,665	164,037	164,886	165,934	167,329	169,163
Asset Revaluation Reserves at 1 July	72,712	76,488	76,487	85,237	91,289	91,288	108,202	120,966	120,966	141,184	158,370
Revaluation Gains	3,056	-	8,748	6,053	-	16,913	12,764	-	20,218	17,186	-
Revaluation Reserves 30 June	75,768	76,488	85,235	91,289	91,289	108,201	120,966	120,966	141,184	158,370	158,370
Council Created Reserves at 1 July	1,150	1,104	1,550	1,599	1,649	1,704	1,762	1,822	1,883	1,948	2,014
Transfers to / (from) reserves	(46)	446	49	50	55	58	60	61	65	66	69
Council created Reserves 30 June	1,104	1,550	1,599	1,649	1,704	1,762	1,822	1,883	1,948	2,014	2,083
Equity at 30 June	237,994	239,010	250,387	258,223	256,944	273,628	286,825	287,735	309,066	327,713	329,616

Prospective Statement of Financial Position

	Annual Plan 2020/2021	LTP 2021/2022	LTP 2022/2023	LTP 2023/2024	LTP 2024/2025	LTP 2025/2026	LTP 2026/2027	LTP 2027/2028	LTP 2028/2029	LTP 2029/2030	LTP 2030/2031
ASSETS											
Current Assets											
Cash and cash equivalents	4,000	5,936	5,488	5,017	4,579	4,034	3,452	2,826	2,189	1,533	818
Debtors and other receivables	3,866	3,196	3,360	3,536	3,720	3,919	4,129	4,343	4,561	4,782	5,002
Prepayments	139	227	236	245	256	268	279	290	302	313	325
Available for sale assets	-	53	53	53	53	53	53	53	53	53	53
Total Current Assets	8,005	9,412	9,137	8,851	8,608	8,274	7,913	7,512	7,105	6,681	6,198
Non-Current Assets											
Plant, property and equipment	256,681	247,129	265,633	281,216	294,974	318,138	336,083	338,601	362,624	383,807	382,812
Intangible assets	146	85	85	85	85	85	85	85	85	85	85
Investment Property	2,606	2,700	2,776	2,856	2,940	3,030	3,118	3,218	3,324	3,436	3,548
Other financial assets											
Investment in Associates	201	266	266	266	266	266	266	266	266	266	266
Total Non-Current Assets	259,634	250,180	268,760	284,423	298,265	321,519	339,552	342,170	366,299	387,594	386,711
TOTAL ASSETS	267,639	259,592	277,897	293,274	306,873	329,793	347,465	349,682	373,404	394,275	392,909
LIABILITIES											
Current Liabilities											
Creditors and other Payables	4,730	5,047	5,286	5,528	5,832	6,058	6,275	6,466	6,668	6,871	7,033
Employee entitlements	399	342	342	342	342	342	342	342	342	342	342
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	5,129	5,389	5,628	5,870	6,174	6,400	6,617	6,808	7,010	7,213	7,375
Non-Current Liabilities											
Provisions	164	79	79	79	79	79	79	79	79	79	79
Borrowings	24,351	12,114	18,803	26,100	40,677	46,686	50,945	52,060	54,248	56,270	52,838
Total Non-Current Liabilities	24,515	12,193	18,882	26,179	40,756	46,765	51,024	52,139	54,327	56,349	52,917
TOTAL LIABILITIES	29,644	17,582	24,510	32,049	46,930	53,165	57,641	58,947	61,337	63,562	60,292
EQUITY											
Retained Earnings	161,122	160,972	163,553	165,285	163,951	163,665	164,037	164,886	165,934	167,329	169,163
Asset Revaluation Reserves	75,768	76,488	85,235	91,289	91,289	108,201	120,966	120,966	141,184	158,370	158,370
Council Created Reserves	1,104	1,550	1,599	1,649	1,704	1,762	1,822	1,883	1,948	2,014	2,083
TOTAL EQUITY	237,994	239,010	250,387	258,223	256,944	273,628	286,825	287,735	309,066	327,713	329,616

Prospective Statement of Cash Flows

	Annual Plan 2020/2021	LTP 2021/2022	LTP 2022/2023	LTP 2023/2024	LTP 2024/2025	LTP 2025/2026	LTP 2026/2027	LTP 2027/2028	LTP 2028/2029	LTP 2029/2030	LTP 2030/2031
Cash flows from operating activities											
Receipts from rates revenue	11,172	11,894	12,604	13,342	14,379	15,286	16,200	17,063	17,823	18,614	19,232
Receipts from other revenue	29,918	19,091	8,132	8,317	7,135	8,372	9,098	9,629	9,861	10,477	10,915
Interest received	42	46	47	49	50	52	53	55	56	58	59
Payments to suppliers and employees	(12,712)	(13,544)	(14,098)	(15,402)	(17,609)	(18,283)	(18,870)	(19,489)	(20,182)	(20,924)	(21,290)
Interest paid	(928)	(337)	(487)	(714)	(1,112)	(1,472)	(1,655)	(1,751)	(1,813)	(1,890)	(1,866)
Net Cashflow from Operating Activity	27,492	17,150	6,198	5,592	2,843	3,955	4,826	5,507	5,745	6,335	7,050
Cash flow from investing activities											
Receipts from sale of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Receipts from sale of investments	-	-	-	-	-	-	-	-	-	-	-
Acquisition of investments	-	-	-	-	-	-	-	-	-	-	-
Purchases of property, plant and equipment	(36,242)	(22,585)	(13,334)	(13,358)	(17,857)	(10,508)	(9,667)	(7,248)	(8,570)	(9,011)	(4,335)
Net Cashflow from Investing Activity	(36,242)	(22,585)	(13,334)	(13,358)	(17,857)	(10,508)	(9,667)	(7,248)	(8,570)	(9,011)	(4,335)
Cash flow from financing activities											
Proceeds from borrowings	9,064	3,614	6,689	7,297	14,577	6,009	4,259	1,115	2,188	2,022	-
Repayment of borrowings	-	-	-	-	-	-	-	-	-	-	(3,431)
Net Cashflow from Financing Activity	9,064	3,614	6,689	7,297	14,577	6,009	4,259	1,115	2,188	2,022	(3,431)
Net Increase (Decrease) in Cash & Cash Equivalents	314	(1,821)	(447)	(469)	(437)	(544)	(582)	(626)	(637)	(654)	(716)
Add Opening Cash brought forward	3,685	7,758	5,936	5,488	5,017	4,579	4,034	3,452	2,826	2,189	1,533
Closing Cash & Cash Equivalents	3,999	5,937	5,489	5,019	4,580	4,035	3,452	2,826	2,189	1,535	817

Prospective Capital Expenditure Programme

Capital Expenditure by Activity	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028	Forecast 2028-2029	Forecast 2029/2030	Forecast 2030/2031
Community Development	-	-	-	-	-	-	-	-	-	-
Community Facilities	11,682	2,798	5,158	3,289	170	117	326	124	220	130
Economic Development	10	62	11	11	11	12	12	12	13	13
Land Transport	2,049	2,138	2,108	2,685	2,705	2,422	2,632	2,601	2,887	2,948
Regulation & Safety	-	-	-	-	-	-	-	-	-	-
Solid Waste Management	188	77	79	82	84	86	89	92	94	97
Stormwater	4,504	883	1,422	919	1,291	3,554	1,465	3,182	4,934	389
Support Services	516	1,532	307	316	325	449	344	397	364	374
Wastewater	2,400	4,683	3,974	10,018	3,755	2,032	1,333	1,377	136	140
Water Supplies	1,236	1,160	300	540	2,166	995	1,046	785	363	244
	22,585	13,334	13,358	17,857	10,508	9,667	7,248	8,570	9,011	4,335

Appendix 3 – Draft Financial Strategy

Draft Financial Strategy

Ōpōtiki District Council's Financial Strategy is an essential element in the 2021-2031 LTP. Council must be financially sustainable to continue delivering services to its communities in the future. This involves a balancing act of delivering services while keeping rates affordable, ensuring equity between current and future generations and fairly sharing the costs of delivering these services across users.

This financial strategy sets out the key financial aspects of the Council's overall direction and how it plans to manage its financial performance over the next ten years to get there. It provides a guide for how we will consider and approach funding and expenditure proposals. It will also inform all subsequent activity decisions made during this 2021-2031 ten year planning process.

The subsection 'Looking Back' has reviewed Council's past strategic direction and considered at a high level how that past translates into a way forward over the life of this LTP. It paints a picture of how Council has had a long run strategy of strengthening its financial position so it has the capacity to respond to growth opportunities in the future. It also explains that a key growth opportunity is available to the community within the next ten year period.

The subsection 'Future Priorities and Direction' explains how Council proposes to capitalise on its long run strategy of consolidation and preparedness to invest in growth supporting opportunities over the life of this LTP. This Financial Strategy seeks to explain how the Council intends to do that in a financial sense.

The key opportunities within the life of this LTP are the Harbour Transformation Project and the Ōpōtiki Wastewater Reticulation Network extension. By the end of this Long Term Plan Council would like to see the wastewater reticulation network extended to Hikutaia and Woodlands, and the Harbour Transformation Project completed with a vibrant and growing Aquaculture Industry present within the Ōpōtiki District. Combined, these two projects will see an increase in population, employment and the number of rateable assessments and all the other positive benefits that come with such growth. However it is important that these milestones are achieved in a manner that maintains financial sustainability over

time. Council wants to ensure that the capacity it has created will provide long lasting benefits to the Ōpōtiki District into the future. This means investing wisely, monitoring financial performance closely and establishing meaningful parameters around debt and rate funding to ensure that the right investment decisions are made today so they do not create a burden for the residents and ratepayers of tomorrow.

Ōpōtiki Districts population is expected to increase by 2,656 people (1.3% per annum), and 1,045 households by 2031. We don't expect any significant change in land use over the term of this LTP except for that which is aquaculture related. We are aware of a number of proposals for land based aquaculture to support the offshore aquaculture industry, but there is still work to be done to understand what the infrastructure needs are, in any, for this new industry.

We also expect to see continued growth in kiwifruit development, particularly up the coast through PGF funded developments. The capital and operational cost of providing for this growth is outlined in detail in Council's 30 Year Infrastructure Strategy.

Council is a large and complex business. Each of the Council activities is made up of a number of services that our communities receive. The cost of doing business is driven by a number of factors, including the level of service, the growth in population, and the assets required to deliver the services to the community.

To ensure financial sustainability and affordability it is important that Council continues to have a very good understanding of its expenditure. It needs to be clear as to what it is spending money on and why.

There are two types of expenditure; operating expenditure and capital expenditure. Operating expenditure is spent in normal business operation, and capital expenditure is money spent buying, renewing, or upgrading assets such as plant, equipment and buildings.

\Council's spending is generally for one or more of the following purposes:

- Maintaining existing service levels – cost to deliver services including maintenance and operations
- Increasing service levels – additional cost to improve services
- Adding capacity for growth – extending a service for new households or other growth.

Like any other business Council buys goods and services so it can deliver services to the community. The cost of those goods and services, like any other, increase over time due to inflation. Inflation incurred on Council costs is different from household inflation because the spending is on different goods and services, such as asphalt for roads. This is reflected in the local government cost index that has been used to calculate budgets in the 10 year forecasts.

Local government costs are currently increasing at a higher rate than household inflation, and are predicted to continue to do so. Further, the historic trend has been one of increasing devolution of responsibilities from central to local government. The cost of servicing existing infrastructure is increasingly expensive. These factors mean that costs are continuing to increase, and Council is very aware of the burden that will place on ratepayers.

Council is concerned about the level of rate increases required to fund the services that it delivers and that income levels within the Ōpōtiki District are lower than the New Zealand average, and that some ratepayers are reaching their limit in terms of ability to pay. Balancing these concerns with customer expectations for improved services, and the need to invest in growth opportunities for the District, continues to be a challenge.

In response to the challenges faced, Council is looking to balance the investment required to achieve a prosperous, vibrant and green district, while keeping funding affordable over time and maintaining a sound financial position.

The following self-imposed ceilings on Public Debt (borrowings) and Rate Income are introduced with a view to provide the community with some certainty for the future.

Affordability

Council has always considered affordability as a key issue for our community but has lacked reliable quantified information to assess the affordability of rates on the community.

Bay of Plenty Regional Council and Ōpōtiki District Council both procured affordability reports in 2019 and 2020 respectively. These reports were prepared by BERL and looked specifically at what possible households in the region and district might have affordability issues. The reports outlined that the main area for concern for Ōpōtiki was those on pensions with no other sources of income. The report also suggested that the rates rebate scheme does not sufficiently address affordability issues. In some cases the rates levied by ODC are not high enough to trigger a large enough rates rebate to make a tangible difference to those that need it.

Anecdotal evidence suggests that rates over 5% of household income could result in potential affordability issues. The most recent data that we have to test this or measure against is the 2018 Census data, which is grouped up to a statistical area level, comprising of a group of properties numbering between 100-200. This survey was undertaken pre-Covid, so the landscape and household incomes may have changed since. Unfortunately without access to household income at a household level the 2018 Census is the best source of information that we have.

We will use this information for the following affordability purposes;

- To ensure current rates and proposed rates increases are affordable
- To identify how many additional rating units we need over the term of the LTP to ensure that the proposed capital projects and subsequent borrowing is affordable.

The first is reasonably easy to do as we can assess current and proposed rates against household incomes at a statistical area level, which will at a high level provide us with a rates to household income percentage. The aim will be to keep these percentages below 5%, and investigate further any incidences where the rates are close to or above that level. For the purposes of the studies undertaken above we included BOPRC rates, including the river scheme rates. In preparing this Long Term Plan we will not have access to proposed rates for the Regional

Council, so we will need to make some assumptions about these in certain instances.

Understanding affordability in the outer years of the LTP is more difficult to ascertain as it requires estimates of growth and household incomes. We will certainly be able to undertake rates scenarios at a household level, however these will be based on the current number of properties in the district.

Running this analysis later in the LTP will undoubtedly indicate affordability issues for some households, and possibly some rating areas. The likely reasons for this will be increased expenditure or capital works required in a particular targeted rate activity to allow for growth, or increase levels of service.

The outcomes of undertaking this work is that it provides Council and the community with three things;

- An understanding of how many additional properties are needed across the district, or in certain instances, within a targeted rate area, to make rates affordable. This is the more slices of the rating pie scenario, where total rates required is the pie, and the more slices there is the less each household pays.
- An indication of possibly where we should be aiming to move median incomes in our district. This is something that Council will have little control over, but as a community we can influence.
- Finally it gives both Council and the community an understanding of what is affordable, and what realistically isn't. If we don't predict any movement or increases in additional properties or household incomes then we need to remove costs to maintain rating levels. This could result in reducing levels of service to the community, or not undertaking significant capital works projects.

We are aiming for this LTP to include all three outcomes listed above. We are expecting growth in the number of properties across the district due to the significant job creating projects that are underway, we also expect that these jobs will lift median incomes across the district, and Council can manage expenditure and projects to ensure affordability as best as it is able.

To set the scene around affordability one must consider what factors would affect affordability, this is someone's ability to pay. Ultimately there are two key factors that we will be reviewing to assess this;

- Incomes, and
- Rates

Incomes – as eluded to earlier we have access to the 2018 Census data at a Statistical Area level for assessing incomes. We have both average and median household incomes at these levels now. For the earlier piece of work we did regarding affordability we only had average incomes, which are somewhat higher than median incomes, which is the middle value. Average incomes can be swayed significantly by outliers which does not make them a good measure to go by.

Rates – we have this at a property level as we are the agency that sets these.

So whilst it is not as granular as we would like, which ultimately would we would have both sets of information at a household level so we could assess true affordability, it is still a reasonable assumption to start from.

The property types that we are specifically targeting to measure affordability are single unit residential properties, ie not commercial properties, farms, kiwifruit orchards, or even multiple unit residential properties, which are likely to be rentals.

We are assessing affordability on these properties because the household income data from Census that is relevant to these properties is before any household expenditure is taken out. Whereas the other property types are for most parts business operations, and have household incomes that are net of household expenditure, ie after costs have been taken out. Including these properties in the assessment would paint a much better picture than would likely be the reality.

We have nearly 3,000 properties spread across the district that fit into the category of single unit residential, ie their primary purpose is to house a family, and they do not have multiple service connections that could skew the data and results of the assessment.

The results of the assessment of affordability for year 1 of the LTP are tabled below:

Ward	# Properties	Average Rates	Median Household Income	Rates to Median Income %
Coast	671	\$1,318	\$41,640	3.17%
Ōpōtiki	1,537	\$2,096	\$45,103	4.65%
Waioeka-Waiotahi	672	\$1,915	\$61,915	3.09%
Total	2,952	\$1,848	\$49,922	3.70%

There are approximately 550 properties within the 3,000 that could potentially have affordability issues in year 1 of the LTP. That is that rates on those properties could be over 5% of their household incomes. This ranges from 5.03% up to 8.27% based on the rates at a property level and the median household income for that Statistical Area Level.

This means that possibly 18% of single unit residential properties could have rates affordability issues.

Investigation identified that all of the 550 properties are located within the Ōpōtiki township between the two rivers, which means the percentage is about 36% of properties could have affordability issues, which is a significant number.

We need to undertake further investigation into these properties to ascertain true affordability. In Ōpōtiki the 2018 Census had 45% of residential properties as not being owned, ie that they are rental properties. The rates for these properties would therefore be a cost to the landlord and not the tenant. The problem is we do not have data on landlord income levels, so are assessing rates affordability against those who pay rent.

Ōpōtiki township ratepayers have the highest level of fixed charges of all ratepayers, they are also levied with some of the highest Regional Council targeted rates as well. Only 37% of the rates levied on the 1,537 single unit residential ratepayers in Ōpōtiki are general rates, meaning that 63% of the rates they pay are fixed charges. The UAGC is a fixed charge and is currently set at 21%

of total rates. Further information relating to the UAGC and the impact on affordability is provided later in this Financial Strategy.

What does this picture look like for year 10 of the LTP?

If we don't lift median incomes, and the district doesn't grow over the next ten years the assessment of affordability looks like this:

Ward	# Properties	Average Rates	Median Household Income	Rates to Median Income %
Coast	671	\$2,072	\$41,640	4.98%
Ōpōtiki	1,537	\$3,497	\$45,103	7.75%
Waioeka-Waiotahi	672	\$3,064	\$61,915	4.95%
Total	2,952	\$3,022	\$49,922	6.05%

Again it is those located in the Ōpōtiki Ward that are the hardest hit with an average rates to median income of 7.75%, meaning there will be properties with levels much higher than that. There are only two Statistical Areas (51 properties) within the Ōpōtiki Ward that have a rates to median income of less than 5%. Both of these are across the river in Hukutaia.

In order to alleviate affordability of rates on those living in town there are two things that need to happen, neither of which we can control as Council, but as a community we can influence. These are;

- Lift median incomes, or
- Increase the number of properties in town

The median income per household of those living in town according to the 2018 Census is \$45,000. In order for the proposed rates in year 10 to be affordable the median income per household would need to increase to \$70,000. This would mean we would need to see an increase of close to \$2,500 per year per household to achieve this level.

The alternative is to increase the number of properties that the rates are shared across. If the median income per household remained at \$45,000 the number of properties would need to increase by 850 for rates as a percentage of median incomes to remain at or below 5%. This would equate to an increase of 85 properties per year.

In reality it will likely be a combination of both that is needed to keep rates affordable, for example if we lifted both incomes and increased the number of properties by 2.5% per annum rates would remain below 5%.

Borrowings

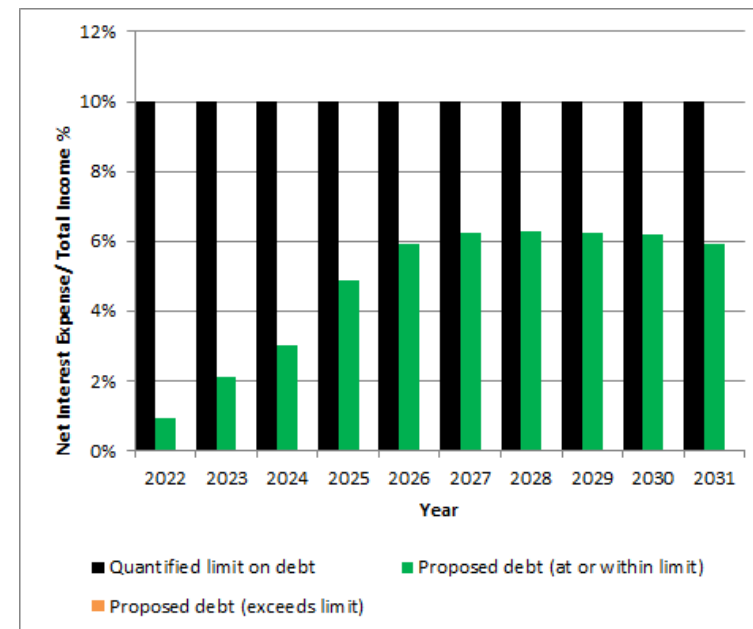
Council intends to increase borrowing over the life of this LTP, mainly to fund infrastructure projects that will generate and allow for and manage the effects of growth. Council has been reducing debt over time in order to have the capacity to invest in growth opportunities when they present themselves. The planning assumptions section of this LTP point to a range of growth opportunities that will present themselves over the next decade and that the community must be ready for.

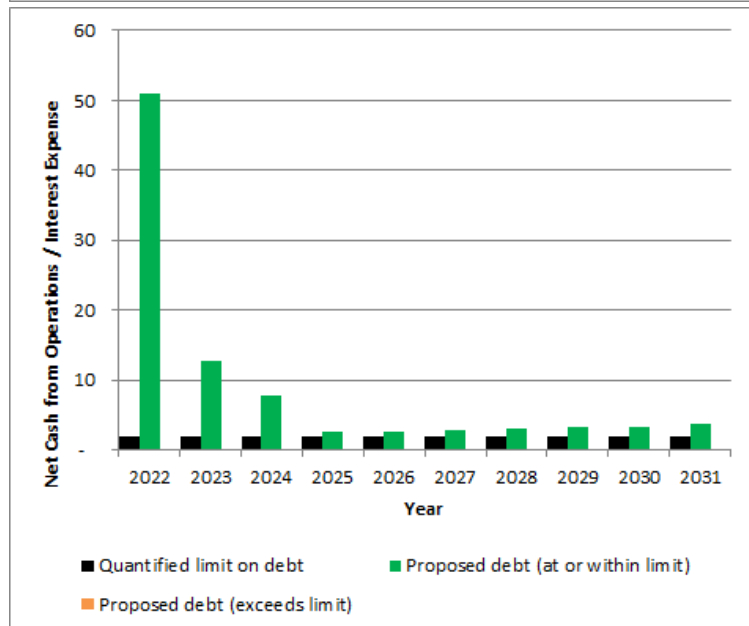
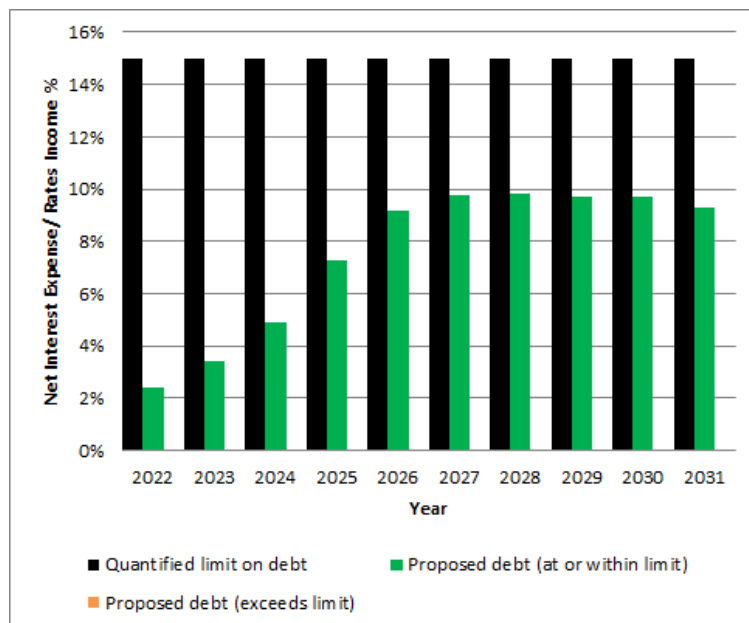
Borrowing is a useful mechanism to finance the construction of long-term assets. By financing long-term assets through debt Council seeks to provide a balance between funding from current and future ratepayers, matching the cost to those who receive the benefits, thereby establishing inter-generational equity.

Council recognises the need to manage its finances in a sustainable and affordable manner and therefore has established some borrowing parameters to ensure that investment priorities are carefully considered and are within the financial reach of the Ōpōtiki District Community. These limits are derived from the Council's existing Treasury Risk Management Policy:

Borrowing Limits:

- Net interest expense/total revenue $\leq 10\%$
- Net interest expense/rates revenue $\leq 15\%$
- Net cash flows from operating/interest expense ≥ 2





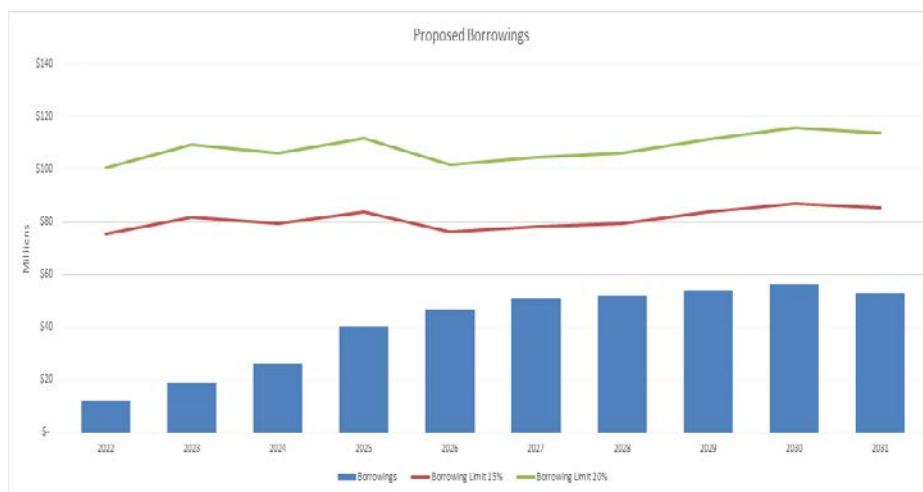
The graphs to the left outline how Council expects to perform against all of the borrowing limits specified. Right through the LTP Council falls within the limits set in the financial strategy.

We think that it is prudent to illustrate to the community that Council is proposing to move from the low growth scenario that we have been constrained by for a number of years to one of high growth. At this stage though Council thinks that it is also prudent to retain the low growth limits for this Long Term Plan due to the current socio-economic constraints of the community. Council will review and revise these limits again when compiling the 2024-34 Long Term Plan. At that time the growth associated with the increased economic activity, housing development, and growing aquaculture industry will be better understood.

Council will use debt to finance long term projects and capital expenditure. The large scale projects and other smaller projects mean that gross debt levels will increase from the current \$8.5 million to \$53 million out to the end of the 10 year plan.

The next graph outlines the expected borrowings over the term of the LTP. Debt is proposed to increase through to 2027 where it stabilises at around the \$50 million level. The big driver for the increase in debt is the need to put infrastructure in to Hukutaia to enable growth.

As part of putting together the financial strategy for this Long Term Plan we deemed it prudent to undertake some sensitivity analysis on interest rate movements. Should the interest rates applicable to Council debt move 1 – 2% over the term of this LTP Council will still remain within the limits set as it would increase revenue to offset the increase in interest expenditure. Alternatively if affordability was of particular concern in relation to a project Council may choose to not undertake, delay, or seek external funding for the project.



To borrow money (either from banks or the LGFA), the Council has to offer lenders some security (just as homeowners do with their mortgages). Like most councils, we secure our debt against our rates income, rather than against physical assets like land or buildings. This means that lenders can make us increase rates to repay debt under certain circumstances. Using this form of security helps to keep the interest rates on our debt low. The Council's full policy on security for borrowing is known as the Treasury Risk Management Policy and Procedures. This is available on the Council's website.

Investments

Our treasury risk management policy sets out the detail of the type of investments we currently hold, and our objectives and risk management strategies related to holding these investments. Our approach to investments is set out in this policy.

We are shareholders in the Bay of Plenty Local Authority Shared Services Limited and Toi Economic Development Agency. We also hold a small interest in the New Zealand Local Government Insurance Company Limited, and a 30% interest in Evolution Networks Limited, a local wireless internet provider.

Other than to achieve strategic objectives, it is not our intention to undertake new equity investments. We will periodically review investments with a view to

exiting at a time when market conditions are favourable and overall strategic objectives are not compromised.

Any dividend income is included as part of general revenue.

Any purchase or disposition of equity investments not identified in this plan is by Council resolution.

At the time of disposal, we will determine the most appropriate use of sale proceeds.

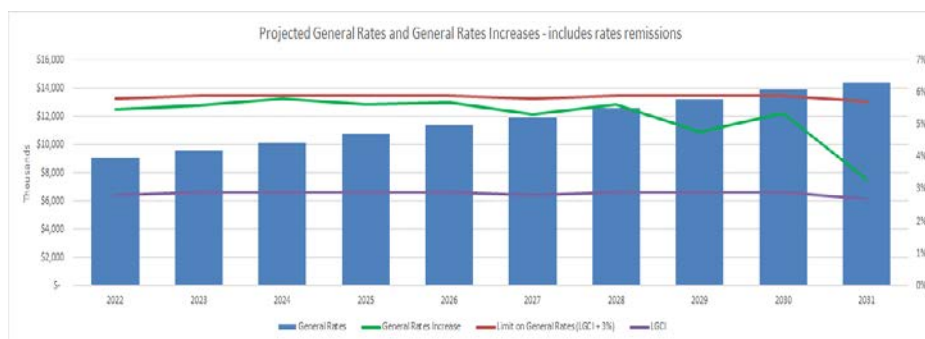
Rate Income

Currently over 60% of Council's income is derived from rates as it does not have alternative revenue streams such as investments.

General Rates Cap

Council proposes to limit annual general rate increases to the Local Government Cost Index (LGCI) plus approximately 3%. Individual rate increases for ratepayers may be higher or lower than that average, but the overall increase in general rates revenue will be kept within a total annual increase of this limit. The self-imposed cap provides certainty to the community around future rates increases. This also enables Council to have the flexibility that should a particular group of ratepayers want additional services, Council can cater for this need through a targeted rate to that group. By capping the level of general rate increases this leaves targeted rates separate to enable funding of services for those that want additional services. Council thinks that this flexibility is important given the growth prospects currently in the community. One of the outcomes of the strategy day we had a number of years ago with businesses in the district that is still relevant now, is that Council needs to be there to enable business, not disable it. So the last thing we need is to have a self-imposed rates cap hampering our ability to enable growth in others.

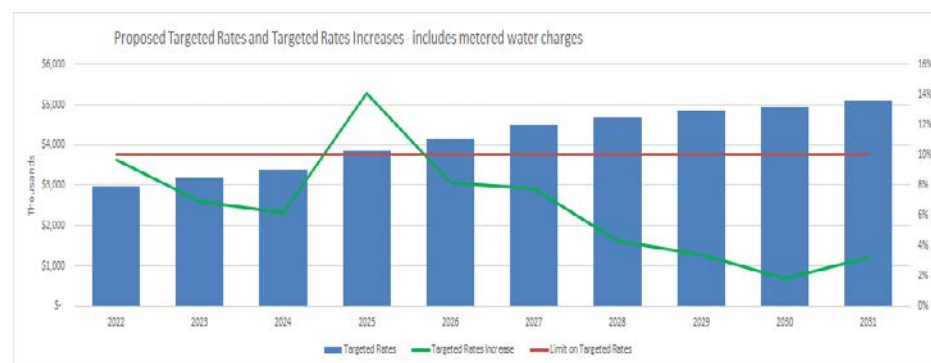
The following graph show forecast general rates revenue over the life of the LTP against the self-imposed cap on general rate increases.



Targeted Rates Cap

Targeted rates currently make up around 15% of Council's total income. Council sees utilising targeted rates as the most effective way to fund additional services or increases in service levels to those that are willing to pay for them as mentioned earlier.

We have set a cap limiting increases in targeted rates to 10%.



The limit on targeted rates is set high so that we can respond to requests for growth and increases in levels of service. Our planned increases after addressing the inaccuracies in existing funding, and taking into account the proposed services mentioned above, are very low as illustrated in the graph above.

There are two aspects of the caps that we have set in this financial strategy. Our limit on general rates increases places importance on affordability; general rates are by far the largest component of rates, and includes the uniform annual

general charge (UAGC). Having a limit set higher than LGCI means that Council is being financially prudent by ensuring it is not financially deteriorating by having revenue increases at lower rates than inflation, whilst still retaining a focus on affordability to the ratepayer, and Council is very aware of this.

Uniform Annual General Charge

The uniform annual general charge (UAGC) is included in general rates and is a fixed general rate amount per property no matter what the value of the property is. The rest of the general rate is set based upon the capital value of the property. Historically Council has set this rate at a level that is close to 30% of total rates, this is the maximum level that a UAGC can be.

One of the fundamental objectives of this strategy is affordability, and taking this into consideration we don't think that continually setting the UAGC at the maximum level is affordable for our community, and especially those on fixed incomes and in low value properties. Over the last few years we have gradually reduced the UAGC as a percentage of total rate revenue to around 20%, this year the UAGC is around 21%.

Fixed rates such as UAGC are seen as regressive rates that take more of lower income earners incomes than higher income earners.

We have also taken into account the considerable targeted rate that is applied to Ōpōtiki residents in town by the Regional Council. It is the highest targeted rate for a river scheme in the country and falls on one of the most deprived communities in the country. This rate has had significant increases in the order of 15% year on year recently and the forecast from Regional Council are that they will continue to increase. It is important that not only the cost of our business is taken into account on our community, but also that of others. We will continue to make submissions to the Regional Council to encourage them to consider affordability.

When Council consulted with the community on the Revenue and Financing Policy earlier we had a few submissions from people living in high value residential properties, and owners of kiwifruit orchards, asking Council to raise the UAGC to its maximum of 30%.

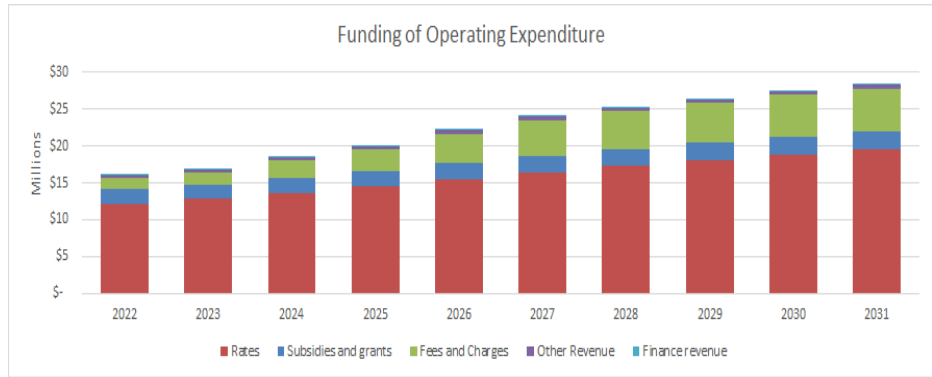
As stated previously increases in the UAGC impact those in low value properties, what we have historically not been able to confirm is the assumption that people living in low value properties have lower incomes than those living in higher valued properties.

Analysis of the 2018 Census data shows that if the UAGC is lifted to the maximum of 30% that those living within decile 10 areas are negatively affected. Rates a percentage of median household income increases from 4.21% to 4.39% across the whole district. Where those living in decile 4 areas, which are the lowest decile areas within the Ōpōtiki district benefit by having their rates as a percentage of household incomes decrease from 3.70% to 3.61%.

This confirms our assumption, when you compare the median incomes of those in decile 10 areas with those in lower decile areas there is a significant difference. The median household income for decile 10 is \$42,180, whereas the median household income for decile 4 is \$71,600.

Council Expenditure

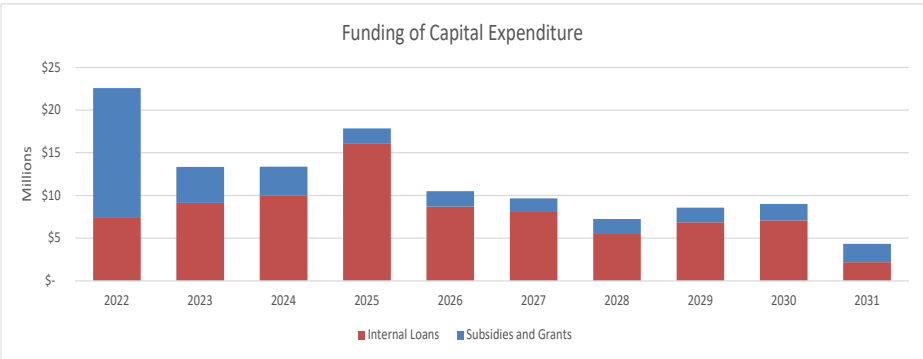
Council is forecasting that operating expenditure will increase from \$17.5m to \$28.6m between July 2021 and June 2031. There is a mixture of funding for expenditure but operating costs, which includes overheads, is mainly funded from rates. The next two graphs indicate the two main streams of expenditure and how they are funded over the ten year period.



Operating expenditure pays for the day to day cost associated with delivering Council services. Just as the costs of running a household increase from year to year with inflation, so too do the costs of delivering Council services. This is because input costs such as the cost of labour, fuel, electricity and other construction costs increase and therefore the cost of delivering Council services increases.

Inflation incurred on Council costs is different from household inflation because the spending is on different goods and services, such as asphalt for roads. This is reflected in the local government cost index (LGCI) that has been used to inflate budgets in the 10 year forecasts. The projected rates and rates increase graph shown earlier shows total operating costs inclusive of inflation as measured by the LGCI at an average of 2.86% per year.

The graph above shows rates will continue to be the main source of revenue for the Council over the life of the LTP however Council is looking to offset future cost increases through increased user fees and charges over time in line with its principles of aligning costs to those who benefit (Revenue and Financing Policy) and affordability.



Capital expenditure pays for buying or building new assets, renewing an existing asset or improving an existing asset to deliver a better service. Capital expenditure in the early years of the LTP mainly focuses on the provision of appropriate infrastructure to enable growth in the Hukutaia area, in total this will cost approximately \$22 million, but will enable the potential for another 1,000 houses in Ōpōtiki.

The large increase in Capital Expenditure in years one to four in the graph above represent the completion of the PGF, CIP, and 3 Waters capital projects that are funded by Central Government, and the significant infrastructure required to enable growth in Hukutaia.

Funding of Depreciation

Council doesn't have a policy as such around funding of depreciation and how that relates to capital expenditure, in particular capital expenditure to renew existing assets. However in order for Council to focus on the long term sustainability of the asset base and how it is maintained and renewed, the funding of depreciation is an integral part of creating intergenerational equity and ensuring that depreciation expenditure is put to good use. Theoretically depreciation is a non-cash estimate of the value of an asset that has been used up or utilised that financial year. Funding this depreciation is key to ensuring Council is being financially prudent and managing the assets it owns to the best of its ability.

In certain instances the effect of fully funding depreciation may result in current ratepayers bearing a funding burden that is not entirely fair and equitable. Circumstances where Council will take the approach not to fully fund depreciation will be:

- NZ Transport Agency (NZTA) funding – NZTA will fund their share of renewal costs in the year that the renewal occurs. It is therefore not necessary for Council to fund NZTA's share of this cost which is currently 75%.
- Some low use buildings – these may be buildings that are unlikely to be replaced should they be destroyed in a disaster, therefore depreciation should not be funded. However, Council will continue to maintain these buildings as required in the interim
- Internal borrowing – internal loans are used to fund all capital expenditure, and internal loan repayments are funded from depreciation. Internal loan repayments required may in some instances be less than depreciation meaning it may not be necessary to fund 100% of it.
- If it is deemed financially prudent not to fully fund depreciation to avoid unnecessary surpluses of financial burden on particular ratepayers being created.

Making informed decisions about the levels of depreciation that Council chooses to fund enables Council to effectively smooth the impact on rates whilst also

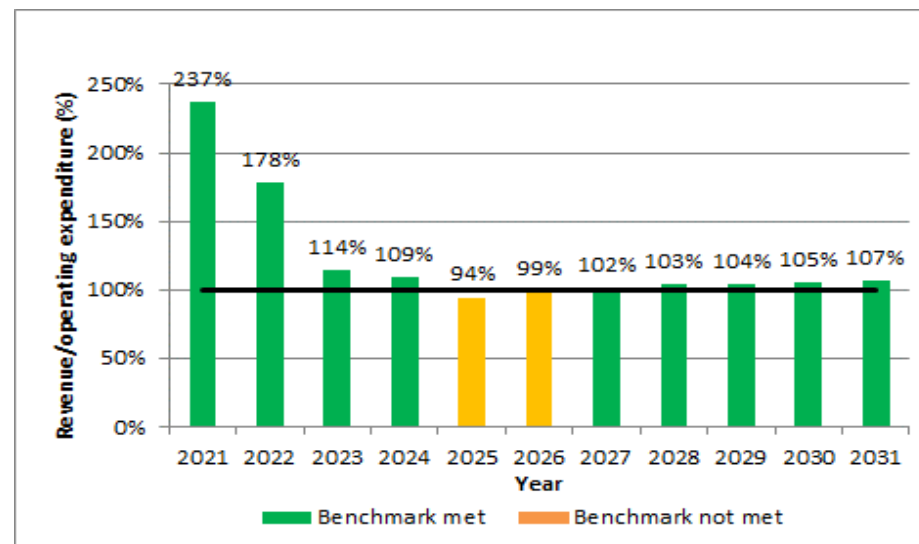
being prudent about how asset replacement can and should be funded. Council considers rates smoothing is financially prudent and is an effective mechanism to ensure that rates movements are at a level where they are contained within the acceptable limits set in this Financial Strategy.

Statement Concerning Balancing the Budget

The Council will not produce a balanced budget in all of the 10 years of the LTP. However, having considered the overall impact of its financial management policies and decisions we believe it remains financially prudent.

In setting the budget Council has had regard for the following matters:

- Maintaining levels of service
- Maintaining service capacity and integrity of assets
- Intergenerational equity
- Compliance with the Council's revenue and financing policies.
- Affordability of rates on the community
- The financial impact of growth



The Council has set the expenditure and revenue at levels it considers appropriate to meet the funding needs of the District over the next 10 years.

We propose that we do not balance the budget for two years over the term of the LTP, this is for 2025 and 2026. The reason for this is that in both of those years we have significant increases in targeted rate funded activities that we need to smooth the implementation and financial impact of. Rather than allocating these costs onto the general rate and funding them, we have chosen to not balance the budget for those two years to reduce the impact. There will still be significant increases in the targeted rates as a result, but we have reduced the increases to a level that we think is affordable.

Conclusion

Ōpōtiki District Council is looking to balance the provision of services to achieve a prosperous, vibrant and green district, while keeping funding affordable over time and maintaining a sound financial position. This LTP continues with the strategic theme of prudent financial management, affordability and enabling growth opportunities. This is to be achieved by focusing investment on essential services and infrastructure required to support social and economic growth opportunities. General rate increases will be kept to the maximum increase of the local government cost index plus an allowance for growth, with total rates revenue increasing from \$12.1m in 2021 to \$19.4m in 2031.

Debt will increase over the 10 years from \$8.5m in 2021 to a maximum of \$56m in 2030 to fund capital projects. We aim to repay external debt as quickly as possible, by 2031 this is reduced back to \$53m.

Overall, Council considers that its financial strategy is prudent and sustainable and importantly responds to the community's expectations and vision for the future of the Ōpōtiki District.

Relationship to the 30 Year Infrastructure Strategy

This is the third long term plan since the legal requirement to include a 30 year infrastructure strategy in the document was introduced.

Amendments to the Act in 2014 introduced the requirement for local authorities to prepare an infrastructure strategy as part of their LTP.

The purpose of the infrastructure strategy is to identify:

- significant infrastructure issues for the local authority over the period covered by the strategy; and
- the principal options for managing those issues and the implications of those options.

Local authorities hold significant infrastructure assets. Infrastructure operations and works make up most of local authorities' spending. An infrastructure strategy providing, at a minimum, a 30-year view, and offers the opportunity for local authorities to present a strategic picture of their infrastructure portfolio.

In this 30 Year Infrastructure Strategy we have looked in detail at the information that the asset databases are telling us, compared this to what we are planning to do in terms of asset renewals over the term of this LTP, and considered the levels of funding that we are providing to these assets.

With affordability in mind we have evaluated the level of depreciation that we are funding based on two things;

1. The Long Run Average Replacement Cost of the assets that we currently own and are maintaining. This is based upon the 30 year term of the Infrastructure Strategy. And,
2. The level of internal loan repayments required to service not only the renewal of existing assets, but the installation of new assets to respond to growth or demand for increases to levels of service.

There are activities and asset categories where we have chosen not to fully fund the depreciation. In these instances both of the above scenarios have identified that if we did fully fund depreciation we would be funding significantly more depreciation than we would need to over the next 30 years, and would in all likelihood build significant cash reserves for asset replacement.

In this LTP we continue with the funding principles for capital renewal expenditure set out in the 2018 LTP. Prior to 2015 these were funded by rates, which meant that there was inconsistency in rates increases from year to year based on the lifecycles of asset replacement. Or, we made decisions not to renew assets in certain years because it would create a significant jump in rates in that year, this way of funding could have potentially lead to poor asset management principles, and large variability in rates income.

From 2015 to 2018 we funded renewal expenditure from depreciation reserves instead of rates. Rates was used to fund depreciation on the assets, which were then transferred to the depreciation reserve for asset renewals. This had the effect of smoothing rates increases from year to year, and worked well in concept if done from the time of the asset addition, but had flaws when trying to implement late in asset lifecycles. In most cases these will either build significant cash reserves to fund the replacement of long lived assets over a great number of years, or end up in overdraft because we didn't start building them early enough to fund any significant asset renewals, and we would potentially spend the next foreseeable future trying to fund the reserve out of overdraft. This may not be financially prudent in some cases, and should not be the driver behind how much depreciation we are choosing to fund.

In the 2018 LTP we funded all capital expenditure, including renewal expenditure by internal loan. We still used rates to fund depreciation. However, the depreciation was used to fund the repayment of those loans, not the full renewal of the asset. This had two consequences.

1. It smoothed rates increases as levels of loan repayments will only ever shift slightly from year to year. And,
2. It allowed Council to make judgement calls around the levels of depreciation that need to be funded based on robust information provided from both asset management systems through the Infrastructure Strategy, and the levels of loan repayments required.

Council feels that this method of funding asset replacement will be much more financially prudent over the long term as it creates no incentive to over fund depreciation through overdrawn depreciation reserves. Depreciation is funded to precisely the level that it needs to be funded to maintain the whole asset base, including newly built assets and not just the existing ones.

Council also amended the term of internal loans for financial prudence. Previously Council's terms for internal loans were set at 20 years. This was reasonably consistent across the sector. What we do now is to tie the term of the loan to the life of the asset. This brings alive the concept of intergenerational equity, and ensures that the generation of today do not pay the entire cost of the infrastructure that will provide benefit to two, three, or perhaps even four generations, when you look at some of our long life assets.

This does increase the interest cost associated with the asset over its total life, but with low interest rates applicable to Councils with the Local Government Funding Agency, and the fact that it is internal interest, not external interest, this is of little consequence, and in fact it provides savings to the community by not requiring Council to over fund for asset replacement.

From July 2018, loans on a 100 year asset will be repaid over a 100 year term, and conversely a loan on short lived assets of 5 years will be paid for over 5 years, not 20 years, where potentially one generation could be paying for four asset replacements under the old methodology.

REPORT

Date : 24 March 2021

To : Extra Ordinary Council Meeting, 1 April 2021

From : Engineering and Services Group Manager (Acting), Glen McIntosh

Subject : **HUKUTAIA GROWTH AREA, RISKS AND MITIGATION**

File ID : A235600

EXECUTIVE SUMMARY

The provision of infrastructure to Hukutaia will unlock the development potential of the existing residential area and adjoining rural land. The cost and impact of such service provision creates a number of risks for Council and the community. This report outlines these risks and associated mitigation measures to ensure that Council has a mandate to plan, budget for, and action appropriate risk mitigation measures.

PURPOSE

To outline risks associated with the provision of infrastructure to Hukutaia, alongside measures to mitigate identified risks.

BACKGROUND

As part of its Long Term Plan (LTP) process, Council identified capital projects necessary to give effect to its vision and community outcomes regarding growth and development across the district. One such capital project involves the provision of infrastructure to Hukutaia.

A report from the Finance and Corporate Services Group Manager dated 18 February 2021 (as tabled at the Ordinary Council Meeting of 9 March 2021) identified that:

- the provision of infrastructure to Hukutaia carries with it a significant amount of risk; and
- Council will need to implement various mitigation measures in order to reduce such risk.

This report now identifies the risks associated with the provision of infrastructure to Hukutaia alongside a range of measures to mitigate them. This will inform future Council decision-making and work

programming to ensure that risk is managed appropriately, in accordance with Council's risk management policy and framework.

It also provides a starting point for Council to discharge its responsibility under section 14(1)(fa)(ii) of the [Local Government Act 2002](#) to satisfy itself that the expected returns are likely to outweigh the *risks inherent in the investment or activity* (in this case, the provision of infrastructure to Hukutaia).

DISCUSSION

Council's 2021 - 2051 Infrastructure Strategy highlights the need for water supply and wastewater infrastructure, and new stormwater assets, to provide additional capacity to support anticipated growth in the 'greenfield' area of Hukutaia (as illustrated in Figure 1).

Such work would also improve services to the existing residential area (comprising approximately 400 existing properties), which are not currently served by wastewater infrastructure and have limited stormwater reticulation.



Figure 1: Map of the existing Hukutaia residential area and indicative potential greenfield area (currently in the rural zone).

Council is currently consulting on two options for the provision of infrastructure to Hukutaia, including:

- Providing infrastructure to the greenfield area and existing properties at the same time (anticipated cost of approximately \$22 million); or
- Providing infrastructure initially for the greenfield area only, with services to existing properties deferred by a number of years (anticipated cost of approximately \$24 million).

The risks and mitigation measures outlined in this report apply generally to both of these options; and are outlined in the following sub-sections.

Risk 1. Lack of demand for sections as more residential land becomes available (high risk)

Current growth assumptions signal that about 60 houses (or sections) per year will be needed over the next 15 years (about 900 in total) to accommodate the projected maximum population across the whole of the Ōpōtiki district. The greenfield section of Hukutaia has the ability to accommodate 500-700 sections, providing an 8-12 year pipeline of developable residential land for total expected growth. The existing residential area of Hukutaia, once serviced, could also be subdivided to provide infill development, introducing even more developable residential land to market.

A risk therefore exists that a surplus of serviced residential land in Hukutaia, with associated carrying costs for Council and ratepayers, could occur if growth does not eventuate at, or near, the scale anticipated.

It is also possible that growth may occur in other parts of the district first (i.e. not in Hukutaia) that would reduce demand for sections in Hukutaia, and further exacerbate this risk. Other locations such as Raukokere, Ōmaio and Te Kaha, for example, could see development through government interventions and/or settlement. Similarly, there are approximately 130 lots likely to come onto the market at the Drifts, alongside potential for papakāinga housing at various marae, infill development opportunities in Ōpōtiki township, and additional land potentially becoming available for development through the Whakatohea settlement.

Measures that Council could take to potentially mitigate the risk of an over-supply of serviced residential land (which could reduce demand for sections in Hukutaia and create carrying costs for service provision) include:

- 1.1 Estimate the potential demand locations for the district wide growth projections.** The current growth projections estimate total growth across the whole district but this demand will be supplied by a range of locations. Clarifying possible supply locations provides important context for estimating actual demand in Hukutaia. Low, medium, and high estimates of growth demand for Hukutaia should be developed. This would be in conjunction with Mitigation Measure 2.3, which clarifies the likely target market creating housing demand in Hukutaia.

- 1.2 Regularly monitor and report on indicators** such as subdivision and building consents, industry enquiries, school rolls, and the census; to understand uncertainty in terms of the rate and location of growth (as stated in the Infrastructure Strategy). Such monitoring and reporting would provide oversight of growth realisation and trigger any necessary discussions regarding the reconsideration of timing and/or location of infrastructure projects needed to support emerging growth.
- 1.3 Investigate options to incentivise residential development in Hukutaia**, once infrastructure is in place, as opposed to residential development elsewhere in the district. This could include measures such as reduced development contributions for Hukutaia, fast-track consenting pathways, or rates relief for a certain period of time, noting the tension with affordability for the rest of the community. In addition, development could be incentivised in Hukutaia by completing a **District Plan change** to more clearly dictate the location and sequencing of growth, and make it harder to develop outside reticulated areas (being those with infrastructure in place) or within flood risk areas.
- 1.4 Engage with development stakeholders** on a regular basis to determine the likely uptake of serviced residential land in Hukutaia (i.e. how likely developers are to purchase and build, what market demand are real estate agents seeing for comparable sections). It would also be useful to understand the **current build capacity** of local builders or offsite manufacturers to determine the likely rate of build-out in Hukutaia (for example, how many houses are currently built a year and how rapidly are builders likely to scale-up to meet the anticipated demand in residential construction).
- 1.5 Undertake an abbreviated Housing and Business Development Capacity Assessment (HBA)** as required by the [National Policy Statement on Urban Development](#) for larger councils experiencing growth. Although Ōpōtiki is not legally required to complete an HBA, some smaller councils¹ are undertaking an abbreviated HBA process to understand current and future residential and business land capacity across the district to ensure they can meet projected demand. This enables them to effectively plan for emerging growth within an existing capacity assessment framework. In this case, it may enable a greater overview of development capacity and demand across Ōpōtiki district, so that Council can anticipate, and mitigate, risks similar to those raised for Hukutaia, for all parts of Ōpōtiki.

¹ Such as Horowhenua District Council

This risk has been assigned a 'high risk' categorisation, reflective of the intergenerational financial impacts of infrastructure investment in an area that may not attract development demand in the short to medium term. This would have implications for current and future ratepayers, who would be left to carry the cost of such infrastructure, even if it is not utilised.

Risk 2. Land banking (medium risk)

There is also a risk that landowners in and around Hukutaia may not release land for development within the short to medium term, effectively 'land banking' future development capability. This is the opposite of the risk identified above (regarding an over-supply of serviced residential land potentially reducing the realisation rate of development in Hukutaia).

If land banking in and around Hukutaia does occur, this means that infrastructure provision will exceed demand and the question arises as to where the debt burden for this infrastructure will fall. This may impact current landowners in Hukutaia if a targeted rate is introduced, and/or all district ratepayers if the general rate is used to fund the provision of services to Hukutaia. It is anticipated that either option may be an unwelcome outcome for a district with high deprivation levels² (refer to Risk 3 for further details).

Measures that Council could take to potentially mitigate the risk of land banking in and around Hukutaia service include:

- 2.1 Engage with land owners** to determine their appetite for sale and/or development of land in Hukutaia. This could be undertaken at regular intervals (i.e. annually) to track trends (increasing or decreasing likelihood of sale/development) over time to inform Council decision-making.
- 2.2 Undertake a district plan change** to upzone³ land in the 'greenfield' area depicted in Figure 1. This would include rezoning from rural to residential, signalling Council's clear intention where development should occur and enabling subdivision. It would be beneficial, however, to complete an HBA (as outlined in Mitigation Measure 1.5) before undertaking any district plan changes, to ensure that a strategic approach to zoning is taken. For example, to ensure that upzoning in Hukutaia would not have unintended consequences for development realisation rates in other parts of the district.

² As noted in the Ōpōtiki District Economic Development Strategy.

³ Upzoning relates to the changing of zoning to allow for higher-value (for example, from industrial to residential) or more dense land use (for example, higher number of household units per land area). However, upzoning can typically only be successfully deployed when sufficient market demand exists.

2.3 Complete a **market assessment** to determine likely demand for residential sections in Hukutaia (and the wider district) over the short to medium term and the characteristics of potential purchasers. Hukutaia land owners may be more likely to sell and/or develop their land if market demand is demonstrated to be sufficiently high for them to take a risk and divest their properties. This may also provide a sense-check of the growth assumptions identified in Mitigation Measure 1.1. It would also be useful to understand the possible profile of potential purchasers to ascertain whether this is reflective of the existing community (i.e. whether current local people are likely to purchase property in Hukutaia).

This risk has been assigned a 'medium risk' categorisation given that land banking behaviours can generally be countered through established market demand and appropriate zoning. In addition, Council can proactively engage with land owners and developers to ensure that these parties are aware of development potential in Hukutaia.

Risk 3. Inequitable allocation of cost (high risk)

As noted in Council's Infrastructure Strategy, *'providing for growth that has not yet happened exposes the community to the risk of investing in infrastructure that is not ultimately required because the growth is less than expected'*. This relates to financial risk, being the upfront and carrying costs of infrastructure provision on ratepayers when that investment is not offset by a growing number of ratepayers to share such cost.

Council will have to carefully consider options through its Revenue and Financing Policy regarding who benefits from the cost of providing infrastructure to Hukutaia and therefore, who should pay. This should balance the cost of infrastructure provision and maintenance against rates affordability for current and future generations.

Measures that Council could take to potentially mitigate the risk of inequitable allocation of cost for Hukutaia service provision include:

3.1 Develop scenarios for cost allocation of Hukutaia infrastructure provision and consult the community on these. Such options could include the use of targeted rates, the general rate, development contributions, a public/private partnership, or a mix thereof. It is recommended that Council is highly transparent in any such cost allocation discussions, to ensure understanding of the final outcome and enable future residents of Hukutaia to understand any difference in rates for their properties (if, for example, a targeted rate is utilised).

- 3.2** Use the **total costs of infrastructure provision** (both capital and operational) for various growth scenarios, to explicitly understand the intergenerational financial implications for residents and ratepayers. This is critical to inform Council's Finance Strategy and Revenue and Financing Policy, and to understand the cost of infrastructure maintenance over the short, medium, and long term if growth does not occur as expected.

This risk has been assigned a 'high risk' categorisation given the potential financial impact on a community that already struggles with rates affordability, noting that some 20% of properties in the district are in arrears of their rates. If growth does not occur in Hukutaia at the level necessary to generate sufficient development contributions or targeted rates, the wider ratepayer base will be left to shoulder the cost of capital works and ongoing maintenance for infrastructure that may not be required.

Risk 4. Changes in cost to Council (high risk)

The initial capital expenditure and ongoing operational expenditure required to provide infrastructure to Hukutaia presents a risk to Council's financial position, as well as that to ratepayers (as outlined in Risk 3). Such risk presents in a variety of ways, including:

- Risk of changes in interest rates affecting Council's debt servicing costs (for example, rises in interest rates would increase debt repayments); and
- Reduced debt capability for Council in the medium term. For example, Council may not be able to take on additional debt to fund other projects or activities that may be required over the next 10 year period and potentially, beyond.

Measures that Council could take to mitigate changes in the cost to Council of infrastructure provision to Hukutaia include:

- 4.1** Undertake a **sensitivity analysis** of current Council borrowings, to provide a clear picture of the magnitude of risk associated with interest rate changes. This could also include sensitivity regarding the non-realisation of growth.
- 4.2** Complete a **trade-off analysis** by identifying what current and future projects may not be able to proceed if funding is diverted to provide infrastructure to Hukutaia. Trade-offs should be benchmarked against alignment with the community outcomes currently being consulted on for the LTP, and take into account issues of intergenerational wellbeing as directed by the Local Government Act 2002.

This risk has been assigned a 'high risk' categorisation given the high likelihood of changes in interest rates and reduced debt capability occurring as a result of funding infrastructure to Hukutaia, and the magnitude of impact on current and future generations. This is particularly with regard to Council's potential inability to fund other projects in the short to medium term.

5. Delivery failure (high risk)

As with all major infrastructure projects, there is a risk of delivery failure in relation to the provision of services to Hukutaia. This includes the risk of the project running over time and over budget, with consequent financial impacts on Council and ratepayers. The project will also require significant staff resourcing and governance, most likely at additional expense.

The risk of delivery failure is considered likely to increase if such resourcing and oversight is not in place to encourage accountability and transparency around service delivery progress. This was observed in the case of Kaipara District Council's delivery of its Mangawhai wastewater project almost a decade ago. [An inquiry](#) completed into this wastewater project by the Office of the Auditor General identified (amongst other factors) the importance of governance, management, and project management capability.

Measures that Council could take to potentially mitigate the risk of delivery failure include:

- 5.1 Establish a steering group** to provide governance for the project. This could be similar in nature to the steering group established for governance of the harbour project.
- 5.1 Prepare** (either internally or externally) a **business case** to document options regarding, resourcing, timing/phasing, delivery mechanism, financing, and detailed risk mitigation. This should include a reporting framework and specify expected returns in relation to inherent risks of project delivery. Once approved, the business case should be supported by a detailed project plan outlining specific milestones and minimum requirements, to inform future procurement processes.
- 5.2 Regularly report on project delivery** in accordance with the reporting framework mentioned in Mitigation Measure 5.1 above. Elected members, management and staff should be provided with sufficient information to inform ongoing project decision-making and understand any wider implications for Council (such as on rates).

This risk has been assigned a 'high risk' categorisation given the magnitude of impact if delivery failure occurs. This includes financial risk associated with budget blow-outs on Council as well as current and

future ratepayers of the district. As noted in Risk 4, any increase in the cost of the project will reduce Council's ability to carry debt, at the expense of other projects and initiatives that may benefit the district.

SIGNIFICANCE ASSESSMENT

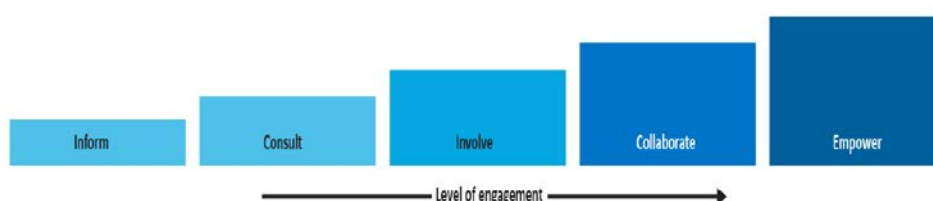
Assessment of significance

Under Council's Significance and Engagement Policy, on every issue requiring a decision, Council considers the degree of significance and the corresponding level of engagement required. The level of significance of risk and mitigation for the provision of infrastructure to Hukutaia is considered to be low as determined by the criteria set out in section 17 of the Significance and Engagement Policy. The community will be consulted on options for the provision of infrastructure to Hukutaia through the upcoming LTP process. It will then be necessary for Council to respond to the risk created by the preferred option.

The decisions or matters in this report are part of a process to arrive at a decision that will/may be significant in accordance with section 2 of the Significance and Engagement Policy. This states that a matter shall be determined to be significant if/when five specific thresholds⁴ have been triggered. As a significant decision or matter, the Council must apply greater diligence in regards to the decision making requirements in sections 76-81 and the principles of consultation in section 82 of the Local Government Act 2002. This includes, but is not limited to, the degree to which different options are identified and assessed and the extent to which community views are considered, including whether consultation is required.

Assessment of engagement requirements

As the level of significance of risk and mitigation for the provision of infrastructure to Hukutaia is considered to be low (until community consultation through the LTP process provides a preferred option for Hukutaia), the engagement required is determined to be at the level of 'inform' according to schedule 2 of the Significance and Engagement Policy.



⁴ Including whether the proposal is likely to exceed financial thresholds, generate considerable community interest, create radically different effects on ratepayers, radically impact a specific demographic, or radically change levels of service.

COMMUNITY INPUT AND PUBLICITY

Consultation is not being undertaken specifically on risk and mitigation for the provision of infrastructure to Hukutaia at this stage. As stated above, the proposal will be consulted on during the upcoming LTP process, from which point Council can determine the level of need and appropriateness of informing the community about risk and mitigation in accordance with Council's risk management framework and Consultation Policy.

CONCLUSION

Council is mindful of its obligations under the [Local Government Act 2002](#) to consider the risks inherent in its investment activity; in this case, the provision of infrastructure to Hukutaia. This report has identified the high-level risks and potential mitigation measures associated with this project, which are now summarised for Council's information.

Risk		Risk level	Mitigation measures	
1	Lack of demand for sections as more residential land becomes available	High	1.1	Estimate potential locations of demand for housing across the district and confirm high/medium/low demand for Hukutaia in that context.
			1.2	Regularly monitor and report on indicators to understand uncertainty in terms of the rate and location of growth.
			1.3	Investigate options to incentivise residential development in Hukutaia, once infrastructure is in place, as opposed to residential development elsewhere in the district.
			1.4	Engage with development stakeholders on a regular basis to determine the likely uptake of serviced residential land in Hukutaia.
			1.5	Undertake an abbreviated Housing and Business Development Capacity Assessment (HBA) to understand growth capacity and demand.
2	Land banking	Medium	2.1	Engage with land owners to determine their appetite for sale and/or development of land in Hukutaia.
			2.2	Undertake a district plan change to incentivise growth in Hukutaia.
			2.3	Complete a market assessment to determine likely demand for residential sections in Hukutaia (and the wider district) and the characteristics of potential purchasers.

Risk		Risk level	Mitigation measures	
3	Inequitable allocation of cost	High	3.1	Develop scenarios for cost allocation of Hukutaia infrastructure provision
			3.2	Evaluate total (carrying and capital) costs for various growth scenarios, to explicitly understand the intergenerational financial implications for residents and ratepayers.
4	Changes in cost to Council	High	4.1	Undertake a sensitivity analysis of current Council borrowings, to provide a clear picture of the magnitude of risk associated with interest rate changes. This could also include sensitivity regarding the non-realisation of growth.
			4.2	Complete a trade-off analysis by identifying what current and future projects may not be able to proceed if funding is diverted to provide infrastructure to Hukutaia.
5	Delivery failure	High	5.1	Establish a management steering group to provide project governance
			5.2	Prepare a business case (including a reporting framework) and a detailed project plan.
			5.3	Regularly report on project delivery in accordance with the reporting framework as outlined in Mitigation Measure 5.1 above.

RECOMMENDATIONS

1. That the report titled "Hukutaia Growth Area, Risks and Mitigation" be received.
2. That Council considers and formalises into an Action Plan, the mitigation measures outlined in this report (and any others as deemed necessary), and responsibility for implementation assigned, following the adoption of the Long Term Plan for consultation.
3. That Council approves the report to be provided as underlying information to the Consultation Document as part of the LTP process.

Glen McIntosh

ENGINEERING AND SERVICES GROUP MANAGER (ACTING)



REPORT

Date : 22 March 2021

To : Ordinary Council Meeting, 1 April 2021

From : Finance and Corporate Services Group Manager, Bevan Gray

Subject : **2021-2031 LONG TERM PLAN CONSULTATION DOCUMENT**

File ID : A234997

EXECUTIVE SUMMARY

The 2021-2031 Long Term Plan consultation document presents key issues for the next 10 years and provides options for addressing these issues. It is recommended that the consultation document is approved for release for the public.

PURPOSE

The purpose of this report is to present the 2021-2031 consultation document for adoption for use in the consultation process for the draft 2021-2031 Long Term Plan (LTP).

The consultation document provides the community with details of the key issues over the next ten years and outlines how Council proposes to deal with them. It also seeks feedback from the community on which options Council should choose to address these issues. The consultation document is required to be short, clear and concise and is developed to inform the public. A draft copy of the consultation document is provided with this agenda.

BACKGROUND

Every three years, as required under the Local Government Act (2002), Council is required to prepare a LTP. For the 2015-2025 preparation, a new requirement was the consultation document. This is a much smaller and reader friendly document, outlining the key issues and options for the LTP. As this document is smaller, and is compiled separately prior to the LTP being prepared, a suite of underlying information (building blocks to the LTP) needed to be adopted and made available to the public to

support it. This underlying information has been approved by Council for use in the LTP public consultation.

This will allow those that are interested, to obtain relevant information about any of the items of consultation that Council has listed in the consultation document.

Once adopted by Council, the consultation document and supporting documentation will be available on Council's website and at our customer services desk at Council's offices. Copies of the consultation document will be sent out to those who request it.

DISCUSSION AND OPTIONS SECTIONS

The consultation document is required to be adopted by Council to enable the community consultation process to begin. It has been developed through workshops and reviewing information to inform the community about the issues we as a Council and the community will face together over the next ten years.

SIGNIFICANCE ASSESSMENT

Assessment of significance

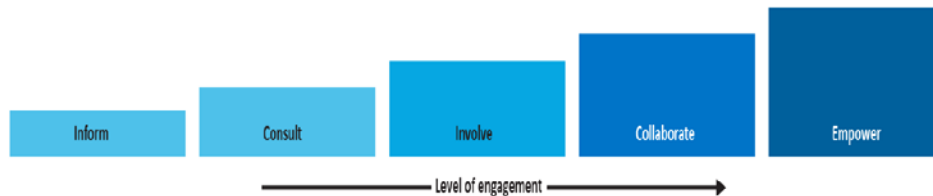
Under Council's Significance and Engagement Policy, on every issue requiring a decision, Council considers the degree of significance and the corresponding level of engagement required. The level of significance to obtain approval from Council to adopt the 2021-2031 Long Term Plan consultation document for consultation use is considered to be high as determined by the criteria set out in section 12 of the Significance and Engagement Policy.

This is part of the process of putting together the 2021-2031 Long Term Plan, which is subject to a special consultative procedure. The adoption by Council of the consultation document enables Council to consult with the community on the proposed plans.

The decisions or matters of this report are part of a process to arrive at a decision that will be significant in accordance with Section 2 of the Significance and Engagement Policy. This states that a matter shall be determined to be significant when adopting a Long Term Plan. As a significant decision or matter, the Council must apply greater diligence in regards to the decision making requirements of the Local Government Act 2002 section 76-82. This includes, but is not limited to, the degree to which different options are identified and assessed and the extent to which community views are considered, including whether consultation is required.

Assessment of engagement requirements

As the level of significance to obtain approval from Council to adopt the 2021-2031 Long Term Plan Consultation document for consultation use is considered to be high, the level of engagement required is determined to be at the level of consult according to Schedule 2 of the Significance and Engagement Policy.



COMMUNITY INPUT AND PUBLICITY

As required by the Local Government Act, Council will run a full public consultation for the 2021-2031 Long Term Plan including a formal submissions and hearing process.

The consultation document and all supporting information will be made available on Council's website and at Council's offices. Council will notify the opening of consultation and the submission process on its website, social media pages and through local media which may include print and radio.

The official consultation period will start on 6 April 2021 and close on 7 May 2021. Hearings meetings will be held on 3 June 2021 and it is expected the final Long Term Plan will be adopted at an Extra Ordinary meeting of Council on 29 June 2021.

Authority

Council have the authority to adopt the 2021-2031 Long Term Plan Consultation document for consultation use.

RECOMMENDATIONS:

- 1. That the report titled "2021-2031 Long Term Plan Consultation Document" be received.**
- 2. That Council approve the 2021-2031 Long Term Plan consultation document for consultation use.**

Bevan Gray

FINANCE AND CORPORATE SERVICES GROUP MANAGER

