

**The Extraordinary Meeting of the
Kawerau District Council will be
held on Tuesday, 11 May 2021
in the Council Chamber
following the Regulatory & Services Committee Meeting**

AGENDA

GUIDELINES FOR PUBLIC FORUM AT MEETINGS

1. A period of thirty minutes is set aside for a public forum at the start of each Ordinary Council or Standing Committee meeting, which is open to the public. This period may be extended on by a vote by members.
2. Speakers may address meetings on any subject. However, issues raised must not include those subject to legal consideration, or be issues, which are confidential, personal, or the subject of a formal hearing.
3. Each speaker during the public forum is permitted to speak for a maximum of three minutes. However, the Chairperson has the discretion to extend the speaking time.
4. Standing Orders are suspended for the duration of the public forum.
5. Council and Committees, at the conclusion of the public forum, may decide to take appropriate action on any of the issues raised.
6. With the permission of the Chairperson, members may ask questions of speakers during the period reserved for public forum. Questions by members are to be confined to obtaining information or clarification on matters raised by the speaker.

Meeting: Extraordinary Council

Meeting Date: 11 May 2021

Subject: **BOPLASS Limited - Draft Statement of Intent 2021-2024 and Half-Yearly Report to 31 December 2020**

File No.: 104023

1 Purpose

The purpose of this report is to:

1. Consider the BOPLASS Limited Draft Statement of Intent (SOI) for 2021-2024; and
2. Receive BOPLASS Limited's half-yearly report to shareholders, outlining its performance for the six months to 31 December 2020 against the 2020-21 Statement of Intent.

2 Background

In July 2007, Bay of Plenty Local Authority Shared Services (BOPLASS) was established as a Council Controlled Organisation for the future development of shared services in the region.

Statement of Intent

Schedule 8 of the Local Government Act 2002 requires Council Controlled Organisations to deliver to shareholders a draft Statement of Intent for the coming financial year, by 1 March in the preceding financial year. Shareholders then have up to two months to make comments on the draft. The CCO Board must consider these comments and deliver a final Statement of Intent to shareholders before the beginning of the financial year. The draft Statement of Intent is attached to this report.

The draft Statement of Intent includes:

- Objectives;
- Future developments;
- Performance targets, and
- Financial forecasts for 2021/22, 2022/23 and 2023/24.

The formal draft document has been approved by the BOPLASS Board for circulation to shareholders. Any submissions made by shareholders will be considered by the directors, with a final document being approved by 30 June 2021

Six Monthly Report

In accordance with the Statement of Intent and the Local Government Act 2002 BOPLASS is required to report to Council on financial and non-financial performance six monthly and annually. Specifically the Statement of Intent requires that the six-monthly report includes:

- i. a statement of financial performance
- ii. a statement of movements in equity

3 Statement of Intent

The Draft Statement of Intent continues the primary focus on joint procurement initiatives that deliver financial savings or an enhanced service.

4 Six Monthly Report - Summary of Performance

Non-financial performance

The report states that all targets are being achieved or are on-track to be achieved. The report outlines a list of projects and initiatives that support this view (see pages 4-6 of the report).

Financial performance

Financial performance for the year shows that the organisation is operating within budget. Operating revenue is \$594,000 below budget, and operating expenditure is \$560,000 below budget, primarily due to delays in aerial photography. Variations to the budget are noted by BOPLASS on Page 6 of the report.

5 Policy and Plan Considerations

The draft SOI is consistent with Council's Policies and Plans.

6 Consideration of Community Views

Community views have not been sought on this matter, nor is it recommended that they be sought. The consideration of the BOPLASS draft SOI is not significant in terms of Council's Significance and Engagement Policy.

7 Financial Considerations

Council's financial contribution to BOPLASS Limited is included in the Draft Long Term Plan Estimates.

8 Legal Considerations

Schedule 8 of the Local Government Act 2002 sets out the detailed requirements relating to Statements of Intent.

9 RECOMMENDATIONS

1. That the report "BOPLASS Limited - Draft Statement of Intent 2021-2024 and Half Yearly Report 31 December 2020" be received.
2. That Council approves the BOPLASS Ltd Draft Statement of Intent for 2021-2024



Russell George, CA, MBA

Chief Executive Officer

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BOPLASS Ltd

STATEMENT OF INTENT FOR 2021-2024



June 2021

"COUNCILS PARTNERING FOR VALUE AND SERVICE"

1. Introduction

This Statement of Intent (SOI), developed under Schedule 8 of the Local Government Act 2002:

- Declares a public statement of the activities and intentions of BOPLASS Ltd and the objectives to which those activities will contribute.
- Provides an opportunity for the shareholders to influence the direction of BOPLASS Ltd, and
- Provides a basis for the accountability of the Directors to the Shareholders for the performance of BOPLASS Ltd.
- Covers BOPLASS Ltd and any subsidiary company established in pursuance of the objectives herein.

2. Background

The councils that operate within the Bay of Plenty and Gisborne Regions have formed a Council Controlled Organisation (CCO) to investigate, develop and deliver Joint Procurement and Shared Services projects where delivery is more effective for any combination of some or all of the councils.

Benefits that can be achieved through collaboration are:

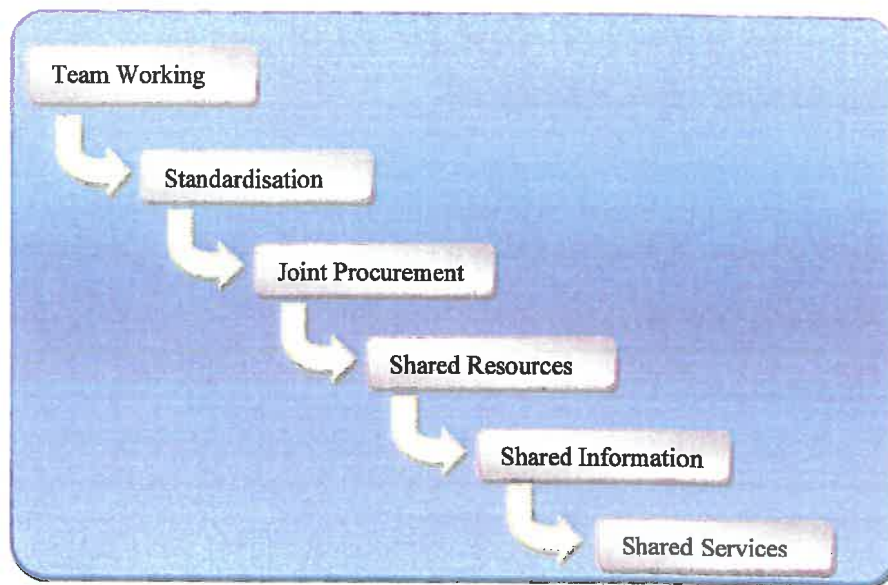
- improved levels and quality of service;
- a co-ordinated and consistent approach to the provision of services;
- reductions in the cost of support and administrative services;
- opportunities to develop new initiatives;
- economies of scale resulting from a single entity representing many councils in procurement.

These benefits and opportunities can apply to all councils irrespective of location or size.

Business processes, information architectures and functional tools differ in each council to varying degrees. The BOPLASS strategies facilitate a journey of progressive development using the approach identified in the BOPLASS Strategy and Action Plan to:

- enhance the capability to collaborate;
- encourage the elimination of barriers to collaborative action; and
- identify services that deliver viable business cases.

A generic sequence or stages of collaboration between multiple councils is followed to develop Shared Services, as shown in Figure 1.



Many of the BOPLASS Joint Procurement projects have supported the development of standard products, services or solutions across the councils. These standards assist in creating a foundation for the delivery of collaboration within the councils.

Examples of Joint Procurement and collaborative projects are:

- Infrastructure Insurance
- Collective Training
- Aerial Imagery and LiDAR
- Provincial Growth Fund Co-funding for LiDAR Capture
- Standardised Community Engagement App
- Lone Worker Field Solutions
- Robotic Process Automation
- Accounts Payable Automation Software
- Print Media Licencing
- Insurance Valuations
- Contractor Online Inductions
- Health and Safety Management Software
- Radio Telephony (RT) Strategy
- Solid Waste Management
- Insurance Forums
- Health and Safety Inter-Council Audits
- Asbestos Protocols
- Sustainable Public Procurement
- Health and Safety Benchmarking
- Video Conferencing Services
- Council Library and Cloud Services
- Inter-Council Network (ICN) Review, Redesign and Renegotiation
- Debt Collections
- Collaboration Portal
- Capital Construction and Civil Works Projects
- Fortigate Firewall Services
- Wireless WAN
- Inter-LASS Collaboration
- Human Resources Information Systems

3. Our Vision

“COUNCILS PARTNERING FOR VALUE AND SERVICE”

4. Objectives of BOPLASS Ltd

Working together with the full support and involvement of staff, we will provide benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

Joint Procurement

Being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

Shared Services

Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

5. Nature and Scope of Activities

The principle nature and scope of the activities of BOPLASS Ltd is to:

- Use Joint Procurement to add value to goods and services sourced for its constituent councils.
- Establish the underlying technology, framework, platform and policies to enable and support collaboration.
- Facilitate initiatives that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.
- Pursue best practice in the management of all activities to obtain best value and minimise risk.
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.
- Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.
- Actively monitor and engage with Shared Service developments across the public sector to identify opportunities for further development and establishing best practice.
- Represent the collective views of its Shareholders in matters with which it is associated.

6. Governance

BOPLASS Ltd will conduct itself in accordance with its Constitution, its annual Statement of Intent, and the provisions of the Companies Act 1993 and the Local Government Act 2002.

The Company is governed by its Directors. To ensure total synergy between the Company's activities and its council shareholders' activities, nine Directors are also the current Chief Executives of their respective shareholding councils. The dual roles recognise the interdependence of BOPLASS and its councils in the undertaking of its activities.

The Board also includes an independent Chair, appointed with specific skills and knowledge to add incremental value. This appointment brings experience and specialist skills that are complementary to those held by the other Directors.

Shareholder	Appointed Director
Bay of Plenty Regional Council	Fiona McTavish
Gisborne District Council	Nedine Thatcher Swann
Kawerau District Council	Russell George
Opotiki District Council	Aileen Lawrie
Rotorua Lakes Council	Geoff Williams
Taupo District Council	Gareth Green
Tauranga City Council	Marty Grenfell
Western Bay of Plenty District Council	Miriam Taris
Whakatane District Council	Stephanie O'Sullivan
Independent Director and Chair	Craig O'Connell

A sub-committee of council delegates has been established by the Directors as an Operations Committee to manage responsibility for regular monitoring and governance of operational aspects of BOPLASS projects, allowing the Board to primarily focus on supporting the strategic development of the organisation.

Each activity or project is managed by an Advisory Group, nominated by the shareholding councils in that particular service. The Board retains the right to approve nominations to the Advisory Groups and all of their material decisions – there is only one Board of Directors and that remains at the umbrella or holding company level.

The Board has established a principle that participation in each initiative is decided by individual councils on an 'opt in' basis.

Services delivered are subject to a formal service level agreement between BOPLASS Ltd and the participating councils, outlining the services and activities provided, where, when and how; and reflecting the capital and operational costs being met by each service shareholder.

Joint Procurement initiatives consistent with their nominated role may be undertaken by any advisory group as approved by the Operations Committee. In considering Joint Procurement initiatives, the Company will take into account the opportunities available through All of Government (AoG) purchasing arrangements and, where there is demonstrated benefit to the Company or its constituent councils, support such initiatives. In assessing the benefits of a Joint Procurement initiative, opportunities for integration shall be considered. The Board has recognised that the availability of All of Government Procurement options has the potential to impact on BOPLASS' ability to provide procurement options in some categories.

Subject to the approval of shareholders in accordance with the shareholder agreement the Directors may decide that a particular activity is best managed as a subsidiary company and proceed accordingly. Any subsidiary company whose objectives are in accordance with the objectives set out in this Statement of Intent shall not be required to have a separate Statement of Intent.

7. Future Developments

The company recognises the importance of remaining adaptive in what is a complex and changing working environment. BOPLASS continues to look at new opportunities or alternative approaches to progressing projects that benefit our shareholding councils.

BOPLASS Ltd will continue to work on business cases for Joint Procurement and Shared Services that may be provided in the region.

BOPLASS Joint Procurement opportunities will be actively pursued to ensure maximum savings and benefits continue to be delivered to the participating councils through existing and new contracts.

Joint Procurement initiatives will be considered by the Board and/or its advisory groups where there is demonstrated support from two or more member councils, with councils participating on an opt-in basis.

The Board will be looking for commitment from councils to participate in collaborative services and to provide a lead in the identification and management of opportunities and projects.

BOPLASS will also proactively explore opportunities to partner with other local authorities and Shared Services organisations within NZ where they are either developing or considering developing cost effective services or Joint Procurement initiatives involving products or services that are of value to the BOPLASS councils. The Board recognise the significant savings BOPLASS has provided to member councils through joint procurement and has tasked BOPLASS with leading inter-regional joint procurement initiatives that will provide benefit to all parties through an aggregated approach.

The Collaboration Portal, established by BOPLASS for the sharing of information on Shared Services or Joint Procurement opportunities, has been made available to the

wider local government community to provide better visibility of common projects and to encourage further cross-regional collaboration. BOPLASS will continue to market the benefits of inter-region collaboration and assist other councils through providing support and access to the Collaboration Portal.

BOPLASS will continue to explore opportunities for councils to develop ICT solutions using middleware and cloud technologies that allow for future sharing and the development of Shared Services without the wholesale replacement of IT systems.

The Board recognise that the drive for change and/or collaboration in some key areas of council business will often be led by other groups, e.g. three waters reform, RMA changes. Although BOPLASS may not be leading these specific projects, the organisation may be considered as one of the vehicles available to assist with managing collective regional outputs from these projects.

Where it is practicable, BOPLASS will work with other LASS' or councils in developing Shared Service ICT strategies and/or leverage off, or participate in, services established by other collective local government groups.

Although BOPLASS has continued to deliver significant benefits and savings in the placement of councils' insurance, there is recognition that cost-effective placements and coverage are becoming more challenging to achieve as a result of the hardening global insurance market. Working closely with other LASS, opportunities for sharing specialised internal resource to ensure we remain positioned at the forefront of the industry will be investigated. This will assist with ensuring that capability, risk profiling and valuation data across all participating councils will be to the necessary standard to continue to attract a competitive range of underwriters and insurers.

8. Stakeholder Engagement

BOPLASS recognises the ambitious plans our constituent councils have for their communities and endeavours to support these aspirations through:

- Regular engagement at project, management and governance level;
- Including councils' short, medium and long-term goals within BOPLASS planning;
- Using quality information from councils to guide our decision-making;
- Identifying and developing services that directly benefit councils and/or their communities;
- Monitoring councils' future plans and remaining agile to change to include these aspirations in our own planning;
- Ensuring Operation Committee members include regular communication about individual council LTP developments to assist BOPLASS with aligning with councils' strategic direction;
- Regularly communicating to ensure stakeholders are aware of what we are doing and why we are doing it;
- Involving councils in our decision-making and planning.

9. Performance Targets

To ensure the Company continues to operate effectively in both governance and management terms over the next three years the targets are to:

Target	How	Measure
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.	Manage and/or renegotiate existing contracts.	Contracts reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. (Current identified projects are listed in Appendix B.)	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.
Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.	BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.	Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.	Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils.	Number of listed projects to increase by 5% per year. Number of active users to increase by 10% per year.
Communicate with each shareholding council at appropriate levels.	Meeting with members of Executive Leadership Team.	At least one meeting per year.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and income and review council contributions and other sources of funding.	Performance against budgets reviewed quarterly. Company remains financially viable.

10. Balance Sheet Ratios

The Local Government Act 2002 Schedule 8 (9) requires the SOI to include the projected ratio of shareholders' funds to total assets within the Forecast Statement of Financial Position. As at 30 June 2020 the consolidated Shareholder funds comprised \$29,856 and the total assets were \$1,384,644. The resulting ratio is 2.16%.

As asset owning Shared Services are approved, the Board will, if appropriate, provide a mechanism for the recognition of each council's contribution.

11. Accounting Policies

11.1 Statement of Accounting Principles

The Company will adopt accounting practices that comply with NZ IFRS, the requirements of the LGA and the Financial Reporting Act 1993.

11.2 IPSAS Accounting Standards

As a Public Sector Public Benefit Entity (PS PBE), the Company has elected to report using International Public Sector Accounting Standards for Public Benefit Entities under Tier 3 PBE standards.

11.3 Measurement Basis

The Company will follow generally accepted international accounting principles for reporting of earnings and financial position.

11.4 Specific Accounting Principles

The following are principles which will have a significant effect on the measurement of financial position:

- Accounts Receivable are stated at their expected realisable value after writing off any known bad debts and providing for doubtful debts.
- Investments are valued at the prevailing market value.
- Fixed assets are recorded at cost, less accumulated depreciation.
- Any liability for overseas funding of equipment, systems or services is based on the prevailing exchange rate as at balance date.
- Where intangible assets are purchased, such as intellectual property, these are capitalised and written off on a straight line basis over their expected life, but no greater than four years.
- All assets are depreciated over their expected useful lives. Depreciation is provided on a diminishing value basis over the estimated useful life, at the same rate as is allowed by the Income Tax Act 1994.

- It is not envisaged that the Company will hold inventories, other than those that might relate to providing information services to a number of parties. They will be valued at net realisable value.
- Taxation will be provided as required in line with relevant legislation.
- In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the office of the Auditor General will be responsible for the audit of the Company's financial statements.

12. Distributions to Shareholders

The Company is not expected to make profits that would ordinarily be distributed by way of dividends. Any surplus funds (after tax) remaining from an activity or the annual operations of the Company shall be carried forward to the ensuing year and may be used to reduce service costs, invest in further developing other services, and/or as the Directors may decide.

13. Information to be Provided to Shareholders

The Company will deliver the following statements to shareholders:

- On a three monthly basis the Financial Position and Cashflow.
- Within two months of the end of the first half of the financial year: Financial Performance and Financial Position.
- Within three months of the end of the financial year the following audited statements: Financial Position, Movements in Equity, Cashflows, Service Performance plus a summary of how the Company has tracked against its objectives and prospects for the next financial year, and a report on the Company's medium to long term plans.
- Six monthly summaries of project activities included in Half Yearly and Annual Reports.

14. Procedures for the Purchase and Acquisition of Shares

The Board will give approval before BOPLASS Ltd subscribes for, purchases or otherwise acquires shares in any company or other organisation, which is external to the group.

15. Activities for Which the Board Seeks Compensation

The ongoing activities to identify, develop, procure Shared Services will be budgeted for in advance, subject to a business case and either funded by individual councils without BOPLASS Ltd involvement, or agreed by the Board to be funded by BOPLASS Ltd with consequent recovery from participating councils.

Shareholding councils will make a contribution to the operational costs of the Company on an annually agreed basis.

The Company will also seek contributions by way of a levy or administration charges on services provided or administered. In determining an appropriate charge, the Directors may take into account the cost of running the Company, its future operational requirements, the nature and cost of the service provided, benefits achieved and councils' ability to pay.

The Company may provide services (at a cost recovery or a cost plus basis) to other non-shareholding councils within or beyond the region. Any surplus from such activity will be used to either reduce service costs and/or invest in further developing of that or other services, as agreed by the Advisory Group and by the Board.

16. Value of Shareholder's Investment

The Directors estimate that, at this stage, BOPLASS Ltd has limited commercial value. As each shareholder's investment in BOPLASS Ltd is less than \$20,000, the Board believe that fairly represents the value of their investment. The Directors will reassess the value of this shareholding on or about the 1st of March each year.

17. Financial Forecasts

The Forecast Financial Statements for the years 2021-2024 are included (Appendix A).

The Aerial Photography revenue/expenses reflects the flying programme determined by the participating councils which includes interim flying programmes and extensive region-wide flying programmes over the next five years.

A continued increase in Recoveries has been forecast to reflect the direct recovery of purchases made on behalf of councils through Joint Procurement projects.

It is the company's intention to always fully recover costs incurred on behalf of participating councils.

Appendix A

SOI Forecast 2021/24	Budget 2020/21	Forecast 2021/22	Forecast 2022/2023	Forecast 2023/2024
REVENUE				
Revenue - Core	274,510	306,339	313,992	321,837
Bank Interest Received	1,000	200	200	200
Council Contribution	273,510	306,139	313,792	321,637
Revenue - Projects	1,533,000	1,199,000	1,511,500	1,211,000
Aerial Photography Income	600,000	300,000	600,000	300,000
Bank Interest Received	16,500	6,000	4,000	4,000
Collaboration Portal	75,000	45,000	50,000	55,000
Lease Income - ICN	135,000	135,000	130,000	125,000
Lease Income - Video Confer.	30,500	30,500	25,000	25,000
Rebates	6,000	2,500	2,500	2,000
Recoveries	670,000	680,000	700,000	700,000
Total Operating Revenue	1,807,510	1,505,339	1,825,492	1,532,837
EXPENSES				
Expenditure - Core	383,650	374,950	385,070	396,453
ACC	1,000	800	850	900
Accommodation & Travel	1,500	2,000	2,100	2,200
Accounting & Audit	17,500	20,700	21,300	22,000
Administration	15,300	17,300	17,500	18,000
Amortisation	8,000	5,000	7,700	8,700
Bank Fees	400	200	200	200
Conferences	2,000	2,000	2,100	2,200
Depreciation	650	650	650	650
Directors costs	18,000	21,000	21,000	23,000
Fringe Benefit Tax	7,000	3,500	4,000	4,000
General & Catering	2,000	2,000	2,200	2,400
Health and Safety	1,000	1,000	1,000	1,000
Insurance	9,000	9,500	10,500	12,000
Interest Paid - TCC Loan	500	500	500	500
Legal	2,000	2,000	2,000	2,000
Salaries	285,000	278,000	282,170	286,403
Salaries - C'Portal Opex	-12,000	-16,500	-16,500	-17,000
Staff Support Costs	16,500	17,000	17,500	18,500
Staff Training Costs	2,000	2,000	2,000	2,500
Subscriptions	1,000	1,000	1,000	1,000
Tax Advice	5,300	5,300	5,300	5,300
Expenditure - Projects	1,423,860	1,130,389	1,440,422	1,136,384
Aerial Photography Expense	600,000	300,000	600,000	300,000
Collaboration Portal Opex	26,150	26,119	27,122	27,884
Lease Expense - ICN	129,100	129,600	124,800	120,000
Lease Expense - Video Confer.	28,610	28,670	23,500	23,500
Projects - Recoveries	640,000	646,000	665,000	665,000
Total Operating Expenditure	1,807,510	1,505,339	1,825,492	1,532,837
Operational Surplus/ (Deficit) before Tax	0	0	0	0

Completed Joint Procurement Projects

Requiring ongoing management for performance, renewal or replacement:

- Collective Geospatial training
- Aerial Imagery
- Provincial Growth Fund co-funding for LiDAR Capture
- Antenno community engagement app
- Insurance Valuations
- Contractor online inductions
- Eastern BOP Electricity
- Health and Safety Management Software
- Solid Waste Management
- Insurance Forums
- Asbestos protocols
- Sustainable Public Procurement
- Health and Safety Benchmarking
- Council Library and cloud services
- Inter-Council Network (ICN) review, redesign and renegotiation
- Debt Collections
- Collaboration Portal
- Capital Construction and Civil Works Projects
- Inter-LASS collaboration
- Spark Fortigate Firewall Services
- Evolution Networks Wireless WAN
- Office supplies
- Banking
- Postal services
- Courier services
- Fuel
- Advertising services
- Travel and accommodation services
- Air travel
- Insurance brokerage
- Risk management
- N3/GSB
- GIS software
- Health insurance
- Security services
- Antivirus software
- Video conferencing
- Above ground asset insurance
- GPS vehicle tracking
- Archaeological services
- Telephony – voice, data, mobile
- Reprographic – printers/copiers
- Media monitoring services
- EFTPOS services
- Historical imagery digitisation
- Online services
- Internal audit services
- Health and safety training services
- Risk management workshops
- Infrastructure Insurance
- Collective H&S training
- EMA membership
- Environmental insurance
- Print Media Copyright Services
- Health and Safety software
- Tender Facilitation
- Regional LiDAR Capture
- Standards NZ
- Accounts Payable Automation Software
- FME Server
- Human Resources Information Systems

Identified Joint Procurement Projects

- Civil works contracts
- Civil works materials
- Infrastructure valuation services
- High volume print
- Electronic document management
- Archives
- Document storage
- Document scanning
- Agenda management software
- ICT security policies
- Business continuity
- IT applications
- Property valuation services
- Telephony platform
- Chemicals
- Digital signatures
- Recruitment/candidate management
- Surveys and research
- Media distribution services
- CD emergency notifications
- Fleet purchasing
- Push wireless
- Fleet management
- Community communication systems
- Lone worker field solutions
- LiDAR acquisition – PGF
- Drug & alcohol testing
- Electronic agenda and minute management
- Occupational health
- Health & Safety training

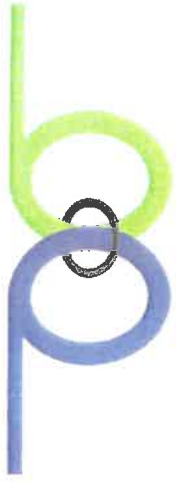
Collaborative Projects

Managed by BOPLASS or by one or more constituent councils:

- IT hosting / IaaS
- Shared datacentre
- Internal audit services
- GIS web services
- Shared licence server
- Contractor H&S prequalification
- Radio telephony strategy
- Collaboration Portal
- After hours call management
- Archive service
- Debt management
- Health and safety auditing
- Inter-council network (ICN)
- Smart cities
- Section 17A reviews
- Video conferencing
- GIS imagery data storage
- Historic aerial imagery
- Sustainable procurement
- Diversion of putrescible waste from landfill
- Civil works projects marketing
- Robotics processing automation
- Civil Defence Emergency Management
- Insurance Valuations
- Inter-LASS collaboration
- Regional waste operator licensing and data collection
- Zoom licencing and group plan

Projects for Consideration

- Rates Collection
- Geospatial services
- Joint software support
- Asset Management
- Web services
- Payroll
- Consents Processing
- CCTV monitoring
- Information Services
- HR Information Systems
- Electronic Document and Records Management System
- Business continuity planning
- Infrastructure development codes
- Solid waste regional facilities strategy
- Building consents
- Regional Civil Defence
- Document digitisation
- Capital Expenditure projects
- Project management office
- Windscreen replacement
- Driver training
- Staff engagement survey systems
- Contractor online inductions
- Centralised insurance resource



BOPLASS Ltd

HALF YEARLY REPORT TO SHAREHOLDERS



Period ended 31 December 2020

"COUNCILS PARTNERING FOR VALUE AND SERVICE"



BOPLASS Chair's Report

It is with pleasure the Directors present their 2020/2021 Half Yearly Report to Shareholders demonstrating the considerable contribution the company makes to collaboration between councils.

The MahiTahi LG Collaboration Portal has continued to add national value in Local Government through providing an easily accessible platform for the sharing of council and project information across a wide audience of councils. This has helped lead towards improved visibility of inter-regional opportunities for collaboration and the sharing of information. Early this year the Regional Council National Alliance Group began migrating to the MahiTahi Collaboration Portal and this will deliver further opportunities for collaboration within specific focus groups. In addition to the national growth, the Portal remains a valuable tool for BOPLASS councils project advisory groups to progress initiatives and share learnings.

With BOPLASS now managing a number of established procurement contracts on behalf of the councils, the Board continues to place importance upon reviewing, renewing or replacing these contracts to ensure appointed vendors remain competitive and continued best value is returned to our shareholding councils.

The significant changes within the global insurance markets brought about by COVID-19, and a record level of natural disaster claims, created a situation where a steadfast focus was required by BOPLASS to actively promote our councils into the markets and ensure quality data was provided to insurers and underwriters. BOPLASS has been extremely successful in this endeavour, with all councils' insurance programmes renewed earlier this year on favourable terms and at competitive rates.

In late 2020, BOPLASS ran a regional tender for aerial imagery which has provided very good outcomes for the councils – both in cost savings and quality and standard of the imagery. While financial benefits were achieved by all councils in the capture and processing of imagery, managing a single tender itself provided significant resource savings to the participating councils.

BOPLASS remains focussed on championing the most effective procurement practices for its councils. As an example of this, BOPLASS was actively involved in submitting to MBIE on the proposed changes to the All of Government (AoG) procurement rules that have the potential to have a significant impact on Local Government entities.

Additional information about current projects is available in the attached report.

We thank staff from the participating councils and acknowledge the support we have received from them.

Yours faithfully

Craig O'Connell

Chair



BOPLASS Ltd
"COUNCILS PARTNERING FOR VALUE AND SERVICE"

HALF YEARLY REPORT TO SHAREHOLDERS

17 FEBRUARY 2021

1 INTRODUCTION

The Local Government Act 2002 requires that the Directors deliver to the Shareholders a report within two months of the end of the first six months of the financial year. The report is required to provide information against the objectives set out in the Statement of Intent. The following report records the objectives of the company and reports on performance against a table of specific performance requirements set out in the Statement of Intent.

2 OBJECTIVES OF BOPLASS LTD

The company exists to provide councils in the Bay of Plenty and Gisborne regions with an umbrella vehicle to investigate, procure, develop and deliver shared services.

Working together with the full support and involvement of staff, we will provide benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

JOINT PROCUREMENT

Being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

SHARED SERVICES

Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

3 GOVERNANCE

In the year to date the governance structure has remained stable with no changes to the Board of Directors or Shareholder Representatives.

4 NATURE AND SCOPE OF ACTIVITIES

The principle nature and scope of the activities of BOPLASS Ltd is to:

- *Use joint procurement to add value to goods and services sourced for its constituent councils.*
- *Facilitate shared services that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.*
- *Pursue best practice in the management of all activities to obtain best value and minimise risk.*
- *Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.*
- *Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.*
- *Represent the collective views of its shareholders in matters with which it is associated.*

5 FUTURE DEVELOPMENTS

BOPLASS Ltd will continue to work on business cases for joint procurement and shared services that may be provided in the region or cross-regionally.

The Board has adjusted its strategy to ensure that BOPLASS is focused on continuing to deliver savings and value to councils through new and existing joint procurement initiatives.

Current feasibility studies for joint procurement and shared services cover but are not limited to:

- GIS;
- ICT strategy and services;
- Joint software support;
- High speed fibre network services;
- Digitalisation Services;
- Accounts payable processing;
- Collaboration Portal;
- Archive services;
- Health and safety;
- Radio-telephony;
- IT datacentre/hosting;
- Regional waste facilities strategy;
- Diversion of putrescible waste from landfill;
- Waste collections licensing and data;
- Insurance valuations;
- Robotic Process Automation.

Other collaborative opportunities may be progressed after the Board has considered individual business cases and formally agreed to take on and deliver (or host/procure etc.) the project.

Joint procurement opportunities will continue to be identified and developed with individual councils engaging under the opt-in principle established by the Board. Joint procurement initiatives will be considered by the Board and/or its advisory groups where there is demonstrated support from two or more member councils.

The Board supports BOPLASS continuing to develop collaboration opportunities outside of the regional boundaries. BOPLASS will continue to proactively explore opportunities to partner with other Local Authorities and shared services organisations within New Zealand where they are developing, or considering developing, cost effective shared services and products that are of value to the Bay of Plenty and Gisborne councils.

BOPLASS development of the Collaboration Portal for the sharing of information on joint procurement or shared services opportunities within the constituent councils identified a number of duplicate projects across councils that present an opportunity for further collaboration. The BOPLASS Collaboration Portal is now used by other LASS, councils and local government organisations and provides an opportunity to assist with the identification and management of inter-regional collaboration opportunities. BOPLASS will continue to develop the Collaboration Portal and make it available to the wider local government community.

The BOPLASS Operations Committee will continue to manage responsibility for regular monitoring and governance of operational aspects of BOPLASS projects, allowing the Board to primarily focus on supporting the strategic development of the organisation. The committee members will also be responsible for identifying additional BOPLASS projects that add value to the shareholding councils and advocating these projects within their respective councils.

6 PERFORMANCE TARGETS

To ensure the company continues to operate effectively in both governance and management terms over the next three years the current SOI targets are to:

- Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.
- Investigate new joint procurement initiatives for goods and services for BOPLASS councils.
- Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.
- Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.
- Communicate with each shareholding council at appropriate levels.
- Ensure current funding model is appropriate.

The Board believes that all targets are being achieved or are on-track to be achieved, as is demonstrated by the following list of current initiatives.

7 CURRENT INITIATIVES

The following initiatives have been under consideration or operating during the first part of the year:

HIGHLIGHTS

- E-Plan Development – BOPLASS councils are required to move current operative plans to an online environment by 2023. BOPLASS is reviewing current providers to explore collaborative options and opportunities to leverage a collective group rate.
- GIS Regional Technical Support – The majority of core GIS software used within councils is now procured through collective BOPLASS agreements. However, there are a variety of support models in place with most support currently being provided on an ad-hoc basis. BOPLASS is investigating the opportunity to negotiate a discounted enterprise support agreement covering all councils and providing an improved model for sharing of information and learnings across the GIS teams.
- Aerial Imagery – BOPLASS has managed a collective regional tender for orthophotography with aerial capture being undertaken during the summer of 2020-21. The tender received strong competitive interest with the awarded contract providing substantial savings and efficiencies for all participating councils.
- BOPLASS LiDAR – LiDAR capture is being undertaken under a separate contract to the aerial imagery but during an overlapping period. This contract is being managed by BOPLASS and completed with assistance from the Provincial Growth Fund.
- Video Conference Services – BOPLASS has continued to develop Zoom and meeting room video conference services across the councils. While these services proved invaluable during lockdown, there has been continued growth and usage. Further work is being undertaken to ensure participating councils continue to have a reliable and secure service.
- AoG Submission – MBIE recently undertook public consultation on extending the Government's Procurement Rules to local government entities. BOPLASS worked with other LASS, councils and SOLGM to review the MBIE proposal and submit feedback to ensure efficient procurement can continue to be undertaken by BOPLASS councils.
- Inter-Council Network review and redesign – A tender is being undertaken to complete a review of vendors and configuration of services to further reduce costs for the high-speed inter-council network.
- Print Media Copyright Agency (PMCA) – A collective contract providing savings for all BOPLASS councils has been renewed with PMCA for councils' print and media copyright services.
- GIS Software and Services – A number of key contracts for councils' geospatial software have been reviewed and renewed through collective BOPLASS agreements.
- Driver Training – BOPLASS is investigating options for appointing a preferred provider for driver training services.
- Cross-Regional Licencing of Waste Operators and Waste Data Collection – this project is being undertaken in conjunction with the Waikato group of councils. Initial scoping has been completed and the project team is now developing options for the establishment of an entity to collectively manage licensed operators and data collection across the BOPLASS and Waikato regions. The project includes engagement with the Ministry for the Environment and WasteMINZ to ensure that the proposed approach is aligned with national strategies.

- Contractor and Employee H&S Inductions – A project is underway to develop a common platform and standard for the development and management of H&S inductions – for both staff and contractor purposes. In addition to the financial savings, a common platform would also provide an opportunity for the single development of modules that could be used across multiple councils.
- Media Monitoring Service – BOPLASS continues to manage a collective media monitoring service with Isentia that automatically monitors and reports on broadcast, print and social media based upon council requirements. The single BOPLASS portal provides substantial savings to councils while also providing a significant reduction in internal resource requirements. This service has proven to be invaluable for councils during the pandemic.
- Health and Safety Advisory Group – The BOPLASS and Waikato LASS Health and Safety groups are collectively developing policies and protocols, significantly reducing the resources required by individual councils and helping ensure common standards and best practice are established across the greater region.
- Treasury/Finance staff – BOPLASS co-ordinated presentations and workshops with senior NZ economists to better inform councils on the financial impact of COVID-19 on local communities and the national economy.
- GIS Technical Group – A GIS Technical Group has been established to facilitate sharing of information and skills at a practitioner level within BOPLASS councils.
- Infrastructure Insurance – Councils infrastructure insurance was renewed in late 2020 through direct placements into the London markets – with very good outcomes achieved for all councils. Due to an unprecedented level of international natural disaster claims, markets have become extremely cautious about the risk they are prepared to write. The high standard of the information being provided by BOPLASS councils and our historical relationships with the international markets have proven to be a strength for us at renewal time.
- Insurance Workshops – Market Changes – As the insurance markets become more difficult and more expensive to access, there is a need for councils to review the types of cover they purchase, the levels of cover, and the levels of deductibles. BOPLASS is engaging with our insurance brokers to develop workshops for key council staff that will become more involved in these decisions as global insurance markets continue to harden.
- Insurance Risk Loss Modelling – A project has been undertaken to review and update councils' loss modelling and loss limits to ensure appropriate insurance levels are in place for infrastructure, material damage and business interruption cover.
- Insurance Valuations – A collective project to complete reviews of councils' asset valuation processes is underway to ensure a consistent and accurate valuation methodology is used across all councils. This is essential in securing competitively priced insurance and for maintaining full coverage.
- MahiTahi Collaboration Portal – The Collaboration Portal continues to support opportunities for collaboration between New Zealand local government organisations. Membership and the number of projects has continued to grow. BOPLASS is currently assisting the regional council national alliance group to migrate their collaboration platform onto the MahiTahi Collaboration Portal.
- Inter-LASS collaboration – A number of procurement projects are underway covering multiple LASS and benefitting from the increased volumes. Collaboration across the regions is driving greater efficiencies within projects under consideration by more than one LASS and allows the projects to be better resourced.

- **Communication** – BOPLASS continues to regularly engage with our constituent councils, senior management and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders.
- **Viability of Current Funding Model** – The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.

8 FINANCIAL REPORTS

8.1 Financial Support and Accounting Services

Accountancy services and support continue to be provided by Tauranga City Council.

8.2 Accounting Policies

The company is compliant with the accounting policies stated in the Statement of Intent.

8.3 Tier 2 PBE Accounting Standards Applied

The financial accounts are prepared with application of Tier 2 accounting standards.

8.4 Financial Reports

Financial Reports for the period to 31 December 2020 are attached.

8.5 Variations

Included are the service-related payments for services accessed by councils.

The organisation is operating within budget and has achieved a reasonable revenue stream for the first half of the year.

The organisation carries an operating deficit due to the prior year's adjustment for Tax Payable and Receivable.

Aerial photography revenue and expenditure remain lower than budget due to delays in the initial flying of LiDAR capture and incremental cost savings made with the 2020 aerial imagery tender.

Collaboration Portal revenue will increase as additional councils are on-boarded in the following six months.

Variances with Project Recoveries revenue and expenditure are due to project and invoice timing.

9 STAFFING, ACCOMMODATION AND SUPPORT

Staff

Staffing levels are unchanged with a part-time administrator continuing to provide additional project support and management of existing activities.

Accommodation and Support

We continue to appreciate the office space provided at Tauranga City Council and the support that is offered for IT and Accounting services. Although there is a monthly fee there is still a contribution in kind.

BOP LASS LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE MONTH ENDED 31 DECEMBER 2020

	Actual YTD	Budget YTD	Total Budget	YTD Variance
REVENUE				
Revenue - Core	139,172	137,255	274,510	1,917
Bank Interest Received	48	498	1,000	-450
Council Contribution	139,124	136,757	273,510	2,367
Sales of Service	0	0	0	0
Revenue - Projects	768,150	1,364,250	1,533,000	-596,100
Bank Interest Received	2,066	8,250	16,500	-6,184
Aerial Photography Income	116,659	600,000	600,000	-486,341
Collaboration Portal	31,200	75,000	75,000	-43,800
Lease Income - ICN	65,211	67,500	135,000	-2,289
Lease Income - Video Confer.	47,912	30,500	30,500	17,412
Recoveries	501,758	580,000	670,000	-78,242
Rebates	6,345	3,000	6,000	3,345
Total Operating Revenue	907,322	1,501,505	1,807,510	-594,183
EXPENSES				
Expenditure - Core	201,811	186,530	383,650	15,281
ACC	559	1,000	1,000	-441
Accommodation & Travel	745	1,500	1,500	-755
Accounting & Audit	2,649	17,500	17,500	-14,851
Administration	7,161	7,650	15,300	-489
Amortisation	2,208	4,004	8,000	-1,796
Bank Fees	132	202	400	-70
Conferences	0	1,004	2,000	-1,004
Depreciation	153	326	650	-173
Directors Costs	8,928	9,000	18,000	-72
Fringe Benefit Tax	1,436	3,500	7,000	-2,064
General & Catering Expenses	615	1,004	2,000	-389
Health & Safety	14	1,000	1,000	-986
Insurance	9,453	9,000	9,000	453
Interest Paid – TCC Loan	0	500	500	-500
Legal	0	2,000	2,000	-2,000
Salaries	138,647	114,540	285,000	24,107
Salaries – Projects Opex	-11,020	-12,000	-12,000	981
Staff Support Costs	9,973	16,500	16,500	-6527
Staff Training Costs	7,522	2,000	2,000	-5,522
Subscriptions	1,616	1,000	1,000	616
Tax Advice	500	5,300	5,300	-4,800
Tax Expense – Prior Years	20,521	0	0	20,521
Expenditure – Projects	723,578	1,299,308	1,423,860	-575,730
Aerial Photography Expense	113,659	600,000	600,000	-486,341
Collaboration Portal Opex	10,420	26,150	26,150	-15,730
Lease Expense - ICN	57,628	64,548	129,100	-6,920
Lease Expense – Video Confer.	44,484	28,610	28,610	-15,874
Projects - Recoveries	497,387	580,000	640,000	-82,613
Total Operating Expenditure	925,388	1,485,838	1,807,510	-560,450
Operational Surplus / (Deficit) before Tax	-18,067	15,667	0	-33,734

See 8.5 for variances

**BOP LASS LTD
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 2020**

	Actual YTD
Current Assets	
Cheque Account	\$118,468
Trust A/c Aerial Photography	\$498,292
Term Deposit – #1	\$300,000
Term Deposit – #2	\$250,000
Term Deposit – #3	\$250,000
Trade Debtors	\$89,034
Accrued Revenue	\$108,988
Tax Payable (Tax Receivable)	\$9,777
Prepayments	\$0
Total Current Assets	\$1,624,559
Non-current assets	
Intangible - Computer Software	\$79,175
Amortisation	(\$64,489)
Computer Equip at cost	\$3,995
Computer Equip depreciation	(\$3,289)
Office equip at cost	\$0
Office equip depreciation	\$0
Total Non-current assets	\$15,393
TOTAL ASSETS	\$1,639,952
Current Liabilities	
Trade Creditors	\$53,626
Accrued Expenses	\$20,321
GST Collected, Paid, Payments/refunds	\$2,695
Retentions	0
Accrued Salaries and Wages	\$6,200
Accrued Leave Entitlements	\$23,398
PAYE Accruals Payable	\$8,297
Income in Advance	\$1,508,586
TCC Loan	\$0
Total Current Liabilities	\$1,623,122
TOTAL LIABILITIES	\$1,623,122
NET ASSETS	\$16,830
Equity	
Current Year Earnings	(\$18,067)
Retained Earnings	(\$69,146)
Share capital	\$99,002
TOTAL EQUITY	\$11,789

Meeting: Extra-ordinary Council

Meeting Date: 11 May 2021

Subject: Adoption of Documents for Proposed Long Term Plan 2021 - 2031

File No.: 110553

1 **Background**

Council is required to consult on its proposed long term plan by using a consultation document (CD). Supporting information such as draft strategies, policies and proposed levels of service must be separately adopted and also made available to the public during the special consultative procedure.

Some, such as the funding and financial policies, must be made available for public consultation in their own right. Underlying information which informs the development of the CD should also be adopted by Council.

The purpose of this report is to:

- present and adopt the Consultation Document for the 2021 – 31 Long Term Plan and its supporting documents for consideration,
- outline the legislative requirements in relation to each of the documents,
- recommend that Council adopts the documents for the required next step in the procedure toward making the 2021 – 2031 Long Term Plan.

2 **Considerations**

The supporting documents and underlying information for Council's Consultation Document are listed below. Each is attached to this report.

Attachment number	Document name
1	Significant Forecasting Assumptions
2	Performance Management Framework 2021 - 24
3	Financial Strategy (2021 - 2031)
4	Infrastructure Strategy (2021 - 2031)
5	Revenue and Financing Policy
6	Financial Contributions Policy
7	Rates Remission and Postponement Policies
8	Consultation Document for Draft 2021 – 2031 Long Term Plan

Attachments 1 – 8 are revisions of Council documents adopted as part of the 2018 - 2031 Long Term Plan process. All but the Consultation Document have been reviewed and/or considered by Elected Members.

The supporting documents and underlying information have to be adopted for consultation or adopted – with no consultation required.

The Consultation Document must be adopted for commencement of the special consultative procedure.

Each document or group of documents is discussed below:

Asset Management Plans - These documents have been updated and reviewed by the auditors. They provide the underlying information for the planned renewals over the next 10 years. Staff will include the documents in the 25 May 2021 Council agenda for adoption

Significant Forecasting Assumptions (Attachment 1) – This document lists what assumptions that have been made for the preparation of the 2021 – 2031 Long Term Plan

Performance Management Framework (Attachment 2). The proposed performance management framework required no significant amendment as a result of the audit process.

Financial Strategy (Attachment 3). The purpose of a financial strategy is to facilitate prudent financial management by providing a guide to consider proposals for funding and expenditure against, and to provide a context for consultation on funding and expenditure proposals by making the effects of those proposals on Council's services, rates, debt and investments transparent. The strategy has been subject to some changes as a result of audit.

Infrastructure Strategy (Attachment 4). The purpose of an infrastructure strategy is to identify significant infrastructure issues over a 30 year period. The attached strategy has also undergone amendment as a result of the audit process. If satisfied with the strategy, it is appropriate that Council should adopt it.

Draft Funding and Financial Policies (Attachments 5 - 7). These documents comprise: Revenue and Financing Policy, Financial Contributions Policy and the Rate Remissions and Postponement Policy. The Act requires that Council adopts draft funding and financial policies for consultation. The documents will be advertised as being open to consultation, made available on Council's website and given to any member of the public during the consultation period on request.

Consultation Document (Attachment 8). The purpose of a consultation document is to fairly represent the matters proposed in the long term plan, by presenting these in a way that explains their impacts and is readily understood by interested/affected people. It must identify and explain the important issues and choices facing Council and the consequences of those choices, and inform discussions between Council and the community about those matters.

A CD has been developed to include the content required by the Act and reflect the matters for consultation. It has been subject to a rigorous audit process.

The Consultation Document is required to have an audit opinion which is an independent review on whether the document fairly reflects what is proposed for the 2021 – 2031 Long Term Plan, is reasonable and includes the necessary legislative requirements.

Council's auditors have signalled for the audit opinion that there will be an emphasis of matter for:

- The 3 waters activities as these have been included in the LTP as continuing to be council activities – most councils have this included in their opinion
- The condition of Council's assets (Wastewater and stormwater pipes) as there is not enough information to reasonably assess their condition

The auditors have also stated the opinion will be qualified because the Long Term Plan currently includes NZTA subsidy revenue for the stormwater activity. These activity costs have always been paid by NZTA in the past. However, staff are currently discussing with NZTA whether they will continue to fund some of these costs in future.

Council is asked to consider the document closely and if satisfied, to adopt it for commencement of the special consultative procedure.

3 Significance and Engagement

The proposed consultation period is from 14 May to 14 June 2021. Specific consultation initiatives include:

- The CD will be delivered to every household in Kawerau.
- Council's consultation partners and any other organisations nominated by Council will be sent a copy of the CD and invited to make a submission.
- The draft funding and financial policies will be advertised as being open to consultation, prominently displayed on Council's website and given to any member of the public on request.
- The CD, other supporting documents and submission form will be prominently displayed on Council's website and available in hard copy form on request.
- Articles and media releases will be written for the Council newsletter and other local media.
- There will various meetings with interest groups during this consultation period as well as consult a councillor sessions

Council will hear submissions at an Extraordinary Meeting on 22 June 2021 and determine responses to submissions at the Council meeting on 29 June 2021. The final long term plan will be adopted on 27 July 2021.

4 Financial Considerations

Council's strategic planning function is met within existing estimates.

5 Legal Considerations

Before adopting the Consultation Document and supporting documents, Council will need to be satisfied that these comply with the statutory requirements in terms of required content and process. Staff have worked with Audit NZ to ensure compliance in both respects and comments from the audit indicate that all requirements have been met.

6 Conclusion

Council is presented with eight documents which form much of the content of Council's proposed 2021 – 2031 Long Term Plan. All have been developed in accordance with required statutory procedures and incorporate recommendations from audit by Audit NZ.

It is appropriate that Council now considers these documents, and adopts them as required by the Local Government Act to either formalise and make available for public information, or to commence the consultative procedure.

7 RECOMMENDATIONS

1. That the report "Adoption of Documents for Proposed Long Term Plan 2021 - 2031 " be received; and
2. That Council adopts the proposed Performance Framework for 2021 - 24; and
3. That, pursuant to sections 101A and 101B of the Local Government Act 2002, Council adopts the Financial Strategy (2021 - 2031) and the Infrastructure Strategy (2021 - 2031) as presented; and
4. That all of the above documents are made available during the special consultation period, on request, to members of the public; and
5. That, pursuant to section 102(1) - (4) of the Local Government Act 2002, Council adopts the following draft funding and financial policies, as presented, for consultation:
 1. Draft Revenue and Financing Policy;
 2. Draft Financial Contributions Policy;
 3. Draft Rates Remissions and Postponement Policies

6. That, pursuant to section 93 of the Local Government Act 2002, Council adopts the Consultation Document for the 2021 – 2031 Long Term Plan for commencement of the special consultative procedure, with submissions closing at 12.00 noon on Monday 14 June 2021; and
7. That Council hears and considers any submissions to the Consultation Document at an Extraordinary Council meeting on 22 June 2021.



Peter Christophers

Manager Finance and Corporate Services

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Significant Forecasting Assumptions – 2021 to 2031

Financial estimates form part of the Long Term Plan. These estimates are based on assumptions about future conditions and events, which may or may not occur. A financial estimate's quality is therefore dependent on the appropriateness, completeness and reasonableness of the underlying assumptions as well as on the underlying information. Actual results may differ from these assumptions and variations may be material. The information in these financial statements is initially for the purpose of Council consulting with the community on the spending priorities outlined in the Long Term Plan.

The Local Government Act requires these assumptions to be disclosed. This allows the readers to make their own judgement on the assumptions' quality and reliability. To further assist readers make an informed judgement, it is also necessary to provide information about the sensitivity (to change) of financial estimates.

The assumptions made in preparing the forecasts are discussed below.

1. Useful Lives of Significant Assets

The following table lists the estimated economic life of Council significant assets:

Class	Asset	Life (years)
Operational	Buildings	5-50
	Computers/electronic office equipment	3-5
	Fixtures, fittings and equipment	5-50
	Plant (vehicles)	5
	Library lending matter (excluding special collections)	7
	Special Collections	Not depreciated
Infrastructural	Transport Management:	
	Street lighting	5-50
	Kerb, channel and footpath	5-100
	Pavement surface	3-20
	Pavement structure	5-80
	Stormwater	5-100
	Water Supply:	
	Collection and storage	5-80
	Local distribution	5-100
	Wastewater:	
	Reticulation system	5-80
Pumping and treatment	5-80	
Restricted	Buildings and Other	5-25

The Local Government Act describes these financial estimates as being based on assumptions that 'involve a high level of uncertainty'. The Act requires an Auditor to provide an audit report on the long term plan and this attestation specifically covers the quality of the information and assumptions that underlie the forecast information.

The Long Term Plan must clearly identify:

- All the significant forecasting assumptions and risks underlying the financial estimates
- The assumptions of the Council concerning the useful lives of significant assets and the sources of funds for future replacement of those significant assets
- In any case where significant forecasting assumptions involve a high level of uncertainty, the fact of that uncertainty and an estimate of the potential effects of that uncertainty on the financial estimates provided

NOTE: It is assumed that assets will be replaced at the end of their useful lives

Risk: Useful lives of assets are greater (or less) than the estimate
Likelihood: Low (Council has recently reviewed the lives of its assets)
Impact: That the current ratepayers will contribute more (or less) towards the cost of those assets than other generations of ratepayers. Council endeavours to achieve inter-generational equity for the cost/renewal of assets over their useful lives

2. Sources of Funds for Future Replacement of Significant Assets

Council funds the depreciation for all its significant assets. These funds are put into reserves and used for the replacement of significant assets. However, some buildings are considered non-strategic and the depreciation is not funded, mostly because the level of utilisation is significantly below the buildings' capacity. As a result, it is unlikely these buildings would be replaced in their present form. Also their replacement may be by rented accommodation or by buildings funded by way of loans and/or grants. The advantage of not funding depreciation on these buildings is that the community is not rated for depreciation on assets that are unlikely to be replaced with buildings of equivalent value.

Buildings that are unlikely to be replaced in their present form and therefore their depreciation is not funded, include: Council Buildings (including Town Hall, Concert Chamber, Library/Museum and Offices), Tarawera Park Amenity Building, Recreation Centre, Swimming Pool, Depot and Pensioner Houses.

Other sources of capital funding include NZTA subsidies, as outlined in assumption No. 5, and internal loans.

Risk: That the community wants the non-strategic assets renewed in their present form and there are not other funding sources available for their renewal
Likelihood: Medium
Impact: Minimal. That Council will need to raise loans to fund the renewals to these non-strategic buildings

3. Projected Growth Change Factors (population and development)

The census in 2018 put Kawerau's population at 7,460. Later projections by Statistics NZ have estimated Kawerau's population for 2019 to be 7,600 and 7,750 for 2020.

Further population projections provided by Statistics New Zealand indicate Kawerau's projected population in 2033 it will be 8,000. Previous projections had the population declining after a couple of years of small growth. However, due to a number of factors including: the impact of COVID-19, increased cost of housing in other centres, more job opportunities (in the wider area) and ongoing economic development initiatives, the population is projected to continue to rise for at least the next 12 years. The population projections also shows that over the next 10 years (from 2021 to 2033) Kawerau's young people (under 20) will reduce by 10.8% while the people that are over 65 will increase by 51.0%.

Council is through its economic development initiatives and strategies, is promoting growth in the district. There have been some industrial developments occurring in recent years with others at the conception stage which has increased the availability of jobs and correspondingly the population for the district.

Also the lower cost of living and increased quality of life when compared to living in larger centres, are other reasons why the district will continue to be a desirable place to live.

The existing infrastructural network will cope with a District population of at least 10,000. Growth is monitored to determine any potential additional demand on infrastructural services. It is not anticipated that the current level of service will change over the period of the 2021 - 2031 Long Term Plan.

Risk: That the population projections are not correct
Likelihood: Medium

Impact: Minimal. There is sufficient capacity in the infrastructure to cope with a much higher population than current.

4. Cost Factors (inflation)

The forecasts in this Plan have been adjusted for inflation using projections of price level change adjustors specifically for local government costs. These have been prepared for the Society of Local Government Managers by Business and Economic Research Limited (BERL) and are listed in the table below.

Inflation adjusters: Percent change per annum

Year ending	Roading	Property	Water	Energy	Staff	Other
June 2022	3.3%	2.2%	7.2%	7.2%	4.8%	1.7%
June 2023	3.1%	1.9%	3.4%	3.4%	2.4%	2.0%
June 2024	3.0%	1.7%	2.1%	2.1%	1.5%	2.0%
June 2025	2.9%	1.6%	2.3%	2.3%	1.7%	1.9%
June 2026	2.9%	1.6%	2.6%	2.6%	2.0%	1.8%
June 2027	2.9%	1.4%	2.3%	2.3%	2.2%	1.8%
June 2028	2.9%	1.6%	3.0%	3.0%	2.3%	1.7%
June 2029	2.9%	1.7%	3.3%	3.3%	2.4%	1.7%
June 2030	2.9%	1.6%	3.3%	3.3%	2.6%	1.7%
June 2031	2.9%	1.3%	2.7%	2.7%	2.7%	1.6%

Source: BERL Oct 2020

Risk: That the actual inflation adjusters are different to what is projected
 Likelihood: Medium
 Impact: Minimal. Council will amend its budgets as part of preparing each annual plan if needed

5. New Zealand Transport Agency (NZTA) Subsidy Rates

NZTA contributes significantly to the costs of maintaining and renewing roads. The assumption has been made that when roads are due for renewal, NZTA will contribute towards the cost on the currently agreed rates.

The agreed subsidy rates is:

2021 to 2031: 75%

For the purposes of providing estimates this subsidy rate has been used. The budgeted land transport subsidies for the period of this plan are outlined in the table below:

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
1,107,530	956,610	1,011,360	824,150	847,720	872,040	897,100	922,930	949,560	977,010

Risk: Reduction in subsidy rate
 Likelihood: Low (recently reviewed by NZTA)
 Impact: See table below

Sensitivity in subsidy revenue to a 5% change in subsidy rates

The following table shows the impacted to revenue if there is a 5% change in the subsidy rates:

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2029/30
Amount (\$)	73,835	63,774	67,424	54,943	56,515	58,136	59,807	61,529	63,304	65,134

Council would continue the existing level of service if the subsidy rate was reduced by up to 5%. The shortfall would be funded from rates, which would add up to a further 0.7% increase to Council's rates for 2021/22.

If NZTA stopped subsidising roading entirely, Council would need to consult with the community about different service levels and the costs of maintaining roads at those different levels. If the projected subsidy for 2021/22 had to be funded from rates, this would add a further 10.3% to total rates. Council considers this to be very unlikely.

6. New Zealand Transport Agency (NZTA) Funding for Storm-water

NZTA has to date contributed towards the cost of storm-water operating and capital costs. The rationale has been that this activity is solely to address storm-water that comes from the roads and also impacts the roading network.

The assumption has been made for the Long Term Plan that NZTA will continue to fund these costs at the current rates.

The budgeted subsidy rate is: 75% - for 2021 to 2031

For the purposes of providing estimates, this subsidy rate has been used. The budgeted storm-water subsidies for the period of this plan are outlined in the table below:

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
226,500	553,320	579,660	606,150	633,300	661,100	689,510	718,500	748,730	780,240

Risk: NZTA will cease providing subsidy for storm-water costs
Likelihood: Medium (currently being reviewed by NZTA)
Impact: Council would need to consult with the community about different service levels and the costs of maintaining storm-water at those different levels. Council could fund these amounts from depreciation reserves and rates. The additional cost of funding the local share of operating costs and the non-funded depreciation would increase rates by 2.0% to 2.1% annually.

7. Revaluation of Non-current Assets

Council's current accounting policy is that Infrastructural assets (including land and buildings) are revalued on a three-yearly basis. The last revaluation was as at 30 June 2019. Under the current policy, revaluations will occur as at 30 June in the years 2022, 2025, 2028 and 2031. The effect of the revaluations has been estimated using the forecasts of price level change adjusters prepared for the Society of Local Government Managers by Business and Economic Research Limited (BERL).

Risk: That the actual revaluation and the consequential depreciation expense is materially different
Likelihood: Medium
Impact: Minimal. Council will amend the depreciation budgets accordingly

8. Forecast Return on Investments

The interest rates on invested funds assumed for the ten-year planning period are shown in the table below. These are based on interest rates on current investments as at March 2021 and the projected rates

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Interest rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Average investments	3,345,340	3,973,290	4,726,200	6,113,330	7,039,360	5,210,430	3,180,020	3,306,570	3,488,190	3,830,930

Risk: Change in rate
Likelihood: High
Impact: See table below

Sensitivity in interest revenue to a 1% change in interest rates

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
33,450	39,730	47,260	61,130	70,390	52,100	31,800	33,070	34,880	38,310

9. Expected Interest Rates on Borrowing

During the period of the Long Term Plan Council anticipates it will raise \$12 million in external loans for water pipe renewals and has included the cost of this borrowing in the estimates.

Council has also established reserves to fund renewal. Internal borrowing is used for new capital works or for renewals where there are insufficient reserve funds available. The primary objective of funding internally is to use reserves efficiently and create operational savings by eliminating the interest rate margin between investments and borrowing externally.

The parameters applying to Council's internal loans are:

- The term will be determined after considering the useful life of the new capital project and the availability of reserve funds over the anticipated term of the internal loan.
- Principal amounts are repaid in monthly instalments. Amounts are agreed upon at the commencement of the loan and determined on a table mortgage basis.
- Interest is charged to the activity centre based upon the average rate of Council's investments on the date it resolves to lend internally.
- Council has the ability to reset interest rates annually during the preparation of the Long Term Plan or Annual Plan

It is anticipated that external borrowing will be done through NZ Funding Agency, and internal borrowing will be from Council's depreciation reserves. The expected interest rates on internal borrowing is forecasted interest rates for investments and the interest rate for external borrowing is the rate which LGFA is currently lending funds. The table below shows the respective interest rates:

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Interest rate (internal)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Interest rate (external)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Average borrowing (\$)	1,993,924	3,981,620	5,962,950	7,937,720	9,905,780	11,866,970	11,827,190	11,786,410	11,744,610	11,701,770

Risk: Change in rate
 Likelihood: Medium
 Impact: See table below

Sensitivity in interest expense to a 1% change in interest rates (external)

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
19,940	39,820	59,630	79,380	99,060	118,670	118,270	117,860	117,450	117,020

NB There is no risk to a change in the interest rate for internal borrowing as this is set by Council

10. Climate Change and Natural Disasters

NIWA's climate change projections for New Zealand projects the following for the Bay of Plenty Region:

- the projected Bay of Plenty temperature changes increase with time, and future annual average warming spans a wide range, 0.5-1.0°C by 2040, and 1.0-3.5°C by 2090;
- the area closest to the East Cape warms the least, with annual warming of 1.5-2.0°C compared with 2.5-3.5°C for most of the region under RCP8.5 by 2090;
- the average number of hot days and extreme hot days is expected to increase with time and scenario, with the largest increase in the central part of the region and the least increase in the eastern hill country;
- the number of frost days is expected to decrease throughout the region, with the largest decreases expected in inland areas
- the number of heavy rain days (i.e., days where the total precipitation exceeds 25mm) is projected to see little change for most of the Bay of Plenty region by 2040. By 2090, reductions in heavy rain days are projected for the Raukumara Ranges in particular, with small reductions across most of the region
- extreme, rare rainfall events are projected to become more severe
- drought potential is projected to increase across the Bay of Plenty
- annual mean wind speed is projected to slightly decrease in the Bay of Plenty, but there is a mixed direction of change for different seasons.

These projections aren't dissimilar to the climate change data that international and national bodies have produced since the previous LTP. Council considers how the latest climate change data and projections may affect the integrity of the LTP; the services council has to carry out, and Kawerau district in the future.

Council acknowledges that extreme weather events are likely to occur over the period of the Long Term Plan. However, it is anticipated that the district's infrastructure has sufficient capacity to cope with the changing weather patterns and there will be minimal risk of significant costs or changes to levels of service arising from these weather events.

The planned costs included in this plan excludes any possible financial implications of natural disasters.

Risk: There is a risk that the predictions on climate change as provided by the International Panel on Climate Change and the MfE are over or under estimated.

There is also a risk the impacts of climate change for Council activities will be more significant than planned for. It is unlikely the risk will be lower than planned for.

Likelihood: High

Impacts: Where the impacts of climate change have a potential implication for our services, options for adaptation will be identified and a planned programme will be prepared.

The additional operating and capital expenditure that is likely to be required falls outside the ten year life of this plan. We have identified projects in years 11-30 of our Infrastructure Strategy that will be required as a result of the impacts of climate change. We will need to balance the needs and expectations of our community so it is able to finance the forecast costs for addressing climate change.

At this stage, assessing the financial implications of adapting to the effects of climate change are ongoing. They will be refined in subsequent plans as investigations are progressed.

Insurance

Council has assumed that it will be able to obtain insurance cover for all existing policies (which includes cover for assets that are damaged due to severe weather events) over the period of this Plan and that the cost will be similar, plus inflation.

Risk: That an extreme weather event causes significant damage.

Likelihood: Medium

Impact: Could be significant. Council has put in place all reasonable mitigations to reduce the impact of natural disasters.

11. Societal Changes

It is acknowledged that there will be some minor societal changes over the period of the Long Term Plan. As with the rest of the country the district's population will be getting progressively older and more people will be receiving some form of government benefit. However, Council has assumed that there will not be a significant change to the makeup of the district's population over the period of the Plan, and therefore has not made any provision for additional (or reduced) services.

Risk: That there will be a significant change in the societal makeup of the district requiring different Council services

Likelihood: Low

Impact: Minimal. Most of the current council services will still be

required even if there was a significant societal change.

12. Possible Impact of Future Legislative Changes

The Local Government Act 2002 changes to date are included where appropriate into the Long Term Plan. There are no further anticipated changes to legislation affecting Council. Any future changes to legislation will be incorporated into Council's operations as and when required.

Risk: Future legislative changes require additional resources (costs) than planned

Likelihood: Low

Impact: Council will seek to comply with all legislation prudently and for the community's best interest.

13. Depreciation Rates on Planned Asset Acquisitions

The following depreciation rates will be used for the planned asset acquisitions in this Plan:

Asset	Depreciation Rate	Depreciation Basis
Operational	%	
Buildings	2.0 – 20.0	SL
Computers/electronic office equipment	20.0 - 33.3	SL
Fixtures, fittings and equipment	2- 20.0	DV
Plant (vehicles)	20.0	DV
Library lending matter (excluding special collections)	15.0	DV
Special Collections	Not Depreciated	
Infrastructural		
Transport Management:		
Street lighting	2.13 – 20.0	SL
Kerb, channel and footpath	1.0 – 20.0	SL
Pavement surface	5.16 – 33.3	SL
Pavement structure	1.25 – 20.0	SL
Stormwater	1.0 – 20.0	SL
Water Supply:		
Collection and storage	1.3 - 20.0	SL
Local distribution	1.3 – 20.0	SL
Wastewater:		
Reticulation system	1.3 – 20.0	SL
Pumping and treatment	1.3 – 20.0	SL
Restricted		
Buildings and Other	1.8- 2.5	SL

Note: SL = straight-line method of depreciation. DV = diminishing value method of depreciation. Pavement formation is not depreciated.

It is assumed that renewals will occur at the end of the expected useful lives of assets.

Risk: The depreciation rates are greater (or less) than the estimate

Likelihood: Low - Council recently reviewed asset lives

Impact: That the current ratepayers will contribute more (or less) towards the cost of those assets than other generations of ratepayers. Council endeavours to achieve inter-generational equity for the cost/renewal of assets over their useful lives

Resource Consents

During the period of the Long Term Plan 2021 – 2031, Council will be renewing the resource consents that it holds for: disposing of waste onto land (worm farm), taking water for the purpose of providing drinking water to residents, taking water from the Tarawera River to irrigate sports fields, taking water from the Ruruanga Stream for the irrigation of sports fields and taking and discharging geothermal steam into the Ruruanga Stream for heating the swimming pool.

Council has anticipated that all these consents will be renewed, as to date there has been no indication to the contrary. Also all estimated costs associated with the renewing of these consents and any subsequent conditions for Council that are reasonably anticipated, are included in the figures of the Long Term Plan.

Risk: Resource consents may not be granted or require additional (costly) conditions to be met
Likelihood: Low
Impact: Council would look at realistic alternatives if consents are not issued or there are costly conditions to be met

14. Currency Movements and Related Asset Values

Council has not made any assumptions about any future movements in exchange rates for the period of the Long Term Plan as Council does not own nor is acquiring any assets that the value will be significantly affected by exchange rate movements.

Risk: Currency movements impact on the renewal cost of council assets
Likelihood: Low
Impact: Minimal as council's assets are not significantly impacted by exchange fluctuations

15. Emissions Trading Scheme (ETS)

Council does not own forestry and does not participate in the emissions trading scheme. Council does not operate a landfill, which was closed in 2006. While Council does have an ongoing liability for the maintenance and monitoring of the closed landfill, there are no Emission Trading Scheme cost implications which Council needs to recognise. Council pays an Emissions Trading Scheme fee for the disposal of its waste at Tirohia which is included in the estimates for solid waste disposal.

Risk: That there will be future emissions costs for Council
Likelihood: Low
Impact: Council would need to consider how best to reduce any likely future emissions costs should this occur.

16. External Funding Assumptions

Council has included in the Long Term Plan all significant estimated external funds and the corresponding expenditure when it is considered reasonably certain that Council will receive these funds. Where Council is less than reasonably certain of receiving external funds the revenue has not been included in the Long Term Plan and the expenditure is only included if Council is prepared to fund the project in total.

Risk: That budgeted external funds are not received
Likelihood: Medium
Impact: Council would reduce the corresponding expenditure accordingly or consider funding the shortfall from other sources.

17. Significant Ratepayers

There are four significant ratepayers within the Kawerau district which combined are charged approximately 34 percent of the Council's total rates, and one of those ratepayers contributes 23 percent of total rates.

Council has assumed for the purposes of preparing the Long Term Plan that all four of these ratepayers will continue to operate over the period of the Long Term Plan and their values will not change significantly relative to other property values.

Risk: That one or more significant ratepayers closes.
Likelihood: Medium
Impact: Council would need to consider the impact to other ratepayers and whether to reduce services.

18. Council Collaboration

Council is a shareholder in Bay of Plenty Local Authority Shared Services (BOPLASS). BOPLASS has managed to achieve a number of significant savings for members through collaborative procurement projects including: insurance, printing and copying, telecommunications, courier service costs and others. Council has included the lower cost estimates in the Long Term Plan that have resulted from these procurement projects as it is anticipated that these cost savings will continue when new contracts are negotiated.

Risk: That cost savings previously achieved do not continue
Likelihood: Low
Impact: There would be additional costs for these shared services, but these are not a large portion of Council's total costs.

19. Quality of Asset Data

Council's storm-water, water supply and wastewater reticulation networks have been divided into six zones based on the estimated average date at which each zone was developed. Renewal/replacement of reticulation for each zone is averaged over ten years (apart from water which will be done over a period of 6 years). This allows for the spread of installation dates and different rates of deterioration. Replacement decisions are based on information including the condition, reliability and maintenance of the asset as well as age.

Risk: That the asset data is incorrect and the consequential planned renewals are not correct
Likelihood: High - Council has only undertaken minimal samples of pipes to date but further investigations are planned.
Impact: Infrastructure may either be replaced before the end of its useful life or need replacement earlier than programmed. This could result in additional costs for residents.

20. COVID-19 Impacts

The global Covid-19 pandemic continues to develop across the world. In response to the pandemic and threat to public health the whole of New Zealand went into a high-level lockdown on Wednesday 25 March 2020. A further high-level lockdown for Auckland and a lower level lockdown for the rest of the country occurred on Wednesday 12 August 2020. The long-term impact on local, regional, and national economies is yet to be determined.

For the purpose of the Long-Term Plan and the associated strategies we have assumed that there will be no significant impact on our activities and services as a result of Covid-19. We have used the mid-scenario in terms of recovery which expects a prolonged but generally healthy economic recovery for our district.

Risk: There is more severe impact on our community's ability to pay than predicted.

Likelihood: High

Impact: Measures to contain Covid-19 in New Zealand have resulted in severe economic

downturn. Levels of activity and employment have declined, with income and spending consequently uncertain. A prolonged future lockdown may impact on Council's revenue, expenditure, and timing of capital expenditure.

21. Capital expenditure delivery

The ten-year budget has been developed based on the best available information on the likely timing of capital projects and programmes.

Risk: That the actual timing of the capital programme is different from that forecasted.

Likelihood: High

Impact: The financial implications would depend on planned funding sources for the relevant capital expenditure and its associated expenses. The financial impact would therefore be on funding requirements, borrowings, interest expense, depreciation expense and consequential operating costs. Other areas such as the market's response to the increased programme certainty and any potential further Covid-19 lockdowns are beyond our control.

22. Delivery of three waters

The Long Term Plan anticipates that Council will continue to deliver drinking water, wastewater and stormwater services.

However, the government has signalled a possible reform that would remove the water, wastewater and stormwater activities and assets from councils, and transfer them to a new entity. If this was to occur, it could happen in 2023 or later. It is likely the income, expenses, assets and debt for these activities will be transferred.

Risk: The three waters reform may significantly change the way the three waters services are delivered and funded and that this change will result in significant funding and resourcing implications for the rest of the Council.

Likelihood: High

Impact: The current value of Council's three waters assets is \$25.3 million (approximately 37.2% of Council's total assets). Annual rates revenue collected to maintain and renew these assets is approximately \$2.7 million (approximately 25.0% of Council's total annual rates revenue)

Non-Financial Performance Targets 2021 - 2031**Statement of Intended Service Provision: Democracy**

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source	
Council advocates within and beyond the district and governs for community needs and interests.	Council encourages the community to contribute to Council decision-making and informs the Community about key issues and activities.	Community satisfaction with the Mayor and councillors	83%	Not applicable	>85%	Not applicable	>85%	NRB Survey	
			Community satisfaction with the Way Rates are Spent	89%	Not applicable	>90% Error! Bookmark not defined.	Not applicable	>90%	NRB Survey
			Percentage completion of the annual work programme	61.5%	>90%	>90%	>90%	>90%	Council records
Quantity/Indicators									
Council embraces involvement from all sectors of the community in its democracy and decision making.	Council informs the community about key issues and activities	Number of newsletters	16	At least 20 publications	At least 20 publications	At least 20 publications	At least 20 publications	Council records	
			Responsiveness Indicators						
Council encourages the community to contribute to Council decision-making	Council encourages the community to contribute to Council decision-making	Provision of a public forum at public Council and Committee meetings	Not provided for 3 meetings (COVID)	Every meeting	Every meeting	Every meeting	Every meeting	Council records	

Statement of Intended Service Provision: Economic and Community Development

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
Council works in partnership to attract people to visit, live and do business in Kawerau and to enhance economic and employment opportunities for our community.	Council provides an Information Centre which suits community needs	Community satisfaction with the Information Centre	85%	Not applicable	>83%	Not applicable	>85%	Three yearly NRB Community Survey
Council supports young people to develop skills and attitudes needed to take a positive part in society	Council is actively involved in the Eastern BOP Regional Economic Development Agency	Satisfaction with youth council collaboration from groups	89%	>90%	>95%	>95%	>95%	Annual survey of collaborating groups.
Quantity Indicators								
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity	Council encourages positive perceptions of Kawerau by supporting local events	Representation at Trustee meetings	60%	90% of meetings attended	90% of meetings attended	90% of meetings attended	90% of meetings attended	Toi-EDA minutes
Council provides a local Information Centre which is accessible to visitors and the local community	Council provides a local Information Centre which is accessible to visitors and the local community	Frequency of events from February to December	No events for 2 months due to COVID	At least 1 per month	At least 1 per month	At least 1 per month	At least 1 per month	Council records
Council provides a local Information Centre which is accessible to visitors and the local community	Council provides a local Information Centre which is accessible to visitors and the local community	Number of days open each year	308 days due to COVID	At least 360	At least 360	At least 360	At least 360	Council records

	Council supports young people to develop skills and attitudes needed to take a positive part in society.	Youth Council in place	Appointments made	Annual appointments made	Annual appointments made	Annual appointments made	Annual appointments made	Council records
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Statement of Intended Service Provision; Regulatory Services Building Control

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source	
			<i>Quantity Indicators</i>						
Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.	Service users consider Council's Building Control Activity to be effective	Satisfaction survey of service users - building consents processes	90.9%	>90%	>90%	>90%	>90%	Targeted survey of service users	
			Satisfaction survey of service users - building inspection processes	88.9%	>90%	>90%	>90%	Targeted survey of service users	
			<i>Quantity Indicators</i>						
	Council provides in-house building consent, inspection and approval services	Bi-annual Consent accreditation assessment	BCA registered and accredited.	Accreditation and registration retained	Accreditation and registration retained	Accreditation and registration retained	Accreditation and registration retained	Council records	
	Kawerau buildings requiring Building Warrants of Fitness are compliant	Number of buildings audited for BWF requirements	8.9%	At least 35%	At least 35%	At least 35%	At least 35% pa	Council records	

Environmental Health

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
<i>Quantity Indicators</i>								
Council regulates, monitors and acts to	Registered premises comply with statutory requirements	Audit of food premises operating Food Control Plans	69%	100% annually	100% annually	100% annually	100% annually	Council records

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
			100% (5 of 5 premises) for compliance relevant standards	100% annually	100% annually	100% annually	100% annually	Council records
protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.	Premises licensed under the Sale and Supply of Alcohol Act 2012 comply with licence conditions	Inspection of licensed premises for compliance	100%	100% annually	100% annually	100% annually	100% annually	Council records
			Responsiveness Indicators					
Council responds to complaints and service requests for environmental health conditions (noise complaints, nuisance conditions/health risks)	Response to noise complaints	Response to other Environmental Health requests/complaints	75.4% within 20 minutes & 94.2% within 30 minutes	80% within 20 minutes and 98% within 30 minutes ¹	80% within 20 minutes and 98% within 30 minutes	80% within 20 minutes and 98% within 30 minutes	80% within 20 minutes and 98% within 30 minutes	Council Request for Service Database
			100%	100% within 1 working day	100% within 1 working day	100% within 1 working day	100% within 1 working day	Council Request for Service Database

Dog Registration and Control

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
			81%	Not applicable	>77% ²	Not applicable	>77%	Three yearly NRB Communi-trak Survey
Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.	Council maintains community satisfaction levels for the Dog Control service	Community satisfaction with Dog Control Service	Responsiveness Indicators					Council Request for Service Database
			84.7% responded to within 20 minutes and 97.5% within 30 minutes	80% responded to within 20 minutes and 98% within 30 minutes	80% responded to within 20 minutes and 98% within 30 minutes	80% responded to within 20 minutes and 98% within 30 minutes	80% responded to within 20 minutes and 98% within 30 minutes	

¹ The response to a service request received while the officer/contractor is responding to another callout may be delayed for up to 2 hours.

² Average of 2014, 2017 and 2020 Survey Results

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
				or the outcome within 24 hours				

Civil Defence

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.	Council provides community education initiatives to increase public awareness and readiness for local and regional hazards	Percentage of residents that have an understanding of what the consequences would be if a disaster struck their area	New measure	N/A	>80%	N/A	>85%	2 yearly survey undertaken by BOPRC
			Percentage of residents that have taken any action to prepare for an emergency	N/A	>80%	N/A	>85%	
Quantity Indicator								
Council will maintain capability to effectively respond to an emergency		Council is prepared for and can respond to an emergency	New measure	>60%	>70%	>78%	>80%	Measures developed and audited by EMBOP

Statement of Intended Service Provision: Roading

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source	
Roads									
Quality Indicators									
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Council maintains community satisfaction levels for Roading activity	Community satisfaction with roading assets	95%	Not applicable	>92% ³	Not applicable	>92%	Three yearly NRB Communitytrak Survey	
		The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	No fatalities or serious injuries	Increase of zero or less	Increase of zero or less	Increase of zero or less	Increase of zero or less	NZ Police data	
		Road quality	The average quality of ride on a sealed local road network, measured by smooth travel exposure ⁴	Not measured	No less than 95%	No less than 95%	No less than 95%	No less than 95%	Annual independent survey
		Road maintenance	Percentage of sealed local road network is resurfaced	0.5%	>5%	>5%	>5%	>5%	Council records
Responsiveness Indicators									
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and	Response to service requests	The percentage of customer service requests relating to roads to which Council responds within the time frame specified.	Potholes: 77.7% repaired within 14 days	Potholes: 90% repaired within 14 days and 100% within 28 days	Potholes: 90% repaired within 14 days and 100% within 28 days	Potholes: 90% repaired within 14 days and 100% within 28 days	Potholes: 90% repaired within 14 days and 100% within 28 days	Council Request for Service Database	

³ Average of 2014, 2017 and 2020 Survey Results

⁴ The percentage of Vehicle Kilometres Travelled in the District exposed to roads with roughness less than the threshold for urban roads set by the National State Highway Strategy

Community Outcome affordable, now and for the future.	Level of Service	Measure	Current Performance (2019/20) and 88.9% within 28 days	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
			Streetlights: 53.8% repaired within 14 days and 59.6% within 28 days.	Streetlights: 90% repaired within 14 days and 100% within 28 days	Streetlights: 90% repaired within 14 days and 100% within 28 days	Streetlights: 90% repaired within 14 days and 100% within 28 days	Streetlights: 90% repaired within 14 days and 100% within 28 days	Council Request for Service Database

Footpaths

		Quality Indicators						
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Council provides an appropriate network of footpaths for pedestrian use	Community satisfaction with footpaths	81%	Not applicable	>77% ⁵	Not applicable	>77%	3 yearly NRB Community Survey
	Footpath condition	Percentage of footpaths that fall within the level of service or service standard for the condition of footpaths set out in the Long Term Plan.	Survey not conducted.	>95%	>95%	>95%	>95%	Annual independent survey
		Responsiveness Indicators						
	Response to service requests	The percentage of footpath-related customer service requests to which Council responds within the time frame specified.	100% within 14 days	100% within 14 days	100% within 14 days	100% within 14 days	100% within 14 days	Council Request for Service Database

Statement of Intended Service Provision: Stormwater

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Council provides an effective stormwater network which removes stormwater from flooding (System adequacy)	The number of flood events that occur in the District.	0	No more than 10	No more than 10	No more than 10	No more than 10	Council Request for Service Database
			N/A ⁶	Not applicable	Not applicable	Not applicable	Not applicable	
		For each flood event, the number of habitable floors affected.	N/A ⁷	Not applicable. ⁸	Not applicable	Not applicable	Not applicable	
		The number of complaints received by Council about the performance of its stormwater system.						
Responsiveness Indicators								
	Response times	The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	Less than one hour – no flooding events	Less than one hour	Less than one hour	Less than one hour	Less than one hour	Council Request for Service Database
	Discharge compliance	Compliance with Council's resource consents for discharge from the system, measured by the number of: • abatement notices	No notices, orders or convictions for	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	Council records

⁶ Mandatory measure

⁷ Mandatory measure

⁸ Kawerau properties are not connected to Council's stormwater system.

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
		<ul style="list-style-type: none"> • Infringement notices • enforcement orders, and • convictions, received by Council in relation to those resource consents.	stormwater discharge					

Statement of Intended Service Provision: Water

Community Outcome	Level of Service	Measure	Quality Indicators						Data Source
			Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31		
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Provision of a quality water supply	Community satisfaction with water supply	73%	Not applicable	>89% ⁹	Not applicable	>89%	3 yearly NRB Communitytrak Survey	
	Customer satisfaction	The total number of complaints received about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply, and f) Council's response to any of these issues expressed per 1000 connections to the reticulation networked system.	26 complaints re a) complaints re dirty water b) No complaints c) No complaints d) 1 complaint re pressure e) 5 complaints re continuity of supply f) No complaints	a) No more than 4 per 1000 connections b) No more than 2 per 1000 connections c) No more than 1 per 1000 connections d) No more than 2 per 1000 connections e) No more than 2 per 1000 connections	a) No more than 4 per 1000 connections b) No more than 2 per 1000 connections c) No more than 1 per 1000 connections d) No more than 2 per 1000 connections e) No more than 2 per 1000 connections	a) No more than 4 per 1000 connections b) No more than 2 per 1000 connections c) No more than 1 per 1000 connections d) No more than 2 per 1000 connections e) No more than 2 per 1000 connections	a) No more than 4 per 1000 connections b) No more than 2 per 1000 connections c) No more than 1 per 1000 connections d) No more than 2 per 1000 connections e) No more than 2 per 1000 connections	Council Request for Service Database	

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Safety of drinking water	The extent to which Council's drinking water supply complies with: a) part 4 of the 2008 drinking-water standards (bacteria compliance criteria), and b) part 5 of the 2008 drinking-water standards (protozoal compliance criteria).	1 instance of bacterial non-compliance. 10 instances where monitoring was off-line	a) No more than 1 instance of bacteria non-compliance, and b) No instances of protozoal compliance	a) No more than 1 instance of bacteria non-compliance, and b) No instances of protozoal compliance	a) No more than 1 instance of bacteria non-compliance, and b) No instances of protozoal compliance	a) No more than 1 instance of bacteria non-compliance, and b) No instances of protozoal compliance	Toi Te Ora Public Health Service reports
	Maintenance of the reticulation network	The percentage of real water loss from the Council's networked reticulation system, measured using the minimum night flow (MNF) analysis method contained in the DIA Guidelines.	179 litres per connection per day	<200 litres per connection per day ¹⁰	<200 litres per connection per day	<200 litres per connection per day	<200 litres per connection per day	Council records
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.			Quantity Indicators					
Demand management	The average consumption of drinking water per day per resident within the district.	0.41m ³	0.6 m ³	0.6 m ³	0.6 m ³	0.6 m ³	0.6 m ³	Council records

1.0 Measured using the minimum night flow (MNF) analysis method contained in the DIA Guidelines.

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source	
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Fault response times	Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the median response times are	Responsiveness Indicators						
			a) attendance for urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	6 urgent call-outs and median response time was 0.42 hours	Less than two hours	Less than two hours	Less than two hours	Less than two hours	Council Request for Service Database
			b) resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	100% within 8 hours (median resolution was 6.49 hours)	Less than 8 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours	Council Request for Service Database
			c) attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	56 non urgent call-outs (median response was 0.43 hours)	24 hours	24 hours	24 hours	24 hours	Council Request for Service Database

		d) resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption	100% within 48 hours (median resolution was 1.37 hours)	48 hours	48 hours	48 hours	48 hours	48 hours	Council Request for Service Database
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Community Outcome	Level of Service	Measure	Current Performance (2019/20)	Reliability Indicators					Data Source
				2021/22	2022/23	2023/24	2024/25 to 2030/31		
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	The water supply is reliable and has minimal disruptions	Number of unplanned shutdowns – reticulation	6 unplanned shutdowns	No more than 12	No more than 12	No more than 12	No more than 12	No more than 12	Council records
		Number of unplanned shutdowns – pump stations	Nil	None	None	None	None	None	Council records
		Number of water main breaks	2 water main breaks	No more than 8	No more than 8	No more than 8	No more than 8	Council records	
Environmental Indicators									
	Water is sourced with minimal environmental effects	Compliance with BOP Regional Council water supply resource consents as reported in Annual Consents and Compliance Field Sheet.	Compliance with old consent	Compliance ¹¹	Compliance	Compliance	Compliance	Compliance	BOP Regional Council

¹¹ BOPRC inspection reports state either compliance or non-compliance.

Statement of Intended Service Provision: Wastewater

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
			Quality Indicators					
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Provision of domestic wastewater collection and primary treatment	Community satisfaction with wastewater disposal	95%	Not applicable	>96% ¹²	Not applicable	96%	3 yearly NRB Communitrak Survey
	Customer satisfaction	The total number of complaints received about any of the following: a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) Council's response to issues with its sewerage system, expressed per 1000 connections to the sewerage system.	a) Nil b) Nil c) 4.3 per 1000 connections d) Nil	e) No more than 1 per 1000 connections f) No more than 15 per 1000 connections g) No more than 15 per 1000 connections	a) No more than 1 per 1000 connections b) No more than 15 per 1000 connections c) No more than 15 per 1000 connections	a) No more than 1 per 1000 connections b) No more than 15 per 1000 connections c) No more than 15 per 1000 connections d) 0 per 1000 connections	Council Request for Service Database	

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
				h) 0 per 1000 connections	d) 0 per 1000 connections	d) 0 per 1000 connections		
				Quantity Indicators				
	System adequacy	The number of dry weather sewage overflows from Council's sewerage system, expressed per 1000 connections to that sewerage system.	Nil	0 per 1000 connections to the sewerage system	0 per 1000 connections to the sewerage system	0 per 1000 connections to the sewerage system	0 per 1000 connections to the sewerage system	Council records
	Responsiveness Indicators							
	Where Council attends to sewage overflows resulting from a blockage or other fault in its sewerage system, the median response times are:							
	Fault response times	a) attendance time: from the time that Council receives notification to the time that service personnel reach the site, and b) resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	1 overflow attended to in 0.33 hours	Less than 1 hour	Less than 1 hour	Less than 1 hour	Less than 1 hour	Council Request for Service Database
				1 overflow was resolved in 2.5 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours
	Reliability Indicators							
	Council provides a reliable wastewater collection and disposal service	Number of disruptions to wastewater collection service	0 disruptions to wastewater service	No more than 50	No more than 50	No more than 50	No more than 50	Council records
	Environmental Indicators							

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Discharge compliance	Compliance with resource consents for discharge from Council's sewerage system measured by the number of: a)abatement notices b)infringement notices c)enforcement orders, and d)convictions, received in relation those resource consents.	Council received 2 infringement notices due to dairy factory waste	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	Council records
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	The wastewater treatment plant operates effectively	Compliance with wastewater treatment plant resource consents as reported in annual Consents and Compliance Field Sheet	Consent not complied with due to volumes received from dairy factory	Compliance ¹³	Compliance	Compliance	Compliance	BOP Regional Council

¹³ BOPRC inspection reports state either compliance or non-compliance.

Statement of Intended Service Provision: Solid Waste

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future. Council sustainably manages Kawerau's environment through its stewardship, planning and consents.	Provision of a cost effective refuse collection and disposal that will encourage a healthy, clean and tidy district	Community satisfaction with refuse collection	97%	Not applicable	>92% ¹⁴	Not applicable	>92%	3 yearly NRB Communitrak Survey
		Community satisfaction with refuse disposal	78%	Not applicable	>74% ¹⁴	Not applicable	>74%	
		Environmental Indicators						
Zero Waste (Recycling) Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future. Council sustainably manages Kawerau's environment through its stewardship, planning and consents.	Council's refuse collection and disposal services meet the needs of the Kawerau Community and help maintain public health and a clean environment	Level of compliance with BOP Regional Council refuse disposal resource consents as reported in annual Consents and Compliance Field Sheet	Not compliant	Compliance ¹⁵	Compliance	Compliance	Compliance	BOP Regional Council
		Quality Indicators						
		Council's refuse collection and disposal services meet the needs of the Kawerau Community	Community satisfaction with recycling services	91%	Not applicable	>92% ¹⁶	Not applicable	>92%
		Quantity Indicators						
Material that would otherwise go to landfill as household refuse is collected by the recycling collection service		Average amount of recyclable material collected from each household.	143.3 kg	No less than 178kg per annum	No less than 178kg per annum	No less than 178kg per annum	No less than 178kg per annum	Council records

¹⁴ Average of 2014, 2017 and 2020 Survey Results

¹⁵ BOPRC inspection reports state either compliance or non-compliance

¹⁶ Average of 2014, 2017 and 2020 Survey Results

Statement of Intended Service Provision: Leisure and Recreation

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
Library								
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.	Council provides public library services and resources which suit Community needs	Community satisfaction with the Public Library	87%	Not applicable	>86% ¹⁷	Not applicable	>86%	Three yearly NRB Communitrak Survey
		Quantity Indicators						
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	The library is accessible to the public	Percentage of the population active members of the library ¹	24.5%	>25%	>25%	>25%	>25%	Council records
		New items per 1,000 population added to the collection each year.	409	500	500	500	500	Council records
Museums and Archives								
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.	Council provides a museum service which reflects Community needs	Community satisfaction with the Museum	58%	Not applicable	>62% ¹⁸	Not applicable	>62%	Three yearly NRB Communitrak Survey
		Quantity Indicators						
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Council provides a museum service which reflects Community needs	Number of exhibitions held	6	6	6	6	6	Council records
		Number of objects accessioned into the museum collection per annum	84	200	200	200	200	Council records

¹⁷ Average of 2014, 2017 and 2020 Survey Results

¹⁸ Average 2014, 2017 and 2020 survey results

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity. Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Council provides a swimming pool complex which reflects Community needs	User satisfaction with Public Swimming Pools	93%	Not applicable	>95% ¹⁸	Not applicable	>95%	Three yearly NRB Communitrak Survey
		Level of compliance with standards	97% compliance	Full compliance in 95% of tests	Full compliance in 95% of tests	Full compliance in 95% of tests	Full compliance in 95% of tests	Council records
		Swimming pool water meets water quality standards	97% compliance	Full compliance in 95% of tests	Full compliance in 95% of tests	Full compliance in 95% of tests	Full compliance in 95% of tests	Council records
Quantity Indicators								
Council provides a Swimming Pool Complex which is accessible to the Community	Weeks open per year	44	At least 48	At least 48	At least 48	At least 48	At least 48	Council records

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
Public Halls and Facilities Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity. Council infrastructure and services are accessible, age and disability-friendly,	Council provides public halls and facilities which reflect Community needs	Community satisfaction with Public Halls	80%	Not applicable	>81% ¹⁸	Not applicable	>81%	Three yearly NRB Communitrak Survey
		User satisfaction with Public Halls	92%	Not applicable	>93% ¹⁸	Not applicable	>93%	
		Community satisfaction with Public Toilets	80%	Not applicable	>70% ¹⁹	Not applicable	>70%	
User satisfaction with Public Toilets	95%	Not applicable	>87% ¹⁹	Not applicable	>87%			

¹⁸ Average of 2014, 2017 and 2020 Survey Results

¹⁹ Average of 2014, 2017 and 2020 Survey Results

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
effective, efficient and affordable, now and for the future.	Four Community halls are available for hire: Ron Hardie Recreation Centre, Town Hall, Concert Chambers and the Bert Hamilton Hall	Number of weeks public halls available for hire	46 weeks	Each hall is available for 50 weeks ²⁰	Each hall is available for 50 weeks	Each hall is available for 50 weeks	Each hall is available for 50 weeks	
				Open at least 360 days	Open at least 360 days	Open at least 360 days	Open at least 360 days	
	Clean public toilets are provided in the central business district	Town centre public toilets are open for at least 360 days	335 days	Open at least 360 days	Open at least 360 days	Open at least 360 days	Open at least 360 days	

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source

Parks and Reserves	Quality Indicators							
	Council provides parks and reserves which meet Community needs	Community satisfaction with Parks and Reserves	Implementation of NZ Sports Turf Institute advisory reports.	93%	Not applicable	>93% ²¹	Not applicable	>93%
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity. Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Sports field playing surfaces meet requirements of codes for which they are used		100%	100%	100%	100%	100%	Council records
	Bedding displays are attractive and updated to suit the season	Number of bedding displays	2	2 (1 summer and 1 winter)	2 (1 summer and 1 winter)	2 (1 summer and 1 winter)	2 (1 summer and 1 winter)	Council records

²⁰ Each hall is closed for scheduled maintenance for up to two weeks per year.

²¹ Average of 2014, 2017 and 2020 Survey Results

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
			Responsiveness Indicators					
	Playground equipment is safe for children to use	Monthly inspections of all playground equipment and remediation of problems	11 inspections and all repairs within 14 days	12 inspections conducted and repairs completed within 14 days	12 inspections conducted and repairs completed within 14 days	12 inspections conducted and repairs completed within 14 days	12 inspections conducted and repairs completed within 14 days	Council records

Community Outcome	Level of Service	Measure	Current Performance (2019/20)	2021/22	2022/23	2023/24	2024/25 to 2030/31	Data Source
Cemetery								
			Quality Indicators					
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	The Kawerau cemetery meets Community interment needs in the present and the medium term	Community satisfaction with the Cemetery	76%	Not applicable	>78% ²²	Not applicable	>78%	Three yearly NRB Communicrak Survey
	The Kawerau cemetery meets Community interment needs in the present and the medium term	Number of burial plots available	There are enough plots for 10 years	At least enough for the next five years.	At least enough for the next five years	At least enough for the next five years	At least enough for the next five years	Council records

Financial Strategy

Introduction

Council has prepared this Long Term Plan on the basis that it needs to be financially sustainable, while meeting the needs of residents.

Population Change

At the time of the 2018 Census, the district population was 7,460 which represented a 17.2% increase in population since 2013 (previous census) or around 3.2% population growth per annum. Stats NZ estimates there has been a further growth in population of 2.0% annually for 2019 and 2020. Also census figures show that Kawerau has close to the highest number of people per dwelling in the country, which can be attributable to a shortage of housing.

Stats NZ have projected that the population will continue to grow during the next 12 years (medium projection scenario) to a total population of just over 8,000. But the growth figure could be higher as Kawerau continues to provide employment opportunities through industrial development and has affordable housing.

Kawerau currently has a higher proportion of older people and a higher proportion of young people when compared to the rest of the country. The population projections show that over the next 12 years (to 2033) the number of young people (under 15) will reduce by 10.8 percent while the people that are over 65 will increase by 51.0 percent.

The unemployment rate in Kawerau was just over 12 percent in 2018, but evidence indicated the proportion of people receiving Work and Income benefits in Kawerau was considerably higher. Figures from Work and Income in December 2020 indicate that the number is similar to what it was in 2018.

Council has based its financial strategy on these figures and is confident that the projected population trends will continue to be positive. Economic development interventions, such as industry clustering facilitating industrial development and employment opportunities in the district and

residential developments will continue to provide the opportunity for the district's population to grow.

Changes in Land Use

In 2010, approximately 171 hectares of land bordering the Kawerau District was transferred from the Whakatane District and 113 hectares of this land was rezoned to industrial zone

Since that time there has been significant interest from companies to set up business in Kawerau, and some construction has been undertaken. Council is also partnering with other organisations to promote Kawerau as a good place to have a business because of its plentiful natural resources. This includes facilitating the development of a container hub which will provide significant benefits to industry that are reliant on getting goods to the port

Council currently going through the process of transferring further land to the district – following a request from owners, however, it is not anticipated that there will be changes in land use for this land. Council is also proposing to swap some fee simple land, which is currently being used as a stock pound, with passive reserve land, so this land will be available for residential housing.

Prudent Financial Management – Balanced Budget Requirement

Council is required under the Local Government Act 2002 to ensure that each year's projected operating revenues are set at a level to meet each year's operating costs. However Council can set projected operating revenue at a different level if it believes that it is financially prudent to do so.

Council is further required to manage its revenues, expenses, assets, liabilities, investments and general dealings in a prudent manner which promotes the current and future interests of the community. In assessing a financially prudent position, consideration is given to:

- the estimated cost of maintaining the predicted levels of service contained in the Long Term Plan, including the cost of maintaining the service capacity and integrity of assets throughout their useful

life and the revenue available to fund the cost of delivering services.

- equitable funding for the provision and maintenance of assets throughout their useful life.

Council’s Funding and Financial Policies

Since 1998/99 Council has funded the annual depreciation expense of assets not intended to be fully replaced apart from depreciation on non-critical assets. The specific buildings involved are the Town Hall, Concert Chamber, Ron Hardie Recreation Centre, Library/Museum Building, Museum Archives Building, District Office, Council Depot, Tarawera Park Amenity Building, Swimming Pool, and Pensioner Housing and the Bert Hamilton Hall. Council also decided to not fully fund depreciation on roads subject to New Zealand Transport Agency subsidies.

Those buildings remain non-strategic and in addition, the level of utilisation in many cases is significantly below total capacity. As a result, the assets are not likely to be replaced directly in their present form or they may be replaced with rented accommodation or buildings funded by way of loans.

Council has by resolution again confirmed the 1998/99 decision and will continue the policy of not funding non-critical, non-strategic assets. Council believes the reasons for doing so have not changed and that the policy is appropriate for the Kawerau District.

The advantage of not funding depreciation on non-critical assets is that ratepayers are not paying for depreciation on assets which are unlikely to be replaced with buildings of equivalent value.

The benefits of not funding the portion of depreciation for assets which Council expects Land Transport NZ subsidies to fund renewals, is that ratepayers are not funding depreciation which it believes is unlikely to be needed.

Land Transport NZ indicated that the subsidy rates for Kawerau will be 75% (and continue at that rate for the foreseeable future). Therefore, Council considers the risk of the subsidy rate being decreased to be very low. Should it occur, Council would look at alternative funding options such as rating and loans.

Delivery of three waters

The Financial Strategy anticipates that Council will continue to deliver drinking water, wastewater and stormwater services for the period of the strategy.

However, the government has signalled possible reforms that would remove the water, wastewater and stormwater activities and assets from councils, and transfer them to a new entity. If this was to occur, it could happen in 2023 or later, and the revenue, expenses, assets and debt for these activities that are included in the 2021 – 2031 long Term Plan, would be transferred to the new entity.

Therefore, there is a risk that these reforms may significantly change the way the three waters services are delivered and funded and that this change will result in significant funding and resourcing implications for Council.

Table: Estimated lives of non-critical assets

Building	Year Built	Gross Replacement Cost 2019 (\$)	Expected Life	End of Life
District Office	1960	1,200,088	75	2035
Town Hall	1960	2,891,961	75	2035
Concert Chamber	1953	902,633	75	2035
Library/Museum	1953-2008	875,735	75	2028-2081
Tarawera Park Amenity Building	1985	600,325	75	2060

Recreation Centre	1969-1999	4,900,946	75	2044-2074
Swimming Pool	1957-2006	3,045,833	50-75	2007-2075
Depot	1955-1980	1,788,390	35-50	1990-2030
Pensioner Housing/BH Hall	1965-1984	2,542,842	50-75	2015-2059
Museum/Archives Building (16-18 Jellicoe Court)	1955	454,451	75	2030

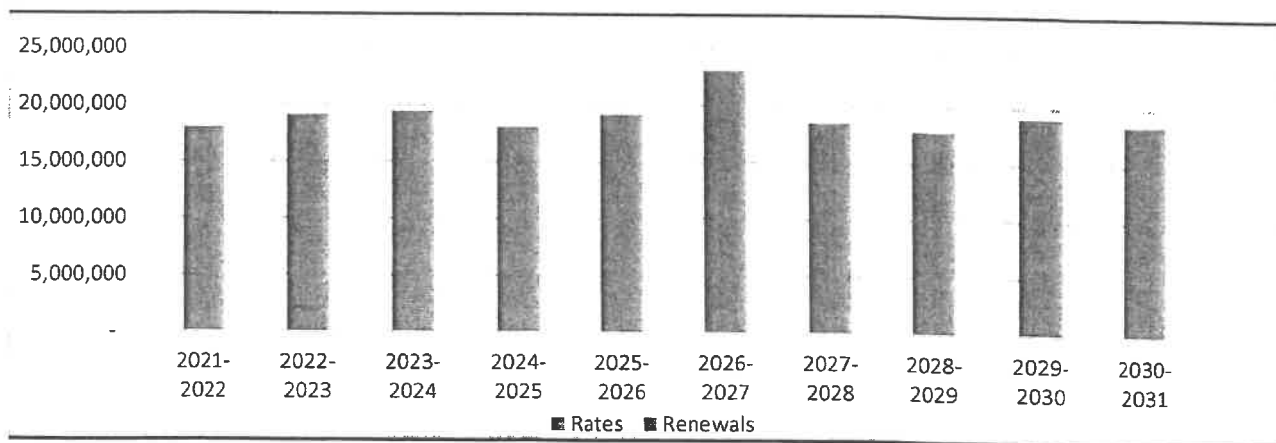
Table: Budgeted non-funded depreciation on non-critical assets

Asset	2021/22	2022/23	2023/24	2024/25	2025/26
Roads	\$603,750	\$603,750	\$603,750	\$659,730	\$659,730
Stormwater	\$184,130	\$184,130	\$184,130	\$201,200	\$201,200
Buildings	\$226,700	\$227,080	\$227,430	\$239,000	\$239,340
Total	\$1,014,580	\$1,014,960	\$1,015,310	\$1,099,930	\$1,100,270

Asset	2026/27	2027/28	2028/29	2029/30	2030/31
Roads	\$659,730	\$718,810	\$718,810	\$718,810	\$783,180
Stormwater	\$201,200	\$219,210	\$219,210	\$219,210	\$238,850
Buildings	\$239,630	\$250,380	\$250,760	\$251,120	\$262,290
Total	\$1,100,560	\$1,188,400	\$1,188,780	\$1,189,140	\$1,284,320

The following graph shows the trend for rates and asset renewal expenditure which are the key financial aspects of this plan. Inflationary figures have been provided by BERL. See significant forecasting assumptions, which are included in all figures in the Plan.

Projected rates and asset renewals 2021 - 2031



Council is forecasting its operating expenditure to increase from \$15,184,720 to \$18,673,810 between 2021 and June 2031. These increases are as a result of:

Price increases

Inflation and the factors that influence inflation will increase the cost of doing business.

Service level increases

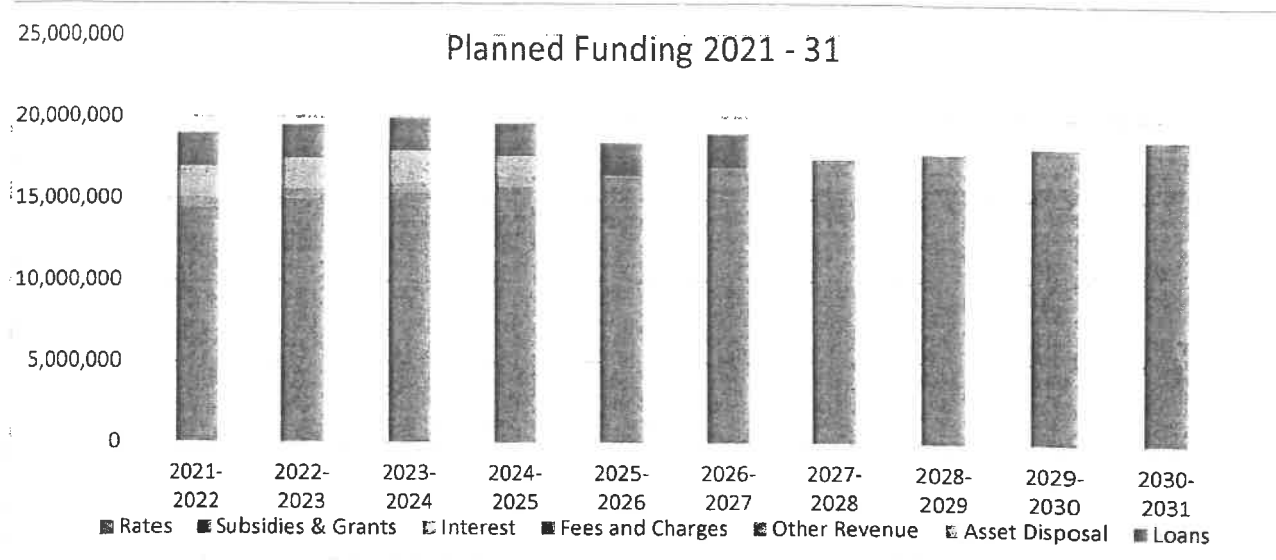
There are some increases in the levels of service for some activities.

Depreciation and interest payments

The increased capital expenditure programme means corresponding increases in costs in these areas.

Council has adopted strategies to ensure that over the period of the Long Term Plan, Council continues to be financially sustainable.

Planned funding for the next 10 years



Rates and Rates Increase

The Long Term Plan includes a rates increase of 5.1 percent for 2021/22 and between 2.0 and 4.4 percent for each of the following nine years. Council has endeavoured to keep rates increases to affordable levels over the period, while also ensuring its costs are funded and finances are prudently managed.

Council charges a general rate to every rateable property and a Uniform Annual General Charge to every separately used or inhabited part of a property. The general rate charge is different for residential and commercial properties. This recognises the different levels of services provided to the two categories of property.

Council also charges targeted rates for the following services:

- Water supply
- Wastewater disposal
- Refuse collection

The values of all properties in the district are reviewed three-yearly. The last revaluation was conducted in September 2018, and the next will be undertaken in 2021. After the next district revaluation Council will undertake a comprehensive review of its rating policy to ensure that the rates charged to individual properties are fair and reasonable.

What is a Reasonable Level of Rates?

In setting rates at the appropriate level, Council must consider what is affordable for both Council and the community. Council also needs to take into account the range of services that are delivered and whether these should be paid for by current or future ratepayers (sometimes referred to as 'intergenerational equity'). This is particularly important given that many Council assets have long service lives and provide benefits over a long period of time.

In assessing the appropriate level of funding, Council has to consider the following:

- Are there sufficient revenues to cover all expenses?
- Is revenue set at a level that will enable Council to undertake an ongoing asset renewal and replacement programme?
- Are rates and fees affordable for the community?
- Have the needs of current and future ratepayers been considered?
- And finally, does Council have a balanced budget overall?

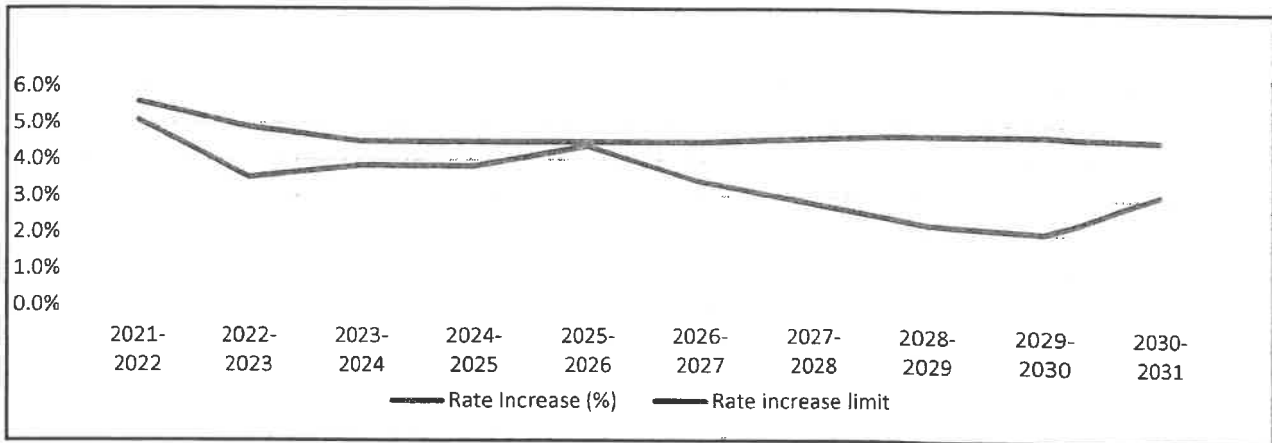
After taking the above factors into consideration, Council has determined the quantum of rates for the next ten years. The increases are between 2.0 to 5.1 percent.

Council has set the following limits for rates for the period of the Long Term Plan:

1. Total rates will not exceed 88 percent of total budgeted revenue.
2. The total rate increase (excluding rates penalties) in any one year will not exceed the underlying rate of inflation for Council costs plus 2 percent.

The table below shows the budgeted rates increases for the next ten years. The rate increases for the next 10 years are not expected to exceed the rate increase limit. Council believes that these rate increases are affordable for the community.

Rate increases for next ten years (compared to limit)



Debt and Issuing Securities

As at 30 June 2021, it is anticipated that Council will have minimal debt which will be finance leases for funding the office telephones and photocopiers. Council also has internal loans, funded from depreciation reserves, which totals approximately \$1.8 million. The interest rate for the internal loans is determined annually based on investment rates.

Council is intending to borrow a total of \$12.0 million over the next 6 years to fund the replacement of water pipes throughout the district.

Council's limit on borrowings for the period of this Long Term Plan is that total debt won't exceed 50% of Council's fixed assets or that the interest expense won't exceed 10% of total annual revenue. The security provided for any external loan raised will be over future rates.

Financial and Equity Security Investments

It is anticipated that at 30 June 2021 Council will have cash totalling \$3.0 million (including short term deposits). These funds are mostly depreciation reserves which will be used to fund programmed asset renewal. These assets are critical to enabling Council to continue to provide current levels of service.

Interest earned on invested depreciation reserves are credited to each respective reserve account, so that sufficient funds are available when the assets require renewing.

Council also invests surplus general funds at various times throughout the year. The interest earned is used to reduce the amount required in rates. Council has budgeted to earn \$10,220 in interest for 2021/22, of which approximately 20 percent will be interest on general funds.

Council's invests funds in accordance with its investment policy. This stipulates where funds can be invested and limits the amount which can be invested in a single institution. The anticipated average return is 1.0% per annum.

Council also holds equity securities in Civic Assurance (31,161 shares) and BOPLASS Ltd (5,091 shares). The reasons for holding shares in these organisations are to allow Council to participate in their operation and to benefit from the advantages of being a shareholder.

Operating Expenditure

Operating expenditure covers Council's day-to-day services and operations, from collecting rubbish and providing street lighting to maintaining gardens and issuing building consents. The majority of operating

expenditure is used for roading, followed by parks and reserves, wastewater and water. The tables below splits out the rates funding for the major activity areas for the 2021/22 year, for the average residential ratepayer.

2021/22 Rates charges

CV = \$230,000*	\$
UAGC	600
General Rate	1,232
Water Supply	69
Wastewater Charge	178
Refuse	222
Total	2,301

*2018 Valuation

Contribution to Council activities

Activity Group	\$
Democracy	140
Economic Development	135
Environmental Services	177
Roading	171
Stormwater	14
Water Supply	263
Wastewater & Solid Waste	736
Leisure & Recreation	657
Other	7
Total	2,301

Asset Renewals

Council currently has fixed assets worth \$68.1 million. It plans during the next ten years to undertake renewals of \$54.0 million. Asset management plans are in place for each asset category. These are the key planning tool to ensure maintenance and future renewals meet required levels of service. The Long Term Plan identifies how the planned expenditure will be met.

Council's asset renewal programme assumes that all projects will be completed in the scheduled year. However, a number of factors can cause delays. Renewals that are delayed in one year will be completed in the following year.

Asset renewals are generally funded from depreciation reserves. The reserves are set at a level to ensure they are adequate for the purpose. This is an important inter-generational issue. Given that both current and future ratepayers benefit from the use of an asset, both should therefore contribute toward the cost of its renewal.

The water pipe replacement programme (\$12 million over the next 6 years) will be funded from external loans. The loans will be repaid over the life of the assets thereby ensuring intergenerational equity.

Most roading renewal expenditure receives a New Zealand Transport Agency subsidy. The subsidy rate is 75 percent for the Long Term Plan period 2021 to 2031.

Council has not budgeted for any significant capital projects to provide increased levels of service or catering for growth apart from the development and sale of some Council land and some improvements to the roading network. The district has excess capacity in its infrastructure which can accommodate a certain level of growth.

Council has asset management plans for: roading, water supply, storm-water, wastewater and community facilities and property. Condition assessments have been conducted for these activities. The current deterioration model is based on best practice from the International Infrastructure Management Manual 2011.

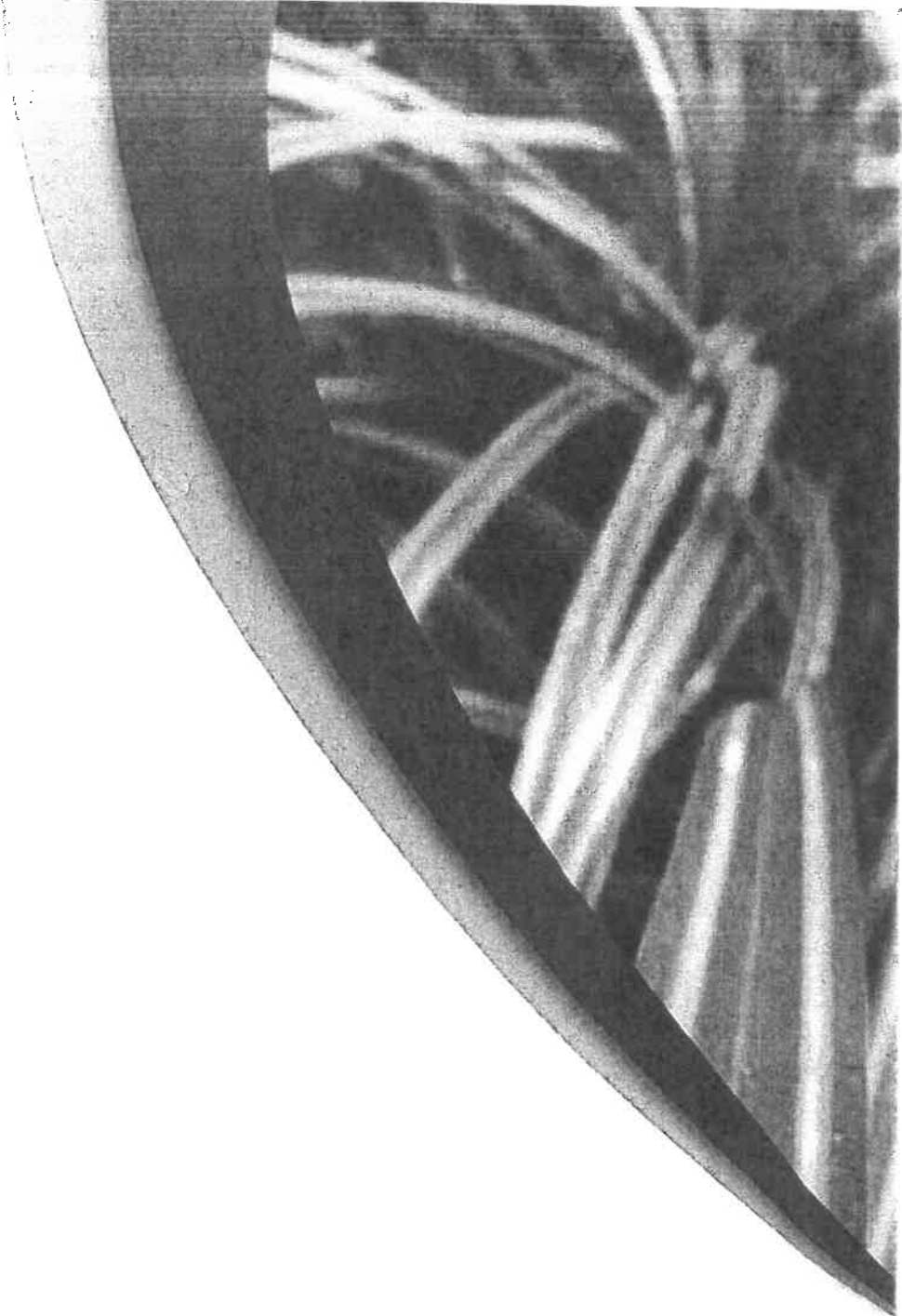
Asset expenditure by activity group

Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Economic Development	1,514,400	1,550,710	1,042,860	32,020	32,630	33,290	34,010	34,780	35,620	36,490
Roading	1,145,960	944,990	1,016,440	757,790	779,770	802,380	825,650	849,590	874,230	899,590
Stormwater	250,000	684,140	717,660	751,390	785,950	821,320	857,460	894,330	932,790	972,900
Water	2,213,000	2,580,780	2,729,720	2,575,140	3,217,370	5,651,880	1,291,060	30,330	1,237,780	19,410
Waste Management	988,000	1,209,700	1,428,660	821,990	868,310	1,678,000	942,320	1,290,650	1,013,370	1,185,740
Leisure & Recreation	371,340	266,570	234,200	355,600	208,310	276,310	271,950	210,960	232,170	239,690
Overheads	86,000	64,510	31,120	36,140	32,340	96,810	72,960	34,080	34,660	35,250
Plant	150,000	157,810	135,690	159,180	136,940	179,680	278,920	199,170	164,520	107,900
Buildings	34,350	35,000	38,940	36,150	48,930	40,790	37,830	38,470	42,820	39,600
Total	\$6,753,050	\$7,494,210	\$7,375,290	\$5,525,400	\$6,110,550	\$9,580,460	\$4,612,160	\$3,582,360	\$4,567,960	\$3,536,570

*NB includes asset expenditure to meet increased demand (Economic Development)

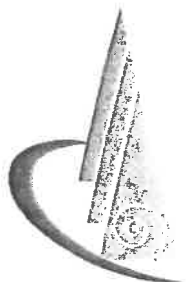
Changes from LTP 2018 - 2028

There are no significant changes to this Long Term Plan when compared to the Plan for 2018 - 2028. Council has made those changes that relate to estimates and assumptions based on revised data.



KAWERAU DISTRICT COUNCIL Infrastructure Strategy 2021 - 2051

Attachment 4 - as at May 2021



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INTRODUCTION

About our District

Kawerau lies in the Eastern Bay of Plenty region, 100 kilometres southeast of Tauranga and 58 kilometres east of Rotorua. An enclave of 22 square kilometres surrounded by the Whakatane District, the Kawerau District is comprised mainly of urban, industrial and commercial land and has a small area of rural land.

Kawerau's natural resources include the Kawerau Geothermal Field, the Tarawera River and natural springs which produce an abundant supply of good quality water. Kawerau's geology is the result of the Mount Tarawera eruption. Soils in the District are ash/pumice, highly porous and although poorly compacted, able to be compacted with work. The District topography is generally flat to rolling.

Kawerau enjoys hot summers and mild winters. In summer the daily maximum temperature averages 23.7 degrees Celsius and on some days can reach more than 30 degrees Celsius, making Kawerau one of the warmest places in New Zealand.

At the time of the 2018 Census, the district population was 7,460 which represented a 17.2% increase in population since 2013 (previous census) or around 3.2% population growth per annum. Stats NZ estimates there has been a further growth in population of 2.0% annually for 2019 and 2020. Also census figures show that Kawerau has close to the highest number of people per dwelling in the country, which can be attributable to a shortage of housing.

Stats NZ have projected that the population will continue to grow during the next 12 years (medium projection scenario) to a total population of just over 8,000. But the growth figure could be higher as Kawerau continues to provide employment opportunities through industrial development and has affordable housing.

Kawerau currently has a higher proportion of older people and a higher proportion of young people when compared to the rest of the country. The population projections show that over the next 12 years (to 2033) the number of young people (under 15) will reduce by 10.8 percent while the people that are over 65 will increase by 51.0 percent.

The unemployment rate in Kawerau was just over 12 percent in 2018, but evidence indicated the proportion of people receiving Work and Income benefits in Kawerau was considerably higher. Figures from Work and Income in December 2020 indicate that the number is similar to what it was in 2018.

Council has based its Infrastructure Strategy on these figures, and is confident that the projected population trends will continue to be positive. Economic development interventions, such as industry clustering facilitating industrial development and employment opportunities in the district and residential developments will continue to provide the opportunity for the district's population to grow.

Purpose of the Strategy

This Infrastructure Strategy is intended to help Council and the Community make informed decisions about the major infrastructure decisions and investments which will need to be made over the next 30 years.

The Strategy outlines:

- The key infrastructure issues which must be addressed over the next 30 years
- The main options for dealing with those issues
- The implications of those options for residents and businesses in terms of cost and service delivery; and
- Council's preferred scenario for managing the issues and implications.

This Strategy was developed in conjunction with, and provides the underlying infrastructure-related information about, Council's Financial Strategy. Infrastructure expenditure contributes to the following Community Outcomes:

Services Council infrastructure and services are accessible, age-friendly, effective, efficient and affordable, now and for the future.

Development Council works in partnership to attract people to visit, live and do business in Kawerau and to enhance economic and employment opportunities for our community.

Activity Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.

For the Kawerau District Council (Council), infrastructure spending accounts for approximately 35 percent of operating expenditure and around 70 percent of capital expenditure. Expenditure that both maintains the standard of Kawerau's infrastructure and is affordable now and in the future will provide a platform for economic development, contribute to the quality of life for the Kawerau community and help Kawerau remain an attractive place to live and do business.

What is Infrastructure?

For the purposes of this Strategy, the term 'infrastructure' means the assets used to deliver services to the community in the Council Activities as shown below:

Roading infrastructure includes street lighting, kerb, channel and footpath, pavement surface, pavement structure.

Stormwater (including flood protection) infrastructure is the reticulation (pipes).

Water Supply infrastructure is that used for collection and storage and the reticulation used for local distribution.

Wastewater infrastructure is the reticulation and that used for sewage pumping, treatment and disposal.

ASSUMPTIONS AND DRIVERS OF CAPITAL EXPENDITURE

A fundamental question for Council about infrastructure expenditure is how much should be spent. Capital investment decisions are driven by three considerations:

- Can we replace like for like?
- When should new and improved infrastructure be purchased? and
- How much do we need to invest to provide adequately for the future?

The proposals in this Strategy are based on assumptions Council has made in relation to each of these questions.

Council has assumed that the existing service levels will be maintained for the period of the strategy, as there is no anticipated demand for an increased (or reduced) level of service and the infrastructure has capacity to cope with a much higher population than the town has at present.

Council has also recently undertaken a significant amount of work to improve the information in its asset management plans (which provides the basis for the information in this strategy). This included reviewing the condition and remaining lives of infrastructure, reviewing the quantity of the various assets and seeking expert advice concerning each of the asset management plans. Consequently, Council is 90% to 95% confident of the information concerning its infrastructure and there is very low uncertainty regarding the programmed renewals.

Inflation

The financial forecasts for the first ten years of this Strategy have been adjusted for projected inflation rates in the BERL Local Government Cost Index. The financial forecasts for years 11 to 30 have been inflated by year 10 costs.

Inflation adjusters: Percentage change per annum

Year ending	Roading	Property	Water	Energy	Staff	Other
June 2022	3.3%	2.2%	7.2%	7.2%	4.8%	1.7%
June 2023	3.1%	1.9%	3.4%	3.4%	2.4%	2.0%
June 2024	3.0%	1.7%	2.1%	2.1%	1.5%	2.0%
June 2025	2.9%	1.6%	2.3%	2.3%	1.7%	1.9%
June 2026	2.9%	1.6%	2.6%	2.6%	2.0%	1.8%
June 2027	2.9%	1.4%	2.3%	2.3%	2.2%	1.8%
June 2028	2.9%	1.6%	3.0%	3.0%	2.3%	1.7%
June 2029	2.9%	1.7%	3.3%	3.3%	2.4%	1.7%
June 2030	2.9%	1.6%	3.3%	3.3%	2.6%	1.7%
June 2031	2.9%	1.3%	2.7%	2.7%	2.7%	1.6%

Source: BERL September 2020

Delivery of three waters

The Infrastructure Strategy anticipates that Council will continue to deliver drinking water, wastewater and stormwater services for the period of the strategy.

However, the government has signalled possible reforms that would remove the water, wastewater and stormwater activities and assets from councils, and transfer them to a new entity. If this was to occur, it could happen in 2023 or later, and the revenue, expenses, assets and debt for these activities that are included in the 2021 – 2031 long Term Plan, would be transferred to the new entity.

Therefore, there is a risk that these reforms may significantly change the way the three waters services are delivered and funded and that this change will result in significant funding and resourcing implications for Council.

COVID-19 Impacts

The global Covid-19 pandemic continues to develop across the world. In response to the pandemic and threat to public health the whole of New Zealand went into a high-level lockdown on Wednesday 25 March 2020. A further high-level lockdown for Auckland and a lower level lockdown for the rest of the country occurred on Wednesday 12 August 2020. The long-term impact on local, regional, and national economies is yet to be determined. However, the country is currently going through an immunisation programme and has travel agreements with Australia and the Cook Islands which reflects a confidence that the country has the virus under control.

For the purpose of the Infrastructure and the Long Term Plan Council has assumed that there will be no significant impact on activities and services as a result of Covid-19. Council has used the mid-scenario in terms of recovery which expects a prolonged but generally healthy economic recovery for our district. It is anticipated there will not any significant impacts on growth for the period of the strategy.

ASSET QUANTITIES AND CONDITION

The quantity of pipes and valves has been established from data held in Councils Asset Finda software programme. The data has been taken from as built plans and a high level of verification as to the location of the pipe, diameter, valve and manhole locations has been undertaken. The underlying information about the quantities of the assets is around 95% accurate.

The pipe materials (Steel, Concrete, AC and PVC) for the three water networks are considered to be reasonably accurate. Some potholing has been undertaken to verify material type along with information obtained from staff who have been servicing the networks for up to 20 years. The underlying information concerning pipe materials for the three waters is around 90% accurate.

The life of the materials in the pipes for the 3 waters and roads have been established as follows

Asset	Material	Testing inspection	Allocated Life
Stormwater	Concrete	Samples tested for level of cement leaching. Minimal leaching occurred to date.	70 years. Considered conservative

Wastewater	Concrete / Earthenware	Pipe tested for level of cement leaching. Some leaching occurred to date.	70 years.
Wastewater	AC	Samples tested for level of concrete leaching. Reasonable level of leaching occurred to date	70 years
Water	Steel	Samples taken from 60year old steel pipes. Minimal rusting detected	80 years Considered conservative
Water	AC	Samples tested for level of cement leaching. Level of leaching similar to NAMS manual and other Council results	60 years
Water	PVC & polyethylene	Pipe predominantly installed since 2000. Lives based on expected life from manufacturers and other TLAs	80 - 100 years
Roading	Seal	Seal life is based on local experience as well as NZTA recommendations	13 – 20 years
Roading	Base-course	Base course life is based on professional knowledge and local conditions	80 years
Roading	Footpaths	Footpath life is a combination of location (local conditions) and professional knowledge	80 years
Roading	Streetlights	Streetlights life is based on national recommendations and local knowledge	12 years

Overall, there is a good level of confidence about the rates of deterioration of the assets for roading and the three waters.

It is considered that overall there is some conservatism in the life of the assets. Conservatism in the life of the asset means that the current users are paying slightly more than they would be with less conservative pipe lives. However, the upside is that the community will not suffer significant increases in rates due to underfunding depreciation in the future.

Council will continue to regularly assess the condition of these critical assets to ensure that the necessary maintenance and the subsequently renewals are appropriate and in accordance with best practice. Maintenance will generally be carried out by Council staff who have excellent knowledge of the assets and their condition.

When we can replace like for like

The estimated useful life of each class of Council infrastructure is set out in the Statement of Accounting Policies in the current Long Term Plan. As with any estimate, there is a risk that these may be wrong. Overestimation could lead to earlier than forecast failure and emergency replacement while underestimation could mean that infrastructure is replaced before it needs to be.

Council's projections for replacing infrastructure are also underpinned by the current state of technology. Future developments may lower the replacement costs of pipes for example, if their useful lives can be extended by re-lining.

Council infrastructure has a total value at 30 June 2020 of \$42.1 million and over the next 10 years, \$49.5 million (including inflation) will be spent on renewals.

The respective asset management plans have identified when significant renewal items are programmed to take place over the next 30 years. The exception is the intension to replace all existing steel and AC water pipes over the next 6 years at a cost of \$12 million.

The reasons for this are:

- Manganese has built up in these pipes over the years which is being released as a result of the chlorination of the water supply
- There is variable wear of these pipes due to the environment

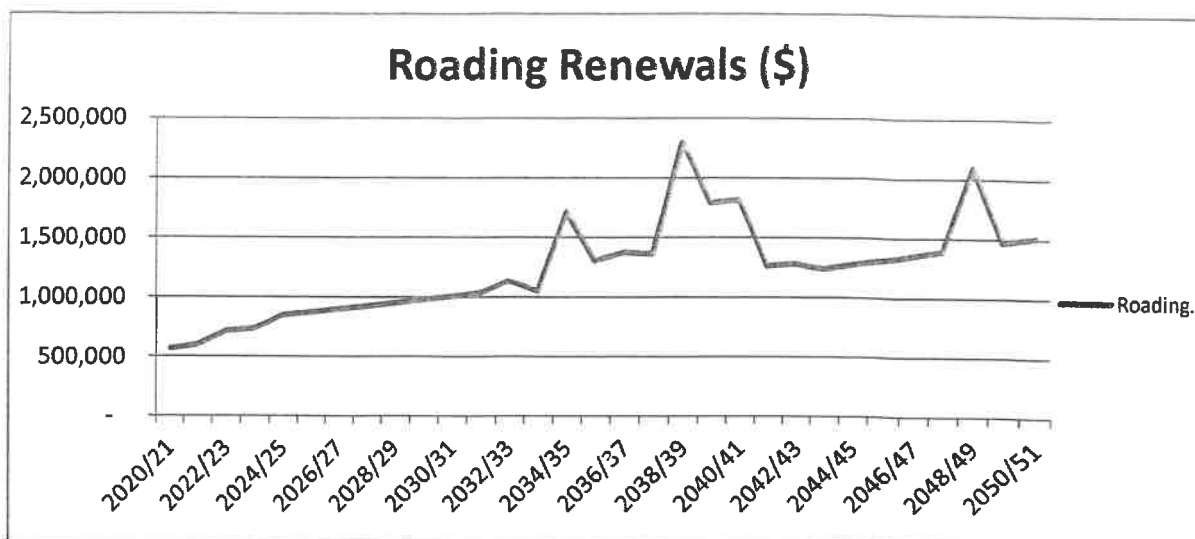
Council is raising loans to fund these renewals

Roading

Roading assets include the road carriageway, street lights, footpaths, kerbs, bridges and culverts. The net value of Council's roading assets at 30 June 2020 is \$16.8 million. The current levels of service provided by roading assets are shown in the following table:

Length of Roads (kms)	40
Length of Kerbs (kms)	72
Area of Footpaths (m ²)	108,500
Structures (one Bridge, five culverts)	6
Number of Street Lights	764

Expenditure on Roading renewals over the life of this Strategy is expected to be fairly constant, as shown in the graph below:



The renewal and replacement of these assets have been smoothed mostly to align with the NZTA approved roading programme. There are expenditure spikes in 2034/35 for streetlight replacement and 2038/39 for the renewal of culverts to increase the stormwater capacity of its roads to cope future heavy rainfall events.

Stormwater, Water Supply and Wastewater (3 Waters)

Kawerau is unusual in that, because the town was purpose-built, much of the reticulation infrastructure was constructed at once. Because the town is only 65 years old, Council's main focus to date has been on maintenance. As it ages however, infrastructure will start needing to be replaced. The uniformity in age means that this will occur in large chunks and create expenditure 'spikes'.

Smoothing of Renewals

Council has adopted a strategy to 'smooth' the renewal of its infrastructure assets. For the stormwater, water supply and wastewater infrastructure, Council has divided the reticulation network into six zones based on the estimated average date at which each zone was developed. Renewal/replacement funding for each zone is averaged over ten years. This allows for the spread of renewals dates and recognizes the different end of life dates. Also replacement decisions are based on information including the condition, reliability and maintenance of the asset as well as age.

The exception is the water pipes which Council has decided to replace all the steel and AC pipes over the next 6 years. The reason for this is that the existing pipes have a build-up of manganese which regularly discolours the water and also some of the pipes are coming to the end of their useful life.

Council's overall objective is to maximise the life of the district's infrastructure without compromising service. This reduces the overall cost to the community.

Stormwater

The Stormwater activity involves Council disposing of stormwater from the roading network, repairing or replacing unsound pipes and other stormwater structures, cleaning pipes and cesspits and planning to meet future requirements, and improving

operations. Stormwater is collected predominantly from the roading network and channeled through a network of pipes into natural waterways. The net value of Council’s stormwater assets at 30 June 2020 is \$5.1 million. Key components of the system are summarised in the table below:

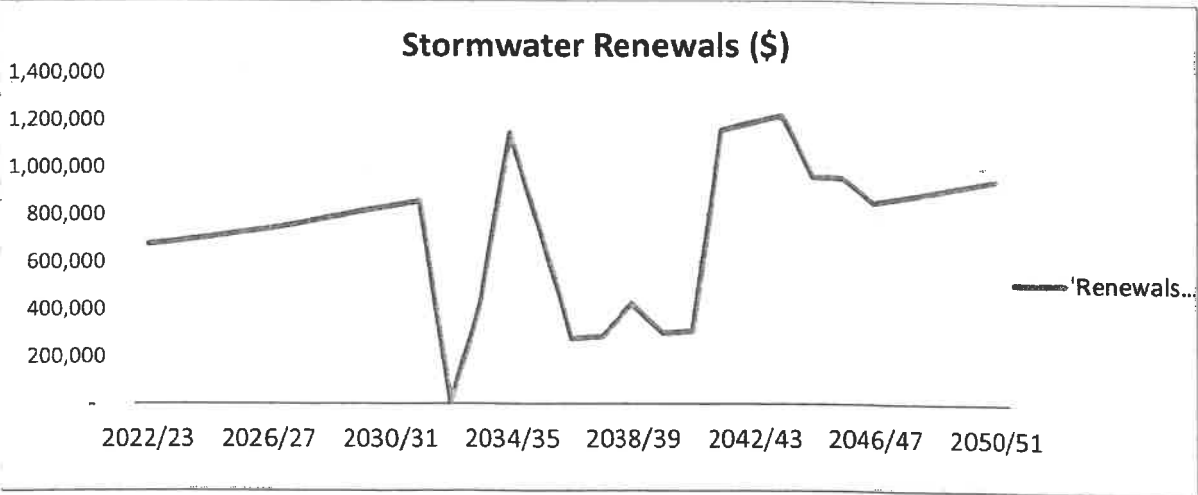
Length of reticulation	39.2 km
Number of cesspits	786
Number of outfalls	21
Number of manholes	529

The network is predominantly concrete pipes and manholes with some GEW and PVC in the town centre where it is impacted by Geothermal. The more modern smaller diameter pipes are also PVC.

The change in climate has resulted in increased rainfall intensities. The ensuing increased flows have exceeded pipework capacity and runoff from farmland has inundated a number of homes in 2017 following a very extreme rainfall event (300mm in 8hours). Flow diversion structures have been built to redirect the flow. In 2017 - 19 a number of flow retention structures were built to further manage future rainfall flows. In addition 2 culverts under River Road are currently being replaced to eliminate build up on dividing walls and prevent backup resulting in houses being flooded.

Following these improvements ongoing monitoring of the stormwater networks performance and climate changes will be monitored to determine if additional improvements are required

Council will need to replace approximately 15.4 kilometres of Stormwater pipes over the next ten years (2023 – 2032) and a further 12.3 kilometres from 2033 to 2051.



Council will consider the renewal options at the time of replacement (either replacing the stormwater pipe entirely or inserting a smaller PE (polyethylene) pipe inside the existing pipe)

Water Supply

The Kawerau District water supply network comprises springs, pumps, reservoirs and pipes. It distributes potable (drinkable) water to around 2,700 households, four large industrial plants and approximately 250 businesses. The water is principally sourced from two springs. When demand is high and spring flows are low, Council can obtain additional water from a bore field. Resource consents from Environment Bay of Plenty stipulate the amount of water which may be taken and a maximum extraction rate.

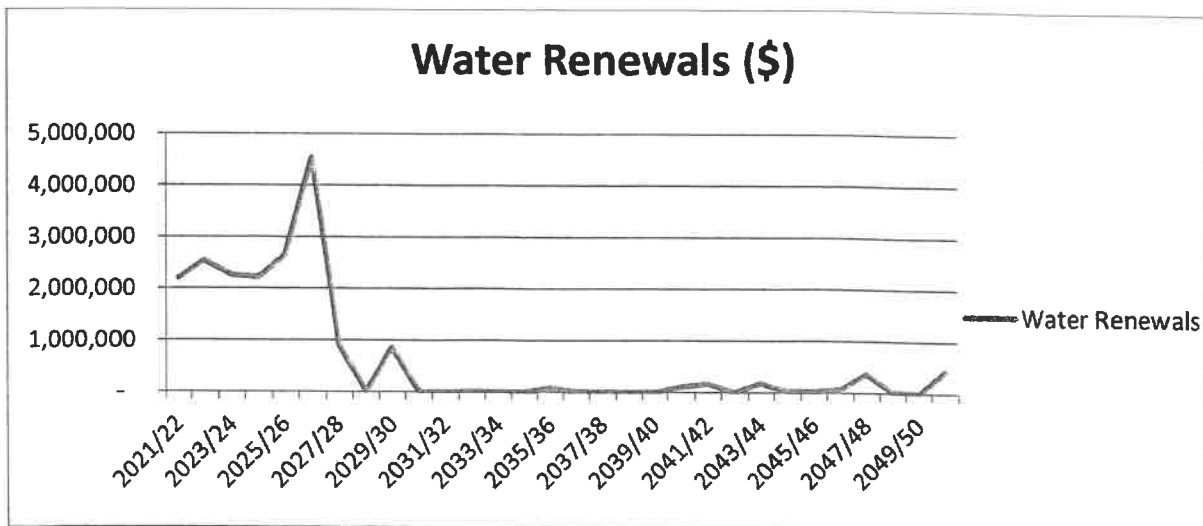
From source the water is treated (UV and Chlorine) and then pumped to three reservoirs, from where it is delivered to consumers by gravity. Large water users have metered supplies. The net value of Council's water supply assets at 30 June 2020 is \$9.0 million. Key components of the system are summarised in the table below:

Length of reticulation (kms)	77.7
Number of pumping stations	2

To meet NZ Drinking Water Standards the water is treated with UV to eliminate Protozoa and Bacteria and chlorine to eliminate the possibility of the water being re-contaminated after the UV treatment. The water is monitored at set points in the reticulation to ensure the residual protection is always occurring. A Water Safety Plan is in place that is reviewed by Ministry of Health to ensure potential risks identified are reduced as much as possible.

Council will replace approximately 48 km of water supply pipes over the next 6 years at a cost of \$12 million (\$2.0 million annually). This will mean that no further pipe renewal will need to occur for at least 60 years apart from the gravity and rising mains to the reservoirs. The main reason for undertaking all this work is that the existing pipes have a build-up of manganese which is discolouring the water supply.

Water Supply renewals and expected costs are shown below:



The expenditure spike in 2026/27 relates to replacement of the gravity main from the Umukaraka Spring to the Pumphouse and the 2 trunk mains. Also the smaller reservoir on Monica Lanham Reserve is programmed for replacement in 2027/28.

Wastewater

Properties connect to the public reticulation system through small pipes. Larger pipes and manholes are used in the network where changes in gradient and direction occur. There are also two pump stations. All wastewater is brought to the treatment plant. Treatment and the discharge of water to ground are carried out in accordance with resource consent requirements and to maintain a healthy environment. Septic tanks are used for one Council owned toilet block and the few properties in the District not connected to the network.

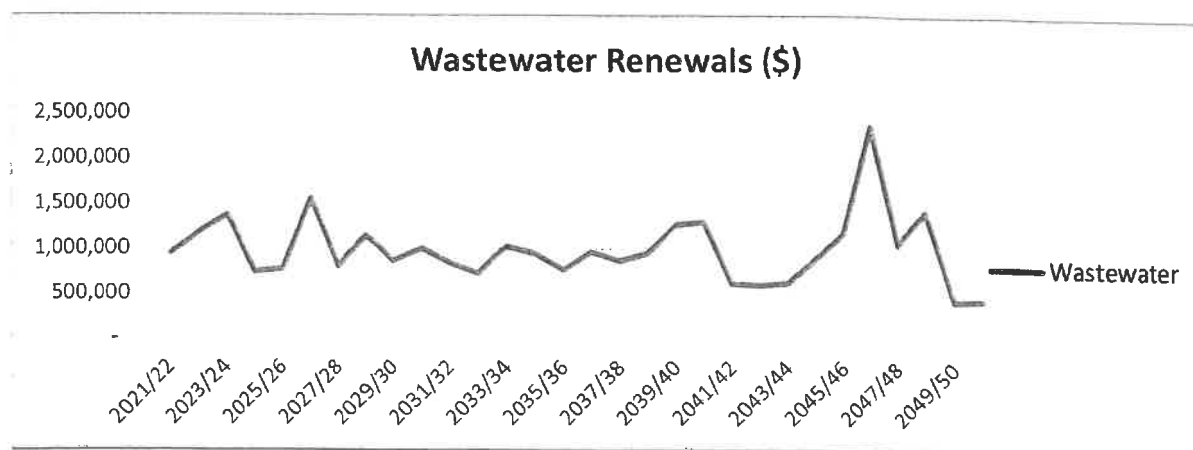
The net value of Council's wastewater assets at 30 June 2020 is \$11.2 million.

Key components of the system are summarised in the table below:

Length of reticulation (kms)	54.7
Number of pumping stations	4
Manholes	767
Treatment Plant	1
Wastewater treated (average m3 per day)	2,200

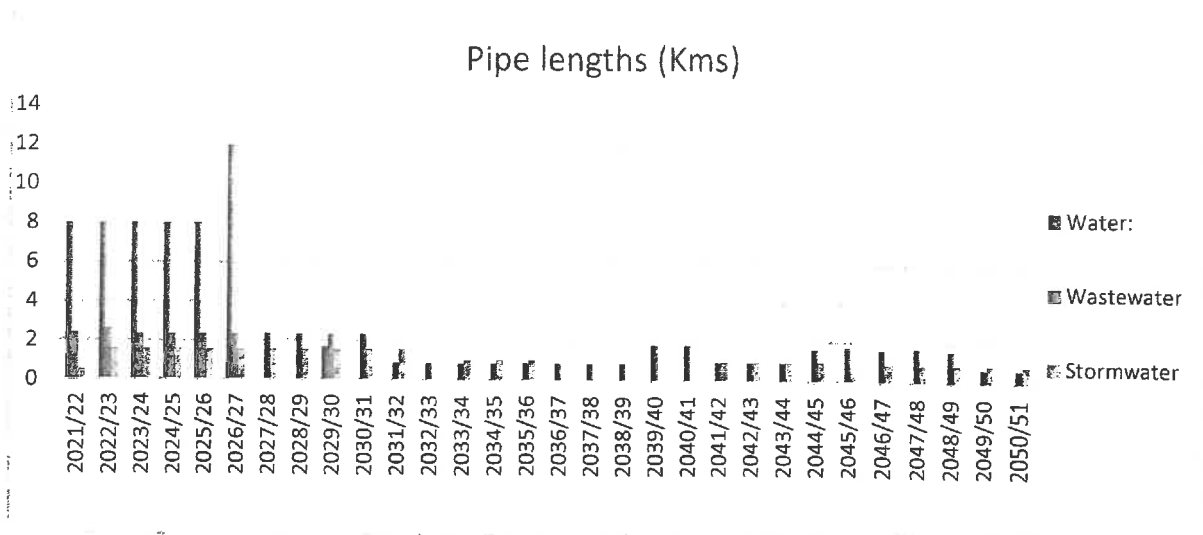
Council is proposing to replace nearly 22.8kms of pipes over the next 10 years and a further 25.5 kilometres from 2031 to 2051. The replacement of pipes when they reach the end of life are mostly spread out over a 10 year period to recognise the timeframe required when installing them and also the capacity of contractors to replace the pipes.

The programmed waste renewal expenditure for the next 30 years is shown in the following table:



Pipe Renewal – 3 Waters

The following table shows the length of pipe replacement programmed for the 3 waters over the next 30 years.



Funding for Infrastructure and Affordability

Council currently funds the depreciation expense for each activity (apart from non-strategic assets) and has done so since 1998. These funds are set aside in reserves and used to pay for renewals. The exception is the replacement of the water pipes which Council will fund from loans (\$12.0 million). The Long Term Plan anticipates that Council will have cash reserves (mostly depreciation reserves) of approximately \$2.4 million at 30 June 2031 and there will be sufficient reserves during the remaining period of the strategy to fund all the necessary infrastructure renewals.

Council previously made the decision to fund the annual depreciation and set aside the money to pay for future renewals because it believed that it was financially prudent to do so and also ensured that the cost of these assets was spread equitably and affordably over each generation of ratepayers.

Refer to the Financial Strategy and the Revenue and Financial Policy for more detail regarding the funding of infrastructure.

When new and improved infrastructure will need to be purchased

The effects of climate change, increasing environmental regulations or the need to improve resilience for earthquakes may require Council to invest in upgrading its infrastructure.

Improved Technology

Roading

The completion of the upgrade of Kawerau's street lighting to LED is occurred in 2018. This resulted in longer life for streetlights and reduced energy consumption.

3 Waters - Pipes

The replacement pipe material (polyethylene) is a significant improvement on the material that currently comprises the network for the 3 waters. This material is expected to last longer and is considerably easier to maintain.

Environmental Expectations

Water Supply

Local demand for water is not expected to increase markedly over the life of this Strategy. The Bay of Plenty Regional Council will undertake a review of the water allocations when issuing resource consents. Water for human consumption is given high priority compared with other uses (e.g. irrigation or industry) so minimal impact is expected in relation to Kawerau's Water Supply infrastructure. If the Regional Council was to reduce the maximum amount of water that Council could take, Council would have to start imposing water restrictions in summer. There would be no additional costs associated with this risk, however it would result in a reduced level of service for the community.

Climate Change

Stormwater

Changing rainfall patterns have impacted on future Stormwater requirements. Some flow diversion structures were built in 2017 to reduce overland flows from surrounding farmland on properties.

In 2020/21 culverts under River Road are being upgraded to provide greater capacity and eliminate clogging resulting from backup of water and housing inundation. In addition water retention dams have recently been built on farmland to reduce the maximum flow occurring during extreme rainfall events.

Ongoing monitoring of changes in climate and the capacity of the stormwater network in relation to significant rainfall events will occur regularly and decisions on changes or not to the network will be made following this assessment.

Other impacts of climate change

Other possible impacts of climate change are sea level rise and increasing incidences of drought. Sea level rise is unlikely to impact on the district due to the proximity from the sea. Future droughts may increase the demand for water, but it is believed that the supply will not be affected as the water is sourced from underground springs. Past droughts have not seen any reduction in the availability of water.

Earthquake Resilience

Kawerau's infrastructure suffered little or no damage during the major 1987 Edgecumbe earthquake. There is always a possibility however, that another earthquake of a similar or greater magnitude could cause more serious damage.

Roading

The roading network suffered no damage in the 1987 event, which indicates that Roothing is at minimal risk from earthquakes.

Water Supply

The 1987 Edgecumbe earthquake damaged the district's water reservoirs, which in turn affected water quality for a period of time. Some remedial work was undertaken to the reservoir columns in 2017 to strengthen against future earthquakes. There was no damage to pipes, which indicates that the earthquake risk to Council's water reticulation network is low.

Wastewater

The Edgecumbe earthquake caused no known damage to wastewater pipes, which indicates that the network has a low earthquake risk.

Insurance

A funding arrangement between central and local government will enable certain infrastructure, such as reticulation systems, to be restored after a natural disaster. The arrangement provides that central government would meet up to 60 percent of the cost and Council the remaining 40 percent. Council has insurance of \$10 million to meet its share of the cost in the event of a disaster.

How much expenditure is required to provide for future needs

Future Population

Population size is the main determinant of demand for infrastructure.

The district infrastructure has the capacity to service a population of approximately 10,000 and therefore there is more than sufficient capacity for the period of the Long Term Plan. The additional cost of servicing a larger population than projected by Statistics NZ, would be limited to variable costs such as power. Similarly, if the population was to reduce below the projected level, there would be minimal reduction in costs.

MOST LIKELY SCENARIO

Council does not foresee significant population growth beyond what has been indicated nor changes to the levels of service for any of its assets in the foreseeable future. Over the next 30 years, ageing of infrastructure will create the need for some significant replacement, first, of water supply reticulation and then, of wastewater reticulation. In the last decade covered by the Strategy, substantial roading renewal will be required. Council's planned infrastructure renewal programme, with alternatives and costs, is discussed below.

Roading

The roading network requires continued reseals, road marking and kerb and footpath replacement at current levels to maintain existing levels of service for the foreseeable future. Footpath replacement is also continuously occurring to maintain smooth surfaces.

Most likely scenario

1. Councils footpath replacement budget is \$160,000 per year. This replaces approximately 2% of the network each year. The location of the replacement is often random as much of the replacement is because of tree root damage.
2. Other renewals are determined in conjunction with NZTA so Council can maximise the funding from NZTA.

Water Supply

1. *Replace gravity main from Umukaraka Spring to Pumphouse*

The gravity main from the Umukaraka Spring to the Pumphouse is made from AC pipe is 3,200 metres long, and 450 mm in diameter. Installed in 1970, it is showing some signs of deterioration. Umukaraka Spring water has a low pH value (i.e. high acidity level) which is contributing to the deterioration in the gravity main. Without water from this spring, Council has an alternative source of water (Tarawera bores). The gravity main is not under pressure so the pipe is expected to last for 60 years. Failure is not anticipated to be catastrophic.

Most likely scenario

Replace the gravity main pipe in 2026-27 (\$2.4 million) before failures commence, which will give an added level of security to the supply.

Principal alternative

Defer replacement until after two failures have occurred. The season during which the failures occurred would determine the level of disruption to the community.

2. *Replacement of mains pipes*

The reticulation is a mix of materials Steel (44%), AC (37%) and PVC/PE (19%) pipes in the Water Supply network. To date, pipes have generally been replaced after regular failures occur. However, Council has budgeted (from 1 July 2021) to replace all the AC and steel pipes over the next 6 years (\$2.0 million annually).

Most likely scenario

The decision to replace all steel and AC pipes was primarily to remove all pipes that have a build-up of manganese which has been discolouring the water supply over the last 2 years.

Also it will give confidence about the condition of the water pipes for the future.

Principal alternative

Wait until several pipe failures occur and then replace that area of the reticulation network only. This maximises the life of the asset but will provide a

reduced level of service for households and businesses in the area where pipes have started to fail.

Also residents will continue from time to time to get discoloured water.

Wastewater

Ongoing pipe replacement

The AC and earthenware pipes in the wastewater reticulation network are also deteriorating with age. They need replacing prior to or after regular failures occur. For wastewater reticulation, every additional year that the life of pipes can be extended equates to a reduction of approximately 1.5 percent per annum in the depreciation cost.

Most likely scenario

Determine the likely end of life date and then replace the pipes on this date even if failures are not yet occurring.

Principal alternatives

- a. Determine the likely end of life date and replace well before this date so as to minimise disruptions to the community. This would increase depreciation costs of the wastewater activity because pipes would be replaced before the end of their useful lives.
- b. Wait until several pipe failures occur and then replace that area of the reticulation network only. This maximises the life of the asset but does provide a reduced level of service for households and businesses in the area where pipes have started to fail.

WHAT WILL IT COST?

Cost of replacement programme

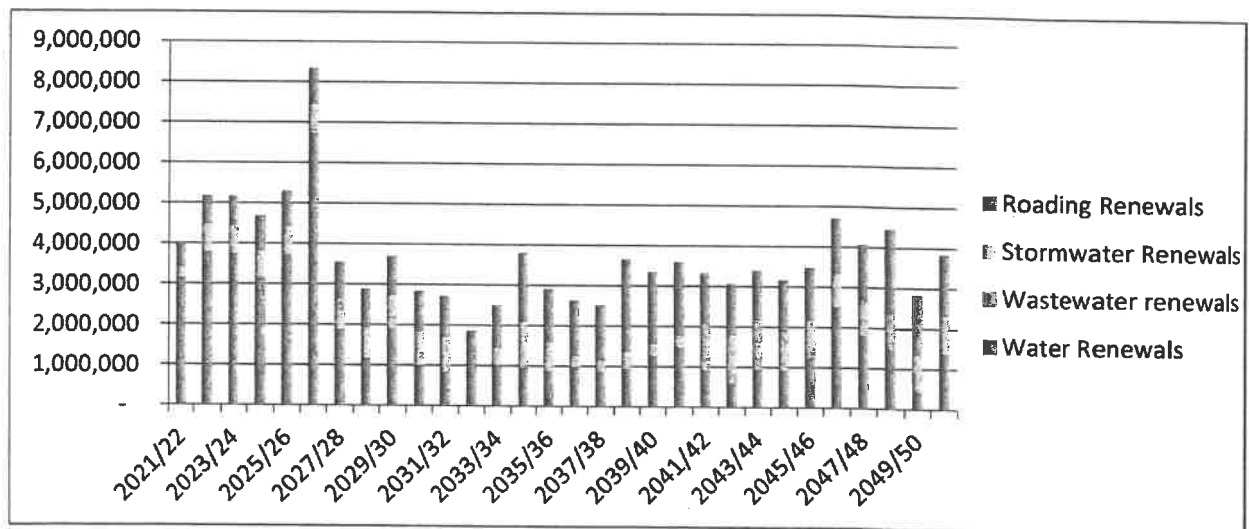
The costs associated with the proposed renewals (including inflation) for roading, water supply, wastewater and stormwater are shown in the table below:

Renewal	Most likely scenario \$
Roading:	
Reseals, kerb and footpath replacements 2021 - 51	\$19,547,600
Other roading renewals 2021 - 51	\$18,050,300
Water:	
Pipe, valve, toby replacements 2021 - 27	\$16,771,200
Other water reticulation renewals 2021 - 51	\$5,953,700

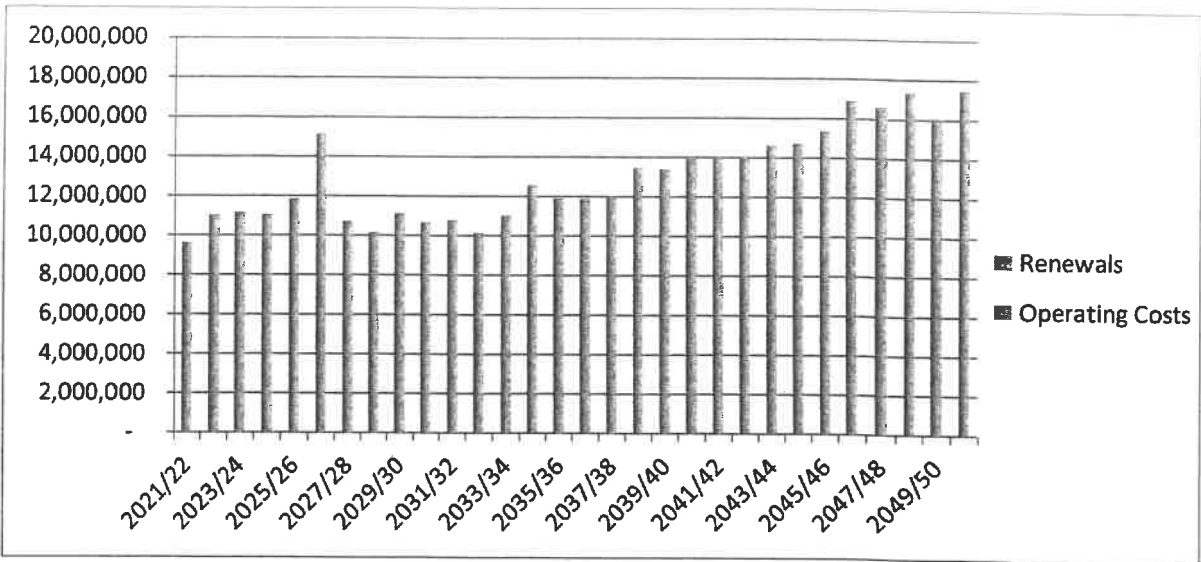
Wastewater:	
Pipe replacements 2021 - 51	\$20,047,000
Other wastewater renewals 2021 - 51	\$9,425,100
Stormwater:	
Stormwater pipe replacement	\$21,678,500
Total	\$111,473,400

The proposed infrastructure replacement programme for the next 30 years as well as the annual renewal and operational (including inflation) are shown in the following tables:

Renewal Programme – 2021 - 2051 (\$)



Annual Operating and Capital Expenditure for Infrastructure (\$)



Revenue and Financing Policy

Policy Objectives

The objectives of this policy are to explain who pays and why, to outline how Council's activities are funded and to meet the requirements of the Local Government Act 2002.

Principles

This policy is based on the principles that:

- Council has a responsibility to exercise prudent financial management.
- The cost of providing Council services should be borne equitably by the community and those who use the service.
- Fees and charges should be fair.
- Council will consider affordability when determining the level of fees and charges.

Definitions

Community outcomes

The outcomes a local authority aims to achieve in order to promote the economic and cultural well-being of its district in the present and for the future. They define the desired future for the District. Kawerau's community outcomes are described in the Long Term Plan.

Distribution of benefits

Identifying who benefits from an activity provided by Council is important when considering who should pay for the service. Generally, if only individuals receive the benefits of an activity (private benefits), a user-pays system should be considered. If the benefits of an activity are shared by a large group within the community then an appropriate funding option for that activity would be a targeted rate. Alternatively, if the benefits of an activity are shared by the whole community (public benefit) then an appropriate funding option for that activity would be the general rate.

Industrial/Commercial

All properties other than those defined as "Residential".

Residential Properties

Those properties situated in any zone used solely for residential purposes.

Period of benefits

A statutorily required assessment of the period over which the benefits from each activity will flow. This aids in identifying the period over which the operating and capital expenditure should be funded.

For all activities, operating costs are directly related to providing benefits in the year of expenditure. As such, they are appropriately funded annually.

Assets provide benefits over more than one year and therefore benefits are derived over the useful life of each asset. Useful lives range from a few years in the case of computer equipment through to many decades for infrastructural assets such as the water supply network. This introduces the concept of intergenerational equity whereby costs of any expenditure should be recovered at the time the benefits of that expenditure accrue. This is particularly relevant for larger assets such as the wastewater, stormwater, roading and water supply networks.

To ensure that each generation of ratepayers pay for the benefits that are received, the depreciation charges for an asset are funded by that year's rates. This results in infrastructural costs being spread more evenly across the life of the asset and the different ratepayers who benefit from it.

Funding of capital expenditure

Capital expenditure that needs to be funded relates predominantly to three things: the purchase of new assets, the replacement of existing assets and the repayment of loan principal on debt (both external and internal).

Depreciation reserves are used to fund capital expenditure in Council activities for which asset depreciation is funded. Internal borrowing is used when there are insufficient reserve funds for an activity.

Also as Council has decided to replace all of the steel and AC water pipes over the next 6 years it proposed that Council is going to borrow \$2.0 million annually (\$12.0 million in total) to fund this expenditure. A table showing

planned renewal expenditure is included in the financial statements of the Plan.

The Local Government Act requires that operating revenues in any one financial year should be set at a level sufficient to meet all projected operating expenses. The expenditure must include the cost of depreciation.

Depreciation on some assets is not fully funded (see financial strategy). Any capital expenditure on those assets is funded from general rates or internal loans.

Contributors to the need for an activity (polluter pays)

The 'polluter pays' principle is that if a person creates a problem which incurs costs for Council, that person should contribute some or all of the funds to meet those costs. For example, dog owners who allow their dogs to roam should pay a fine to cover the cost of impounding. However, this is not always practical, as identifying and charging the offender is not always possible. Similarly, people who do graffiti or dump rubbish illegally are not always caught. Council's policy is to recover these costs where practicable.

Costs and benefits of funding the activity distinctly from other activities

When selecting a particular funding mechanism Council is required to consider the costs and benefits. It is possible to establish specific charges or rates for each service, however this is not the best approach if the cost of establishing and administering a charging system outweighs the benefits or the revenue gained. This is assessed on a case-by-case basis. Council is also required to consider alternative funding mechanisms in terms of transparency and accountability. One which is targeted for specific cost items is more transparent to users of the activity than general or aggregated funding. However, if the targeted charging approach excessively increases administrative costs then an aggregated charging approach may be better.

Overall impact of the method of funding

In addition to all of the issues explained above, Council is required to consider the overall impact that any allocation of charges and costs may have on the current and future social, economic, environmental and cultural well-being of the Community.

Background

Council has broken its business down to activity level. For some activities, it has divided costs into two components - availability of the service and use of the service. Activities have been separated in this way when they benefit different groups in the community. In general, Council has assessed the availability of an activity as a public benefit and the use of an activity as a private benefit.

'Availability' relates to the costs incurred to keep a service or asset in such a condition that it can become operational (e.g. keeping library items up to date). 'Use' relates to costs incurred as a result of the asset being used (e.g. staff costs of issuing library items).

Legislative requirements

The Local Government Act requires that the funding needs of Council must be met from those sources that are deemed to be appropriate, following the consideration of:

- The community outcomes to which the activity primarily contributes
- The distribution of benefits among the Community as a whole, any identifiable part of the Community, and individuals
- The period in or over which those benefits are expected to occur
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities

Then Council must assess the overall impact of allocating the liability for the revenue on the community, before determining the appropriate funding mechanisms.

Policy Statement

Funding for Operating Expenses

All operating expenses will be funded each year in accordance with the summary table which lists the following funding sources for each activity after Council determined:

- the beneficiaries of Council activities
- the ability of residents to pay for Council services
- whether there are any “exacerbators” for the particular activity; and
- the costs and benefits of using the selected funding source.

Funding for Capital Expenditure

Capital expenditure is funded in accordance with the type of expenditure that is incurred.

- Water pipe replacements (2021 to 2027) will be funded from loans
- Other renewals are funded from depreciation reserves
- Capital expenditure to improve the level of service is funded from an internal loan

Other sources for capital funding include:

- NZTA subsidy (Roading and Storm-water)
- Sale/Disposal of Assets
- Grants from various funding agencies

General rate

Council charges general rates through both a Uniform Annual General Charge (UAGC) on each separately used or inhabited part of a rating unit and a rate in the dollar on capital value in accordance with Council's Differential Rating System.

The purpose of the UAGC is to ensure a minimum contribution to the general rate from all ratepayers and more even allocation of the general. The UAGC amount has been set by Council to produce the fairest and most equitable overall result for the community.

Council charges general rates on a differential basis in accordance with the Local Government (Rating) Act 2002. Council introduced differential rating in 1978. The objective of Council's system of differential rating is primarily to retain the ratio between commercial and industrial ratepayers on the

one hand and residential ratepayers on the other. The general rate (including the UAGC) is apportioned on a ratio of 55:45 Industrial/Commercial: Residential.

Targeted rates

Water Council charges a uniform fixed amount for the provision of water supply.

The rate is charged to each separately used or inhabited part of a rating unit to which Council supplies water, except for properties on metered water supply.

Wastewater Council charges a uniform fixed amount for the collection and treatment of wastewater.

The rate is charged to each separately used or inhabited part of a rating unit that is connected to Council's wastewater disposal network.

Refuse Collection Council charges a uniform fixed amount for the collection of residual refuse.

The rate is charged to each separately used or inhabited part of a rating from which Council is prepared to remove residual refuse.

Grants and subsidies

A large part of Council expenditure on roads is subsidised by the New Zealand Transport Agency (NZTA). Subsidies contribute to the long term maintenance of carriageways and their associated drainage and lighting systems and partly fund street cleaning.

Interest and dividends

Council has minimal equity investments and therefore receives no dividend income of any consequence.

Council receives interest on its financial investments. Council will continue to have a modest depreciation reserves over the period of the Long Term Plan. These funds are invested in accordance with Council's Investment Policy and will be retained for expenditure on asset replacement.

Interest revenue from the investment of these reserves lowers the amount of depreciation funding that is required from general rates.

Fees and charges

Council has fees and charges on a wide range of its activities. A number of factors are taken into account by Council when setting fees.

These include:

- The cost of the service provided and the private benefits received
- The ability of users to pay and the possible exclusionary effects to people on low incomes
- The risk of people not using Council services if charges for those services are perceived to be too high
- In appropriate cases, whether the user lives in the district or outside the district

Proceeds from asset sales

Proceeds from asset sales will be used for the sustainable reduction of rates or the acquisition of new assets.

Reserve funds

Most Council reserve funds are associated with depreciation reserves, which will be used to finance the renewals of existing assets.

Financial contributions

Council has the ability to collect financial contributions as per its Financial Contributions Policy.

Assessment of overall impact of allocation of revenue needs

Council believes that its selection of funding tools leads to the most equitable funding of Council activities in terms of:

- The distribution of benefits amongst the community
- The period in, or over which those benefits are expected to occur
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
- Being affordable.

While some activities would normally be funded by user fees and charges due to the level of private benefit that they provide, Council wishes to enhance the well-being of Kawerau residents by encouraging them to use various Council services. It is felt that the inability to pay for various services should not stop or restrict access to those services.

Council has therefore determined that the following activities will be funded from general rates:

- Access to the Library/Museum for Kawerau residents and property owners
- Access to the Swimming Pool
- Partial waivers of rentals of the Town Hall, Concert Chambers, Recreation Centre and Passive Reserves for groups who achieve the outcomes desired by this policy
- Free access to the Town Centre Toilets
- Free access to the Refuse Disposal Site for people acting charitably

Table: Allocation of costs

Significant Activity	Funding Ratio	
	Public Benefit (%)	Private Benefit (%)
Democracy	100	0
Economic and Community Development		
Economic Development	100	0
Pensioner Housing	0	100
Community, Cultural and Social	100	0
Commercial Buildings/Residential Development	0	100
Firmin Lodge	55	45
Information Centre	25	75
Environmental Services		
Resource Management - Planning	Availability	100
Resource Management - Consents		30
Building and Inspection	Availability	100
Building and Inspection	Use	20
Environmental Health	Availability	100
Environmental Health	Use	50
Dog Control		90
Dog Registration		0
Civil Defence		100
Roading		100
Stormwater		100
Water Supply		
Water Supply	Availability	100
Water Supply	Use	0
Wastewater		
Wastewater	Availability	100
Wastewater	Use	0
Solid Waste		
Refuse Collection		10
Refuse Disposal	Availability	100
Refuse Disposal	Use	0
Zero Waste		100
Leisure and Recreation		
Library/Museum	Availability	100
Library/Museum	Use	95
Swimming Pools	Availability	100
Swimming Pools	Use	95
Public Halls		
Recreation Centre	Availability	100
Recreation Centre	Use	90
Town Hall	Availability	100
Town Hall	Use	90
Concert Chamber	Availability	100
Concert Chamber	Use	90
Bert Hamilton Hall	Availability & use	90
Public Toilets		100
Parks and Reserves		
Sports Fields		100
Passive Reserves		100
Road Berms		100
Street Trees		100
Annual Bedding Displays		100
Playgrounds		100
Cemetery	Availability	100
Cemetery	Use	0

Table: Mix of funding mechanisms for operating expenses

Activity Group		Public Benefit	Private Benefit
Democracy		General Rates	
Economic and Community Development			
Economic Development		General Rates	User Fees and Charges
Commercial Rental Buildings			User Fees and Charges
Community, Cultural and Social	Availability	General Rates	
Pensioner Housing			User Fees and Charges
Commercial Rental Buildings			User Fees and Charges
Firmin Lodge		General Rates	User Fees and Charges
Information Centre		General Rates	User Fees and Charges
Environmental Services			
Resource Management - Planning	Availability	General Rates	
Resource Management - Consents		General Rates	User Fees and Charges
Building and Inspection	Availability	General Rates	
Building and Inspection	Use	General Rates	User Fees and Charges
Environmental Health	Availability	General Rates	
Environmental Health	Use	General Rates	User Fees and Charges
Dog Control		General Rates	
Dog Registration			User Fees and Charges
Civil Defence		General Rates	
Roading		General Rates	
Stormwater		General Rates	Subsidies, LA Fuel Tax Subsidies
Water Supply			
Water Supply	Availability	General Rates	
Water Supply	Use		Targeted Rate and User Fees and Charges
Wastewater			
Wastewater	Availability	General Rates	
Wastewater	Use		Targeted Rate and User Fees and Charges
Solid Waste			
Refuse Collection		General Rates	Targeted Rate and User Fees and Charges
Refuse Disposal	Availability	General Rates	
Refuse Disposal	Use	General Rates	User Fees and Charges
Zero Waste		General Rates	
Leisure and Recreation			
Library/Museum	Availability	General Rates	
Library/Museum	Use	General Rates	User Fees and Charges
Swimming Pools	Availability	General Rates	
Swimming Pools	Use	General Rates	User Fees and Charges
Public Halls			
Recreation Centre	Availability	General Rates	
Recreation Centre	Use	General Rates	User Fees and Charges
Town Hall	Availability	General Rates	
Town Hall	Use	General Rates	User Fees and Charges
Concert Chamber	Availability	General Rates	
Concert Chamber	Use	General Rates	User Fees and Charges
Town Centre Toilets	Availability	General Rates	
Town Centre Toilets	Use	General Rates	
Public Toilets		General Rates	
Parks and Reserves			
Sports Fields		General Rates	User Fees and Charges
Passive Reserves		General Rates	
Road Berms		General Rates	
Street Trees		General Rates	
Annual Bedding Displays		General Rates	
Playgrounds		General Rates	
Cemetery	Availability	General Rates	
Cemetery	Use		User Fees and Charges

FINANCIAL CONTRIBUTIONS POLICY

Introduction

Section 102(1) of the Local Government Act 2002 requires local authorities to adopt a development contributions or financial contributions policy.

"Financial contributions" has the meaning given to it by s108(9) of the Resource Management Act 1991, i.e.

- a) Money; or
- b) Land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Maori land within the meaning of the Maori Land Act 1993 unless that Act provides otherwise; or
- c) A combination of money and land.

Development contributions may take the same form as above, but they are only available to fund additional infrastructure costs that occur as a direct result of growth. They are a tool to allocate the cost of growth to those who cause the need for the additional infrastructure.

The Kawerau District does not have the pressure on infrastructure systems that is being experienced by some territorial authorities and therefore does not have a pressing need to extend existing infrastructure systems to cope with increasing demand. The spare capacity in Council's infrastructure means it can cope with some growth without a resulting increase in demand for community facilities. Indeed, Council wishes to encourage development in the District to further the Community Outcomes.

Where new subdivisions or developments occur, extensions to infrastructure networks are necessary. These extensions add incrementally to the demand on Council owned and operated services such as water supply and wastewater disposal and treatment. The District Plan puts in place a mechanism which makes allowance for extensions to the infrastructure network to be funded by

those who cause the demand for such an upgrade. Physical construction of the additional network capacity may not take place for some time after the development occurs.

Policy Objective

The objective of this policy is to require subdividers and developers to meet the full cost of, and to provide or contribute to providing any works and services necessary to meet, additional demands as a result of subdivision or development.

Policy Statement

Development Contributions

Council's policy in relation to development contributions is to not assess development contributions under the Local Government Act 2002, but to retain the provisions of the District Plan which allow the assessment of financial contributions.

Financial Contributions

Subdividers and developers are required to meet the full costs of the following:

- furnishing water supply or wastewater disposal infrastructure necessary to support their subdivision or development, and
- upgrading any road or street which provides direct frontage or gives access to the subdivision or development.

For the purposes of this policy, a fair share will be assessed along the general lines that the contribution should cover the cost of the additional works or services required as a direct result of the new subdivision or development.

Financial contributions contribute to Kawerau's Community Outcomes:

The provisions relating to financial contributions in the Operative District Plan are summarised below:

**District Plan, Section B.2.3:
Infrastructure contributions:
*Explanation/reasons for adopting
objective policies and methods***

The Resource Management Act allows a financial contribution to be made in the form of money or works and services as a condition of a resource consent.

The District is serviced by a water supply and wastewater disposal system which may require upgrading as a result of subdivision or development. Similarly, unoccupied land may not have been provided with developed footpaths, or berms, or have access to utility services across its frontage. Roads leading to, or within a development site may require geometric or structural improvement to accommodate the volume or type of vehicles using the road as a result of the subdivision or development.

It is reasonable that the subdivider or developer pays the costs of addressing these issues rather than the ratepayer generally.

The Act allows a financial contribution to be made in the form of cash, works and services or a combination of both as a condition of a resource consent.

It is recognised that development, facilitated by subdivision, adds incrementally to the demands on the infrastructure of the District. Existing infrastructure assets have been created by rating income, but where land being subdivided, or developed has not been so rated, there is no entitlement to a share of those assets. Purchasing into a system or providing for its expansion is considered to be a fair way of apportioning costs of an overall system.

**District Plan, Section C.7.2.8:
*Subdivision and development:***

works and services requirements

The Act provides for a resource consent to include a condition requiring that a financial contribution be made in the form of works or services, including the planting, or replanting of any tree or other vegetation, or the restoration or enhancement of any natural or physical resource.

Council considers that developers and subdividers should provide, or contribute to the provision of, those works and services necessary to ensure the efficient functioning of their developments and subdivisions. A contribution may also include formation of an unformed road, upgrading of a formed road where additional traffic from the activity creates additional pressure beyond what the road can cater for, upgrading of an undersized sanitary sewer or stormwater drain, or a contribution toward any sewage treatment or water supply headworks or trunk sewer, water main or stormwater drain. A contribution toward the undergrounding of all reticulation, together with individual connections to each separate allotment, lease site or dwelling unit, should also be included.

The contribution amount will be limited to the works necessary to meet the additional loading on the infrastructure, or utility service caused by the subdivision and developments, as determined by Council. In determining the amount., Council shall consider any design and operational factors provided by the developer which may benefit the wider Community.

In the case of a subdivision consent, where services are not immediately available to serve land on an application plan, but are expected to be available within five years, Council may require the applicant to pay or enter into a bond to pay to Council, such amounts as Council considers fair and reasonable toward the cost of providing such services.

Rate Remission and Postponement Policies

Rates Remission for High Value Property Policy

Policy Objectives

The objective of this policy is to cap residential rates by way of a rate remission (KDC rates only)

Principles

Council believes that disproportionately high rates would discourage residential development in the District and act as a disincentive for improvement to existing homes. It also considers that they would place an unfair burden on a small group of ratepayers.

Definitions

Capital Value

Capital value is the value of land plus improvements, as determined by the Valuer General.

Rating Unit

For land for which there is a certificate of title, a rating unit is the land comprised in the certificate of title. Where there is no certificate of title, what constitutes a rating unit is either the land described in an instrument which exists or if there is no instrument, the land that the Valuer General considers would be appropriate to sell or transfer as a separate property or, for crown land, to treat as if comprised in a certificate of title. If land in a rating unit is in two or more districts, the part in each district constitutes a separate rating unit.

Separately used or inhabited part of a rating unit

Separately used or inhabited part of a rating unit is any portion of a rating unit that is used or inhabited by a person who has the right to do so by virtue of a tenancy, lease, licence or other agreement.

Background

Council's rating system is based on capital value. This previously resulted in a small number of residential rating units with high capital values incurring disproportionately high annual rates. Therefore, Council decided to adopt a remission policy to put a cap on the rates that are charged to individual residential properties.

Council first adopted the Rates Relief for High Value Properties policy for the 2005/06 rating year. At that time, the cap was set at \$2,000 (including GST) per rating unit. For each subsequent year the level of the cap rose by the percentage increase in total rates. For the 2021/22 year, the proposed cap is \$4,270.00.

Year	Maximum Rates (Incl. GST)
2020/21	\$4,060.00
2021/22	\$4,270.00

Policy Statement

All residential rating units, or separately used or inhabited parts thereof, that incur rates above the cap will have the excess rates remitted automatically. The cap applies to the sum of the general rate, one uniform annual general charge and one standard targeted rate for each service rated in that way.

The following charges will be payable in addition to the cap:

1. Targeted rates for all services provided to each separately used or inhabited part of a rating unit.
2. Additional residual refuse bins supplied to any rating unit or separately used or inhabited part of a rating unit.
3. All rates levied by Bay of Plenty Regional Council and collected on its behalf.

Rates Relief for Farm Properties

Policy Objectives

The objectives of this policy are to ensure that the rates charged to farming properties are not unreasonably high and that they are comparable to the rates charged by other Councils for farming properties of similar value.

Principle

The level of rates charged for farming property should be fair and equitable.

Background

Council's rating system has two differentials for the general rate:

- Residential (which includes rural lifestyle) and
- Industrial/Commercial

Farming property is classified as 'residential' for the purposes of charging the general rate, but following the last revaluation, it has been recognised that the rates charged to these properties would not be reasonable if they were charged the rates applicable to residential property in full.

Following the revaluation of the district in 2018, Council revisited the portion of the remission and reduced it from 70% to 45% so the contribution by farming properties to the general rate was similar to that prior to the revaluation. Following the next revaluation in

2021, Council will again need to review the quantum of the remission.

Policy Statement

Council will grant a 45% remission for 2021/22 (45% 2020/21) for the general rate charged to farming properties comprising the following assessment numbers:

07284/906.00
07281/002.00

07281/008.01
07281/008.02
07281/008.04
07281/008.05
07281/008.06
07281/008.07
07281/008.08

This remission is conditional on the properties remaining farming (as the principal use).

It will apply only to the general rate which is charged on capital value. The remission will not apply to the Uniform Annual General Charge nor to any other rates charged.

This policy has been reviewed following the last triennial revaluation of the District (Sept 2018), and it was determined that it was fair and reasonable to continue providing this remission to these properties. The policy will be further reviewed following the next revaluation of the district in September 2021.

Rates Relief for Developments

Policy Objective

The objective of this policy is to encourage land development in the Kawerau District to stimulate employment opportunities and enhance the economic wellbeing of the Community.

Definitions

Development

The development or re-development of any land in the District:

- By constructing, erecting, or altering any one or more buildings on the land for the purpose of providing at least 10 new, or 9 additional household units; or
- By constructing, erecting, or altering any building or buildings, fixed plant and machinery, or other works, intended to be used solely or principally for industrial or commercial or administrative purposes (including hotels, motels and other transient accommodation), or any combination of those purposes;
- Does not include the sub-division of land.

Employment opportunities

Employment creation, employment growth or employment retention in the Kawerau District.

Policy Statement

Eligibility Criteria

Council will consider any application for development in the District which can demonstrate that it will be likely to lead to employment opportunities.

Forms of Rates Relief

Council may remit or postpone (or a combination of these), part or all of the rates otherwise payable on a property for any period subject to an annual application being made.

Council may impose conditions on the remission of rates and may cancel any remission for non-compliance, or if a project ceases to operate. In those circumstances, Council may require payment of full rates in respect of any year in which

rates have been remitted. Council does not consider that granting rates relief according to a strict formula or code is either practical or desirable. This policy is considered to constitute adequate guidelines for the consideration of applications.

Factors to be Considered

Council will have regard to the following matters when considering applications for rates relief:

- Whether and to what extent, the development will create employment opportunities. (NB: While actual job creation will be a strong factor in favour of granting rates relief, potential for job creation will also be a positive factor).
- Whether and to what extent, the granting of rates relief would be of material benefit to the development and the developer.
- Such other matters as Council may consider relevant.

Council does not consider rates to be of themselves a significant factor in a decision to carry out a new development. However, Council shall take into account the fact that rating relief may use this policy to assist the viability of a development and may use this policy to assist in expediting such a development.

Procedures

Applications for rates relief should be addressed to the Chief Executive Officer. Applications will be required to provide statements of intent, supporting critical statistics and such other information as is reasonably necessary to enable Council to assess the application in relation to this policy. Every decision of Council shall be publicly notified and the notice shall include:

- The reasons for the decision to approve or decline the application; and
- If the application is approved, the identity of the occupier of the land and the estimated amount of the rates remitted or postponed.

Council Policy Affecting Applications

The provisions of this policy constitute guidelines for the consideration of applications, as the granting of rates relief according to a strict formula is neither practical nor desirable. The ability of an applicant to meet the above requirements does not in itself constitute a right to rates relief. Council will consider each application on its merits in relation to Council's Economic Development Strategy.

Rates Remission and Postponement for Maori Freehold Land

Policy Objective

The objective of this policy is to ensure the fair and equitable collection of rates from all ratepayers, recognising that certain Māori owned lands have particular conditions, features, ownership structures or other circumstances which make it appropriate to provide relief from rates.

Principles

The principles which underpin this policy are:

- That, as provided by section 91 of the Local Government (Rating) Act 2002, Māori freehold land is liable for rates in the same manner as if it were general land.
- That Council will decide on the provision of rate relief on Māori Freehold Land should any applications be received.
- That the policy does not provide for the permanent remission or postponement of rates on the land concerned.

Definitions

Māori freehold land

Means land whose beneficial ownership has been determined by the Māori Land Court by freehold order (that is; the Court has created a title for the land and determined the beneficial owners to that land).

Background

The LGA requires Council to adopt a policy on the remission and postponement of rates on Māori freehold land. A policy adopted under this requirement does not need to provide for the remission and postponement of rates on Māori freehold land, but in determining a policy, Council must consider the following matters:

1. The desirability and importance within the District of each of the objectives listed below.

2. Whether and to what extent, the attainment of any of those objectives could be prejudicially affected if there is no remission of rates or postponement of the requirement to pay rates on Māori freehold land.
3. Whether and to what extent, the attainment of those objectives is likely to be facilitated by the remission of rates or postponement of the requirement to pay rates on Māori freehold land.
4. The extent to which different criteria and conditions for rates relief may contribute to different objectives.

The objectives that Council must consider are:

- a) Supporting the use of the land by the owners for traditional purposes.
- b) Recognising and supporting the relationship of Māori and its culture and traditions with its ancestral lands.
- c) Avoiding further alienation of Māori freehold land.
- d) Facilitating any wish of the owners to develop the land for economic use.
- e) Recognising and taking account of the presence of waahi tapu that may affect the use of the land for other purposes.
- f) Recognising and taking account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere).
- g) Recognising and taking account of the importance of the land for community goals relating to:
 - i. The preservation of the natural character of the coastal environment.
 - ii. The protection of outstanding natural features.
 - iii. The protection of significant indigenous vegetation and significant habitats of indigenous fauna.
- h) Recognising the level of community services provided to the land and its occupiers.
- i) Recognising matters related to the physical accessibility of the land.

Policy Statement

Applications for rates remission or postponement should include the following information:

- Details of the rating unit or units involved.
- Documentation that shows that the land qualifies as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court.

Council may, of its own volition, investigate and grant remission or postponement of rates on any Māori freehold land in the District.

Relief and the extent thereof, are at the sole discretion of the Council and may be cancelled and reduced at any time.

Council will give a remission or postponement of up to 100% of all rates for the year for which it is applied, based on the extent to which the remission or postponement of rates will achieve objectives described in the background section of this policy. In addition, Council will consider how an application would provide for an efficient collection of rates and the removal of rating debt.

Rates Penalty Remission Policy

Policy Objective

The objective of this policy is to enable Council to act fairly and reasonably when considering applications for the remission of penalties on rates that have not been received by Council.

Background

Council presently charges the following penalties on unpaid rates:

- (a) Penalties on current rates that not paid by the due date during the year.
- (b) Penalties on rates charged in the previous financial year, which remain outstanding on the first day of the new financial year or 5 working days after the resolution is made (whichever is the later) and
- (c) Further penalties charged on rates to which penalties were added under (b) and remain unpaid, 6 months after the day the penalty was added

Council has adopted the following remission policy to remit rates penalties as long as specific criteria are met and the ratepayer has settled the outstanding rates.

Policy Statement

All applications for the remission of rates penalties must be in writing.

Rates must be paid in full before Council remits the penalties charged.

Council will consider applications for the remission of rates penalties in circumstances where:

- Significant disruption to the ratepayer such as the death of a family member; or
- Matters outside the ratepayers' control such as a late sales notice, have contributed to a late payment and it is reasonable to remit the penalty; or
- The ratepayer is new to the District and for whatever reason did not receive a rate invoice; or
- The ratepayer (that is in arrears) entered into an acceptable payment arrangement and complied with those arrangements for the payment of all current rates and arrears.

(NB: A ratepayer who has been in arrears and has had penalties remitted will not be eligible for a further remission of rate penalties for a period of 3 years.)

The Chief Executive Officer is delegated to approve rate penalty remissions in accordance with the conditions of this policy.

Rates Relief for Elderly Care

Policy Objectives

The objectives of this policy are to ensure that institutions providing aged care are treated similarly to DHB organisations.

Principle

The level of rates charged for elderly care facilities should be fair and equitable.

Background

Council had previously provided a rate remission to the Mountain View Rest Home, for its aged care facility and also retirement units. Council reviewed this decision in light of the amendments to the Rates Rebates legislation and how other similar organisations were rated.

Council initially decided that it would be more equitable to make the retirement units rateable from 1 July 2018 and continue to provide a rate remission for the aged care facility. However, following discussions with the Rest-home Management, it was agreed that the retirement

units would continue to receive a rate remission until 1 July 2022, or a new residents occupies the unit.

Policy Statement

Council will grant a rate remission (apart from water and wastewater charges) for the Mountain View Rest Home aged care and hospital wing facility.

A rate remission will also apply to each of the retirement units but only up to 30 June 2022 or when a new resident occupies the unit (whichever occurs first).

If the facility requires a refuse collection service at some time in the future, this will also be charged (along with water and wastewater costs)

This remission is conditional on the property continuing to provide aged care services (as the principal use).

This policy has been reviewed by Council as part of the 2018 – 2028 Long Term Plan preparation and it is still considered fair and reasonable to continue providing a rate remission to this property.

**The Extraordinary Meeting of the Kawerau District Council
will be held on Tuesday, 11 May 2021 in the
Council Chamber following the Regulatory & Services Committee Meeting**

A G E N D A

Apologies

Declarations of Conflict of Interest

Any member having a "conflict of interest" with an item on the Agenda should declare it, and when that item is being considered abstain from any discussion or voting. The member may wish to remove themselves from the meeting while the item is being considered.

1 BOPLASS Limited – Draft Statement of Intent 2021-2024 and Half Yearly Report to 31 December 2020 (Chief Executive Officer) (104023)

Pgs. 1 - 31

Recommendation

1. *That the report "BOPLASS Limited – Draft Statement of Intent 2021-2024 and Half Yearly Report to 31 December 2020" be received.*
2. *That Council approves the BOPLASS Limited Draft Statement of Intent for 2021-2024.*

2 Adoption of Documents for Proposed Long Term Plan 2021-2031 (Manager, Finance and Corporate Services) (110553)

Pgs. 33 - 191

Recommendation

1. *That the report "Adoption of Documents for Proposed Long Term Plan 2021 - 2031 " be received; and*
2. *That Council adopts the proposed Performance Framework for 2021 - 24; and*
3. *That, pursuant to sections 101A and 101B of the Local Government Act 2002, Council adopts the Financial Strategy (2021 - 2031) and the Infrastructure Strategy (2021 - 2031) as presented; and*
4. *That all of the above documents are made available during the special consultation period, on request, to members of the public; and*
5. *That, pursuant to section 102(1) - (4) of the Local Government Act 2002, Council adopts the following draft funding and financial policies, as presented, for consultation:*
 1. *Draft Revenue and Financing Policy;*
 2. *Draft Financial Contributions Policy;*
 3. *Draft Rates Remissions and Postponement Policies*

6. *That, pursuant to section 93 of the Local Government Act 2002, Council adopts the Consultation Document for the 2021 – 2031 Long Term Plan for commencement of the special consultative procedure, with submissions closing at 12.00 noon on Monday 14 June 2021; and*
7. *That Council hears and considers any submissions to the Consultation Document at an Extraordinary Council meeting on 22 June 2021.*

R B George

Chief Executive Officer

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