



**The Ordinary Meeting of the
Kawerau District Council will be held
on Tuesday, 30 March 2021
in the Council Chamber commencing
at 9.00am**

A G E N D A

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.

**The Ordinary Meeting of the Kawerau District Council
will be held on Tuesday 23 February 2021
in the Council Chamber commencing at 9.00am**

Present: His Worship the Mayor M J Campbell
Deputy Mayor F K N Tunui
Councillor W Godfery
Councillor B J Julian
Councillor C J Ion
Councillor D Sparks
Councillor A Rangihika
Councillor R G K Savage
Councillor S Kingi

In attendance: Chief Executive Officer (R George)
Manager, Operations & Services (H van der Merwe)
Manager, Finance & Corporate Services (P Christophers)
Communications Manager (T Humberstone)
Administration Officer (T Barnett)

Apologies

No apologies were received.

Leave of Absence

No leave of absence were received.

Opening Prayer

Pastor Mark Kingi opened the meeting with a prayer.

Public Forum

Craig McLean

Has concerns that the Council offices and surrounding area does not have enough lighting and kids are congregating in the area and causing mischief.

Street lights still remain an issue and there is several in the area that are not working.

Declarations of Conflict of Interest

No Conflict of Interest were declared.

1 CONFIRMATION OF COUNCIL MINUTES

1.1 Ordinary Council – 15 December 2020

Resolved

Councillors Sparks / Rangihika

That the Minutes of the Ordinary Council meeting held on 15 December 2020 is confirmed as a true and accurate record.

2 CONFIRMATION OF COMMITTEE MINUTES

2.1 Regulatory and Services Committee – 15 December 2020

Resolved

Councillors Ion / Kingi

That the Minutes of the Regulatory and Services Committee meeting held on 15 December 2020 is confirmed as a true and accurate record.

2.2 Regulatory and Services Committee – 9 February 2021

Resolved

Councillors Ion / Julian

That the Minutes of the Regulatory and Services Committee meeting held on 9 February 2021 is confirmed as a true and accurate record.

2.3 Audit and Risk Committee – 2 February 2021

Resolved

His Worship the Mayor / Councillor Sparks

That the Minutes of the Audit and Risk Committee meeting held on 2 February 2021 is confirmed as a true and accurate record.

3 Action Schedule (101120)

Resolved

Councillors Ion / Julian

That the updated Action Schedule of resolutions/actions requested by Council is received.

Action Item – Have Action Items from Audit and Risk Meeting included in the Action Schedule

4 His Worship the Mayor's Report (101400)

Resolved

His Worship the Mayor / Deputy Mayor Tunui

That His Worship the Mayor's report for the period Tuesday 5 January 2021 to Tuesday 16 February 2021 is received.

5 Annual Plan Performance for 6 Months Ended 31 December 2020 (Manager, Finance and Corporate Services) (110400)

Council discussed the report 'Annual Plan Performance for 6 Months Ended 31 December 2020'.

Resolved

Councillors Julian / Savage

That the report 'Annual Plan Performance for 6 Months Ended 31 December 2020' is received.

Action Item: Check that the interest received figure is correct on page 23 – Item 2.3.

6 Sewer Pipe Repair (Manager, Operations and Services) (405000)

Council discussed the report 'Sewer Pipe Repair'.

Resolved

Councillors Julian / Ion

- 1. That the report 'Sewer Pipe Repair' is received.*
- 2. That Council approved the expenditure of \$34,072.00 plus GST to undertake pipe and Manhole replacement.*

Action Item: Name the contractor for recommendation 2.

7 Review of Revenue and Financing Policy (Manager, Finance and Corporate Services) (408310)

Council discussed the report 'Review of Revenue and Financing Policy'.

Resolved

Councillor Ion / Deputy Mayor Tunui

- 1. That the report 'Review of Revenue and Financing Policy' is received.*
- 2. That Council confirms the amended Revenue and Financing Policy for inclusion in the draft 2021 – 2031 Long Term Plan for public consultation.*

8 Exclusion of the Public (9.29am)

Resolved

Councillors Kingi / Savage

That the public is excluded from the following part of the proceedings of this meeting, namely:

- 1. Confirmation of Minutes of the Kawerau District Council Meeting (Confidential) – 15 December 2020.*

The general subject of the matter to be considered while the public is excluded; the reason for passing this resolution in relation to the matter, and the specific grounds under Section 48(1) of the Local Government Information & Meetings Act 1987 for the passing of this resolution is as follows:

General Subject of the matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1. Confirmation of Minutes of the Kawerau District Council Meeting (Confidential) – 15 December 2020.	Maintain the effective conduct of public affairs through the free and frank expression of opinions.	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48 (1) (a) (i)

This resolution is made in reliance on Section 48(1) (a) of the Local Government Official Information & Meetings Act 1987 and the particular interest or interests protected by Section 7 (2) (b) (i) of that Act.

Following the resumption of open meeting.

Meeting closed 10.23am

M J Campbell

Mayor

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**Minutes of the Regulatory & Services Committee
held on Tuesday, 16 March 2021
in the Council Chamber commencing at 9.05am**

Present: Councillor C J Ion (Chairperson)
His Worship the Mayor M J Campbell
Deputy Mayor F K N Tunui
Councillor B Julian
Councillor W Godfery
Councillor A Rangihika
Councillor D Sparks

In Attendance: Chief Executive Officer (R George)
Manager, Finance and Corporate Services (P Christophers)
Manager, Operations and Services (H van der Merwe)
Manager, Economic and Community Development (G Sutton)
Events and Venues Manager (L Barton)
Communications Manager (T Humberstone)
Administration Officer (T Barnett)

Apologies

Resolved

Councillors Rangihika / Julian

That apologies were received from Councillors Savage and Kingi were received.

Public Forum

Raewyn Geary

Queried who is responsible for bamboo and Ivy growing wild. Chair replied if it was on Council land contact the office and a Service Request would be lodged.

Expressed concern about the amount of theft happening in the town. Encouraged people to speak up if they see something untoward happening.

Anne Kubler

Commended Redline Contractors for the work completed on the footpaths in her area.

Janet Fookes

Commented on the excessive number of speed humps in several areas.

Declarations of Conflict of Interest

No conflict of interest were declared.

PART A – REGULATORY

1 Monthly Report - Regulatory and Planning Services (340000)

The Committee discussed a report covering Planning, Compliance and Capability activities for the month of February 2021 is received.

Resolved

His Worship the Mayor / Councillor Sparks

That the report covering Planning, Compliance and Capability on Regulatory and Planning Services activities for the month of February 2021.

PART B – NON REGULATORY

2 Monthly Report - Finance and Corporate Services (211000)

The Committee discussed a report from the Manager, Finance and Corporate Services covering activities for the month of February 2021.

Resolved

Deputy Mayor Tunui / Councillor Ion

That the report from the Manager, Finance and Corporate Services for the month of February 2021 is received.

3 Monthly Report - Operations and Services (440000)

The Committee discussed a report from the Manager, Operations and Services covering activities for the month of February 2021.

Action Item

The Manager, Operations and Services to address the water damage on the ceiling above the steps in Concert Chambers, and also fix the tiles leading into the Concert Chamber as they pose a health and safety risk when it's been raining making them very slippery.

The lifting on the low hanging trees in Porritt Drive needed to be completed immediately.

Resolved

Councillors Julian / Rangihika

That the report from the Manager, Operations and Services for the month of February 2021 is received.

4 Monthly Report - Economic and Community Development (309005)

The committee discussed a report from the Manager, Economic and Community Development covering activities for the month of February 2021.

Resolved

Councillors Sparks / Godfery

That the report from the Economic and Community Development Manager for the month of February 2021 is received.

5 **Monthly Report – Events and Community Activities (Events and Venues Manager) (340000)**

The Committee discussed a report from the Events and Venues Manager covering events and community activities for the month of February 2021.

Resolved **Deputy Mayor Tunui / Councillor Rangihika**

That the report from the Events and Venues Manager for the month of February 2021 be received.

6 **2020 – 2021 Re-Seals (Engineering Manager) (401120)**

The Committee discussed a report from the Engineering Manager on the 2020 / 2021 Re-Seals

Resolved **His Worship the Mayor / Councillor Rangihika**

1. *That the report "21021/ 2021 Re-Seals be received.*
2. *That the Committee resolved to award the roading reseals contract to Crossroads Construction Ltd.*

The meeting closed at 10.00 am

C J Ion
Chairperson

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R&S 15.12.20	Monthly Report – Operations & Services Speedhump on Peter Lipppa Drive that was commissioned to be moved 6 weeks ago needs to be actioned. Speedhump that is designated to be installed at 366 River Road needs to be actioned.	Speedhump on Peter Lipppa Drive has been removed. Speedhump at 366 River Road has been installed.
A&R 02.02.21	Review of Council Revenue and Financing Policy The Manager, Finance & Corporate Services to redraft the Council Revenue and Financing Policy to recognise the current contribution to facilities by Users.	A report went to the February Council, titled "Review of Revenue and Financing Policy"
R&S 09.02.21	Monthly Report – Finance & Corporate Services The Manager, Finance and Corporate Services to define for the Committee what PAVEESSI composite flooring is and to report back to the Committee with findings.	The Manager, Finance & Corporate Services explained to Councillors at the March R&S Meeting that PAVEESSI was the name of the company.
R&S 09.02.21	Monthly Report – Operations & Services The Manager, Operations and Services to separate the figures for the Water Quality and Wastewater issues when submitting his next report to the Committee.	Updated in R&S Monthly Report.
R&S 09.02.21	Monthly Report – Economic & Community Development The Economic and Development Manager to confirm that the correct figure was provided for permits issued for 2020/21	The number of (forest access) permits provided in the report was incorrect. The correct information is that the Kawerau i-Site issued 809 permits between December 2020 and January 2021. This is a reduction of 565 permits from the previous season (1374 permits).

Meeting Date	Resolution / Action Requested	Action	Status	Comments	Estimated Completion Date
R&S 16.03.21	Monthly Report, Operations & Services The Manager, Operations and Services to address the water damage on the ceiling above the steps in Concert Chambers, and also fix the tiles leading into the Concert Chamber as they pose a health and safety risk when it's been raining making them very slippery. The lifting on the low hanging trees in Porritt Drive needed to be completed immediately.	MOS		The ceiling will be repaired in April. The stairs have been relined with non-slip covers. The tree work along Porritt Drive will be completed in April.	April 2021 April 2021

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OC: Ordinary Council EC: Extraordinary Council
MFCs: Manager, Finance & Corporate Services
MPCC: Manager, Planning, Compliance & Capability

A&R: Audit & Risk Committee R&S: Regulatory & Services Committee
MOS: Manager, Operations & Services EM: Engineering Manager
ECMD: Economic & Community Development Manager

Completed Items

Meeting Date	Action	Comments
A&R 17.12.19	Review of Revenue and Financing Policy Amend Council's Revenue and Financing Policy for 2021/22 so that it matches the practice adopted by Council.	A report went to the February Council, titled "Review of Revenue and Financing Policy"
R&S 16.06.20	KDC Traffic Calming Measures Elected Members requested a report to Council on the safety aspects of speed humps around Kawerau schools.	A report went to the February Workshop, titled "KDC Traffic Calming Measures: Speed Hump 2019-2021 Review"
A&R 17.11.20	Occupational Health and Safety Management System Status Report The Committee requested an update on the outstanding recommendations for Firmin Lodge facility – health and safety observations.	The outstanding recommendation for a Speedhump at Firmin Lodge was reviewed and not required.

Meeting Date	Resolution / Action Requested	Action	Status	Comments	Estimated Completion Date
Council 26.05.20	Results of 2020 NRB Survey Elected Members agreed to review the way in which Council engages community satisfaction.	CEO	Pending	The Leadership Team will review how to measure community satisfaction for 2022-2023 and report to Council.	April 2021
R&S 16.06.20	Monthly Report – Operations & Services Elected Members requested a report on the downstairs ladies toilets.	MOS/EM	In Progress	Minor works has commenced. A full report will be provided to the April R&S Meeting.	April 2021
R&S 14.07.20	Monthly Report – Operations & Services Elected Members requested an update on the status of CCTV cameras, where vandalism had been occurring and a mobile camera be put in the carpark behind the Library. <u>R&S 13.10.20 Monthly Report – Economic & Community Development</u>	MFCS/ MOS	In Progress	A verbal update was provided to Elected Members. Two mobile cameras have been installed in an area subject to repeated vandalism. A workshop will be held with Elected Members to discuss mobile cameras following the Council Meeting.	Completed Completed March 2021
A&R 02.02.21	Review of Councils Investment and Liability Management Policies The Manager, Finance & Corporate Services to amend the provisions relating to investment limits and the borrowing limits and provide an update for the next meeting.	MFCS	In Progress	The updated Policy will be considered at the March Council meeting.	March 2021

Action Schedule

Meeting Date	Resolution / Action Requested	Action	Status	Comments	Estimated Completion Date
R&S 12.02.19	Monthly Report – Finance & Corporate Services Advise Council whether insurance will be paid for the bridge repair work. <u>26.05.20</u> Staff were asked to contact Council's lawyers and request arbitration.	MFCS	In progress	Council's lawyers sought further information from consultant (Opus) regarding whether the bridge could have been repaired in situ or required removal. Opus have completed the report and Council's lawyers have written to Trident's Insurers. A report will be considered at the March Council.	Ongoing
Council 30.04.19	Action Schedule Councillor Kingi noted the poor lighting between the Rautahi Marae drive-way to the other side of the Cosmopolitan Club.	MOS	In Progress	Investigation was completed in August. Trust Horizon funding awarded to install new streetlights.	2020/2021 Financial Year Completed
R&S 16.07.19	Earthquake Prone Buildings The Committee expressed a desire to understand what was required for Rautahi Marae and then to discuss the issues with Trustees.	MOS	In Progress	A report on CDEM status will be provided to a Council workshop. Council can then determine their next steps.	April 2021
A&R 04.02.20	Council's Risk Maturity – Improvement Programme Arrange KPMG to review Council's Risk Management Maturity profile once the tasks in progress / underway are completed.	MFCS	In Progress	There are still a couple of tasks remaining. Following their completion, a further review will be undertaken.	April 2021

Meeting Council
Meeting Date: 30 March 2021
Subject: His Worship the Mayor's Report
File No. 101400

1 **Purpose**

The purpose of this report is to outline meetings, functions and events that I have hosted, attended and/or participated in from the period Wednesday, 17 February to Tuesday, 23 March 2021.

February

- Regional Transport Committee Workshop, via Zoom
- Meeting with Paul Semmens and Ebony Tipene
- Staff Farewell morning tea for Chris Reynolds
- Regional Transport Committee Meeting, Tauranga
- Council Meeting
- Catch-up with Tuwharetoa Kaumatua Te Haukakawa (Boycie) Te Rire

March

- Memorial Service of Rowena Dowie
- LGNZ Rural and Provincial Meeting, via Zoom
- MTFJ Community Recovery Programme with MSD and MTFJ, via Zoom
- Council Workshop
- Meeting with George Taylor (DoC)
- Meeting with Jacob Kajavala (ISK)
- Meeting with Paul Marshall (Generation Homes)
- Meeting with Mike Bryant (MSD)
- Housing Committee Meeting
- Bay of Plenty Mayoral Forum
- Kawerau Youth Council Swearing In Ceremony
- Monthly Regulatory & Services Committee Meeting
- Community Awards Committee Meeting
- Meeting with Audit NZ
- Civil Defence Emergency Management Meeting
- Council Workshop

2 **RECOMMENDATION**

That His Worship the Mayor's report for the period Wednesday, 17 February to Tuesday, 23 March 2021 be received.



Malcolm Campbell, JP
Mayor

Meeting: Council
Meeting Date: 30 March 2021
Subject: Budget Allocations – Stormwater
File No.: 401520

1 **Background**

Waka Kotahi (New Zealand Transport Agency) has historically funded Stormwater renewals and maintenance through funding allocated in a three year budget. This is the final year of the current three year budget cycle and all funds need to be spent by 30 June 2021. Any funds not spent by this date will be forfeited.

For this financial year, \$250,000 was allocated to Stormwater renewals, that included \$50,000 for stormwater renewals in the Town Centre (\$47,012 spent) and \$100,000 for renewing cesspits (on schedule to be spent) and \$100,000 for replacing lines in Zone 1. Due to the pending Three Waters Reform, Councils in the region are performing significant water pipe evaluations and it is difficult to source contractors that can perform camera work. At the end of March 2021, the final footage of camera work ordered in January 2021 was still unavailable and it is no longer possible to replace the lines before the financial year-end.

The allocated \$100,000 to replace stormwater lines in Zone 1 therefore needs to be reallocated to other activities that fall in the same Waka Kotahi works category. Staff evaluated work that can be accelerated and recommended that these funds be spent on street cleaning (clearing channels of weeds and cesspits of soil) and additional footpath replacements.

The allocations are as follows:

<u>Code</u>	<u>Description</u>	<u>Allocation</u>
26 01 02 3500	Stormwater maintenance	\$ 10,000 (cesspits)
25 15 01 3230	Street cleaning	\$ 15,000 (channels)
40 25 15 013	Footpaths replacement	<u>\$ 75,000</u> (footpaths)
		\$ 100,000

2 **Options Considered**

The reallocations fall within the same Waka Kotahi budget group and permission from their investment advisor has been received in principle.

3 **Policy and Plan Considerations**

Reallocating these budgets is not contrary to any of Council's Policies and Plans.

4 Legal Considerations

There are no Legal Considerations with reallocating these budgets.

5 Significance and Engagement

Obtaining the Community's views is not considered necessary.

6 Financial Considerations

These budgets are 75% funded by Waka Kotahi and 25% by Council and are already included in the annual plan. There is therefore no additional cost to Council.

The \$100,000 stormwater lines replacement work however will have to be performed in the 2021/22 financial year and it is already included in the proposed Long Term Plan.

7 Conclusion

Due to external resource and time constraints, the planned 2020/21 replacement of stormwater lines will be delayed until 2021/22. The funding allocated will be lost if not spent in the 2020/21 financial year.

Staff request Council to approve the reallocation of funds to allow expenditure in alternative work streams.

8 RECOMMENDATIONS

1. That the report "Budget Allocations – Stormwater" be received.
2. That Council reallocate the unspent funds to the listed budget accounts.



Hanno van der Merwe, MSc(Eng), PhD
Manager, Operations and Services

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Meeting: Council
Meeting Date: 30 March 2020
Subject: Dog Registration Fees 2021/22
File No.: 213100

1 Purpose

The purpose of this report is to set the dog registration fees for the 2021/22 financial year in accordance with Council's policy.

2 Background

The following are the dog registration fees for 2020/21. These fees were increased (and rationalised) for the first time in at least 10 years in 2019/20.

Inclusive of GST, the fees are:

Neutered Dog	\$35.00
Entire Dog	\$70.00
Late payment penalty	50% addition to the fee charged
Seizure Fee (when dog is removed from the owner's property)	\$80.00
Fee for first impounding	\$80.00
Fee for second impounding	\$110.00
Third and subsequent impounding	\$140.00
Sustenance Fee (Daily)	\$10.00
Microchipping Fee	\$15.00
Replacement Tag Fee	\$5.00
Rehoming Fee	\$10.00

Previously, it had been Council's policy to keep the fees low to make the cost of registration affordable and encourage all dog owners to register their dogs. Any excess income from the Dog Registration activity is used to help fund the Dog Control activity. The projected costs and revenue for the 2020/21 year are expected to be within budget, which will result in a surplus from registrations of \$19,900.

The fees need to reflect the cost of this service as well as making it administratively simpler for dog owners and staff.

Council is required to adopt the 2021/22 dog fees and charges prior to the commencement of the year, as well as advertise the fees and charges in June. The following lists the dogs fees and charges for other Bay of Plenty councils:

Dog Fees for other BOP Councils 2019/20

Councils	Opotiki	Whakatane	Rotorua	Tauranga	WBOP	Taupo
Neutered	\$55.00	\$50.00	\$82.00	\$87.00	\$70.00	\$55.00
Entire	\$110.00	\$75.00	\$92.00	\$87.00	\$88.00	\$65.00
Seizure fee	No Fee	No Fee	No Fee	\$100.00	\$100.00 \$200.00	No Fee

NB Some of these councils also have a reduced fee for working and/or rural dogs

3 Options for 2021/22

The following are possible options for the 2021/22 dog fees and charges:

- 3.1 Reduce the 2020/21 registration fees by 25% to produce revenue at, or near the cost of the Dog Registration activity. This would mean because there was no surplus transferred to the Dog Control activity, rates would have to increase by \$20,000. While ratepayers might not be happy with this, it would benefit dog owners.
- 3.2 Keep the fees and charges for 2021/22 the same as 2020/21. This option would result in a projected surplus of \$20,000 being transferred to the Dog Control activity which reduces the general rate funding requirement for this activity.
- 3.3 Increase the current dog registration fees by 14.3% (making the dog fees: \$40.00 neutered and \$80.00 entire). This would result in a further \$10,000 of fees being transferred to the Dog Control activity and a corresponding reduction in general rates.

Kawerau's dog fees are currently lower than all other councils in the Bay of Plenty, however, any increase in fees will be a disincentive for dog owners to register their dogs.

For the 2021/22 budget the projected revenue for the dog registration activity has been based on the fees and charges being the same as 2020/21.

4 Policy and Plan Considerations

The Revenue and Financing Policy for the Dog Registration activity is for all costs to be recovered from users of the service by way of fees and charges.

5 Financial Considerations

If Council was to adopt option 3.1 the reduced revenue would result in an increase in rates of \$20,000 (0.2%) to fund the Dog Control activity (when compared with the current fees and charges), whereas option 3.3 would reduce rates by \$10,000.

6 Legal Considerations

There are no known legal obligations that would prevent Council from adopting the recommendation. The fees recommended below are in accordance with the Dog Control Act 1996.

7 RECOMMENDATIONS

1. That the report "Dog Registration Fees 2021/22" be received
2. That Council sets the Dog Registration fees for 2021/22 as follows:

Neutered Dog	\$35.00
Entire Dog	\$70.00
Late payment penalty-applied 2 August 2021	50% addition to the fee charged
Seizure Fee (at the Dog Control Officer's discretion)	\$80.00
Fee for first impounding	\$80.00
Fee for second impounding	\$110.00
Third and subsequent impounding	\$140.00
Sustenance Fee (Daily)	\$10.00
Microchipping Fee	\$15.00
Replacement Tag Fee	\$5.00
Rehoming Fee	\$10.00



Peter Christophers, BBS, ACA
Manager, Finance & Corporate Services

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Meeting: Council
Meeting Date: 30 March 2021
Subject: Significance and Engagement Policy
File No.: 103015

1 Background

The Local Government Act 2002 requires all Councils to adopt a significance and engagement policy. The purpose of the policy is to determine what is “significant” and establish some guidance as to when Council should consult with the community

Prior to the adoption of the 2018 – 2028 Long Term Plan Council undertook a comprehensive review of its Significance and Engagement Policy (SEP). Although Council elected not to do a special consultative procedure (with the community) prior to the adoption of the policy.

The significant changes to the previous policy were as follows:

- 1.1 Council's practice of engaging with recognised 'Consultation Partners' was formalised.
- 1.2 The list of consultation partners was expanded to gain broader reach across the range of groups and organisations in the Kawerau community.
- 1.3 Financial thresholds for operational and capital expenditure was included in the policy.

Given this relatively recent review of the policy, no changes are proposed to the document – apart from updating the list of consultation partners.

2 Options Considered

Council has two options in relation to the Significance and Engagement Policy:

Option 1

Amend/update the existing policy to reflect changes.

Option 2

Adopt the existing policy as presented.

3 Policy and Plan Considerations

The content of the Significance and Engagement Policy is consistent with other Council policies and plans.

4 Risks

The writer is unaware of any notable risks arising from the content of the Significance and Engagement Policy.

5 Financial Considerations

There are no financial costs associated with the adoption of this policy.

6 Legal Considerations

Council is required by section 76AA of the Local Government Act to adopt a policy on significance and engagement. Section 76AA(5) requires use of the special consultative procedure set out in section 82 of the Act “unless (Council) considers on reasonable grounds that it has sufficient information about community interests and preferences to enable the purpose of the policy to be achieved”.

Prior to the adoption of the current policy in 2017, elected members agreed that the exception applies to the review of the policy.

Therefore, as no changes are being proposed for the policy, it is recommended that the special consultative procedure is also not used at this time.

7 Significance and Engagement

As no changes are being made to the Significance and Engagement Policy, it is not a significant decision for Council. Also as a matter of good practice copies of the policy will be sent to Council’s consultation partners.

8 RECOMMENDATIONS

1. That the report “Significance and Engagement Policy” be received.
2. That Council considers that it has sufficient information about community interests and preferences without consulting in accordance with section 82 of the Local Government Act 2002.
3. That Council adopts/amends the Significance and Engagement Policy as presented with an effective date of 1 April 2021.



Peter Christophers
Manager Finance and Corporate Services

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COUNCIL POLICY

TITLE:	SIGNIFICANCE AND ENGAGEMENT
MEETING:	Council
EFFECTIVE DATE:	1 April 2021
FILE REFERENCE:	103015
REVIEW:	April 2024

1 BACKGROUND

Every local authority is required by the Local Government Act 2002 to adopt a policy setting out its approach to determining significance and engaging with communities about decisions. This Council first adopted a significance and engagement policy in 2014 and conducts reviews every three years as part of developing its long term plans.

2 POLICY OBJECTIVES

The objectives of this policy are:

- To enable Council and the community to identify the degree of significance attached to particular issues, proposals, decisions, matters, assets and activities;
- To inform Council from the beginning of a decision-making process about the level and form of engagement required; and
- To provide clarity about how and when communities can expect to be engaged in decisions made by Council.

3 PRINCIPLES

Council's approach to engagement is underpinned by the following principles:

- Council needs to engage with communities and interested parties to understand their views and preferences.
- The more significant an issue, proposal, decision, matter, asset or activity, the greater the need for engagement.

4 DEFINITIONS

Community means a group of people who live in the Kawerau District and have a particular characteristic or set of characteristics in common.

Engagement means a public process in which the community and interested parties are invited to contribute to Council decisions about an issue, matter, proposal or decision. Forms of engagement range from providing information to empowering the community to make a decision. An Engagement Guide is attached as a Schedule to this policy.

Early engagement means Council engagement with a community or interested party to seek input before the development or release of a draft proposal about any issue, proposal, decision or other matter subject to engagement.

Interested parties means individuals or groups of people who are likely to be affected by, or to have an interest in an issue, matter, proposal or decision which concerns, or is before Council.

Local Government Act means the *Local Government Act 2002 and its amendments*.

The public means the community of Kawerau and interested parties.

Significance in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for:

- a) the district or region
- b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter
- c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

Significant in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance.

Special consultative procedure means the procedure set out in section 83 of the Local Government Act 2002.

Strategic asset as defined in Section 5 of the Local Government Act is “an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community”; and includes—

- a) any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and
- b) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- c) any equity securities held by the local authority in—
 - i) a port company within the meaning of the Port Companies Act 1988;
 - ii) an airport company within the meaning of the Airport Authorities Act 1966.

5 POLICY STATEMENT

- 5.1 Council will apply a consistent and transparent approach to engagement.
- 5.2 Council will use the special consultative procedure set out in the Local Government Act as required by statute.
- 5.2 For all other issues, proposals, decisions, matters, assets and activities, Council will determine the appropriate level of engagement with reference to the Engagement Guide in the Second Schedule before a decision is made.
- 5.3 The groups and organisations listed in the Third Schedule will be included in Council engagement processes for all but the lowest level decisions. Alternative or additional groups may be included on a case-by-case basis to reflect the nature of the matter subject to engagement.
- 5.4 **Determining Significance**

A matter is likely to have a higher degree of significance and therefore a greater need for engagement if it is affected by a number of the criteria listed below:

- It relates to a strategic asset as identified in the First Schedule
- It affects the level of service of a Council activity to more than a minor extent
- It will affect a large proportion of the public
- Public interest is high
- The likely consequences are controversial
- There is likely to be a high impact on present and future community wellbeing, recognising Māori cultural values and the relationship of Māori to land and water
- It will require either:
 - a) unbudgeted expenditure of more than five percent of the total operational budget for the activity for that financial year; or
 - b) Capital expenditure of more than 2.5 percent of the total value of Council's fixed assets.

6 RELEVANT DELEGATIONS

The Chief Executive Officer or his/her nominee has delegated authority for the implementation of this policy.

7 REFERENCES AND RELEVANT LEGISLATION

Local Government Act 2002

FIRST SCHEDULE – STRATEGIC ASSETS

1. The assets or groups of assets considered by the Council to be strategic assets are:
- The roading network
 - The stormwater network

- The water supply system as a whole
- The wastewater treatment and disposal system as a whole.

SECOND SCHEDULE – ENGAGEMENT GUIDE

Engagement is a process which involves some or all of the public and is focused on decision-making or problem-solving.

The International Association for Public Participation (IAPP) developed a Public Participation Spectrum to help identify the appropriate level of public participation in any engagement process. The spectrum shows the differing levels of participation which are considered to be commensurate with the degree of significance of the matters about which a decision is to be made. Most importantly, the spectrum sets out the promise being made to the public at each participation level.

It will not always be appropriate or practicable to engage with the public at the 'collaborate' or 'empower' end of the spectrum. Many minor issues will not warrant such an involved approach and people could be left feeling 'over consulted'. Time and money may also limit what is possible on some occasions.

In determining the level of engagement it is also important to consider whether public views, including preferences about the form of engagement, are already known and the form of engagement used in the past for similar matters

In general, the more significant an issue, the greater the need for engagement.



For all other matters, the following table provides examples of the levels of engagement that might be considered appropriate, the tools that might be used and the expected timing of public participation.

Level	Inform	Consult	Involve	Collaborate	Empower
Public participation goal	One-way communication providing balanced and objective information to assist understanding about something that is going to happen or has happened.	Two-way communication designed to obtain public feedback about ideas, rationale, alternatives and proposals, to inform decision making.	Participatory process designed to help identify issues and views to ensure that concerns and aspirations are understood and considered prior to decision-making.	Partnering with the public to develop understanding of all issues and interests, to work out alternatives and to identify preferred solutions.	To place final decision making in the hands of the public
Possible application	Water restrictions	Policy Review	District Plan	Strategy development	Review of electoral system
Possible tools	<ul style="list-style-type: none"> • Website • Newsletter article • Public notice • Social media 	<ul style="list-style-type: none"> • Consultation partners • Formal submissions and hearings • Consult a Councillor 	<ul style="list-style-type: none"> • Workshop • Focus group • Citizens panel 	<ul style="list-style-type: none"> • External working group • External advisors 	<ul style="list-style-type: none"> • Ballot
When the community can expect to be involved	Council would generally advise the public once a decision is made	Council would advise the public once a draft decision is made and would generally provide up to 4 weeks to participate and respond	Council generally provide the public with a greater lead in time to give sufficient time to be involved in the process.	Council would generally involve the public at the start to scope the issue, again after information has been collected and again when options are being considered.	Council would typically provide the community with a month or more to allow sufficient time to be fully involved in the process.

THIRD SCHEDULE – CONSULTATION PARTNERS

1. Kawerau Business Association
2. Kawerau Enterprise Agency
3. Kawerau Industrial Symbiosis Steering Committee
4. Tuwharetoa ki Kawerau Health, Education and Social Services
5. Ngati Tuwharetoa (BOP) Settlement Trust
6. TOHU Marae Trust
7. Te Rūnanga o Ngāti Awa
8. Kawerau Grey Power Association
9. Kawerau Seniors Forum
10. Three Peaks Kaumatua Group
11. Kawerau Youth Council
12. Kawerau Early Childhood Education providers
13. Tarawera High School
14. Kawerau Principals' Association
15. Kawerau Police
16. Kawerau Ministers' Association
17. Disabilities Resource Centre Trust
18. Kawerau Social Services Trust Board
19. Rangitaiki Budget Advisory Service
20. Rautahi Community Marae Committee

Meeting: Council
Meeting Date: 30 March 2021
Subject: Adoption of Council's Financial Contributions Policy
File No: 110551

1 Purpose

The purpose of this report is to adopt the financial contributions policy which is required for the 2021 - 31 Long Term Plan.

2 Background

The Local Government Act 2002 requires that Council adopts either a Financial Contributions Policy or Development Contributions Policy and the policy be reviewed at least every 3 years. The policy must be consulted with the community.

Council has to date not adopted a Development Contributions Policy and therefore has a financial contribution policy which provisions are included in the district plan.

There has not been any financial contributions charged to developers for at least the last 15 years.

Council last reviewed and adopted the Financial Contributions policy prior to the adoption of the 2018 – 2028 Long Term Plan.

The policy was reviewed in February by the Audit and Risk Committee but no changes were recommended.

3 Financial Contributions Policy

The current policy is attached and it is not proposed to make any changes.

Should there be any future development in the district, the policy permits Council to obtain a contribution towards the cost of additional infrastructure that results from any development.

4 Legal and Policy Considerations

The Local Government Act 2002 requires Council to adopt either a Financial contributions policy or a development contributions policy. The review and adoption of the policy does require Council to use the special consultative procedure.

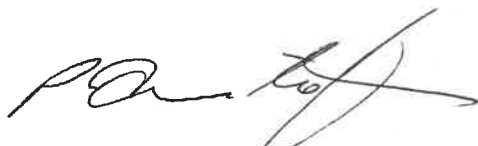
5 Options

Council has the following options concerning the financial contributions policy:

- Adopt the financial Contributions Policy as proposed
- Amend the current financial Contributions Policy
- Adopt a Development Contributions Policy

6 RECOMMENDATIONS

1. That the "Adoption of Council's Financial Contributions Policy" be received.
2. That the Financial Contributions Policy (with any amendments) be adopted.



Peter Christophers, BBS, ACA

Manager, Finance & Corporate Services

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APPENDIX

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.

Meeting: Council

Meeting Date: 30 March 2021

Subject: Adoption of Council's Investment Policy and Liability Management Policy

File No: 110551

1 Purpose

The purpose of this report is to adopt the investment policy and liability management policy which is required for the 2021 - 31 Long Term Plan.

2 Background

The Local Government Act 2002 requires that Council adopts an Investment Policy which specifies:

- The mix of investments and
- The acquisition of new investments and
- The procedures by which investments are managed and reported to Council and
- How risks associated with investments are assessed and managed

The Local Government Act 2002 also requires Council adopts a Liability Management Policy which specifies Council's policies in relation to:

- Interest rate exposure and
- Liquidity and
- Credit exposure and
- Debt repayment

Staff referred these policies to the Audit and Risk Committee which made a number of recommendations which have been included in the policies.

2.1 Investment Policy

Council reviewed and adopted the current investment policy in 2018 as part of the preparation of the 2018 – 2028 Long Term Plan.

The main elements of this policy are:

- (i) Council may make treasury investments with the following (credit worthy) financial institutions:

- BNZ
 - ANZ
 - ASB
 - TSB
 - Kiwibank
 - Westpac
 - Rabobank
 - Local Authority Stock
 - Government Stock
- (ii) All investments must be capable of being liquidated on demand.
- (iii) No more than 50% (was 35%) of the total investments can be placed with any one institution apart from Council's principal bank (BNZ). The reason this limit has been raised is that Council has significantly less funds available for investment, making it more difficult to keep within the limit of 35%. However, there is also a limit of \$1,500,000.00 that can be invested with any one institution (apart from Council's principal bank).
- (iv) Council does not use hedging instruments for interest rate risk management on its investments.
- (v) If staff are going to exceed the limits for investing in any one institution, then the CEO must approve the investment and the Manager Finance and Corporate Services must note this in his report to the Regulatory and Services Committee as well as the next Audit and Risk Committee.

Council has not invested in either Government or Local Authority stock to date. Principally because the returns are generally lower than investments in the bank, and also these investments are not as "liquid" as term deposits with banks.

2.2 Liability Management Policy

Council adopted the current Liability Management Policy when it adopted the 2018 - 2028 Long Term Plan.

The policy permits Council to borrow money to finance:

- Specific projects
- Purchase or construction of assets
- General operating expenses
- Any combination of the above

The policy covers finance leases or hire purchase arrangements for acquiring assets.

The policy specifies that Council will not have less than 60% of its borrowing at fixed rates. The policy also excludes Council from using hedging instruments without a specific resolution of Council.

Council may borrow from any registered bank, local authority and anyone by the issue of registered local authority stock including Local Government Funding Agency.

The maximum period for the repayment of debt is the life of the asset or 50 years (if the borrowing is not for the construction of a specific asset).

Council's limits for borrowing is that gross interest expense of all borrowings will not exceed 10% of total revenue (\$1.5 mil for 2020/21). Also, Council's total borrowing will not exceed 50% of the total net value of Council's assets. (\$37.3 mil at 30 June 2020).

The policy specifies that security over loans will be a charge over Council's rates.

When the 2018 – 2028 Long Term Plan was adopted, it was anticipated that Council would not need to borrow funds for the next ten years as minimal expenditure was programmed for asset renewals and more sales from the residential developments was anticipated.

However, Council has since resolved to undertake a programme of water pipe replacement over the next 6 years, and borrowing a total of \$12 million over this period.

Council has recently become a member of the Local Government Funding Agency to ensure the best interest rates are achieved.

3 Legal and Policy Considerations

The Local Government Act 2002 requires Council to adopt an investment policy and a Liability Management Policy. The adoption of these policies does not require Council to use the special consultative procedure.

The Investment and Liability Management policies were last reviewed in 2018, and overall (with the recommended changes included) they are still considered to be robust and sound policies with minimal risk to Council and ratepayers.

4 Options

Council has the following options concerning its investment and borrowing policies:

- Adopt the Investment and Borrowing Management policies as proposed (including the amendments recommended by the Audit and Risk Committee)
- Adopt the Investment Policy and Borrowing Management Policy with further amendments

5 **RECOMMENDATIONS**

1. That the report "Adoption of Council's Investment Policy and Liability Management Policy" be received.
2. That Council adopt the Investment Policy as proposed.
3. That Council adopt the Liability Management Policy as proposed



Peter Christophers, BBS, ACA

Manager, Finance & Corporate Services

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APPENDIX

Investment Policy

General Policy

Council's broad objectives in relation to investing are as follows:

- Compliance with the Local Government Act and other relevant legislation
- Development and maintenance of professional relationships with the financial markets
- Investment of surplus cash in liquid and credit worthy investments
- Ownership of property investments for strategic and business needs
- Management of the overall cash position of Council's operations

When engaged in the investing activity, Council may:

- Use external advice, where there is a particular risk or where it is prudent to the management of a particular investment
- Consider the value of its investments against the size of its debt burden

Council is a risk averse entity. The "Prudent Person" rule from the Trustees Act applies to all investing activity engaged in by Council.¹ Activity which may be construed as speculative in nature is expressly forbidden.

Council maintains investments in the following assets:

- **Equity investments** including shareholdings and loan advances to natural persons, trading and service enterprises, charitable trusts and incorporated societies (e.g. sporting and Community organisations)
- **Property investments**, including land and buildings purchased as an investment and excluding property assets owned in the course of delivering a service or those that Council has already on the market for sale
- **Treasury investments** including liquidity and longer-term investments

¹ The "Prudent Person" rule means that Council must "use such diligence and care in the management of" investments "as men of ordinary prudence and vigilance would use in the management of their own affairs".

² Council shall be taken to mean full Council or any of its Committees or Sub-Committees acting under delegation.

Mix of Investments

The mix of investments will not be determined, or influenced by the funding needs of any particular function, but must have regard to the overall funding needs of Council. Investment mix is also influenced by risk management considerations. Council may set up, alter or dissolve a fund for a particular purpose by ordinary resolution.

Treasury investments must be invested with a number of financial institutions.

Acquisition of New Investments

Equity and property investments may be acquired by resolution of Council and funded from Council's general funds, or whatever other source Council has available to it.² Monies from Funds Set Aside for Particular Purposes will not be used to fund equity or property investments that are inconsistent with the particular purposes of those funds.

When acquiring equity and property investments, Council seeks to:

- Improve business effectiveness and efficiency
- Improve its strategic position to face a perceived future need
- Further a social goal by providing loan assistance

Treasury investments may be acquired under delegated authority to the Chief Executive Officer.³

When acquiring treasury investments, Council seeks to:

- Optimise investment return
- Ensure investments are secure
- Ensure investments are liquid
- Manage potential losses due to interest rate movements if investments need to be liquidated before maturity

³ Chief Executive Officer – wherever this term is used it shall be taken to mean the Chief Executive Officer and whichever staff to whom the Chief Executive Officer may delegate.

Investment Policy (cont'd)

Disposition of Revenue from Investments

All dividend, interest, rentals and other income from Council's investments will be available for Council's general use except in the following cases:

- Where Council has resolved that interest earned on the funds invested in an account shall be reinvested in that account

Disposition of Proceeds of Sale of Investments

Equity and property investments may be disposed of by resolution of Council and the proceeds will be available for Council's general use, unless it resolves otherwise.

Treasury investments may mature or be sold under delegated authority by the Chief Executive Officer and the proceeds will either be used to fund a purpose authorised by Council (e.g. as outlined in Council's Long Term Plan or Annual Plan) or be reinvested. Funds from Council's Depreciation Funds account may only be spent on renewing assets or repaying debt.

Procedures

Equity and property investments will be reviewed by Council before the end of December in each year.

Treasury investments will be managed under delegated authority by the Chief Executive Officer.

Whenever acquiring a new treasury investment, excluding maturities that rollover and transfers between accounts at Council's bank, the acquisition proposal must be certified that the acquisition complies with this policy and takes sufficient account of predicted interest rate movements and demands for cash. This procedure could include:

- Using an investment model that assesses the risk of the investment in relation to its return
- Obtaining external advice

The certified proposal must then be reviewed by the Chief Executive Officer, or the Manager, Finance and Corporate Services.

Overdraft facilities are used as little as is practical.

All investing activity must be approved by the Chief Executive Officer, or Manager, Finance and Corporate Services pursuant to this policy.

Council will receive a schedule of treasury investments regularly throughout the year.

Investment Risk Assessment and Management

Equity investments are subject to the risk of default. Risks are taken into account when these investments are reviewed. Property investments are subject to the risk of vacancy and devaluation. Risks are taken into account when these investments are reviewed.

Treasury investments are subject to the following risks:

- Credit risk – Council's primary objective when investing is the protection of its investment. Accordingly, only credit worthy counter parties, eg banks, financial institutions or other organisations that Council invests in, are acceptable (list below). Council may approve alteration to the list of credit worthy counter parties by ordinary resolution
- Where total treasury investments exceed \$250,000, no more than 50% of the total investments can be placed with any one institution (other than Council's banker) at the time of making the investment. Also investments with any one institution shall not exceed \$1.5 million.
- These investment limits can be exceeded with the approval of the CEO, however, each time the limits are exceeded it must be reported to Council's Regulatory and Services Committee as well the Audit and Risk Committee.
- Liquidity risk is minimised by ensuring that all investments, must be capable of being liquidated on demand
- Interest rate risk is managed by the treasury investments review process above
- Council does not adopt the use of hedging instruments for interest rate risk management on its investments. Maturity dates of treasury investments will be staggered to mitigate the effect of one-off market fluctuations

Creditworthy Counter Parties

Council may make treasury investments with the following banks, financial institutions, which are deemed to be sufficiently creditworthy:

- Bank of New Zealand (Council's Banker)
- ANZ Banking Group (New Zealand) Limited
- ASB Bank Limited
- Kiwibank
- Rabobank
- Taranaki Savings Bank
- Westpac Trust
- Local Body Stock
- NZ Government Stock

Liability Management Policy

General Policy

Council's broad objectives in relation to liability management are as follows:

- Compliance with the Local Government Act 2002 and other relevant legislation.
- Develop and maintain professional relationships with the financial markets.
- Raise appropriate finance, in terms of both loan maturity and interest rate.
- Manage the overall cash position of Council's operations.

When engaged in the borrowing activity, Council may:

- Use external advice, where there is a particular risk, or where it is prudent for the management of a particular borrowing.
- Consider the value of its investments against the size of its debt burden.

Council may borrow to finance:

- Specific projects
- The purchase or construction of assets
- Finance leases or hire purchases of assets¹
- General operating expenses
- Any combination of the above

Council is a risk averse entity. Council intends to borrow prudently and maintain debt at a prudent level. Activity which may be construed as speculative in nature is expressly forbidden.

Interest Rate Exposure

Council's borrowing gives rise to direct exposure to interest rate movements. Given the long term nature of Council's assets, projects and intergenerational factors, Council's general tendency is to have a high percentage of fixed rate² borrowing. Council aims for no less than 60% of its borrowings outstanding at any given time to be at a fixed rate.

Interest rate risk is managed by adjusting the maturity of borrowings in line with interest rate predictions.

All matters that can be lawfully delegated concerning borrowings are delegated to the Chief Executive Officer and must be reported back to Council as they occur.

The use of hedging instruments for interest rate² risk management on Council's borrowing is not possible, as these instruments are priced for larger denominations than Council is likely to borrow.

Should hedging instruments be required, an ordinary resolution approving use of these instruments will be adopted by Council.

Liquidity

To ensure funds are available for operational needs and the repayment of debt, maturities of investments and borrowings are matched through cash-flow forecasts and investments are maintained in liquid assets. Council aims for a liquidity ratio of not less than 1.5:1 at each month end³.

Credit Exposure

Council's ability to readily attract cost effective borrowing is largely driven by its:

- Ability to maintain a strong balance sheet
- Ability to rate
- Image in the market
- Successful communications with bankers

Council may borrow from itself, Local Government Funding Agency, any registered bank, local authority or anyone else, by the issue of registered local authority stock or in any other manner that it considers appropriate.

Debt Repayment

Council repays borrowings from its general funds.

Council must consider and record how it intends to effect repayment at the time of borrowing.

The term of repayment of any borrowing will be determined after considering:

- The intergenerational benefit of the assets being financed.
- The cost of finance.

The maximum period over which borrowings are repaid is: 50 years or the expected life of the asset financed.

¹ This policy only applies to finance leases or hire purchase where the amount borrowed in any instance exceeds \$50,000.

² Fixed rate borrowing is generally taken to mean that borrowing where the interest rate does not vary more often than yearly. The interest rate on floating rate borrowing may alter every 90 days.

- 3 ³This ratio measures Council's ability to generate cash from assets in order to meet its obligations. The liquidity or acid test ratio consists of the sum of cash, marketable securities, short-term notes and receivables divided by current liabilities (excluding the current portion of term debt).

Meeting: COUNCIL
Meeting Date: 30 March 2021
Subject: Financial and Infrastructure Strategies
File No.: 103015

1 Background

The Local Government Act 2002 requires all Councils to adopt a Financial Strategy as well Infrastructure Strategy which is included in the Long Term Plan.

These strategies underpin the budgets and expenditure projections for the Long Term Plan.

Staff have updated the documents to reflect the programmed renewals as well as expenditure and funding decisions that Council has made to date.

These documents will be reviewed by Council's auditors to ensure they are consistent and line up with Council's asset management plans

2 Options Considered

Council has two options in relation to the Financial and Infrastructure strategies:

Option 1
Amend/update the strategies to reflect any changes

Option 2
Adopt the strategies as presented.

3 Policy and Plan Considerations

The content of the Infrastructure and Financial strategies are consistent with other Council policies and plans.

4 Risks

The writer is unaware of any notable risks arising from the content of the Infrastructure and Financial strategies.

5 Financial Considerations

There are no financial costs associated with the adoption of these strategies.

6 Legal Considerations


Council is required by sections 101A and 101B of the Local Government Act to adopt Financial and Infrastructure strategies as part the Long Term Plan. These strategies are attached for elected information and consideration.

7 Significance and Engagement

These documents are not required to be consulted on individually. However, they are part of the Long Term Plan and provide the underlying information.

8 RECOMMENDATIONS

1. That the report "Financial and Infrastructure Strategies" be received.
2. That Council adopts/amends the Financial and Infrastructure Strategies as presented



Peter Christophers
Manager Finance and Corporate Services

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 7,146, which represented a 12.3% increase in population since 2013 (previous census) or around 2.4% population growth per annum. Stats NZ estimates there has been a further growth in population of 2.0% annually for 2019 & 2020.

It is anticipated that the population will continue to increase slightly during the next 10 years as Kawerau continues to provide employment opportunities through industrial development and also has affordable housing.

Kawerau currently has a higher number 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 10 years from 2021 to 2031, the number of young people (under 20) will reduce by 9.4% while the proportion aged over 60 will increase by 13.5%.

The unemployment rate in Kawerau was just over 12 percent in 2013, but evidence indicated that proportion of people receiving Work and Income benefits in Kawerau was considerably higher. Figures from Work and Income indicate that the number of individuals receiving a benefit in December 2017 is similar to 2013.

Council has based its financial strategy on these figures and projections, but is attempting to improve the projected trends with ongoing economic development interventions such as facilitating industrial development and employment opportunities in the district and promoting Kawerau as a desirable and affordable place to live.

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.

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

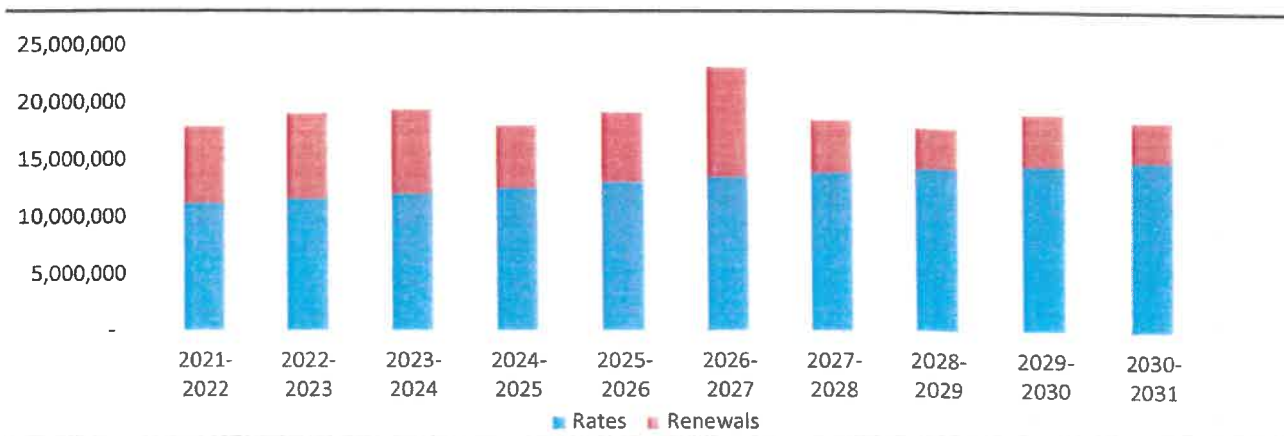
Table: Budgeted non-funded depreciation on non-critical assets

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 \$18,666,310 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

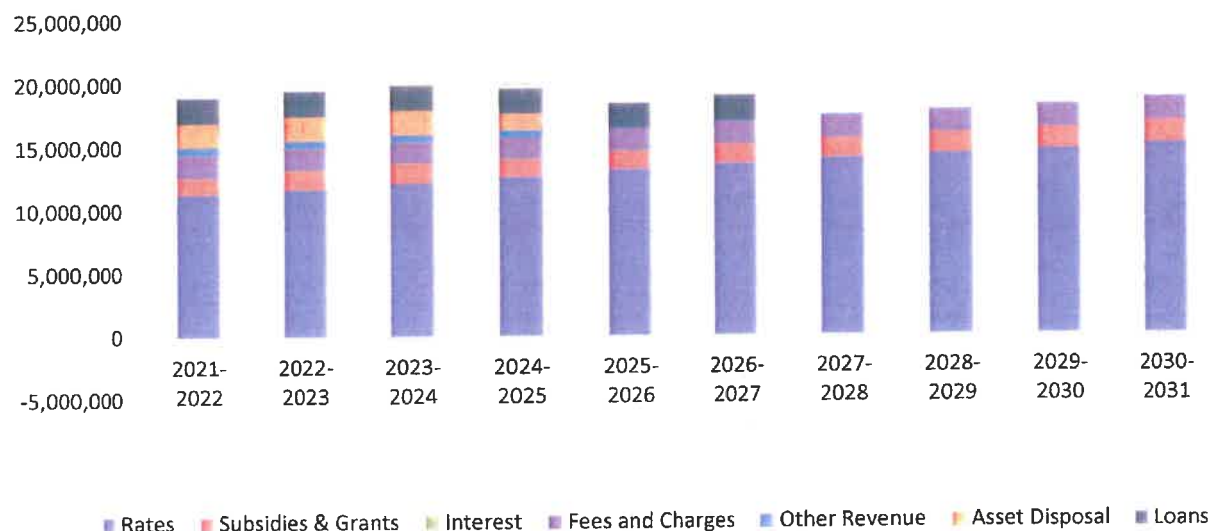
Council will provide higher levels of service in some activity areas.

Depreciation and interest payments

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

We have 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 2021/21 and between 2.2 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 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?

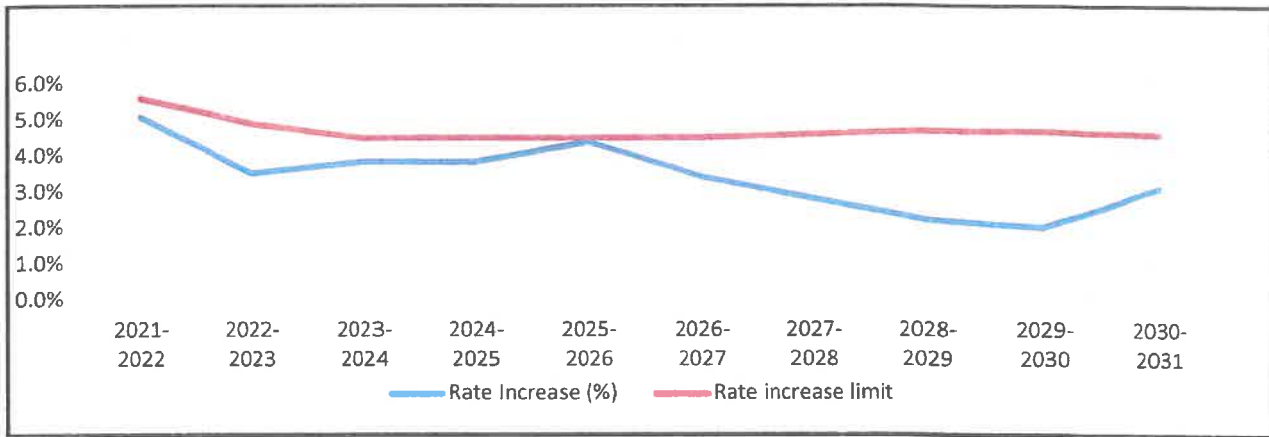
After taking the above factors into consideration, Council has determined the quantum of rates for the next ten years. The increases are between 1.7 to 9.7 percent.

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 total asset or that the interest expense won’t exceed 10% of total annual expenditure. 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 financial investments 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 \$10,490 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 \$61.6 million. It plans during the next ten years to undertake renewals of \$65.6 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 programmes 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 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 2018 to 2028.

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

Council has asset management plans for: roading, water supply, stormwater, 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.

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
Loading	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

Asset expenditure by activity group

*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.

Infrastructure Strategy



KAWERAU DISTRICT COUNCIL Infrastructure Strategy 2021 - 2051

(As at March 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 7,146, which represented a 12.3% increase in population since 2013 (previous census) or around 2.4% population growth per annum. Stats NZ estimates there has been a further growth in population of 2.0% annually for 2019 & 2020. It is anticipated that the population will continue to increase slightly during the next 10 years as Kawerau continues to provide employment opportunities through industrial development and also has affordable housing.

Kawerau currently has a higher number 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 10 years (from 2021 to 2031) the number of young people (under 20) will reduce by 9.4 percent while the people that are over 60 will increase by 13.5 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 projections, but is attempting to reverse the projected trends with economic development interventions such as industry clustering and facilitating industrial development and employment opportunities in the District.

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 over 90 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 to year 10 costs only. No further inflation allowance has been added.

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

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	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	70 years
Water	PVC	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.

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

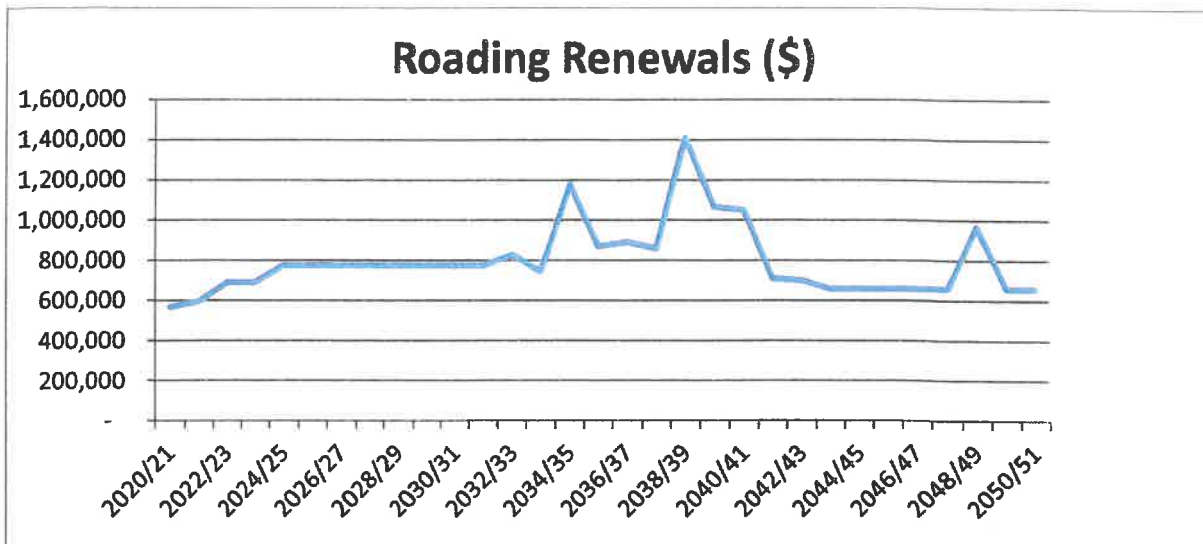
Council is raising loans to fund these renewals

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 2017 is \$15.6 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	644

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

Council's 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	38.6 km
Number of cesspits	777
Number of outfalls	19
Number of manholes	526

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 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 2,500 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.

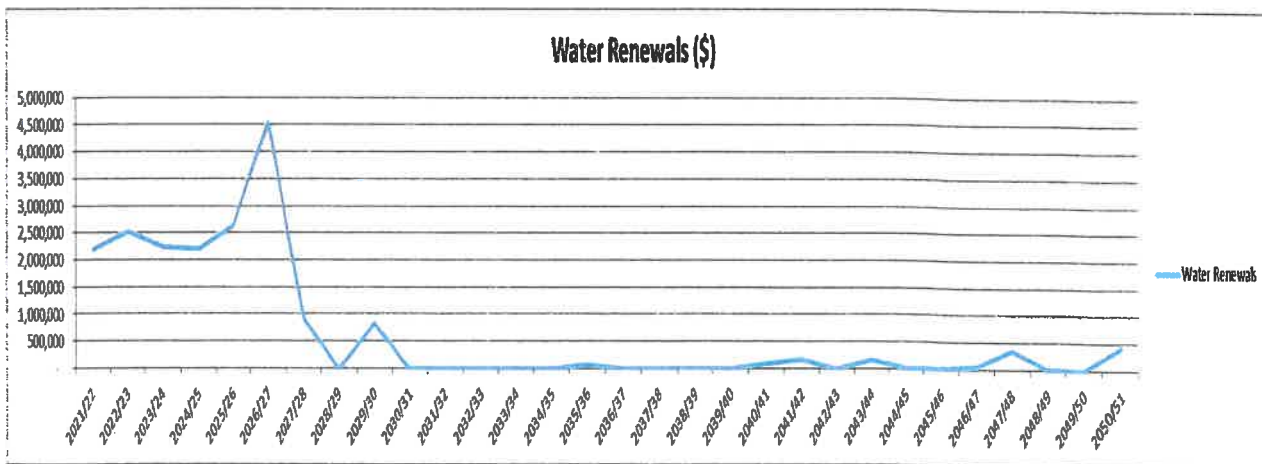
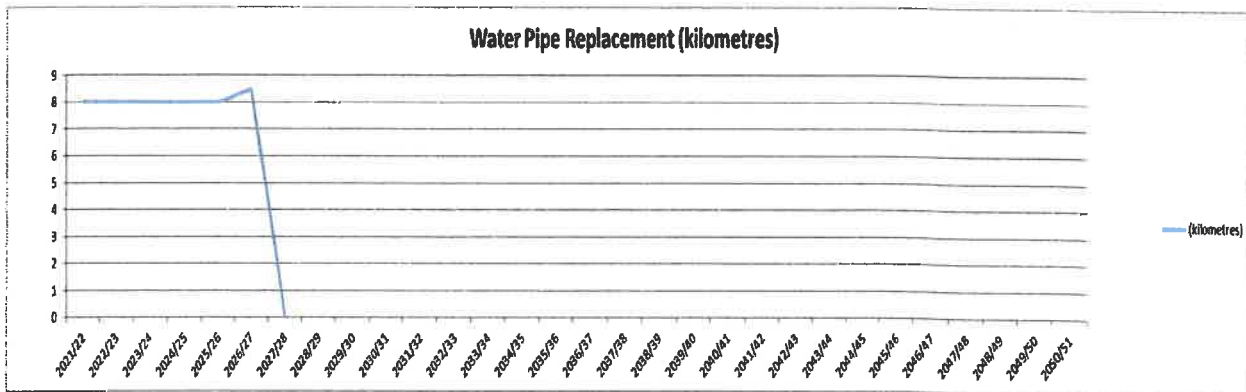
From source the water is treated (UV and Chlorine) and then pumped to three reservoirs, from where it is delivered to consumers by gravity. Large water users have metered supplies. The net value of Council's water supply assets at 30 June 2020 is \$9.0 million. Key components of the system are summarised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

Length of reticulation (kms)	76
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 buildup 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

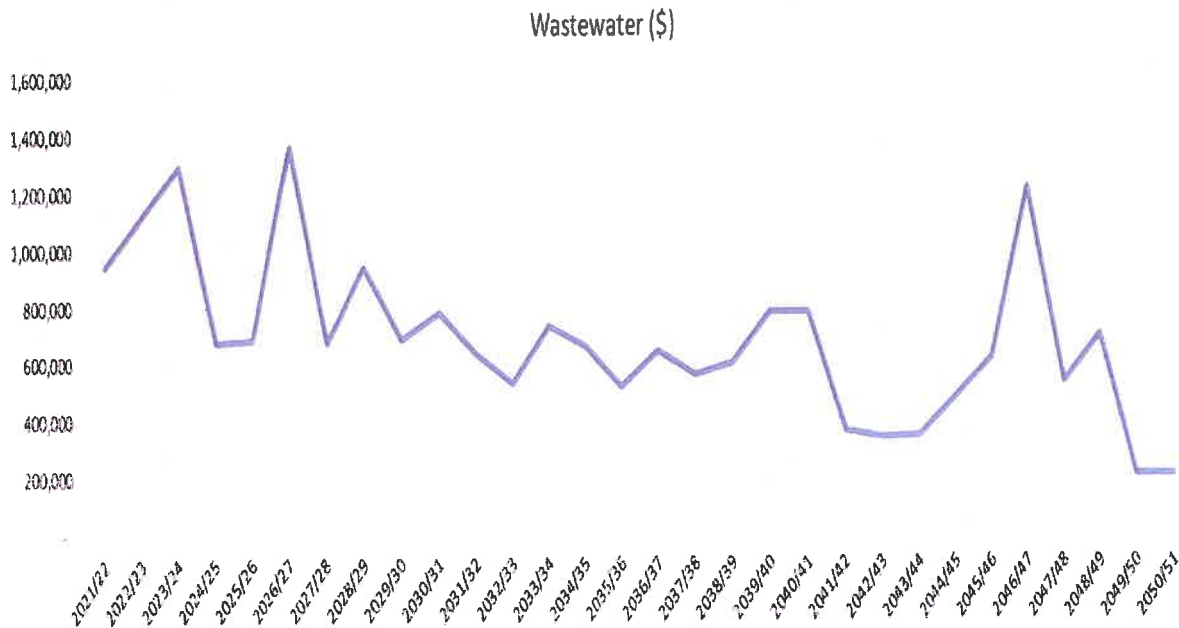
Properties connect to the public reticulation system through small pipes. Larger pipes and manholes are used in the network where changes in gradient and direction occur. There are also two pump stations. All wastewater is brought to the treatment plant. Treatment and the discharge of water to ground 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)	57
Number of pumping stations	4
Manholes	739
Treatment Plant	1
Wastewater treated (average m3 per day)	2,000

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 when they reach the end of there are mostly spread out over a 10 year period to recognise the timeframe 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:



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.

When new and improved infrastructure will need to be purchased

The effects of climate change, increasing environmental expectations or the need to improve resilience to 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.

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.

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 would 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 any growth beyond what has been indicated or 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 5% 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 signs of deterioration. Umukaraka Spring water has a low pH value (i.e. high acidity level) so Council's programme of pH correction is not reducing deterioration in the gravity main. Without water from this spring, Council would need to impose significant water restrictions, especially in summer. 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. Ongoing replacement of mains pipes

The reticulation is a mix of materials Steel (41%) AC (37%) PVC/PE (22%) pipes in the Water Supply network. To date pipes are generally being replaced after regular failures occur. Council has budgeted to replace all the AC and steel pipes over the next 6 years (\$2.0 million annually).

Most likely scenario

This decision was primarily to remove all pipes that have a build-up of manganese which has been discolouring the water over the last 2 years. Also it will give confidence about the state of the water pipes.

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

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

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 failure date and then replace the pipes on this date even if failures are not yet occurring.

Principal alternatives

- a. Determine the likely failure 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.

Council will undertake the work in 2019 at the time the road is installed to service the developing industries.

Principal alternatives

Require the industries to treat their own waste.

WHAT WILL IT COST?

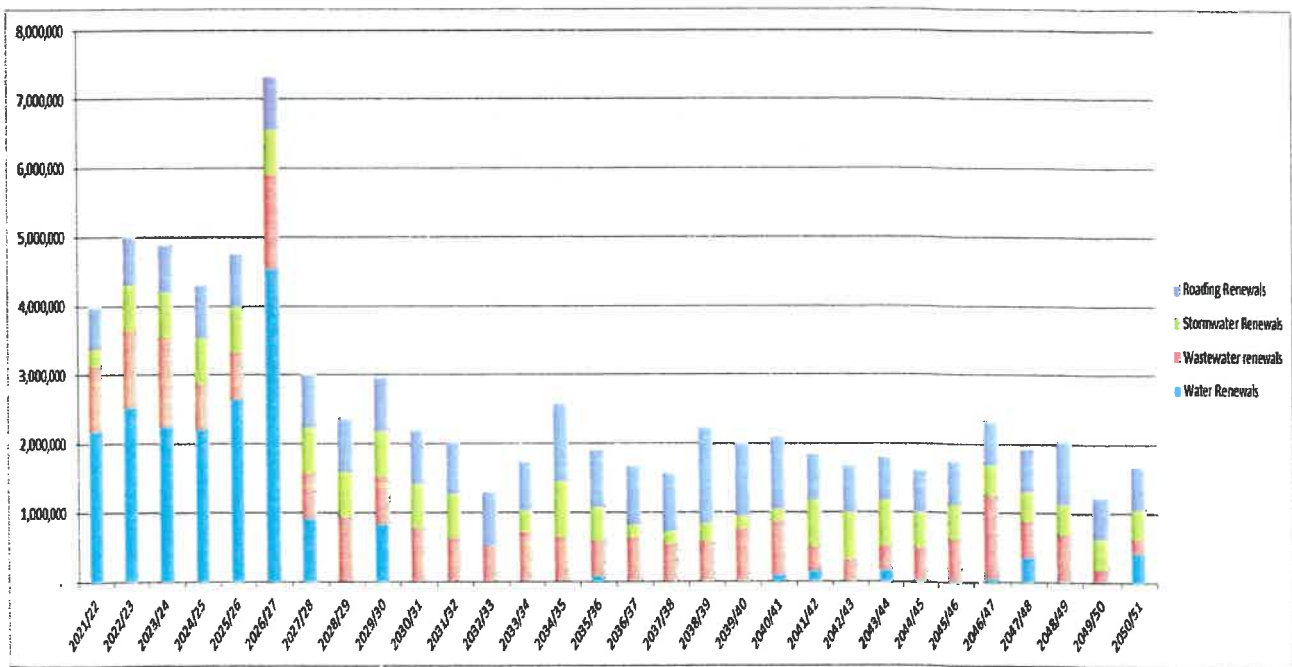
Cost of replacement programme

The costs associated with the proposed significant renewals in Water Supply are shown in the table below

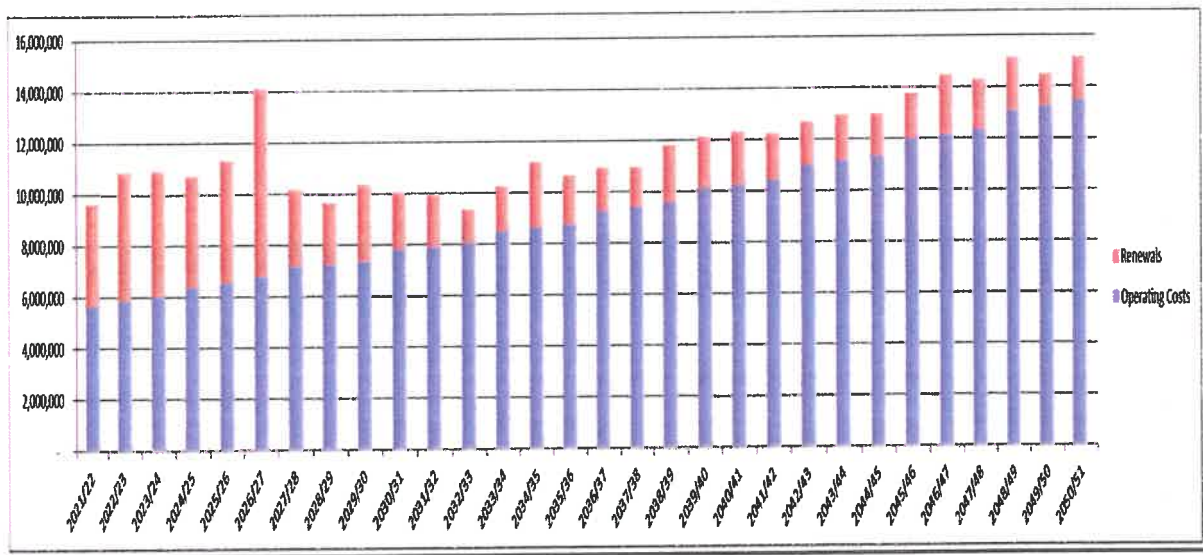
Renewal	Most likely scenario \$
Pipe replacements 2021 - 27	\$14,771,200
Gravity main from Umukaraka Spring to Pumphouse (2026/27)	\$2,400,000
Reservoir replacement (small) 2027/28	\$979,000
Other water reticulation renewals 2021 - 31	\$3,664,000

The total projected capital expenditure required to fund all the infrastructure renewal proposed in this Strategy is \$55.7 million over the 30 year period. The proposed infrastructure replacement programme for the next 30 years and the annual capital and operational (including inflation) are shown in the following tables:

Renewal Programme – 2021 - 2051 (\$)



Annual Operating and Capital Expenditure for Infrastructure (\$)



Meeting: Council

Meeting Date: 30 March 2021

Subject: Draft Long Term Plan 2021 – 2031 – Overview and Fees & Charges

File Number: 201600

1 **Purpose**

The purpose of this report is to inform members of the figures proposed for the draft Long Term Plan 2021 – 2031 which are included in the Consultation Document, the anticipated rates as well as the 2021/22 Fees and Charges.

2 **Background**

Council is required to produce and adopt a Long Term Plan at least every three years.

Council resolved back in 1998 not to fully fund the depreciation for selected assets as it determined that it would not replace these assets in their present form and for subsidised roading and stormwater assets 75% of the cost of the asset renewal cost is paid for by NZ Transport Agency. Council has subsequently resolved not to continue funding this depreciation. This normally results in an operating deficit for Council each year.

3 **Revenue and Expenditure Estimates for 2021/22, 2022/23 and 2023/24**

The table below shows the proposed budgets for the next three years with comparisons to the 2020/21 Annual Plan figures:

	<u>Estimate</u> <u>2020/21</u>	<u>Estimate</u> <u>2021/22</u>	<u>Estimate</u> <u>2022/23</u>	<u>Estimate</u> <u>2023/4</u>
<u>Operating Statement</u>				
Operating Expenditure				
Personnel costs	5,366,150	5,870,230	6,010,760	5,962,280
Depreciation	3,082,300	3,242,440	3,273,680	3,369,030
Finance Costs	6,210	29,020	80,430	128,650
Other Costs	6,215,870	6,043,030	6,085,040	6,234,130
<i>Total Expenditure</i>	14,670,530	15,184,720	15,449,910	15,694,090
<u>Revenue</u>				
General Rates	9,687,210	10,134,920	10,505,610	10,922,480
Separate Rates				
Water Supply	238,910	206,900	212,600	218,370
Wastewater	407,210	444,400	454,930	467,330
Refuse Collection	417,890	512,050	522,980	537,300
<i>Total Rates</i>	10,751,220	11,298,270	11,696,120	12,145,480
<i>Rate Increase</i>	3.5%	5.1%	3.5%	3.8%

	<u>Estimate 2020-21</u>	<u>Estimate 2021-22</u>	<u>Estimate 2022/23</u>	<u>Estimate 2023/4</u>
<u>Revenue (continued)</u>				
Petrol Tax	69,000	70,000	72,170	74,340
Grants & Subsidies	1,393,820	1,334,930	1,510,860	1,591,980
Interest Revenue	28,310	10,490	13,450	15,790
Other Revenue	2,784,730	2,372,000	2,280,080	2,166,800
Total Revenue	15,027,080	15,085,690	15,572,680	15,994,390
Operating Shortfall/(Surplus)	356,550	99,030	(122,770)	(300,300)
Capital/Renewals Expenditure				
Asset Renewals	6,350,250	6,753,050	7,494,210	7,375,300
Loan Repayments	94,130	27,660	28,780	29,940
Operating Deficit /(Surplus)	(356,550)	99,030	(122,770)	(300,300)
Total Funding Required	6,087,830	6,879,740	7,400,220	7,104,040
Funded By:				
- Loan (External)	0	2,056,000	2,034,000	2,000,000
- Sale proceeds	593,500	500,000	400,000	300,000
- Asset disposals	1,860,000	1,860,000	1,904,640	1,933,210
- Depreciation Reserves	2,784,960	1,449,180	2,046,620	1,855,520
Total Funding	5,238,460	5,865,180	6,385,250	6,088,730
Shortfall (Surplus)	849,370	1,014,560	1,014,970	1,015,310
<i>Depreciation Not Funded</i>	<i>849,370</i>	<i>1,014,560</i>	<i>1,014,970</i>	<i>1,015,310</i>

3.1 Proposed Capital Budgets 2021/22, 2022/23 and 2023/24

The following table includes the capital budgets for the next three years:

	2021/22	2022/23	2023/24
Economic Development	1,514,400	1,550,710	1,042,860
Roading	1,145,960	944,990	1,016,440
Stormwater	250,000	684,140	717,660
Water	2,213,000	2,580,780	2,729,720
Wastewater	988,000	1,209,700	1,428,660
Leisure & Recreation	371,340	266,570	234,200
IT/copier/printers	86,000	64,510	31,120
Plant & vehicles	150,000	157,810	135,690
Buildings	34,350	35,000	38,940
Total	\$6,733,050	\$7,494,210	\$7,375,290

3.2 Analysis of the Proposed Rate Increase for 2021/22

The following table shows the main contributors to the proposed rate increase for 2021/22:

	Description	Amount (\$)	%
1.	Reduced use of proceeds from property sales	\$93,500	0.8
2.	Increased personnel costs - various	\$378,080	3.5
3.	Increased cost for District Plan review	\$28,900	0.3
5.	Reduced recoveries for industrial waste (net)	\$57,000	0.5
	Total	\$557,480	5.1

3.3 Explanation of Variances in Operating Expenditure

Personnel Costs

Personnel costs have increased \$504,080 (9.4%). However this includes two additional library positions (two year fixed term) totaling \$126k which will be funded by NZ Libraries - Partnerships.

The other reasons for the increased personnel costs are:

- Provision for inflation
- Additional Accounting resource
- Additional Communication (including Porritt Glade Administration) and IT resources
- Additional Cleaning (streets/toilets/reserves) resource
- Additional Water Supply costs (including on-call)
- Additional Solid Waste resource
- Increased Events resource

Depreciation

Depreciation cost has increased by \$160,140 (5.2%), but there is no increase to rates. This is because additional roading assets now receive NZTA subsidy and therefore the non-funded depreciation has also increased.

Staff are reviewing the asset lives as part of the review of the asset management plans. Also, because Council is proposing to renew water pipes before the end of their useful lives (as recorded in the asset register), it is likely that the annual depreciation charge will need to be increased accordingly.

Other Costs

Other Costs for 2021/22 have reduced by \$172,840 (2.8%). This reduced cost has mostly resulted from:

- Reduced expenditure for Residential Developments; \$250k (funded from reserves) as most of the development has been completed
- No Audit costs for LTP; \$92k
- Lower Operating costs for WWTP; \$63k

However, there are also increased costs for Insurance and District Plan Review.

Other Revenue

Other revenue is reduced by \$412,730 (14.8%). This lower revenue has resulted from:

- Lower WWTP recoveries; \$120k
- Less projected sales of residential sections; \$500k (NB: This revenue is transferred to reserves less the amount Council uses to reduce rates)

There is also additional revenue to fund two Library positions; \$126k

3.4 Proceeds from Residential Sales – to reduce rates

Council used \$593,500 of the anticipated proceeds from the sale of residential properties to reduce rates for 2020/21.

Following consideration by elected members, the draft estimates proposes to use \$500,000 from anticipated property sales to reduce rates (with this amount reducing by \$100k annually over the following 4 years). The impact of this is that there is a 0.8% increase in rates because less sale proceeds are being used.

The table below shows the costs and sales for the residential developments at Central Cove and Te Arika Place:

Description	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	Actual	Projected	Projected	Projected	Projected	
Costs (including land)	\$1,204,300	\$50,000	\$0	\$0	\$0	\$1,254,300
Sales	\$637,522	\$1,100,000	\$600,000	\$550,000	\$550,000	\$3,437,522
Net profit						\$2,183,222
Sections sold	6	10	5	5	5	31
Proceeds used	\$(220,000)	\$(593,500)	\$(500,000)	\$(400,000)	\$(300,000)	\$(2,013,500)

3.5 Rates Affordability

Council has set its rates affordability benchmarks as:

- Total rates will not exceed 88% of total revenue; and
- The annual rates increase will not exceed the average rate of inflation plus 2%

The following table shows the annual rates increase (included in the draft 2021 – 2031 Long Term Plan) compared to the limit:

	2021-22	2022-23	2023-24	2024-25	2025-26
Actual Increase	5.1%	3.5%	3.8%	3.8%	4.4%
Limit	5.6%	4.9%	4.5%	4.5%	4.5%

	2026-27	2027-28	2028-29	2029-30	2030-31
Actual Increase	3.4%	2.8%	2.2%	2.0%	3.1%
Limit	4.5%	4.6%	4.7%	4.7%	4.6%

These budgeted rate increases do not exceed the “rates affordability” limits (as stated in Council’s Financial Strategy) for the next 10 years.

4 Stoneham Park - Residential Development

No figures have been included in the budget for the development of Stoneham Park into residential sections. However, this issue will be included in Council’s Long Term Plan consultation document for public consideration.

5 Greenwaste Disposal

Council recently discussed different options for collection and disposal of Greenwaste. At present a budget of \$40k is included for greenwaste processing which is approximately enough to separate the rubbish from the greenwaste for 2021/22, but not deal with the material that has accumulated over the years.

6 Replacement of Water Pipes – Loan Funded

Council staff had previously prepared the water supply pipe renewal programme based on the theoretical remaining lives of Council’s existing pipes. This renewal programme had estimated that Council would need to spend approximately \$7.0 million for renewals over the next 10 years.

However, due to:

- Reduced actual lives of the pipework in some areas
- On-going problems with dirty water due to build-up of manganese in the existing pipes and
- Use of AC material in most of the water supply pipes

Council is proposing to renew 8 - 9kms of water pipes annually at a cost of \$2.0 million for the next 6 years. The funding for these renewals will come from loans and these loans will be repaid over 90 years. The pipes have a 100 year life, however it is expected that replacement will be undertaken over a 10 year period.

The cost of this borrowing over the next 10 years is as follows

	2021-22	2022-23	2023-24	2024-25	2025-26
Loans (new)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Interest	25,038	74,925	124,657	174,231	223,643
Principal	6,076	12,304	18,688	25,231	31,938
Balance	1,993,924	3,981,620	5,962,952	7,937,721	9,905,783

	2026-27	2027-28	2028-29	2029-30	2030-31
Loans (new)	2,000,000				
Interest	272,887	296,923	295,935	294,921	293,883
Principal	38,813	39,783	40,778	41,797	42,842
Balance	11,866,970	11,827,187	11,786,409	11,744,612	11,701,770

As this proposal involves significant expenditure and a change to Council's previous practice (for renewals and also not having any external loans), it will be included for discussion with the community as part of the LTP Consultation Document.

7 Fees and Charges – 2021/22

Attached to this report are the Fees and Charges for 2021/22. There are no changes as Council has previously indicated when adopting the Revenue and Financing Policy, that it did not want to make changes to how activities are currently funded. Also, the revenue budgets are based around these fees remaining unchanged.

8 RECOMMENDATIONS

1. That the report "Draft Long Term Plan 2021 – 2031 – Overview and Fees & Charges" is received.
2. That Council approves budgets for inclusion in the LTP 2021 - 2031 Consultation Document.
3. That Council adopts the Fees and Charges (including GST) for 2021/22



Peter Christophers, ACA, BBS

Manager Finance and Corporate Services

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FEES AND CHARGES

Cemetery	2020/21	2021/22
Purchase of Plots		
Adults		
Purchase of each plot 2.45mx 1.25m with Right of Burial in perpetuity	\$1,200.00	\$1,200.00
Children (under 10 years)		
Purchase of each plot 1.52mx 1.37m with Right of Burial in perpetuity	\$600.00	\$600.00
Stillborn Infants/Ashes		
Plot 1.25m x 1.90m provided	\$180.00	\$180.00
RSA		
Plots in the RSA section of the Cemetery are provided free of charge	No charge	No charge
Burial Fees		
Adults	\$490.00	\$490.00
Children (under 10 years)	\$220.00	\$220.00
Stillborn Infants	\$90.00	\$90.00
Second Interment	\$490.00	\$490.00
Ashes	\$90.00	\$90.00
RSA	\$490.00	\$490.00
Weekend or Public Holiday	\$120.00	\$120.00
Miscellaneous		
Exhumation of Casket from the Cemetery	\$610.00	\$610.00
Re-interment of any Casket in the Cemetery	\$430.00	\$430.00
Scatter Ashes in Garden of Remembrance	No charge	No charge
Out of District Fee (non-resident/non-ratepayer)	\$0	\$0
Purchase Niche in Wall of Remembrance	\$70.00	\$70.00
Purchase of Plaque with the Standard Inscription	\$180.00	\$180.00
Permit Fee to install a Plaque in Wall of Remembrance	\$5.00	\$5.00
Headstone Permit	\$5.00	\$5.00
Plans/Reports		
Annual Plan (per copy)	\$20.00	\$20.00
Annual Report (per copy)	\$20.00	\$20.00
Kawerau District Plan (per copy)		
• Mail List Print Version	\$100.00	\$100.00
• Photocopy	\$25.00	\$25.00
Long-Term Plan (LTP - per copy)	\$20.00	\$20.00
NB: These charges only apply to non-residents who are not ratepayers		

Facilities for Hire	2020/21	2021/22
Boyce Park		
Casual Hire (per day)	\$20.00	\$20.00
Circus Paddock		
Hire (per day)	\$40.00	\$40.00
Power Charge (per day)	Actual Cost	Actual Cost
Concert Chamber		
Discounted		
Casual Hire (per hour)	\$11.20	\$11.20
Bulk Hire (20 hours or more – per hour)	\$5.60	\$5.60
Kitchen Hire (per hour)	\$20.00	\$20.00
Piano (per hour)	\$2.00	\$2.00
Not Discounted		
Casual Hire (per hour)	\$38.00	\$38.00
Bulk Hire (20 hours or more – per hour)	\$19.00	\$19.00
Kitchen Hire (per hour)	\$68.00	\$68.00
Piano (per hour)	\$2.00	\$2.00
Firmin Field		
Casual Hire (per day)	\$20.00	\$20.00
Maurie Kjar Swimming Pool		
Private Hire (per hour)	\$25.00	\$25.00
BBQ Hire (per BBQ) – Small (portable)	\$5.00	\$5.00
BBQ Hire (per BBQ) – Large (Fixed)	\$10.00	\$10.00
Prideaux Park		
Casual Hire (per day)	\$20.00	\$20.00
Pavilion (per hour)	\$10.00	\$10.00
Floodlights (per hour)	\$10.00	\$10.00
Stoneham Park		
Casual Hire (per day)	\$20.00	\$20.00
Tarawera Park		
Casual Hire (per field per day)	\$20.00	\$20.00
Toilets		
Service Fee (per toilet block)	\$40.00	\$40.00
Town Hall		
Discounted		
Casual Hire (per hour)	\$13.20	\$13.20
Bulk Hire (20 hours or more – per hour)	\$6.40	\$6.40
Heating (per hour)	\$12.00	\$12.00
Kitchen Hire (per hour)	\$20.00	\$20.00
Spotlights (per day)	\$20.00	\$20.00

Facilities for Hire (cont'd)	2020/21	2021/22
Town Hall		
Not Discounted		
Casual Hire (per hour)	\$44.00	\$44.00
Bulk Hire (20 hours or more – per hour)	\$22.00	\$22.00
Heating (per hour)	\$40.00	\$40.00
Kitchen Hire (per hour)	\$68.00	\$68.00
Spotlights (per day)	\$20.00	\$20.00
Piano Hire (per hour)	\$2.00	\$2.00
Recreation Centre		
Discounted		
Casual Hire (per hour)	\$20.00	\$20.00
Bulk Hire (20 hours or more – per hour)	\$10.00	\$10.00
Kitchen Hire (per hour)	\$20.00	\$20.00
Not Discounted		
Casual Hire (per hour)	\$66.50	\$66.50
Bulk Hire (20 hours or more – per hour)	\$31.00	\$31.00
Kitchen hire (per hour)	\$68.00	\$68.00
Firmin Lodge		
Casual Booking (Hall and Kitchen) – per hour	\$40.00	\$40.00
Small occupancy (overnight) – per night	\$300.00	\$300.00
Shared occupancy (2 groups) – per night	\$550.00	\$550.00
Sole occupancy (entire facility) – per night	\$960.00	\$960.00

Library Fees	2020/21	2021/22
Local Requests (per item)	\$0.50	\$0.50
Interloan Requests (per item)	\$1.50	\$1.50
Lost Book Fee	Actual Cost	Actual Cost
Replacement Library Cards (per card)	\$2.00	\$2.00
Photocopying/Printing (per page) A4 – B&W (per copy)	\$0.20	\$0.20
Photocopying/Printing (per page) A4 – Colour (per copy)	\$1.00	\$1.00
Photocopying/Printing (per page) A3 – B&W (per copy)	\$0.40	\$0.40
Photocopying/Printing (per page) A3 – Colour (per copy)	\$2.00	\$2.00
Overdue Fines		
DVDs/Videos (per item per day)	\$1.00	\$1.00
All other items (per item per day)	\$0.10	\$0.10
Administration Fee (for billed overdue items/per item)	\$5.00	\$5.00
Withdrawn Library Items for Sale		
Hardback Books	\$1.00	\$1.00
Softback Books	\$0.50	\$0.50

Library Fees (cont'd)	2020/21	2021/22
Children's Books	\$0.50	\$0.50
Magazines	\$0.50	\$0.50
Cassette Tapes	\$1.00	\$1.00
Videos/DVDs	\$2.00	\$2.00
Computer CDs	\$5.00	\$5.00

Museum Charges	2020/21	2021/22
Photocopies (per copy):		
Black and White A4	\$1.00	\$1.00
Colour A4	\$2.00	\$2.00
Black and White A3	\$2.00	\$2.00
Colour A3	\$4.00	\$4.00
Laminated photocopies (per copy):		
Black and White A4	\$3.00	\$3.00
Colour A4	\$4.00	\$4.00
Black and White A3	\$4.00	\$4.00
Colour A3	\$7.00	\$7.00
Imagines for publication (per image):		
Local History/Education	\$10.00	\$10.00
Commercial	\$50.00	\$50.00
Digital Scan (per image & includes CD):		
First Image	\$25.00	\$25.00
Additional Imagines (same CD)	\$20.00	\$20.00
Commercial prints (Black & White/Colour):		
6x4	\$10.00	\$10.00
5x7	\$13.00	\$13.00
6x8	\$15.00	\$15.00
8x10 & 8x12	\$24.00	\$24.00
12x18	\$35.00	\$35.00

Landfill and Solid Waste	2020/21	2021/22
Non Recycled Loads		
Bags	\$5.00 (\$15.00 max)	\$5.00 (\$15.00 max)
Cars	\$15.00	\$15.00
All other vehicles (including trailers)	\$15.00 + \$240.00/ tonne	\$15.00 + \$240.00/ tonne
Fully Recycled Loads		
Bags	\$3.00 (\$9.00 max)	\$3.00 (\$9.00 max)
Cars	\$9.00	\$9.00
All other vehicles (including trailers)	\$5.00/m ³ (\$5.00 min)	\$5.00/m ³ (\$5.00 min)

Landfill and Solid Waste (Cont'd)	2020/21	2021/22
Partially Recycled Loads		
Cars	\$10.00	\$10.00
All other vehicles (including trailers)	\$10.00+ \$200.00/ tonne	\$10.00+ \$200.00/ tonne
Green Waste		
Trailers	\$10.00/m ³	\$10.00/m ³
Trucks	\$10.00/m ³	\$10.00/m ³
Other Material		
Soil and broken concrete	\$60.00/tonne	\$60.00/tonne
Tyres - Cars & Utes	\$10.00 each	\$10.00 each
- Trucks	\$30.00 each	\$30.00 each
Timber	\$240.00/tonne	\$240.00/tonne
Asbestos (presently not accepted)	N/A	N/A

Miscellaneous	2020/21	2021/22
Rubbish Bin Hire (set of 5 bins per event)		
Serviced	\$75.00	\$75.00
Unserviced	\$40.00	\$40.00

Residual Refuse Bin Charges		2020/21	2021/22
Residual Refuse Bin upgrade to 120-litre			
Month Requested	Months Chargeable	Pro Rata Cost	Pro Rata Cost
July	12	\$60.00	\$60.00
August	11	\$55.00	\$55.00
September	10	\$50.00	\$50.00
October	9	\$45.00	\$45.00
November	8	\$45.00	\$45.00
December	7	\$35.00	\$35.00
January	6	\$30.00	\$30.00
February	5	\$25.00	\$25.00
March	4	\$20.00	\$20.00
April	3	\$15.00	\$15.00
May	2	\$10.00	\$10.00
June	1	\$5.00	\$5.00

Annual Premises Licence and Registration Fees	2020/21	2021/22
Hairdresser's Registration (per annum)	\$90.00	\$90.00
Offensive Trade Registration (per annum)	No charge fixed	No charge fixed

Other Inspection Fees	2020/21	2021/22
Abandoned vehicles	\$200.00	\$200.00
Private Swimming Pool inspection	\$60.00	\$60.00
Services not otherwise listed	Actual Cost	Actual Cost
Specific expertise	Actual Cost	Actual Cost

Building	2020/21	2021/22
Solid Fuel Heater – Free Standing	\$240.00	\$240.00
Solid Fuel Heater – In built	\$300.00	\$300.00
Marquee – Public Use	\$355.00	\$355.00
Marquee – Private Use	\$355.00	\$355.00
Garage/Carport	\$355.00	\$355.00
Garage/Carport – Specific Design	\$470.00	\$470.00
Conservatory (Deck in situ)	\$355.00	\$355.00
Conservatory (New Deck)	\$530.00	\$530.00
Wet area shower	\$355.00	\$355.00
Dwelling Alterations - Minor	\$530.00	\$530.00
Dwelling Alterations - Complex	\$1,100.00	\$1,100.00
Relocated Dwelling	\$700.00	\$700.00
New Dwelling	\$1,480.00	\$1,480.00
Commercial	\$2,370.00 Deposit	\$2,370.00 Deposit
Industrial	\$3,175.00 Deposit	\$3,175.00 Deposit
Industrial Commercial - Alterations	\$875.00 Deposit	\$875.00 Deposit
Certificate of Acceptance	Cost of consent + \$400 penalty	Cost of consent + \$400 penalty
Amendment	\$175.00 Deposit	\$175.00 Deposit

**The Ordinary Meeting of the Kawerau District Council
will be held on Tuesday, 30 March 2021
in the Council Chamber commencing at 9.00am**

A G E N D A

Apologies

Leave of Absence

Opening Prayer

Public Forum

A period of 30 minutes is set aside for public forum at the commencement of this meeting. Each speaker during the public forum section of the meeting may speak for 3 minutes.

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 CONFIRMATION OF COUNCIL MINUTES

1.1 Ordinary Council – 23 February 2021

Pgs. 1 - 4

Recommendation

That the Minutes of the Ordinary Council meeting held on 23 February 2021 be confirmed as a true and accurate record.

2 RECEIPT OF COMMITTEE MINUTES

2.1 Regulatory and Services Committee – 16 March 2021

Pgs. 5 - 7

Recommendation

That the Minutes of the Regulatory and Services Committee meeting held on 16 March 2021 be confirmed as a true and accurate record.

3 Action Schedule (101120)

Pgs. 9 - 12

Recommendation

That the updated Action Schedule of resolutions/actions requested by Council be received.

4 His Worship the Mayor's Report (101400)

Pg. 13

Recommendation

That His Worship the Mayor's report for the period Wednesday, 17 February 2021 to Wednesday, 23 March 2021 be received.

5 Budget Allocations – Storm Water – Manager, Operations and Services (401520)

Pgs. 15 - 16

Attached is a report "Budget Allocations – Stormwater"

Recommendations

1. *That the report "Budget Allocations - Stormwater" be received.*
2. *That Council reallocate the unspent funds to the listed budget accounts.*

6 Dog Registration Fees 2021/22 – Manager, Finance and Corporate Services (213100)

Pgs. 17 - 19

Attached is a report requesting Council adopt the dog registration fees for 2021/22..

Recommendations

1. *That the report "Dog Registration Fees 2021/22" be received.*
2. *That Council sets the Dog Registration fees for 2021/22 as follows:*

Neutered Dog \$35.00

Entire Dog \$70.00

Late payment penalty – applied 2 August 2021 50% additional to the fee charged

*Seizure Fee (at the Dog Control Officers
Discretion)* \$80.00
Fee for first impounding \$80.00
Fee for second impounding \$110.00
Third and subsequent impounding \$140.00

Sustenance Fee (Daily) \$10.00
Microchipping Fee \$15.00

Replacement Tag Fee \$5.00
Rehoming Fee \$10.00

7 Significance and Engagement Policy – Manager, Finance and Corporate Services (103015)

Pgs. 21 - 29

Attached is a report requesting Council confirm and adopt the Significance and Engagement policy.

Recommendations

1. *That the report “Significance and Engagement Policy” be received.*
2. *That Council considers that it has sufficient information about community interests and preferences without consulting in accordance with section 82 of the Local Government Act 2002.*
3. *That Council adopts/amends the Significance and Engagement Policy as presented with an effective date of 1 April 2021.*

8 Adoption of Councils Financial Contributions Policy – Manager, Finance and Corporate Services (110551)

Pgs. 31 - 34

Attached is a report requesting Council adopt the Financial Contributions Policy.

Recommendations

1. *That the “Adoption of Councils Financial Contributions Policy” be received.*
2. *That the Financial Contributions Policy (with any amendments) be adopted.*

9 Adoption of Councils Investment and Liability Management Policies – Manager, Finance and Corporate Services (110551)

Pgs. 35 - 42

Attached is a report outlining the content of these policies and requesting that Council adopt them.

Recommendations

1. *That the report “Adoption of Council’s Investment Policy and Liability Management Policy” be received.*
2. *That Council adopt the Investment Policy as proposed.*
3. *That Council adopt the Liability Management Policy as proposed.*

10 Financial Strategy and Infrastructure Strategy – Manager, Finance and Corporate Services (103015)

Pgs. 43 - 68

Attached is a report requesting members review and adopt the Financial and Infrastructure Strategies.

Recommendations

1. *That the report “Financial and Infrastructure Strategies” be received.*
2. *That Council adopts/amends the Financial and Infrastructure Strategies as presented.*

11 Draft Long Term Plan 2021 – 2031 Overview and Fees and Charges – Manager, Finance and Corporate Services (201600)

Attached are the budget figures that have been incorporated into the draft 2021 – 31 Long Term Plan for consideration as well as the Fees and Charges for 2021/22

Recommendations

1. *That the report “Draft Long Term Plan 2021 – 2031 – Overview and Fees and Charges” be received.*
2. *That Council approves budgets for inclusion in the LTP 2021 - 2031 Consultation Document.*
3. *That Council adopts the Fees and Charges (including GST) for 2021/22.*

12 Exclusion of the Public

Recommendation

That the public is excluded from the following part of the proceedings of this meeting, namely:

1. Netball Pavilion Rebuild
2. Acceptance of offer for repairs to Blue Bridge.

The general subject of the matter to be considered while the public is excluded, the reason for passing this resolution in relation to the matter, and the specific grounds under Section 48(1) of the Local Government Information & Meetings Act 1987 for the passing of this resolution is as follows:

General Subject of the matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1. Netball Pavilion Rebuild. 2. Acceptance of offer repairs to Blue Bridge.	<i>Maintain the effective conduct of public affairs through the free and frank expression of opinions.</i>	<i>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48 (1) (a) (i)</i>

This resolution is made in reliance on Section 48(1) (a) of the Local Government Official Information & Meetings Act 1987 and the particular interest or interests protected by Section 7 (2) (b) (i) of that Act.

R B George
Chief Executive Officer