

# Whangarei District Council Meeting

## Supplementary Agenda

**Date:** Thursday, 14 May, 2020

**Time:** 9:00 am

**Location:** Virtual Meeting Room

**Elected Members:** Her Worship the Mayor Sheryl Mai  
(Chairperson)  
Cr Gavin Benney  
Cr Vince Cocurullo  
Cr Nicholas Connop  
Cr Ken Couper  
Cr Tricia Cutforth  
Cr Shelley Deeming  
Cr Jayne Golightly  
Cr Phil Halse  
Cr Greg Innes  
Cr Greg Martin  
Cr Anna Murphy  
Cr Carol Peters  
Cr Simon Reid

For any queries regarding this meeting please contact  
the Whangarei District Council on (09) 430-4200.

**5. Decision Reports**

*5.5 Adoption of the Consultation Document and supporting  
information for 2020-21 Annual Plan*

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## 5.5 Adoption of the Consultation Document and Supporting Information for the 2020-2021 Annual Plan

**Meeting:** Whangarei District Council  
**Date of meeting:** 14 May 2020  
**Reporting officer:** Dominic Kula (General Manager Strategy and Democracy)

### 1 Purpose

To adopt documents necessary to commence consultation on Council's response to COVID-19 through the 2020-2021 Annual Plan.

### 2 Recommendations

**Recommendation:**

That Council:

1. Adopts the Supporting Information to the Consultation Document to the 2020-2021 Annual Plan (Attachment One).

**Recommendations:**

That Council:

1. Endorses the preferred option for General and Targeted rates, as outlined in this Agenda and summarised in the Consultation Document for the 2020-2021 Annual Plan.
2. Adopts the Consultation Document for the 2020-2021 Annual Plan (Attachment 2) which outlines Council's proposed changes to Year 3 of our Long Term Plan in response to COVID-19, including the preferred option for general and targeted rates.
3. Notes that Council will not meet the financial prudence balanced budget benchmark for 2020-2021.
4. Authorises the Chief Executive to make any necessary drafting, administrative, typographical or presentation changes.

### 3 Background

Prior to COVID-19, the approach to the 2020-2021 Annual Plan (Annual Plan) had been consistent with Year 3 of the 2018-28 Long Term Plan (LTP). No significant or material changes were proposed and as such there was no basis for meaningful consultation with our community.

However, COVID-19 has had dramatic and wide-ranging impacts on the global economy. In New Zealand, despite our relatively successful national response to the virus and its containment, the effects on our national and local economy will be profound. The epidemic is

expected to continue to place unprecedented pressure on communities. In short, the events of COVID-19 have fundamentally changed how we operate.

Council moved swiftly to develop a 10 Point Economic Recovery Response (ERP) setting out a framework of tangible actions to guide Council's response to COVID-19. Central to these in the short term to medium term horizon of the 2020 – 2021 Annual Plan were:

- 'reviewing our planned rates increase' (Point 1),
- 'undertaking an 'operational budget review' (Point 2), and
- 'boosting Council's capital programme to help the recovery' (Point 8).

Workshops were held with Elected Members, on 2 April and 22 April 2020 to work through analysis of options for any rating increase, along with operational budget implications. In order to prevent dis-proportionately larger rates increases for some sectors all options to deviate from the LTP required modification of sector splits, thereby triggering consultation.

The challenges of consultation at this point in the Annual Plan process were acknowledged, as were potential advantages of being able to work alongside our community on our response to COVID-19. As it was not possible to produce supporting documents for all options a preferred option was required for consultation.

## 4 Discussion

At the 30 April 2020 meeting Council considered options for any rating increase before endorsing consultation on limiting the general rate rise for 2020-2021 to 2.2% (inflation as measured by the Local Government Cost Index).

In doing so Council also endorsed funding for a relief package and developing a concise/targeted Consultation Document (CD), process and timeframe.

This report brings the resulting Consultation Document (and supporting documents) to Council in order to commence the consultation process. In doing so it implements key actions of Council's ERP.

### 4.1 Consultation Document

The CD is a key document for public participation in the Annual Plan process, explaining any differences between the proposed annual plan and what is described in the Long Term Plan in the year to which it relates.

Our Draft CD for the 2020-2021 Annual Plan (**Attachment Two**) therefore summarises changes proposed from year three of the LTP.

The CD provides an important mechanism to communicate, and seek feedback on, Council's proposed response to COVID-19 for the 2020-2021 year.

In doing so our draft CD clearly explains

- the preferred option for setting of rates (along with other options considered),
- the proposal for a targeted relief package (details of which are also being considered in this meeting), and
- the potential for Central Government funding to bring forward LTP projects, deliver them on a larger scale and stimulate our economy.

Council's medium-long term response will be through COVID-19 Response Strategy (also being considered in this meeting) and the 2021 – 2031 Long Term Plan.

## Setting rates for 2020-2021

### General Rates

Year 3 of the LTP proposed a General Rate rise of inflation (based on the Local Government Cost Index) plus 2% plus a further 1% growth, which would have resulted in an average general rates rise for ratepayers of 4.2%.

To reduce the financial impact COVID-19 will have on communities the preferred option set out in the CD is to reduce the overall General Rate rise for 2020-2021 to 2.2%, with the increase effectively offsetting the cost of a targeted relief program.

To make sure all ratepayers receive the same 2.2% increase, growth allowances and the sector shares will be adjusted (as discussed below).

The CD also describes the other General Rate increase options that were considered (and their implications), which were:

- status quo (a 4.2% increase in line with the LTP),
- a General Rate increase of 3.2%, and
- no increase over the 2019-20 year.

### Targeted Rates

The LTP includes provision for increases in targeted rates as well. It is proposed to align the increases for two of them; Wastewater and District-wide Refuse Management, to General Rate rises (as they are in the LTP).

Water rates will not be increased at all, which is also consistent with the LTP position.

As per the LTP Flood Protection rates (which fund the Hikurangi Swamp scheme) will continue to be increased by 8%. Movements for these rates are not inflation based, rather they are designed to fund a specific work program that advantages a specific group of direct beneficiaries who pay this rate.

In summary, the proposed increases for 2020-2021 are:

General rates	2.2%
Targeted rates (wastewater, refuse)	2.2%
Targeted rates (water)	0%
Targeted rates (flood protection)	8.0%

### Changes to the way growth in the rating base is allowed for

Normally (and as shown in the LTP), a specific allowance is made for growth (e.g. 1% of the previous year's General Rates) to allow for movements in the Rating Information Database (RID) during the year, such as new residential properties due to sub-division. In other words, the growth factor is usually established as a percentage of total revenue, with the rate based on Council's Growth Model.

For 2020-21 this approach has been changed, growth in rating revenue will arise simply from any increase in the number of properties from July 2019 to July 2020, when the rates for 2020-21 will be set. This, together with changes to the sector splits (see below) allows us to make sure the proposed rates increases are the same for every ratepayer

### Changes to sector splits

To make sure that all ratepayers receive the same increase, we also need to change the sector splits for General Rates, which determine how rates are apportioned between each sector.

Each sector has experienced different levels of growth over the last few years. Following the 2018 triennial general revaluation (and the subsequent settlement of some large objections during the current financial year), the total land value in the Commercial and Industrial, and Rural sectors has reduced, with land value for the Residential sector increasing

Retaining the current 2019-20 sector shares would result in disproportionately larger rates increases in the Commercial & Industrial and Rural sectors compared to the Residential sector. We have therefore proposed the following adjustments, which (together with the modified growth allowances noted above) ensure all ratepayers receive the same 2.2% rates increase:

<b>Sector</b>	<b>2019-20 share</b>	<b>2020-21 Proposed share</b>
Residential	61.32%	62.46%
Multi-Unit	0.20%	0.20%
Miscellaneous	0.48%	0.34%
Rural	9.50%	9.38%
Commercial & Industrial	28.5%	27.62%

### **Relief Package**

As part of the preferred option Council has endorsed a \$3 million fund. The fund will provide for targeted relief for community groups, businesses and ratepayers.

The CD provides an overview of the fund, including how it could be allocated across the three areas identified; noting exact splits will be confirmed by Council.

The details of the Targeted Relief Package will form a separate item for Council consideration at this meeting.

### **Sourcing funding from Central Government**

Council is seeking Government funding through COVID-19 response programmes like the Crown Infrastructure Partners (CIP) programme for 'shovel ready' projects.

However, at this stage no changes are proposed to the 2020-2021 Annual Plan due to the uncertainty around the outcome of funding applications, which will be determined by Government.

While the CD notes that Council would seek to undertake Government funded projects in addition to those in the 2020-2021 Annual Plan, Council already has a very ambitious capital programme for the year ahead.

If we are successful in obtaining Government funding there may be a need for further changes to the timing of the capital programme (i.e. delivering some projects in future years of the LTP).

As such, while timing changes currently proposed from year 3 of the LTP were not considered material or significant, and are not being consulted on, the potential for changes to timing as a result of central government funding has been included in the CD.

## **4.2 Supporting information to the Consultation Document**

Before a consultation document is finalised and adopted, Section 93G of the Act requires local authorities to prepare the information that the consultation document relied on.

Council is then required to adopt any information that supports and explains the key elements discussed in the CD, prior to adopting the CD.

The following items have been compiled into the Annual Plan 2020-2021 Consultation Document Supporting Information, included as **Attachment One**:

- Draft Prospective Financial Statements for 2020-2021 incorporating
  - Prospective Statement of Revenue and Expenditure
  - Prospective Statement of Changes in Equity
  - Prospective Statement of Financial Position
  - Prospective Statement of Cash Flows
  - Prospective Reserve Funds
- Draft Summary Funding Impact Statement for 2020-2021
- Draft Capital Projects for 2020-2021
- Financial Prudence Benchmarks Disclosure
- Draft Funding Impact Statement for-2020-2021
- Significant Forecasting Assumptions underlying the 2020-2021 Annual Plan
- Impact Summary

### 4.3 Balanced Budget Disclosures

There are two different definitions of a 'balanced budget', with a different outcome forecast under each measure:

1. The definition in Section 100 of the LGA is based on standard accounting disclosures, requiring Council to ensure that projected operating revenues are set at a level sufficient to meet projected operating expenses unless it is resolved to be prudent not to do so. The projected operating surplus shows this condition has been met (i.e. the budget is balanced by this definition) and no further actions are required.
2. The Financial Prudence benchmarks, which are set by regulation, exclude a number of non-cash and capital items. Under this measure the budget will be just unbalanced next year, at 99% of the benchmark. This will be disclosed in the Annual Plan and has minimal impact on Council's position in the short term. However, running an unbalanced budget over a longer term is not recommended. No further action is required next financial year.

### 4.4 Risk, policy and planning implications

While staff have undertaken detailed analysis of the implications of, and response to, COVID-19 (including undertaking detailed financial modelling, commissioning independent economic forecasts and seeking legal advice) this has been a fast moving and high impact event. As such we have used the best / most up to date information available to mitigate risk.

Since Council considered options for rates and a COVID19 relief package economic forecasts have become slightly more pessimistic. Extreme discipline will be needed to avoid additional expenditure.

It is likely that WDC will receive further bad financial news as the crisis plays out and it remains possible that financial constraints may compromise service delivery meaning some service levels are not met.

Given the timeframes for responding to COVID 19, and where Council was at in the Annual Plan cycle, it was not possible to produce supporting documents for all options considered. As a result a preferred option was required for consultation.

However, this could result in risk if material or significant changes from either the option consulted, on or the option proposed in the LTP, are proposed following consultation. Furthermore, a change that would 'alter significantly the intended level of service provision for a significant activity' would be inconsistent with s97 of the Act.

## 5 Significance and engagement

The decisions or matters of this Agenda, as outlined in the consultation document and supporting documents, are considered material under the LGA.

Section 95(2A) of the LGA requires local authorities to consult on the annual plan it is contains significant or material differences from the content of the long-term plan for the financial year to which the proposed annual plan relates.

While a special consultative procedure is not required, consultation must be in accordance with the principles set out in section 82 of the Act.

The following consultation and communication plan has been prepared in order to meet these requirements given the constraints faced:

- A three week consultation period from 15 May to 4 June 2020
- Distribution and promotion of the CD through multiple channels including;
  - Electronically – Council's website, Facebook, radio
  - Physically – print media, Council facilities (when open), other community locations where possible
  - Electronically to community, resident and ratepayer groups, Te Huinga, and other stakeholders
- Submissions can be made electronically, via post and/or delivered to Council offices (when open). Facebook comments will be collated and themed outside formal submission process.
- People in over 70 or vulnerable categories being able to provide a verbal telephone submission prior to the closure date of the submission period.
- No community meetings or formal hearings due to COVID-19, and time restrictions
- Communications programme running alongside consultation to;
  - Outline the predicted impact of COVID-19, and Council's short term (2020-2021) and longer-term response strategy leading into the next LTP
  - Signal Council's commitment to resilience through relief, advocacy, partnership and support as part of a broader 'reset'
- Submissions on operational issues being directed through the Customer Relations Management (CRM) process.
- Clarifying that submissions on topics outside the 'scope' of the consultation will not form part of deliberations, instead being used to inform development of the next LTP.

## 6 Attachments

1. Supporting Information to the Consultation Document for 2020-2021 Annual Plan
2. Consultation Document for the 2020-2021 Annual Plan





**Consultation Document  
Supporting Information**





# Contents

<i>Draft forecast financial statements . . . .</i>	<i>.5</i>
<i>Draft capital projects . . . . .</i>	<i>15</i>
<i>Annual Plan Disclosure Statement . . . .</i>	<i>25</i>
<i>Draft funding impact statement . . . . .</i>	<i>29</i>
<i>Draft significant forecasting assumptions . . . . .</i>	<i>41</i>
<i>Impact summary . . . . .</i>	<i>51</i>

# About this document

The Annual Plan 2020-21 Consultation Document is about the changes we have made to Year 3 of our Long Term Plan 2018-28 in response to COVID-19. This includes a proposal to reduce the overall General Rate rise to 2.2%, and provide \$3m in targeted relief. We are also seeking extra funding from central government.

This document contains information that supports the Annual Plan 2020-21 Consultation Document.

We're encouraging people to have their say in our Annual Plan consultation from 15 May to June 4 2020. We look forward to hearing from you.

## For more information

If you want more information visit:  
[www.wdc.govt.nz/AnnualPlan](http://www.wdc.govt.nz/AnnualPlan)  
 or phone 09 430 4200 or  
 0800 WDC INFO



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# *Draft forecast financial statements*

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## Prospective Statement of Comprehensive Revenue and Expenditure

LTP Year 2 2019-20 \$000		Annual Plan 2020-21 \$000	LTP Year 3 2020-21 \$000	Variance \$000
<b>Revenue</b>				
101,592	Rates	103,881	106,072	(2,191)
4,794	Development and other contributions	2,990	4,952	(1,962)
25,539	Subsidies and grants	24,174	20,190	3,985
14,863	Fees and charges	12,903	15,635	(2,732)
46	Interest revenue	393	41	352
13,225	Other revenue	11,026	13,396	(2,371)
<b>160,058</b>	<b>Total revenue</b>	<b>155,366</b>	<b>160,286</b>	<b>(4,920)</b>
<b>Expenses</b>				
66,937	Other expenditure	66,204	64,748	(1,456)
40,274	Depreciation and amortisation	45,991	41,934	(4,056)
7,345	Finance costs	8,488	8,690	202
30,173	Personnel costs	29,443	30,838	1,395
<b>144,729</b>	<b>Total expenses</b>	<b>150,125</b>	<b>146,211</b>	<b>(3,915)</b>
<b>15,329</b>	<b>Surplus / (deficit) before taxation</b>	<b>5,241</b>	<b>14,075</b>	<b>(8,834)</b>
-	Taxation charge	-	-	-
<b>15,329</b>	<b>Surplus / (deficit) after taxation</b>	<b>5,241</b>	<b>14,075</b>	<b>(8,834)</b>
<b>Other comprehensive revenue and expenses</b>				
17,395	Gain / (loss) on infrastructure asset revaluation	17,959	17,959	-
-	Gain / (loss) on other asset revaluations	-	-	-
<b>32,724</b>	<b>Total comprehensive income</b>	<b>23,201</b>	<b>32,035</b>	<b>(8,834)</b>

## ***Prospective Statement of Changes in Net Assets/Equity***

LTP Year 2 2019-20 \$000		Annual Plan 2020-21 \$000	LTP Year 3 2020-21 \$000
1,533,883	Opening balance as at 1 July	1,696,827	1,566,607
32,724	Total comprehensive revenue and expense	23,201	32,035
-	Adjustments and contributions to net assets/equity	-	-
1,566,607	Total recognised net assets/equity as at 30 June	1,720,028	1,598,642

## Prospective Statement of Financial Position

LTP Year 2 2019-20 \$000		Annual Plan 2020-21 \$000	LTP Year 3 2020-21 \$000
<b>Assets</b>			
<b>Current assets</b>			
300	Cash and cash equivalents	27,581	300
18,010	Debtors and receivables	23,252	18,052
-	Derivative financial instruments	61	-
607	Other financial assets	328	607
822	Other current assets	918	822
<b>19,739</b>	<b>Total current assets</b>	<b>52,140</b>	<b>19,781</b>
<b>Non current assets</b>			
10	Derivative financial assets	-	10
	<b>Other financial assets:</b>		
12,601	- Investments held in joint ventures and subsidiaries	12,225	13,727
2,924	- Investments held in other entities	2,970	2,924
1,681,269	Property plant and equipment	1,800,608	1,742,893
10,385	Intangible assets	8,764	9,876
787	Forestry assets	909	787
55,919	Investment properties	59,084	55,919
<b>1,763,895</b>	<b>Total non current assets</b>	<b>1,884,560</b>	<b>1,826,136</b>
<b>1,783,634</b>	<b>Total assets</b>	<b>1,936,700</b>	<b>1,845,917</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
28,513	Payables and deferred revenue	25,032	26,315
283	Derivative financial instruments	804	283
20,000	Current borrowings	30,000	23,000
2,528	Employee benefits liabilities	2,628	2,578
106	Provisions	55	108
<b>51,430</b>	<b>Total current liabilities</b>	<b>58,520</b>	<b>52,284</b>



LTP Year 2 2019-20 \$000		Annual Plan 2020-21 \$000	LTP Year 3 2020-21 \$000
<b>Non current liabilities</b>			
11,233	Derivative financial instruments	17,298	11,233
152,483	Non-current borrowings	139,000	181,923
407	Employee benefits liabilities	407	417
1,318	Provisions	1,346	1,262
156	Payables and deferred revenue	101	156
165,597	<b>Total non current liabilities</b>	<b>158,152</b>	<b>194,991</b>
217,027	<b>Total liabilities</b>	<b>216,672</b>	<b>247,275</b>
1,566,607	<b>Net assets</b>	<b>1,720,028</b>	<b>1,598,642</b>
<b>Equity</b>			
921,498	Retained earnings	946,918	937,543
61,928	Other reserves	71,608	59,959
583,181	Asset revaluation reserve	701,501	601,140
1,566,607	<b>Total equity attributable to Council</b>	<b>1,720,028</b>	<b>1,598,642</b>

## Prospective Statement of Cash Flows

LTP Year 2 2019-20 \$000		Annual Plan 2020-21 \$000	LTP Year 3 2020-21 \$000
<b>Cash flows from operating activities</b>			
100,964	Receipts from rate revenue	100,718	106,045
25,404	Subsidies and grants received	23,572	20,184
13,367	Other revenue including development contributions	9,707	13,678
14,777	Fees and charges received	12,436	15,631
43	Interest received	391	40
540	Dividends received	35	540
(93,659)	Payments to suppliers and employees	(95,536)	(96,682)
(7,345)	Interest paid	(8,488)	(8,690)
<b>54,091</b>	<b>Net cash flow from operating activities</b>	<b>42,837</b>	<b>50,746</b>
<b>Cash flows from investing activities</b>			
-	Proceeds from fixed assets	-	-
-	Receipts from investments and loans	-	-
(88,714)	Purchase and development of fixed assets	(68,866)	(83,186)
-	Purchase of investments and loans provided	-	-
<b>(88,714)</b>	<b>Net cash flow from investing activities</b>	<b>(68,866)</b>	<b>(83,186)</b>
<b>Cash flows from financing activities</b>			
34,623	Proceeds from borrowings	17,000	32,440
-	Loan repayments received	-	-
-	Repayment of borrowings	-	-
-	Loans granted	-	-
<b>34,623</b>	<b>Net cash flow from investing activities</b>	<b>17,000</b>	<b>32,440</b>
-	Net increase/(decrease) in cash, cash equivalents and bank overdrafts	(9,030)	-
300	Cash, cash equivalents and bank overdrafts at the beginning of the year	36,611	300
300	Cash, cash equivalents and bank overdrafts at the end of the year	27,581	300

## Reserve funds

		Opening balance July 2020 \$000	Transfers in \$000	Transfers out \$000	Estimated closing balance 30 June 2021 \$000
	Asset revaluation Reserve	683,542	17,959	-	701,501
<b>Activity</b>	<b>Total Asset Revaluation Reserve</b>	<b>683,542</b>	<b>17,959</b>	<b>-</b>	<b>701,501</b>
Governance and strategy	Fishermans Levy - to fund maintenance and upgrading of marine facilities for use by commercial fishing vessels	115	-	115	-
Community Facilities and services	Trust Funds - bequests held for specific purpose	11	-	-	11
Community Facilities and services	Community Development Fund 1 - to provide funding for land for reserves for community facilities on Council owned reserve land	4,156	125	-	4,280
Community Facilities and services	Community Development Fund 2 - to provide funding for community facilities on non-Council reserve land	7,062	212	-	7,274
Community Facilities and services	Community Development Fund 3 - to provide funding for performing arts activities	331	10	-	341
Community Facilities and services	Art Acquisitions - to fund acquisition of artworks	15	-	-	15
Community Facilities and services	Clock Purchases – to fund purchase of clocks for the Claphams Clocks Museum	51	-	-	51
Community Facilities and services	Leonard Library Reserve - bequest for the purchase of library books	257	-	-	257

		Opening balance July 2020 \$000	Transfers in \$000	Transfers out \$000	Estimated closing balance 30 June 2021 \$000
General reserve	To fund operational grants committed but not paid	456	-	-	456
Governance and strategy	Property Reinvestment Reserve - to fund property purchases for a commercial return	34,980	700	-	35,680
Water	Water Reserve - to hold any surpluses for future funding of water activities	25,068	-	7,000	18,068
Planning and regulatory services	Dog Reserve - to hold any surpluses for future funding of Dog activities	200	-	30	170
Wastewater	Wastewater Reserve - to hold any surpluses for future funding of wastewater activities	-	5,005	-	5,005
	<b>Total Reserves and Special Funds</b>	<b>72,702</b>	<b>6,051</b>	<b>7,145</b>	<b>71,609</b>

# ***Draft prospective summary funding impact statement***

LTP Year 2 2019-20 \$000		Annual Plan 2020-21 \$000	LTP Year 3 2020-21 \$000	Variance \$000
<b>Sources of Operating Funding</b>				
59,471	General rates, uniform annual general charges, rates penalties	60,878	62,613	(1,735)
42,121	Targeted rates	43,003	43,460	(457)
6,691	Subsidies and grants for operating purposes	6,845	6,901	(56)
14,863	Fees and charges	12,903	15,635	(2,732)
1,598	Interest and dividends from investments	1,227	1,707	(479)
8,673	Local authorities fuel tax, fines, infringement fees and other receipts	7,125	8,730	(1,605)
<b>133,416</b>	<b>Total Operating Funding</b>	<b>131,981</b>	<b>139,045</b>	<b>(7,064)</b>
<b>Applications of Operating Funding</b>				
97,110	Payments to staff and suppliers	95,647	95,586	61
7,345	Finance Costs	8,488	8,690	(202)
-	Other operating funding applications	-	-	-
<b>104,455</b>	<b>Total Applications of Operating Funding</b>	<b>104,135</b>	<b>104,276</b>	<b>(142)</b>
<b>28,961</b>	<b>Surplus / (Deficit) of Operating Funding</b>	<b>27,847</b>	<b>34,769</b>	<b>(6,922)</b>
<b>Sources of Capital Funding</b>				
18,848	Subsidies and grants for capital expenditure	17,329	13,289	4,040
4,794	Development and financial contributions	2,990	4,952	(1,962)
34,623	Increase / (decrease) in debt	17,000	32,440	(15,440)
-	Gross proceeds from sale of assets	-	-	-
-	Other dedicated capital funding	-	-	-
-	Lump sum contributions	-	-	-
<b>58,264</b>	<b>Total Sources of Capital Funding</b>	<b>37,319</b>	<b>50,681</b>	<b>(13,361)</b>

LTP Year 2 2019-20 \$000		Annual Plan 2020-21 \$000	LTP Year 3 2020-21 \$000	Variance \$000
<b>Applications of Capital Funding</b>				
	Capital expenditure			
12,951	to meet additional demand	10,477	9,189	1,288
43,331	to improve levels of service	36,579	35,728	852
35,882	to replace existing assets	41,996	37,173	4,823
(4,938)	Increase / (decrease) in reserves	(23,887)	3,359	(27,247)
-	Increase / (decrease) of investments	-		-
87,226	<b>Total Applications of Capital Funding</b>	65,166	85,449	(20,284)
(28,961)	<b>Surplus / (Deficit) of Capital Funding</b>	(27,847)	(34,769)	6,922
-	<b>Funding Balance</b>	-	-	-

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# *Draft capital projects*

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## Capital projects planned for 2020-21

Programme	Project	LTP 2020-21 \$000	Net timing differences \$000	New/ (savings) \$000	Annual Plan 2020-21 \$000
<b>Transportation</b>					
Amenity Lighting	Amenity Lighting	97	-	-	97
Bus Shelters	Bus Shelters	96	-	-	96
Bus Terminal	Bus Terminal Development/ Relocation	320	-	-	320
Coastal Protection	Coastal Protection Structures - Roding	86	-	-	86
Footpaths	Footpaths Renewals	390	-	-	390
	New Footpaths	426	-	-	426
Minor Improvements to Roding Network	Minor Improvements to Network	5,465	430	-	5,895
Other Roding Projects	Southern Entrance Intersection Improvement	687	-	-	687
	Springs Flat Roundabout	-	4,162	-	4,162
Parking	Parking Renewals	237	-	-	237
Roding Drainage	Drainage Renewals	1,141	135	-	1,276
Roding Subdivision Works Contribution	Subdivision Works Contribution	53	-	-	53
Seal Extensions	Seal Extensions - Unsubsidised	1,065	-	-	1,065
	Seal Extensions - House Frontage Sealing	-	2,407	-	2,407
Sealed Road Pavement Rehabilitation	Sealed Road Pavement Rehabilitation	4,296	2,598	-	6,894
Sealed Road Resurfacing	Sealed Road Resurfacing	4,516	920	-	5,436
Sense of Place	Community Led Development	297	-	-	297



Programme	Project	LTP 2020-21 \$000	Net timing differences \$000	New/ (savings) \$000	Annual Plan 2020-21 \$000
Structures Component Replacement	Structures Component Replacement	1,076	150	-	1,226
Traffic Signs & Signals	Traffic Sign & Signal Renewals	915	120	-	1,035
Transportation Planning Studies & Strategies	Transport Planning Studies & Strategies	213	-	-	213
Unsealed Road Metalling	Unsealed Road Metalling	864	-	-	864
<b>Transportation Total</b>		<b>22,239</b>	<b>10,922</b>	<b>-</b>	<b>33,161</b>
<b>Water</b>					
Water Meters	Water Meter Renewals	373	-	-	373
Water Reservoirs	Reservoir Rehabilitation - Programmed Work	107	71	-	177
	Three Mile Bush Reservoir Additional Capacity	213	(100)	-	113
	Waipu Reservoir Additional Capacity	107	(107)	-	-
	Kamo Reservoir Additional Capacity	213	(100)	-	113
Water Reticulation	Reticulation - Programmed Work	258	500	-	758
	Minor Projects - Emergency Works	320	-	-	320
	Fairway Drive Pump Station Upgrade	533	-	-	533
Water Treatment Plants	Water Treatment Plant & Equipment Replacement	533	-	-	533
	Treatment Plant Upgrades	75	(21)	-	53
	SCADA Upgrade	500	291	-	791
Whau Valley Dam Improvements	Whau Valley Dam Chimney Drain	320	(320)	-	-
	Dam Safety Review	43	(43)	-	-

Programme	Project	LTP 2020-21 \$000	Net timing differences \$000	New/ (savings) \$000	Annual Plan 2020-21 \$000
Whau Valley Water Treatment Plant	Whau Valley New Water Treatment Plant	11,267	(494)	-	10,773
<b>Water Total</b>		<b>14,858</b>	<b>(322)</b>	<b>-</b>	<b>14,536</b>
<b>Solid Waste</b>					
Transfer Stations	Transfer Station Upgrades	53	50	-	103
<b>Solid Waste Total</b>		<b>53</b>	<b>50</b>	<b>-</b>	<b>103</b>
<b>Wastewater</b>					
Laboratory	Laboratory Equipment Renewals & Upgrades	21	-	-	21
Public Toilets	Public Toilets	255	90	-	345
Wastewater Asset Management	Wastewater Assessment	45	-	-	45
Wastewater Network	Sewer Network Upgrades	3,782	(3,282)	-	500
	Sewer Network Renewal	5,833	(3,850)	-	1,983
Wastewater Pump Stations	Wastewater Pump Station Renewals	427	-	-	427
Wastewater Treatment Plants	Wastewater Treatment Plant Upgrades	4,249	(3,480)	-	770
	Wastewater Treatment Plant Renewals	1,527	(800)	-	727
	Wastewater Reticulation Upgrade	43	(35)	-	8
<b>Wastewater Total</b>		<b>16,182</b>	<b>(11,357)</b>	<b>-</b>	<b>4,825</b>
<b>Stormwater</b>					
Stormwater Asset Management	Stormwater Catchment Management Plans & Assessments	810	(710)	-	100
Stormwater Improvements	Stormwater Upgrades	61	-	-	61
	Stormwater Renewals	2,654	(1,537)	-	1,117
	Blue/Green Network	160	-	-	160
<b>Stormwater Total</b>		<b>3,684</b>	<b>(2,247)</b>	<b>-</b>	<b>1,438</b>

Programme	Project	LTP 2020-21 \$000	Net timing differences \$000	New/ (savings) \$000	Annual Plan 2020-21 \$000
<b>Flood Protection</b>					
<b>Flood Protection Total</b>		-	-	-	-
<b>Community Facilities and Services</b>					
<b>Civil Defence</b>					
Civil Defence & Emergency Management	Tsunami Sirens New	-	59	-	59
	Tsunami Signage	16	44	-	60
	Civil Defence Emergency Management New Equipment	5	-	-	5
	Civil Defence Emergency Management Equipment Renewals	27	9	-	36
	Tsunami Sirens Renewals	18	-	-	18
<b>Civil Defence Total</b>		<b>66</b>	<b>112</b>	<b>-</b>	<b>178</b>
<b>Community Development</b>					
CCTV Network	CCTV Upgrades & Improvements	138	48	-	187
Council-Owned Community Buildings	Community Buildings Renewals & Improvements	27	219	-	245
Pensioner Housing	Pensioner Housing Renewals & Improvements	667	111	-	778
Sense of Place	Community Led Development	752	(438)	-	314
<b>Community Development Total</b>		<b>1,584</b>	<b>(60)</b>	<b>-</b>	<b>1,524</b>
<b>Libraries</b>					
Digital Council	Library IT Equipment	107	131	-	237
Library Asset Renewals	Mobile Bus Replacement	-	4	-	4
	Library Renewals	5	-	-	5
Library Books	Book Purchases	689	49	-	738
<b>Libraries Total</b>		<b>801</b>	<b>183</b>	<b>-</b>	<b>985</b>

Programme	Project	LTP 2020-21 \$000	Net timing differences \$000	New/ (savings) \$000	Annual Plan 2020-21 \$000
<b>Parks and Recreation</b>					
Cemeteries	Cemeteries Renewals	434	17	-	450
Coastal Structures	Coastal Structures Renewal	2,317	(1,740)	-	576
	Coastal Structures Level of Service	63	-	-	63
Neighbourhood & Public Gardens	Neighbourhood & Public Gardens Renewals	306	465	-	772
Playgrounds & Skateparks	Playgrounds & Skateparks Renewals	159	184	-	343
	Playgrounds & Skateparks Level of Service	-	-	-	-
Sense of Place	Public Art	45	32	-	77
	Parks Interpretation Information	45	37	-	81
	Town Basin - Conversion of Carpark to Park	1,986	1,199	-	3,185
	Pohe Island Development	1,240	1,484	-	2,724
	Whangarei City Centre Plan Implementation	266	25	-	291
	Waterfront Programme	-	130	-	130
Sportsfields & Facilities	Sport & Recreation Renewals	579	(562)	-	17
	Sport & Recreation Growth	596	(124)	-	472
	Sport & Recreation Level of Service	-	771	-	771
	Tikipunga Soccer Hub	511	(511)	-	-
Walkways and Tracks	Walkway & Track Renewals	360	69	-	428
<b>Parks and Recreation Total</b>		<b>8,906</b>	<b>1,475</b>	<b>-</b>	<b>10,381</b>

Programme	Project	LTP 2020-21 \$000	Net timing differences \$000	New/ (savings) \$000	Annual Plan 2020-21 \$000
<b>Venue and Events Whangarei</b>					
Forum North Venue	Forum North Venue Upgrades	92	-	-	92
	Forum North Venue Renewals	23	-	-	23
Northland Events Centre	Women's Rugby World Cup	-	-	310	310
	Sport & Recreation Renewals	-	-	200	200
	NECT - Exterior General Renewals	-	-	580	580
	NECT Light Tower Renewals	1,601	977	200	2,778
	NECT Building Renewals	202	-	-	202
<b>Venue and Events Whangarei Total</b>		<b>1,918</b>	<b>977</b>	<b>1,290</b>	<b>4,185</b>
<b>Community Facilities and Services Total</b>		<b>13,275</b>	<b>2,688</b>	<b>1,290</b>	<b>17,253</b>
<b>Planning and Regulatory Services</b>					
Dog Pound	Dog Pound Renewals	1,415	(1,000)	-	415
<b>Planning and Regulatory Services Total</b>		<b>1,415</b>	<b>(1,000)</b>	<b>-</b>	<b>415</b>
<b>Governance and Strategy</b>					
Commercial Property	Parihaka Transmission Mast Upgrade	-	913	-	913
New Airport Evaluation	New Airport Evaluation	2,532	(2,232)	-	300
<b>Governance and Strategy Total</b>		<b>2,532</b>	<b>(1,318)</b>	<b>-</b>	<b>1,213</b>
<b>Support Services</b>					
Business Improvement	Workflow Systems Development	-	3	-	3
	Business Improvement Projects	-	196	-	196
Civic Buildings	Furniture Renewals	21	-	10	31
	Information Centre Upgrade	-	126	-	126
Civic Centre	Civic Centre	12,784	-	-	12,784
Council Vehicle Replacements	Council Vehicle Replacements	224	-	-	224

Programme	Project	LTP 2020-21 \$000	Net timing differences \$000	New/ (savings) \$000	Annual Plan 2020-21 \$000
Digital Council	Digitisation of Records	-	218	-	218
	IT Equipment Replacement	639	(300)	-	339
	Mobility Technology - Building	220	(129)	-	91
	Decision Support System Development	101	50	-	151
	Customer Access - Online Services	466	(416)	-	50
	Asset Management Software Upgrade	-	730	-	730
	Asset Management Mobility	158	-	-	158
	Platform as a Service	405	23	-	428
	Electronic LIMs	637	(637)	-	-
	Digital District Plan and Policies Online	511	(400)	-	111
	Upgrade Kete SharePoint	-	236	-	236
	Digital Platform	162	-	-	162
	CiA Upgrade	-	775	-	775
	Corporate Performance Management	158	164	-	322
	IT Equipment New	53	-	-	53
	Minor ICT Projects	85	64	-	149
Forum North Venue	Forum North Venue Renewals	-	-	250	250
Human Resources	Office Furniture	-	-	30	30
IT Programme	Computer Tech for Building, Animal Control & Parking	-	124	-	124
New Theatre/Expo/Conference	New Theatre	3,883	(3,883)	-	-
Support Services Total		20,508	(3,056)	290	17,742
Projects Total		94,746	(5,640)	1,580	90,686

Breakdown of Net Timing Differences	\$000
Less Brought Forward to 2019-20	(4,249)
Plus Carry Forward to 2020-21	29,062
Plus Brought Forward to 2020-21 from future years	5,833
Less Carry Forward to future years	(36,286)
Total net timing differences	(5,640)





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# *Annual Plan Disclosure Statement*

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# Annual plan disclosure statement for year ending 30 June 2021

## What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark		Planned	Met
<b>Rates affordability benchmark</b>			
Income	70%	56%	Yes
Increases	5.2%	2.6%	Yes
<b>Debt affordability benchmark</b>			
External debt	175%	91%	Yes
Net interest to rates revenue	25%	8%	Yes
External debt per capita	\$2,290	\$1,473	Yes
<b>Balanced budget benchmark</b>	<b>100%</b>	<b>99%</b>	<b>No</b>
<b>Essential services benchmark</b>	<b>100%</b>	<b>140%</b>	<b>Yes</b>
<b>Debt servicing benchmark</b>	<b>15%</b>	<b>5.5%</b>	<b>Yes</b>

## Notes

### 1. Rates affordability benchmark

(1) For this benchmark, —

- (a) the council's planned rates income for the year is compared with quantified limits on rates contained in the financial strategy included in the council's long-term plan; and
- (b) the council's planned rates increases for the year are compared with quantified limits on rates increases for the year contained in the financial strategy included in the council's long-term plan.

(2) The council meets the rates affordability benchmark if—

- (a) its planned rates income for the year equals or is less than each quantified limit on rates; and
- (b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.

## **2. Debt affordability benchmark**

- (1) For this benchmark, the council's planned borrowing is compared with quantified limits on borrowing contained in the financial strategy included in the council's long-term plan.
- (2) The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

## **3. Balanced budget benchmark**

- (1) For this benchmark, the council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).
- (2) The council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

## **4. Essential services benchmark**

- (1) For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (2) The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

## **5. Debt servicing benchmark**

- (1) For this benchmark, the council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).
- (2) Because Statistics New Zealand projects that the council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15% of its planned revenue.

## **Additional information or comment**

Due to implications of COVID-19 Council is proposing a reduced rates increase of 2.2% (LTP 2018-28 was 4.2%). This combined with reduced revenue streams and a \$3m targeted relief programme has resulted in Council not meeting the Balance Budgeted Benchmark for the 2020-21 Annual Plan.



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# *Draft funding impact statement*

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## ***Funding impact statement***

This statement sets out the information required by clause 20 of Schedule 10 of the Local Government Act 2002 to assist ratepayers in understanding the impact of the Annual Plan. This statement should be read in conjunction with the Revenue and Financing Policy prepared as part of the LTP 2018-28 process.

### ***Financial disclosures***

The Local Government Act requires disclosure of all sources of funding in a prescribed format. The Funding Impact Statement showing the overall sources of funding, the amount of funds expected from each source and how those funds will be applied has been included on page 25 of this document, which are to be read together with and form part of this Funding Impact Statement.

### ***Rates***

These rates are based on the funding requirements set out in the Annual Plan together with the land values, capital values and property numbers included in Council's Rating Information Database.

### ***General rates***

General rates are set under Section 13 of the Local Government (Rating) Act 2002. Council proposes to set a general rate for all rateable land in our District.

The general rate will be made up of a uniform annual general charge (UAGC) and a value-based general rate.

### ***Value-based general rates***

The value-based general rate will be assessed on the land value of each rateable rating unit in our District.

The general rate will be set on a differential basis based on the category of land use or, in certain circumstances, land zoning. The objective of the differential rate is to achieve the total revenue sought from each category of land use, as set out on page 32.

Where a property is used for more than one purpose, the value of the property will be apportioned between the different categories. Subject to legal rights of objection, it shall be at the sole discretion of Council to determine the use or principal use of any rating unit.

The value-based general rate for a given property will be assessed by multiplying the land value of the rating unit by the rate per dollar that applies to the category of land use.

### ***Differential basis***

All rating units in our District are allocated to the most appropriate category based on the use to which the land is put or, in specified circumstances, the land's zone. The categories are:

#### **Category 1: Residential**

All rating units which are used principally for residential or lifestyle residential purposes, including retirement villages, flats and apartments.

#### **Category 2: Multi-unit**

All rating units used principally for residential purposes and on which is situated multi-unit type residential accommodation that is used principally for temporary or permanent residential accommodation for commercial purposes, including, but not limited to, hotels, boarding houses, motels, tourist accommodation, residential clubs, hostels, but excluding any properties which are licensed under the Sale and Supply of Alcohol Act 2012.

**Category 3: Miscellaneous properties**

All rating units being any other property not otherwise categorised.

**Category 4: Rural**

All rating units which are used principally for agricultural, horticultural, forestry, pastoral or aquaculture purposes, or for the keeping of bees, poultry or other livestock. This does not include properties which are used for non-economic lifestyle residential purposes, generally 20 hectares or less and where the value of the land exceeds the value of comparable farmland.

**Category 5: Commercial and industrial**

All rating units used principally for commercial, industrial or related purposes or zoned for commercial, industrial or related purposes and not otherwise categorised. For the avoidance of doubt, this category includes properties licensed under the Sale and Supply of Alcohol Act 2012; and private hospitals and private medical centres.

***Uniform Annual General Charge***

The Uniform Annual General Charge (UAGC) is set under Section 15 of the Local Government (Rating) Act 2002. The UAGC will be charged to each separately used or inhabited part (SUIP) of a rating unit. The effect of this is that where a rating unit has more than one use or occupation, a separate charge will apply to each part.

The UAGC is calculated according to the judgement of Council on what is the proper balance between the fixed and variable parts of the general rate and on any consequential impacts on individuals and groups of ratepayers.

A UAGC of \$486.00 (including GST) will apply per SUIP for 2020-21. This is estimated to produce \$21.305 million (including GST) for 2020-21 and equates to 30 percent of general rates revenue and 18 percent of total rates revenue.

***Definition of separately used or inhabited part of a rating unit***

A separately used or inhabited part is defined as:

- any part of a property (rating unit) that is separately used or occupied, or is intended to be separately used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, license, or other agreement
- any part of a rating unit that is separately used, or occupied, or intended to be separately used or occupied by the ratepayer.

Examples include:

- each separate shop or business activity on a rating unit
- each occupied or intended to be occupied dwelling, flat, or additional rentable unit (attached or not attached) on a rating unit
- individually tenanted flats, including retirement units, apartments and town houses (attached or not attached) or multiple dwellings on Māori freehold land on a rating unit
- each block of land for which a separate title has been issued, even if that land is vacant.

## General rates for the 2020-21 financial year

Total general rates required for 2020-21 are \$71.684 million GST inclusive. This is made up of the value based general rate and the uniform annual general charge.

The value-based general rate is set on land value and assessed on a differential basis. The differential rate in the dollar for each category of land use is set to achieve the share of the total revenue sought from each category. The percentage share of revenue sought from each category of land use for 2020-21 is:

Residential properties	62.39%
Multi-unit properties	0.22%
Miscellaneous properties	0.34%
Rural properties	9.43%
Commercial and industrial properties	27.62%
<b>Total</b>	<b>100.00%</b>

The amount required from each category is divided by the total land value for that category to establish the cents in the dollar rate for each category. The relationship or differential between the categories will be the result of these calculations.

Details of the rates and the amount of revenue sought for the 2020-21 year is:

	Value-based general rates		Uniform Annual General Charge		Total general rates
	Basis of assessment: Per \$ of land value		Basis of assessment: Per separately used or inhabited part of a rating unit		
Type of rate	Rate or charge 2020-21 (GST inclusive)	Revenue sought 2020-21 (GST inclusive)	Rate or charge 2020-21 (GST inclusive)	Revenue sought 2020-21 (GST inclusive)	Revenue sought 2020-21 (GST inclusive)
Residential category	\$0.0024054	25,992,000	\$486.00	18,731,000	44,723,000
Multi-Unit category	\$0.0048108	134,000	\$486.00	22,000	156,000
Rural category	\$0.0030569	5,666,000	\$486.00	1,096,000	6,762,000
Commercial and Industrial category	\$0.0155854	18,453,000	\$486.00	1,349,000	19,802,000
Miscellaneous category	\$0.0024054	134,000	\$486.00	107,000	241,000
<b>Total</b>		<b>50,379,000</b>		<b>21,305,000</b>	<b>71,684,000</b>



## Targeted rates for the 2020-21 financial year

Targeted rates are set under Section 16 of the Local Government (Rating) Act 2002. Targeted rates are used where a Council service provides a specific activity or a benefit to a specific group of people and consequently it is these beneficiaries that are charged the cost of providing the service. It may apply to all ratepayers or a specific group of ratepayers.

### Sewerage disposal rate

The activity for which the targeted rate is set is the operation and maintenance of the sewerage disposal system. The targeted rate will be set and assessed per separately used or inhabited part of a rating unit (as defined on page 31) where the SUIP is connected to Council's wastewater system. The targeted rate is set on a differential basis. Residential connections will pay a fixed amount regardless of the number of toilet pans or urinals. Other premises, i.e. non-residential, will pay a fixed charge per toilet pan or urinal.

Details of rates for and the amount of revenue sought from, targeted rates for sewerage disposal are:

Type of rate	Basis of assessment	Rate or charge 2020-21 (GST inclusive)	Revenue sought 2020-21 (GST inclusive)
Total			\$22,587,000
Residential category	Per separately used or inhabited part of a rating unit	\$754.00	\$18,238,000
Other-non residential	Per toilet pan or urinal	\$482.00	\$4,349,000

### District-wide refuse management rate

The activity funded by this targeted rate is the provision of refuse services not funded by user charges at transfer stations or the per bag charge (paid by stickers or official rubbish bags) for refuse collected at the kerbside. The targeted rate will be applied on a uniform basis to all rateable properties and assessed to all separately used or inhabited parts of a rating unit (as defined on page 31).

It funds kerbside and other recycling, litter bins, clearing of refuse from parks/reserves and streets, roadside rubbish, dealing with hazardous wastes, removing abandoned vehicles and the seasonal clean-ups required at beaches and other tourist locations. Costs associated with Council's waste minimisation programme are also included.

Also included is the cost of staffing transfer stations to ensure appropriate waste management of hazardous substances and to recover material such as steel and timber to minimise the items that would normally be dumped as waste through the landfill. These are services that benefit the whole District rather than individual users of our District's rubbish collection and disposal services.

A uniform targeted rate of \$191.00 (including GST) will apply per SUIP (as defined at page 31) for 2020-21. This is estimated to produce \$8.375 million (including GST) for 2020-21.

### Water rate

The activity for which the targeted rate is set is for the catchment, storage, treatment and distribution of water throughout various parts of our District. A targeted rate set under section 19 of the Local Government (Rating) Act 2002 will apply for water consumption based on water consumed as recorded by a water meter on a per cubic metre basis. The targeted rate under section

19 will be calculated as a fixed charge per unit (cubic metre) of water consumed (“Volumetric consumption charge”).

A fixed targeted rate set under section 16 of the Local Government (Rating) Act 2002 will apply to all connected and metered properties (“Supply charge”). This is in addition to the volumetric consumption charge.

A fixed targeted rate set under section 16 of the Local Government (Rating) Act 2002 will apply per SUIP of a rating unit for those premises where consumption of water is not recorded through a meter, but the property is connected to any of our District’s water supply systems (“Uniform charge (unmetered)”). A further supply charge is not applied where the uniform unmetered water charge is set.

A fixed targeted rate set under section 16 of the Local Government (Rating) Act 2002 will apply per SUIP of a rating unit for availability of water (“Availability charge”) where premises are capable of being connected to the water supply as they are situated within 100 metres of any public water supply reticulation system but are not connected.

Targeted rates for back flow prevention apply to all properties which have a back-flow preventer connected. The revenue will be used for the monitoring and maintenance of the back-flow preventers. The rate will be assessed on the size of the back-flow preventer.

***Details of rates for, and the amount of revenue sought from, targeted rates for water***

Type of rate	Basis of assessment	Rate or charge 2020-21 (GST inclusive)	Revenue sought 2020-21 (GST inclusive)
<b>Water rate</b>			<b>\$17,465,000</b>
Volumetric consumption charge	Volume of metered water consumed per cubic metre	\$2.26	Not available
Supply charge (metered)	Provision of service per separately used or inhabited part of a rating unit	\$34.50	\$989,000
Availability charge	Availability of service per separately used or inhabited part of a rating unit	\$34.50	\$7,000
Uniform charge (unmetered)	Provision of service per separately used or inhabited part of a rating unit	\$474.00	\$37,000
Backflow preventer charge	Provision of service per connection based on the nature of connection		Not available
	15/20mm connection	\$80.42	
	25mm connection	\$81.52	
	32mm connection	\$96.44	
	40mm connection	\$98.69	
	50mm connection	\$102.39	
	80/100mm connection	\$257.89	
	150mm connection	\$301.90	
	200mm connection	\$500.01	

## Flood protection rate

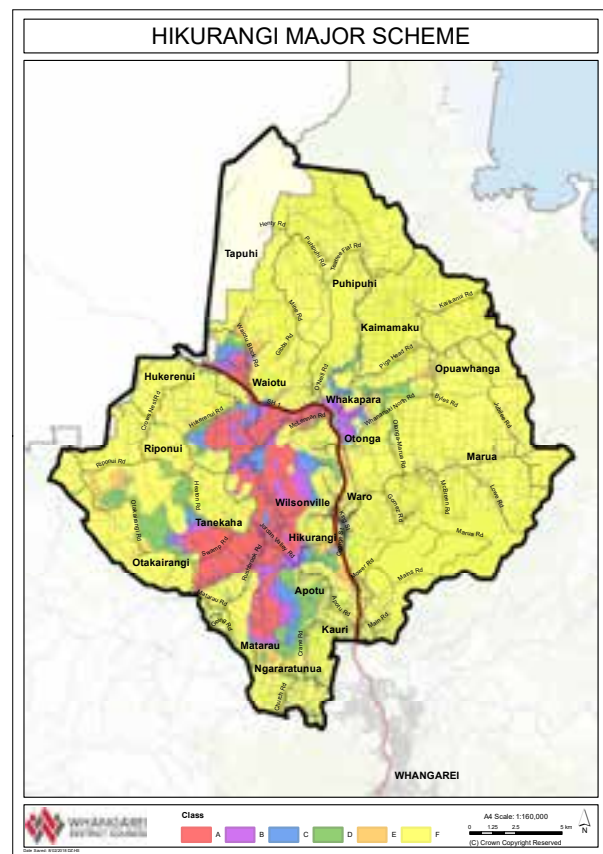
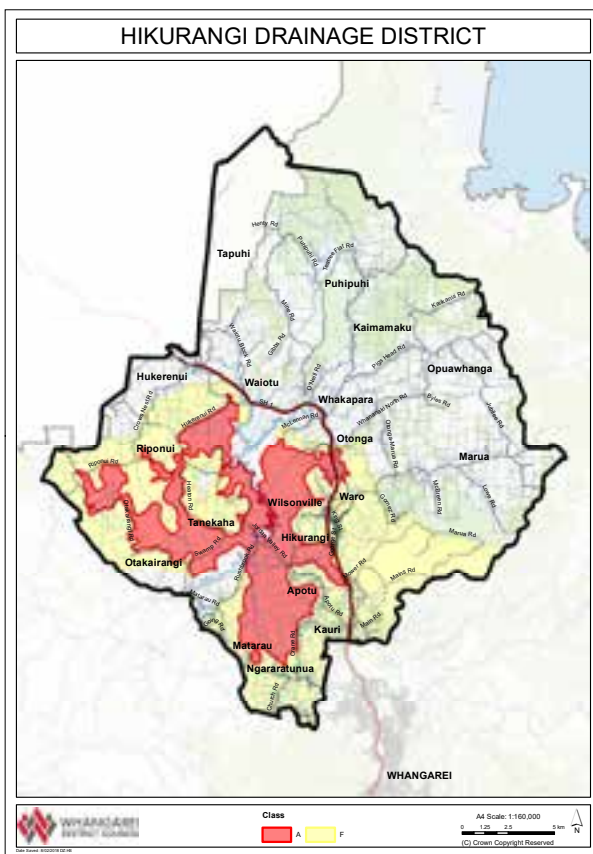
### Hikurangi Swamp Rating Districts

A targeted rate applies to properties in the Hikurangi Swamp Special Rating District. The area of land within this special rating district is divided into classes based on location and area of benefit or effect of the scheme on a property. The activity funded by this targeted rate is to defray the costs of the Hikurangi Swamp Major Scheme set out on page 50 of the LTP.

The targeted rate is based on a differential graduated scale according to the class of the property and the area of land within the rating unit. Some properties may have areas of land which fall into several classes and the rating differentials are applied accordingly. The targeted rate per hectare for each category (class) of land is set out on the diagram below.

A second targeted rate applies to properties in the Hikurangi Swamp Drainage Rating District. The activity funded by this targeted rate is to defray the costs and charges of the Hikurangi Swamp draining scheme. The targeted rate applies differentially to two categories of land: class A and class F as set out in the Hikurangi Drainage District Diagram below. The targeted rate for each category is based on a differential graduated scale according to the class of the property and the area of land within the rating unit. The targeted rate per hectare for each category (class) of land is set out on the diagram below.

The Hikurangi Swamp rates are projected to increase 8% this year to fund additional expenditure required to maintain the effectiveness of the scheme as outlined in the 2018-2028 Long Term Plan.



BASIS OF ASSESSMENT	RATE OR CHARGE 2020-21 (GST INCLUSIVE)	REVENUE SOUGHT 2020-21 (GST INCLUSIVE)
		\$1,503,000
Per hectare of land in the Hikurangi Swamp Special Rating area		\$1,345,000
Class A approx 2,642 ha	\$234.44	\$620,000
Class B approx 1,455 ha	\$211.00	\$307,000
Class C approx 1,282 ha	\$164.11	\$211,000
Class D approx 1,948 ha	\$23.44	\$46,000
Class E approx 1,109 ha	\$11.72	\$13,000
Class F approx 31,583 ha	\$4.69	\$148,000
Per hectare of land in the Hikurangi Swamp Drainage Rating District	\$158,000	
Class A approx 5,589 ha	\$23.34	\$131,000
Class F approx 11,681 ha	\$2.33	\$27,000

## ***Lump sum contributions***

Lump sum contributions will not be invited or accepted in respect of any targeted rate.

## ***Discount for full payment of annual rates***

Where the total year's land rates and any arrears are paid in full by the due date of the first instalment a discount will apply excluding roading scheme targeted rates. Full details of the actual discount amount available will be included on the rates assessment/invoice.

	Due date	Discount
Full payment of annual land rates and any arrears	20 September 2020	Discount 2.0%

## ***Due dates for rates***

### ***Due dates and penalty dates for land rates paid by instalments***

A 5% penalty will be added to the amount of each instalment which remains unpaid after the due date for payment as shown in the following table:

	Due date	Late payment penalty	Date penalty applied
Instalment one	20 September 2020	Penalty 5%	23 September 2020
Instalment two	20 November 2020	Penalty 5%	25 November 2020
Instalment three	20 February 2021	Penalty 5%	24 February 2021
Instalment four	20 May 2021	Penalty 5%	25 May 2021

### ***Due dates and penalty dates for water rates***

Water accounts are processed monthly, two-monthly or six-monthly. Council agrees that the due dates of these accounts will be relative to the consumer's cyclic billing period and will show on the water rates invoice in accordance with the table that follows. A penalty of 5% will be applied to amounts unpaid after the due date, in accordance with the following table:

Month water rates invoice issued	Due date for payment	Date penalty will be added
July	20 August 2020	25 August 2020
August	20 September 2020	23 September 2020
September	20 October 2020	23 October 2020
October	20 November 2020	25 November 2020
November	20 December 2020	23 December 2020
December	20 January 2021	26 January 2021
January	20 February 2021	24 February 2021
February	20 March 2021	24 March 2021
March	20 April 2021	23 April 2021
April	20 May 2021	25 May 2021
May	20 June 2021	23 June 2021
June	20 July 2021	23 July 2021

## ***Payment options***

Payments for land and water rates can be made:

- by direct debit weekly, fortnightly, monthly, quarterly or annually – our preferred method
- online at [www.wdc.govt.nz/Payit](http://www.wdc.govt.nz/Payit) with a debit or credit card (please note additional charges may apply)
- internet banking
- by posting a cheque to us: Private Bag 9023, Whangārei 0148
- by cheque, cash, EFTPOS or credit card at our offices: Forum North, Rust Avenue, Whangārei or 8 Takutai Place, Ruakaka.

All payments will be credited first to the oldest amount due.

## ***Additional charges***

### ***Additional penalty on arrears for land and water rates***

All rates (land and water) from the previous rating years that remain unpaid as at 15 July 2020 will have a further 5% penalty added. This penalty will be added on 5 October 2020.

## ***Remission and postponement policies***

Remission and postponement policies are applied where Council has adopted a policy to alter the amount of rates payable in specific circumstances. These policies may be obtained from our website or on request in person or by phone.

## ***Rating base information***

The following information is required to be provided by the Local Government Act 2002, Schedule 10, clause 20A:

- the projected number of rating units within Whangarei District at 30 June 2020 is 42,470
- the projected total capital value of rating units within Whangarei District at 30 June 2020 is \$28,359,097,000
- the projected total land value of rating units within Whangarei District at 30 June 2020 is \$14,257,524,000

## Sample of properties showing rates for 2020-21

Randomly selected sample of properties from each category.

The rates are based on values assigned as at 1 August 2018. Please note – Northland Regional Council rates are not included. Please refer to their Annual Plan for the impact of their rates on your property.

	2019-20	2020-21
<b>Residential property in urban area with a land value of \$154,000</b>		
General rate - land value	\$362.45	\$370.43
Uniform Annual General Charge	\$476.00	\$486.00
Sewerage disposal rate	\$738.00	\$754.00
District-wide refuse management rate	\$187.00	\$191.00
<b>Total</b>	<b>\$1,763.45</b>	<b>\$1,801.43</b>
<b>Residential property in urban area with a land value of \$448,000</b>		
General rate - land value	\$1,054.41	\$1,077.62
Uniform Annual General Charge	\$476.00	\$486.00
Sewerage disposal rate	\$738.00	\$754.00
District-wide refuse management rate	\$187.00	\$191.00
<b>Total</b>	<b>\$2,455.41</b>	<b>\$2,508.62</b>
<b>Residential (lifestyle) property with a land value of \$570,000</b>		
General rate - land value	\$1,341.55	\$1,371.08
Uniform Annual General Charge	\$476.00	\$486.00
District-wide refuse management rate	\$187.00	\$191.00
<b>Total</b>	<b>\$2,004.55</b>	<b>\$2,048.08</b>
<b>High value residential (lifestyle) property with a land value of \$2,112,000</b>		
General rate - land value	\$3,643.60	\$3,723.81
Uniform Annual General Charge	\$476.00	\$486.00
District-wide refuse management rate	\$187.00	\$191.00
<b>Total</b>	<b>\$4,306.60</b>	<b>\$4,400.81</b>
<b>Rural property with a land value of \$806,000</b>		
General rate - land value	\$2,410.83	\$2,463.83
Uniform Annual General Charge	\$476.00	\$486.00
District-wide refuse management rate	\$187.00	\$191.00
<b>Total</b>	<b>\$3,073.83</b>	<b>\$3,140.83</b>

	2019-20	2020-21
<b>Rural property with a land value of \$2,570,000</b>		
General rate - land value	\$7,687.13	\$7,856.14
Uniform Annual General Charge	\$476.00	\$486.00
District-wide refuse management rate	\$187.00	\$191.00
<b>Total</b>	<b>\$8,350.13</b>	<b>\$8,533.14</b>
<b>Commercial property with a land value of \$496,000</b>		
General rate - land value	\$7,563.95	\$7,730.37
Uniform Annual General Charge	\$476.00	\$486.00
Sewerage disposal rate (1 pan)	\$472.00	\$482.00
District-wide refuse management rate	\$187.00	\$191.00
<b>Total</b>	<b>\$8,698.95</b>	<b>\$8,889.37</b>
<b>Industrial property with a land value of \$2,290,000</b>		
General rate - land value	\$34,922.27	\$35,690.62
Uniform Annual General Charge	\$476.00	\$486.00
Sewerage disposal rate (5 pans)	\$2,360.00	\$2,410.00
District-wide refuse management rate	\$187.00	\$191.00
<b>Total</b>	<b>\$37,945.27</b>	<b>\$38,777.62</b>



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*Draft  
significant  
forecasting  
assumptions*

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## 2020-21 Annual Plan Significant Forecasting Assumptions

	Financial risk	Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumption with high level of uncertainty
<b>General assumptions</b>				
<p><b>District growth:</b> the number of residential ratepayers in Whangarei is expected to grow each year as more dwellings are built or properties divided – details of expected areas of growth are outlined in Council's Growth Strategy which can be viewed on Council's website.</p> <p><b>Development contributions:</b> the value of development contributions collected is dependent on the number of subdivision lots developed and on the level of new service connections taking place. Development contributions (DC's) are forecast based on historical data with a growth factor applied. Council has assumed no changes to the current DC policy.</p>	High	The level of subdivision and development activity is difficult to forecast and carries a high level of uncertainty.	High	Every 1% of Development Contribution revenue not achieved will lead to a reduction in income of approximately \$30k, reducing available funding for Council activity.
<p><b>Rate Increase:</b> rates increases differ from the Financial Strategy contained within the 2018-28 Long Term Plan. Due to the impact of COVID-19 on ratepayers, Council is proposing to increase rates by inflation only. This is 2.2% plus growth*.</p> <p>Rates increases are:</p> <ul style="list-style-type: none"> <li>• General and targeted rates (excluding metered water and Flood Protection): LGCI 2.2%</li> <li>• Metered Water: no change</li> <li>• Flood Protection: 8% as per 2018-28 Long Term Plan</li> </ul> <p>*A growth component is also factored into overall budgets for rates revenue to reflect the increase in rateable properties in our district during 2019-20</p>	Low	Not applicable	Low	Not applicable

	Financial risk	Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumption with high level of uncertainty
<b>Inflation:</b> The impact of Inflation has been factored into producing the prospective financial statements. This has been achieved by using price level adjustors sourced from BERL. The main financial risk for Council is that operating and capital expenditure items rise faster than revenue items. Due to the uncertainty of COVID-19 impacts, the inflation risk is considered to be medium.	Low	Not applicable	Medium	If inflation is 1% more or less than the forecast Local Government Cost Index of 2.2%, total revenue would vary by approximately \$1.55 million, total expenditure by approximately \$1.50 million and the net surplus would move by approximately \$52k.
<b>COVID-19 Impacts:</b> Annual Plan modelling was undertaken to establish best and worst case scenarios which helped to form an assumed scenario which the Annual Plan is based on.	High	The impact of COVID-19 is difficult to forecast and carries a high level of uncertainty.	High	The impacts of COVID-19 may vary from the assumed scenario resulting in variances against budget for the 2020-21 year.
<b>COVID-19 Relief Package:</b> Council has included a \$3m targeted relief package within the budget for community groups, businesses and ratepayers.  <b>Budgets for some elements are based on estimates of take-up rates</b>	Low	Not applicable	Low	Not applicable
<b>Revenue and Financing Policy:</b> The 2020-21 Annual Plan budget presents an operating surplus enabling Council to be compliant with the Revenue and Financing Policy in terms of funding sources for operating expenses.	Low	Not applicable	Low	Not applicable

	Financial risk	Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumption with high level of uncertainty
<b>Property Transactions:</b> Council have not budgeted for any property purchases or sales within the 2020-21 Annual Plan budget.	Low	Not applicable	Low	Not applicable
<b>Metered water:</b> consumption of metered water has been estimated at levels consistent with prior year actuals plus a growth component.	Low	Not applicable	Low	Not applicable
<b>User fees:</b> the majority of user fees have increased by inflation. Fees have been reviewed for potential impacts of Covid-19 and adjusted to reflect the expected services provided. Increases are based on expected cost increase which is assumed to be sufficient for funding purposes. These will be reviewed annually to ensure compliance with Council's Revenue and Financing Policy.	Medium	Not applicable	Medium	Not applicable
<b>Rental Income:</b> Council has reviewed rental income for potential impacts of COVID-19 and adjusted accordingly.	Low	Not applicable	Low	Not applicable
<b>Crown Infrastructure Partners (CIP) and Tourism Infrastructure Fund (TIF):</b> Council has applied for Government funding for projects through the COVID-19 CIP programme and TIF. Due to the uncertainty surrounding government direction and whether Council will be successful, we have not made any allowance for these projects within the 2020-21 Annual Plan budget.	Medium	Not applicable	High	Council may need to adjust the timing of projects to incorporate those where other funding is available (i.e. delivering some projects in future years of the Long Term Plan).

	Financial risk	Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumption with high level of uncertainty
<p><b>Climate change:</b> Council's Activity Management Planning Policy and Practice Document contains the following Policy Statement on Climate Change: 'Whangarei District Council shall consider the effects of climate change on the activity in accordance with the latest Ministry for the Environment guidelines.'</p> <p>The impact on Council's infrastructure over the 10 years of the LTP is considered acceptable when compared with the currently-used design standards for new infrastructure, providing Ministry of Environment predictions are generally accurate.</p>	Low	Not applicable	Medium	Not applicable
<b>Expenditure assumptions</b>				
<p><b>Interest rates:</b> the average cost of borrowing has been assumed to be 4.76% for existing and new debt. This is based on the weighted average cost of capital calculated across the period of the Annual Plan. Council has a comprehensive interest rate hedging program which protects against interest rate rises through the life of the plan.</p>	Medium	Interest rate risk exposure is managed through long term swaps and forward rate cover.	Medium	A 1% movement in interest, after factoring in the impact of hedging utilising long term swaps would affect the operating budgets by an average of \$70k pa.

	Financial risk	Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumption with high level of uncertainty
<b>Depreciation funding:</b> Capital expenditure to replace assets ('renewals') will be funded by rates collected to cover the cost of depreciation. Any surplus depreciation component will be used to repay borrowings. Any shortfall in funding requirements will be met through subsidies, operating surplus or increased debt. Further information can be found in the Revenue and Financing Policy, the Financial Strategy and the Infrastructure Strategy.	Medium	Not applicable	Medium	Not applicable
<b>Unfunded depreciation:</b> Council does not fund depreciation on transportation assets to the extent that NZTA funds renewals, and this replacement capital expenditure is based on current NZTA funding rates.	Low	Not applicable	Low	Not applicable
<b>CAPEX borrowings:</b> the borrowings for capital expenditure are assumed to be repaid at the shorter of the life of the asset or 20 years for determining the funding for that asset.	Medium	Not applicable	Low	Not applicable
<b>CAPEX:</b> capital expenditure projects are assumed to be completed in the years in which they are budgeted for.  Any carry forwards in a year are usually at a similar level to the previous year, resulting in a minimal net effect.	Medium	Not applicable	Medium	Not applicable.

	Financial risk	Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumption with high level of uncertainty
<b>Asset assumptions</b>				
<p><b>Subsidies:</b> New Zealand Transport Agency (NZTA) subsidies have been included based on Central Government contributions to certain capital expenditure - subsidies average 53%. All subsidies are disclosed within operating revenue and are contingent on the applicable capital projects taking place.</p> <p>Council has assumed there are no changes to the subsidy rates in this Annual Plan. The granting of subsidies for specific programmes are contingent on being approved by NZTA. Council will not know whether projects for which they have applied for funding from NZTA are approved until after the Annual Plan is adopted.</p>	High	If a planned significant capital project that has a capital subsidy associated with it is not approved by NZTA, Council will not receive the budgeted capital subsidy income.	High	<p>NZTA subsidies not approved will reduce capital subsidy income, and operating surplus. This would impact Council's Financial Prudence Balanced Budget Benchmark result.</p> <p>The timing of completion of the relevant capital projects may also differ to the plan.</p>
<p><b>Depreciation:</b> depreciation rates for each asset group have been calculated using rates included in the Accounting Policies.</p> <p>Depreciation rates on infrastructure assets are based on the 2019 revaluation rate average for each activity.</p>	Low	Not applicable	Medium	Not applicable
<p><b>Asset revaluations:</b></p> <ul style="list-style-type: none"> <li>- Infrastructure assets: An assumption has been made that revaluation of infrastructure assets will occur every three years, with the most recent revaluation occurring 30th June 2019.</li> <li>- Roothing Assets: The revaluation of roading assets will occur yearly.</li> <li>- Pensioner Housing: The revaluation of pensioner housing will remain at five year intervals.</li> </ul>	Medium	Not applicable	Medium	Not applicable

	Financial risk	Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumption with high level of uncertainty
<b>Useful lives:</b> Useful lives for each asset group have been listed in the Accounting Policies.	Low	Not applicable	Low	Not applicable
<b>Vested assets:</b> Vested asset income is inconsistent from year to year and as a consequence is difficult to forecast. It has therefore been reflected at a flat rate of \$3 million plus inflation in the Plan. Vested asset income has no cash impact therefore any financial risk low.	Low	Not applicable	Low	Not applicable
<b>Funding sources:</b> Future replacement of significant assets is assumed to be funded in line with the Revenue and Financing Policy.	Low	Not applicable	Low	Not Applicable
<b>Other financial assets:</b> No movement in the value of Shares held in Civic Assurance Limited and the New Zealand Local Government Funding Agency has been	Low	Not applicable	Low	Not Applicable
<b>Investment properties:</b> No movement in the value of investment properties has been reflected in the Plan given the difficulty of forecasting future values. Any valuation change does not impact cash requirements.	Low	Not applicable	Low	Not Applicable
<b>Biological assets and derivative financial assets:</b> No movement in the value of biological assets and derivative financial assets has been reflected in the Plan due to difficulty in forecasting future values. Any movements in these assets would have no cash impact to the Plan.	Low	Not applicable	Low	Not Applicable
<b>Liability assumptions</b>				
<b>Interest:</b> interest calculated on debt is based on historical average monthly movements and the impact of current and forecasted interest rate hedging.	Medium	Not applicable	Medium	Not applicable
<b>Borrowings:</b> it is assumed that Council will have the facilities to secure funding as required.	Low	Not applicable	Low	Not applicable



	Financial risk	Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumption with high level of uncertainty
<b>Derivative Financial Liabilities:</b> No movement in the value of derivative financial liabilities has been reflected in the Plan due to difficulty in forecasting future values. Any movements in these assets would have no cash impact to the Plan.	Low	Not applicable	Low	Not applicable
<b>Strategic</b>				
<b>Resource Consents:</b> The necessary resource consents required for capital projects will be applied for in due course to align with the planned project timeframes. We assume conditions for resource consents will not alter budgeted project costs significantly.	Medium	Not applicable	Low	Not applicable
<b>Other Assumptions</b>				
<b>Strategic assets:</b> Council has not planned for the ownership of any strategic assets to be transferred to another party. Council receives vested assets in satisfaction of various development contribution charges.	Low	Not applicable	Low	Not applicable
<b>Currency Movement:</b> Council does not have any significant exposure to currency movements and consequently has not specifically taken them into account.	Low	Not applicable	Low	Not applicable
<b>Flood and Storm Damage:</b> Council does not budget for storm events, as referred to in the 2018-2048 Infrastructure Strategy. Lack of funding provision for emergency works may result in reduced renewals as renewal funding gets diverted to fund flood damage repairs.	Medium	Not applicable	Medium	Not applicable
<b>Subsidiary assumptions</b>				
<b>Northern Regional Landfill Limited Partnership (NRLLP):</b> Due to COVID-19 Council has not budgeted to receive cash distributions from NRLLP for the 2020-21 year.	Low	Not applicable	Low	Not applicable

	Financial risk	Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumption with high level of uncertainty
<b>Northern Transportation Alliance (NTA):</b> A shared services agreement between four Northland councils (Kaipara District Council, Far North District Council, Northern Regional Council, Whangarei District Council) and New Zealand Transport Authority (NZTA) was established on 1 July 2016. The activities of the NTA attract subsidy on subsidised projects. Council has made provision for gaining subsidy on the NTA activities for these subsidised projects.	Low	Not applicable	Low	Not applicable

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# *Impact summary*

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## ***Impact summary***

While Council considered a range of options (from 0 to 4.2%) for the General Rate increase before endorsing 2.2% as the preferred option for consultation it was not possible to produce a full set of supporting documents, particularly financial documents, for all options.

This document therefore provides a high-level summary of material changes associated with options where supporting information is not available elsewhere:

1. status quo, a 4.2% General Rate increase in line with the 2018–28 Long Term Plan (LTP) – this option was consulted on through, and is outlined in, the LTP;
2. a General Rate increase of 3.2% – this option did not result in a material change other than the proposal to modify sector splits, the mechanism for which has been considered in relation to option 3. While option 3 would result in a different ‘rate in the dollar’ and Uniform Annual General Charge, the mechanism for achieving this is the same as for the preferred option;
3. preferred option, a General Rate increase of 2.2% – this option, including the impact of modifying sector splits, has been assessed within the Consultation Document and supporting information; and
4. no increase over the 2019-20 year.

Given the supporting information for options 1–3 is readily available, this document briefly summarises the impact of option 4, no increase over the 2019-20 year.

A key impact of this option is the need to ‘catch up’ on the reduction in rates with future rates increases. For the purposes of modelling it was assumed that the catch up would occur over a two-year period, resulting in 9% rate rises in each of the 2021-22 and 2022-23 financial years.

It was also noted that any future rates increases would likely be required alongside corresponding tax increases (such as income tax rates) from central government to fund its relief programme.

The other key considerations in relation to option 4 were the impact of a \$4.6 million revenue reduction (from status quo) on both Council’s balanced budget benchmark and service delivery.

Under this option Council would have failed the Financial Prudence Balanced Budget benchmark by over \$3 million, with a result of 98%.

Related to this was the need to review levels of service delivery. While we can make some expenditure cuts without impacting on our long term delivery against service level targets set out in the LTP, if they are beyond a certain point, or apply for a sustained period, there will inevitably be consequences.

As such this option would require a reduction in levels of service in some areas, along with corresponding reductions in expenses, for the 2020-21 financial year with a view to reviewing these through the 2021-31 Long Term Plan.

In considering this option, direction was sought from elected members on which areas, if any, they were prepared to proactively reduce service levels. Specific reductions were not identified through this process, with option 3 instead being endorsed as the preferred option.





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## ***Consultation Document***





## Resetting for our future

Whangārei District has been growing and thriving. We love it here, and many newcomers have been drawn to our place too. Our biggest challenge up until now has been managing our growth – and that’s been a pretty good problem to have.

We started 2020 in great shape, but suddenly and abruptly, COVID-19 has presented us with more serious challenges.

The imminent recession will change the shape of our District. Growth will pause and priorities will be reset. We know that families are hurting, and we feel for the many businesses and community groups who are struggling. We are very real about what we will face; at the same time, we are very clear on what we stand for, and the role we can play in recovery.

We are here to serve our community. We will take this opportunity of a reset and rebuild in a way that works to Whangārei’s strengths, protects our environment, and increases our resiliency. We’ll seize any new opportunities that come our way, and welcome new ways of doing our business. Like all councils in New Zealand, we are very aware of the critical role local government has in our District’s recovery.

We need to act quickly to respond to the immediate needs of our community. Council has developed a 10-point Economic Recovery Response, which aims to ease some of the stress and financial hardship faced by businesses and households. A key part of this response is a review of the planned rates increase for 2020-21, before finalising the budget and setting the rates for next year.

This document describes Council’s preferred option for setting next year’s budget, which includes a reduced rates increase and a targeted relief programme.

This is a small part of a broader response plan to support our community as we recover from COVID-19 over the long term.

Please have your say on our proposal for next year, your feedback will help us navigate through these difficult times together.

Sheryl Mai  
Mayor of Whāngareī

### Key dates

**Open for feedback**

15 May – 4 June 2020

**Proposed adoption of  
the annual plan**

9 July 2020







## ***Our role in Whangārei's recovery***

The COVID-19 pandemic has swept across the globe and is expected to continue to place pressure on communities as we move through the Alert Levels, out of lockdown and into the new normal.

Our 10-Point Economic Recovery Response is designed to provide immediate benefit to businesses and households in our District through this time. These things are being put in place now to help restart the economy, reduce future pressure on the community and support the District's recovery. As you read on, you will see many of these points have been included in this plan.

We are consulting with you on the changes we propose for Year 3 of our Long Term Plan (LTP) in response to COVID-19. When this is settled and we have agreed plans for 2020-21, we will start talking with you about our next LTP, which will reset the vision of the District for the next 10 years, but first things first.

### ***Our 10-Point Economic Recovery Response***

**1**


Reviewing our planned rates increase

**2**


Operational budget review

**3**


Support for those struggling to pay rates, fees and charges

**4**


Community support

**5**


More frequent payments to Council suppliers

**6**


Rent relief for commercial and community tenants

**7**


Support for businesses

**8**


Boosting Council's capital programme to help the recovery

**9**


Emergency response

**10**


Forward planning reset

***For more information about our 10-point Economic Recovery Response visit***

***[www.wdc.govt.nz/Recovery](http://www.wdc.govt.nz/Recovery)***



## Our plan at a glance

Our original budget and work programme for this coming year was prepared as part of the 2018–28 LTP for a different looking future. We now need to readjust and direct our focus toward building business confidence and helping relieve the burden of COVID-19 on our people and communities.

Our original plan had been to increase our revenue so that we could continue to build and maintain the infrastructure our growing District needs – things like roads, water pipes and wastewater systems. To pay for this we had proposed a rates increase of 4.2%.

We have now changed these plans to recognise the financial pressure people are under.

At the same time, we intend to re-balance our revenue and debt to invest in Whangārei's recovery.

We now propose a smaller rates rise of 2.2% through our 2020-21 Annual Plan, which will go a long way towards funding a \$3m targeted relief programme, and we are also seeking extra external funding from government.

This would allow us to balance rates affordability, while continuing to pay for the things the District needs day-to-day and deliver the work programmes we had planned.

This proposal was not our only option. We also considered other options ranging from going ahead with the planned 4.2% increase to a 0% increase. An increase of less than 2.2% would have meant reductions in service delivery and our ability to provide things to the standard our community expects. The options we considered are covered in more detail further on.

However, COVID-19 may still prevent us from meeting some of our service levels for highly affected areas, like Venues and Events. Our commitment is to do the best we can here, while working within the Alert Level guidance from central government.

### The LTP process





## What does this mean for our 2020-21 Annual Plan?

The hard reality of a recession in Whangārei will mean:

- job losses across all sectors, but particularly in manufacturing, tourism and construction
- a decline in the expected population growth
- a drop or holding pattern in major investment
- some local businesses closing, particularly small businesses
- contraction of the housing market.

The recession will hit Council too. Our non-rates revenue is expected to go down by as much as 5% in the 2020-21 year as a result of COVID-19. Like all Kiwis, we need to cut our cloth to fit.

We're reviewing all our spending and will continue to deliver our services and projects while reducing costs. This includes trimming expense budgets by \$3.7m and reducing staff costs by \$2m.

Using our 10-point Economic Recovery Response we have developed this three-step framework for taking our District out of these uncertain times into our new post-COVID-19 future.





## What about rates?

Our current LTP proposed a General Rate rise of inflation plus 2%, which would have resulted in an average General Rate rise for the District of 4.2%. When set against other revenue and expenses this would have given us a small operating surplus, which we could have used to reduce debt or reserve for future years' programmes.

While we know we now need to reduce the impact COVID-19 will have on our communities where we can, every dollar we reduce our rates by is a dollar we can't use to provide services or targeted relief for you. And if we cut things too far, we will have an operating deficit that we will have to make up through bigger rates rises in later years.

We think the fairest way to manage this balancing act is to reduce our planned rates increase for next year – but only to the point where we're not too far 'in the red'.

### ***Our preferred option – reduce the overall rates rise as part of a broader package\****

**From  
4.2%  
To  
2.2%**

This means every ratepayer will see a 2.2% increase in their rates bill. Targeted rates for Wastewater and Refuse Management would also increase by 2.2%.

*\*This includes a targeted relief package. We also plan to seek extra government funding.*

### ***Areas where no changes to rates increases are proposed***

No increase will be made to Water rates, as this is the one area where we have enough reserves built up from previous years to see us through for a while. However, we will stick with our original planned increases for Hikurangi Swamp Scheme rates, which fund an agreed work programme for a specific group.

### ***What this option means for our bigger picture***

#### **THE GOOD STUFF**

Our preferred option will allow us to keep providing virtually all services at the same standard you've been used to during the 2020-21 year. Better still, this option also allows us to keep delivering what you told us was important in our last LTP. The ability to keep these programmes going as planned is an important part of Whangarei's economic recovery (more maintenance and construction = more jobs).

We also propose to set aside \$3m for a targeted relief package for businesses, community groups and ratepayers and pursue external funding in order to stimulate our economy. We share more on this a bit later.

#### **THE LESS GOOD STUFF**

We will also have an 'unbalanced budget' next year, where our operating expenses are higher than our revenue. This means we will have less flexibility to respond to requests from the community for funding community initiatives in 2020-21.

### **Some detail on the fine print – Sector Shares**

To make sure that all ratepayers receive the same 2.2% increase, we need to change what's called the 'sector share' for general rates, which is how rates are shared between different sectors (like residential or rural properties).

Each sector has experienced different levels of growth over the last few years. Following our 2018 general revaluation (and the subsequent settlement of objections), the total land value in the Commercial, Industrial, and Rural sectors has reduced.

Retaining the current 2019-20 sector shares would result in disproportionately larger rates increases in these sectors compared to the Residential sector, so we have proposed the following adjustments to ensure all ratepayers receive the same 2.2% rates increase:

<b>Sector</b>	<b>2019-20 share</b>	<b>2020-21 proposed share</b>
Residential properties	61.32%	62.39%
Multi-unit properties	0.20%	0.22%
Miscellaneous properties	0.48%	0.34%
Rural properties	9.50%	9.43%
Commercial and industrial properties	28.50%	27.62%

### **Other options considered**

**4.2%**

#### **Status quo – increase rates by an average of 4.2% in line with our LTP**

Sticking with our original plan for setting rates would have offset the other revenue shortfalls expected next year. However, this was not an option favoured by Council in the current environment.

**3.2%**

#### **Increase rates by 3.2%**

Under this option, only minor budget adjustments would be required with no changes to service delivery as a result of lower than expected revenue. This option was not preferred by Council as it did not go far enough to provide relief to the community.

**0%**

#### **No increase on rates from the 2019-20 year**

A zero rates rise would have required cost reductions that would seriously impact service delivery. Many of the programmes we had planned for next year would not be delivered to the community, and the targeted relief programme of \$3m would not be possible. This option would also put us behind in future years, as we have learned from past experience of zero rate rises. This could mean larger rates increases in years to come as we catch up.



## Targeted \$3m Relief Package for 2020-21

Under our preferred rates option, we can set aside \$3m for the following targeted relief package for community groups, businesses and ratepayers.



### Community groups

**\$900,000 (30%)\***

- Support for operational projects and delivery of community service
- Enhanced operational funding for applications through the Annual Operating Grant and Community Funding pools
- An operational reserve for specific projects as needed



### Support for businesses

**\$1,350,000 (45%)\***

- Funding for partnerships to provide relief to the business community
- Rent relief for tenants of Council commercial property
- Funding to incentivise city centre regeneration and inner city living
- Grant to offset license fees



### Ratepayer support

**\$750,000 (25%)\***

Support for ratepayers who are struggling to pay rates by offering:

- More time to pay the first rates instalment of 2020-21
- The option to pause rates payments for 3-6 months
- Reducing penalties for those who fall behind in their payments from 10% to 5%

\*Exact funding splits will be confirmed by Council at a later date.





## ***Sourcing extra funding from central government***

Council is also seeking additional Government funding through COVID-19 response programmes like the Crown Infrastructure Partners (CIP) programme for ‘shovel ready’ projects.

Many of the projects we’ve applied for are already in Council’s LTP. If successful, we’ll be able to bring projects forward, and deliver them on a larger scale, to help stimulate our local economy.

If we’re successful in securing this funding, we’d seek to undertake these projects in addition to those included within our 2020-21 Annual Plan.

However, given uncertainty around this funding, we may need to adjust the timing of projects to incorporate those where other funding is available (i.e. delivering some projects in future years of the LTP).

This would allow us to make the most of any external funding, while still meeting our commitment to you, our community, under the LTP.



## Have your say on our 2020-21 Annual Plan

In response to COVID-19, we propose to reduce the overall General Rate rise to 2.2%, provide \$3m in targeted relief and source extra funding from central government.

Do you agree with the changes we propose for Year 3 of our LTP in response to COVID-19?

All the supporting documents are available on our website, [www.wdc.govt.nz/AnnualPlan](http://www.wdc.govt.nz/AnnualPlan). If you do not have access to the internet or would prefer a hard copy, please call us to request them.

### ***Giving us your feedback***

You can tell us:

- through the online submission form on our website [www.wdc.govt.nz/AnnualPlan](http://www.wdc.govt.nz/AnnualPlan)
- via email to [mailroom@wdc.govt.nz](mailto:mailroom@wdc.govt.nz)
- in person, by dropping off a completed feedback form at any Council Service Centre, or by calling our contact centre on +64 9 430 4200 (0800 932 463)
- by post, by sending your feedback to our mailing address as shown on the feedback form

You may also like to support your formal submission by posting or messaging on Facebook, [www.facebook.com/WhangareiDC](https://www.facebook.com/WhangareiDC).

### ***Impact of COVID-19***

Council will not be holding community meetings or having formal hearing of submissions in front of Council due to the restrictions of COVID-19. However, we are planning to come out and talk with you a bit later on as part of our next Long-Term Plan.

### ***How to make your feedback as effective as possible***

- Use the feedback form and attach extra information, if required. This means we have all the information we need to process your feedback.
- Provide us with your contact details so we can email you, write to you or call you to keep you informed.
- The focus of this consultation is on the changes we have made to Year 3 of our Long Term Plan in response to COVID-19, therefore submissions on other topics will be collated and used to inform development of our next LTP.
- Submissions on operational issues will be directed through our Customer Relations Management (CRM) process.

### ***Key dates***

***Open for feedback***  
15 May – 4 June 2020

***Proposed adoption of the annual plan***  
9 July 2020



# Annual Plan 2020-21 feedback form

## ***The closing date for feedback is Thursday 4 June 2020***

As you can see from this Annual Plan 2020-21 Consultation Document, we have had to make some decisions and changes to our plan. Let us know if you think we are on the right track.

### ***Points to remember when submitting your feedback***

- Please print clearly. Make sure it can be easily photocopied, read and understood.
- All feedback is considered public under the Local Government Official Information and Meetings Act, so it may be published and made available to elected members and the public.
- Your feedback will not be returned to you once lodged with Council. Please keep a copy for your reference.

### ***How to get this form to us***

**Mail to:** Annual Plan feedback, Whangarei District Council, Private Bag 9023, Whangārei 0148

**Email to:** mailroom@wdc.govt.nz

**Deliver to:** Customer Services, Forum North, Rust Ave, Whangārei or Ruakaka Service Centre, Takutai Place, Ruakaka

### ***Your details***

Name

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I am making this submission:

☐

As an  
individual

☐

On behalf of an  
organisation

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Organisation name

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Postal address

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Best number to contact you on

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Email

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## Your feedback

**Do you agree with the changes we have made to Year 3 of our Long Term Plan in response to COVID-19?**

[illegible]

**RESOLUTION TO EXCLUDE THE PUBLIC****Move/Second**

That the public be excluded from the following parts of proceedings of this meeting.

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

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
1.1	Property purchase	Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
1.2	Rent Relief for Covid 19 Response		

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public, are as follows:

Item	Grounds	Section
1.1	To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied it or the subject of the information	Section 7(2)(b)(ii)
	To enable Council to carry on without prejudice or disadvantage commercial activities	Section 7(2)(h)
	To enable Council to carry on without prejudice or disadvantage negotiations (including commercial and industrial negotiations)	Section 7(2)(i)
1.2	To enable Council to carry on without prejudice or disadvantage commercial activities	Section 7(2)(h)
	To enable Council to carry on without prejudice or disadvantage negotiations (including commercial and industrial negotiations)	Section 7(2)(i)
	To maintain legal professional privilege	Section 7(2)(g)

**Resolution to allow members of the public to remain**

If the council/committee wishes members of the public to remain during discussion of confidential items the following additional recommendation will need to be passed:

**Move/Second**

“That \_\_\_\_\_ be permitted to remain at this meeting, after the public has been excluded, because of his/her/their knowledge of Item \_\_\_\_\_.

This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because \_\_\_\_\_.

*Note: Every resolution to exclude the public shall be put at a time when the meeting is open to the public.*