

Council Briefing Agenda

Date: Tuesday, 8 December, 2020

Time: 1:00 pm

Location: Council Chamber
Forum North, Rust Avenue
Whangarei

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.

1. Apologies

2. Reports

2.1. Long Term Plan 2021-31 Draft Supporting Documents and
Draft Consultation Document

1

3. Closure of Meeting

2.1. Long Term Plan 2021-31: Draft Consultation Document and Financial Strategy

Meeting: Council Briefing
Date of meeting: 8 December 2020
Reporting officer: Dominic Kula (General Manager, Strategy & Democracy)

1 Purpose

For Elected Members to provide feedback on the draft Consultation Document and Financial Strategy they are sent to Council for consideration on 17 December 2020.

2 Background

This is the final of a series of Council briefings on the development of a draft Long-Term Plan 2021-2031 for consultation. This session follows previous Briefings where we have received direction on the:

- Projects Programme
- Development Contributions Policy/Charges
- Rates, Remission and Postponement Policy
- Funding Impact Statement (FIS)
- Rates FIS
- Significance & Engagement Policy (Adopted by Council 26 November 2020)
- Revenue and Financing Policy
- Growth Model
- Activity Profiles (Including Levels of Service)
- Communication and Engagement Plan

In this Briefing Council will be worked through draft versions of the Financial Strategy (Attachment 1) and Consultation Document (Attachment 2). These documents are the culmination of direction from *the majority of councillors* through Briefings between February and November this year. The documents, and associated budgets and supporting documentation, reflect Elected Members priorities while recognising the difficult trade-offs that Council has had to make.

While the documents are still in a draft format it was considered important provide them to councillors for review and feedback prior to adoption for Audit on 17 December. Feedback provided by councillors at this Briefing will be incorporated prior to the document being finalised for consideration at the December Council meeting.

At this Briefing councillors will also be worked through the outcomes of analysis of the sector splits for rating and an updated set of Development Contribution charges 9if possible).

Unfortunately the associated Infrastructure Strategy is not ready for review at this stage and will be provided under a separate cover, with a view to Briefing Council at a later date (most likely through the Infrastructure Briefing on 10 December).

3 Discussion

What we heard and what has changed?

As a result of feedback from elected members on 17th November 2020 we took direction:

- To maintain the total budget for the sealing of roads but stage the timing in order to build our capacity to deliver (note, these are timing changes only, total budgets remain the same and budget can be brought forward if programme delivery exceeds expectations)
- That there was comfort with projected debt levels.
- To increase water rates by LGCI + growth
- To maintain a reserve in wastewater, with the same rates increases as general rates for years 1-3, and LGCI + growth for years 4-10
- Increase renewals funding where the renewals to depreciation indicate issues (review ongoing).
- Align budgets for shared paths cycleways with subsidy.

Following Council Briefings on 3rd September 2020 and 17th November 2020, the Activity Profiles have been amended to include:

- Front end statements that link to the four wellbeing's of the LGA.
- Amended measures to use quantitative data where possible (instead of qualitative satisfaction data)
- Levels of service that align with current funding / budget lines.
- Funding Impact Statements and Project Lists for each profile.
- Key strategic issues and levels of service (i.e. Climate Change).

Matters still to be worked through include:

- Tweaks to renewals funding
- Updating/confirming all CIP and TIF funding is in the plan following the execution of funding agreements
- Move public toilets to show under parks in community facilities (rather than wastewater)
- Adjustments to interest rates in the later years
- Potential changes to the timing of some projects
- Update property reinvestment reserve for recent property matters
- Reviewing the impacts of changes to the growth model
- Any changes to NZTA subsidies

Financial Strategy Summary:

The Financial Strategy sets the boundaries used by Council to determine its financial envelope. It reflects the difficult process of prioritising what can be achieved, and the trade-offs that must be made within the parameters set.

The draft Financial Strategy for 2021-31 continues with similar parameters and limits to the 2018-28 Financial Strategy. This involves:

- Achieving a balanced budget in every year with a surplus of revenue over spend.

- A 'Covid Catchup', generally followed by a continued strategy of LGCI + 2% (a full schedule of rating increases is outlined in the financial strategy)
- Rates revenue (excluding water rates) not exceeding 70% of total revenue
- Net debt to revenue ratio remaining below 175%
- Total net debt increasing from \$152.0 million on 1 July 2021, to \$310.8 million by 30 June 2031.

Over the next ten years this will allow for:

- A capital works programme of \$1.0 billion, of which 67% is on core network infrastructure
- Operational revenues of \$2.2 billion, and expenditure of \$1.9 billion

The following limits have been removed from the draft 2021-31 Financial Strategy:

- Debt per capita measure (this is to align with LGFA measures)
- Net interest less than 25% of rates revenue (no longer relevant).

Infrastructure Strategy Summary:

This document is currently being finalised with a view to having it available for Elected Member review during the Infrastructure Briefing on 10 December.

The following provides a brief overview as to what the document will cover once complete:

The Infrastructure Strategy is for the next 30 years, it includes and goes beyond the Long Term Plan in looking at how Council manages its infrastructure and is aligned with the Finance Strategy in ensuring that it has funding to manage appropriately.

This Infrastructure Strategy highlights a continued focus on renewals, but also focuses on Transport projects over years 1-10 aligning with the key areas of focus for elected members. The Strategy assumes no reduction or significant changes to levels of service, however, there is allowance for growth in the District, improving amenity, addressing public health and for responding to climate change.

Supporting documentation includes seven Asset Management Plans and the Development Contributions Policy.

The Consultation Document:

The Consultation Document is not just a summary of the LTP; it is a document that tells our story and seeks input on key issues from the community. It's an important way for the community to understand what the challenges are that Council and the community face.

At the Briefing on 25 November 2020 Elected Members provided feedback on the key issues and the significant items to be included in the Consultation Document. These have been woven through the following story:

Navigating COVID-19

One year on from the arrival of COVID-19, we tell the story of our COVID response – focusing on our economic recovery and the opportunity for a reset. We discuss how government funding and an ambitious capital works programme will provide projects that we will benefit from, and will provide economic stimulus across the District.

Where we are today

We summarise where we are as District today. Growth has been sustained and many of the impacts of the pandemic have been different to what was expected. The continuation of growth has meant that many of the strategic priorities set by elected members pre-pandemic

remain just as relevant today. We also discuss our ambitious capital works programme – and highlight some things that could slow us down (things like local government reform, and contractor availability).

Strategic priorities

We share the story of each of our five strategic priorities – *transportation, housing, city centre revitalisation, advocacy for Northport and Navy, and sustainability*. The consultation document talks about how money has been allocated in the draft budget against these priorities and highlights the hard trade-offs we have had to make to come up with a affordable budget for our community. There is a focus on the extra spend on transportation (including providing a better level of service for our rural communities) as part of our reset and ‘raise the bar’. There is also discussion of our role in housing, the non financial support that we can provide to key partners (particularly Central Government) and the fact that as a result of the hard tradeoffs funding to increase our Pensioner Housing stock has not been included in the draft plan. The consultation document seeks input from the community on whether we have got this right.

How we will pay for what Whangarei needs

The consultation document describes the need for a COVID-19 rates ‘catch up’ in order to keep ahead of growth and keep up with important investment in our core infrastructure. We also discuss an increase in our level of debt for this LTP cycle – highlighting that debt will still within our debt limits and remains smaller than other high growth districts.

Key issues we are seeking input on

The consultation document gives an overview of the story so far and what we see as next steps on a selection of key issues and opportunities. These include prioritisation of theatre/event centre options specifically covering the three preferred options that Council has included in the plan (Oruku, Hihiaua and a refurbishment of Forum North), improvements to James and John Street (noting the benefits of these projects as a catalyst for other investment), and our response to climate change.

What we’ll be delivering in this LTP

We have shared a summary of key projects that will fall within this LTP – including significant projects like Poroti Water Supply, four-laning of Riverside Drive, continued progression of options for a new airport and what’s planned for amenities like parks, playground, walkways and cycleways.

4 Attachments

1. Financial Strategy
2. Capital Projects Programme
3. Consultation Document

Strategic overview

Whangarei District has seen high levels of population growth and development over the past 3 years, and this is projected to continue into the future. The Finance Strategy and Infrastructure Strategy are framed around making sure our District is ready for larger population and economy.

This approach builds on the direction set in the LTP 2018-28 and the *Infrastructure Strategy 2018-2048* and *Financial Strategy 2018-28*. They are also shaped by the key strategic directions from Council's vision:

"An inclusive, resilient and sustainable District"

To guide the development of the LTP, Council has identified 5 key strategic priority areas. These have frame decision-making through the LTP process, including the prioritisation of projects and funding:

- Transport
- City centre revitalisation
- Sustainability and waste minimisation
- Northport
- Housing

There are common strategic issues across both the Infrastructure Strategy and the Finance Strategy which are outlined in the following section.

District growth and development

Our District is growing and we expect it to continue to grow by an estimated 1.6% per annum over the next 10 years, reaching about 115,000 people by 2031.

This represents an average annual increase of just over 1,000 people per year. This will also mean that we need more houses. Our housing stock is projected to increase from 41,500 homes today to over 48,000 homes by 2031.

Some areas of our District will grow at a larger and faster rate than others. Ruakaka/Marsden, Tikipunga, Waipu and Kamo are all areas that we anticipate more development and population growth. This expected growth in our population requires considerable investment in infrastructure, services and community facilities at substantial cost to Council, the business sector and the community, in general.

Population increase will continue to put pressure on our core infrastructure and community facilities in the medium and long term. Our transportation network, water and wastewater services and parks and recreational facilities need to carry enough capacity to provide for predicted growth, with the anticipation of what must happen and when it is needed being a significant challenge for Council.

To ensure we properly plan for growth our growth strategy has been fully reviewed to inform the LTP process. Sustainable Futures: Whangarei District Growth Strategy sets out where new development will occur and what investments are needed to ensure existing and future communities are successful.

Sustainable Futures: Whangarei District Growth Strategy determines existing and potential land use patterns. This allows us to manage the impact of growth and assess and plan for infrastructure requirements for our District over a 30 to 50-year time frame.

Because land use patterns affect both the timing and costing of core infrastructure, the *Infrastructure Strategy 2021-2051* builds on the direction set in the growth to provide more detailed planning of our network infrastructure needs. Our Activity and Asset Management plans have also been developed to encourage growth where it has been considered desirable and where infrastructure is capable of meeting increased demand.

A changing climate

Our climate is changing and the future impacts are likely to be significant and wide-ranging. In Whangarei, our communities are already experiencing climate related impacts, from flooding to prolonged periods of drought. For our communities to endure we must gear up for change.

The Infrastructure Strategy and the Finance Strategy response to the impacts of a changing climate is informed both Council's strategic direction as well as central government legislation and sector guidance. Council has established a strategic approach to both adapting to changing climate and mitigating our environmental impact:

2018 - Council adopted the Corporate Sustainability Strategy, a mitigation strategy focussed on organisational level actions to better understand our environmental impacts and to reduce our greenhouse gas emissions

2019 – Council joined the Climate Adaptation Taitokerau (CATT) which seeks to better understand adaptation at a regional and district level. This work will produce a Regional Adaptation Strategy and a methodology for our Council to use in identifying risks.

2019 - The declaration of a Climate Emergency by Council in July 2019 recognised the extreme risk that climate change poses to our District and acknowledged the scale and pace of change needed to respond.

2020 - Through the Declaration of a Climate Emergency in July 2019, we committed to developing a Climate Action Plan for Whangarei. The Climate Action Plan for Whangarei is district-wide and includes mitigation and adaptation actions for both Council as an organisation and the community at large.

We are still at the beginning of our response to the Climate Change. This LTP provides funding for Council to work with our local communities to share the information we have, understand how the communities perceives risks and opportunities and to agree on pathways moving forward to reduce emissions and adapt to the changes we expect to see in the future. This engagement will be our Council's climate change adaptation work programme.

As a result of climate change, parts of Whangarei that are currently habitable, will become uninhabitable in the way that we currently know and expect. By working to understand the changes we may see and plan our responses, the better able we will be to avoid creating new risk to our communities, reduce the scale of the risks and impacts we might experience and adapt in a just and equitable manner.

COVID-19 Response

COVID-19 has had a profound global impact. Early into the COVID-19 pandemic lockdown, our Council endorsed a COVID-19 Response Strategy. This Strategy aims to set a path for the recovery and reset of our economy in response to economic crisis associated with COVID-19. The 2020-21 Annual Plan introduced immediate measures to help our community. However, the Infrastructure Strategy and

Finance Strategy need to support the longer term recovery and reset:



Key to our response to COVID-19 both being agile and resilient enough to respond appropriately to future COVID-19 related events, such as lockdowns. This will also make us better placed to respond to other events which are difficult to predict, such as natural hazards.

The Finance Strategy also sets out a pathway for how Council can catch-up from the 2020-21 Annual Plan and the associated Rating decisions. Our ability to be able to fund operational programmes will be key in responding to COVID-19 as well as making sure we are well placed to face the challenges of a changing climate and continued growth of the District.

Financial strategy

Overview

The *Financial Strategy 2021-31 for the Long Term Plan 2021-31* sets the financial parameters within which Council will operate and fund its operations and capital programme (spending on capital projects) for the next 10 years. It is based on fulfilling the core purpose of local government, which is to “enable democratic local decision-making and action by, and on behalf of, communities; and to promote the social, economic, environmental and cultural well-being of communities in the present and for the future.”

We continue to examine the state of our assets, the Levels of Service our community expects and the funding required to achieve this. This, combined with our financial position and parameters, provides the foundation for decisions about the funding required to deliver our services. This strategy, together with the *Infrastructure Strategy 2021-51*, addresses these issues and describes our funding model, or the way in which we intend to fund future projects, taking into consideration our growing population.

While it would be ideal to satisfy the needs and wants of everyone in our community, Council can only fund so much. It needs to work within its financial constraints to deliver the facilities, services and infrastructure that bring the most benefit to the most people for the greatest length of time.

This is a sustainable financial strategy. By the end of the 10-year planning period, Council will have an income base that allows it to provide the services that our community expects, without leaving a large backlog of asset maintenance and renewal for later generations to deal with. While that does mean rates rise beyond the level of inflation, we believe they are necessary to provide the range and quality of services our community demands.

Although we have been through uncertain times, Council wants to continue a consistent funding approach flowing from what has been achieved in the first three years of the 2015-25 and 2018-28 Long Term Plans. Feedback from the community directs us to keep improving our District’s infrastructure and amenities to cope with growth, without ignoring upkeep of the things in which we have already invested.

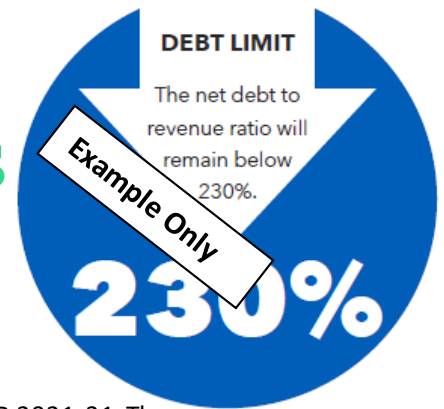
Whangarei District has grown rapidly over the last 3 years. This growth is expected to continue into the future, with our population reaching 115,000 by 2031. A cornerstone of the *Financial Strategy 2021-31* must therefore be to provide adequate funding to meet future requirements for the increased demand on infrastructure, services and extra amenity across our District while balancing this against the capacity to deliver on our commitments.

As well as sustained growth, we must ensure that our financial strategy provides us with enough flexibility to react to the likely impacts of a changing climate, which will include more frequent and severe storm events, prolonged droughts and increased erosion.



Limits and parameters

(Include images rather than words for this in graphics version)



Council has set the following limits and financial parameters for the LTP 2021-31. These limits will be reconsidered as part of every Annual Plan and LTP to ensure that they remain practical, given Council's financial position and broader economic conditions at that time.

From time to time there may be extraordinary events that mean Council may have to go outside these limits. Examples of these events and how Council would respond can be found under *Minimising Risk and Adapting to Change* on page xxxx.

GENERAL

- **BALANCED BUDGET:** Council will set a balanced budget every year, (as defined in the Financial Prudence Regulations)
- Provides sufficient funding through debt and operating surpluses (the difference between income and spending), to complete the planned capital expenditure programme without reliance on selling assets.

DEBT

- **DEBT LIMIT:** The net debt to revenue ratio will remain below 175% (infographic)

Council also utilises internal funding which is not subject to the above limits. For further information refer to *Debt, Interest, and Internal Funding*.

RATES

- **RATES LIMIT:** Rates revenue (excluding water rates) will not exceed 70% of total revenue (infographic)

While Council will continue its approach of allocating rates as a funding distribution based on who causes and benefits from its activities, it will also endeavour to limit rates (excluding water)* collected each year to a maximum of 70% of total Council revenue, with the long-term average below this limit.

- **RATES INCREASES:** Rates (excluding water*) will be increased by a maximum of 2% (plus an additional 2% catch up for the first year) plus inflation and growth (infographic)

As noted in the rates section below, Council intends to apply annual increases of 2% above inflation to general rates, with an additional 2% increase in year one of the plan. The inflation factor used is an averaged Local Government Cost Index (LGCI).

Rating revenue will also increase through natural growth in the rating base, i.e. as our population grows. An allowance of 1% per annum is made for rates levied on all ratepayers.

For reporting purposes, the target set on the limit on rates increases will be reviewed and possibly reset in each year's Annual Plan based on the latest LGCI predictions.

For further details on rates increases, including specific increases for targeted rates, refer to *Rates* section on page xxx.

- * For these limit, rates are defined as all revenue derived from general rates and targeted rates, but excluding water rates, which are effectively a consumption charge and are therefore out of Council's direct control

Over the next 10 years this allows for:

- a capital works programme of \$1.0 billion
- 67% of capital expenditure focused on core network infrastructure such as roads, water, waste, stormwater and flood protection
- operational revenues of \$2.2 billion
- operational spending of \$1.9 billion.

Maintaining Levels of Service

For this LTP we have also completed a 30-year *Infrastructure Strategy 2021-2051* that provides a blueprint for delivery of services through our network infrastructure for which the Financial Strategy 2021-31 has been prepared to give effect to.

The Level of Service describes what the community can expect from Council's infrastructure and services and is a combination of the:

- quality of infrastructure provided by Council
- standard to which infrastructure is maintained
- services that assets, staff and contractors provide to the community.

Council's overarching strategy is focussed on ensuring that the Levels of Service identified in the LTP are maintained.

The appropriate Level of Service in each activity area has been carefully considered by Council, along with the additional demand for infrastructure and services in our District due to predicted growth. In each activity area, Council has considered the ongoing effects of every decision and inevitably, there have been tensions, gaps or conflicts between the desired level of service and the level that can be provided within the financial parameters outlined in this strategy.

The asset and activity management plans upon which this plan is based have therefore generally been prepared with the aim of maintaining current Levels of Service throughout the 10-year timeline of the plan. This 'hold and maintain' strategy will be managed by looking for ways to be cost-effective across Council's planned operations, infrastructure maintenance, renewal and capital upgrades. Council will also review operational practices to find ways to be more efficient without adversely impacting service level delivery.

Rates

Like most Councils, rates are our main source of funding. Council does not have a particularly diverse income stream, with the main sources being rates, fees and charges, development contributions and government subsidies (e.g. for roading). There is limited scope to add new revenue sources without allocating funds to new investments, so the reliance on rates as a revenue source will remain relatively high.

While we try to maximise the subsidies available from Central Government and have a 'user pays' approach policy (through consumption and user charges) for many services, the bulk of our work is funded by rates. There are two types of rates: general rates and targeted rates.

In the previous two LTP's, Council has applied rate increases above the rate of inflation. This approach will be retained, as we need to continue to increase our operating revenue to reflect the cost of providing services to our community.

While we recognise that our District and economy has been impacted by Covid-19, we consider that rates increases beyond inflation are necessary to ensure we can continue to provide the service delivery our community expects. These increases also allow us to service our increased debt which is necessary to provide funding for one-off projects the community has asked for, maximising our transportation programme, and to boost our capital programme to support the construction sector and keep our local economy moving.

General rates

Council currently uses general rates to fund a broad range of activities, where there is a benefit to the whole community (public benefit) or where there is no practical way to charge individual users.

There are two elements to general rates:

- **Uniform Annual General Charge (UAGC)**, which is a fixed dollar amount that all rating units are levied. The UAGC is to be assessed by Council annually and set at a level considered to be reasonable. The UAGC is used to fund the same activities as the general rate and ensures every ratepayer contributes a base level of rates irrespective of property value or services used.
- **'Value based'** general rates, are calculated using the land value of each rateable unit, primarily differentiated by land use.

Further information about general rates, including how the rates revenue requirement is determined for each rating category, is detailed in the Funding Impact Statement on page xx.

Targeted rates

Targeted rates are used where an activity benefits an easily identifiable group of ratepayers and it is appropriate that only this group be targeted to pay for some or all of a service. The funds collected must be used for the purpose for which they are rated.

Targeted rates are only used where Council considers it is an appropriate mechanism to fund that activity or where Council wishes to make clear the purpose for which the rate is collected. The revenue collected in any one year may result in a surplus, which is used to repay debt or to fund capital expenditure in future years. Further information about Council's targeted rates is included within the Funding Impact Statement on page xx.

Increases to rates

In the 10 years of this plan, Council intends to increase the revenue obtained from most rates beyond the level of inflation, as shown in the table below. Overall, rates revenue will also increase as our District's population grows.

Year 1 includes an additional 2% 'covid-19 catch-up' rates increase. When Covid-19 restrictions were introduced, council was quick to set up a 10 point Economic Recovery Response. Part of this response included reviewing our planned rates increase and operational budget for the 2020-21 financial year. Council reduced its rates increase to inflation only and cut operational budgets. This, combined with reduced revenue streams, put us on the back foot heading into this LTP. An additional catchup is required to enable Council to maintain our current service delivery.

Rates Increases

| | Year | Covid-19 'catch-up' | Annual inflation | Additional increase | Allowance for growth | Comments |
|------------------------|----------|------------------------|---------------------|------------------------|----------------------------|--|
| General rates: | | | | | | |
| UAGC portion | Y 1 | 2% | LGCI | 2% | 1% | These increases are set at a level to provide sufficient funding for the planned expenditure programme for the bulk of Council's activities. |
| Land value portion | Y 1 | 2% | LGCI | 2% | 1% | |
| UAGC portion | Y 2 – 10 | - | LGCI | 2% | 1% | Review of the <i>Revenue and Financing Policy</i> indicated the current UAGC level reflects the funding requirements of activities that are to be funded by all ratepayers equally and increases should align with the Land Value Portion. |
| Land value portion | Y2 - 10 | - | LGCI | 2% | 1% | |
| Targeted rates: | | | | | | |
| Wastewater | Y 1 | 2% | LGCI | 2% | 0.8% | This increase matches that of the Land Value portion for years one to three. From year four onwards, an inflation only increase is planned. This will allow sufficient revenue to fund operational and capital expenditure throughout the plan, and will allow us to build a reserve to fund future capital programmes. The growth factor applied is slightly less than land rates as some growth will be outside the reticulated area. |
| Wastewater | Y 2 - 3 | - | LGCI | 2% | 0.8% | |
| Wastewater | Y 4 - 10 | - | LGCI | - | 0.8% | |
| Water rates | Y 1 – 10 | - | LGCI | - | 0.8% | Water rates have not been increased for several years due to a large reserve balance. It is necessary to increase water rates for this Long Term Plan to increase funding to support the proposed expenditure for this activity over the term of the plan. The level of Council's water rates will need to be reassessed during the next LTP when we have more certainty around the 3 Waters Reform. The 0.8% growth factor reflects new |

| | | | | | | |
|------------------|----------|---|------|---|---|---|
| | | | | | | properties connecting to the reticulated system. Water supply charges, backflow prevention and the water meter reading special charges will also increase by LGCI. |
| Flood protection | Y 1 – 10 | - | LGCI | - | - | An inflation only increase will maintain the effectiveness of the scheme over the ten year period, with surpluses building a reserve balance by year ten. Significant capital expenditure is included within the 30 infrastructure strategy, which may require a larger increase to this targeted rate in subsequent Long Term Plans. |

Note: These increases are applied to the total revenue from each rate type, not the amount per individual ratepayer

| Road sealing: | | Ratepayer contribution inc GST, per rating unit in area of benefit | |
|---------------|---------|--|--|
| Road sealing | Y 1 - 3 | \$4,600 | Ratepayer contributions are set to partially fund roading seal extensions. Refer Funding Impact Statement on page xx for further information |
| Road sealing | Y 4 - 6 | \$5,000 | |
| Road sealing | Y 7 - 9 | \$5,500 | |
| Road sealing | Y 10 | \$6,000 | |

The projected number of rateable properties within the District at the end of each preceding financial year is shown in the table below.

Projected rating base information

| 20-21 | 21-22 | 22-23 | 23-24 | 24-25 | 25-26 | 26-27 | 27-28 | 28-29 | 29-30 | 30-31 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 42,994 | 43,380 | 43,901 | 44,427 | 44,915 | 45,453 | 45,952 | 46,503 | 46,968 | 47,484 | 48,053 |

Annual Growth factors shown above will be used for each year's rates setting regardless of actual growth to allow some certainty in financial planning.

Debt, Interest and internal funding

Debt

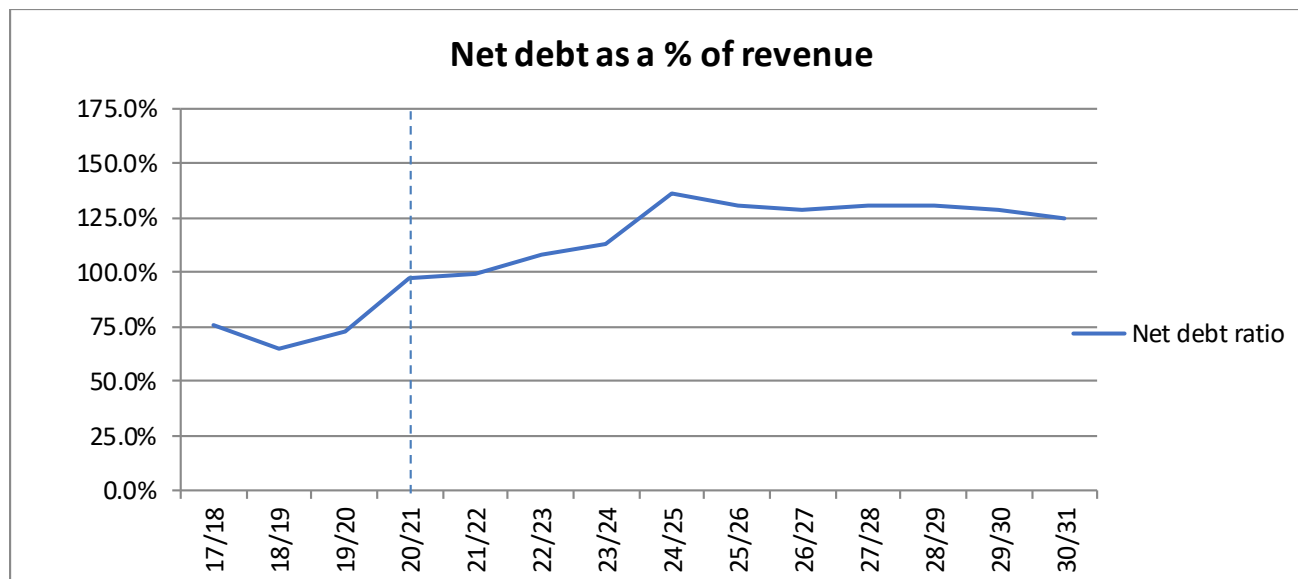
The *Financial Strategy 2021-31* sees total net debt increase from an estimated \$152.0 million on 1 July 2021, growing to \$310.8 million by 30 June 2031. Details on how Council's debt is managed are set out in the *Treasury and Risk Management Policy*, which is available on request.

The graph below compares total net debt to revenue. Council's debt level has increased in order to fund our capital projects. Using debt to fund long-term assets enables Council to allocate the costs of long-term assets equitably between current and future residents. We try to ensure that, as far as possible, today's ratepayers only pay for services they are likely to use and not for benefits that will be received by new ratepayers in the future.

We need to consider how much of the expenditure required should be funded through current ratepayers (via rates) and how much should be funded through future ratepayers by borrowing now and

repaying debt later when future ratepayers become users. This concept is referred to as 'inter-generational equity'.

While our debt has increased, we have considerable capacity to raise debt to deal with abnormal events and emergencies. While there is no intention to increase debt beyond the levels shown elsewhere in this strategy, it is important to note that we have access to more funding in the unlikely event that it is needed. Refer to section within this strategy on *Minimising risk and Adapting to Change*.



Delivery of our capital programme

Our actual debt levels achieved throughout the life of the plan are largely dependent on the delivery of the planned capital programme. When a capital project is not completed within the year in which the budget is allocated, the budget is transferred into the next financial year. This transferral of funds for uncompleted projects from one year to another is referred to as carry forwards.

While there have been considerable improvements made over the previous LTP, project delivery continues to be a challenge. This is discussed further within the Infrastructure Strategy.

When forecasting debt levels for the prospective financial statements, we have assumed carry forwards of \$20 million from the 2020-21 financial year to the 2021-22 financial year, increasing to \$40 million of carry forwards through to the end of year ten.

Securities for borrowing

Council secures its external borrowing and financial instruments against Council's rates revenue through a registered debenture trust deed. It is intended to continue with this practice, which provides ample security cover for predicted levels of borrowing.

Financial investments and equity securities

Council uses any surplus cash to reduce debt, or invest in short term investments which are included as cash. Council can also hold investments in its subsidiaries.

Council does not hold equity securities in public companies except for small holdings in Civic Assurance Limited and New Zealand Local Government Funding Agency Limited, which provide insurance services and lending to participating local authorities respectively.

Finance costs

To minimise financing costs, Council is a member of the Local Government Funding Agency (LGFA). This means Council can borrow at better rates than are available through direct lending from trading banks.

Council takes a long-term view when managing our treasury risk and interest rate exposure. This is achieved by using interest rate swaps to protect against interest rate or margin increases. Debt maturities, or the dates when loan agreements must be repaid, are spread over both short and long terms, as well as a mixture of fixed and variable interest rates.

Council's AA credit rating with a 'positive' outlook was reconfirmed by Standard and Poors in August 2020, primarily in recognition of its strong financial management and very strong budgetary flexibility. An AA credit rating assists further in reducing financing costs.

The LTP assumes an interest rate averaging 2.69% across the 10 years, after taking all factors outlined above into account.

Internal funding

As part of its financial or treasury management, Council minimises its overall interest costs by using funds held in reserve as 'internal borrowing'. i.e. rather than keeping funds on deposit while borrowing all the money needed to fund capital works, reserve funds are used in the short term and they are repaid in the future as needed. Council intends to continue this approach into the future.

Internal interest charges are allocated to each activity for their share of funds borrowed from reserves, with these costs included within the activity funding impact statement. Similarly the resulting revenue from these charges is included within the activity funding impact statement from which the funds were borrowed. No internal interest is included in the Prospective Funding Impact Statement for Council.

Reserves

Property Reinvestment Reserve

Council's Property Reinvestment Reserve (PRR) was originally created in 2010 through the sale of Council's interests in leasehold land to those already leasing the properties. From 1 July 2015 Council decided the proceeds of commercial property sales would be set aside (reserved) for purchases that met Councils' property objectives, as stated in its property policy. This reserve had built to \$35 million by 30 June 2020, with all the funds used to finance infrastructure projects through internal lending.

Commercial property purchases have been included in years one through to three to allow Council to take advantage of commercial opportunities that may arise. Commercial property purchases will be considered, where there is an identified strategic benefit and/or the predicted return from a potential commercial property investment is greater than the cost of capital, thereby reducing the PRR balance. If there are insufficient PRR funds available for reinvestment, purchases are likely to be debt-funded and dealt with via a Council resolution or future Annual Plan / LTP process, as appropriate.

The actual timing of commercial property purchases may vary to budget. Any unbudgeted spend will be carried forward each year with the cash-backed reserve used to track the unspent balance.

While there are no specific plans to sell more commercial property in this LTP, if any sales were to take place, the proceeds would be added to this reserve and be available for reinvestment. An annual dividend will also be added to the amount available for reinvestment.

Other reserves

Other significant reserve funds include Community Development Funds and asset reserves. Council also creates reserves when targeted rates for a particular activity are accumulated before significant capital expenditure occurs. As an example, there was a balance of \$26.1 million in the water reserve as at 30 June 2020, which will be used over the life of the LTP to fund water projects as they are completed.

Expenditure

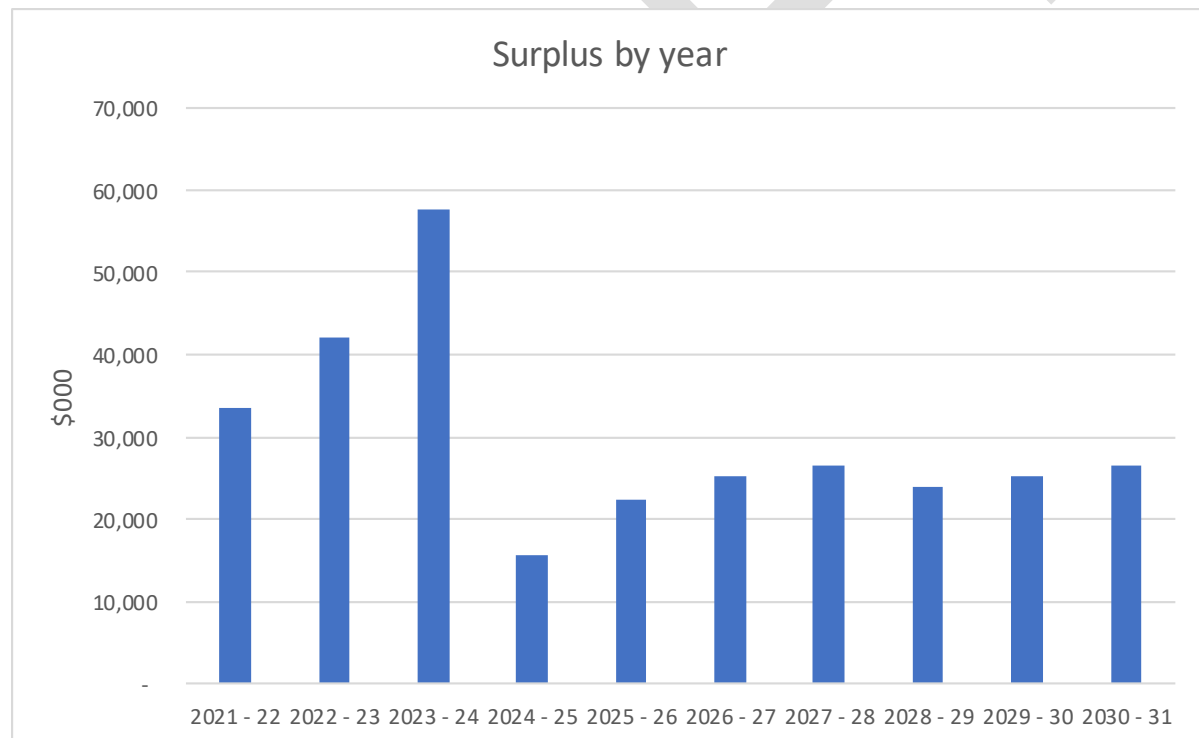
Operational activities

Forecasting Council's operational expenditure is a balancing act. Local government costs continue to increase meaning Council must rise to the challenge of meeting Levels of Service while at the same time looking to save costs wherever it can in order to keep rates affordable and achieve a balanced budget.

Council also needs to allow for the effects of population growth, community expectations, operating costs associated with new assets, and finance costs on additional debt in preparing its budgets.

The graph below shows Council's annual surplus over the 10 years. This means our operating revenue is higher than our operating expenses. This helps ensure we have a sustainable and prudent budget for the future.

As indicated below, the first three years of our plan shows significant surpluses due to projected central government funding for capital projects. Although this results in high surpluses, this funding is not available to fund our everyday operating expenses.

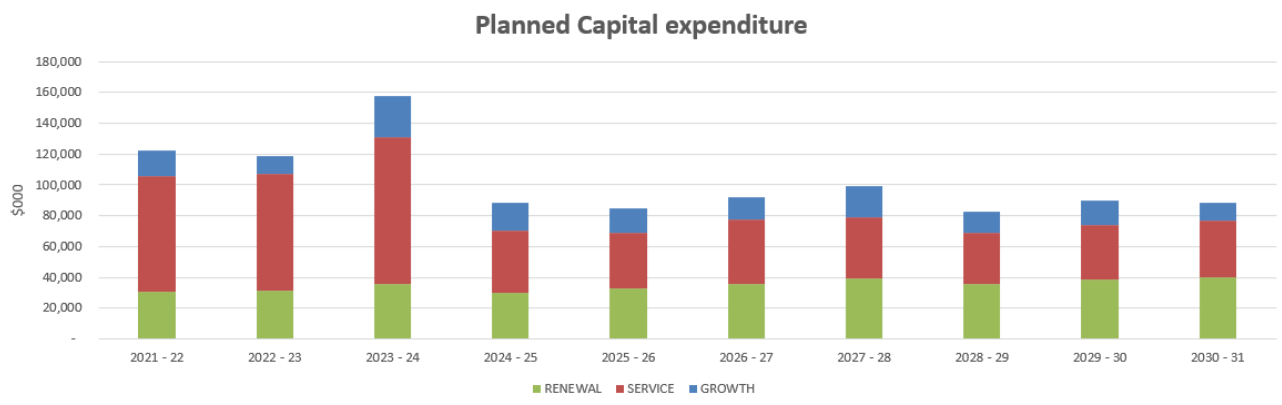


Capital expenditure

Allowing for inflation over the life of the plan, Council's total annual capital expenditure ranges from \$83.0 million to \$157.7 million.

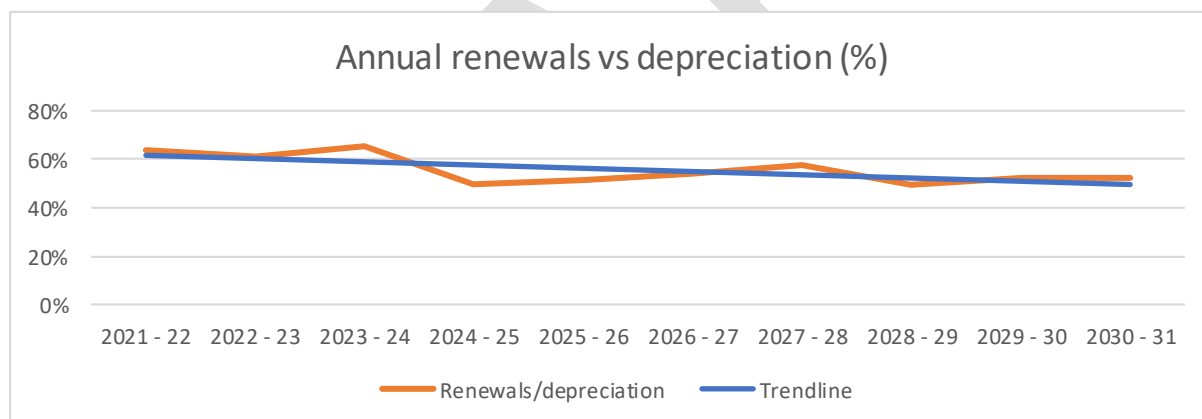
Capital expenditure is funded by a combination of operating surplus, rates, debt, development contributions and government subsidies. Council is expected to receive NZTA subsidies of 53% for subsidised roading projects over the lifetime of the plan.

The graph below illustrates planned capital expenditure over the 10 years of the plan of \$1.0 billion.

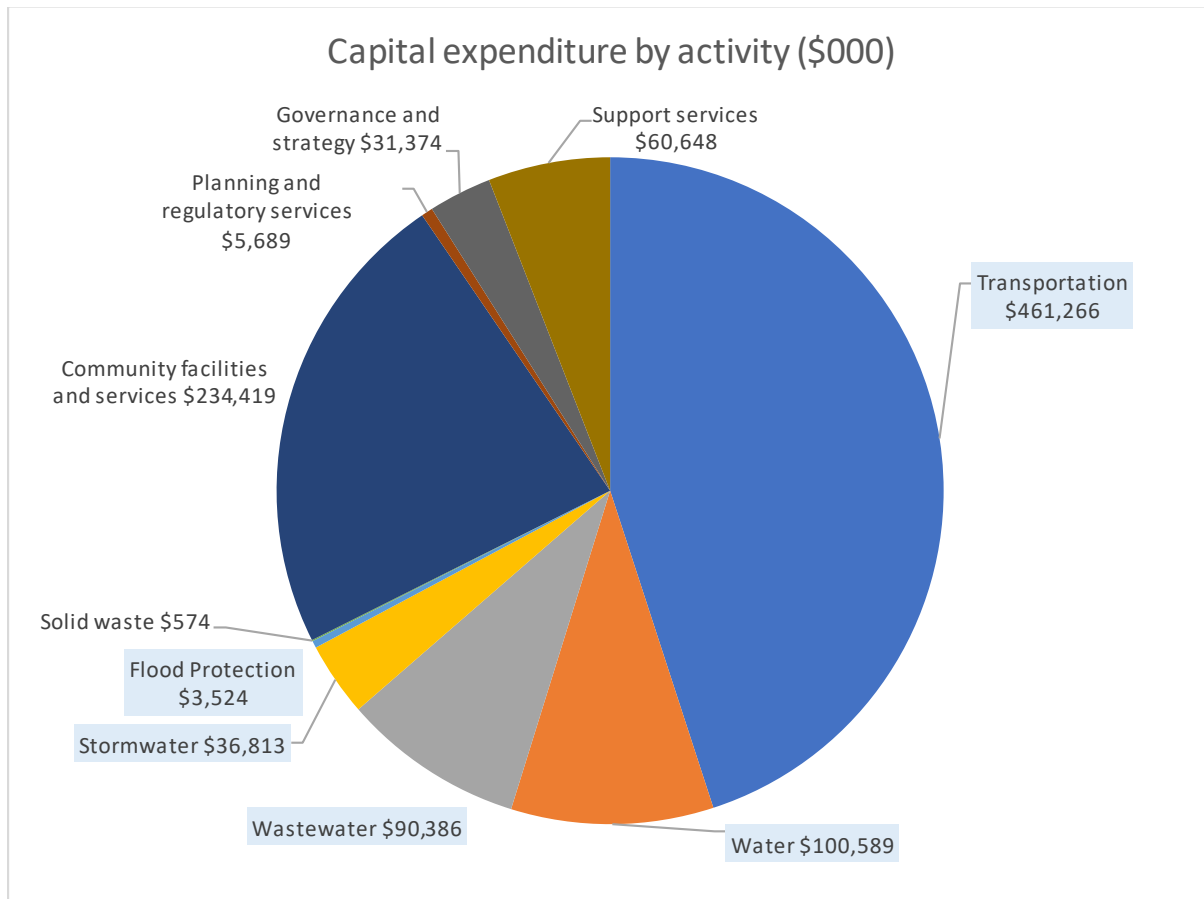


34% of the capital expenditure, is for the renewal of existing assets and upgrades to extend their useful life. Each year a depreciation amount is estimated. This represents the portion of an asset's useful life that has been used up through 'wear and tear' in that year by current ratepayers. Depreciation is calculated for all assets and while each year's renewal programme only affects a portion of assets, all of them will be replaced over time.

An increase in our capital programme comes with a corresponding increase in our depreciation expense. The graph below shows the relationship between depreciation and renewals over the life of the plan.



This graph shows the average ratio of renewals to depreciation to be 55%. This ratio is impacted by several factors including assets remaining useful lives, depreciation rates, the timing of asset replacement, and the addition of new capital assets. Council will continue to monitor asset performance to ensure renewals are completed in order to maintain service levels in the foreseeable future, and avoid leaving a significant backlog of asset replacement for future generations. As part of Council's three yearly infrastructure valuation, assets useful lives (and therefore depreciation) will be reviewed to ensure these accurately reflect the condition and wear and tear on our network assets. This issue is explored in more depth in the *Infrastructure Strategy 2021-31*.



The graph above shows, over the life of the plan, 67% of capital expenditure is focused on network infrastructure (indicated by blue shading), reflecting Council's recognition that it still must invest considerable amounts in our core assets to meet the service levels the community expects.

Note: Solid waste expenditure relates solely to transfer stations, which are the only solid waste assets directly owned by Council. The bulk of our refuse management operations (including the landfill and Re-Sort facility) are delivered with our joint venture partner through the Northland Regional Landfill.

However, community facilities like boat ramps, playgrounds, walking tracks and theatres, are a significant component of a happy, engaged, balanced and sustainable community. They also help us to weave the local governments four well-beings: social, economic, environmental, and cultural priorities, into the fabric of our district. While some consider these projects as 'nice to have', Council consider them to be an important aspect in achieving its overall outcomes, while recognising that expenditure on them needs to be kept in check.

Minimising risk and adapting to change

It is more important than ever for our strategy to be flexible enough to allow Council to adapt to the ever-changing environment we are faced with.

In preparing this Plan, Council had to make some assumptions about what will happen in the future (refer page xx for Significant forecasting assumptions). However, this always brings with it a level of risk. The Covid-19 pandemic has further increased uncertainty of current and future economic conditions. We have identified four major areas of risk that could impact on our ability to deliver on the *Financial Strategy 2021-31*.

Climate change and natural hazards

Our District is susceptible to extreme weather events which can cause significant unplanned repair works and capital costs. While we design and build our infrastructure assets to have resilience to these storm events, we are still often faced with unplanned repairs.

Council's approach to funding storm damage is also addressed within Council's Revenue and Financing Policy on page xx. Council would fund maintenance and capital works by borrowing up to its debt limit. If this was not possible then Council would reprioritise and/or defer operating costs and capital spending to accommodate the work required to make good the damage.

No provision has been made for catastrophic events such as tsunami, as this would be so disruptive that a business continuity plan based on the current operating model would be impractical and other interventions (such as central government support) would be required.

Growth and development

We know that population growth and development will continue, but we cannot accurately quantify exactly when, where or to what extent it will occur. Our asset management plans, infrastructure and financial strategies are all based on historical trends and future growth forecasts to give us the best prediction of our District's needs into the future. While several projects that support growth are included in our LTP, we will review actual growth patterns and infrastructure needs each year and adjust the programme accordingly.

Economic conditions

Global economic conditions can negatively impact Council's financial resources, as well as those of our ratepayers and residents. The table below summarises some of the potential impacts caused by economic conditions, and lists measures available to Council to lessen our susceptibility to these.

| Potential impacts | Measures |
|--|---|
| <ul style="list-style-type: none"> - reduced revenue streams - impact on service delivery and capital programme delivery - reduced affordability for our ratepayers - interest rate exposure - supply chain disruption which may cause project delays and cost escalation | <ul style="list-style-type: none"> - provision to adjust activities if there is a downturn (eg reduce service delivery) - revisit rates increases through the Annual Plan process - scaling back or deferral of capital projects to match population growth or financial resources - access to debt markets and liquidity parameters (borrowing to fund our operations for the short-term) - use of financial instruments such as interest rate swaps to minimise risk and provide a high degree of certainty and protection from global and national events |

NZTA Subsidies and external funding

Subsidies from central government via the New Zealand Transport Agency (NZTA) provide a significant source of funding for our transportation activities, such as road construction and repair, and are a significant revenue source for achieving a balanced budget. In 2021-22, Council expects to receive NZTA subsidies of \$26 million, representing 53% of the gross cost of both operating and capital expenditure, on a wide range of approved roading projects. At the time of completing this plan, NZTA had not confirmed the subsidies applied for by Council.

In order to maximise Councils eligibility to other central government funding, it may be necessary to change the timing and prioritisation of the planned capital programme.

In the event that the availability of external funding is reduced, Council would consider alternative funding sources (eg debt), and/or defer the maintenance and capital programme.

Regulatory changes

There are several major pieces of legislative reform that will impact on the regulatory environment that councils work in. These are covered in more details in the Infrastructure Strategy.

Council organisations

Council currently delivers a variety of services through Council Organisations, Council Controlled Organisations and Council Controlled Trading Organisations where it considers this is a more effective, efficient and financially viable option compared to other means of delivery. Refer to Group entities on page xxx for further information.

Monitoring and reviewing the strategy

As part of business-as-usual, we constantly scan the financial and economic environment, as well as our own performance to monitor:

- sustainability of our financial performance and position
- emerging risks
- whether the *Financial Strategy 2021-31* is being implemented
- trends in the community's ability to pay.

The *Financial Strategy 2021-31* will be reviewed every three years as part of the LTP process. Consideration will also be given to the impacts of any significant changes in local, national or global economic conditions during each year's Annual Plan process

Supporting Documentation

The policies listed below have been developed in conjunction with this LTP and are available upon request:

- *Revenue and Financing Policy*
- *Treasury and Risk Management Policy*
- *Development Contributions Policy.*

Disclosure Statement

We have included the Disclosure Statement in this LTP in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014.

The purpose of this statement is to disclose our planned financial performance in relation to various nationally consistent benchmarks, as well as our self-imposed debt and rates limits. These benchmarks enable the assessment of whether we are prudently managing our revenues, expenses, assets, liabilities, and general financial dealings.

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| 2021-2030 Long Term Plan | | | | | | | | | | | |
|--|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cost Centre | LTP Project Indicator | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | Yr 6 | Yr 7 | Yr 8 | Yr 9 | Yr 10 |
| BAU | | | | | | | | | | | |
| 14010 - OSH/ Wellness Programme | 00146 - Office Furniture | 30,750 | 31,518 | 32,307 | 22,076 | 22,628 | 23,194 | 23,774 | 24,368 | 24,978 | 25,602 |
| 14010 - OSH/ Wellness Programme Total | | 30,750 | 31,518 | 32,307 | 22,076 | 22,628 | 23,194 | 23,774 | 24,368 | 24,978 | 25,602 |
| 43000 - Library Projects | 00002 - Book Purchases | 721,600 | 739,622 | 758,138 | 777,075 | 796,506 | 816,429 | 836,845 | 857,754 | 879,226 | 901,190 |
| | 00003 - Mobile Bus Replacement | - | - | - | - | - | - | - | - | - | 448 |
| | 00004 - IT Equipment Replacement | 111,725 | 114,515 | 117,382 | 120,314 | 123,323 | 126,407 | 129,568 | 132,806 | 136,130 | 139,531 |
| | 00005 - Furniture Renewals | 5,125 | 5,253 | 5,385 | 5,519 | 5,657 | 5,799 | 5,944 | 6,092 | 6,245 | 6,401 |
| | 00167 - Library Improvements | - | 503,237 | - | - | 203,652 | - | - | - | - | - |
| 43000 - Library Projects Total | | 838,450 | 1,362,628 | 880,904 | 902,908 | 1,129,137 | 948,635 | 972,357 | 996,651 | 1,021,600 | 1,047,570 |
| 44400 - Parks & Recreation Projects | 00008 - Public Art | 25,625 | - | 53,845 | - | 56,570 | - | 59,435 | - | 62,445 | - |
| | 00009 - Sport & Recreation Renewals | 659,207 | 696,683 | 1,096,423 | 720,924 | 1,655,385 | 1,105,344 | 2,083,945 | 881,061 | 1,614,989 | 1,079,290 |
| | 00010 - Neighbourhood & Public Gardens Ren | 512,500 | 1,177,525 | 991,622 | 1,016,392 | 1,041,807 | 1,067,866 | 1,094,569 | 1,121,917 | 1,150,002 | 1,178,731 |
| | 00079 - Playgrounds & Skateparks Renewals | 206,417 | 200,241 | 513,758 | 770,451 | 137,792 | 157,535 | 375,554 | 123,007 | 92,772 | 206,824 |
| | 00080 - Walkway & Track Renewals | 43,819 | 341,873 | 311,466 | 2,544 | 437,392 | 992,483 | 407,863 | 213,651 | 1,017,074 | 513,426 |
| | 00081 - Sport & Recreation Growth | 512,500 | - | - | 110,380 | 565,700 | 579,850 | - | - | - | - |
| | 00082 - Sport & Recreation Level of Service | 804,625 | 1,453,505 | - | 88,304 | 486,502 | 34,791 | 71,322 | 828,512 | 624,450 | 550,443 |
| | 00084 - Cemeteries Renewals | - | 55,535 | 39,296 | - | 1,131 | - | 3,697 | 10,344 | 6,020 | 3,162 |
| | 00091 - Parks Interpretation Information | 46,125 | 47,277 | 48,461 | 49,671 | 50,913 | 52,187 | 53,492 | 54,828 | 56,201 | 57,605 |
| | 00092 - Cemeteries Level of Service | - | 210,120 | 10,769 | - | 271,536 | 197,149 | 11,887 | 243,680 | 12,489 | - |
| | 00094 - Coastal Structures Renewal | 68,552 | 2,132,718 | 193,842 | 331,140 | 1,640,530 | 1,681,565 | - | 80,457 | - | - |
| | 00148 - Playgrounds & Skateparks Level of Se | 30,750 | 370,076 | 125,056 | 143,494 | 131,385 | - | 138,039 | 174,385 | 53,703 | 148,653 |
| | 00173 - Pohe Island Development | 2,576,850 | 21,012 | 43,076 | 66,228 | 769,352 | 927,760 | 112,927 | - | - | - |
| | 00176 - Coastal Structures Level of Service | 82,000 | 52,530 | 161,535 | 3,101,678 | 67,884 | 34,791 | 392,271 | - | 112,401 | 345,627 |
| | 00196 - Blue/Green Network | 2,870,000 | 840,480 | 1,399,970 | 883,040 | 2,036,520 | 1,507,610 | 950,960 | 974,720 | 999,120 | 4,224,330 |
| | 00253 - Waterfront Programme | 1,537,500 | 408,683 | 586,911 | - | - | - | - | - | - | - |
| | 00254 - Visitor Destination Upgrades | 153,750 | - | - | - | - | - | - | - | - | - |
| 44400 - Parks & Recreation Projects Total | | 10,130,220 | 8,008,258 | 5,576,030 | 7,284,247 | 9,350,399 | 8,338,930 | 5,755,960 | 4,706,563 | 5,801,666 | 8,308,091 |
| 50008 - Business Support Projects | 00005 - Furniture Renewals | 20,500 | 21,012 | 21,538 | 22,076 | 22,628 | 23,194 | 23,774 | 24,368 | 24,978 | 25,602 |
| 50008 - Business Support Projects Total | | 20,500 | 21,012 | 21,538 | 22,076 | 22,628 | 23,194 | 23,774 | 24,368 | 24,978 | 25,602 |
| 72020 - ICT Projects | 00004 - IT Equipment Replacement | 1,280,083 | 998,070 | 269,225 | 220,760 | 226,280 | 231,940 | 237,740 | 243,680 | 249,780 | 256,020 |
| | 00103 - Customer Access - Online Services | 665,772 | 682,890 | 699,985 | 496,710 | 395,990 | 405,895 | 416,045 | 426,440 | 437,115 | 448,035 |
| | 00229 - Platform as a Service | 1,024,519 | 1,050,600 | 646,140 | 551,900 | 565,700 | 579,850 | 594,350 | 609,200 | 624,450 | 640,050 |
| | 00239 - C/A Upgrade | 410,000 | 420,240 | 430,760 | 441,520 | 452,560 | 463,880 | 475,480 | 487,360 | 499,560 | 512,040 |
| | 00272 - Cyber Security | 512,500 | 210,120 | 107,690 | 110,380 | 113,140 | 115,970 | 118,870 | 121,840 | 124,890 | 128,010 |
| 72020 - ICT Projects Total | | 3,892,874 | 3,361,920 | 2,153,800 | 1,821,270 | 1,753,670 | 1,797,535 | 1,842,485 | 1,888,520 | 1,935,795 | 1,984,155 |
| 80016 - Roading Projects | 00022 - LCLR Minor Improvement Projects | 1,230,000 | 1,260,720 | 1,335,356 | 1,214,180 | 1,244,540 | 1,275,670 | 1,307,570 | 1,340,240 | 1,373,790 | 1,408,110 |
| | 00024 - Drainage Renewals | 1,460,625 | 1,504,591 | 1,549,928 | 1,596,509 | 1,644,490 | 1,693,887 | 1,744,714 | 1,796,988 | 1,850,870 | 1,917,174 |
| | 00025 - Footpaths Renewals | 645,750 | 664,137 | 683,078 | 702,514 | 722,512 | 743,078 | 764,215 | 785,929 | 808,288 | 834,536 |
| | 00026 - Parking Renewals | 307,500 | 315,180 | 323,070 | 331,140 | 339,420 | 347,910 | 356,610 | 365,520 | 374,670 | 384,030 |
| | 00028 - Sealed Road Pavement Rehabilitation | 3,321,000 | 3,461,811 | 3,607,787 | 3,758,704 | 3,915,006 | 4,076,809 | 4,244,230 | 4,417,382 | 4,596,751 | 4,823,570 |
| | 00029 - Sealed Road Resurfacing | 5,084,000 | 5,299,563 | 5,523,032 | 5,754,065 | 5,993,343 | 6,239,186 | 6,497,339 | 6,762,412 | 7,037,002 | 7,384,231 |
| | 00030 - Structures Component Replacement | 1,583,625 | 1,626,014 | 1,664,134 | 1,736,553 | 1,788,743 | 1,842,473 | 1,897,760 | 1,954,618 | 2,013,227 | 2,085,347 |
| | 00031 - Traffic Sign & Signal Renewals | 871,250 | 897,475 | 924,519 | 952,303 | 980,924 | 1,010,389 | 1,040,707 | 1,071,887 | 1,104,028 | 1,143,577 |
| | 00032 - Unsealed Road Metalling | 2,296,000 | 2,369,817 | 2,446,028 | 2,524,435 | 2,605,297 | 2,688,648 | 2,774,521 | 2,862,948 | 2,954,198 | 3,048,072 |
| | 00107 - Coastal Protection Structures - Roadin | 87,125 | - | 91,537 | 66,228 | 96,169 | 98,575 | 101,040 | 103,564 | 106,157 | 108,809 |
| | 00108 - Cycleways - Subsidised | 2,613,750 | 5,072,063 | 3,045,234 | 3,121,301 | 3,199,348 | 5,018,924 | 3,361,379 | 4,663,764 | 3,531,612 | 3,619,838 |
| | 00109 - Land for Roads | 512,500 | - | - | - | - | - | - | - | - | - |
| | 00111 - LCLR New Footpaths | 635,500 | 630,360 | 538,450 | 551,900 | 565,700 | 579,850 | 594,350 | 609,200 | 624,450 | 640,050 |
| | 00132 - Southern Entrance Intersection Improv | - | - | - | 758,442 | - | - | - | - | - | - |
| | 00140 - Transport Planning Studies & Strategi | 153,750 | - | - | - | - | 173,955 | - | - | - | - |
| | 00141 - Bus Shelters | 123,000 | 126,072 | 129,228 | 132,456 | 135,768 | 139,164 | 142,644 | 146,208 | 149,868 | 153,612 |
| | 00144 - Amenity Lighting | 92,250 | 94,554 | 96,921 | 99,342 | 101,826 | 104,373 | 106,983 | 109,656 | 112,401 | 115,209 |
| | 00145 - Subdivision Works Contribution | 56,375 | 57,783 | 59,230 | 60,709 | 62,227 | 63,784 | 65,379 | 67,012 | 68,690 | 70,406 |
| | 00153 - Lower James Street Upgrade | 392,780 | - | - | - | - | - | 118,870 | 121,840 | 624,450 | 384,030 |
| | 00154 - Urban Intersection Upgrades | 8,200,000 | - | 2,997,013 | 2,207,600 | 2,262,800 | - | - | - | 2,497,800 | 2,560,200 |
| | 00182 - Bus Terminal Development/Relocation | 327,580 | - | - | - | - | - | - | - | - | - |
| | 00183 - Ruakaka Beach Road Upgrade | - | - | - | - | 1,774,035 | - | - | - | - | - |
| | 00186 - McEwan Road Upgrade | - | - | - | - | 1,203,810 | - | - | - | - | - |
| | 00188 - One Tree Point Road Upgrade | - | - | - | - | 950,376 | - | - | - | - | - |
| | 00193 - Community Led Development | 320,268 | - | - | - | - | - | - | - | - | - |
| | 00256 - Bridge and Structural Renewals | 2,050,000 | 1,985,634 | 2,035,341 | 2,207,600 | 2,262,800 | 2,319,400 | 2,377,400 | 2,436,800 | 2,497,800 | 2,560,200 |
| | 00257 - LCLR Safety Improvements | 2,050,000 | 2,101,200 | 2,832,247 | 2,502,315 | 3,530,330 | 6,911,812 | 2,623,461 | 3,271,404 | 4,570,974 | 4,217,930 |
| | 00258 - LCLR Lighting Improvements | 235,750 | 241,638 | 247,687 | 220,760 | 226,280 | 231,940 | 237,740 | 243,680 | 249,780 | 256,020 |
| | 00259 - LCLR Resilience Projects | 1,025,000 | 1,050,600 | 1,615,350 | 1,655,700 | 1,697,100 | 1,739,550 | 1,783,050 | 1,827,600 | 1,873,350 | 1,920,150 |
| | 00260 - LCLR Subsidised Seal Extensions | 297,250 | 315,180 | 344,608 | 298,026 | 305,478 | 313,119 | 320,949 | 328,968 | 337,203 | 345,627 |
| | 00261 - LCLR PT Infrastructure | - | - | 1,830,730 | 1,103,800 | 678,840 | 313,119 | 1,188,700 | 1,218,400 | 1,248,900 | 1,280,100 |
| | 00262 - LCLR Major Bridge Repairs | 512,500 | 525,300 | 538,450 | 551,900 | 565,700 | - | - | - | - | - |
| | 00263 - Marsden Point Road Upgrade | - | - | - | - | - | - | 3,566,100 | 3,549,930 | - | - |
| 80016 - Roading Projects Total | | 36,485,128 | 29,599,691 | 34,458,956 | 34,108,482 | 38,852,862 | 37,925,614 | 37,215,710 | 40,055,951 | 40,606,257 | 41,260,827 |

| | | | | | | | | | | | |
|--|---|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
| 80023 - Community Safety and Protection | 00038 - CCTV Upgrades & Improvements | 133,250 | 157,590 | 161,535 | 165,570 | 169,710 | 173,955 | 178,305 | 182,760 | 187,335 | 192,015 |
| 80023 - Community Safety and Protection Total | | 133,250 | 157,590 | 161,535 | 165,570 | 169,710 | 173,955 | 178,305 | 182,760 | 187,335 | 192,015 |
| 80028 - Corporate Fleet | 00040 - Council Vehicle Replacements | 563,750 | 577,830 | 592,295 | 275,950 | 282,850 | 289,925 | 297,175 | 304,600 | 312,225 | 320,025 |
| 80028 - Corporate Fleet Total | | 563,750 | 577,830 | 592,295 | 275,950 | 282,850 | 289,925 | 297,175 | 304,600 | 312,225 | 320,025 |
| 80029 - Commercial Leases | 00042 - Parihaka Transmission Mast Upgrade | 935,825 | - | - | - | - | - | - | - | - | - |
| 80029 - Commercial Leases Total | | 935,825 | - | - | - | - | - | - | - | - | - |
| 80036 - Pensioner Housing | 00077 - Pensioner Housing Renewals & Improvements | 410,000 | 472,770 | 484,605 | 496,710 | 509,130 | 521,865 | 534,915 | 548,280 | 562,005 | 576,045 |
| 80036 - Pensioner Housing Total | | 410,000 | 472,770 | 484,605 | 496,710 | 509,130 | 521,865 | 534,915 | 548,280 | 562,005 | 576,045 |
| 80037 - Community Buildings and Spaces | 00076 - Community Buildings Renewals & Improvements | 666,250 | 42,024 | 43,076 | 44,152 | 45,256 | 81,179 | 95,096 | 97,472 | 124,890 | - |
| 80037 - Community Buildings and Spaces Total | | 666,250 | 42,024 | 43,076 | 44,152 | 45,256 | 81,179 | 95,096 | 97,472 | 124,890 | - |
| 80038 - Airport | 00137 - Airport Renewals & Improvements | 210,125 | 459,638 | - | - | - | - | - | - | - | - |
| 80038 - Airport Total | | 210,125 | 459,638 | - | - | - | - | - | - | - | - |
| 80045 - Village Planning | 00193 - Community Led Development | 107,625 | 183,855 | 242,303 | 248,355 | 113,140 | 115,970 | 59,435 | 60,920 | 62,445 | 108,809 |
| 80045 - Village Planning Total | | 107,625 | 183,855 | 242,303 | 248,355 | 113,140 | 115,970 | 59,435 | 60,920 | 62,445 | 108,809 |
| 80440 - Venue and Events Projects | 00046 - FN Venue - Furniture Upgrades | 30,750 | 31,518 | 32,307 | 33,114 | 33,942 | 34,791 | 35,661 | 36,552 | 37,467 | 38,403 |
| | 00114 - FN Venue - Theatre Technical Equipment | 102,500 | 63,036 | - | 44,152 | 67,884 | 69,582 | 71,322 | 73,104 | 74,934 | 76,806 |
| | 00115 - FN Venue - Health & Safety Upgrades | 30,750 | 31,518 | 32,307 | 33,114 | 33,942 | 34,791 | 35,661 | 36,552 | 37,467 | 38,403 |
| | 00116 - FN Venue - Entrance/ Lighting Enhancements | 20,500 | 21,012 | 21,538 | 22,076 | 22,628 | 23,194 | 23,774 | 24,368 | 24,978 | 25,602 |
| | 00118 - NEC - Floor Covering Renewals | - | 105,060 | - | - | - | - | - | - | - | - |
| | 00119 - Flags & Decorations | 133,250 | 36,771 | 37,692 | 38,633 | 39,599 | 40,590 | 41,605 | 42,644 | 43,712 | 44,804 |
| | 00194 - NEC Light Tower Renewals | - | 35,720 | 36,615 | 37,529 | 38,468 | 39,430 | 40,416 | 41,426 | 42,463 | 128,010 |
| | 00195 - NEC Field Renewals | 153,750 | 94,554 | 96,921 | 99,342 | 101,826 | 104,373 | 106,983 | 109,656 | 112,401 | 115,209 |
| | 00250 - Forum North Venue Renewals | - | 15,759 | 123,844 | 16,557 | 17,396 | 17,396 | 18,276 | 18,734 | 19,202 | - |
| | 00251 - NEC Building Upgrades | 102,500 | - | - | - | - | - | - | - | - | - |
| | 00252 - NEC Building Renewals | 20,500 | 173,349 | 5,406,038 | 22,076 | 22,628 | 23,194 | 23,774 | 24,368 | 24,978 | 25,602 |
| 80440 - Venue and Events Projects Total | | 594,500 | 608,297 | 5,787,261 | 346,593 | 377,888 | 387,340 | 397,026 | 406,946 | 417,133 | 512,040 |
| 81200 - Hikurangi Projects | 00224 - Gravity Drainage Gates | 84,050 | 114,515 | 117,382 | 120,314 | 123,323 | 126,407 | 129,568 | - | - | - |
| | 00225 - Pump Upgrades/Renewals | 205,000 | 210,120 | 215,380 | 220,760 | 226,280 | 231,940 | 237,740 | 243,680 | 249,780 | 256,020 |
| | 00226 - Level Sensor Renewals | 11,275 | 11,557 | 11,846 | 12,142 | 12,445 | 12,757 | 13,076 | 13,402 | 13,738 | 14,081 |
| | 00227 - Stop/Control Bank Renewals | - | 285,763 | - | - | - | - | - | - | - | - |
| 81200 - Hikurangi Projects Total | | 300,325 | 621,955 | 344,608 | 353,216 | 362,048 | 371,104 | 380,384 | 257,082 | 263,518 | 270,101 |
| 83200 - Stormwater Projects | 00120 - Stormwater Catchment Management | 51,250 | 341,445 | 226,149 | 231,798 | 237,594 | 243,537 | 249,627 | 109,656 | 112,401 | 115,209 |
| | 00219 - Stormwater Upgrades | - | 384,520 | 461,990 | 752,792 | 537,415 | 844,262 | 571,765 | 589,706 | 608,214 | 627,249 |
| | 00220 - Stormwater Renewals | 1,332,500 | 1,347,920 | 1,311,664 | 2,190,569 | 3,131,715 | 3,210,050 | 3,385,418 | 3,470,003 | 3,556,867 | 3,543,317 |
| | 00222 - Blue/Green Network | 164,000 | 544,211 | 557,834 | 516,578 | 575,600 | 589,997 | 699,847 | 717,333 | 735,290 | 651,251 |
| 83200 - Stormwater Projects Total | | 1,547,750 | 2,618,095 | 2,557,638 | 3,691,737 | 4,482,324 | 4,887,846 | 4,906,656 | 4,886,698 | 5,012,772 | 4,937,026 |
| 84400 - Water Projects | 00051 - Reservoir Rehabilitation - Programme | - | 136,578 | 678,447 | 44,152 | 164,053 | 40,590 | 59,435 | - | - | - |
| | 00052 - Reticulation - Programmed Work | 1,720,514 | 2,416,380 | 4,961,426 | 4,139,250 | 3,903,330 | 4,986,710 | 5,408,585 | 3,716,120 | 6,119,610 | 3,840,300 |
| | 00053 - Minor Projects - Emergency Works | 307,500 | 315,180 | 323,070 | 331,140 | 339,420 | 347,910 | 356,610 | 365,520 | 374,670 | 384,030 |
| | 00054 - Water Meter Renewals | 358,750 | 367,710 | 376,915 | 386,330 | 395,990 | 405,895 | 416,045 | 426,440 | 437,115 | 448,035 |
| | 00056 - Water Treatment Plant & Equipment Renewals | 512,500 | 525,300 | 538,450 | 551,900 | 565,700 | 579,850 | 594,350 | 609,200 | 624,450 | 640,050 |
| | 00068 - Treatment Plant Upgrades | 256,250 | 262,650 | - | - | - | - | - | - | - | - |
| | 00197 - Treatment Plant Renewals | - | - | - | - | - | 231,940 | 2,139,660 | - | - | - |
| | 00202 - Three Mile Bush Reservoir Additional Capacity | 615,000 | 1,050,600 | 1,076,900 | - | - | - | - | - | - | - |
| | 00203 - Waipu Water Reticulation | - | - | - | - | - | 231,940 | 1,426,440 | - | - | - |
| | 00204 - Fairway Reservoir Renewal | - | - | - | - | - | - | - | - | - | 256,020 |
| | 00205 - Waipu Reservoir Additional Capacity | - | - | 107,690 | 1,103,800 | - | - | - | - | - | - |
| | 00206 - Kamo Reservoir Additional Capacity | 205,000 | 210,120 | 1,184,590 | 1,457,016 | - | - | - | - | - | - |
| | 00207 - Maungakareme Reservoir Additional Capacity | 205,000 | - | - | - | - | - | - | - | - | 1,024,080 |
| | 00210 - Whau Valley Dam Chimney Drain | - | - | - | - | 282,850 | 2,551,340 | - | - | - | - |
| | 00265 - Accelerated Renewals (3 Waters) | 61,500 | - | - | - | - | - | - | - | - | - |
| | 00267 - Capital Projects (3 Waters) | 2,895,625 | - | - | - | - | - | - | - | - | - |
| 84400 - Water Projects Total | | 7,137,639 | 5,284,518 | 9,247,488 | 8,013,588 | 5,651,343 | 9,376,175 | 10,401,125 | 5,117,280 | 7,555,845 | 6,592,515 |
| 85800 - Solid Waste Projects | 00127 - Public Toilets | 256,250 | 262,650 | 53,845 | 55,190 | 282,850 | 57,985 | 59,435 | 304,600 | 62,445 | 64,005 |
| | 00180 - Transfer Station Renewals | 51,250 | 52,530 | 53,845 | 55,190 | 56,570 | 57,985 | 59,435 | 60,920 | 62,445 | 64,005 |
| 85800 - Solid Waste Projects Total | | 307,500 | 315,180 | 107,690 | 110,380 | 339,420 | 115,970 | 118,870 | 365,520 | 124,890 | 128,010 |
| 87002 - Civil Defence Operations | 00062 - Tsunami Signage | 27,675 | 10,506 | 29,076 | 6,623 | 14,708 | 6,958 | 36,850 | 7,310 | 19,982 | 12,801 |
| | 00066 - Civil Defence Emergency Management | - | - | 6,461 | - | - | 6,958 | - | - | 12,489 | - |
| | 00067 - Civil Defence Emergency Management | 5,125 | 6,304 | 30,153 | 6,623 | 6,788 | 35,951 | 7,132 | 7,310 | 38,716 | 7,681 |
| | 00124 - Tsunami Sirens Renewals | 151,325 | 65,137 | 135,689 | 22,076 | 22,628 | 24,354 | 24,963 | 25,586 | 26,227 | 26,882 |
| 87002 - Civil Defence Operations Total | | 184,125 | 81,947 | 201,380 | 35,322 | 44,125 | 74,221 | 68,945 | 40,207 | 97,414 | 47,364 |
| 87100 - Planning & Capital Projects | 00050 - New Airport Evaluation | - | 105,060 | 538,450 | 2,207,600 | - | - | - | - | - | - |
| | 00174 - Whangarei City Centre Plan Implementation | 205,000 | 210,120 | 5,061,430 | 5,739,760 | 3,394,200 | 173,955 | 1,783,050 | 182,760 | 1,873,350 | 1,280,100 |
| 87100 - Planning & Capital Projects Total | | 205,000 | 315,180 | 5,599,880 | 7,947,360 | 3,394,200 | 173,955 | 1,783,050 | 182,760 | 1,873,350 | 1,280,100 |
| 88400 - Wastewater Projects | 00070 - Wastewater Assessment | - | 105,060 | - | - | - | - | - | - | - | - |
| | 00126 - Laboratory Equipment Renewals & Upgrades | 16,400 | 16,810 | 17,230 | 17,661 | 18,102 | 284,127 | 19,019 | 19,494 | 19,982 | 20,482 |
| | 00212 - Wastewater Treatment Plant Upgrade | 235,750 | 299,421 | 767,830 | 480,153 | 425,406 | 115,970 | - | 670,120 | 4,516,022 | 7,040,550 |
| | 00213 - Wastewater Treatment Plant Renewals | 578,100 | 634,562 | 2,963,629 | 501,125 | 531,758 | 932,399 | 1,885,278 | 674,994 | 586,983 | 901,190 |
| | 00214 - Wastewater Pump Station Renewals | 153,750 | 313,079 | 269,225 | 331,140 | 452,560 | 579,850 | 594,350 | 609,200 | 624,450 | 640,050 |
| | 00215 - Wastewater Pump Station Remote Monitoring | 102,500 | 630,360 | 376,915 | 386,330 | - | - | - | - | - | - |
| | 00216 - Wastewater Reticulation Upgrade | 20,500 | 21,012 | 21,538 | 22,076 | 22,628 | 23,194 | 23,774 | 24,368 | 24,978 | 25,602 |

| | | | | | | | | | | | |
|--|--|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| | 00217 - Sewer Network Upgrades | 4,521,275 | 1,891,080 | 2,146,262 | 5,601,785 | 4,446,402 | 2,319,400 | 2,377,400 | 2,657,330 | 975,391 | 999,758 |
| | 00218 - Sewer Network Renewal | 1,025,000 | 1,155,660 | 1,184,590 | 1,324,560 | 2,375,940 | 2,551,340 | 2,615,140 | 3,655,200 | 3,746,700 | 3,840,300 |
| | 00267 - Capital Projects (3 Waters) | 825,125 | - | - | - | - | - | - | - | - | - |
| | 00268 - Data and Technology Systems (3 Waters) | 256,250 | - | - | - | - | - | - | - | - | - |
| 88400 - Wastewater Projects Total | | 7,734,650 | 5,067,044 | 7,747,219 | 8,664,830 | 8,272,797 | 6,806,279 | 7,514,961 | 8,310,706 | 10,494,507 | 13,467,932 |
| BAU Total | | 72,436,235 | 59,190,951 | 76,240,512 | 74,554,822 | 75,175,554 | 72,432,885 | 72,570,003 | 68,457,653 | 76,503,603 | 81,083,828 |
| One Off Projects | | | | | | | | | | | |
| 44400 - Parks & Recreation Projects | 00175 - Cemetery Land Purchases | - | 598,842 | 969,210 | - | - | - | - | - | - | - |
| | 00177 - Sportsfields Land Purchases | - | - | - | - | - | - | 5,943,500 | 6,092,000 | 6,244,500 | - |
| 44400 - Parks & Recreation Projects Total | | - | 598,842 | 969,210 | - | - | - | 5,943,500 | 6,092,000 | 6,244,500 | - |
| 50008 - Business Support Projects | 00190 - Civic Centre | 27,512,860 | 6,396,020 | - | - | - | - | - | - | - | - |
| 50008 - Business Support Projects Total | | 27,512,860 | 6,396,020 | - | - | - | - | - | - | - | - |
| 52000 - Animal Management Projects | 00150 - Dog Pound Renewals | 3,587,500 | 2,101,200 | - | - | - | - | - | - | - | - |
| 52000 - Animal Management Projects Total | | 3,587,500 | 2,101,200 | - | - | - | - | - | - | - | - |
| 80016 - Roading Projects | 00023 - Seal Extensions - Unsubsidised | 2,921,250 | 2,994,210 | 3,069,165 | 5,353,430 | 5,487,290 | 5,624,545 | 5,765,195 | 8,346,040 | 8,554,965 | 8,768,685 |
| | 00187 - Riverside Drive/Onerahi Road Upgrade | - | - | - | 3,311,400 | 5,657,000 | 9,277,600 | 9,925,645 | 1,157,480 | - | - |
| | 00243 - Springs Flat Roundabout | - | - | 4,482,090 | - | - | - | - | - | - | - |
| 80016 - Roading Projects Total | | 2,921,250 | 2,994,210 | 7,551,255 | 8,664,830 | 11,144,290 | 14,902,145 | 15,690,840 | 9,503,520 | 8,554,965 | 8,768,685 |
| 80029 - Commercial Leases | 00164 - Property Purchases | 3,075,000 | 3,151,800 | 4,307,600 | - | - | - | - | - | - | - |
| 80029 - Commercial Leases Total | | 3,075,000 | 3,151,800 | 4,307,600 | - | - | - | - | - | - | - |
| 80046 - Community Development Projects | 00189 - New Theatre | 12,095,000 | 38,872,200 | 45,940,554 | - | - | - | - | - | - | - |
| 80046 - Community Development Projects Total | | 12,095,000 | 38,872,200 | 45,940,554 | - | - | - | - | - | - | - |
| 80440 - Venue and Events Projects | 00189 - New Theatre | - | - | - | - | - | 6,102,921 | 6,255,534 | - | - | - |
| 80440 - Venue and Events Projects Total | | - | - | - | - | - | 6,102,921 | 6,255,534 | - | - | - |
| 84400 - Water Projects | 00198 - Wairua River Source & Treatment | - | 4,727,700 | 17,230,400 | 4,967,100 | - | - | - | - | - | - |
| | 00202 - Three Mile Bush Reservoir Additional | 410,000 | - | - | - | - | - | - | - | - | - |
| 84400 - Water Projects Total | | 410,000 | 4,727,700 | 17,230,400 | 4,967,100 | - | - | - | - | - | - |
| 87002 - Civil Defence Operations | 00063 - Emergency Operations Centre - New | - | 525,300 | 4,846,050 | - | - | - | - | - | - | - |
| 87002 - Civil Defence Operations Total | | - | 525,300 | 4,846,050 | - | - | - | - | - | - | - |
| 88400 - Wastewater Projects | 00212 - Wastewater Treatment Plant Upgrade | - | 1,823,842 | 2,924,860 | 3,973,680 | - | - | - | - | - | - |
| 88400 - Wastewater Projects Total | | - | 1,823,842 | 2,924,860 | 3,973,680 | - | - | - | - | - | - |
| One Off Projects Total | | 49,601,610 | 61,191,114 | 83,769,930 | 17,605,610 | 11,144,290 | 21,005,066 | 27,889,874 | 15,595,520 | 14,799,465 | 8,768,685 |
| Grand Total | | 122,037,846 | 120,382,065 | 160,010,441 | 92,160,432 | 86,319,844 | 93,437,951 | 100,459,877 | 84,053,173 | 91,303,068 | 89,852,513 |

Council Grant to Hihiaua Cultural Centre

5,253,000

Long Term Plan 2021-31 Consultation Document
Whangarei District Council

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A lot has happened since we last connected on our 10-year plan for Whangarei in 2018.

It's now time for recovery and reset.

This is your chance to help shape our future.

www.wdc.govt.nz/haveyoursay

Contents

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From then to now

2018. Our last Long Term Plan.

- Finished \$6.6m LED street light upgrade
- Upgraded central city intersections (Porowini/Tarawera Rd and Porowini/Maunu Rd)
- Increased funding for community-led projects across our District
- Provided more walking and cycling options with our Kamo Shared Path
- Created a new 272-space car park at Pohe Island
- Sports facility upgrades at Ruakaka, Otaika, and Otangarei
- Playground renewals at Nixon Street, Jeeves Park, Hikurangi, and Reotahi
- Adopted He Rautaki Toi a Rohe o Whangarei – our strategy for arts, culture and heritage
- Completed Stage 2 Hikurangi sewer network upgrade
- Made improvements to kerbside recycling with our new ‘blue bins’
- New Potter Park opened
- City Core Precinct Plan and Corporate Sustainability Strategy adopted
- 192km resurfacing and rehabilitation of sealed road network
- Realignment and safety works at Vinegar Hill
- Drought reliance works, including new Hatea pumping watermain
- \$3 million COVID-19 relief package to ratepayers, community groups and businesses
- Began construction of a new Civic Centre
- Started on a new Town Basin Park
- Construction of the new Whau Valley Water Treatment Plant

2021. Time to build the next 10-year plan. Our focus is on building a plan that enables our District to recover and reset – creating a more inclusive, resilient and sustainable Whangarei.

Our vision:

An inclusive, resilient and sustainable District.

Our community outcomes

Everything that Council does is guided by our four Community Outcomes – based on what our community tells us is most important to them:

EFFICIENT AND RESILIENT CORE SERVICES

- It is easy and safe for everyone to travel around the District
- There are opportunities to walk and cycle
- The District is well prepared for growth and can adapt to change
- Services are supplied in ways that benefit the environment.

POSITIVE ABOUT THE FUTURE

- The District has productive land, people and a thriving city centre
- There is a fair urban/rural balance
- Council has clear, simple documents and rules
- The District embraces new technology and opportunities.

CARING FOR THE ENVIRONMENT

- Communities work to keep the environment clean and healthy
- Access to the coast is protected
- Open spaces in parks and streets are places where nature thrives
- The District is positively adapting to climate change.

PROUD TO BE LOCAL

- The District is neat, tidy and looks attractive
- Public areas feel and are safe
- There is always something to do and see
- There are opportunities for people of all abilities, ages and life stages to be active
- All of our cultures are valued and celebrated

Help shape Whangarei's reset

One year on from the arrival of COVID-19, we are living through some interesting times. Not much can be predicted, but we still need to plan. Your consideration of our key issues and challenges, and your input into this plan, is now more important than ever.

In less eventful times, our Long Term Plan sets our direction for the next 10 years. Our current plan does the same – but within the context of navigating COVID, an economic recovery, and a reset towards a stronger, more inclusive and resilient Whangarei.

Despite the pandemic, or perhaps because of it, we are still a growing District. This means our priorities remain the same:

- improving our roads and other ways of getting around
- preparing for climate change and focusing on sustainability
- revitalising our city centre
- taking a supporting role to central government on housing
- advocating for future opportunities – like Northport expansion, or Navy relocation.

There's a combination of forces at play right now that are enabling our District's reset. Some central government funding will drive projects that will support our recovery; but alongside this, there is also appetite for new thinking and approaches to solve longstanding challenges.

In this proposed plan, we raise ideas and options that we believe will take us forward. Nearly all these options come with trade-offs. We can't afford to do everything on the wish list – and what we have included in the budget needs to be paid for.

This plan proposes a one-off larger rates increase of 6.5% in the 2021-22 financial year to cover the shortfall from our smaller rates increase in the prior financial year. This is not something we take lightly; we are putting this forward to you as the best option for funding what's needed for our growing District.

We want to be sustainable – both for our environment and communities, and more inclusive to ensure all who live here see the benefits. This Long Term Plan is about providing infrastructure and services to make our place, community and economy more resilient.

This is your time to help shape this reset. Please have your say.

Where we are today

It's been a bumpy ride since we worked with you on our last Long Term Plan back in 2018.

Pre-pandemic, our focus was on keeping ahead of growth. We were busy investing in infrastructure to accommodate our growing population and delivering on our promises to our community.

COVID-19 then hit, and things became a bit shaky.

A year on, we have regained momentum. The effects of COVID-19 are still being felt by many, but many of the wider impacts have been different to what we all expected:

- Whangarei has seen sustained growth throughout COVID-19. Many of the things that attract people north (like more affordable housing than available in main centres and better lifestyle) have still held their appeal.
- Our local tourism market is primarily domestic, which means we've been less affected than other parts of New Zealand.
- The impacts on employment and house prices haven't been as expected. House prices have continued to rise – putting even more pressure on housing.

We take heart in the fact that some things haven't been as bad as predicted; at the same time, we know things could change quickly. We also know that parts of our community are still dealing with the impacts of COVID-19 and will continue to do so for some time yet.

We are realistic about what lies ahead and have a plan to navigate the best and the worst of times.

Our District needs to plan for future COVID-19 resurgences and stay focused on building resiliency throughout our recovery.

With careful optimism, we are taking this opportunity to develop a 10-year plan that enables our District to recover and reset – building a more inclusive, resilient and sustainable Whangarei for all of us to live in and enjoy.

Our most important needs haven't changed

While a lot has changed, there are some things that remain just as important as ever. Many of these came through your feedback last year as part of our Annual Plan consultation:

We need to get the basics right for Whangarei. This means continuing to look after and invest in key infrastructure like our roads, pipes, and community spaces.

We need to stay future focused. Growth has been sustained and we need to keep ahead of this. Whangarei is not far off hitting a population of 100,000 – and we are expected to grow

to about 115,000 people by 2031. We need to ensure our infrastructure, facilities and services can cater to a growing District.

We need to meet changing expectations. We all want to see Whangarei thrive. Expectations around what people want to see and experience in Whangarei have increased – but to do more, we need to spend more. This includes spending money on things like the effects of climate change, improving our roads, and revitalising our CBD.

Housing remains a challenge. Just like the rest of New Zealand, housing is a key issue for us. We have enough land and infrastructure to meet future demands for housing. But we have a limited choice of housing options and affordability is a severe issue. With most of the housing decisions made at the central government level, we have a supporting role to play here. We'll talk more about later.

Preparing for future Covid-19 resurgences

The uncertainty of a pandemic means that we need to plan for the possibility of future COVID-19 resurgences and lockdowns.

Should our District go into lockdown again, we would do what we can to support our community and manage expenses by cutting our cloth to fit.

See www.wdc.govt.nz/covid for more details.

Your aspirations for Whangarei

Council's job is to take on board the things our community want and expect from us – like providing services and managing infrastructure (things like roads, parks, playgrounds and water pipes).

We hear this feedback in a variety of ways, through formal consultations and engagement, public meetings, online, or the conversations you have with your elected members.

Raising the bar

Based on feedback from our community, Council identified a set of priorities to deliver improvements on:

- **Transport** (roading, public transport and other ways of getting around)
- **Revitalising our city centre** (creating quality public spaces for people to enjoy shopping, eating out, working and living in the central city)
- **Sustainability** (including waste minimisation and responding to climate change).

You will see these priorities woven through this proposed Long Term Plan.

Council has also identified two other key priorities:

- **Potential Northport expansion and/or Navy relocation**
- **Housing**

At this time, housing and any potential opportunities like Northport expansion or Navy relocation are things that we can continue to strongly advocate for on behalf of our District. While not explicitly included in our proposed Long Term Plan, we will continue to plan for growth while decisions are made by central government.

Pensioner housing

Although the response to New Zealand's housing challenge is being led by central government, Council does play a supporting role in a non-financial partnership capacity.

We offer pensioner housing, which provides safe, affordable and age-friendly units for independently living retirees in our District. This LTP has budget allocated to the ongoing maintenance and refurbishment of these units.

When building this plan, we went through a tough process of allocating spending against each of our key priorities. Due to some pressing needs for increased spending on other priorities (like roading), we haven't included funding for increased pensioner housing stock in this plan. This is something that we will continue to assess in future years.

Do you think we've got this right? Please let us know your thoughts in the feedback section.

Biting off more than we can chew?

This is an ambitious plan. There's a lot in here that we want to make happen for Whangarei – especially with our roads and other ways of getting around.

We will all benefit from these projects in the long term – and in the short-term, these projects will create jobs, provide certainty for the construction sector, and help keep money flowing through our local economy.

As a District, this plan also allows us to benefit from Government funding through COVID-19 response programmes like the Crown Infrastructure Partners (CIP) programme for 'shovel ready' projects. This will help us deliver things like the re-roofing of the Ruakaka Recreation Centre, and the expansion and upgrade of Port Rd.

Things that might slow us down

There are a few constraints that we need to work around – things like the capacity of local contractors to do the work, the availability of central government funding for projects and resourcing of our Council workforce.

Potential local government reform

There are also uncertainties that all Councils are dealing with right now around potential changes to the Resource Management Act, or the Three Waters Reform for the management of drinking water, stormwater and wastewater. We are actively involved in these processes and are doing our best to ensure the right outcomes are achieved for Northland.

Financial constraints

There are also financial constraints too – we talk some more about these in the next section.

At the end of the day, we think it's important to aim high. We'll do our very best to deliver as much as we possibly can for our District.

Making it easier to get around

One of the things we are doing differently in this LTP is significantly boosting the budget for transportation infrastructure – making more money available for improvements to roads, sealing of rural roads and walkway and cycleways.

Spending on transport infrastructure is a major component of this budget, and a high proportion of this will benefit our rural roads. We see this as an important way that we can better meet the needs of our rural communities.

Some of these transport infrastructure improvements include:

- A \$47 million increase in road sealing over the ten years of the plan.
- Four-laning of Riverside and Onerahi Roads
- New and extended cycleways and shared paths in Kamo, Bream Bay and the central city.

You can read more about our other upcoming projects a little further on.

Tell us what you think

Do we have these priorities right? Are we on the right track?

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How will we pay for what Whangarei needs?

When COVID-19 hit last year, we decreased our planned rates rise to inflation only (2.2%) to take some pressure off families and businesses.

A smaller rate increase provided some relief over the COVID-19 lockdown, but sustained growth throughout COVID-19 has put pressure on our ability to keep delivering the things our growing District needs.

With a need to keep maintaining and investing in core infrastructure, prepare for future growth and deliver projects for our community, we are proposing a one-off rates 'catch up'.

This would mean an additional 2% increase for 2021-2022 to make up for the previous year's smaller rates increase.

This will allow us to maintain our current service delivery and allow us to invest what's needed to make Whangarei an even better place to live, work and play.

Our preferred option

For this LTP we propose sticking with a 2% annual rates rise, plus Local Government Cost Index (LGCI). For Year 1 only (2021-2022) we are also proposing adding an extra 2% to make up for the smaller rates rise last year.

For 2021-2022, this would look like:

Overall rates increase of 2%

&

2.5% LGCI

&

2% 'catch up' to make up for the smaller than planned rates increase in 2020-2021.

= **6.5%** for Whangarei's average residential property.

For every other year of this Long Term Plan:

Overall rates increase of 2% (in line with previous years) & LGCI = **4.5%**

What is LGCI?

You might be familiar with the Consumer Price Index (CPI), which is a method used for calculating how the buying power of the average consumer's dollar has changed over time. The CPI is based on common items such as food and housing.

As we do not buy the same items as the general consumer, most local authorities use the Local Government Cost Index (LGCI). Similar to CPI, it measures the buying power of Council, e.g. oil prices, infrastructure construction costs.

LGCI is forecast to increase at approximately an average of 2.5% per annum.

Another option

Another option would be to limit the rates increase to LGCI plus 2% only. If we choose not to do a 'rates catch up' in 2021-2022 we will need to make cost reductions. These will impact the delivery of services and projects. It will also mean we'll remain behind in future years until a catch up is undertaken.

Changes to water rates

Our proposed plan is to limit the water rates increase within this LTP to inflation only. A water rates increase is necessary to start building our funding to enable us to support proposed expenditure for this activity over the term of the plan. The funding of our water serviced will be re-assessed as part of the upcoming Three Waters reform.

| Proposed water rate increases | |
|-------------------------------|-----------------------|
| Years 1-10 | Inflation only (LGCI) |

The targeted rate for wastewater is proposed to increase by inflation each year, as well as an extra 4% in Year 1 (this includes a COVID-19 'catch-up' of 2%), an extra 2% in Years 2 and 3 and no additional increases in Years 4 to 10. This will provide enough investment for good management of our existing wastewater infrastructure, as well as future proofing for growth.

| Proposed wastewater rate increases | |
|------------------------------------|---|
| Year 1 | Inflation (LGCI) + 2% + one-off 2% COVID catch up |
| Year 2 | Inflation (LGCI) + 2% |
| Year 3 | Inflation (LGCI) + 2% |
| Years 4-10 | Inflation only (LGCI) |

What we'll need to borrow

We borrow money to pay for significant assets that last for many years, just like Te Matau a Pohe, which will soon future proof our town water supply for many years to come. If these assets were paid for solely from the rates collected that year, today's ratepayers would be paying the entire cost of assets that our future ratepayers would use in the years ahead.

The way around this is to use debt to fund assets, which allows us to share the assets cost between all users with future users repaying that debt. In other words, all the people using an asset end up paying for it over its lifetime. Spreading of costs over multiple years is known as 'inter-generational equity' and is standard practice throughout the local government sector.

Government funding

Continuing to deliver the projects our community have requested is important to our residents, and our economic recovery.

Investment in projects will help keep Northlanders in jobs, while providing important improvements to our place that we'll all benefit from.

We have applied for a significant amount of government funding, especially for transportation projects like road improvements or shared paths and cycleways. If we are not successful in securing all funding, our options are to cover the shortfall with debt, or in some cases, remove the project from our capital works programme.

Even with extra borrowing, our overall debt levels will still sit comfortably within our limits and will be smaller than many other high growth districts around New Zealand.

We are proposing borrowing more

The amount of debt in this year's proposed Long Term Plan is higher than what we had in our last one. This comes back to working towards our shared aspirations for our place. We have seen the impacts of underinvestment in our District, and we don't want to leave problems for future generations to solve. We have strong financial management and forward vision – this means we can take sensible steps now to keep ahead of the growth in a considered and managed way.

Keen to find out more?

For more information on our 10-year budget, including all our funding sources, take a look at the Financial Strategy and Revenue and Financing Policy on our website.

The other big issues

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A space to come together in

Along with things like roads and pipes, we also need to invest in community facilities that bring us together, celebrate our arts, culture and heritage, and attract performers and events to our District.

Investing in these spaces also provides extra momentum with our economic recovery – creating jobs from construction and ongoing employment opportunities. New community facilities will also be great for our central city area – bringing more people, fun, and events to Whangarei.

We need to be mindful of our size

Several options have been tabled over the last few years, and all have something great to offer – but in deciding what to move ahead with, we need to keep in mind the size of our population, and our capacity to fill multiple new venues. We're a growing District, but we need to be careful not to invest in too many venues too quickly for a city of our size.

Here's the journey so far:

Infographic:

- \$10 million of funding for a theatre allocated in the 2018 LTP. This is yet to be spent.
- Opening of the unique and iconic Hihiaua Cultural Centre in 2019, which was supported in part by Council.
- In 2020, Forum North Trust presented an option to redevelop Forum North.
- Late 2020, the Government offered \$60m to help build the Oruku Landing Conference Centre.

What next?

Our preferred option

Our preferred option is to allocate budget to the Oruku Landing conference centre, Hihiaua Cultural Centre and improvements to existing facilities at Forum North as outlined below. This would not include building a full new theatre complex at Forum North.

Oruku Landing conference and events centre

The Government has offered \$60 million from the Covid Response and Recovery Fund to build the Oruku Landing conference and events centre on Riverside Drive. The funding will be overseen by Crown Infrastructure Partners (CIP).

The multipurpose centre would be available for functions, community events and theatre. There are also plans for a waterfront boardwalk, bridge and ferry terminal.

[Add in role of Council once confirmed].

We think that a \$60m investment in our District is too good an offer to turn down. Many of us will benefit from the conference and events centre, and there's a good chance that having a world-class conference facility in Whangarei will also help attract investment in a large four-star hotel, which would be a major win for our District.

Hihiaua Cultural Centre

Alongside the \$17.6m in funding for Oruku, we also propose to provide \$5 million to Hihiaua Cultural Centre to support its continued development as a community landing space and a unique centre of Maori arts and cultural excellence. Stage 2 of this development includes an indoor/outdoor performance stage, conference centre and theatre, and an exhibition hall.

Forum North improvements

We also intend to make improvements to the existing facilities at Forum North in the later stages of this Long Term Plan. The plan currently includes \$12 million for these upgrades.

Another option

Another option would be to only put budget towards ONE of the following:

- Oruku Landing Conference and Events Centre
- Hihiaua Cultural Centre
- Improvements to existing facilities at Forum North

An alternative option (but not our preferred option)

Either Council or the Forum North Trust could build a new 800-1000 seat theatre on the current Forum North site once the Council offices have moved to the new Civic Centre (scheduled for 2022). This would involve demolishing the existing 'engineering block' where Council offices are located and building a new theatre, which would sit alongside an upgraded Capitaine Bougainville Theatre and Cafler Suite.

This option would include developing capacity to build a local theatre programme, alongside hosting visiting shows.

What would it cost?

Construction of the new theatre would be debt-funded. Once built, there would be depreciation and an additional annual \$1 million in operating expense that would be funded through rates. This money would enable the theatre to curate its own productions.

Climate change

The effects of climate change are being felt across the country. Our communities are already experiencing real changes with things like sea level rise and flooding.

As a Council we have a role to play in planning for and managing the impacts of climate change on the things we value, and to help local communities to become more resilient.

This is a new and challenging space for councils and communities and more work is needed to understand the risks and impacts.

Here's the journey so far:

Infographic:

- 2018 Council calls for a formal position on climate change.
- 2019 Council sets decision-making framework and actions as part of the Sustainability Strategy.
- 2019 Whangarei District Council declares a climate change emergency.
- 2019 Council joined the Te Tai Tokerau Climate Change Action Group, which has committed to a set of actions we can all take to slow down and ultimately reverse global warming.
- 2020 Council starts developing a Climate Action Plan for Whangarei.

What next?

Our preferred option

Put \$3.7m of new funding towards risk assessments to help manage risks from climate change – things like sea level rise, drought and flooding. The funding will also be used to support waste minimisation improvements (including waste minimisation education, and an additional Council resource to progress our waste minimisation programme). This will allow us to make a good start on this important work, without impacting other programmes of work to maintain and improve core infrastructure.

Another option

We could put more budget towards funding the risk assessments and waste minimisation to increase our sustainability work programme.

Revitalising our city centre

We have some big plans to bring to new life our city centre. We want to:

- build better connections from the CBD to our waterfront
- make pedestrians the priority on John and James Streets
- create streets where people live, work and play.

This work is just one part of a bigger vision, which aims to provide an attractive and supportive city centre for residents, businesses, employees and visitors. Read more about it at

www.wdc.govt.nz/citycore

Here's the journey so far:

Infographic:

- A shared strategic vision was set in the Whangarei City Centre Plan back in 2018.
- Next came more detailed planning around the revitalisation and rejuvenation of the city centre with our award-winning City Core Plan in 2019.
- In 2020 Council supported the Complete Streets Masterplan. This includes two key projects prioritised by Council: improvements to James Street and John Street.

What next?

Our preferred option

We propose spending \$13 million to make improvements to James and John St. This would include:

- New generous footpaths, major native planting work with individual trees and raingardens to provide for stormwater treatment.
- Restricted vehicle access to put people before cars.
- New street lighting and street furniture.
- Changes to make it a space that works for outdoor dining, markets and other events and activities.

These streets would provide a much needed connection to the waterfront and be spaces that can easily come alive in a variety of ways – including better dining areas and markets, and a better mix of residential and commercial properties.

Another option

Expand the scope of the work to include make similar improvements to Cameron or Robert St, along with James and John Street. This would need to be funded by removing or delaying another project in our current capital works programme.

What else do we have planned?

More money for sealing gravel roads

We are supporting our rural communities with an increase of \$47 million for sealing gravel roads. We are wanting to increase our level of service in this area, and better meet the expectations of our communities.

More cycleways and shared paths

More work on the Kamo Shared Path, and new cycleways in Bream Bay (Waipu to Waipu Cove), and the city centre.

Riverside Drive improvements

We've allocated close to \$30 million to four laning of Riverside Drive and Onerahi Road.

Civic Centre

Construction of a new Civic building, which will provide a welcoming, inclusive and easily accessible customer experience for Whangarei residents.

Increased funding for community grants

We've increased funding for community grants. And we've maintained funding for Community Led Projects in Maungatapere, Onerahi, Otaika, Raumanga, and Waipu.

Future proofing our water supply – Poroti Water Treatment Plant

As part of our drought resiliency work, we will be investing in a full upgrade of the Poroti Water Treatment Plant, as well as an intake and raw water pipeline from the river.

New airport

Concern surrounding our current airport's ability to meet the District's medium to long-term aviation requirements have not changed. We will continue to progress confirming a new airport location and the planning and consenting required for the new site. Operations from a new airport are likely to be outside the next 10-year window.

Town Basin park

The new Town Basin park will create a new green space on the river's edge that will provide a hub for activities, social interaction and events and provide a key link between the Town Basin, Hatea Loop and city centre.

Pohu Island development

We have recently built two new car parks in this area, and future projects include a destination playground, public toilets, waterfront area, bike hub, youth zone / skate park upgrade, marine hub area and various connecting paths.

Playground renewals

To come from Sue

Animal shelter

Council will be constructing a new dog pound facility, which will meet all regulatory requirements, provide a secure, safe and friendly environment and meet the additional demands which will be placed on this facility as the population grows.

Emergency Operations Centre

The Emergency Operations Centre is a joint-agency project with other Northland Councils. It will provide greater capacity for Northland to respond to any major emergency events, like tsunami or floods.

Walking tracks

To come from Sue

Sportsfields

To come from Sue

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Other changes to our rates, remissions and financial policies

We are also taking this opportunity to make some adjustments to our rates to make things simpler and fairer.

Removal of the early payment discount

The current economic climate has seen interest rates significantly decrease. This has increased the cost of Council offering its 2% discount for early payment of rates. This cost has now risen to just over \$330,000 this year, which is shared by all ratepayers. To make things fairer for all, we are discontinuing the discount for early repayment of rates until interest rates rise.

Combination of the Uniform Annual General Charge (UAGC) and District-Wide Refuse Rate

The Uniform Annual General Charge (UAGC) and District-Wide Refuse Rate are charged on the same basis. To make things simpler on our rates assessment notice, and reduce the Council administration required in processing these, we have combined the Uniform Annual General Charge and District-Wide Refuse Rate. This has no impact on the amount ratepayers are charged.

Other changes and adjustments

The full list of changes to our rates and remissions are available in the Finance and Revenue Policy, Funding Impact Statements and the Rates Remission and Postponement Policy.

These include changes to:

- Qualifying residential properties, excluding properties with multiple households
- Remission for multiple Separately Used or Inhabited Parts of a Rating Unit, for some ratepayers where the rates burden is inequitable
- Road sealing targeted rates for residents involved in Council's programme of seal extensions
- Sector splits to fund our District fairly across sectors.

We have also made changes to our property reserve fund – more details about this change are available in the Finance Strategy.

[Will also need to update on new CCO – details to be confirmed]

Audit

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Have your say

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