

Council Briefing Agenda

Date: 29 September, 2021

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. LTP Amendment – Review Draft Consultation Document and Supporting Documents

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3. Closure of Meeting

2.1 Long Term Plan 2021-2031 Amendment: Review draft Consultation Document & Supporting Documents

Meeting: Council Briefing
Date of meeting: 29 September 2021
Reporting officer: Rāmari Jackson-Paniora (General Manager, Strategy and Democracy)

1 Purpose

To present and discuss the draft Consultation Document and supporting documents for the proposed Long Term Plan (LTP) 2021–2031 Amendment for Oruku Landing Conference and Multi-Event Centre prior to formal audit by Audit New Zealand. The Consultation Document and supporting documents will then need to be approved by Council on 14 October 2021.

2 Background

It is proposed that formal consultation on the proposed LTP Amendment for the Oruku Landing Conference and Multi-Event Centre begins on 18 October 2021 and runs through until 18 November 2021 (one calendar month). This involves releasing a public Consultation Document outlining the issue that Council must decide on; it's an important way for the community to understand what the challenges are that Council and the community face.

A full communications and engagement programme will take place over the consultation period. The Consultation Document will be made available online, and at all Council Offices and Libraries throughout the consultation period.

What we heard and what has changed?

During the confidential workshop held on 16 September, the critical pathway for the project was reviewed, this included the documentation required for the Amendment and the key decision-making dates required to meet the deadline for funding (30 November 2021) from Crown Infrastructure Partners (CIP). Elected Members raised concerns regarding the cost of the project and the negative impact this could have on the public consultation submissions we receive.

The financial forecasts included for consultation are the financials that we will base the LTP Amendment on. These will include the full scope and cost estimates for the project as at 17 September 2021.

The CIP funding investment is based on the entire project package; this consists of the main building structure and includes other high value project components including a pedestrian bridge across the Hatea River, a walkway and ferry terminal.

Following the LTP Amendment adoption on 21 December, as the project progresses, any requirements to change, remove or reduce the components which make up the investment are subject to consideration and approval from CIP as the main funder.

Any subsequent material impact on the rates increase (which could be lower if cost savings are found) and financials (e.g. debt funding required) would then be subject to approval via the relevant Annual Plan process, which we envisage being in Year 3 of the current LTP 2021-2031 i.e. they would not be covered by this LTP Amendment.

The projected costs and any potential reductions, along with identifying other avenues available for funding, will be closely monitored by staff at every step of the project, with regular updates provided to Council.

Audit NZ will formally review and audit the documentation outlined below from 30 September to 13 October prior to Council adoption on 14 October 2021.

3 Discussion

The Consultation Document:

During the workshop, Elected Members accepted the options that we will include in the Consultation Document, these are:

- **Key issues to consult on:**

The build could cost Whangārei ratepayers and residents up to \$57m (including the \$23m referred to in the Long Term Plan 2021-2031) and would be funded by debt.

Debt is the preferred option for major projects that will serve the community for several generations because the repayments are not covered in full by today's ratepayers but are shared with future generations who will enjoy the asset in years to come.

Covering the cost of the debt (interest costs) and the ongoing expenses of the building (things like depreciation, insurance, external maintenance, and debt repayment) would result in a further district-wide general rates rise of 6% in 2022. This would be in addition to the 4.5% increase we have already committed to in our 2021-31 Long Term Plan. This would mean a total proposed rate increase in 2022-23 of 10.5% should the Oruku Landing Conference and Multi-Events Centre go ahead.

- **Options for consultation:**

- **Option 1:** Spend \$57m investing in the Oruku Landing Conference and Multi-Events Centre with Council owning the property, managing the build and covering the ongoing costs of depreciation and maintenance, and underwriting any losses.
- **Option 2.** Council takes no further action regarding the Oruku Landing Conference and Multi-Events Centre

Supporting Documents:

These will be produced alongside the Consultation Document and are noted below:

- draft Financial Strategy,
- draft Infrastructure Strategy,
- draft Significant Forecasting Assumptions
- draft Financial Statements
- draft Disclosure Statement (financial prudence benchmarks)

4 Attachments

None

Please note:

The Consultation Document, Supporting Documentation and the PPT Presentation for the Briefing will be provided through a Supplementary Agenda on Tuesday 28 September.