

## Council Briefing Meeting Minutes

**Date:** Tuesday, 21 November, 2017  
**Time:** 9:00 a.m.  
**Location:** Council Chamber  
Forum North, Rust Avenue  
Whangarei

**In Attendance**

Her Worship the Mayor Sheryl Mai  
(Chairperson)  
Cr Stu Bell  
Cr Crichton Christie  
Cr Vince Cocurullo  
Cr Tricia Cutforth  
Cr Shelley Deeming  
Cr Sue Glen  
Cr Phil Halse  
Cr Cherry Hermon  
Cr Greg Innes  
Cr Greg Martin  
Cr Sharon Morgan  
Cr Anna Murphy

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**Also in attendance:** Rob Forlong (Chief Executive), Jill McPherson (General Manager- Strategy and Democracy), Alison Geddes (General Manager – Planning and Development), Simon Weston (General Manager – Infrastructure), Rich Kerr (Manager – Finance), Alison Puchaux (Manager-Revenue), Katherine Voelkerling (Senior Rates Adviser), Nathan Wright (PPE Accountant), Nicole Butturini (Management Accountant), Bronwyn Jeeves (Senior Management Accountant), Tony Horton (Manager - Strategy), Jason Marris (Manager – Democracy and Assurance), Merryn Statham (Consultation Adviser), Rachel Pascoe (Team Leader Communications), Sheila Taylor (Strategic Planning Coordinator), Lynne Dahl (Development Contribution Co-ordinator), Dominic Kula (Manager-Infrastructure Development) and Jennie Thomas (Democracy Advisor)

Her Worship the Mayor convened the meeting.

1. **Apologies** - There were no apologies.
2. **Reports**
  - 2.1 **Long Term Plan 2018-28 First Draft**

## **LTP overview**

Jill McPherson, General Manager Strategy and Democracy, advised that today the Elected Members would be presented with key sections of the first draft of the Long Term Plan (LTP) 2018-28 to consider. The second draft will be presented to Elected Members at the 14 December 2017 Council Meeting along with the consultation document to be received. The draft will then be reviewed by Audit NZ.

Operational budgets will continue to be reviewed and should result in headroom for changes and/or additions to the work programme after public consultation.

This is still a work in progress with the rating policy review to be finalised and figures updated and the financial and infrastructure strategies to be checked to ascertain that they align. Audit NZ will, in all probability, require some amendments and it is hoped that in February Council will be able to adopt the full document.

The main points noted were it is providing a balanced programme with:

- Focus on core services – with an increase in renewals spend and an increase in maintenance budgets where assets had no or insufficient associated budgets.
- Completing projects, before starting new, including:
  - Pohe Island
  - Town Basin
  - Walking and Cycling
  - Waiarohia Recreation Corridor (Blue/Green network)
- Increasing the available support for community led development and services.

## **LTP Strategic Direction**

Tony Horton, Strategy Manager, then discussed the LTP Strategic Direction. He advised that the key strategic points we are considering are:

- Growth – the growth model has been updated. The National Policy Statement on Development Capacity has identified Whangarei district has a high growth area.
- Maintaining our core services and completing key capital projects to standard.
- More amenity and more to see and do. Building on successful events and adding amenity to core infrastructure projects

The vision is for a “Vibrant, attractive and thriving district.”

The Community Outcomes we wish to achieve were identified as:

- Efficient and resilient core services
- Caring for the environment
- Positive about the future
- Proud to be local

Council's activity profiles are linked back to these four incomes.

Discussion on the Strategic Direction and the programme included:

The flexibility needed in the LTP Strategic Direction to address growth in relation to infrastructure. The updated growth model has been used and this influences the financial and infrastructure strategy.

The approach for local communities to take ownership of projects with Council facilitating and helping with fund raising is covered in the context of the Community Development profile.

Readjustment may be required with policy changes implemented with the change in government.

There was a suggestion made to include 'being prepared for change' in the LTP Strategic Direction. There was discussion on the need to be more aware of impending changes and having the flexibility to deal with them. The strategy should allow for opportunities to provide services and projects in an environmental and sustainable way.

## **Finance Strategy –**

Rich Kerr, Finance Manager, addressed the meeting on the LTP Finance Strategy.

The financial strategy for the LTP sets an envelope in which Council will operate and fund operations and the capital programme for the next 10 years.

Feedback from the community is to keep improving the district, its infrastructure and amenities.

The feedback received from the majority of Elected Members to date has been:

- To achieve a balanced budget every year.
- Increasing rates by LGCI + Growth + 2% over the 10 years
- Water rates will only be increased by growth
- To fund business as usual and additional requested projects by allowing debt to increase by LGCI and growth over the 10 years. Debt per capita will be fairly consistent throughout the plan.
- Allow funding over and above this debt level for special projects such as Council Premises and a new theatre. These projects would be funded over a 30 year time frame to provide intergenerational equity.

Other items in the strategy that remain from the previous LTP are:

- Rates revenue will be limited to a maximum of 70% of total revenue
- Have net debt no higher than 150% of total revenue

There was discussion and debate on the debt level illustrated in the presentation.

Rich Kerr advised that these predicted levels keeps debt per capita below the figure set in 2015 LTP. The strategy was to increase the limit in accordance with growth. The increase of debt by growth + 2% + LGCI was going to allow the backlog of issues that needed to be addressed.

Inflation needs to be taken into account, if not it would reduce our ability to undertake our works programmes. The inflated figures reflect the fact that there is inflation and growth happening across that period. The suggested increase in debt needs to be considered in terms of inflation and the real dollar value in 10 years time.

It was explained that to comply with provisions of the LGA we need to produce a financial model/budget for 10 years with inflated figures. Provision for inflation and the growth component is reflected in this budget and the strategy behind it.

There was some discussion on the consultation process and whether the debt levels had been fully explained to public. The public have expressed their wish for further amenity but there needs communication on the implications of providing this. The LTP consultation will deliver this information to the public.

There was agreement that the consultation documents needed to include easily understood graphics and commentary around debt levels.

Meeting adjourned at 10.40am for a short break.

Cr Halse offered his apologies and left the meeting.

Meeting recommenced at 10:58am

### **Draft Financial Strategy**

Rich Kerr continued with the presentation on the Draft Financial Strategy.

Other objectives of the strategy are:

- To achieve inter-generational equity
- To maintain levels of service and in targeted areas improve them.

No funding has been allowed for commercial property purchases. This means the Property Reinvestment Reserve will not be backed by cash balances.

There was discussion on the Property Reinvestment Fund. Elected Members have previously scored this initiative very low. If it was to be reintroduced there would need to be a considerable change. If this is to become a high priority if it would need to be reviewed as part of the Annual Plan process.

## **Draft Revenue and Funding Policy**

Rich Kerr continued the presentation on the draft Revenue and Funding Policy.

He advised, a local authority must adopt certain policies under the LGA to provide “predictability and certainty about sources and levels of funding.” The Revenue and financing policy being an important one.

The purpose of this discussion was to provide Elected Members an update on the Activity Funding Review which is a key component for the Revenue & Finance Policy for the 2018-28 LTP and to get their feedback.

The major updates to the approach compared to the previous revenue and financing policy includes:

- Strategy and Governance is a new Activity Group
- Removal of major/minor assessment
- Combined UAGC with general rates
- Not individually allocated benefit by sector to each activity
- Provided wider funding bands for more flexibility

Storm Damage –

- Proposing that when extensive storm damage requires both repairs and maintenance and renewals that this is funded through debt when there is headroom under the debt cap set.

Activity funding reviews –

- Council needs to review each individual activity and its funding in developing the Revenue and Finance Strategy.
- The funding policy is more than just a device for raising revenue but is one of the instruments used to promote community wellbeing.
- Consideration needs to be given to the overall impact of any allocation of liability for revenue needs on the community.

## **Infrastructure Strategy –**

Dominic Kula, Infrastructure Development Manager, addressed the meeting on the Infrastructure Strategy Update.

Modelling has been undertaken on the preferred strategy centred around asset data, funding prioritisation and stormwater.

Draft infrastructure strategy - “deliver at current levels of service while meeting increased amenity expectations and growth pressure”.

Discussion from Elected Members on the Infrastructure Strategy included:

- Possible increased regulation around water supplies and whether adequately funded for compliance.
- Riverside Drive four laning options were discussed and there was a query regarding the possible Onerahi bypass to Whangarei Heads.
- Policy in relation to centralising sporting facilities - consider facilities in growth areas.
- Key Assumptions - the assumption that demand would continue to follow historic patterns was questioned.
- There was discussion regarding the new Regional Funding package announced by Government. Council could be proactive in regards to securing funding for projects through this source. A commentary could be added to acknowledge this.

### **Development Contributions update**

Dominic Kula advised that changes made since the October briefing include modelling of specific LTP projects. Feedback regarding flexibility, Parks facilities and land charges combined for administrative efficiencies has been encompassed.

Outcome of modelling –

- Approx 40% lower DC's overall due to higher levels of growth
- Rates for One Tree Point, Oakura, Ruakaka, Waipu Cove/Langs Beach catchments now all fall under the wastewater cap
- Tutukaka and Waioiti have significant shifts

Cr Halse re-joined the meeting at 12.15pm

## **2.2 LTP 2018-2028 Engagement**

Merryn Statham, Consultation Adviser, and Jason Marris, Manager Democracy and Assurance provided an update on the proposed key dates and consultation activities for the LTP.

The aims of the proposed LTP engagement are:

- To inform communities about the issues and key projects
- To make aware and encourage participation in the process
- Allow the public to participate in the formal consultation
- Giving recognition to the view of the public

Council approved the engagement process in March 2017. Consideration to extend the consultation process from four to six weeks was given at the LTP briefing meeting in April 2017 where the majority supported a four week consultation period due to:

- Council holding open briefings allowing earlier visibility for the public

- Residents and Ratepayer Associations being aware of the timeframes
- Elected Members can use community meetings and newsletters for early communication.

Staff have been working to these time lines. This plan has been used as basis for the engagement process.

The Proposed key dates are:

- 28 February 2018 – Adoption of Consultation Document and supporting documents at Council meeting. Audit NZ will be onsite on the 15 January and between 7-23 February.
- 7 March – 6 April - Formal consultation period. This could be extended to 8 April.
- 30 April – 4 May – Verbal feedback
- 17 May – Council briefing/workshop to discuss key issues
- 30 May – Public deliberations
- 12 June – Review Draft LTP post deliberations
- 26 June – Council adopts LTP and supporting information.
- July - Summary publicly provided

Awareness activities suggested for the formal consultation phase:

- Radio
- Presentations to residents and ratepayers meetings
- Social media
- Attending events
- Targeted communications – emails/facebook to particular groups.
- Presentations to large employers and business groups e.g. NDHB, Refining NZ, Chamber of Commerce

There is no proposal to change the process for public meetings. These will be run in the same manner as the early engagement consultation.

Recommendations from the Elected Members included:

- Staff to check with councillors on appropriateness of venue in their wards
- Continue to utilise mainstream media
- Use school networks to facilitate a meeting in the Raumanga/Otaika area
- A meeting for Otangarei was proposed
- Have more deliberation hearings – or more people Have Your Say Events - dependent on numbers
- Using the Saturday morning markets as a forum for consultation
- Ensure resource provided is adequate to ensure a strong consultation process. There is a need to be realistic regarding the amount of consultation that can be undertaken

The meeting was advised that most of the draft documents required for consultation were available. These can now be taken and discussed with communities.

The unaudited document will be available to the public some time in December.

The meeting adjourned at 12.40pm.

## **2.3 Rating Structure Review - Consultation Options**

Meeting reconvened at 3.00pm.

Apologies Cr Murphy

Alison Puchaux, Revenue Manager, ran through the presentation on the Rating Structure Review – Consultation Options. The purpose of the briefing was to discuss which rating method best serves the Whangarei District.

The three options for rating methods for general rates that remain are:

1. Status quo – using land value and separately used or inhabited parts (SUIPs)
2. Status quo with redefinition of SUIP's and Multi-Units
3. Capital value Transport – introduce capital value based rating to fund transport, using redefined SUIP's and Multi-Units.

The revised definition for SUIP is proposed as “used or **intended** to be used” rather than “used or **capable** of being used.”

Alison Puchaux summarised the impact of each option on the different sectors.

Discussion included the implications related to the reviewing the rating of multi-unit properties. The effect of movement of rateable properties across sectors was debated. There was a view expressed that SUIP's should be removed completely.

After further debate and discussion, the direction to staff was that options two and three were both strongly supported.

At the adjournment of the meeting, Jill McPherson summarised the following points from discussion and requests from the meeting to date in relation to the draft Long Term Plan.

Refinement of the language is needed in the consultation document to make it less bureaucratic. The narration is to include forward thinking language and explain the context of community and infrastructure across all documents.

The consultation document requires consistency of figures. Options for reducing the rates rise and debt, and the impact of those options, to be included to facilitate feedback from the community.

## **3. Adjournment of Meeting - 3.40 pm**



## **Continuation of Council Briefing:**

Wednesday, 22 November 2017

Her Worship reconvened the meeting at 10.08 am.

### **1. Apologies – Cr Christie**

Her Worship the Mayor opened the meeting and advised this was a continuation of yesterday's briefing on the Draft LTP.

Staff would provide further information to clarify the forecasted external net debt levels. It should be noted that the new LTP measurement has altered from the previous plan and importantly external net debt will be no greater than 150% of income. Staff have built the plan around this parameter. As was evident from yesterday's briefing, it is important to use graphics and clear reporting on the debt level figures.

Staff members were present at the meeting to answer queries from the Elected Members on the capital works programme.

Jill McPherson presented the updated debt graphics to the meeting. The graphics (see attached) provided have been based on the budgets set. Explanations were provided on the graphs.

There was agreement that the graphics presented should be included in the consultation document.

Elected Members then reviewed the Capital Projects – LTP uninflated detail spreadsheet. Queries were addressed to members of the staff for clarification.

The LTP Programme and Project Details queried/discussed included:

- Pensioner Housing Renewals and Improvements – there was a query whether consideration had been given to any joint venture funding with Central Government considering the ageing population. Only the existing situation has been detailed. Council would make a decision at the time if we were to get an approach from an outside organisation to invest in our pensioner housing.
- Community Led Development – (Previously Village Planning) Funding is not yet allocated to specific districts. There was funding originally proposed for some rural areas. There may be some funding for smaller communities. It is being reviewed under the Community Development framework.
- Libraries – There was a query on how many books per capita. Paula Ulrich, Library Manager advised we are on a par with standards nationwide.

- Parks and Recreation –
  - Cemeteries – there was a query on the Kioreroa Cemetery land purchase and whether it was associated to SH1 development – there is some opportunity to have discussion with NZTA.
  - There was a query on how the community can acquire more land for the private Kauri cemetery. Simon Weston, Infrastructure General Manager advised the committee should approach the Parks department to discuss the situation.
  - Neighbourhood parks and public gardens renewals, referred to the upgrading of assets presently existing inside the parks e.g. replacement of tracks and bridges.
  - Playgrounds and Skate parks – Pohe Island development has a separate budget and programme. There was discussion on the locations of planned playground. Playgrounds can be assessed after the submission process. Council staff are preparing a report at present on playgrounds and these can be prioritised.
  - Comment was made on the popularity of the Hatea loop and planned projects for Pohe Island having the ability to cause congestion on the loop.
  - Sports fields and facilities – land purchases for Whangarei Heads is for carparking associated with sports field for Whangarei Heads.
  - Walkways and tracks – Discussion on improving LOS on walking tracks and whether funding would cover maintenance sufficiently. Parihaka tracks improvements are included in this financial year.
  - There was a query on if there was any budgeted allowance for volunteer groups to help with maintenance of tracks. Sue Hodge, Parks Manager advised that there were current negotiations with a volunteer organisation to undertake a three-month trial on maintenance on the Parihaka bike tracks. It can be an involved process when working with volunteer groups as there are things to consider such as Health and Safety.
  - The Anzac walkway at Whananaki was not prioritised.
  - Discussion on parts of the Waimahanga track being widened. Funds will not be available till late in the plan.
- Northland Events Centre – Discussion on renewing flood lights - Year 3-4.
- Hikurangi Swamp - Eel friendly pump funding provided in year 9 and 10.
- Health and Bylaws – Funding for the dog pound renewals relate to the actual pound.
- Transfer stations – Parua Bay renewals funding is included in the current year.
- Building redevelopment grant – relates to Old Harbour Board Building for structural foundation work.
- Airport evaluation – includes funds for consultants, Geotech and consenting process which could include land purchases.
- Ruakaka Beach Road Upgrades funding in year 9 – This is a high priority for Ruakaka residents. Residents should be advised to make submissions.

- Park and Ride project – Query regarding funding. There is no specific funding allowed at this stage. Costs would include signage and advertising which would be funding through operating budgets.
- Riverside Drive/Onerahi Upgrade – Discussion on high level of growth in Whangarei Heads. A report to be provided to Council in future meeting.
- Minor improvements to roading networks – query regarding whether this includes slow streets and walkways improvement. NZTA provides funding for a variety of projects which includes slow streets.
- Possible bypass from Raumanga to SH12 - Raising with NZTA. Report will come to Council early next year in relation to the Whangarei Transport Strategy.
- Whau Valley New Water Treatment Plant - Due to start construction next year.
- Public Toilets – Abbey Caves included in this financial year.

Crs Cocurullo and Deeming excused themselves from the meeting before discussion on the Activity Profiles.

Tony Horton, Strategy Manager, noted feedback from Elected Members on wording on particular Activity Profiles.

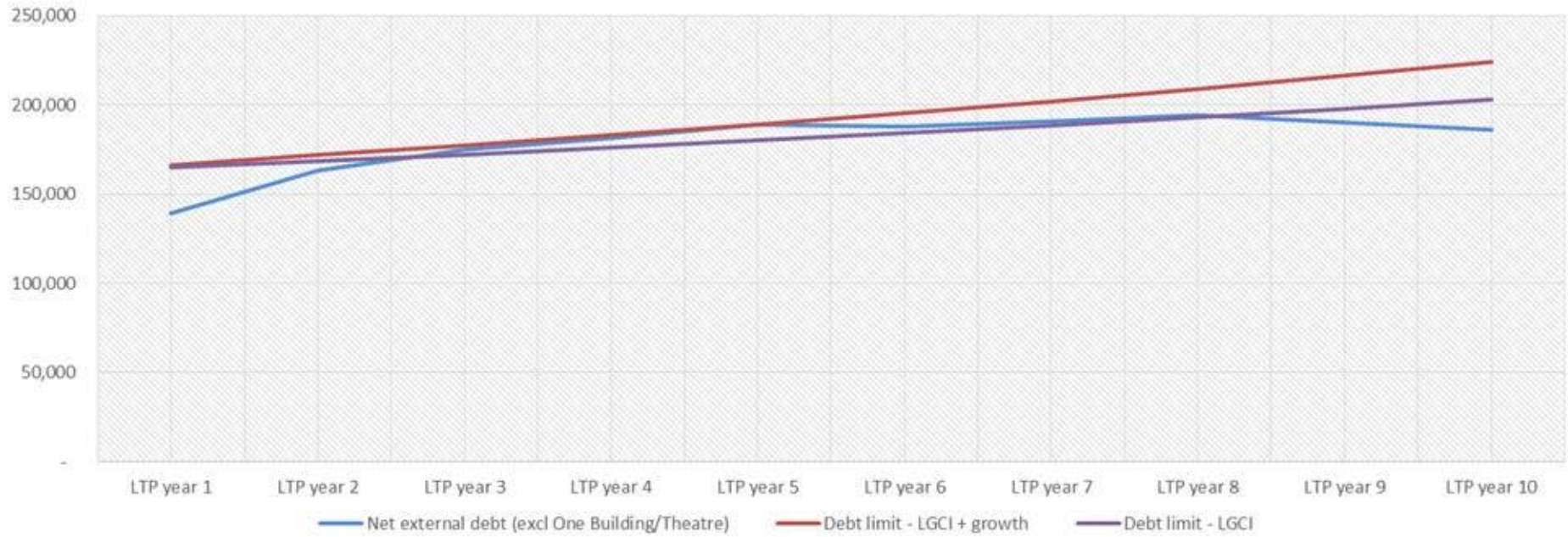
Suggestions included:

- Future focusing on some of the commentary used.
- Highlighting benefits to the community in relation to walking and cycling.
- Providing more contemporary wording to some of the commentary.
- Wording regarding water could be linked back to community outcomes - encouraging people to reduce usage.
- Community facilities and services – parks and recreation – reflect provision for open space. More specific language required to enhance the essence of why we have these assets and treasure them.
- Governance and Strategy – inclusion of more dialogue on Maori issues.
- Support services – More commentary request for the culture change of the organisation.

Jill McPherson advised that at the December Council Meeting Elected Members would be provided with a fairly comprehensive overview report with updated versions of the Financial, Infrastructure Strategies and Activity Profiles for Elected Members to approve for the auditing programme.

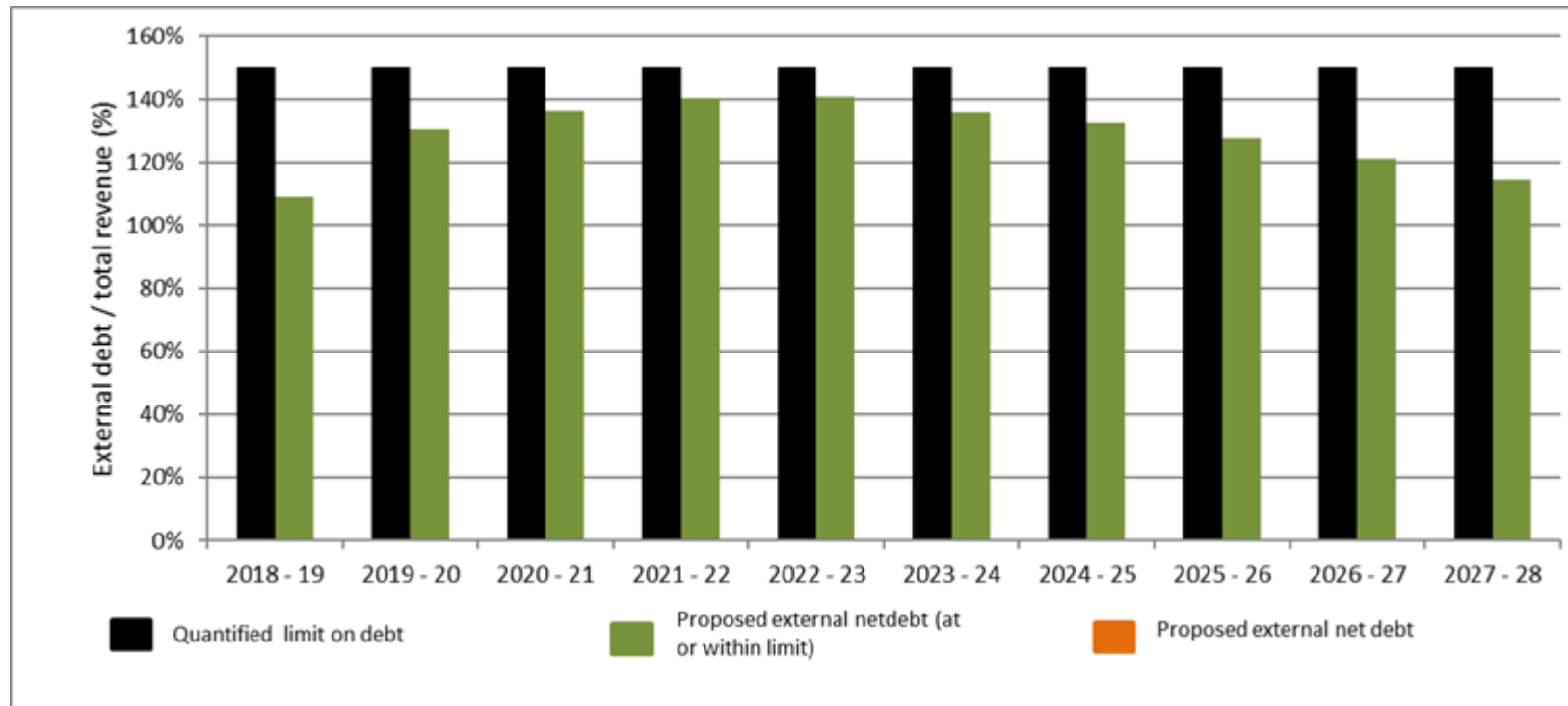
### **3. Meeting Closed – Closure of meeting at 12.03pm.**

## Net External Debt

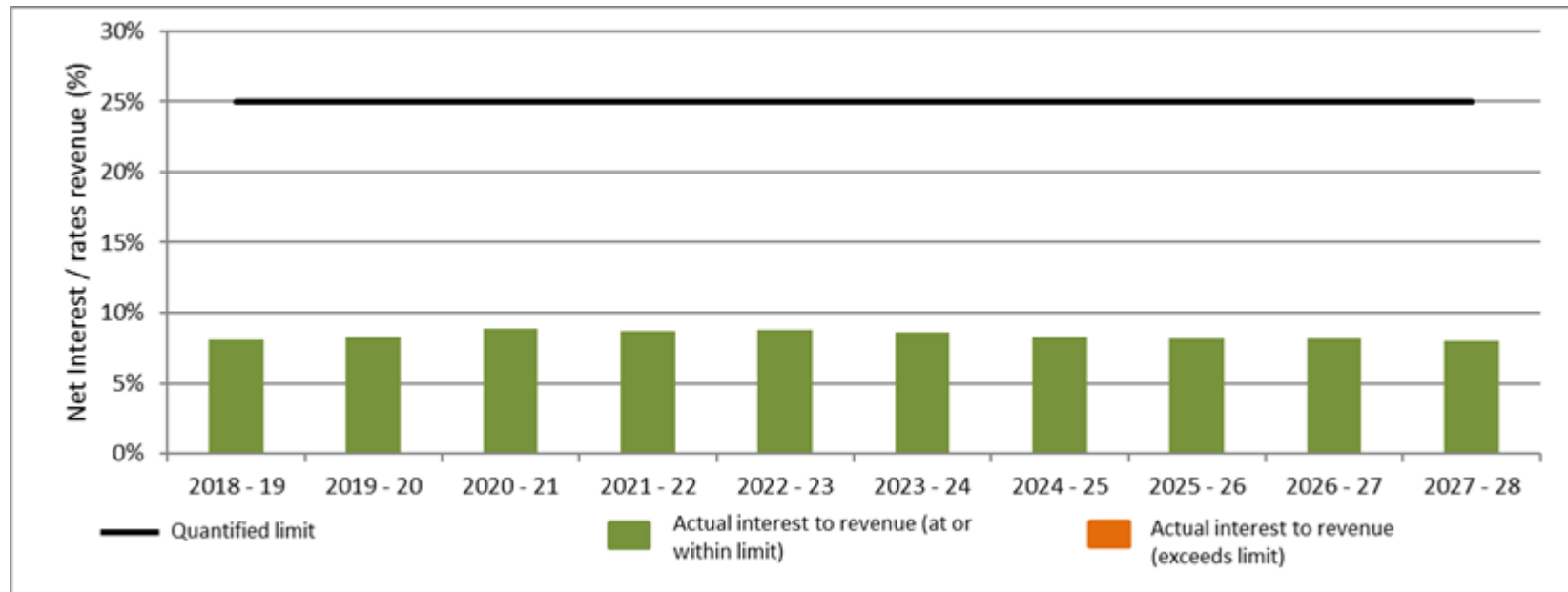


## Debt limit set increasing with LGCI and Growth

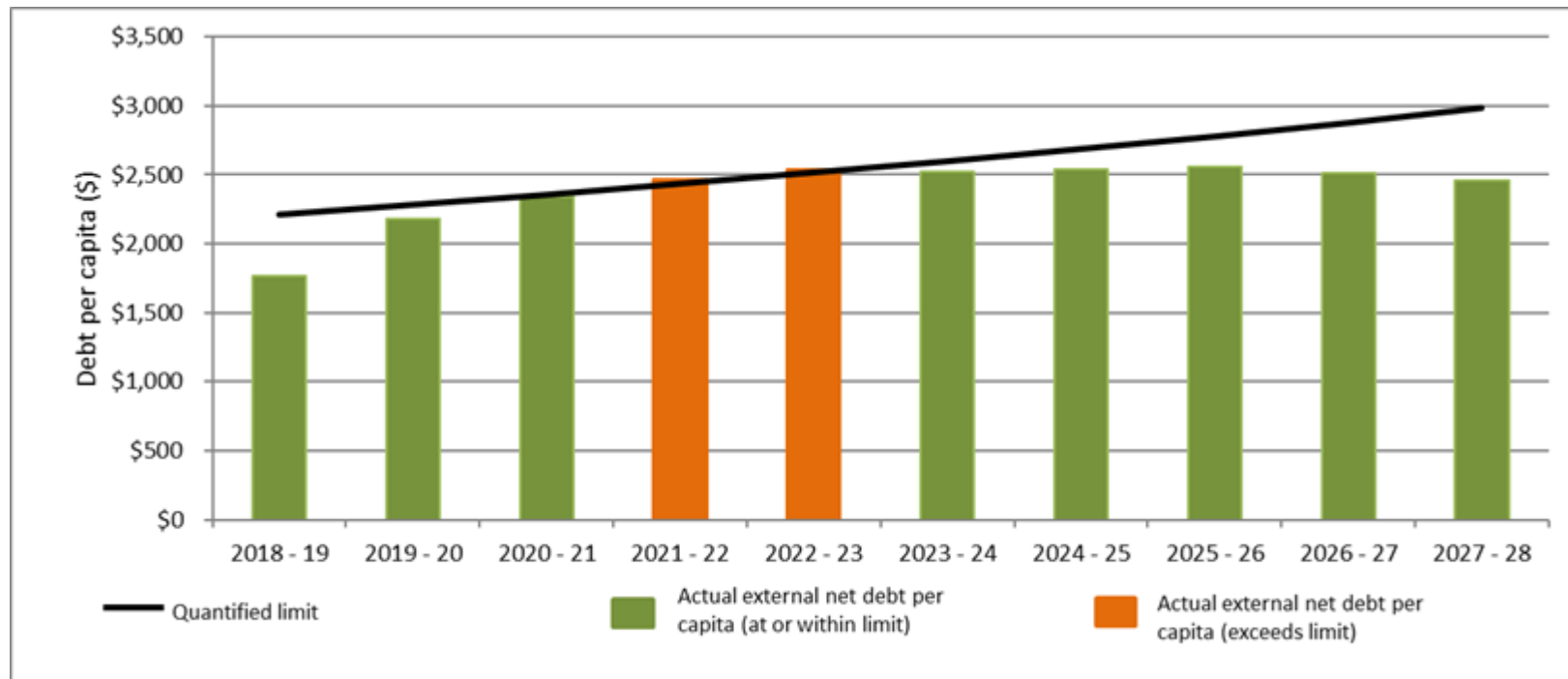
### External debt to revenue



## Net interest to rates revenue



## External net debt per capita



## Debt limit set increasing with LGCI only

