

**Have
your
say!**

2020/21 ANNUAL PLAN

CONSULTATION DOCUMENT

YOUR REPRESENTATIVES

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FROM THE MAYOR

WELCOME TO CONSULTATION DOCUMENT FOR THE PROPOSED 2020/21 ANNUAL PLAN.

The purpose of this 2020/21 Annual Plan Consultation Document is to:

- ▶ Inform the community about Council’s plan for the year and the associated costs and funding
- ▶ Provide a basis of accountability for Council to the community
- ▶ Give residents and ratepayers the opportunity to participate in decision-making processes
- ▶ 2020/21 is the third year in the 2018 to 2028 Long Term Plan and the proposed Annual Plan is primarily in line with what was programmed

A recent survey of local businesses completed by the economic development team indicated they had weathered the lockdown, but the medium to long-term impacts are not yet clear.

The recent COVID-19 pandemic and subsequent lockdown has thrown up challenges for the coming year.

It has also been a tough time for many residents, whose lives have been affected in many ways, including financially. I would like to acknowledge how well our community responded to these unprecedented times and restrictions to keep our community safe.

We are uncertain about the ongoing impacts of the COVID-19 pandemic on ratepayers and businesses in our district in 2020/21.

There is also uncertainty about the availability of external funding from some of the traditional funding agencies whose subsidies and grants assist Council to provide services, facilities and events.

With this in mind, we have capped the rates increase at 3.4%. For a property valued at \$335,000, this equates to an increase of \$79 over 12 months. When determining the rates for 2020/21, Council wanted to ensure they were affordable, but also did not result in a significant increase for the following year.

We propose to maintain our focus on capital projects, such as the water pipe replacement programme, and upgrades to the stormwater and wastewater infrastructure. These projects are important so these essential services continue to be provided to a high standard for the community.

We look forward to your feedback.

Malcolm Campbell JP
MAYOR

CONSULTATION PROCESS

Council is developing a plan to consult with the community in line with the COVID-19 Level 2 restrictions which could include ‘Talk to a Councillor’ by video conference, a Facebook ‘Have Your Say Forum’ and if possible, distanced face-to-face meetings in the Tarawera Court.



COUNCIL'S PLAN FOR 2020/21

The impacts of the worldwide COVID-19 pandemic have been challenging for everyone. It has impacted many people and businesses financially. As the district and the country are only just entering the stages of recovery, the longer-term impacts are still unknown.

However, there have been some positives in recent years including:

- ▶ An increase in the district's population to 7,146 (2018 Census)
- ▶ Significant increases in property values. The QV House Price Index showed that Kawerau has experienced a 23.8% increase in house value from March 2019 to March 2020.
- ▶ New industry, and new training and employment opportunities.

These factors lead to an increased demand for housing in the district, so Council undertook two projects to provide more residential housing. Now well underway, these projects are part of the plan to make sure the district moves forward into the future.

SUMMARY OF PROPOSED COUNCIL PROJECTS FOR 2020/21



PROPOSED RATES FOR 2020/21

By using some of the proceeds of the residential sales, the proposed rates increase can be capped at 3.4%.



MAURIE KJAR MEMORIAL SWIMMING POOL COMPLEX UPGRADE

The Maurie Kjar Memorial Swimming Pool Complex is a well-used facility. There are two plans for improvements for residents to provide feedback on.



RESIDENTIAL DEVELOPMENTS

There are three residential subdivisions Council is progressing to meet the demand for housing:

- ▶ **Porritt Glade Retirement Village**
29 units are planned
- ▶ **Central Cove**
31 house and land packages
- ▶ **Te Ariki Place / Bell Street**
4 house and land packages



WATER SUPPLY

Ensuring a safe and adequate supply of potable (drinking) water for residents is an ongoing focus. A \$2.171 million spend on renewing water infrastructure is proposed.



WASTEWATER AND STORMWATER

Replacement of stormwater and wastewater infrastructure is planned at a total cost of \$537,000.



ROADING

Almost \$549,200 is budgeted for general roading and footpath maintenance and renewals (the same amount as in the Long Term Plan).



PARKS AND RECREATION

General maintenance and upgrades of recreational facilities and buildings are planned, including the installation of new toddler play equipment in some of the most popular playgrounds at a total cost of \$40,200.



PROPOSAL TO BORROW \$

Significant investment in the district has reduced funds, and the additional impacts of COVID-19 on revenue may mean Council needs to borrow money this year. The proposal is to borrow up to \$2.0 million from the Local Government Funding Agency (LGFA) if necessary.



FEES AND CHARGES

Council reviewed its fees and charges and is not proposing any changes for the upcoming year.



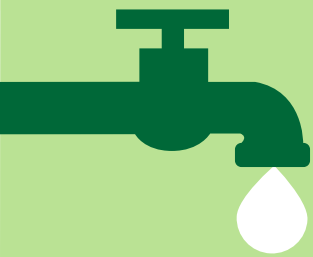
WATER SUPPLY

Water continues to be a hot topic, particularly following the requirement for Council to chlorinate the supply and the subsequent dirty water issues. However, results from the resident's survey showed 73% were still happy with our water supply.

Council is budgeting \$2.0 million to continue the pipe replacement programme in 2020/21 as per the 2018-2028 Long-Term Plan. This includes:

- ▶ Replacing the water supply riser main, from the water treatment plant to the reservoirs;
- ▶ Replacing the water pipes, which are at the end of their useful life.

Experts will review areas in town that have not had the pipes replaced in the last 10 years to determine the remaining useful life of the pipes. This will ensure the replacement programme targets areas by need, and ensures residents get the best value for money.



Other water assets renewals planned for 2020/21 are:

- ▶ Replacements of valves and tobies \$117,000.
- ▶ Refurbishment of the water treatment pump \$54,000.

STORMWATER

\$250,000 has been budgeted for stormwater pipe renewals. The majority of this is to replace pipes in the town centre, which are at the end of their useful life.



WASTEWATER

\$287,000 is budgeted for the wastewater treatment plant to renew essential pumps, bearings and computer equipment.

ROADING

Subsidies from the New Zealand Transport Authority (NZTA) are expected to remain at current levels. This means the Council can continue to maintain roads in their current condition without additional ratepayer funding.

\$549,200 is budgeted for roading renewals (the same amount in the Long Term Plan) for:

- ▶ Programmed resealing
- ▶ Kerb and channeling
- ▶ Footpath replacement
- ▶ Street lighting

There is also \$50,600 budgeted for CCTV (security cameras), decorative lighting, resealing of carparks and replacement of park bins.



PARKS AND RECREATION

Council is proposing to upgrade some of the buildings at the pool, including the office, plant room and staff toilets.

Council will apply for available external funding to undertake this much-needed work.

In addition, Council is planning to install play equipment for toddlers in several playgrounds as well as continuing to renew fences around playground and reserves.

It is planned to spend \$40,200 on:

- ▶ Toddler Play Equipment \$33,700
- ▶ Playground Replacement Seat and Bins \$1,500
- ▶ Playground Fences \$5,000

Additional Fencing Projects include:

- ▶ Reserve Fencing Renewals \$11,500
- ▶ Reserve Boundary Fences (50% contribution) \$17,750





The popular Splash Pad.



The main pool is currently open at Level 2.

MAURIE KJAR MEMORIAL SWIMMING POOL COMPLEX UPGRADE

This year Council had planned to upgrade the entrance to the Maurie Kjar Memorial Pool Complex and refurbish the former changing rooms into clubrooms for the Kawerau Amateur Swimming Club.

Prior to the COVID-19 pandemic, Council had indications from several funding agencies that there could be external funding available for this project. The COVID-19 pandemic has delayed progressing these investigations with national funding agencies.

Although the funding amounts and the timing to apply for and receive funding is not yet known, Council staff have provided the 'best estimate' of what may be received from external funding sources.

There are two options for upgrading the Maurie Kjar Memorial Swimming Pool Complex in 2020/21.

Council would like feedback from the community on a preferred option.

Option 1

Basic refurbishment of pool complex

This includes:

- ▶ Convert old changing rooms into swimming club rooms
 - ▶ Replace the entrance roof
 - ▶ Refurbish the office building
 - ▶ **Total cost \$300,000**
 - ▶ Possible external funding \$200,000
 - ▶ Council contribution \$100,000*
- NOTE: The annual cost for Kawerau District ratepayers will be approximately \$20,000 per annum.

Option 2

Significant upgrade of pool complex

This includes:

- ▶ Construct new office and staff building (demolish old building)
 - ▶ Construct new entranceway that ties in with existing complex
 - ▶ Convert old changing room into swimming club rooms
 - ▶ Construct new exterior fence
 - ▶ Upgrade the pool filtration system
 - ▶ **Total cost \$750,000**
 - ▶ Possible external funding \$550,000
 - ▶ Council contribution \$200,000*
- NOTE: The annual cost for Kawerau District ratepayers will be approximately \$50,000 per annum.



What is your preferred option?

*The amount that Council has to invest depends on the status of external funding agencies post COVID-19.



The external cladding is completed on Units 1 and 2 at Porritt Glade Retirement Village.



Looking down Piripiri Crescent to the first six units being constructed.

COUNCIL'S NEW RESIDENTIAL SUBDIVISIONS



With a growing population and demand for more residential housing, the Council has been progressing three residential developments:

PORRITT GLADE RETIREMENT VILLAGE

Six units are currently being constructed in the Porritt Glade Retirement Village and are expected to be completed at the end of August.

More than 60 people have expressed an interest in purchasing the 'Right to Occupy' a unit, so Council are confident that these first six will be sold.

Council has budgeted to construct at least six more two-bedroom units during 2020/21 if there is the demand.

CENTRAL COVE AND TE ARIKI PLACE / BELL STREET

Council has completed all the land development work and the titles for the 31 sections in Central Cove (formerly Central School) and for the four sections in Te Ariki Place and Bell Street have been issued.

These sections are now available to purchase as a house and land package. Once the house construction is completed, Council will receive the value of the land from the building company.

Council is undertaking these developments to meet the current and future demand for housing.

A total of 35 new homes will be available for purchase, with Central Cove having 31 house and land packages available and another four at Te Ariki Place and Bell Street.

The initiative gives Council some control over the size and quality of the houses being built.

Historical Links for New Subdivisions' Names

Tūwharetoa Kaumātua Te Haukākawa (Boycie) Te Rire outlined the history of the new street names for the Porritt Glade Retirement Village and Central Cove subdivisions at the Road Naming Sub Committee meeting on the 10 March.

"Local tangata whenua knew the Tarawera River as Te Wai o Marukā. The course of the river changed after the Tarawera eruption and it now flows further away from Pūtauaki maunga than previously.

Historically the Kawerau area experienced a debris flow that deposited a lot of rocks and boulders from Pūtauaki onto the site of the Porritt Glade Retirement Village development. The local people named the area 'Piripiri' – "the place where the boulders come together".

The new road in the Porritt Glade Retirement Village is 'Piripiri Crescent'

"Historically, local Māori used the Bowen Cove route to get across the river. Glow worms on the rocks at the edge of the river would create a glow like a paua shell which would guide travellers in the dark. People therefore considered the rocks as guardians who made it safe for them to get to their destination. The name 'Tiwhatiwha' reflects the guiding light given off the rocks.

The new road in the Central Cove subdivision is 'Tiwhatiwha Crescent'



The Central Cove subdivision.

PROPOSAL TO BORROW MONEY



During the last few years, Council has undertaken several significant projects in response to requests from the community, which have reduced the availability of reserve funds.

These have included:

- ▶ New public toilets in Ranfurly Court
- ▶ New pool changing rooms, barbeque area, splashpad and bouncy pillow at the Maurie Kjar Memorial Pool Complex
- ▶ New accommodation and conference venue facility – Firmin Lodge
- ▶ Upgrade of Kawerau i-Site
- ▶ Museum storage facility
- ▶ New animal pound
- ▶ Residential developments
- ▶ Programmed renewals for roading, stormwater, water and wastewater

Although the residential developments will result in a surplus overall for Council, there will be a period where Council is likely to have a cashflow shortage. There may also be impacts from Covid-19 on revenue.

Therefore, Council is proposing to borrow funds (up to a maximum of \$2.0 million for 2020/21) through the Local Government Funding Agency (LGFA). This is a Council Controlled Organisation (CCO) that has been set up specifically for Council borrowing. The LGFA ensures that Councils are able to borrow funds at lower rates.

Kawerau District Council is one of a few New Zealand councils that is not a member of LGFA, as to date Council has not needed to borrow money.

DRAFT BUDGET FOR THE 2020/21 ANNUAL PLAN

	Annual Plan 2019/20	Draft Annual Plan 2020/21
REVENUE		
Total Rates	10,393,760	10,745,620
Grants and Subsidies	876,750	843,820
Petrol Tax	66,000	69,000
Interest Revenue	152,500	58,880
Other Revenue	2,115,660	2,759,730
Total Revenue	13,604,670	14,477,050
EXPENDITURE		
Personnel Costs	5,053,200	5,366,150
Depreciation	2,942,820	3,031,690
Finance	5,500	6,200
Other Expenditure	6,061,070	5,765,870
Total Expenditure	14,062,590	14,169,910
Net Deficit (\$)	(457,920)	347,140
Rate Increase (%)	3.5%	3.4%
Capital Expenditure	5,922,520	5,600,250

NOTES:

Other Revenue 2020/21

This increase is due to anticipated sales from the residential developments.

Personnel Costs

The main reason for the increased personnel budget for 2020/21 is that Council has employed staff to undertake some of the tasks previously done by contractors in order to reduce costs. There is a corresponding reduction in "Other Expenditure".

Capital Expenditure 2020/21

The capital expenditure proposed includes water and stormwater infrastructure renewals. It does not include either of the refurbishment options for the Maurie Kjar Pool Complex.

RATES FOR 2020/21

PROPOSED RATES FOR 2020/21

Council is proposing to use \$540,000 from the anticipated residential sale proceeds to hold the overall rate increase to 3.4%. This keeps rates affordable while still carrying out the necessary maintenance programmes and providing the level of services that the community wants.

While there may be more sale proceeds available, using them to reduce rates further for 2020/21, will mean a higher rate increase for the following year.

Council proposes any additional sale proceeds, be put towards other future projects.

Council would like to hear what residents think?

Council will be reviewing its activities and services during the upcoming year to ensure that they are still what the community wants and are prepared to pay for.

This will involve significant consultation with the community and we look forward to your feedback.

OVERALL RATES INCREASE

Using anticipated revenue from the residential developments will keep to an average rate increase of 3.4%. There will be some variance between properties because total rates include a mix based on the property's capital value and uniform charges.

The following is a summary of the Council's proposed overall rating requirements for 2020/21:

Rates	2019/20	2020/21	Difference	
	\$	\$	\$	%
General Rates	9,353,430	9,681,450	328,020	3.5
Targeted Rates:				
Water Supply*	203,520	238,950	35,430	17.4
Wastewater	419,340	407,280	(12,060)	(2.9)
Refuse Collection	417,470	417,940	470	0.1
Total Rates	\$10,393,760	\$10,745,620	\$351,860	3.4%

*includes Water by Meter

The water activity has the largest rate increase, which is a result of the increased expenditure for upgrading and improving the water supply network.

BALANCED BUDGET REQUIREMENT

The Local Government Act 2002 requires that Council's projected operating revenues are set at a level sufficient to meet projected operating expenses each year. However, Council can set projected operating revenue at a different level from that required under this constraint, if it believes it is financially prudent to do so.

Council will usually set its projected operating revenue lower than its operating revenue, because it has resolved not to fund the depreciation on some of its assets for financially prudent reasons. However, the projected financial statements for 2020/21 have a surplus at present due to the anticipated revenue from the residential property sales.

COUNCIL'S 2018 - 2028 LONG TERM PLAN SET THE FOLLOWING LIMITS TO RATES INCREASES:

- ▶ Total rates will not exceed 88 percent of total budgeted revenue.
- ▶ The total rate increase in any year will not exceed the underlying average rate of inflation (for Council costs) plus two percent.

Although the rates increase for individual properties may vary from the overall increase, the total proposed rates increase for 2020/21 is within both of these limits.

WORK OUT YOUR RATES

Use the following table to work out how much your Kawerau District Council rates will be for the 2020/21 year

RATES CALCULATOR

\$

Write in your new Capital Value here (available from your revaluation notice or by going to www.kaweraudc.govt.nz and accessing 'Your Property')	A	
Uniform Annual General charge	B	600.00
Rating factor from Rates and Service Fees table (Residential or Commercial)	C	
Multiply the annual value by the rating factor	D = A × C	
Water Supply Rate	E	
Wastewater Disposal Rate	F	
Annual Refuse Collection Rate (small or large)	G	
Add all the different rate types together (this is the total projected rates for your property)	H = B + D + E + F + G	\$

NB: If your property has separately used parts you will need to add additional UAGC (b), Water supply (e), Wastewater (f) and Refuse Collection (g) charges for each separately used part.

RATES AND SERVICE FEES (INCLUDING GST)

		(\$)
Residential	C	.005027
Commercial	C	.020871
Water Supply Rate	E	82.00
Wastewater Disposal Rate	F	163.10
Refuse Collection Rate (small)	G	178.50
Refuse Collection Rate (large)	G	238.50

PLEASE NOTE:

The information contained in this Annual Plan Consultation Document is based on assumptions that the Council reasonably expects to occur as at 30 June 2020. Actual results are likely to vary from the information presented and these variations may be material.

If you would like confirmation of what Council is proposing your rates will be for the next year, please phone Council on 07 306 9009 or call in to the District Office.



RATE REMISSIONS

Council is increasing the rating cap for residential properties to \$4,150.00 (\$3,930 for 2019/20).

This increase is in line with Council's existing policy of increasing the rating cap by the overall increase in rates.

Residential properties with capital values of \$609,100 or higher will pay this amount for Council rates.

Also Council will continue to provide a rate remission for the two farm blocks of 45% so the rates charged to

these farm blocks is comparable to the rates charged by neighbouring councils.

The objective of these remissions is to make the rates fair and reasonable for these properties.

Council also has rate remission policies for:

- ▶ Developments
- ▶ Rate penalties (for specific circumstances) and
- ▶ Māori Freehold land

INDICATIVE RATES

The following table shows the indicative rates for 2020/21 compared to the current year for a selection of Kawerau District Council properties.

Capital Values	Rates 2019/20	Proposed Rates 2020/21	Increase in Rates	%	Cost per week 2019/20	Cost per week 2020/21
RESIDENTIAL						
\$29,000	\$1,158	\$1,169	\$11	0.9%	\$22	\$23
\$170,000	\$1,836	\$1,878	\$42	2.3%	\$35	\$36
\$210,000	\$2,028	\$2,079	\$51	2.5%	\$39	\$40
\$230,000	\$2,124	\$2,180	\$55	2.6%	\$41	\$42
\$285,000	\$2,389	\$2,456	\$67	2.8%	\$46	\$47
\$335,000	\$2,629	\$2,708	\$79	3.0%	\$51	\$52
\$370,000	\$2,797	\$2,884	\$86	3.1%	\$54	\$55
\$420,000	\$3,038	\$3,135	\$97	3.2%	\$58	\$60
\$490,000	\$3,374	\$3,487	\$113	3.2%	\$65	\$67
COMMERCIAL/INDUSTRIAL						
\$140,000	\$3,714	\$3,714	\$53	1.4%	\$71	\$72
\$175,000	\$4,433	\$4,497	\$65	1.5%	\$85	\$86
\$325,000	\$7,512	\$7,628	\$116	1.5%	\$144	\$147
\$850,000	\$18,290	\$18,585	\$296	1.6%	\$352	\$357
\$18,600,000	\$382,680	\$389,046	\$6,366	1.7%	\$7,359	\$7,482
\$29,400,000	\$604,393	\$614,452	\$10,060	1.7%	\$11,623	\$11,816
\$33,550,000	689,588	\$701,067	\$11,479	1.7%	\$13,261	\$13,482
\$120,500,000	2,474,585	\$2,515,801	\$41,216	1.7%	\$47,588	\$48,381



2020/21 ANNUAL PLAN PUBLIC SUBMISSION FORM

Have your say!
We welcome your submission on the Consultation Document for the 2020/21 Annual Plan

Submissions close 5:00pm 30 June 2020

Hearing of Submissions 7 July 2020

Name _____

Organisation (if applicable) _____

Postal address _____

Daytime telephone _____ Mobile _____

Email _____

Signature _____

Tick if you wish to speak in support of your submission on 7 July 2020.
Please note: the COVID-19 pandemic may affect the way we hear submissions.

NOTE: As part of the consultation process, Council must make all submissions available for public inspection

Submissions can be made:

Online at kaweraudc.govt.nz

Email
submissions@kaweraudc.govt.nz

Facebook Direct Message

Drop Box on the Islington Street side of the Council building.
Open 8am to 5pm weekdays.

Post Chief Executive Officer
Kawerau District Council
Private Bag 1004
KAWERAU 3169

COMMENTS:

