



**Tell us  
your  
views!**

# **LONG TERM PLAN 2018 – 2028**

**CONSULTATION DOCUMENT**



## CONTENTS

What this is about	2
From the Mayor	3
Our vision and mission	4
Statement of principles	4
Community outcomes	5
Groups of activities	5
Matters for consultation	6
How much will my rates be?	11
Chlorination of water supply	12
Summary of financial strategy	13
Summary of infrastructure strategy	16
Audit opinion	19
Submission form	21
Your representatives	23

## WHAT THIS IS ABOUT

This document summarises the vital information for the 2018-2028 Long Term Plan.

The Long Term Plan is a strategic document developed by Council every three years. It describes the important issues facing the Kawerau district and the key proposals and services Council plans to deliver over the next 10 years. The Long Term Plan sets out the Council's strategies, work programme and budget for the next 10 years, and in detail for the next three years. It also builds on the developments and changes Council has made over the past three years.

The Consultation Document is the basis for public participation in Council's decision-making about the Long Term Plan. It sets out what Council proposes to include in the Long Term Plan and the overall objectives of the proposals, and how rates, debt, and levels of service might be affected. Its purpose is to inform discussions between Council the community about those matters.

To get the right balance in the Long Term Plan, Council relies on community feedback. The consultation process runs from 30 March until 30 April. This is your chance to influence what Council will do and how. Please let us know what you think.

**Consultation  
Document Available  
30 March**

**Have your say  
30 March  
to 30 April**

**Hearings  
15 May**

**Deliberations  
29 May**

**Plan Adopted  
by 30 June 2018**

**Tell us  
your  
views!**

### HAVING YOUR SAY IS EASY

- Consult-a-Councillor sessions in the Tarawera Mall on 26-27 April.
- Invite Council to a meeting of your group. (We will be at the Kawerau GreyPower meeting on 13 April).
- Make a written submission to Council and either deliver, post or email to us.
- Go to our website: [www.kaweraudc.govt.nz](http://www.kaweraudc.govt.nz)





## FROM THE MAYOR

Welcome to this Consultation Document, which sets out Council's ideas for inclusion in our next Long Term Plan.

Kawerau is currently experiencing a period of significant change and this presents a raft of new opportunities as well as some challenges. Council has five proposals to help Kawerau take another step toward a positive future. I encourage you to find out what these are and to let us know what you think.

Over the past few years a steady stream of new residents has moved into Kawerau and against all the forecasts our population has increased. Council has also been working to attract more visitors to this special place. We are now considering the possibility of Trail along the Tarawera River. Going from Firmin Field to Tarawera Falls and ultimately Lake Tarawera, the trail would add to the network of mountain biking tracks in the Bay of Plenty and eventually link Rotorua's Te Ara Trail with Opotiki's Motu Trails. This is one of five proposals that we would like community feedback about.

The construction of a dairy processing plant at the Putauaki industrial park will commence later this year and the Fenglin particle board plant is on track to be built soon after. A grant of \$250,000 from the new Provincial Growth Fund in February has now also made a proposed container terminal look increasingly promising. These projects are predicted to create more than 300 new jobs in the district, which would be a huge boost to our community. Kawerau is already experiencing a housing shortage and needs more retirement accommodation for our older people. To encourage some of these new workers and their families to live here as well, we're going to need more houses. This document also sets out Council's proposals for residential development for you to consider.

Looking ahead to our growing and ageing population, Council has two options for future cemetery development. This is a longer term issue but something we need to start preparing for.

Council and others have been trying to make our Town Centre more attractive for visitors and locals and a place we can be proud of. The last Long Term Plan had an extensive upgrade of cobblestones planned, but with so many empty shops and underused buildings in varying states of repair, Council questioned the \$500,000 cost. To make a real and lasting improvement, our proposal is to work with all stakeholders and the community on a broad based Town Centre Strategy.

Our final proposal is to increase the minimum amount that ratepayers contribute toward the work Council does in the community. Given that everyone who lives in Kawerau uses services that Council provides, we think it's fair to increase the Uniform Annual General Charge from \$750 a year to \$850.

To fund the five proposals discussed in this Consultation Document would require an overall rates increase of 6.2 percent for the first year, and then between 0.7 percent and 5.6 percent for the following nine years. Councillors and I will be out and about during the coming weeks to hear from you and a submission form is included. Please tell us your views!

**Malcolm Campbell JP**  
**MAYOR**

# OUR VISION

**"To be the best Council in New Zealand"**



*To achieve its mission,  
Council will...*

## STATEMENT OF PRINCIPLES

- 1 Provide services, facilities and infrastructure that can support a high quality of life in Kawerau.
- 2 Deliver customer services that are cost-effective and responsive to Community needs.
- 3 Engage with all sectors of the Community to determine people's needs and priorities.
- 4 Maintain a fair system of rating to ensure Council services are sustainable and satisfy Community needs.
- 5 Inform and seek feedback from the Community about Council's current and planned activities.
- 6 Work co-operatively with government agencies, territorial authorities and other stakeholders to maintain or improve Council services.
- 7 Build and maintain relationships with industry and business sectors represented in the District.
- 8 Promote the District to attract development.



# COMMUNITY OUTCOMES

As part of making this Plan, Council went through a process to identify the outcomes it aims to achieve for the Kawerau Community. The outcomes reflect the activities and services that Council delivers and plans to deliver to promote Community wellbeing.

**Leadership** – Council advocates within and beyond the District and governs for Community needs and interests.

**Equity** – Council embraces involvement from all sectors of the Community in its democratic and decision-making processes.

**Activity** – Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.

**Development** – Council works in partnership to attract people to visit, live and do business in Kawerau and to enhance economic and employment opportunities for our Community.

**Environment** – Council sustainably manages Kawerau's environment through its stewardship, planning and consents.

**Regulation** – Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's residential, commercial and public environments.

**Services** – Council infrastructure and services are age and disability-friendly, effective, efficient and affordable, now and for the future.

# GROUPS OF ACTIVITIES

Council services are organised into nine groups of activities, which are detailed below.



## Democracy

- ▶ Democracy



## Economic and Community Development

- ▶ Economic Development
- ▶ Events Management
- ▶ Information Centre
- ▶ Community Development
- ▶ Youth Development



## Environmental Services

- ▶ Resource Management
- ▶ Building Control
- ▶ Environmental Health
- ▶ Dog Registration and Control
- ▶ Civil Defence



## Roading

- ▶ Roads and Footpaths



## Stormwater

- ▶ Stormwater Drainage and Flood Protection and Control Works



## Water Supply

- ▶ Water Supply



## Wastewater

- ▶ Sewerage and Sewage Treatment and Disposal



## Solid Waste

- ▶ Refuse Collection and Disposal
- ▶ Recycling (Zero Waste)



## Leisure and Recreation

- ▶ Public Library
- ▶ Museum
- ▶ Swimming Pools
- ▶ Public Halls and Facilities
- ▶ Parks and Reserves

LEADERS



## RESIDENTIAL DEVELOPMENT

Kawerau has a current housing shortage and also needs more retirement accommodation for our growing number of older people. It is expected that, in addition, we will need extra housing in the medium term for people who will move here to work in the new industries being established. Council is proposing to undertake three developments to increase the supply of suitable housing for our community.

Development 1	Development 2	Development 3
<p>Council is currently undergoing a process to remove the reserve status from an undeveloped reserve on Te Ariki Place. When/if this is approved, we propose to subdivide the land into sections for houses to be built. The costs of the project are included in the budgets for the Long Term Plan. Nett proceeds of the sales would be used to offset rates increases for the first two years of the Plan (2018/19 and 2019/20).</p> <p>The estimated cost is \$190,000. The sale of the sections is expected to return \$390,000 in the 2018/19 rating year, with a nett return of \$200,000. These funds will be used to lower the rate requirement by \$150,000 (1.5% of rates) in 2018/19 and \$50,000 (0.5% of rates) in 2019/20.</p>	<p>Council is also proposing to engage a construction company to develop the former Central School site it owns on Bowen Street and build up to 31 homes there. Purchasers would buy house and land packages on a turn-key basis from the developer, who would then remit the proceeds of section sales to the Council. This is not included in Council's budgets.</p> <p>The Bowen Street development is estimated to cost \$1.54 million. Council anticipates that it would develop the sections, including putting in all the required services, in the latter part of 2018. The sections would be available for purchase from early in 2019. It is anticipated that the sections would return \$2.42 million to Council. These estimates have not been included in the proposed budgets and Council has not yet allocated the returns to any particular purpose.</p>	<p>The third proposed residential project is the development of the reserve on the corner of River Road and Porritt Drive for retirement accommodation. Up to 28 two bedroomed duplex units, similar to those at the Mountain View Resthome, would be built. The land would remain in Council ownership and occupancy of the units would be on a 'right to occupy' basis, the same as for the adjoining rest home complex.</p> <p>The total cost of the development is estimated at \$7.28 million. Council anticipates that it would undertake the necessary land development in the latter part of 2018. Construction of the units would then occur once Council received a commitment from potential buyers. It is estimated that it may take 4 to 5 years for all the units to be sold. A nett return to Council of \$128,940 is expected. Costs and revenues have not been included in the proposed budgets and Council has not yet allocated the returns for any particular purpose.</p>



Altogether, these developments would add 63 new properties to the district rating base, an increase of 2.3 percent in the number of residential rating units in the district.



## OPTIONS

Council has four options in relation to residential development. The anticipated costs and revenue of Development 1 have been included in budgets for the Long Term Plan. Developments 2 and 3 are not yet included. The options are:

- Option 1** Proceed with all three developments.  
The total cost of this option is estimated to be \$9.0 million. Proceeds from sales will more than cover the cost. Expected revenue from Development 1 has been used to reduce the rate requirement for the first two years of the Long Term Plan but Council has yet to determine how it would spend the revenue from Developments 2 and 3.
- Option 2** Undertake Development 1 (Te Ariki Place) only. The estimated costs and sales revenue for this option are included in the budgets.
- Option 3** Undertake Development 2 (Bowen Street) and/or Development 3 (River Road) only. These are not included in the Long Term Plan budgets.
- Option 4** Do nothing. Leave it to the market.

## ADDITIONAL OPTIONS:

Council is also considering whether to retire further reserve land for residential development. Underutilised reserves such as Stoneham Park (the former soccer grounds) would be suitable to subdivide into sections. We could also look at retiring parts of other reserves such as the edges of Waterhouse Street Reserve and/or Boyce Park where they adjoin the road. This would have the advantage of also reducing mowing and other reserve maintenance costs.

Other possible strategies to increase the amount of housing include encouraging the development of in-fill housing.

## TOURISM GROWTH

Over the last few years Council has developed Firmin Lodge, refurbished and rebranded the Kawerau Information Centre and worked with other local organisations on a marketing strategy to attract visitors and new residents to our district. Initial discussions with relevant stakeholders have raised the possibility of developing a walking and mountain bike trail along the Tarawera River. The trail would run from Firmin Field to the Tarawera Falls and ultimately, the Tarawera Outlet. It would add to the network of mountain biking tracks in the Bay of Plenty and eventually link Rotorua's Te Ara Trail with Ōpōtiki's Motu Trails. This would reflect the Eastern Bay Cycle Trail Strategy produced in 2015 by the three district councils, the Bay of Plenty Regional Council and the Department of Conservation.

Council's preferred option is to work in partnership with the iwi landowners to secure a boundary change so that the river trail is in the Kawerau District and then to develop the river trail. \$60,000 has been included in the 2018/19 budget to conduct a feasibility study to determine if there is a viable business case for the river trail to be built. The study would be funded by a grant(s) so there is no effect on rates. If the concept is feasible, Council would then seek external funding to develop the trail.

The other options for tourism growth are to source funding for a different activity or attraction in the District, or to do nothing more in this space.

### We want to know...

- 1 What are your views about the proposed residential developments at Te Ariki Place Reserve and Bowen Street?
- 2 What do you think about the proposal for retirement units on River Road?
- 3 What are your thoughts about retiring reserve land to increase housing supply?
- 4 Would you support Council encouraging increased housing density (in-fill housing) in Kawerau? If so, where?
- 5 Please add any other comments you would like Council to consider in relation to residential development.



### We want to know...

- 1 Do you support the proposed Tarawera River Trail?
- 2 Do you have any other comments about tourism growth in the district?



## TOWN CENTRE

Most of Kawerau is very attractive and Council would like the Town Centre to also be an area of which the community can be proud.

Our Town Centre is currently underused with buildings in varying states of repair and many empty shops. Over the years various individuals and groups have undertaken projects to improve the look of the Town Centre and a number of suggestions, including a proposal to open a road through Jellicoe Court, have been made. Council has bought and/or refurbished three buildings: 16-18 Jellicoe Court, the former ANZ building on Islington Street and the Kawerau i-SITE, but there is a limit to how many buildings the community should buy and maintain. The cobblestones in Jellicoe and Ranfurly Courts are due for replacement and last year an extensive upgrade using concrete flagstones was planned. However, at a cost of over \$500,000 Council questioned the value of the proposition.

Real and sustainable progress toward making our Town Centre a vibrant and attractive place may require a whole of community approach. Council is proposing to work with stakeholders and the wider community over the coming year to develop a Community Town Centre Strategy.

## CEMETERY DEVELOPMENT

Additional space for burial plots can be created at the existing cemetery by removing some trees and levelling the hill area. This will provide an additional 800 burial plots, enough for the next 30 to 40 years at the current rate of burials.

In the longer term, Council proposes to acquire additional land for cemetery development. As a result of early engagement with its consultation partners, Council's preferred option is to use the small neighbourhood reserves behind and between Delamere Drive and Ryder Place for this. The new area would link to the existing cemetery via access ways constructed through Delamere Drive and at the very top of Valley Road.

Another option would be to use part of Stoneham Park (the former soccer grounds) but feedback from consultation partners was that this land was better used "for the living."

### We want to know...

- 1 Do you agree that we need a community strategy for the Town Centre?
- 2 What groups need to be involved in developing and implementing the Strategy?



### We want to know...

- 1 Do you agree with Council's preferred option for cemetery development?
- 2 If not, what alternative would you propose?



# CHANGES TO RATES

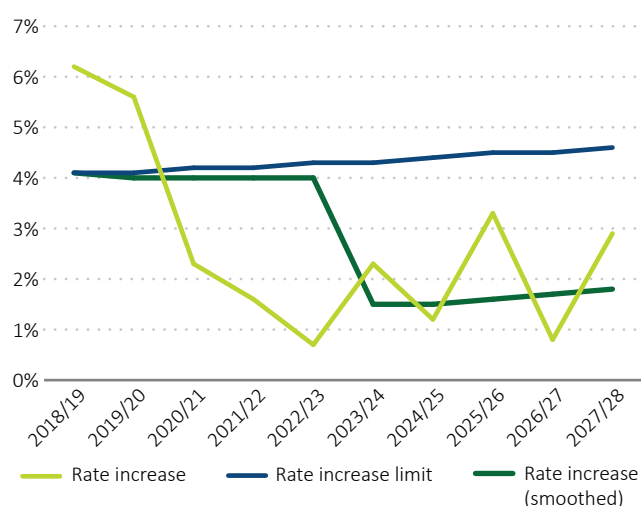
Council is proposing to increase overall rates by 6.2 percent for the 2018/19 financial year and 5.6 percent for the 2019/20 financial year. These are over the limit Council had set for increases.

The reasons for the overall rates increase and for exceeding the limit are explained in more detail in the summary of the Financial Strategy.

## Options for overall rates

Council has three options in relation to the proposed overall rates increase:

- Option 1** An increase to overall rates of 6.2 percent for the 2018/19 financial year and 5.6 percent for the 2019/20 financial year. For those years the increases exceed the limit Council has set for rates increases. This is Council's preferred option.
- Option 2** We could smooth the rates increases over five years to collect the same total amount of rates, but collect them later – effectively a buy now, pay later arrangement. Under this option, the forecast rates revenue and rate increases would look like this:



### Smoothed rate increases compared to limit

By smoothing the rates collected over five years we would be able to keep rates increases at a lower level (at or below four percent).

- Option 3** Council could reduce overall expenditure to avoid exceeding the limit on rates increases. For example, we could reduce services by mowing reserves less often or defer capital work to public buildings and facilities.



As part of the overall rate increase, Council is also proposing to increase the Uniform Annual General Charge (UAGC) from \$750 to \$850 from the 2018/19 rating year.

The UAGC is the minimum contribution from each rateable property unit toward the cost of the activities funded by general rates. Council is proposing to increase the UAGC to smooth the overall rates increase across all properties.

## Options for UAGC

**Option 1** Council's preferred option is to increase the UAGC to \$850.

**Option 2** The alternative is to retain the UAGC at \$750.

The impact of the two options on rates charges for a range of properties is shown on the following table.



**Table: Indicative Rates for 2018/19**

	Capital Value	Rates 2017/18	Proposed Rates (UAGC \$850)	Increase %	Proposed Rates (UAGC \$750)	Increase %
RESIDENTIAL	11,000	\$1,245	<b>\$1,324</b>	<b>6.4%</b>	\$1,235	-0.8%
	59,000	\$1,669	<b>\$1,761</b>	<b>5.5%</b>	\$1,721	3.1%
	82,000	\$1,872	<b>\$1,970</b>	<b>5.2%</b>	\$1,954	4.3%
	95,000	\$1,987	<b>\$2,089</b>	<b>5.1%</b>	\$2,085	4.9%
	120,000	\$2,208	<b>\$2,317</b>	<b>4.9%</b>	\$2,338	5.9%
	200,000	\$2,916	<b>\$3,045</b>	<b>4.4%</b>	\$3,148	8.0%
	240,000	\$3,270	<b>\$3,410</b>	<b>4.3%</b>	\$3,553	8.7%
COMMERCIAL	98,000	\$3,151	<b>\$3,380</b>	<b>7.3%</b>	\$3,287	4.3%
	140,000	\$4,081	<b>\$4,377</b>	<b>7.3%</b>	\$4,287	5.1%
	270,000	\$6,961	<b>\$7,466</b>	<b>7.3%</b>	\$7,385	6.1%
	700,000	\$16,486	<b>\$17,681</b>	<b>7.3%</b>	\$17,631	6.9%
	1,450,000	\$33,099	<b>\$35,499</b>	<b>7.3%</b>	\$35,502	7.3%
	15,650,000	\$347,643	<b>\$372,849</b>	<b>7.3%</b>	\$373,860	7.5%
	30,600,000	\$678,800	<b>\$728,016</b>	<b>7.3%</b>	\$730,088	7.6%
	107,700,000	\$2,386,643	<b>\$2,559,680</b>	<b>7.3%</b>	\$2,567,227	7.6%

**Table: Proposed rates for average residential property  
(CV \$90,000 at 1/09/2015)**

Rates 2018/19	\$
Uniform Annual General Charge	850.00
General Rate	819.81
Water Supply Charge	59.90
Wastewater Charge	141.58
Refuse Collection Charge	171.98
<b>Total</b>	<b>2,043.27</b>

**Table: Contribution to Council activities**

Activities	\$
Democracy	108.00
Economic Development	166.00
Environmental Services	158.00
Roading	170.00
Stormwater	9.00
Water	177.00
Wastewater & Solid Waste	600.00
Library & Museum	131.00
Swimming Pool	122.00
Public Halls and Toilets	78.00
Parks and Reserves	324.00
<b>Total</b>	<b>2,043.00</b>



# HOW MUCH WILL MY RATES BE FOR 2018/19?

## RATES CALCULATOR

(\\$)

Uniform Annual General charge	(a)	850.00
Write in your Capital Value here (available from your revaluation notice or by going to <a href="http://www.kaweraudc.govt.nz">www.kaweraudc.govt.nz</a> and accessing 'Your Property')	(b)	
Rating factor from Rates and Service Fees table (Residential or Commercial)	(c)	
Multiply the annual value by the rating factor	(d)=(b)x(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)=(a)+(d)+(e)+(f)+(g)	\$

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

## RATES AND SERVICE FEES

(\\$)

Residential	(c)	.009109
Commercial	(c)	.023757
Water Supply Rate	(e)	59.90
Wastewater Disposal Rate	(f)	141.58
Refuse Collection Rate (small)	(g)	171.98
Refuse Collection Rate (large)	(g)	231.98





At its meeting on 27 March 2018, Council made a decision to begin chlorinating the Kawerau water supply on a permanent basis from 1 July.

We are well aware that some local residents may not wish to have chlorine in their water. To provide an alternative for this group, Council will provide a community water source where people can fill bottles with unchlorinated water for drinking. Residents can also install water filters in their homes to remove chlorine.

This is a significant decision because it affects the whole community and has a high level of public interest. Council has therefore opted to undertake a process, concurrent with consultation for the Long Term Plan, to inform the community of the reasons for the decision.

The decision was made to comply with the Report of the Havelock North Drinking Water – Stage 2 and in particular, the Urgent and Early Recommendations which include:

#### *Encourage Universal Treatment*

- *Because the risks to the public of untreated drinking water are simply too high to continue with such supplies until legislation mandating universal treatment has been considered and passed, the Director-General of Health can and should, in the interests of public safety and welfare, exercise effective and practical leadership to encourage water suppliers to use appropriate and effective treatment without delay.*
- *The Director-General of Health should promptly provide firm and clear advice to drinking water suppliers that all supplies should be appropriately and effectively treated pending any change to the law and/or the DWSNZ.*
- *The CEOs of DHBs (with PHU responsibilities) should advise drinking water suppliers that all supplies should be effectively treated pending any change to the law and/or the DWSNZ.*

The Report's Further Recommendations to Prevent Recurrences include the following:

#### *Mandate Universal Treatment*

- *Appropriate and effective treatment of drinking water should be mandated by law or through the DWSNZ for all supplies (networked and specified self-suppliers). This should include a residual disinfectant in the reticulation. Council's current system of water treatment is not considered 'appropriate and effective' because it does not provide a residual disinfectant in the reticulation (pipes). UV treatment is a one-off 'hit' and unfortunately, after water has been UV treated it can be re-contaminated before it reaches the drinking water taps in our homes. This means that there is a risk of re-contamination occurring for reasons such as rain seepage into the water reservoirs, damage to underground pipes from tree roots or other causes and backflow from individual properties into the reticulation.*

Kawerau currently has one of the very few unchlorinated town water supplies in the country. Council has received recommendations from health and local government authorities to Ministerial level to begin chlorination. The gastro outbreak caused by water contamination in Havelock North, which made more than 5000 people ill and caused numerous businesses to close for days, demonstrated the degree of risk a contaminated water supply can cause. To prevent the risk of a similar incident occurring here, Council has decided there is no viable option but to chlorinate the district water supply.





# SUMMARY OF FINANCIAL STRATEGY

## WHAT IS A REASONABLE LEVEL OF RATES?

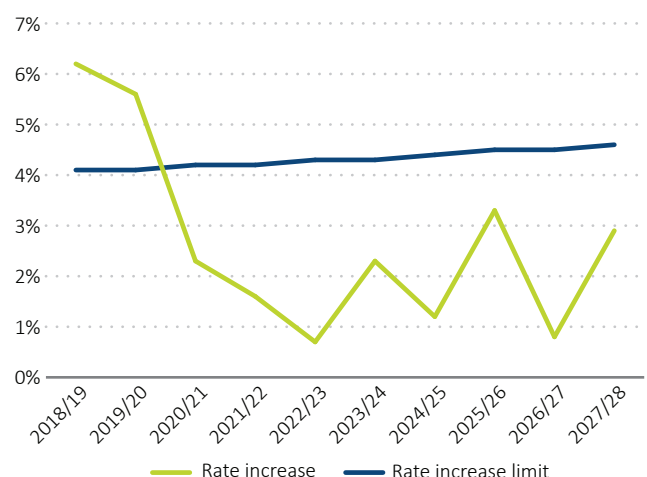
In setting rates at the appropriate level, Council must find a balance between the costs of delivering services the community expects with what the community can afford. In assessing the appropriate level of rates, Council has to consider the following:

- ▶ Are the revenues at a level sufficient to cover all expenses?
- ▶ Is revenue set at a level that will enable Council to undertake an ongoing asset renewal and replacement programme?
- ▶ Are the rates and fees affordable for the community?
- ▶ Have the needs of current and future ratepayers been considered?
- ▶ Finally, does Council have a balanced budget overall?

After taking the above factors into consideration, the overall rate increases for 2018 - 2028 are between 0.7 to 6.2 percent.

Council has determined that the rate limit should not exceed the underlying rate of inflation for Council costs plus 2%, or 88 percent of budgeted revenue. The proposed rates increases exceed the limit for 2018/19 and 2019/20 because Council has increased the level of service for a number of activities, primarily in response to community demand. Council is not proposing to increase the limit for those two years.

**Proposed rate increases 2018/19 – 2027/28  
(compared to limit)**



## RATIONALE FOR PROPOSED 2018/2019 INCREASE

The proposed increase for the 2018/19 rating year is driven primarily by:

### 1. Development costs over the past two years for:

- ▶ New changing rooms, splash pad, jumping pillow and barbecue area at the pools complex
- ▶ Refit of the Museum and Council Archives Building
- ▶ Purchase and refit of the ANZ Building
- ▶ Refurbishment and rebranding of the Kawerau i-SITE
- ▶ Development of Firmin Lodge
- ▶ Purchase and installation of new public toilets in the Town Centre.

### 2. Increased operational costs of:

- ▶ Building consenting
- ▶ Environmental health
- ▶ Solid waste disposal
- ▶ Information technology
- ▶ Health and safety.

Council has a policy to charge no to low user fees and charges for its services. This means that revenue from service charges does not meet the full costs of providing those services. The costs are therefore spread across all ratepayers in the form of general rates.

### 3. The use of cash reserves over recent years to minimise rates increases.

## RATIONALE FOR PROPOSED 2019/2020 INCREASE

The reasons for the proposed 2019/2020 rates increase are:

1. The cost of a 10 yearly review of Council's District Plan
2. The cost of maintenance required to the Ron Hardie Recreation Centre, the Public Library building and the Town Water Supply
3. Expected inflation of between 1.6% to 2.7%
4. Less cash reserves available to smooth the impact of increased levels of service for a number of Council activities
5. Reduced interest revenue.

Potential revenue from the Bowen Street development and the River Road retirement units has not yet been included in the budgets.



## PRUDENT FINANCIAL MANAGEMENT – BALANCED BUDGET REQUIREMENT

Under the Local Government Act 2002, Council is required to ensure each year's projected operating revenues are set at a level which will meet the year's operating costs. However, Council can set projected operating revenue at a different level if it believes it is financially prudent to do so.

In 1998/99, following consultation with the community, Council decided to fund the cost of depreciation on critical assets only. When establishing the level of funding, Council resolved it would not fully fund depreciation for roads and stormwater assets subject to New Zealand Transport Agency subsidies, or for Kawerau's public buildings assessed as being non-critical.

Non-critical buildings are those which are unlikely to be replaced in their present form. They may be replaced by rented accommodation or by buildings funded by way of borrowing. These include Pensioner Housing Units, the Town Hall, Concert Chambers and Recreation Centre, the District Library/Museum, the Tarawera Park Clubrooms, the Swimming Pool Complex and the District Office and Works Depot. Council has confirmed the decision to not fund depreciation on these assets. The reasons for doing so haven't changed, and Council considers the policy is appropriate for the Kawerau District.

The advantage to the community of not funding depreciation on non-critical assets and those subject to NZTA subsidies is that ratepayers are not funding depreciation that is unlikely to be required in the future. The estimated amount of non-funded depreciation on non-critical assets is shown in the table on the following below.



**Table: Budgeted amount of non-funded depreciation on assets**

Asset	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Roads	\$364,280	\$377,610	\$391,360	\$405,920	\$421,350	\$437,300	\$448,230	\$459,880	\$472,300	\$485,520
Stormwater	\$115,990	\$117,650	\$119,300	\$129,250	\$131,020	\$132,790	\$142,720	\$142,720	\$142,720	\$154,600
Buildings	\$189,850	\$190,250	\$190,650	\$203,240	\$203,690	\$204,160	\$218,410	\$218,930	\$219,480	\$236,360
<b>Total</b>	<b>\$670,120</b>	<b>\$685,510</b>	<b>\$701,310</b>	<b>\$738,410</b>	<b>\$756,060</b>	<b>\$774,250</b>	<b>\$809,360</b>	<b>\$821,530</b>	<b>\$834,500</b>	<b>\$876,480</b>



## FINANCIAL AND EQUITY SECURITY INVESTMENTS

Council expects to have financial investments totalling \$7.6 million (including short term deposits) at 30 June 2018. These funds are mostly depreciation reserves which will be used to fund the programmed renewal of Council's assets. Interest earned on the invested depreciation reserves is credited to each respective reserve account and also offsets the amount of rates required. Financial investments are invested in accordance with our investment policy. Council also holds equity securities in Civic Assurance (31,161 shares) and BOPLASS Ltd (5,091 shares).

## DEBT AND ISSUING SECURITIES

As at 30 June 2018, Council will have no external debt other than finance leases for funding the office telephones and photocopiers. Council is not proposing to raise any external loans for the period 2018 – 2028, therefore does not need to issue any securities. Council's intended limit on borrowing is that it will not have any external debt other than finance leases.

## OPERATING EXPENDITURE

Operating expenditure covers Council's day-to-day services and operations, from collecting rubbish and providing street lighting to maintaining gardens and issuing building consents. The majority of operating expenditure is for roading, followed by parks and reserves, wastewater and water.

## ASSET RENEWALS

Council currently has fixed assets worth \$61.6 million. During the next 10 years Council is planning to undertake asset renewals of \$19.7 million. Asset management plans are in place for roading, water supply, stormwater, wastewater and community facilities and property. Condition assessments have been conducted for these activities. The current deterioration model is based on best practice from the International Infrastructure Management Manual 2011. Council generally funds asset renewals from depreciation reserves. This recognises that current and future generations benefit from Council assets (because of their long life). Planned asset renewals for the next 10 years are shown in the table below.



**Table: Asset renewal expenditure by Activity Group**

Year	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	2026/27 \$	2027/28 \$
<b>Economic Development</b>	20,000	20,380	20,770	21,190	21,630	22,090	22,570	23,080	23,620	24,190
<b>Environmental Services</b>	700,000	-	-	-	-	-	-	-	-	-
<b>Roading</b>	1,489,000	636,630	599,530	613,320	628,040	643,120	659,190	676,330	694,590	714,040
<b>Stormwater</b>	260,000	-	-	-	-	-	-	-	-	-
<b>Water</b>	267,550	795,560	974,110	91,310	292,400	95,750	133,950	304,140	178,420	841,410
<b>Waste Management</b>	319,400	48,180	175,510	324,420	60,860	166,200	50,620	50,650	42,680	118,720
<b>Leisure &amp; Recreation</b>	572,760	260,200	251,080	344,160	258,180	305,540	312,490	209,130	275,600	235,610
<b>Overheads</b>	20,000	20,400	20,850	83,380	55,800	26,920	22,790	23,340	93,810	62,930
<b>Plant</b>	150,000	158,120	136,220	160,280	138,560	182,700	523,120	205,520	171,090	113,320
<b>Buildings</b>	102,200	38,220	36,870	34,370	35,160	51,070	48,730	49,940	42,490	39,800
<b>Total</b>	<b>3,900,910</b>	<b>1,977,690</b>	<b>2,214,940</b>	<b>1,672,430</b>	<b>1,490,630</b>	<b>1,493,390</b>	<b>1,773,460</b>	<b>1,542,130</b>	<b>1,522,300</b>	<b>2,150,020</b>



## WHAT IS INFRASTRUCTURE

For the purposes of this Strategy, the term ‘infrastructure’ means the assets used to deliver services to the community in the Council Activities as shown below:



**Roading** infrastructure includes street lighting, kerb, channel and footpath, pavement surface, pavement structure.



**Stormwater** (including flood protection) infrastructure is the reticulation (pipes).



**Water Supply** infrastructure is that used for collection and storage and the reticulation used for local distribution.



**Wastewater** infrastructure is the reticulation and that used for sewage pumping, treatment and disposal.

## ASSUMPTIONS AND DRIVERS OF CAPITAL EXPENDITURE

A fundamental question for Council about infrastructure expenditure is how much should be spent. Capital investment decisions are driven by three considerations:

1. Can we replace existing infrastructure like for like?
2. When should new and improved infrastructure be purchased? Council may need to purchase or upgrade infrastructure to reflect increasing environmental expectations, to cope with the effects of climate or to improve resilience to earthquakes.
3. How much do we need to invest to provide adequately for the future?

The main determinant of demand for reticulation infrastructure is the number of households and business premises in the district. Kawerau’s population projections for relatively small growth indicate there is not likely to be increased demand from households. Council is encouraging industrial development which may create new demand from business premises. Kawerau has a rapidly ageing population, and it is projected that by 2043 almost 30 percent of the population will be over 65. It is anticipated that this will result in less water consumption as generally older people will use less water than families. Council’s proposed infrastructure replacement programme is set out on the following pages.





## ROADING

Like  
for  
Like

For the roading network there will be continued reseals, road marking and kerb replacement at current levels to maintain existing levels of service for the foreseeable future. Renewal of the underlying road pavement structure will be required from 2036/37 and this expenditure has been smoothed over the next eleven years to reflect the likely actual expenditure.

### Improved technology

Council will complete the replacement of the town's street lights with LEDs by the end of 2017/18. This will result in reduced electricity costs and lower renewal costs in future years.

### Future Population

Council has significantly increased its footpath renewal budget compared to previous years to undertake more renewals and replace damaged footpaths. This is to improve the accessibility especially for the district's older and disabled population.



## STORMWATER, WATER SUPPLY AND WASTEWATER

Kawerau is unusual in that much of the reticulation infrastructure was constructed around the same time. Because the town is only 65 years old, Council's main focus to date has been maintenance. As it ages however, infrastructure will start needing to be replaced. The uniformity in age means that this will occur in large chunks and create expenditure 'spikes'.

### Smoothing of renewals

Council has adopted a strategy to 'smooth' the renewal of its infrastructure assets to avoid large expenditure spikes. For the Stormwater, Water Supply and Wastewater infrastructure, Council has divided the reticulation network into six zones based on the estimated average date at which each was developed. Renewal/replacement funding for each zone is averaged over eight years (10 years for Stormwater). This allows for the spread of renewal dates and recognises the different end of life dates.

Replacement decisions are based on a number of factors including the condition, reliability and maintenance of the asset as well as age. Council's objective is to maximise the life of the district's infrastructure without compromising service. This reduces the overall cost to the community.

## STORMWATER

Like  
for  
Like

Council is renewing 160 metres of large pipework in 2018/19 at a cost of \$250,000. There are no other stormwater renewals planned until 2076/77. Council will need to replace approximately 1.8 kilometres (km) of Stormwater pipes each year for the ten years from 2072 to 2082, and then 0.5 km per year for a period of time.

### Climate change

Climate change has resulted in increased rainfall intensities. Following a very extreme rainfall event in 2017, increased flows exceeded pipework capacity and runoff from farmland inundated a number of homes. Flow diversion structures have since been built to redirect the flow. In 2018/19 a number of flow retention structures will be built to further manage such flows. Additionally, two culverts under River Road will be replaced to eliminate build-up on dividing walls and prevent debris back-up. It is believed that these measures will prevent houses being flooded by providing the necessary capacity to cope with the increased volume of storm water from extreme rainfall events.

## WATER SUPPLY

Like  
for  
Like

Council will replace approximately 20 km of water supply pipes during the period of the strategy, mostly in the second 15 years. The replacement cost has been smoothed to reflect the likely expenditure.

### Climate change

Climate change may not only result in more severe rainfall events but also more extreme drought events. Currently Council's water supply is sourced from two springs and on the rare occasions when needed, Council can obtain water from the Tarawera Bores. Therefore Council is confident that it has sufficient volume in its water supply to cope with the changing climate.

### Significant renewal projects

1. Replace rising main from Pumphouse to Reservoirs (2019 – 2021)

The rising main from the Pumphouse to the Reservoirs is made from Asbestos Cement (AC) pipe and was installed around 1970. The pipe is approximately 1,200 metres long. AC pipes have been lasting for up to 60 years, but as the rising main is critical to the operation of the Water Supply system, it will be replaced sooner, before failures start to occur.

In addition to the AC rising main the old 225 rising main which is made of steel and is in good condition will be connected to the treatment plant so that it can be used as an emergency backup rising main in the event of maintenance or repair work being required on the other rising main

2. Replace gravity main from Umukaraka Spring to Pumphouse (2028 – 2030)

The gravity main also made from AC pipe is 3,200 metres long, and 450 mm in diameter. Installed in 1970, it is showing signs of deterioration. The gravity main is not under pressure so the pipe is expected to last for 60 years. Without water from this spring, Council would need to impose water restrictions, especially in summer. However, failure is not anticipated to be catastrophic.

3. Ongoing replacement of mains pipes

The reticulation is a mix of materials Steel (44%) AC (37%) PVC (19%) pipes in the Water Supply network. The pipes ageing profile varies considerably (Steel and PVC 100 years and AC 70 years). Pipes need replacing before or after regular failures occur. Every additional year that the life of the Water Supply reticulation network can be extended equates to a reduction of approximately 1.5 percent in the depreciation funding required.

## WASTEWATER

Like  
for  
Like

The AC and concrete pipes in the wastewater reticulation network are also deteriorating with age. A significant proportion of the AC pipes was installed in 1973. With an anticipated life of 70 years only minimal renewals will be required until 2043/44. It is projected that Council will need to replace nearly 9 km of pipes at that time.

### Cost of replacement programme

The costs associated with the proposed significant renewals in Water Supply are shown below.

Renewal	Most likely scenario \$
Rising main from pumphouse to reservoirs (2019 – 2021)	1,160,600
Gravity main from Umukaraka Spring to pumphouse (2028 – 2030)	3,099,700
Other reticulation renewals 2018 - 2048	3,664,000

The total projected capital expenditure required to fund all the renewals proposed in the Infrastructure Strategy is \$39.5 million over the 30 year period. The renewals will be funded from depreciation reserves and it is not anticipated that external borrowing will be needed.







## **Independent auditor's report on Kawerau District Council's Consultation Document for its proposed 2018-28 Long-Term Plan**

I am the Auditor-General's appointed auditor for Kawerau District Council (the Council). Section 93C of the Local Government Act 2002 (the Act) requires an audit report on the Council's consultation document. We have done the work for this report using the staff and resources of Audit New Zealand. We completed our report on 27 March 2018.

### **Opinion**

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2018-28 long-term plan, because it:
  - fairly represents the matters proposed for inclusion in the long-term plan; and
  - identifies and explains the main issues and choices facing the Council and district, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

### **Basis of opinion**

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

## Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by section 93C of the Act. I do not express an opinion on the merits of any policy content of the consultation document.

## Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.



B H Halford  
Audit New Zealand  
On behalf of the Auditor-General,  
Tauranga, New Zealand





# SUBMISSION FORM

**Submissions close at 12.00 noon on Monday 30 April 2018**

Submissions can be sent to us at:

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

**Email:** submissions@kaweraudc.govt.nz

**Fax:** (07) 323 8072

**Deliver:** District Office, Ranfurly Court



**Tell us  
your  
views!**

*We welcome your  
submission on  
the Consultation  
Document for the  
2018-2028  
Long Term Plan*

Name \_\_\_\_\_

Organisation name (if applicable) \_\_\_\_\_

Postal address \_\_\_\_\_

Daytime telephone \_\_\_\_\_ Mobile \_\_\_\_\_

Email address \_\_\_\_\_

Signature \_\_\_\_\_

☐ **Tick – I wish to speak in support of my submission** (NOTE: Presentation time is limited to 10 minutes per speaker. Council will have read your written submission before the meeting.)

## COMMENTS:

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

### RESIDENTIAL DEVELOPMENT:

1. What are your views about the proposed residential developments at Te Ariki Place Reserve and Bowen Street?

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2. What do you think about the proposal for retirement units on River Road?

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3. What are your thoughts about retiring reserve land to increase housing supply?

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4. Would you support Council allowing increased housing density (in-fill housing) in Kawerau? If so, where?

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5. Please add any other comments you would like Council to consider in relation to residential development.

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## TOURISM GROWTH:

1. Do you support the proposed Tarawera River Trail?

☐ YES ☐ NO

COMMENT: \_\_\_\_\_

2. Do you have any other comments about tourism growth in the district?

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### TOWN CENTRE:

1. Do you agree that we need a community strategy for the Town Centre? ☒ YES ☐ NO

☐ YES ☐ NO

COMMENT: \_\_\_\_\_

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2. What groups need to be involved in developing and implementing the Strategy?

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## CEMETERY DEVELOPMENT:

- 1 Do you agree with Council's preferred option for cemetery development? ☒ YES ☐ NO

☐ YES ☐ NO

2. If not, what alternative would you propose?

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## OTHER COMMENTS:

[illegible]

If you need more space please attach on another piece of paper.





Back row: Chris Jensen (Manager Planning, Compliance and Capability), Cr Chris Marjoribanks, Cr David Sparks, Russell George (Chief Executive Officer), Tom McDowall (Manager, Operations and Services), Peter Christophers (Manager, Finance and Corporate Services), Cr Rex Savage, Cr Warwick Godfery. Front row: Cr Sela King, Cr Berice Julian, Mayor Malcolm Campbell, Cr Faylene Tunui, Cr Carolyn Ion.

# YOUR REPRESENTATIVES

## ELECTED MEMBERS OF COUNCIL

### Mayor Malcolm Campbell, JP

- P** (07) 323 8633 (business)  
(07) 323 7772 (residential)  
027 457 6122
- E** mayor@kaweraudc.govt.nz

### Cr Berice Julian

- P** (07) 306 9310 (business)  
(07) 323 9190 (residential)
- E** berice@xtra.co.nz

### Deputy Mayor Faylene Tunui

- P** (07) 323 8025 (business)  
323 7574 (residential)  
022 320 8840
- E** faylene.tunui@gmail.com

### Cr Warwick Godfery

- P** (07) 323 8835 ext 201 (business)  
(07) 323 7771 (residential)
- E** warwick.godfery@gmail.com

### Cr Sela Kingi

- P** (07) 323 8025 (business)  
(07) 323 6009 (residential)  
027 509 2328
- E** sela@tuwharetoa.org.nz

### Cr Rex Savage

- P** (07) 323 7287 (residential)
- E** rgksavage@gmail.com

### Cr Carolyn Ion

- P** (07) 323 9046  
027 415 6458
- E** ion.family@xtra.co.nz

### Cr Chris Marjoribanks

- P** (07) 323 8025 (business)  
(07) 312 5570 (residential)  
021 223 3761
- E** chris@tuwharetoa.org.nz

### Cr David Sparks

- P** (07) 308 6817 (business)  
(07) 323 7776 (residential)  
027 321 0740
- E** ulricsparks@gmail.com



**Tell us  
your  
views!**

**Kawerau District Council**

Ranfurly Court, Kawerau 3127  
Private Bag 1004, Kawerau 3169  
New Zealand

Phone: +64 7 306 9009

Email: [submissions@kaweraudc.govt.nz](mailto:submissions@kaweraudc.govt.nz)