KAWERAU DISTRICT COUNCIL

Te Kaunihera ā rohe o Kawerau

TAONGA O TE WHENUA - TREASURE OF THE LAND

The Extraordinary Meeting of the Kawerau District Council will be held on Wednesday 9 April 2025 commencing at 9.00am

A G E N D A

GUIDELINES FOR PUBLIC FORUM AT MEETINGS

1. A period of thirty minutes is set aside for a public forum at the start of each Ordinary Council or Standing Committee meeting, which is open to the public. This period may be extended on by a vote by members.

2. Speakers may address meetings on any subject. However, issues raised must not include those subject to legal consideration, or be issues, which are confidential, personal, or the subject of a formal hearing.

3. Each speaker during the public forum is permitted to speak for a maximum of three minutes. However, the Chairperson has the discretion to extend the speaking time.

4. Standing Orders are suspended for the duration of the public forum.

5. Council and Committees, at the conclusion of the public forum, may decide to take appropriate action on any of the issues raised.

6. With the permission of the Chairperson, members may ask questions of speakers during the period reserved for public forum. Questions by members are to be confined to obtaining information or clarification on matters raised by the speaker.

The Extraordinary Meeting of the Kawerau District Council will be held on Wednesday 9 April 2025 in the Council Chambers commencing at 9.00am

A G E N D A

1 Karakia Timatanga | Opening Prayer

2 Apologies

3 Leave of Absence

4 Declarations of Conflict of Interest

Any member having a "conflict of interest" with an item on the Agenda should declare it, and when that item is being considered, abstain from any discussion or voting. The member may wish to remove themselves from the meeting while the item is being considered.

5 Meeting Notices

6 Nga Mihimihi | Acknowledgements

7 Public Forum

8 Balanced Budget Requirement for Long Term Plan 2025 – 2034 (Group Manager, Finance and Corporate Services) (201100)

Pgs. 1 – 5

Attached is a report from the Group Manager, Finance and Corporate Services covering the Balanced Budget Requirement for Long Term Plan 2025 – 2034.

Recommendations

1. *That the report "Balanced Budget Requirement for Long Term Plan 2025 - 2034" be received.*

2. *That Council confirms the decision to continue the policy of not funding depreciation on the portion of Roading assets subject to Waka Kotahi (NZTA) subsidies for the Long Term Plan 2025-2034, as Council believes the reasons for doing so remain unchanged and that this policy is appropriate for the Kawerau District.*

3. *That Council confirms the decision to continue the policy of not funding depreciation on non-critical and non-strategic assets for Long Term Plan 2025-2034, as this policy is appropriate for the Kawerau District.*

4. *That Council confirms the decision and reasons for not fully funding depreciation, is in the best interests of the Community due to rates affordability and it is financially prudent to do so, which will result in unbalanced budgets for the Long Term Plan 2025 - 2034.*

9 Significance and Engagement Policy Review 2025 (Communications and Engagement Manager) (103015)

Pgs. 6 – 28

Attached is a report from the Communications and Engagement Manager covering the Significance and Engagement Policy Review 2025.

Recommendations

1. *That the report "Significance and Engagement Policy Review 2025" be received.*

2. *That following any amendments and feedback from Elected Members, Council adopts the draft Significance and Engagement Policy 2025 for consultation with the Long Term Plan 2025-2034.*

10 Adoption of Long Term Plan Consultation Document 2025 – 2034 and Supporting Documents (Group Manager, Finance and Corporate Services) (110553)

Pgs. 29 – 151

Attached is a report from the Group Manager, Finance and Corporate Services covering the Adoption of Long Term Plan Consultation Document 2025 – 2034 and Supporting Documents.

Recommendations

1. *That the report "Adoption of Long Term Plan Consultation Document 2025 - 2034 and Supporting Documents" be received; and*

2. *That Council adopts the proposed Performance Framework for 2025 - 2034; and*

3. *That, pursuant to sections 101A and 101B of the Local Government Act 2002, Council adopts the Financial Strategy (2025 - 2034) and the Infrastructure Strategy (2025 - 2034) as presented; and*

4. *That, pursuant to section 102(1) - (4) of the Local Government Act 2002, Council adopts the following funding and financial policies, as presented, for consultation:*

   i) *Draft Revenue and Financing Policy;*
   ii) *Draft Financial Contributions Policy;*

5. *That all of the above documents are made available during the special consultation period and on request to members of the public; and*

6. *That, pursuant to section 93 of the Local Government Act 2002, Council adopts the Long Term Plan Consultation Document 2025 – 2034 for commencement of the special consultative procedure, with submissions closing at 5 pm on 12 May 2025; and*

7. *That Council hears and considers any submissions to the Consultation Document at the Ordinary Council meeting on 28 May 2025; and*

8. *That Council delegates to the Group Manager Finance and Corporate Services the authority to make technical and editorial amendments to the Long Term Plan 2025 – 2034 Consultation Document if required (such as grammar or punctuation) before public consultation begins.*

11 Adoption of draft Gambling Venues Policy and Statement of Proposal for Consultation (Group Manager, Regulatory and Planning) (110800)

Pgs. 152 – 201

Attached is a report from the Group Manager, Regulatory and Planning covering the Gambling Venues.

Recommendations

1. *That the report "Adoption of draft Gambling Venues Policy and Statement of Proposal for Consultation" be received.*

2. *That Council approves one of the following options:*

   a) *Option 1 - Adopt the draft policy as proposed*
   b) *Option 2 - Adopt the draft policy with amendments*
   C) *Option 3 - Do not adopt the policy and request further draft amendments*

3. *Where Council approves option 1 or 2, Council resolves to adopt a draft Gambling Venues Policy and Statement of Proposal, with any amendments, for public consultation.*

4. *That Council authorises the Group Manager, Regulatory and Planning to make any necessary minor drafting amendments to the Draft Policy and/or the Statement of Proposal to correct errors or omissions, or to reflect decisions made by Council.*

12 Karakia Whakamutunga | Closing Prayer

M Godfery
Chief Executive Officer
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Meeting: Extraordinary Council

Meeting Date: 9 April 2025

Subject: **Balanced Budget Requirement for Long Term Plan 2025 - 2034**

File No.: 201100

1 Purpose

The purpose of this report is to consider and confirm Council's reasons for not setting operating revenue at a level sufficient to meet all operating expenditure and determining that it is financially prudent not to do so, for the Long Term Plan 2025 - 2034.

2 Background

The Local Government Act 2002 requires Council to ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses, unless Council resolves that it is financially prudent not to do so.

If Council resolves not to balance the budget, it must have regard to:

a) The estimated expenses of achieving and maintaining the levels of service in the Long Term Plan, including maintaining service capacity and the integrity of assets.

b) The projected revenue available to fund those expenses.

c) The equitable allocation of responsibility for funding the assets over their useful lives.

d) Council's funding and financial policies.

The intent of these provisions is to ensure that adequate and effective provision is made for the ongoing maintenance of service levels.

In Council's 2025-2034 Long Term Plan, it is proposed to utilise the provisions of the Local Government Act to run deficits in the nine years of the Long-Term Plan for the following purposes:

(i) Non-Funding of Depreciation Waka Kotahi - NZ Transport Agency Funded Roading and Stormwater

Waka Kotahi (NZTA) contributes significantly to the costs of maintaining and renewing the roads and stormwater assets. Since 1998/1999, the assumption has been made that when roads infrastructure are due for renewal, Waka Kotahi (NZTA) will contribute towards the cost at the agreed ratio. There is a possibility that this may not occur, but that likelihood is considered to be very low.

The advantage of not funding the depreciation for these activities is that ratepayers are not funding depreciation that is unlikely to be required in the future.

(ii) Non-Funding of Depreciation for Specific Buildings

In 1998/1999, Council implemented and started phasing in the full funding of depreciation in order to comply with legislative requirements. At the time, guidelines issued by the Auditor-General indicated that it would be reasonable for councils not to fund depreciation on certain assets where they were non-strategic and there was no intention to replace them.

The non-strategic assets (building structures) identified by Council at that time were the following buildings:

- Council Buildings (including Town Hall, Concert Chamber, Library and District Office)
- Tarawera Park Amenity Building
- Recreation Centre
- Swimming Pool
- Depot
- Pensioner Housing

These buildings remain non-strategic and in addition, the level of utilisation for some Council Halls is significantly below total availability. As a result, it is unlikely that they would be replaced directly in their present form. Also, their replacement may be by rented accommodation or by buildings funded by loans or grants.

The advantage of not funding depreciation on these buildings is that the community is not funding depreciation for assets that are unlikely to be replaced with buildings of equivalent value.

(iii) Additional Non-Funding of Depreciation

Following the revaluation of Council's assets in June 2022, Council's depreciation expense increased significantly and further increased the rates requirement if Council was to continue fully funding depreciation on strategic assets. For the last two financial years, Council has assessed that based on ratepayer affordability; it is appropriate to lower the level of depreciation Council will fund to decrease the rates requirement.

Council was satisfied that this change in the level of depreciation funded by rates, will not have a direct impact on the level of service that will be provided to the Community, which was the desired approach and outcome by Council.

Council consulted with the community on lowering the level of depreciation being funded, for the 2023/24 and the 2024/25 years, which helped reduce the rates increasing during these difficult times, with high inflationary cost increases. Council believes the reason for not funding this additional depreciation, is in the best interests of the community due to rates affordability and it is prudent to gradually increase the level of depreciation funding for strategic assets over the nine years of the Long Term Plan 2025 - 2034.

(iv) Total Non-Funding of Depreciation

The level of non-funded depreciation for the term of the Long Term Plan does result in the operating surpluses. Council is planning to increase the level of depreciation funding each year for the Long Term Plan starting in 2026/27 for strategic assets and will continue to not fully fund depreciation for non-strategic assets.

The Local Government Act 2002 requires Council to ensure that each year's estimated operating revenues are set at a level sufficient to meet that year's estimated operating expenses unless Council resolves that it is financially prudent not to do so. The current economic situation may be such that Council assesses based on ratepayer affordability, it is appropriate to decrease rates by reducing the level of depreciation Council will fund.

3 Options Considered

The Long Term Plan 2025 – 2034 plans for unbalanced budgets due to Council not fully funding all depreciation over the nine years of the plan.

With regards to the Balanced Budget Requirement, the options to Council are:

(i) That Council can either continue with the decision to not set revenues at a level sufficient to meet its projected operating expenses because of the decision not to fully fund the depreciation for specific assets, or

(ii) Council can increase revenues to fully fund the depreciation on all assets. If Council were to increase rates for 2025/26 to fund all depreciation, rates would need to be increased by another 14.4%, which would make the total proposed rate increase 22.9%.

4 Policy and Plan Considerations

Non-funding of depreciation for specific buildings and Roading and Stormwater assets subsidised by Waka Kotahi (NZTA) has occurred since 1998/99 and has been included in each Annual Plan and Long Term Plan since then.

For the Long Term Plan 2025- 2034 the level of non-funding of depreciation will continue, resulting in operating deficit during the nine years.

The Local Government Act 2002 permits councils to not have revenues sufficient to meet their projected operating expenses as long as it is financially prudent to do so.

The Council is still in a strong financial position and has sound treasury management policies to build on this position. The Long Term Plan 2025 – 2034 plans for Council to gradually increase the level of depreciation funding.

5 Significance and Engagement

The Funding of Depreciation is a key consultation topic in Council's Long Term Plan 2025 – 2034 Consultation Document. The community will be asked "for the funding of Depreciation for strategic assets, how quickly should we rebuild our depreciation reserves to replace strategic assets in the future?", with the following options:

Option 1: Remain at 65% funding levels in 2025 - 2026 and then increase by 3% each year for 12 years.

Option 2: Increase funding to 70% in 2025-2026 an additional 0.8% rates increase, or 9.3% overall rates increase and then continue to increase funding by 5% each year until 2031-2032.

Community consultation will be from 11 April to 12 May 2025. All Long Term Plan 2025 – 2034 submissions will be received and heard by Council on the 28th of May 2025.

6 Financial Considerations

The level of depreciation funding has a direct financial impact on the rates requirement and long term on the amount of depreciation reserves available for Council to pay for asset renewals. If Council decided to fully fund all depreciation on all assets this would add $2.08 million to the rates requirement, a further 14.4% to the total rates increase for 2025/26.

The balanced budget requirement, of operating revenue being sufficient to meet operating expenses, impacts the level of depreciation Council funds. Long term if there are reduced reserves available to fund asset renewals, Council will need to increase the level of external debt required.

If it is financially prudent to not fully fund depreciation, Council can resolve to do this. Ratepayer affordability while balancing intergenerational equity are key financial considerations.

The level of depreciation to be funded from rates for the Long Term Plan 2025 - 2034 is financially prudent and based on ratepayer affordability given the significant increase in costs the community is facing in the current economic climate.

7 Legal Considerations

Council is required to set projected operating revenue so that it meets the projected operating expenses for the year, unless Council resolves it is financially prudent not to do so.

RECOMMENDATIONS

1. That the report “Balanced Budget Requirement for Long Term Plan 2025 - 2034” be received.

2. That Council confirms the decision to continue the policy of not funding depreciation on the portion of Roading assets subject to Waka Kotahi (NZTA) subsidies for the Long Term Plan 2025-2034, as Council believes the reasons for doing so remain unchanged and that this policy is appropriate for the Kawerau District.

3. That Council confirms the decision to continue the policy of not funding depreciation on non-critical and non-strategic assets for Long Term Plan 2025-2034, as this policy is appropriate for the Kawerau District.

4. That Council confirms the decision and reasons for not fully funding depreciation, is in the best interests of the Community due to rates affordability and it is financially prudent to do so, which will result in unbalanced budgets for the Long Term Plan 2025 - 2034.

Lee-Anne Butler, CA, BMS
Group Manager Finance and Corporate Services
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Meeting: Extraordinary Council

Meeting Date: 9 April 2025

Subject: **Significance and Engagement Policy Review 2025**

File No.: 103015

1 Background

The Local Government Act 2002 requires all Councils to adopt a significance and engagement policy. The purpose of the policy is to determine what is "significant" and establish some guidance as to when Council should consult with the community.

Council has reviewed the current Significance and Engagement Policy over the period of late 2023 to 2024, to coincide with the traditional Long Term Plan timeframes. With the adoption of the enhanced Annual Plan in 2024-2025, the policy review has been realigned with the Long Term Plan 2025-2034 adoption schedule of 25 June 2025.

Council last undertook a comprehensive review of its Significance and Engagement Policy (SEP) prior to the adoption of the Long Term Plan 2018 – 2028. In 2021, Council reviewed and adopted this policy (see Appendix 5). As there were no significant changes to the policy in 2021, Council elected not to carry out a special consultative procedure (with the community) prior to the adoption of the policy.

A thorough review has now been completed of the policy in 2024/2025 in keeping with the Council vision to create a resilient and sustainable Kawerau District that can meet the needs of the future. The significant changes to the previous policy are:

- Purpose, scope and principles of engagement
- Definitions
- Significance
- Engagement
- Incorporation of what are strategic assets within the policy, rather as an appendix
- Addition of flow chart: Making a Decision to Engage (See Appendix 1)
- The scale of equality (See Appendix 3)
- Assessing the Significance (See Appendix 4)
- Specific financial thresholds based on percentage of Council's total expenditure have been added
- The removal of the list of consultation partners from the policy, as this is an operational list that requires significant ongoing review to maintain currency.

The previous policy is attached as Appendix 5 for comparison.

2 Options Considered

The Significance and Engagement Policy was due for review and Council staff have reviewed in accordance with current policies, and also best practice policies from within other Councils.

Please Note: Council has sought guidance from Iwi Liaison and Cultural Advisor Te Haukakawa Te Rire regarding Te Ao Māori explanations and tikanga and this will be incorporated into the final policy to be adopted with the Long Term Plan on 26 June 2025.

Please Note: The IAP2 table showing the spectrum of engagement is currently being reviewed. Any updates of the IAP2 model of engagement, which is considered by many councils and organisations, as the benchmark and best-practice model will be incorporated into the final policy and/or will be renewed once completed.

Option 1
Amend/update the existing policy to reflect changes.

Option 2
Adopt the existing policy as presented (Appendix 5).

3 Policy and Plan Considerations

The content of the Significance and Engagement Policy is consistent with other Council policies and plans.

4 Risks

The writer is not aware of any notable risks arising from the content of the Significance and Engagement Policy.

5 Financial Considerations

There are no financial costs associated with the adoption of this policy.

6 Legal Considerations

Council is required by section 76AA of the Local Government Act to adopt a policy on significance and engagement. Section 76AA(5) requires use of the special consultative procedure set out in section 83 of the Act "unless (Council) considers on reasonable grounds that it has sufficient information about community interests and preferences to enable the purpose of the policy to be achieved".

Reference in the policy is also made to section 82 of the Local Government Act, which outlines the consultation principles for local authorities to act in good faith in decision-making. Reference to section 80 outlines that local authorities may when deemed necessary, make a decision deemed inconsistent with policies or strategies.

7 Significance and Engagement

It is recommended that as there are significant changes to the proposed policy, the special consultative procedure, which would be available as part of the Long Term Plan 2025-2034 consultative procedure be utilised.

The Significance and Engagement Policy 2021 (Appendix 5), combined with a number of other policies that have been recently reviewed, will be advertised to the community as part of the upcoming Long Term Plan 2025-2034 special consultative process. The community will have one month from Friday 11 April to Monday 12 May 2025 to provide written feedback. People who wish to speak to their submission can do so at the hearing planned for 28 May 2025.

After considering guidance from guidance from Iwi Liaison and Cultural Advisor Te Haukakawa Te Rire regarding Te Ao Māori explanations and tikanga, and submissions and feedback from the community through the consultation process, Council would adopt the new policy with any further updates or amend the policy as appropriate.

The policy would then be put forward for adoption at the Council Meeting on 25 June 2025. Council may wish to determine that the next review of the Significance and Engagement Policy aligns with the shorter two-year cycle of the Long Term Plan in 2027.

8 RECOMMENDATIONS

1. That the report “Significance and Engagement Policy Review 2025” be received.

2. That following any amendments and feedback from Elected Members, Council adopts the draft Significance and Engagement Policy 2025 for consultation with the Long Term Plan 2025-2034.

Tania Humberstone
Manager Communications and Engagement

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Council Policy
Significance and Engagement

Effective date:	June 2025
Review date:	March 2027
File reference:	103015

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KAWERAU DISTRICT COUNCIL
Te Kaunihera ā rohe o Kawerau

1. Introduction

Kawerau District Council (Council) is responsible for making decisions that affect the community. It is Council's responsibility to gather information, views and preferences from the Kawerau community and use that information to inform decision-making.

Council is committed to an open dialogue and working relationship with Māori, Tangata Whenua and Iwi and will continue to take steps towards growing our relationships. Council recognises its responsibility and obligations to Māori under Te Tiriti o Waitangi.

Council will continue to refine our processes to engage more effectiviely with groups and communities, to increase reach across the district, to have a better concensus of what the community wants and therefore, help inform decision-making.

2. Pūtake | Policy Purpose

The purpose of this policy is to let both the Council and community identify the level of significance of engagement for proposals, matters or decisions. This policy will help the community understand when and how they will be engaged in decision-making.

- To enable Council and the community to identify the degree of significance attached to a particular issue, proposal, decision, matters, assets and activities;
- To inform Council from the beginning of the decision-making process about the level and form of engagement required; and
- To provide clarity about when and how communities can expect to be engaged in decisions made by Council.

3. Whānuitanga | Scope

- This policy applies to Council elected members and staff
- This policy applies to any proposal presented to Council and its committees for a decision
- This policy does not affect any statutory requirement to undertake any specfic consultation and decision-making processes (e.g. under the Local Government Acr 2002 (LGA) or Resource Management Legislation).

4. Ngā Tikanga Whakahaera | Engagement Principles

Engagement will be:

- Meaningful – based on an open mind and willingness to listen
- Respectful – with the aim of building Council-community relationships
- Supported by the provision of information which is balanced, sufficient and in plain language

- Inclusive and endeavour to reach all those impacted / affected.
- Flexible and tailored to the needs of those who are being engaged
- Coordinated across Council departments to minimise duplication, engagement fatigue and make sure no misinformation is going out to the community
- Pragmatic, efficient and value for money

These principles align with LGA 2002 principles, ensuring Council meet their statutory responsibilities. [Appendix 4 – Determining and assessing significance.]

How Council engages:

Council works with its communities on a variety of levels including as customers, stakeholders, ratepayers, subject matter experts and partners. We also have working relationships with a wide range of groups such as community organisations, business organisations and government sectors.

We seek to have ongoing conversations with the community and use a wide variety of channels to do so including the Council website, pānui (newsletter), social media (Facebook and Antenno), local newspapers, radio, Annual and Long-Term Plans, elected members, public meetings, workshops, events, libraries, and surveys.

Council is guided by the type and nature of the decision when determining how it will go about communicating and engaging with its communities.

Council will consider the significance of the matter and the extent to which views and preferences of those likely to be affected by, or have an interest in, the matter are already known in designing the engagement process.

Council will make available all information regarding decisions it makes in response to all submissions from the community.

5. He Whakamārama | Definitions

Definition	**Detail**
Council	Te Kaunihera ā rohe o Kawerau | Kawerau District Council – the territorial authority for the Kawerau District governed by the Mayor and eight Councillors (as elected by the district).
Community	A group of people living in the same place or having particular charateristics in common. Includes interested parties, affected people and key stakeholders.
Community Interest	The extent to which individuals, organisations, groups and sectors within the community are particularly affected by the matter.
Consultation	A subset of engagement; a formal process to gain input or feedback from the community about an identified Council option(s) or proposal subject to decision.
Decision	A decision made by or on behalf of Council, including those made by its committees, the chief excutive or staff under delegated authority. Decision implies that a proposal has been considered if required, that the views of the community have been considered in the decision-making process (if required).
Early Engagement	Council engagement with a community or interested party to seek input before the development or release of a draft proposal

	about any issue, proposal, decision or other matter subject to engagement.
Engagement	A public process in which the community and interested parties are invited to contribute to Council decisions about an issue, matter, proposal or decision. Forms of engagement range from providing information to empowering the community to assist with decision-making.
Interested Parties	Individuals or groups of people who are likely to be affected by, or to have an interest in an issue, matter, proposal or decision which concerns, or is before Council.
Local Government Act 2002	Local Government Act (LGA) 2002
Proposal	A suggestion of change presented to Council, subsequently resulting in a decision being made by or on behalf of Council at a Council or Committee Meeting.
Identification of Inconsistent Decisions Section 80 Local Government Act (LGA) 2002	Outlines the requirements for Council to identify if a decision is significantly inconsistent with, or is anticipated to have consequences that will be significantly inconsistent with, any policy adopted by the local authority or any plan required by this Act or any other enactment.
Principles of Consultation Section 82 Local Government Act (LGA) 2002	
Special Consultative Procedure (SCP) Section 83 Local Government Act (LGA) 2002	The Special Consultative Procedure (SCP), as outlined in section 83 of the LGA 2002, which sets out minimum requirements for engagement including (but not limited to): • Making available a Statement of Proposal • Allowing a minimum of one month to receive written views • Allowing people to present views in a spoken manner
Significance	As defined in Section 5 of the LGA 2002 this means the degree of importance of the issue, proposal or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequence for: a. The district or region b. Any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter c. The capacity of the local authority to perform its role, and the financial and other costs of doing so
Significant	Significant means that the issue, proposal, decision or matter is assessed as having a high degree of significance against the criteria of this policy.
Stakeholder	A stakeholder is a person, group or organisation with a particular interest, or stake in the decision-making and activities or a particular project.
Strategic Asset	As defined in section five of the LGA 2002 “in relation to the assets held by local authoritiy needs to retain if the local authority is to maintain the local authority’s capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes: a. Any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and b. Any land or building owned by the local authority and required to maintain the local authority’s capacity to

	provide affordable housing as part of its social policy; and c. Any equity securities held by a local authority in: i. A port company within the meaning of the Port Companies Act 1988: ii. An airport company within the meaning of the Airport Authorities Act 1966 The following are Council's strategic assets at the time of the adoption of this policy: a. Roading and footpath network b. Wastewater reticulation and treatment network (as a whole) c. Stormwater reticulation network (as a whole) d. Reservoirs and drinking water reticulation and treatment network (as a whole)
Tangata Whenua (to be finalised)	The people of the land who have mana or customary authority – their historical, cultural and genealogical hertitage are attached to the rohe | district. Within the Kawerau district, Tūwharetoa ki Kawerau Iwi is recognised as Tangata Whenua. Council also recognises Te Rūnanga o Ngāti Awa and Ngāti Rangitihi as consultation partners as both Iwi have a historical tribal interest in the rohe and surrounds.
Iwi Māori (to be finalised)	Māori whose tribal affilations are from outside the rohe | district but who are living within the Kawerau rohe are recognised by the Council as having significance.
IAP2 - International Association of Public Participation	The International Association of Public Participation is a member association that seeks to promote and improve the practice of public partcipation or community engagement. The IAP2 model of public participation is widely recognised as best-practice by Councils.

Impacted Parties or Affected Parties (as referred to in the Resource Managment Act RMA)	Individuals or groups of people who are likely to be impacted or affected by the issue, matter, proposal or decision which concerns, or is before Council.

6. Kaupapa Here | Policy

This policy is applied in two steps

1. Determining the significance of the proposal, decision or matter
2. Determining the requirement to engage or not, and if there is a requirement to engage, what the level of engagement should be.

Where Council makes a decision that is significantly inconsistent with this policy, the steps identified in section 80 of the LGA 2002 will be applied.

There may be occasions when Council may not follow this policy, for example where failure to make a decision urgently would result in unreasonable or significant damage to property, risk to people's health and safety, or the loss of a substantial opportunity to achieve Council's strategic objectives.

6.1 Whakahirahiratanga | significance

Council will take into account the following matters when determining the level of significance of a proposal or decision:

- Whether there is a legal requirement to engage with the community and what that requirement is
- Whether the proposal or decision affects the level of service of a significant activity
- The level of financial consequence of the proposal or decision
- Whether the proposal or decision affects a large part of the community, and the extent to which they are affected
- The likely impact on the future and present interests of the community, recognising Tangata Whenua and their relationship to the land and water
- Whether community interest* in the proposal or decision is high, and/or there are divided community views
- Whether community views are already known from previous engagement processes
- Whether the decision is reversible
- The factors relevant to assessing against these criteria are set out in Appendix 4 [Appendix 4 Determining and assessing significance]

6.1.1 In general, if a proposal or decision is affected by a number of the above matters, the higher its level of significance, and greater the need for community engagement

6.1.2 Council will decide early in each process the appropriate level of engagement to support decision-making, and will apply the principles of engagement set out in section 4

6.1.3 In some instances legislation requires Council to follow either the Special Consultation Procedure (SCP) set out in Section 83 of LGA 2002, or the principles of consultation set out in Section 82 of the LGA 2002, regardless of the level of significance of a proposal or decision

6.1.4 In accordance with Section 97 of LGA 2002, some decisions will only be taken if they have been consulted on and provided for in a Long Term Plan. This includes a decision to alter significantly the intended level of service of a significant activity, and a decision to transfer the ownership or control of a strategic asset to or from a local authority. Council's strategic assets are listed in section 5 of this policy

6.1.5 For all other proposals and decisions Council will determine the appropriate level of engagement on a case by case basis, applying the engagement principles set out in part 4 of this policy.

*Refer to table of definitions for explanation of Community Interest

6.2 Tūtakitakitanga | Engagement

6.2.1 Council acknowledges that community engagement occurs across a spectrum at differing levels and is broader than consultation. Engagement is a process that involves all or some of the community and can be focused on sharing information, generating ideas, decision-making, and/or problem solving

6.2.2 Council staff will consider existing information on the community's views and perceptions related to a proposal before undertaking any further community engagement

6.2.3 The engagement approach (platform, questions, audiences, tactics, analysis, reporting) and associated communications, will be outlined by Council staff in a comms' plan specific to the proposal

6.2.4 Each Council comms' plan will be informed by the proposal details. Council may use a variety of engagement techniques based on a range of factors, including history and public awareness of the issue/proposal, stakeholder involvement, and timing related to other events and budgets as relevant to the significance. [Appendix 4 Determining and assessing significance]

6.2.5 There are times when it will not be appropriate to engage with the community on certain issues, proposals, decisions, or matters. Examples of this include:

- Organisational decisions (e.g. staff changes and operational matters) that do not materially reduce a level of service;
- Decisions that are consistent with Council's Long Term Plan, or another policy or plan that has already been subject to consultation, or directives from central government;
- Protection of the privacy and safety of individuals (as provided for in the Privacy Act 2020 and Local Government Official Information and Meetings Act 1987);
- Maintenance of confidentiality and/or commercial sensitivity to enable Council to carry out commercial activity or negotiations without prejudice (as provided for in the Local Government Official Information and Meetings Act 1987);
- Where Council is acting with urgency (for example under the Civil Defence Emergency Managerment Act 2002);
- Decisions to act where is necessary to:
    - Comply with the law;
    - Save, or protect life, health or amenity and prevent serious damage to property;
    - Avoid, remedy or mitigate an adverse effect on the environment;
    - Protect the integrity of existing and future infrastructure and amenity
- Decisions in relation to regulatory and enforcement activities

6.2.6 Council will use a customised version of an internationally recognised approach to public engagement from IAP2 [See Appendix 2]. Council's Community Engagement Spectrum outlines its approach to determining the appropriate level of engagement. Progressing from left to right of this figure shows increasing levels of community engagement in decision-making and expectations for each.

6.2.7 In general, the more significant an issue, the greater the need for community engagement

6.2.8 The proposed engagement approach will be supported by rationale outlined in Council and Committee reports. If the matter is considered significant, under this policy, then the Council may carry out a consultation process. [See Appendix 1 for Making a Decision How to Engage].

6.2.9 Post engagement, the engagement insights will be provided in a meaningful and timely way to Council

7. Use of Special Consultative Procedure

7.1 Council will use the Special Consultative Procedure (SCP) (as set out in section 83 of the LGA 2002) where required under the Local Government Act (LGA) or any other relevant legislation.

7.2 Council will develop a proposal to fulfil the requirements of section 82A of the LGA 2002, will make this available to the public, allow written submissions for a period of one month, will allow verbal submissions to the council, and will consider all submissions prior to making decisions.

7.3 Specific issues where Council may use this form of consultation will include:

- The adoption of an Annual Plan where it differed significantly from the content of the Long Term Plan
- The making, amending or revoking of bylaws
- Or another situation as defined by section 87 of the LGA 2002

7.4 A special consultation procedure is to be used for the adoption or amendment of a Long Term Plan but in accordance with the changes described in section 93 of the LGA 2002

7.5 Where an engagement is not subject to the SCP (section 83 of the LGA 2002), Council will apply the Principles of Consultation (section 82 of the LGA 2002).

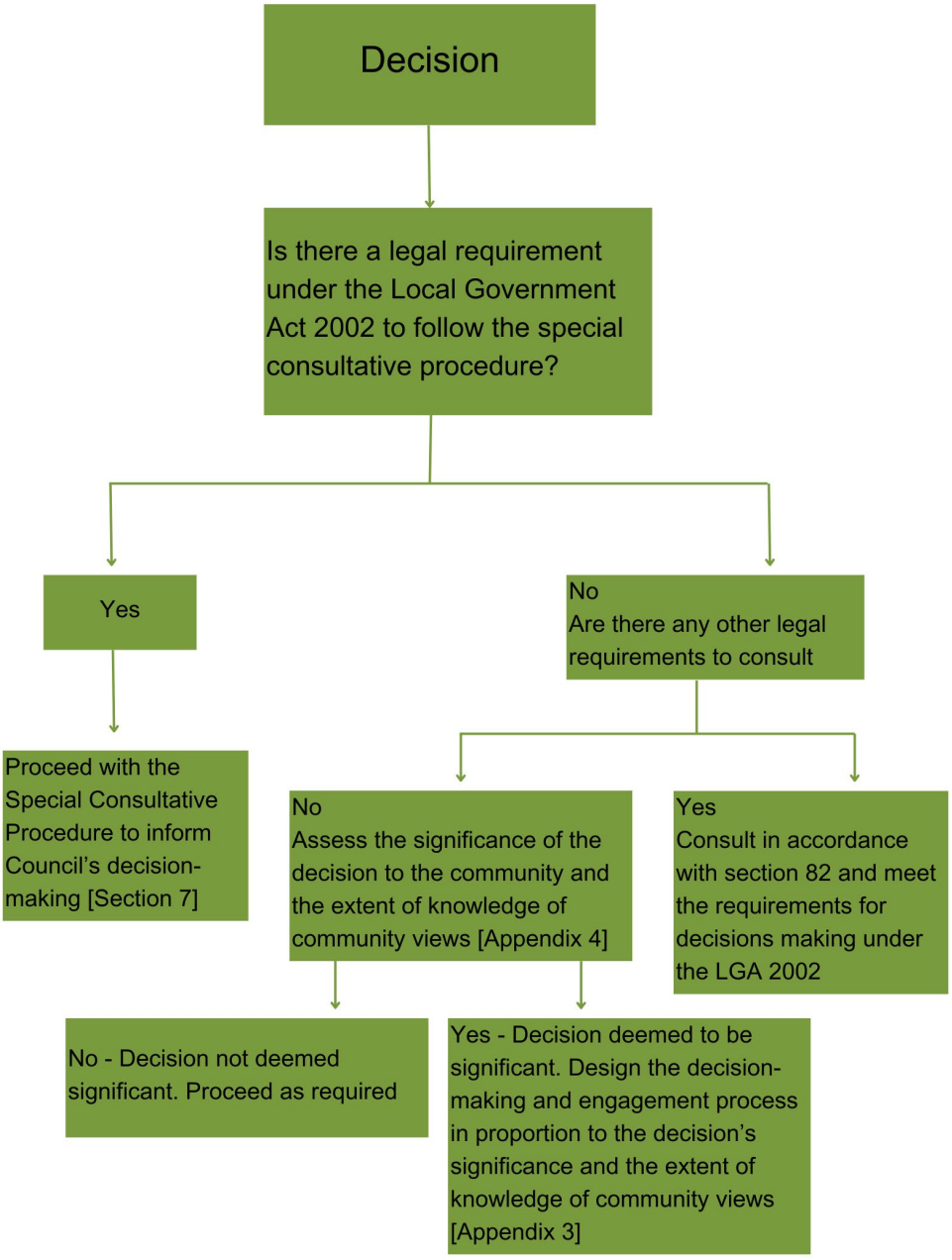
8. Monitoring and Implementation

8.1 Implementation of this policy is the responsibility of the Chief Executive Officer or their nominee.

8.2 This policy will be reviewed, at the request of Council, in response to any relevant legislative amendment, or every three years (which ever comes first).

Responsibility	Communications and Engagement Manager
Last Adopted	1 April 2021
Revisions/Amendments	March-June 2025
Review Cycle	Three yearly
Review Required	March 2027
Authorised By	Kawerau District Council

Appendix 2 - Flow Chart: Making a decision to engage



Appendix 3 - Note: the IAP2 model of public participation, which is widely renowned as the best practice aspirational model for engagement, is currently being updated and the new model will be incorporated into the policy in due course.

INCREASING IMPACT ON THE DECISION

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

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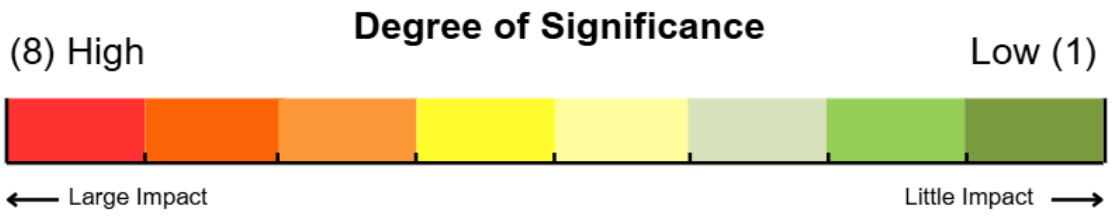
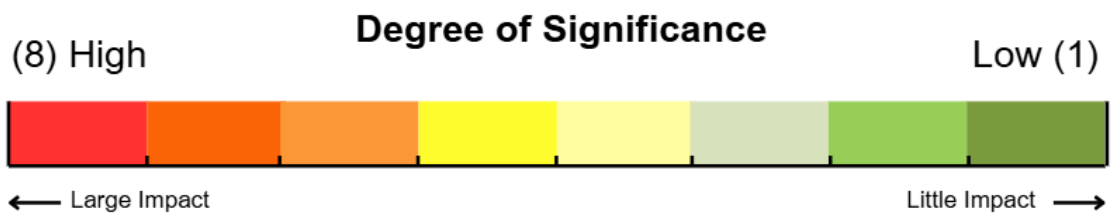
Appendix 4 – Determining and Assessing Significance

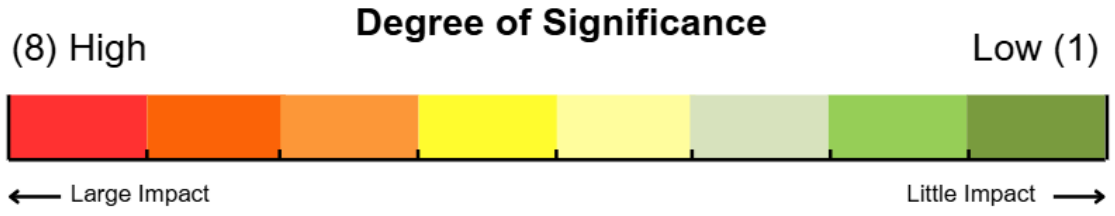
Criterion	**Importance to the Kawerau District** The extent to which the matter under consideration impacts the environment, culture and people of Kawerau, now and in the future (large impacts would indicate high significance).
Factors	Factors that might impact on community well-being are: • Any decision that would significantly alter the level of service provided by the Council of a significant activity (including a decision to commence or cease such an activity). • Extent of costs, opportunity costs, externalities and subsidies. • Uncertainty, irreversibility, and the impact of the decision in terms of the community's sustainability and resilience.



Criterion	**Importance to Tangata Whenua and Mana Whenua** The extent to which the matter under consideration impacts on the environment, culture and people of Tangata Whenua and Mana Whenua, now and in the future (large impacts would indicate high significance).
Factors	Factors that would indicate a high degree of significance are: • High levels of prior public interest or the potential to generate interest or controversy. • Large divisions in views on the matter. • Extent of costs, opportunity costs and subsidies. • Uncertainty, irreversibility, and the impact of the decision in terms of the sustainability and resilience as determined by Tangata Whenua and Mana Whenua.

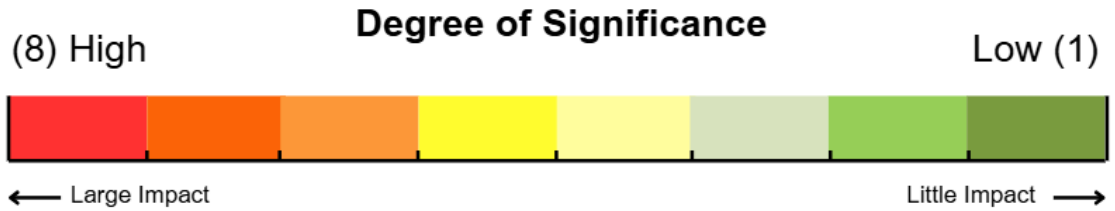


Criterion	**Consistency with Existing Policies and Strategies** The extent to which the matter is consistent with the Council's current policies and strategies.
Factors	Factors that would indicate a high level of significance are: Decisions which are substantially inconsistent with current policies and strategies.

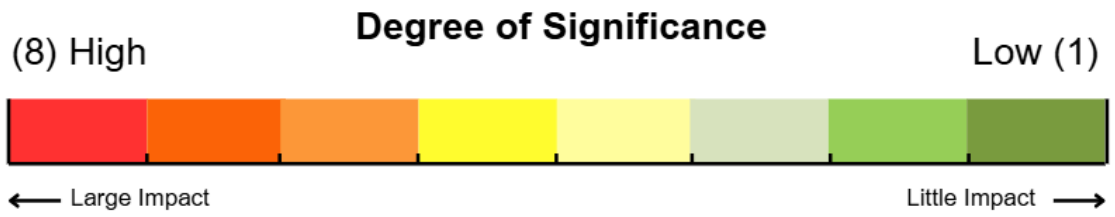


Criterion	**Community Interest** The extent to which individuals, organisations, groups and sectors within the community are particularly affected by the matter.
actors	Factors that would indicate a high degree of significance are: • High levels of prior public interest or the potential to generate interest or controversy.

	• Large divisions in community views on the matter. • A moderate impact on a large proportion of the community. • A large impact on a moderate number of persons.



Criterion	**Impact on the Council's Capacity and Capability** The impact of the decision on the Council's ability to achieve the objectives set out in its Long-term Financial Strategy, Long-term Plan and Annual Plan.
Factors	Factors that would indicate a high level of significance are: • Transfers of strategic assets to or from the Council. • The financial cost of the decision, in the short, medium and long-term. • The extent of the impact on rates and/or debt (including cumulative effects). • The extent to which the decision is consistent with the Financial Strategy. • A financial transaction that involves an unbudgeted expenditure of $2.5 million or greater based on 10% of Council's total expenditure.



Appendix 5 – Former Policy

COUNCIL POLICY

TITLE:	**SIGNIFICANCE AND ENGAGEMENT**
MEETING:	Council
EFFECTIVE DATE:	1 April 2021
FILE REFERENCE:	103015
REVIEW:	April 2024

FORMER S&E POLICY 2021-24

1 BACKGROUND

Every local authority is required by the Local Government Act 2002 to adopt a policy setting out its approach to determining significance and engaging with communities about decisions. This Council first adopted a significance and engagement policy in 2014 and conducts reviews every three years as part of developing its long term plans.

2 POLICY OBJECTIVES

The objectives of this policy are:

- To enable Council and the community to identify the degree of significance attached to particular issues, proposals, decisions, matters, assets and activities;
- To inform Council from the beginning of a decision-making process about the level and form of engagement required; and
- To provide clarity about how and when communities can expect to be engaged in decisions made by Council.

3 PRINCIPLES

Council's approach to engagement is underpinned by the following principles:

- Council needs to engage with communities and interested parties to understand their views and preferences.
- The more significant an issue, proposal, decision, matter, asset or activity, the greater the need for engagement.

4 DEFINITIONS

Community means a group of people who live in the Kawerau District and have a particular characteristic or set of characteristics in common.

Engagement means a public process in which the community and interested parties are invited to contribute to Council decisions about an issue, matter, proposal or decision. Forms of engagement range from providing information to empowering the community to make a decision. An Engagement Guide is attached as a Schedule to this policy.

Early engagement means Council engagement with a community or interested party to seek input before the development or release of a draft proposal about any issue, proposal, decision or other matter subject to engagement.

Interested parties means individuals or groups of people who are likely to be affected by, or to have an interest in an issue, matter, proposal or decision which concerns, or is before Council.

Local Government Act *means the Local Government Act 2002 and its amendments.*

The public *means the community of Kawerau and interested parties.*

Significance in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for:

a) the district or region
b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter
c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

Significant in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance.

Special consultative procedure means the procedure set out in section 83 of the Local Government Act 2002.

Strategic asset as defined in Section 5 of the Local Government Act is “an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community”; and includes—

a) any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and
b) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
c) any equity securities held by the local authority in—
   i) a port company within the meaning of the Port Companies Act 1988:
   ii) an airport company within the meaning of the Airport Authorities Act 1966.

5 POLICY STATEMENT

5.1 Council will apply a consistent and transparent approach to engagement.

5.2 Council will use the special consultative procedure set out in the Local Government Act as required by statute.

5.2 For all other issues, proposals, decisions, matters, assets and activities, Council will determine the appropriate level of engagement with reference to the Engagement Guide in the Second Schedule before a decision is made.

5.3 The groups and organisations listed in the Third Schedule will be included in Council engagement processes for all but the lowest level decisions. Alternative or additional groups may be included on a case-by-case basis to reflect the nature of the matter subject to engagement.

5.4 Determining Significance

A matter is likely to have a higher degree of significance and therefore a greater need for engagement if it is affected by a number of the criteria listed below:

- It relates to a strategic asset as identified in the First Schedule
- It affects the level of service of a Council activity to more than a minor extent
- It will affect a large proportion of the public
- Public interest is high
- The likely consequences are controversial
- There is likely to be a high impact on present and future community wellbeing, recognising Māori cultural values and the relationship of Māori to land and water
- It will require either:
  a) unbudgeted expenditure of more than five percent of the total operational budget for the activity for that financial year; or
  b) Capital expenditure of more than 2.5 percent of the total value of Council's fixed assets.

6 RELEVANT DELEGATIONS

The Chief Executive Officer or his/her nominee has delegated authority for the implementation of this policy.

7 REFERENCES AND RELEVANT LEGISLATION

Local Government Act 2002

FORMER S&E POLICY 2021-24

FIRST SCHEDULE – STRATEGIC ASSETS

1. The assets or groups of assets considered by the Council to be strategic assets are:

    - The roading network
    - The stormwater network
    - The water supply system as a whole
    - The wastewater treatment and disposal system as a whole.

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SECOND SCHEDULE – ENGAGEMENT GUIDE

Engagement is a process which involves some or all of the public and is focused on decision-making or problem-solving.

The International Association for Public Participation (IAPP) developed a Public Participation Spectrum to help identify the appropriate level of public participation in any engagement process. The spectrum shows the differing levels of participation which are considered to be commensurate with the degree of significance of the matters about which a decision is to be made. Most importantly, the spectrum sets out the promise being made to the public at each participation level.

It will not always be appropriate or practicable to engage with the public at the 'collaborate' or 'empower' end of the spectrum. Many minor issues will not warrant such an involved approach and people could be left feeling 'over consulted'. Time and money may also limit what is possible on some occasions.

In determining the level of engagement it is also important to consider whether public views, including preferences about the form of engagement, are already known and the form of engagement used in the past for similar matters

In general, the more significant an issue, the greater the need for engagement.

FORME &E POLICY 2021-24

For all other matters, the following table provides examples of the levels of engagement that might be considered appropriate, the tools that might be used and the expected timing of public participation.

Level	Inform	Consult	Involve	Collaborate	Empower
Public participation goal	One-way communication providing balanced and objective information to assist understanding about something that is going to happen or has happened.	Two-way communication designed to obtain public feedback about ideas, rationale, alternatives and proposals, to inform decision making.	Participatory process designed to help identify issues and views to ensure that concerns and aspirations are understood and considered prior to decision-making.	Partnering with the public to develop understanding of all issues and interests, to work out alternatives and to identify preferred solutions.	To place final decision making in the hands of the public
Possible application	Water restrictions	Policy Review	District Plan	Strategy development	Review of electoral system
Possible tools	• Website • Newsletter article • Public notice • Social media	• Consultation partners • Formal submissions and hearings • Consult a Councillor	• Workshop • Focus group • Citizens panel	• External working group • External advisors	• Ballot
When the community can expect to be involved	Council would generally advise the public once a decision is made	Council would advise the public once a draft decision is made and would generally provide up to 4 weeks to participate and respond	Council would generally provide the public with a greater lead in time to give sufficient time to be involved in the process.	Council would generally involve the public at the start to scope the issue, again after information has been collected and again when options are being considered.	Council would typically provide the community with a month or more to allow sufficient time to be fully involved in the process.

POLICY 2021-24

THIRD SCHEDULE – CONSULTATION PARTNERS

1. Kawerau Business Association
2. Kawerau Enterprise Agency
3. Kawerau Industrial Symbiosis Steering Committee
4. Tuwharetoa ki Kawerau Health, Education and Social Services
5. Ngati Tūwharetoa (BOP) Settlement Trust
6. TOHU Marae Trust
7. Te Rūnanga o Ngāti Awa
8. Kawerau Grey Power Association
9. Kawerau Seniors Forum
10. Three Peaks Kaumatua Group
11. Kawerau Youth Council
12. Kawerau Early Childhood Education providers
13. Tarawera High School
14. Kawerau Principals' Association
15. Kawerau Police
16. Kawerau Ministers' Association
17. Disabilities Resource Centre Trust
18. Kawerau Social Services Trust Board
19. Rangitaiki Budget Advisory Service
20. Rautahi Community Marae Committee

POLICY 2021-24

Meeting: Extraordinary Council

Meeting Date: 9 April 2025

Subject: **Adoption of Long Term Plan Consultation Document 2025 – 2034 and Supporting Documents**

File No.: 110553

1 Purpose

The purpose of this report is to present to Council for adoption the Long Term Plan 2025 - 2034 Consultation Document and the supporting documents for the Long Term Plan 2025 - 2034.

2 Background

Council is required to produce and adopt a Long Term Plan every three years, and an Annual Plan is required for the years in between. Council completed an Enhanced Annual Plan for 2024/25 given all the uncertainties with the new Local Water Done Well Legislation that was still to come into effect at that time. Council is therefore preparing a nine year Long Term Plan for 2025 – 2034.

Council is required to consult on its proposed Long Term Plan by using a consultation document (CD). The Long Term Plan Consultation Document must be audited, with an audit opinion issued and included in the Consultation Document. Supporting underlying information such as strategies, policies and proposed levels of service must also be adopted and made available to the public during the special consultative procedure.

3 Long Term Plan Consultation Document 2025 - 2034 and Supporting Documents

The supporting documents and underlying information for Council's Consultation Document are listed below and each is attached to this report, as well as the Long Term Plan Consultation Document 2025 - 2034.

Attachment number	Document name
1	Draft Significant Forecasting Assumptions
2	Draft Performance Management Framework
3	Draft Financial Strategy (2025 - 2034)
4	Draft Infrastructure Strategy (2025 - 2034)
5	Draft Revenue and Financing Policy
6	Draft Financial Contributions Policy
7	Long Term Plan Consultation Document 2025 – 2034

Each Strategy and Policy per attachments 1 – 6 have been updated to reflect Council's financial and service level requirements and intentions for the next nine years of the Long Term Plan. The Consultation Document must also be adopted for commencement of the special consultative procedure.

A summary of each supporting document is outlined below:

Draft Significant Forecasting Assumptions (Attachment 1) – The Long Term Plan must disclose the significant forecasting assumptions that are the basis of the preparation of the Long Term Plan. The assumptions have been reviewed and updated to reflect current assumptions applied in the preparation of the Long Term Plan.

The significant assumptions include details on potential growth and infrastructure capacity, the life of assets, the forecast inflation rates applied and subsidy income projections. The assumptions also detail the uncertainties with regards to the change regarding Local Water Done Well and other potential legislative reforms, that are outside of Council's control.

Draft Performance Management Framework (Attachment 2). The proposed performance management framework has been reviewed by Council, with some changes to the targets, to fairly reflect the level of service that is able to be provided to the community. Many of the targets for roading, stormwater, water and wastewater are mandatory. There are no significant changes to the previous performance management framework.

Draft Financial Strategy (Attachment 3). The Financial Strategy provides the financial principles and approach for the next nine years as Council delivers services to the community in a financially prudent and sustainable manner. It provides a guide on how Council considers funding, expenditure proposals and making transparent the overall effects of those proposals.

The Draft Financial Strategy as presented is consistent in structure to Council's previous Financial Strategy, however the financial data that is a significant component of the strategy reflects the next nine years of projected rates, operational expenditure and asset renewals.

Draft Infrastructure Strategy (Attachment 4). The Infrastructure Strategy provides a comprehensive overview of the infrastructure services Council will deliver over a 30 year period, and options for managing any related issues or challenges

With the completion of Council's Asset Management plans for Water, Wastewater, Stormwater and Roading, the key data from these plans is included in the Draft Infrastructure Strategy. The Draft Infrastructure Strategy is overall consistent with the previous strategy (2021-2031), however it has been updated to include further information and reflect the projected capital/renewals and operating expenditure for the next 30 years.

Draft Revenue and Financing Policy (Attachment 5). The Revenue and Financing Policy essentially determines how each activity's cost is going to be shared between users (private/individual benefit) and ratepayers (public/community benefit). When

setting the funding ratios for the public and private benefits for its activities, Council has taken into consideration the User's ability to pay (reflective of affordability considerations) and ensuring access for the Community.

A review of each activity was completed to ensure that the percentages for public vs private benefit reflected Council's expectations and has been updated to include a percentage range rather than one specific percentage for each activity. In light of the changes with regards to Local Water Done Well, Council has considered that transitioning to increased targeted rates for water and wastewater is the responsible approach. Council has indicated that a gradual longer term (9 years) would be the recommended transition period. This change has been reflected in the Draft Revenue and Financing Policy with a higher private benefit for the provision of water and wastewater services.

Draft Financial Contributions Policy (Attachment 6). Council is required to adopt a development or financial contributions policy to address the capital expenditure, which may be required as the result of, or in anticipation of growth in the Kawerau District. The draft policy has been reviewed and updated, particularly for references to sections of the District Plan, general wording and the layout.

Consultation Document (Attachment 7). Council is required to prepare a Long Term Plan Consultation document for the special consultative process with the community. The Consultation Document has been developed to include the content required by the Local Government Act 2002 and reflects the matters for consultation.

The purpose of a consultation document is to fairly represent the matters proposed in the Long Term Plan, by presenting these in a way that explains their impacts and is readily understood by interested/affected people. It must identify and explain the important issues and choices facing Council and the consequences of those choices and inform discussions between Council and the community about those matters.

The Consultation Document has been subject to a rigorous audit process and the document has been amended for audit recommendations. The audit is an independent review on whether the document fairly reflects what is proposed for the Long Term Plan 2025 – 2034, is reasonable and includes the necessary legislative requirements.

The audit opinion must be included with the published Long Term Plan Consultation Document. Council's auditors have signalled for the audit opinion that there will be an emphasis of matter regarding the uncertainties with the Local Water Done Well Reforms and the separate consultation process with regards to Water Services Delivery by Council. Most Councils preparing a Long Term Plan for 2025 – 2034 will have this included in their Audit Opinion.

4 Significance and Engagement

The proposed consultation period is from 11 April to 12 May 2025. Specific consultation initiatives include:

- The Long Term Plan 2025 - 2034 Consultation Document, all supporting documents and submission form will be prominently displayed on Council's website and available in hard copy form on request.
- A cost effective summary Consultation Document will be delivered to every household in Kawerau.
- Council has public consultation meetings scheduled to meet and discuss the Long Term Plan 2025 – 2034. There are also meetings with specific interest groups during the consultation period.
- The key strategies and policies will be advertised as being open to consultation, prominently displayed on Council's website and given to any member of the public on request.

Council will hear and deliberate on submissions at the Council Meeting on 28 May 2025. The final Long Term Plan 2025 - 2034 will be adopted on 25 June 2025.

5 Financial Considerations

Development costs of the Kawerau District Council Long Term Plan 2025- 2034 Consultation Document, supporting strategies and policies and the community consultation process can be met within existing budgets.

6 Legal Considerations

The Long Term Plan Consultation Document 2025 – 2034 and supporting documents, have been prepared in compliance with the required content and process per statutory requirements. Staff have worked with Audit NZ to ensure compliance in both respects and adjustments have been made where required. Audit NZ have indicated that all requirements have been met.

7 Conclusion

Council is presented with seven documents which form much of the content of Council's proposed Long Term Plan 2025 – 2034. All have been developed in accordance with required statutory procedures and incorporate recommendations from Council's auditors, Audit NZ.

At the Council meeting on 26 March 2025, Council adopted the Draft Rates Remissions and Postponement Policies, which also form part of the consultation process for the Long Term Plan 2025 – 2034.

It is appropriate that Council now considers these documents and adopts them as required by the Local Government Act to therefore formalise and make available for public information and to commence the special consultative procedure.

8 RECOMMENDATIONS

1. That the report "Adoption of Long Term Plan Consultation Document 2025 - 2034 and Supporting Documents" be received; and

2. That Council adopts the proposed Performance Framework for 2025 - 2034; and

3. That, pursuant to sections 101A and 101B of the Local Government Act 2002, Council adopts the Financial Strategy (2025 - 2034) and the Infrastructure Strategy (2025 - 2034) as presented; and

4. That, pursuant to section 102(1) - (4) of the Local Government Act 2002, Council adopts the following funding and financial policies, as presented, for consultation:

    i) Draft Revenue and Financing Policy;
    ii) Draft Financial Contributions Policy;

5. That all of the above documents are made available during the special consultation period and on request to members of the public; and

6. That, pursuant to section 93 of the Local Government Act 2002, Council adopts the Long Term Plan Consultation Document 2025 – 2034 for commencement of the special consultative procedure, with submissions closing at 5 pm on 12 May 2025; and

7. That Council hears and considers any submissions to the Consultation Document at the Ordinary Council meeting on 28 May 2025; and

8. That Council delegates to the Group Manager Finance and Corporate Services the authority to make technical and editorial amendments to the Long Term Plan 2025 – 2034 Consultation Document if required (such as grammar or punctuation) before public consultation begins.

Lee-Anne Butler
Group Manager Finance and Corporate Services
Z:\KDC Taxonomy\Governance\Democratic Services\Meetings\Extraordinary Council\Reports\R-Adoption of LTP CD and supporting documents 2025 - 34 2025-04-09 LAB.docx

Draft Significant Forecasting Assumptions – 2025 to 2034

Financial estimates form part of the Long Term Plan. These estimates are based on assumptions about future conditions and events, which may or may not occur. A financial estimate's quality is therefore dependent on the appropriateness, completeness and reasonableness of the underlying assumptions as well as on the underlying information. Actual results may differ from these assumptions and variations may be material. The information in these financial statements is initially for the purpose of Council consulting with the community on the spending priorities outlined in the Long Term Plan.

The Local Government Act requires these assumptions to be disclosed. This allows the readers to make their own judgement on the assumptions' quality and reliability. To further assist readers make an informed judgement, it is also necessary to provide information about the sensitivity (to change) of financial estimates.

The Local Government Act describes these financial estimates as being based on assumptions that 'involve a high level of uncertainty'.

The Long Term Plan must clearly identify:

- All the significant forecasting assumptions and risks underlying the financial estimates
- The assumptions of the Council concerning the useful lives of significant assets and the sources of funds for future replacement of those significant assets.
- In any case where significant forecasting assumptions involve a high level of uncertainty, the fact of that uncertainty and an estimate of the potential effects of that uncertainty on the financial estimates must be provided.

The assumptions made in preparing the forecasts are discussed below:

1. Useful Lives of Significant Assets

The following table lists the estimated economic life of Council's significant assets and will be applied to the planned asset acquisitions in this Plan:

Class	Asset	Life (years)
Operational	Buildings	5-50
	Computers/electronic office equipment	3-5
	Fixtures, fittings and equipment	5-50
	Plant (vehicles)	5
	Library lending matter (excluding special collections)	7
	Special Collections	Not depreciated
Infrastructural	Transport Management:	
	Street lighting	5-47
	Kerb, channel and footpath	5-100
	Bridges and Culverts	18-80
	Pavement surface	3-19
	Pavement structure	5-80
	Stormwater	5-100
	Water Supply:	
	Collection and storage	2-80
	Local distribution	5-80
	Wastewater:	
	Reticulation system	5-80
	Pumping and treatment	5-80
Restricted	Buildings and Other	6-25

NOTE: It is assumed that assets will be replaced at the end of their useful lives

Risk: Useful lives of assets are greater (or less) than the estimate

DRAFT

Likelihood: Low. Asset management plans are in place for significant assets, with the assets condition monitored and assets well maintained.

Impact: That the current ratepayers will contribute more (or less towards the cost of those assets than other generations of ratepayers. Council endeavours to achieve inter-generational equity for the cost/renewal of assets over their useful lives

2. Sources of Funds for Future Replacement of Significant Assets

Council had fully funded depreciation on all its significant assets (being roading, water and wastewater infrastructure and networks), up until 30 June 2023. From 1 July 2023, following consultation with the community Council reduced the level of depreciation funding, as a mechanism to reduce the significant rates increase, due to the high inflationary impacts. This reduced funding of depreciation (to 65% of depreciation expense) was a temporary approach, with the intention for Council to gradually return to fully funding depreciation on significant assets. The depreciation funds are put into reserves and used for the replacement of significant assets.

However, some buildings are considered non-strategic, and the depreciation is not funded, mostly because the level of utilisation is significantly below the buildings' capacity. As a result, it is unlikely these buildings would be replaced in their present form. Also, their replacement may be by rented accommodation or by buildings funded by way of loans and/or grants. The advantage of not funding depreciation on these buildings is that the community is not rated for depreciation on assets that are unlikely to be replaced with buildings of equivalent value.

Buildings that are unlikely to be replaced in their present form and therefore their depreciation is not funded, include: Council Buildings (including Town Hall, Concert Chamber, Library/Museum and Offices), Tarawera Park Amenity Building, Recreation Centre, Swimming Pool, Depot and Pensioner Houses.

Other sources of capital funding include NZTA subsidies, as outlined in assumption No. 5, and internal loans.

Risk: That the community wants the non-strategic assets renewed in their present form and there are no other funding sources available for their renewal

Likelihood: Medium

Impact: Minimal. That Council will need to raise loans to fund the renewals to these non-strategic buildings

3. Revaluation of Non-current Assets

Council is required per accounting policies that Infrastructural assets (including land and buildings) are revalued on a three-yearly basis. The last revaluation was as at 30 June 2022. Under the current policy, revaluations will occur as at 30 June in the years 2025, 2028, 2031 and 2034.

The effect of the revaluations has been estimated using the forecasts of price level change adjustors prepared by Business and Economic Research Limited (BERL) from the latest revaluation per the Annual Report to 30 June 2022. At the time of preparing the Long Term Plan no new revaluation figures were available.

Risk: That the actual revaluation and the consequential depreciation expense is materially different to the Long Term Plan projections.

Likelihood: Medium

DRAFT

Impact: Low. Council will amend the depreciation budgets accordingly in the preparation of each Annual Plan to reflect any increases in depreciation following the revaluations.

4. Projected Growth Change Factors (population and development)

The census in 2023 put Kawerau's population at 7,610, a 2% increase (2018 census 7,460). Further population projections provided by Statistics New Zealand indicate Kawerau's projected population in 2033 will be between 8,000 – 8,500. Previous projections had the population declining after a couple of years of small growth. However, due to a number of factors including: the impact of COVID-19, increased cost of housing in other centres, more job opportunities (in the wider area) and ongoing economic development initiatives, the population is projected to continue to have a small rise for at least the next 12 years.

Council remains optimistic of the future growth potential within the district. The recent Local Government Commission's decision to approve a boundary reorganisation has unlocked new land for industrial development, a Council housing development project progresses positively, new industrial investment enquiries continue and all boost confidence for growth and increasing the rating base.

Also, the lower cost of living and increased quality of life when compared to living in larger centres, are other reasons why the district will continue to be a desirable place to live.

The existing infrastructural network has capacity for a District population of at least 10,000. Growth is monitored to determine any potential additional demand on infrastructural services. It is not anticipated that the current level of service will change over the period of the 2025 - 2034 Long Term Plan.

Risk: That the population projections are not correct

Likelihood: Medium

Impact: Minimal. There is sufficient capacity in the infrastructure to cope with a much higher population than current.

Table: Population of Kawerau District *

Year	Population
2022	7,760
2026	8,266
2028	8,370
2033	8,630
2038	8,760
2043	8,900
2048	8,960
2053	8,971

* Source for 2024 onwards – Population Forecast – MR Cagney BOP Housing needs research – 'Medium' assessed projections have been used.

5. Inflation

The forecasts in this Plan have been adjusted for inflation using projections of price level change adjustors specifically for local government by Business and Economic Research Limited (BERL) and are listed in the table below.

Table: Inflation adjusters: Percent change per annum

Year ending	Roading	Property	Water	Energy	Staff	Other
June 2026	3.0%	3.0%	5.6%	5.6%	3.5%	2.7%
June 2027	3.0%	2.9%	5.4%	5.4%	3.3%	2.6%
June 2028	3.0%	2.7%	4.9%	4.9%	2.8%	2.6%
June 2029	2.8%	2.4%	4.6%	4.6%	2.6%	2.2%
June 2030	2.7%	2.4%	4.3%	4.3%	2.4%	2.1%
June 2031	2.4%	2.2%	3.3%	3.3%	2.2%	2.1%
June 2032	2.4%	2.2%	3.0%	3.0%	2.1%	2.0%
June 2033	2.4%	2.1%	2.4%	2.4%	2.0%	2.0%
June 2034	2.3%	2.1%	2.3%	2.3%	1.9%	1.9%

Source: BERL Oct 2024

DRAFT

Risk: That the actual inflation adjusters are different to what is projected

Likelihood: Medium

Impact: Low. Inflation assumptions are reviewed each year and Council will amend its budgets as part of preparing each annual plan if required to reflect the impact of inflation movements. Council has used data from BERL, a reputable experienced Local Government provider. However, with a changing global economy, it is difficult to judge the inflationary impacts that will occur.

6. New Zealand Transport Agency (NZTA) Subsidy Rates

NZTA contributes significantly to the costs of maintaining and renewing roads. The assumption has been made that when roads are due for renewal, NZTA will contribute towards the cost on the currently agreed rates.

The agreed subsidy rates are:

Financial Assistance Rate	%
1 July 2025 to 30 June 2026	75%
1 July 2026 to 30 June 2027	75%

For the purposes of providing estimates this subsidy rate has been used. The budgeted land transport subsidies for the period of this plan are outlined in the table below:

Table: Budgeted land transport

2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
608,700	608,700	1,111,443	1,138,895	1,167,500	1,250,663	1,280,215	1,310,775	1,397,985

Risk: Reduction in subsidy rate

Likelihood: Low for the next two years as (recently reviewed by NZTA). Thereafter the risk is considered moderate, as dependent on the funds that will be available.

Impact: See table below

Sensitivity in subsidy revenue to a 5% change in subsidy rates

The following table shows the impact to revenue if there is a 5% change in the subsidy rates:

2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
40,580	40,580	74,096	75,926	77,833	83,378	85,348	87,385	93,199

Council would continue the existing level of service if the subsidy rate was reduced by up to 5%. The shortfall would be funded from rates, which would add up to a further 0.3% increase to Council's rates for 2025/26.

If NZTA stopped subsidising roading entirely, Council would need to consult with the community about different service levels and the costs of maintaining roads at those different levels. If the projected subsidy for 2025/26 had to be funded from rates, this would add a further 4.2% to total rates and up to 7.2% in 2033/34. Council considers this to be unlikely.

7. New Zealand Transport Agency (NZTA) Funding for Stormwater

NZTA up until 30 June 2024 contributed towards the cost of stormwater operating and capital costs, on the basis that this activity is solely to address stormwater that comes from the roads and also impacts the roading network. From 1 July 2024 onwards NZTA will no longer subsidise capital expenditure for stormwater, however NZTA will continue to provide subsidy on operational expenditure at the same

DRAFT

subsidy rate as roading of 75%. This funding is confirmed for the three year period to 30 June 2027.

The assumption has been made for the Long Term Plan that NZTA will continue to fund the operational costs at the same rate of 75%.

For the purposes of providing estimates, this subsidy rate has been used.

The budgeted stormwater subsidies for the period of this plan are outlined in the table below:

2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/23	2033/34
39,000	31,500	23,950	24,610	25,270	25,880	26,500	27,140	27,750

Risk: NZTA will cease providing subsidy for stormwater costs

Likelihood: Low for next two years, medium for long term as NZTA will review for the period 1 July 2027 onwards.

Impact: If NZTA remove the subsidy from 1 July 2027 onwards, Council would consult with the community regarding rating for this additional cost. The cost on rates equates to 0.1% so not a significant impact.

DRAFT

8. Expected Interest Rates on Borrowing

During the period of the Long Term Plan Council anticipates it will raise $6 million in additional external loans ($6 million as at 30 June 2025) for water pipe renewals and has included the cost of this borrowing in the estimates.

Council has also established reserves to fund renewal. Internal borrowing is used for new capital works or for renewals where there are insufficient reserve funds available. The primary objective of funding internally is to use reserves efficiently and create operational savings by eliminating the interest rate margin between investments and borrowing externally. The parameters applying to Council's internal loans are:

- The term will be determined after considering the useful life of the new capital project and the availability of reserve funds over the anticipated term of the internal loan.
- Principal amounts are repaid in monthly instalments. Amounts are agreed upon at the commencement of the loan and determined on a table mortgage basis.
- Interest is charged to the activity centre based upon the average rate of Council's investments on the date it resolves to lend internally.
- Council has the ability to reset interest rates annually during the preparation of the Long Term Plan or Annual Plan

It is anticipated that external borrowing will be done through Local Government Funding Agency (LGFA), and internal borrowing will be from Council's depreciation reserves. The expected interest rates on internal borrowing is forecasted interest rates for investments and the interest rate for external borrowing is the rate which LGFA is currently lending funds. The table below shows the respective interest rates:

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Interest rate (external)	6.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Borrowing ($)	8,000,000	10,00,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000

Risk: Change in rate

Likelihood: Medium

Impact: See table below

Sensitivity in interest expense to a 1% change in interest rates (external)

2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
80,0000	100,000	100,000	120,000	120,000	120,000	120,000	120,000	120,000

NB There is no risk to a change in the interest rate for internal borrowing as this is set by Council

DRAFT

9. Climate Change and Natural Disasters

NIWA's climate change projections for New Zealand projects the following for the Bay of Plenty Region:

- the projected Bay of Plenty temperature changes increase with time, and future annual average warming spans a wide range, 0.5-1.0°C by 2040, and 1.0-3.5°C by 2090;
- the area closest to the East Cape warms the least, with annual warming of 1.5-2.0°C compared with 2.5-3.5°C for most of the region under RCP8.5 by 2090;
- the average number of hot days and extreme hot days is expected to increase with time and scenario, with the largest increase in the central part of the region and the least increase in the eastern hill country;
- the number of frost days is expected to decrease throughout the region, with the largest decreases expected in inland areas;
- the number of heavy rain days (i.e. days where the total precipitation exceeds 25mm) is projected to see little change for most of the Bay of Plenty region by 2040. By 2090, reductions in heavy rain days are projected for the Raukumara Ranges in particular, with small reductions across most of the region;
- extreme, rare rainfall events are projected to become more severe;
- drought potential is projected to increase across the Bay of Plenty;
- annual mean wind speed is projected to slightly decrease in the Bay of Plenty, but there is a mixed direction of change for different seasons.

These projections aren't dissimilar to the climate change data that international and national bodies have produced since the previous LTP. Council considers how the latest climate change data and projections may affect the integrity of the LTP; the services council has to carry out, and Kawerau district in the future.

Council acknowledges that extreme weather events are likely to occur over the period of the Long Term Plan. However, it is anticipated that the district's infrastructure has sufficient capacity to cope with the changing weather patterns and there will be minimal risk of significant costs or changes to levels of service arising from these weather events.

The planned costs included in this plan exclude any possible financial implications of natural disasters.

Risk: There is a risk that the predictions on climate change as provided by the International Panel on Climate Change and the MfE are over or under estimated. There is also a risk the impacts of climate change for Council activities will be more significant than planned for. It is unlikely the risk will be lower than planned for.

Likelihood: Moderate

Impact: Where the impacts of climate change have a potential implication for Council services, options for adaptation will be identified and a planned programme will be prepared.

Council for 2024/25 budgeted and incurred capital works expenditure to determine engineering works required for the high water table levels in Hardie Ave, which are impacting roading infrastructure. This is the first capital works that could be attributed to the change in weather events, due to the high water table levels. Where there is particular concern for immediate remediation work with regards to Climate Change these will be identified and work planned. However, at this stage there are no immediate plans, other than the Hardie Ave project which

DRAFT

is underway. It is likely that any additional operating and capital expenditure will possibly be required outside the nine year life of this plan. As Climate Change is likely to be gradual, the impacts will be longer term than the current plan. We will need to balance the needs and expectations of our community so it is able to finance the forecast costs for addressing climate change.

At this stage, assessing the financial implications of adapting to the effects of climate change is ongoing. They will be refined in subsequent plans as investigations are progressed.

Insurance

Council has assumed that it will be able to obtain insurance cover for all existing policies (which includes cover for assets that are damaged due to severe weather events) over the period of this Plan and that the cost will be similar, plus inflation.

Risk: That an extreme weather event causes significant damage.

Likelihood: Medium

Impact: Could be significant. Council has put in place all reasonable mitigations to reduce the impact of natural disasters.

10. Societal Changes

It is acknowledged that there will be some minor societal changes over the period of the Long Term Plan. As with the rest of the country the district's population will be getting progressively older and more people will be receiving some form of government benefit. However, Council has assumed that there will not be a significant change to the makeup of the district's population over the period of the Plan, and therefore has not made any provision for additional (or reduced) services.

Risk: That there will be a significant change in the societal makeup of the district requiring different Council services.

Likelihood: Low

Impact: Minimal. Most of the current council services will still be required even if there was a significant societal change.

11. Resource Consents

During the period of the Long Term Plan 2025 – 2034, Council will be renewing the resource consents that it holds for: disposing of waste onto land (Rapid Infiltration Basins), taking water for the purpose of providing drinking water to residents, taking water from the Tarawera River to irrigate sports fields, taking water from the Ruruanga Stream for the irrigation of sports fields and taking and discharging geothermal steam into the Ruruanga Stream for heating the swimming pool.

Council has anticipated that all these consents will be renewed, as to date there has been no indication to the contrary. Also all estimated costs associated with the renewing of these consents and any subsequent conditions for Council that are reasonably anticipated, are included in the figures of the Long Term Plan.

Risk: Resource consents may not be granted or require additional conditions to be met, which will increase the associated costs.

Likelihood: Low

Impact: Council would look at realistic alternatives if consents are not issued or there are costly conditions to be met.

12. Emissions Trading Scheme (ETS)

Council does not own forestry and does not participate in the emissions trading scheme. Council does not operate a landfill, as this was closed in

DRAFT

2006. While Council does have an on-going liability for the maintenance and monitoring of the closed landfill, there are no Emission Trading Scheme cost implications which Council needs to recognise. Council pays an Emissions Trading Scheme fee for the disposal of its waste at Tirohia which is included in the estimates for solid waste disposal.

Risk: That there will be future emissions costs for Council

Likelihood: Low

Impact: Council would need to consider how best to reduce any likely future emissions costs should this occur.

13. External Funding Assumptions

Council has included in the Long Term Plan all significant estimated external funds and the corresponding expenditure when it is considered reasonably certain that Council will receive these funds. Where Council is less than reasonably certain of receiving external funds, the revenue has not been included in the Long Term Plan and the expenditure is only included if Council is prepared to fund the project in total.

Risk: That budgeted external funds are not received.

Likelihood: Medium

Impact: Council would reduce the corresponding expenditure accordingly or consider funding the shortfall from other sources.

14. Significant Ratepayers

There are large Industrial ratepayers within the Kawerau District, who contribute significantly to the total rates of Council. Council has assumed for the purposes of preparing the Long Term Plan that all large Industrial ratepayers will continue to operate over the period of the Long Term Plan and their values will not change significantly relative to other property values.

Risk: That one or more significant ratepayers closes.

Likelihood: Medium

Impact: Council would need to consider the impact to other ratepayers and whether to reduce services.

15. Council Collaboration

Council is a shareholder in Bay of Plenty Local Authority Shared Services (BOPLASS). BOPLASS has managed to achieve a number of significant savings for members through collaborative procurement projects including: insurance, printing and copying, telecommunications, courier service costs and others. Council has included the lower cost estimates in the Long Term Plan that have resulted from these procurement projects as it is anticipated that these cost savings will continue when new contracts are negotiated.

Risk: That cost savings previously achieved do not continue.

Likelihood: Low

Impact: There would be additional costs for these shared services, but these are not a large portion of Council's total costs.

16. Quality of Asset Data

Council has been undertaking water reticulation renewals which has provided quality data on the quality and life of the new assets. This renewals project is to continue for the next four years.

Council's stormwater, water supply and wastewater reticulation networks have been divided into zones based on the estimated average date at which each zone was developed. Renewal/replacement of reticulation for

DRAFT

each zone is averaged over ten years (apart from water which will be done over a period of 6 years). This allows for the spread of installation dates and different rates of deterioration. Replacement decisions are based on information including the condition, reliability and maintenance of the asset as well as age.

Risk: That the asset data is incorrect, and the consequential planned renewals are not correct.

Likelihood: High - Council has only undertaken minimal samples of pipes to date but further investigations are planned.

Impact: Infrastructure may either be replaced before the end of its useful life or need replacement earlier than programmed. This could result in additional costs for residents.

17. Capital expenditure delivery

The nine-year budget has been developed based on the best available information on the likely timing of capital projects and programmes. The completion of capital projects is impacted by the availability of contractors, as capital works are completed by external contractors. In recent years the impact of Covid19, with increasing costs, materials availability and staffing shortages all contributed to a reduction in the level of capital projects delivered by Council. For the 2023/24 financial year Council completed 73% of major capital projects (prior years comparative 2022/23 = 41%, 2021/22 = 50% and 2020/21 = 86%), which is a return to the expected levels of capital expenditure delivery.

Risk: That the actual timing of the capital programme is different from that forecasted.

Likelihood: Medium

Impact: The financial implications would depend on planned funding sources for the relevant capital expenditure and its associated expenses. The financial impact would therefore be on funding requirements, borrowings, interest expense, depreciation expense and consequential operating costs. Other areas such as the market's response to the increased programme certainty and any potential further Covid-19 lockdowns are beyond our control.

18. Local Government Reforms (excluding three water reforms)

The Government has signalled that as well as the Local Water Done Well reforms, it will also be undertaking a comprehensive review of Local Government, including the priority of getting back to basics, so there could be potential changes. The review into the Future of Local Governments also proposed recommendations that the Government is yet to consider.

The are no definitive statements concerning these reforms, other than the Local Water Done Well. The Long Term Plan has been prepared on the basis that existing services and activities will continue to be provided by Council (business as usual), due to the uncertainties of any of the potential legislative changes. The changes regarding the Local Water Done Well reforms are detailed in a separate point below. Any future changes to legislation will be incorporated into Council's operations as and when required.

Risk: Local Government reforms result in Council providing reduced/different activities which could require changes in resources and costs.

Likelihood: Low in terms of any immediate impact, as any changes would take some time and consultation before being implemented, except for the Local Water Done Well reforms which are discussed separately below.

Impact: Any impact to Council will depend on the extent of legislative change brought about by these reforms. At this time, it is difficult to speculate what these impacts might be.

DRAFT

Council will seek to comply with all legislation prudently and for the community's best interest.

19. Local Water Done Well Reforms

The Government has introduced the new Local Water Done Well legislation. The new Water Services Preliminary Arrangement Act requires Council to develop a Water Service Delivery Plan (WSDP) for Kawerau's delivery of water, wastewater and stormwater activities. Council is in the process of completing the WSDP, which is due for completion by early September 2025, which is following the adoption of this Long Term Plan.

The Long Term Plan anticipates that Council will continue to own and maintain all water, wastewater and stormwater (3 Waters) infrastructure assets and will deliver these services, and essentially continue business as usual. However, the business structure that delivers these services may change for the next Long Term Plan being 2027 to 2037, whereby the structure of delivery may be via an in-house business unit or a regional Council Controlled Organisation (CCO).

The Local Water Done Well legislation also introduces the requirement of an Economic Regulator with pricing and possibly new water quality standards that will be monitored by the Commerce Commission. The requirements of the Economic Regulator are still unknown; therefore this assumption has a high level of uncertainty.

Council has no control over the legislative changes the Government is making with regards to delivery of three waters, however Council will ensure compliance with all requirements, with the priority of delivery of these essential services to the community. The full extent and scale of the changes are still unknown; therefore it is difficult to determine and quantify the financial impacts on Council's operational expenditure, revenue, capital expenditure or debt levels.

Risk: The Local Water Done Well reforms may significantly change the way the three waters services are delivered and funded, with the potential that this change could result in significant funding and resourcing implications for the rest of the Council.

Likelihood: High

Impact: As at 30 June 2024 the Annual rates revenue collected to maintain and renew the Water $1.4m, Wastewater $1.68m and Stormwater $67k. The carrying value of Council's three waters assets as at 30 June 2024 was Water $15.96m, Wastewater $14.33m and Stormwater $5.97m.

Any impact to Council will depend on the extent of change brought about by these reforms. At this time, it is difficult to speculate what these impacts might be.

20. Possible Impact of Future Legislative Reforms

There are currently a number of legislative reviews underway, including the Resource Management Act, Building Act, Civil Defence Emergency Management Act and Health and Safety Act. As these legislative reviews are still underway, there are no specific details of the impacts and changes they may have on the delivery of Council's services.

There are no definitive statements concerning these possible legislative changes, other than the Local Water Done Well. The Long Term Plan has been prepared on the basis that existing services and activities will continue to be provided by Council (business as usual), due to the uncertainties of any of the potential legislative changes. Any future changes to legislation will be incorporated into Council's operations as and when required.

Risk: That there are significant changes to the legislation that will cause Council to incur additional costs.

DRAFT

Likelihood: High as there are a significant number of legislative reviews underway. However, low impact for the immediate Long Term Plan for years 1 to 3, as legislative changes take time to process.

Impact: Any impact to Council will depend on the extent of legislative changes brought about by the legislation reviews. At this time, it is difficult to speculate what these impacts might be. Council will seek to comply with all legislation prudently and for the community's best interest.

DRAFT

Draft Statement of Intended Service Provision: Democracy

Community Outcome	Level of Service	Measure	Performance Results (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
	Quality Indicators							
Council advocates within and beyond the district and governs for community needs and interests. Council embraces involvement from all sectors of the community in its democracy and decision making.	The community has confidence in the quality of democracy and representation provided by their Elected Members	Community satisfaction with Mayor and Councillors [1]	N/A (For 2022/23 = 69% Community satisfaction) National Benchmark = 53%	Not applicable	Equal to or above NZ benchmark	Not applicable	Equal to or above NZ benchmark	3 yearly community survey
	Financial management is prudent, effective and efficient	Community satisfaction with the way rates are spent on the services and facilities provided by Council [2]	N/A (For 2022/23 = 62% Community satisfaction National Benchmark = 39%)	Not applicable	Equal to or above NZ benchmark	Not applicable	Equal to or above NZ benchmark	3 yearly community survey
		Percentage completion of the annual work programme	73%	>90%	>90%	>90%	>90%	Council records

[1] Based on those who are aware of Council

[2] Based on those who are aware of Council

	Quantity Indicators							
	Council informs the community about key issues and activities.	Number of Community Engagements (* includes newsletters, publications, public meetings).	21	At least 20 community engagements	At least 20 community engagements	At least 20 community engagements	At least 20 community engagements	Council records
	Responsiveness Indicators							
	Council encourages the community to contribute to Council decision-making	Provision of a public forum at public Council and Committee meetings	Every meeting	Every meeting	Every meeting	Every meeting	Every meeting	Council records

Draft Statement of Intended Service Provision: Economic and Community Development

Community Outcome	Level of Service	Measure	Performance Results (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
	Quality Indicators							
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.	Council provides an Information Centre which suits community needs	Community satisfaction with the Information Centre (based on user satisfaction).	N/A (For 2022/23 user satisfaction = 88% and Community satisfaction = 67%)	Not applicable	Equal to or above 88% [3]	Not applicable	Equal to or above NZ 88% [3]	Three yearly community survey
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity	Council supports young people to develop skills and attitudes needed to take a positive part in society	Satisfaction with youth council collaboration from collaborating groups	95%	>95%[4]	>95%[4]	>95%[4]	>95%[4]	Annual survey of collaborating groups.
	Quantity Indicators							
	Council encourages positive perceptions of Kawerau by supporting local events	Frequency of events from February to December	Achieved	At least 1 per month	At least 1 per month	At least 1 per month	At least 1 per month	Council records

[3] The target is based on the 2023 user satisfaction results provided by SIL Research. Council has selected this target of 88% to ensure Council is at a minimum continuing to meet the 2023 user satisfaction target.

[4] Target based on average of 2023/24 and 2022/23 results and set to maintain Council's standards, target set at 95%

Draft Statement of Intended Service Provision Economic and Community Development (continued)

Community Outcome	Level of Service	Measure	Performance Results (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
	Council provides a local Information Centre which is accessible to visitors and the local community	Number of days open each year	Open 364 days[5]	At least 360[6] days	At least 360[6] days	At least 360[6] days	At least 360[6] days	Council records
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity	Council supports young people to develop skills and attitudes needed to take a positive part in society.	Youth Council in place	Appointments made	Annual appointments made	Annual appointments made	Annual appointments made	Annual appointments made	Council records

[5] Council's target for the local information centre being open at least 360 days of the year is to ensure high accessibility for all visitors, residents and ratepayers to the Information Centre (isite).

Draft Statement of Intended Service Provision Environmental Services

Building Control

Community Outcome	Level of Service	Measure	Performance Results (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.	***Quality Indicators***							
	Service users consider Council's Building Control Activity to be effective	Council meets statutory timeframes for processing building consents.	New target	100%[6]	100%	100%	100%	Council records
	Quantity Indicators							
	Council provides in-house building consent, inspection and approval services	Bi-annual Building Consent Authority accreditation re-assessment	BCA registered and accredited.	Accreditation and registration retained[7]	Accreditation and registration retained[10]	Accreditation and registration retained[10]	Accreditation and registration retained[10]	Council records

Resource Management

Community Outcome	Level of Service	Measure	Performance Results (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.	***Quality Indicators***							
	Service users consider Council's Resource Management Activity to be effective	Council meets statutory timeframes for processing resource consents.	New target	New target	100%[8]	100%	100%	Council records

6 The target is set per the statutory requirement of 100% and the time it takes to process is measured according to MBIE and IANZ guidelines per the Building Act 2004.

7 Accreditation as a as a Building Control Authority allows Council the ability to provide in-house Building Control Services. This requires meeting the Building Act requirements, which includes being audited every 2 years by International Accreditation New Zealand (IANZ)

8 The target is set per the statutory requirement of 100%. The nature of the timeframe differs depending on the nature of the resource consent.

Environmental Health

Community Outcome	Level of Service	Measure	Performance Results (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.	***Quantity Indicators***							
	Council ensures environmental and public health standards are maintained	Licensed food premises are inspected as per required inspection timeframes	100%	100% annually	100% annually[9]	100% annually	100% annually	Council inspection records
		Registered Premises (eg Hairdressers/Funeral Homes) are inspected for compliance with relevant standards	71%	100% annually	100% annually[10]	100% annually	100% annually	Council inspection records
	Premises licensed under the Sale and Supply of Alcohol Act 2012 comply with licence conditions	Licensed premises under the Sale and Supply of Alcohol Act 2012 are inspected at least once a year, except for special licences.	92%	100% annually	100% annually[11]	100% annually	100% annually	Council inspection records
	Responsiveness Indicators							
	Council responds to complaints and service requests for environmental health conditions (noise complaints, nuisance conditions/health risks)	Timeliness of response from time dispatched to **priority one** noise complaints (excluding antenno and email requests)	48% within 20 minutes (target 80%) & 67% within 30 minutes (target 98%)	Priority 1 98% within 30 minutes	Priority 1 80% within 30 minutes[12]	Priority 1 85% within 30 minutes	Priority 1 90% within 30 minutes	Council Request for Service Database

[9] All food premises are inspected either every year, 18 months or two years. The target is set at 100% of those requiring inspection each year. The regularity of the inspections is determined by the grading they receive in compliance with the Food Safety Standards. The number of non-compliance standard determines the inspection timeframes, if more non-compliance the shorter the inspection period applies.

[10] The registered premises are Hairdressers and Funeral Homes, which are inspected annually to ensure compliance with the relevant legislation applicable to the business type, therefore target 100%.

[11] All premises with a license under the Sale and Supply of Alcohol Act are inspected yearly to ensure compliance with their license conditions, therefore target set at 100%.

[12] This target while aspirational, reflects the level of service Council would like to aim for, however important to note the service is delivered by contractor.

Community Outcome	Level of Service	Measure	Performance Results (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
		Response to other Environmental Health service requests/ complaints	90% (9/10)	100% within 1 working day[13]	100% within 1 working day	100% within 1 working day	100% within 1 working day	Council Request for Service Database

Dog Registration and Control

Community Outcome	Level of Service	Measure	Performance Results (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.	***Quality Indicators***							
	Council maintains community satisfaction levels for the Dog Control service	Community satisfaction with Dog Control Service (based on user satisfaction).	N/A (For 2022/23 community satisfaction = 34% National Benchmark =63%)	Not applicable	Equal to or above NZ benchmark benchmark[14]	Not applicable	Equal to or above NZ benchmark	Three yearly community survey
	Responsiveness Indicators							
	Council responses to complaints and service requests for dog control matters	Timeliness of response from time dispatched to **priority one** dog complaints (excluding jobs received by antenno or email.)	66% responded to within 20 minutes and 77% within 30 minutes	98% within 30 minutes	80% within 30 minutes[15]	85% within 30 minutes	90% within 30 minutes	Council Request for Service Database

[13] Given the health aspects of such complaints, Council's target is set to ensure complaints are addressed quickly.

[14] The New Zealand Benchmark is provided by SIL Research, Council has selected this target to ensure Council is meeting the New Zealand Benchmark as a minimum standard.

[15] This target while aspirational, reflects the level of service Council would like to aim for, however important to note the service is delivered by contractor outside of normal Council work hours.

Emergency Management (Civil Defence)

Community Outcome	Level of Service	Measure	Performance Results (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.	***Quality Indicators***							
	Council provides community education initiatives to increase public awareness and readiness for local and regional hazards	Council delivers initiative projects to the community to promote community resilience and safety.	New Target	New Target	3 projects	3 projects	3 projects	Council records of project delivery
		Quantity Indicators						
	Council will maintain capability to effectively respond to an emergency	Undertake Civil Defence training exercises.	New Target	New Target	1	1	1	Council records of training exercise

Draft Statement of Intended Service Provision Roading

Community Outcome	Level of Service	Measure	Performance Results (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Roading								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	***Quality Indicators***							
	Council maintains community satisfaction levels for roading activity	Community satisfaction with roading assets (based on user satisfaction)	N/A (For 2022/23 = 57% User satisfaction National Benchmark = 43%)	Not applicable	Equal to or above NZ benchmark[16]	Not applicable	Equal to or above NZ benchmark	Three yearly community survey
	Council provides a network of roads which facilitates the safe movement of people and vehicles around the District	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	There were no fatalities, with one serious injury on the roads controlled by Council	Increase of zero or less	Increase of zero or less	Increase of zero or less	Increase of zero or less	NZ Police
	Road quality	The average quality of ride on a sealed local road network, measured by smooth travel exposure[17]	95%	No less than 95%	No less than 95%	No less than 95%	No less than 95%	Annual independent survey
	Quantity Indicators							
	Road maintenance	The percentage of the sealed local road network that is resurfaced.	Resealing was delayed due to the priority of the dewatering works.	>5%	>5%	>5%	>5%	Council records (RAMM)

[16] The New Zealand Benchmark is provided by SIL Research, Council has selected this target to ensure Council is meeting the New Zealand Benchmark as a minimum standard.

[17] The percentage of Vehicle Kilometres Travelled in the District exposed to roads with roughness less than the threshold for urban roads set by the National State Highway Strategy

Community Outcome	Level of Service	Measure	Performance Results (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	***Responsiveness Indicators***							
	Response to service requests	The percentage of customer service requests relating to roads to which Council responds within the timeframe specified.	Potholes: 75% repaired within 14 days and 75% within 28 days	Potholes: 90% repaired within 14 days and 100% within 28 days	Potholes: 90% repaired within 14 days and 100% within 28 days	Potholes: 90% repaired within 14 days and 100% within 28 days	Potholes: 90% repaired within 14 days and 100% within 28 days	Council Request for Service Database
			Streetlights: 66.1% repaired within 14 days and 87.8% within 28 days.	Streetlights: 90% repaired within 14 days and 100% within 28 days	Streetlights: 90% repaired within 14 days and 100% within 28 days	Streetlights: 90% repaired within 14 days and 100% within 28 days	Streetlights: 90% repaired within 14 days and 100% within 28 days	Council Request for Service Database
Footpaths								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	***Quality Indicators***							
	Council provides an appropriate network of footpaths for pedestrian use	Community satisfaction with footpaths (based on user satisfaction)	N/A (For 2022/23 = 60% User satisfaction National Benchmark = 60%	Not applicable	Equal to or above NZ benchmark [18]	Not applicable	Equal to or above NZ benchmark	3 yearly community survey
	Footpath condition	Percentage of footpaths that fall within the level of service or service standard for the condition of footpaths	Survey not conducted.	>95% of all qualifying footpaths achieve a	>95% of all qualifying footpaths achieve a	>95% of all qualifying footpaths achieve a	>95% of all qualifying footpaths achieve a	Annual independent survey

[18] The New Zealand Benchmark is provided by SIL Research, Council has selected this target to ensure Council is meeting the New Zealand Benchmark as a minimum standard.

Community Outcome	Level of Service	Measure	Performance Results (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
		set out in the Activity Management Plan		grade of 3 or less as measured through three yearly footpath inspection	grade of 3 or less as measured through three yearly footpath inspection	grade of 3 or less as measured through three yearly footpath inspection	grade of 3 or less as measured through three yearly footpath inspection	
	Responsiveness Indicators							
	Response to service requests	The percentage of footpath-related customer service requests to which Council responds within the timeframe specified.	70% within 14 days	100% within 14 days	100% within 14 days	100% within 14 days	100% within 14 days	Council Request for Service Database

Draft Statement of Intended Service Provision Stormwater

Community Outcome	Level of Service	Measure	Performance Results (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Stormwater								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	***Quality Indicators***							
	Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (System adequacy)	The number of flood events that occur in the District.	0	No more than 10	No more than 10	No more than 10	No more than 10	Council Request for Service Database
		For each flood event, the number of habitable floors affected.	N/a[19]	Not applicable	Not applicable	Not applicable	Not applicable	
	Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (Customer satisfaction)	The number of complaints received by Council about the performance of its stormwater system expressed per 1,000 properties connected to the Council's stormwater system.	N/a[20]	Not applicable.[21]	Not applicable	Not applicable	Not applicable	
	Responsiveness Indicators							
	Response times	The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	Median response time less than one hour	Median response time less than one hour	Median response time less than one hour	Median response time less than one hour	Median response time less than one hour	Council Request for Service Database

19 Mandatory measure
20 Mandatory measure
21 Kawerau properties are not connected to Council's stormwater system.

Community Outcome	Level of Service	Measure	Current Performance (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Stormwater								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Discharge compliance	Compliance with Council's resource consents for discharge from the system, measured by the number of: • abatement notices • infringement notices • enforcement orders, and • convictions, received by Council in relation to those resource consents.	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	Bay of Plenty Regional Council.

Draft Statement of Intended Service Provision Water Supply

Community Outcome	Level of Service	Measure	Current Performance (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Water Supply								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	***Quality Indicators***							
	Provision of a quality water supply	Community satisfaction with water supply (based on user satisfaction)	N/A (For 2022/23 = 36% User satisfaction National Benchmark = 73%)	Not applicable	Equal to or above NZ benchmark [22]	Not applicable	Equal to or above NZ benchmark	3 yearly community survey
	Customer satisfaction	The total number of complaints received about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply, and f) Council's response to any of these issues expressed per 1000 connections to the networked reticulation system.	a) 7.6 water clarity complaints (per 1000) b) No water taste complaints c) No water odour complaints d) 0.3 water pressure complaints per 1000 connects e) No water supply complaints f) No response complaints	a) No more than 4 per 1000 connections b) No more than 2 per 1000 connections c) No more than 1 per 1000 connections d) No more than 2 per 1000 connections e) No more than 2 per 1000 connections f) 0 per 1000 connections	a) No more than 4 per 1000 connections b) No more than 2 per 1000 connections c) No more than 1 per 1000 connections d) No more than 2 per 1000 connections e) No more than 2 per 1000 connections f) 0 per 1000 connections	a) No more than 4 per 1000 connections b) No more than 2 per 1000 connections c) No more than 1 per 1000 connections d) No more than 2 per 1000 connections e) No more than 2 per 1000 connections f) 0 per 1000 connections	a) No more than 4 per 1000 connections b) No more than 2 per 1000 connections c) No more than 1 per 1000 connections d) No more than 2 per 1000 connections e) No more than 2 per 1000 connections f) 0 per 1000 connections	Council Request for Service Database

[22] The New Zealand Benchmark is provided by SIL Research, Council has selected this target to ensure Council is meeting the New Zealand Benchmark as a minimum standard.

Community Outcome	Level of Service	Measure	Current Performance (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Water Supply (Continued)								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Safety of drinking water	The extent to which Council complies with the Taumata around Drinking Water Quality Assurance Rules (DWQAR).	Complied for the old drinking standards to 31 December 2022. Non-compliance for the new standards from 1 January to May 2023.	Water complies with Drinking Water Quality Assurance Rules (DWQAR)	Water complies with Drinking Water Quality Assurance Rules (DWQAR)	Water complies with Drinking Water Quality Assurance Rules (DWQAR)	Water complies with Drinking Water Quality Assurance Rules (DWQAR)	Council Records
	Maintenance of the reticulation network	The percentage of real water loss from the Council's networked reticulation system, measured using the minimum night flow (MNF) analysis method contained in the DIA Guidelines.	154 litres per connection per day	<200 litres per connection per day[23]	<200 litres per connection per day	<200 litres per connection per day	<200 litres per connection per day	Council records
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	***Quantity Indicators***							
	Demand management	The average consumption of drinking water per day per resident within the district.	0.42m3	<0.6 m3	<0.6 m3	<0.6 m3	<0.6 m3	Council records

[23] Measured using the minimum night flow (MNF) analysis method contained in the DIA Guidelines.

Community Outcome	Level of Service	Measure	Current Performance (2023/24)	Current 2024/25	2025/26	2026/27	2027/26 to 2033/34	Data Source
	Responsiveness Indicators							
	Fault response times	Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the median response times are						
		a) attendance for urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	0 urgent call-outs and median response time was 0.45 hours	Less than two hours	Less than two hours	Less than two hours	Less than two hours	Council Request for Service Database
		b) resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	100% within 8 hours (median resolution was 3.2 hours)	Less than 8 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours	Council Request for Service Database
		c) attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	461 non urgent call-outs (median response was 0.43 hours)	24 hours	24 hours	24 hours	24 hours	Council Request for Service Database

Community Outcome	Level of Service	Measure	Current Performance (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Water Supply (Continued)								
		d) resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption	100% within 48 hours (median resolution was 1.92 hours)	48 hours	48 hours	48 hours	48 hours	Council Request for Service Database
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	***Reliability Indicators***							
	The water supply is reliable and has minimal disruptions	Number of unplanned shutdowns – reticulation	1 unplanned shutdowns	No more than 12	No more than 12	No more than 12	No more than 12	Council records
		Number of unplanned shutdowns – pump stations	None	None	None	None	None	Council records
		Number of water main breaks	2 water main breaks	No more than 8	No more than 8	No more than 8	No more than 8	Council records
	Environmental Indicators							
	Water is sourced with minimal environmental effects	Compliance with BOP Regional Council water supply resource consents as reported in Annual Consents and Compliance Field Sheet.	One non-compliance with old consent	Compliance [24]	Compliance	Compliance	Compliance	BOP Regional Council

[24] BOPRC inspection reports state either compliance or non-compliance.

Draft Statement of Intended Service Provision Wastewater

Community Outcome	Level of Service	Measure	Current Performance (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Wastewater								
	Quality Indicators							
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Provision of domestic wastewater collection and primary treatment	Community satisfaction with wastewater disposal (based on user satisfaction).	N/A (For 2022/23 User satisfaction = 82% National Benchmark = 74%)	Not applicable	Equal to or above NZ benchmark[25]	Not applicable	Equal to or above NZ benchmark	3 yearly community survey
	Customer satisfaction	The total number of complaints received about any of the following: a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) Council's response to issues with its sewerage system, expressed per 1000 connections to the sewerage system.	a) 1 odour issue (0.3 per 1,000) b) No complaints c) 5 blockages 1.7 per 1000 connections d) No complaints	a) No more than 1 per 1000 connections b) No more than 15 per 1000 connections c) No more than 15 per 1000 connections d) 0 per 1000 connections	a) No more than 1 per 1000 connections b) No more than 15 per 1000 connections c) No more than 15 per 1000 connections d) 0 per 1000 connections	a) No more than 1 per 1000 connections b) No more than 15 per 1000 connections c) No more than 15 per 1000 connections d) 0 per 1000 connections	a) No more than 1 per 1000 connections b) No more than 15 per 1000 connections c) No more than 15 per 1000 connections d) 0 per 1000 connections	Council Request for Service Database

[25] The New Zealand Benchmark is provided by SIL Research, Council has selected this target to ensure Council is meeting the New Zealand Benchmark as a minimum standard.

Community Outcome	Level of Service	Measure	Current Performance (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
	Quantity Indicators							
	System adequacy	The number of dry weather sewage overflows from Council's sewerage system, expressed per 1000 connections to that sewerage system.	There was 1 dry weather overflow reported.	0 per 1000 connections to the sewerage system	0 per 1000 connections to the sewerage system	0 per 1000 connections to the sewerage system	0 per 1000 connections to the sewerage system	Council records
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	***Responsiveness Indicators***							
	Fault response times	Where Council attends to sewage overflows resulting from a blockage or other fault in its sewerage system, the median response times are:						
		a) attendance time: from the time that Council receives notification to the time that service personnel reach the site, and	1 overflow attended to in 15 minutes	Less than 1 hour	Less than 1 hour	Less than 1 hour	Less than 1 hour	Council Request for Service Database
		b) resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	1 overflow resolved in 2.0 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours	Council Request for Service Database
	Reliability Indicators							
	Council provides a reliable domestic wastewater collection and disposal service	Number of disruptions to wastewater collection service	0 disruptions to wastewater service	No more than 50	No more than 50	No more than 50	No more than 50	Council records

Community Outcome	Level of Service	Measure	Current Performance (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Wastewater (Continued)								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	***Environmental Indicators***							
	Discharge compliance	Compliance with resource consents for discharge from Council's sewerage system measured by the number of: a)abatement notices b)infringement notices c)enforcement orders, and d)convictions, received in relation those resource consents.	Council received 2 infringement notices due to dairy factory waste	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	Council records
	The wastewater treatment plant operates effectively	Compliance with wastewater treatment plant resource consents as reported in annual Consents and Compliance Field Sheet	Consent not complied with due to a component failure in the treatment plant.	Compliance [26]	Compliance	Compliance	Compliance	BOP Regional Council

[26] BOPRC inspection reports state either compliance or non-compliance.

Draft Statement of Intended Service Provision Solid Waste

Community Outcome	Level of Service	Measure	Current Performance (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Refuse Collection and Disposal								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future. Council sustainably manages Kawerau's environment through its stewardship, planning and consents.	***Quality Indicators***							
	Provision of a cost effective refuse collection and disposal that will encourage a healthy, clean and tidy district	Community satisfaction with refuse collection (based on user satisfaction).	User satisfaction 90% National Benchmark = 73%	Not applicable	Equal to or above NZ benchmark [27]	Not applicable	Equal to or above NZ benchmark	Three yearly community survey
		Community satisfaction with refuse transfer station (based on user satisfaction)	User satisfaction 78% National Benchmark = 66%	Not applicable	Equal to or above NZ benchmark[28]	Not applicable	Equal to or above NZ benchmark	
	Environmental Indicators							
	Council's refuse collection and disposal services meet the needs of the Kawerau Community and help maintain public health and a clean environment	Level of compliance with BOP Regional Council refuse disposal resource consents as reported in annual Consents and Compliance Field Sheet	No notices, abatement notices, enforcement orders or convictions	Compliance	Compliance	Compliance	Compliance	BOP Regional Council

[27] The New Zealand Benchmark is provided by SIL Research, Council has selected this target to ensure Council is meeting the New Zealand Benchmark as a minimum standard.

[28] The New Zealand Benchmark is provided by SIL Research, Council has selected this target to ensure Council is meeting the New Zealand Benchmark as a minimum standard.

Zero Waste (Recycling)								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future. Council sustainably manages Kawerau's environment through its stewardship, planning and consents.	***Quality Indicators***							
	Council's refuse collection and disposal services meet the needs of the Kawerau Community	Community satisfaction with recycling services (based on user satisfaction)	User satisfaction 81%	Not applicable	Equal to or above 81%[29]	Not applicable	Equal to or above 81%	Three yearly community survey
	Quantity Indicators							
	Material that would otherwise go to landfill as household refuse is collected by the recycling collection service	Average amount of recyclable material collected from each household.	188kg	No less than 178kg per annum	No less than 178kg per annum	No less than 178kg per annum	No less than 178kg per annum	Council records

[29] The target is based on the 2023 user satisfaction results provided by SIL Research., Council has selected this target of 81% to ensure Council is at a minimum continuing to meet the 2023 user satisfaction target.

Draft Statement of Intended Service Provision Leisure and Recreation

Community Outcome	Level of Service	Measure	Current Performance (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Library								
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity. Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	***Quality Indicators***							
	Council provides public library services and resources which suit Community needs	Community satisfaction with the Public Library (based on user satisfaction)	N/A (For 2023/22 User satisfaction 90% National Benchmark = 87%)	Not applicable	Equal to or above NZ benchmark [30]	Not applicable	Equal to or above NZ benchmark	Three yearly community survey
		Number of Library programmes provided to the community (includes Holiday and Adult programmes).	New measure	>6	>6	>6	>6	Council records
	Quantity Indicators							
	The library is accessible to the public	Total number of people visiting the library for the year.	New measure	>50,000[31]	>50,000	>50,000	>50,000	Council records
Museum and Archives								
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.	***Quality Indicators***							
	Council provides a museum service which reflects Community needs	Community satisfaction with the Museum (based on user satisfaction).	User satisfaction 77%	Not applicable	Equal to or above 77% benchmark [32]	Not applicable	Equal to or above 77%	Three yearly community survey

[30] The New Zealand Benchmark is provided by SIL Research, Council has selected this target to ensure Council is meeting the New Zealand Benchmark as a minimum standard.

[31] The target is based on maintaining community engagement with the number of people visiting the library each year.

[32] The target is based on the 2023 user satisfaction results provided by SIL Research. Council has selected this target of 77% to ensure Council is at a minimum continuing to meet the 2023 user satisfaction target..

Community Outcome	Level of Service	Measure	Current Performance (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	***Quantity Indicators***							
	Council provides a museum service which reflects Community needs	Number of exhibitions held	6	6	6	6	6	Council records
		Number of objects processed	234	200	200	200	200	Council records
Aquatic Centre								
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity. Council infrastructure and services are accessible, age and disability-friendly, effective, efficient, and affordable, now and for the future.	***Quality Indicators***							
	Council provides a swimming pool complex which reflects Community needs	Community satisfaction with Public Swimming Pools (based on user satisfaction)	User satisfaction 72% National Benchmark = 69%	Not applicable	Equal to or above NZ benchmark [33]	Not applicable	Equal to or above NZ benchmark	Three yearly community survey
	Swimming pool water meets water quality standards	Level of compliance with standards	97%	Full compliance in 95% of tests	Full compliance in 95% of tests	Full compliance in 95% of tests	Full compliance in 95% of tests	Council records
	Quantity Indicators							
	Council provides a Swimming Pool Complex which is accessible to the Community	Weeks open per year	39	At least 48	At least 48	At least 48	At least 48	Council records

[33] The New Zealand Benchmark is provided by SIL Research, Council has selected this target to ensure Council is meeting the New Zealand Benchmark as a minimum standard.

Community Outcome	Level of Service	Measure	Current Performance (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Public Halls and Facilities								
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity. Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	***Quality Indicators***							
	Council provides public halls and facilities which reflect Community needs	User satisfaction with Public Halls	N/A (For 2022/23 = 83%)	Not applicable	Equal to or above 83%[34]	Not applicable	Equal to or above 83%	Three yearly community survey
		User satisfaction with Public Toilets	N/A (For 2022/23 = 79% National Benchmark = 67%)	Not applicable	Equal to or above NZ benchmark [35]	Not applicable	Equal to or above NZ benchmark	
	Quantity Indicators							
	Four Community halls are available for hire: Ron Hardie Recreation Centre, Town Hall, Concert Chambers and the Bert Hamilton Hall	Number of weeks public halls available for hire	52 weeks	Each hall is available for 50 weeks[36]	Each hall is available for 50 weeks	Each hall is available for 50 weeks	Each hall is available for 50 weeks	Council records
	Clean public toilets are provided in the central business district	Town centre public toilets are open for at least 360 days	365 days	Open at least 360 days	Open at least 360 days	Open at least 360 days	Open at least 360 days	Council records

34 The target is based on the 2023 user satisfaction results provided by SIL Research. Council has selected this target of 83% to ensure Council is at a minimum continuing to meet the 2023 user satisfaction target.

35 The New Zealand Benchmark is provided by SIL Research, Council has selected this target to ensure Council is meeting the New Zealand Benchmark as a minimum standard.

36 Each hall is closed for scheduled maintenance for up to two weeks per year.

Community Outcome	Level of Service	Measure	Current Performance (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Parks and Reserves								
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity. Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	***Quality Indicators***							
	Council provides parks and reserves which meet Community needs	Community satisfaction with Parks and Reserves (based on user satisfaction)	N/A (For 2022/23 = User satisfaction 82%) National Benchmark = 82%	Not applicable	Equal to or above NZ benchmark[37]	Not applicable	Equal to or above NZ benchmark	Three yearly community survey
	Sports field playing surfaces meet requirements of codes for which they are used	Implementation of recommendations of NZ Sports Turf Institute advisory reports.	100%	100%	100%	100%	100%	Council records
	Quantity Indicators							
	Bedding displays are attractive and updated to suit the season	Number of bedding displays	2	2 (1 summer and 1 winter)	2 (1 summer and 1 winter)	2 (1 summer and 1 winter)	2 (1 summer and 1 winter)	Council records
	Responsiveness Indicators							
	Playground equipment is safe for children to use	Monthly inspections of all playground equipment	10 inspections conducted	12 inspections conducted	12 inspections conducted	12 inspections conducted	12 inspections conducted	Council records

[37] The New Zealand Benchmark is provided by SIL Research, Council has selected this target to ensure Council is meeting the New Zealand Benchmark as a minimum standard.

Community Outcome	Level of Service	Measure	Current Performance (2023/24)	Current 2024/25	2025/26	2026/27	2027/28 to 2033/34	Data Source
Cemetery								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient, and affordable, now and for the future.	***Quality Indicators***							
	The Kawerau cemetery meets Community interment needs in the present and the medium term	Community satisfaction with the Cemetery (based on user satisfaction)	N/A (For 2022/23 = User satisfaction 91% National Benchmark = 79%)	Not applicable	Equal to or above NZ benchmark [38]	Not applicable	Equal to or above NZ benchmark	Three yearly community survey
	Quantity Indicators							
	The Kawerau cemetery meets Community interment needs in the present and the medium term	Number of burial plots available	There are enough plots for 10 years	At least enough for the next five years	At least enough for the next five years	At least enough for the next five years	At least enough for the next five years	Council records

[38] The New Zealand Benchmark is provided by SIL Research, Council has selected this target to ensure Council is meeting the New Zealand Benchmark as a minimum standard.

[39] The New Zealand Benchmark is provided by SIL Research, Council has selected this target to ensure Council is meeting the New Zealand Benchmark as a minimum standard.

Draft Financial Strategy

Introduction

Council has prepared this Long Term Plan on the basis that it needs to be financially sustainable, while meeting the needs of residents. The Financial Strategy details the underlying principles and approach for the next nine years as Council delivers services to the community in a financially prudent and sustainable manner. Balancing delivering the same levels of service, the needs of the community and keeping rates affordable are the key priorities.

Background

The census in 2023 put Kawerau's population at 7,610 a 2% increase (2018 census 7,460). Further population projections provided by Statistics New Zealand indicate Kawerau's projected population in 2033 will be between 8,000 – 8,500. The existing infrastructural network has capacity for a District population of at least 10,000. Growth is monitored to determine any potential additional demand on infrastructural services. It is not anticipated that the current levels of service will change over the period of the 2025 - 2034 Long Term Plan.

Over the last three years Council has been investing in asset renewals of the water reticulation systems of the district. For the first time in many years Council has uplifted loans to fund this capital renewal project. As at 30 June 2025 Council will have $6m in debt, a relatively low debt level, which does give Council capacity to borrow should the need arise.

Council to assist in residential development within the District, is progressing the subdivision at Stoneham Park, which will provide additional housing for the community, while also increasing Council's rating database in the next six years.

There continues to be private industrial land available to further expand the industrial hub that Kawerau is known for, which includes the opportunities provided by the natural resources available and proximity to markets.

The priorities for the next nine years are for Council to maintain and continue the current levels of service, maintain Council's assets and complete capital infrastructure projects.

Prudent Financial Management – Balanced Budget Requirement

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

Council is further required to manage its revenues, expenses, assets, liabilities, investments and general dealings in a prudent manner which promotes the current and future interests of the community. In assessing a financially prudent position, consideration is given to:

- the estimated cost of maintaining the predicted levels of service contained in the Long Term Plan, including the cost of maintaining the service capacity and integrity of assets throughout their useful life and the revenue available to fund the cost of delivering services.
- equitable funding for the provision and maintenance of assets throughout their useful life.

Council's infrastructure assets significantly increased in value following the revaluation in June 2022. From this Council's depreciation expenditure has also risen. Council's balancing of the budget is impacted by the funding of depreciation, which in recent years has impacted the rates requirement. This has resulted in Council reducing the level of depreciation funding to ensure rates affordability for the community. This is further detailed under Council's funding and financial policies.

Council's Funding and Financial Policies

Since 1998/99 Council has funded the annual depreciation expense of assets apart from the depreciation on non-critical assets. The specific buildings (non-critical) involved are: Town Hall, Concert Chamber, Ron Hardie Recreation Centre, Library/Museum Building, Museum/Archives Building, District Office, Council Depot, Tarawera Park Amenity Buildings, Swimming Pool, Pensioner Housing units and the Bert Hamilton Hall. Council also decided to not fully fund depreciation on roads subject to New Zealand Transport Agency (NZTA) subsidies.

These buildings remain non-critical and in addition, the level of utilisation for public halls in many cases is significantly below total capacity. As a result, the assets are not likely to be replaced in their present form or they may be replaced with rented accommodation or buildings funded by way of loans or grants.

Council has continued to support and confirm the 1998/99 decision and will continue the policy of not funding non-critical, non-strategic assets. Council believes the reasons for doing so have not changed and that the policy is appropriate for the Kawerau District.

The benefit of not funding depreciation on non-critical assets is that ratepayers are not paying for depreciation on assets which are unlikely to be replaced with buildings of equivalent value.

The benefit of not funding the portion of depreciation for assets which Council expects NZTA subsidies to fund, is that ratepayers are not funding depreciation which is unlikely to be needed.

The NZTA subsidy rate has recently been confirmed that the rates for Kawerau will be 75% for 2024 – 2027. Therefore, Council considers the risk of the subsidy rate being decreased to be low, for the period of this Long Term Plan. The subsidy rates for roading projects have been confirmed by NZTA for the next two years and this is reflected in the roading financial forecasts. Should any unforeseen changes to the subsidy rate occur, Council would look at alternative funding options such as rates and loans.

In 2023/24 Council resolved to fund 65% of depreciation for all other assets, due to the uncertainty over the then Government's 3 waters reforms and due to the need to make rates affordable for the community. With the revaluation of Council's assets increasing depreciation and the inflationary impacts increasing the rates requirement, the deprecation funding levels were key to rates affordability. Council intends to gradually start increasing the funding of depreciation annually by 3% from 2026/27 (year 2 of the LTP). The funding of depreciation will be consulted with the community in the Long Term Plan Consultation Document.

Council is aware of the impact of not fully funding depreciation has on the balanced budget which is discussed further under the "Prudent Financial Management - Balanced Budget Requirement".

Delivery of three waters

The Financial Strategy anticipates that Council will continue to deliver drinking water, wastewater and stormwater services for the period of the strategy and is prepared on the basis that delivery of these services will be by an in-house business unit. However, this service delivery option is still to be consulted on with the community and is yet to be confirmed as part of the Local Water Done Well legislative changes.

There are still uncertainties regarding the full impacts and requirements the Local Water Done Well legislation, will have on the delivery of three waters. One certainty is that Councils will continue to have overall ownership and control over the three waters service delivery. Council has prepared the Long Term Plan on the basis that the three waters services will continue to be delivered by Council for the nine year period.

Therefore, with the Local Water Done Well legislation impacts, there is a level of uncertainty (and therefore risk) with the structure of water service delivery and how this is funded.

Table: Estimated lives of non-critical assets

Building	Year Built	Gross Replacement Cost 2022 ($)	Expected Life	End of Life
District Office	1960	5,060,000	80	2040
Town Hall	1960	4,610,000	85	2045
Concert Chamber	1953	1,540,000	85	2040
Library/Museum	1953-2008	2,360,000	85	2040
Tarawera Park Amenity Building	1985	1,380,000	75	2060
Recreation Centre	1969-1999	6,950,000	70	2040
Swimming Pool (Buildings)	1970-2023	3,263,000	50-75	2035-75
Building	**Year Built**	**Gross Replacement Cost 2022 ($)**	**Expected Life**	**End of Life**
Depot	1955-60	1,324,000	70-75	2030
Pensioner Housing/BH Hall	1965-1984	4,475,000	70-90	2055
Museum/Archives Building (16-18 Jellicoe Court)	1955	880,000	95	2050

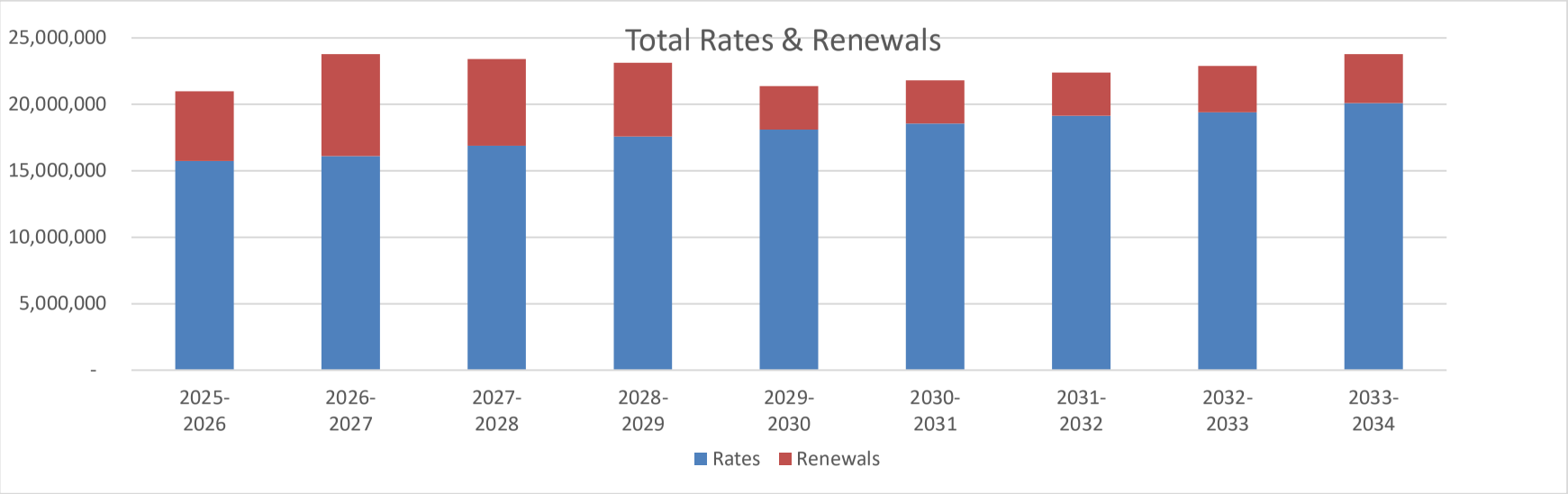
Table: Budgeted non-funded depreciation by Activity

Asset	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Economic Development	$216,980	$214,960	$229,970	$227,890	$225,790	$238,690	$236,540	$234,380	$246,860
Roading *	$978,420	$974,380	$1,054,760	$1,049,950	$1,044,800	$1,119,530	$1,113,630	$1,107,430	$1,178,530
Stormwater	$192,000	$144,000	$104,950	$90,950	$80,460	$75,620	$64,280	$52,930	$44,600
Water	$245,800	$237,490	$246,420	$228,320	$202,460	$192,390	$163,850	$135,480	$114,840
Wastewater	$234,500	$214,400	$215,140	$192,880	$170,630	$161,840	$137,560	$113,290	$95,850
Solid Waste	$6,200	$5,660	$5,680	$5,100	$4,500	$4,280	$3,640	$2,990	$2,530
Leisure & Recreation	$210,410	$187,600	$186,440	$170,460	$159,680	$155,440	$143,620	$131,440	$124,700
Total	**$2,084,310**	**$1,978,490**	**$2,043,360**	**$1,965,550**	**$1,888,320**	**$1,947,790**	**$1,863,120**	**$1,777,930**	**$1,807,910**

* Subsidised roading with 75% subsidy is not fully funded.

The following graph shows the trend for rates and asset renewal expenditure which are the key financial aspects of this plan. Inflationary figures have been provided by BERL. See significant forecasting assumptions, which are included in all figures in the Long Term Plan.

Projected rates and asset renewals 2025 – 2034



Council is forecasting its operating expenditure to increase from $21,069,520 to $25,840,040 between 2025 and June 2034. These increases are as a result of:

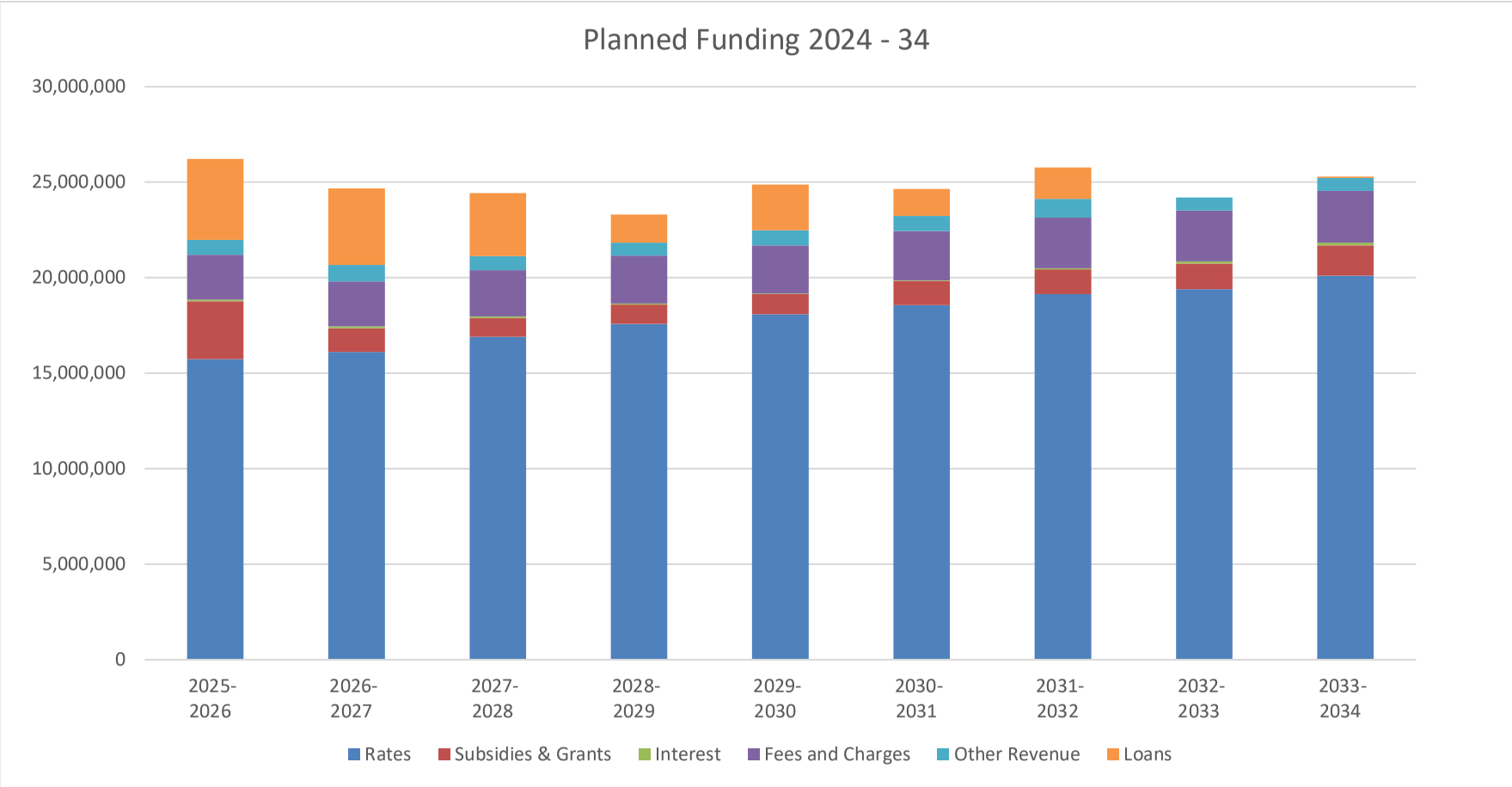
Price increases
Inflation and the factors that influence inflation will increase the cost of doing business.

Depreciation and interest payments
The increased capital expenditure programme means corresponding increases in costs in these areas, especially as Council will be borrowing an additional $6.0 million over the next nine years

Service level increases
There are no increases in the levels of service for activities.

Council has adopted strategies to ensure that over the period of the Long Term Plan, Council continues to be financially sustainable.

Planned funding for 2025 - 2034



Rates and Rates Increase

The Long Term Plan includes a rates increase of 8.5 percent for 2025/26 and between 1.4 and 4.9 percent for each of the following eight years. Contributing to the increase in the next three years in particular is the increased debt servicing costs for the loan funded water reticulation renewals. Council has endeavoured to keep rates increases to affordable levels over the period, while also ensuring its costs are funded and finances are prudently managed.

Council charges a general rate to every rateable property and a Uniform Annual General Charge to every separately used or inhabited part of a property. The general rate charge is different for residential and commercial/industrial properties. This recognises the different levels of services provided to the two categories of property.

Council also charges targeted rates for the following services:

- Water supply
- Wastewater disposal
- Refuse collection

The rateable values of all properties in the district are reviewed three-yearly. The last revaluation was conducted in August 2024, and the next will be in 2027. After the next district revaluation Council will undertake a full review of its rating policy to ensure that the rates charged to individual properties are fair and reasonable.

While there is still uncertainty regarding the delivery and funding of water, wastewater and stormwater (three waters) with the new Local Water Done Well legislation, these activities are included in the Long Term Plan as Council delivered services. The Long Term Plan also accounts for a gradual increase in targeted rates for water and wastewater, while reducing the levels of the general rate that fund these waters activities. The Local Water Done Well legislation requires ring-fencing and transparency with regards to all three waters expenditure and revenue.

What is a Reasonable Level of Rates?

When setting rates, Council must consider what is affordable for both Council and the community. Council also needs to take into account the range of services that are delivered and whether the costs should be paid for by current or future ratepayers (referred to as 'intergenerational equity'). This is particularly important given that many of Council assets have long service lives and provide benefits over a long period of time.

In assessing the appropriate level of funding, Council has to consider the following:

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

After taking the above factors into consideration, Council has determined the quantum of rates for the next nine years. The increases are between 1.4 to 8.5 percent.

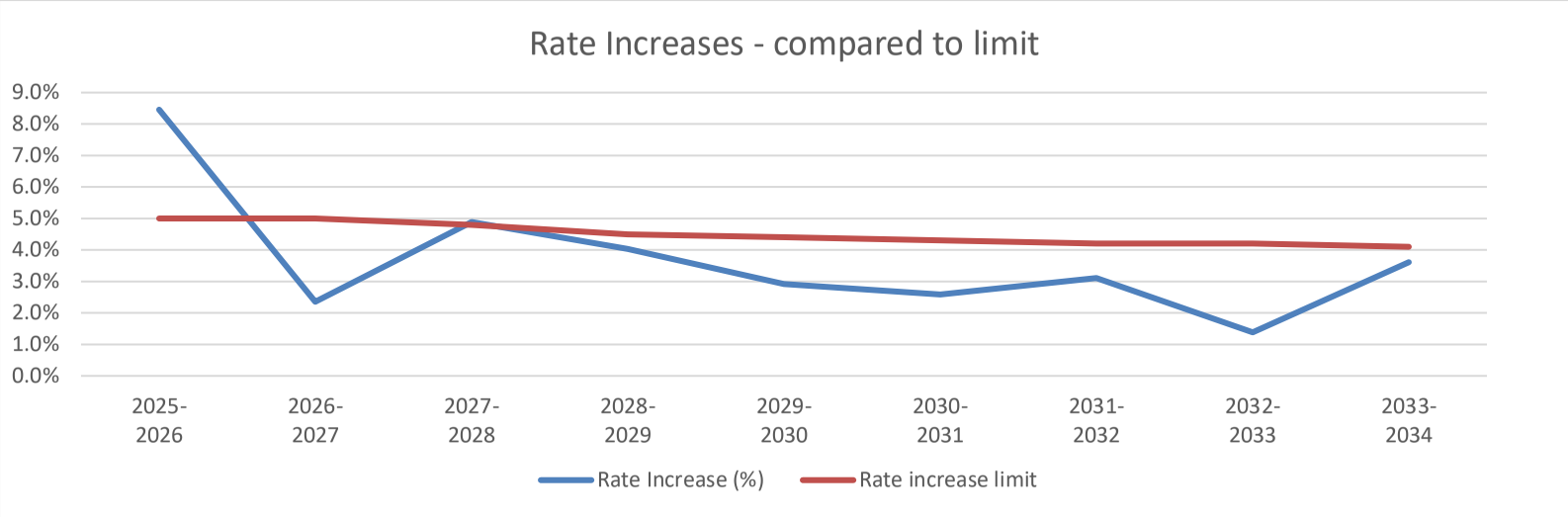
Council has set the following limits for rates for the period of the Long Term Plan:

1. Total rates will not exceed 88 percent of total budgeted revenue.

2. The total rate increase (excluding rates penalties) in any one year will not exceed the underlying rate of inflation for Council costs plus 2 percent.

The table below shows the budgeted rates increases for the next nine years. While the rate increase for 2025/26 is 8.5%, the rate increases for the following 8 years are either below or close to the rate increase limit. Council believes that these rate increases are affordable for the community.

Rate increases for next nine years (compared to limit)



2025/26 Rates charges

CV = $435,000*	$
UAGC	900
General Rate	2,124
Water Supply	130
Wastewater Charge	219
Refuse	302
Total	**3,675**

*2024 Valuation

Contribution to Council activities

Activity Group	$
Democracy	202
Economic Development	245
Environmental Services	293
Roading	263
Stormwater	27
Water Supply	463
Wastewater & Solid Waste	1,151
Leisure & Recreation	1,020
Vandalism & Graffiti	11
Total	**3,675**

Debt and Issuing Securities

As at 30 June 2025, Council will have loans totalling $6.0 million (for water pipe renewal) as well as finance leases for funding the office telephones and photocopiers. Council also has internal loans, funded from depreciation reserves, which totals approximately $1.5 million. The interest rate for the internal loans is determined annually based on investment rates.

Council is intending to borrow a further $6.0 million over the next three years to complete the replacement water pipes which began in 2022.

Council's limit on borrowings for the period of this Long Term Plan is "total debt won't exceed 50% of Council's fixed assets or that the interest expense won't exceed 10% of total annual revenue". Council's projected borrowing is well within these limits The security for any external loan raised will be over future rates.

Financial and Equity Security Investments

It is anticipated that at 30 June 2025, Council will have cash totalling $3.5 million (including short term deposits). These funds are both general funds and depreciation reserves which will be used to fund programmed asset renewal. These assets are critical to enabling Council to continue to provide current levels of service.

Interest earned on invested depreciation reserves is credited to the depreciation reserve account, so that sufficient funds are available when the assets require renewing.

Council also invests surplus general funds at various times throughout the year. The interest earned is used to reduce the amount required for rates. Council has budgeted to earn $85k in interest for 2025/26.

Council invests funds in accordance with its investment policy. This stipulates where funds can be invested and limits the amount which can be invested in a single institution. The anticipated average return is 2.28% per annum, over the nine years, ranging from 1.9% to 2.7%.

Council also holds equity securities in Civic Assurance (31,161 shares) and BOPLASS Ltd (5,091 shares). The reasons for holding shares in these organisations are to allow Council to participate in their operation and to benefit from the advantages of being a shareholder. Also, Council will have $200k in bonds at 30 June 2025 which is required when borrowing funds from LGFA. Interest is earned from these funds and Council is anticipating it will invest a further $400k in bonds over the next nine years.

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 used for roading, followed by parks and reserves, wastewater and water.

Capital Expenditure

Capital expenditure can be categorised into two categories, renewals being replacement of existing assets and new assets being a service improvement or additional for growth. The key priority in this financial strategy is on renewals, as Council has additional infrastructure capacity within current infrastructure.

Council at 30 June 2024 had non-current assets worth $111.8 million. It plans during the next nine years to undertake renewals of $41.9 million. Asset management plans are in place for each asset category. These are key planning tools to ensure maintenance and future renewals are done to meet required levels of service. The Long Term Plan identifies how the planned expenditure will be met.

Council's asset renewal programme assumes that all projects will be completed in the scheduled year. However, a number of factors can cause delays. Renewals that are delayed in one year will be completed in the following year.

Asset renewals are generally funded from depreciation reserves or loans. The depreciation reserves are set at a level to ensure they are adequate for the purpose. This is an important inter-generational issue. Given that both current and future ratepayers benefit from the use of an asset, both should therefore contribute toward the cost of its renewal.

The continuation of the water pipe replacement programme (a further $9.4 million over the next four years) will be funded from external loans and depreciation reserves. The loans will be repaid over the life of the assets thereby ensuring there is intergenerational equity.

Most roading renewal expenditure receives a New Zealand Transport Agency subsidy. The subsidy rate is 75 percent for the Long Term Plan period 2025 to 2034.

Council has not budgeted for any significant capital projects to provide increased levels of service or catering for growth apart from the development and sale of Council land, particularly the Stoneham Park subdivision. The district has excess capacity in its infrastructure which can accommodate at least the projected level of growth over the next nine years.

Council has asset management plans for: roading, water supply, stormwater and wastewater. Condition assessments have been conducted for these activities.

Asset expenditure by activity group

Year	2025/26 $	2026/27 $	2027/28 $	2028/29 $	2029/30 $	2030/31 $	2031/32 $	2032/33 $	2033/34 $
Economic Development	42,300	12,560	12,910	13,230	13,550	13,840	14,140	14,430	14,710
Roading	543,180	555,030	763,620	774,810	780,520	1,051,210	1,062,620	1,068,220	1,367,310
Stormwater	0	0	0	0	0	0	0	0	0
Water	2,228,840	*3,985,550	2,798,410	2,842,120	211,490	183,110	187,950	386,120	197,170
Waste Management	1,742,400	1,973,790	1,814,150	1,382,680	1,682,030	1,324,710	1,381,410	1,439,050	1,570,250
Leisure & Recreation	392,690	409,280	358,720	232,700	264,430	290,320	295,730	308,190	245,290
Overheads	101,450	552,850	558,700	118,240	91,760	58,100	59,300	60,500	130,840
Plant	157,490	136,280	160,940	139,060	183,020	285,110	204,250	169,180	111,240
Buildings	39,240	41,810	39,360	52,510	45,040	44,430	43,140	48,020	44,940
Total	**5,247,590**	**7,667,150**	**6,506,810**	**5,555,350**	**3,271,840**	**3,250,830**	**3,248,540**	**3,493,710**	**3,681,750**

*Includes $1,072,400 for improvement to water supply

Uncertainty and Risk

In preparing the Long Term Plan 2025-2034 there are forecasting assumptions made, which are detailed under the Significant Forecasting assumptions section of the Long Term Plan. It is important to read these assumptions in conjunction with the financial strategy.

A particular area of uncertainty is with regards to Local Water Done Well and impacts of the legislative changes regarding water services delivery. The Long Term Plan has been prepared on the basis of Council delivering water services through an in-house business unit.

Changes from LTP 2021 - 2031

There are no significant changes to this Long Term Plan when compared to the Plan for 2021 – 2031.

Other changes made, relate to estimates and assumptions based on revised data. Council has planned for a gradual increase in the targeted rates for water and wastewater services. Also, a 3% increase in the funding of depreciation for Strategic Assets is planned for each year of the LTP.

Draft Infrastructure Strategy

INTRODUCTION

1.1. THE KAWERAU DISTRICT

Kawerau lies in the Eastern Bay of Plenty region, 100 kilometres southeast of Tauranga and 58 kilometres east of Rotorua. An enclave of 22 square kilometres surrounded by the Whakatane District, the Kawerau District is comprised mainly of urban, industrial and commercial land and has a small area of rural land.

Kawerau's natural resources include the Kawerau Geothermal Field, the Tarawera River and natural springs which produce an abundant supply of good quality water. Kawerau's geology is the result of the Mount Tarawera eruption. Soils in the District are ash/pumice, highly porous and although poorly compacted, are able to be compacted with work. The District topography is generally flat to rolling.

Kawerau enjoys hot summers and mild winters days, after a sometimes cold frosty morning. In summer the daily maximum temperature averages 23.7 degrees Celsius and on some days can reach more than 30 degrees Celsius, making Kawerau one of the warmest places in New Zealand.

The Kawerau district estimated population according to the 2023 census is 7,820 which represented a 4.8% increase in population since 2018 (previous census) or around 1% population growth per annum. Census figures show that Kawerau has close to the highest number of people per dwelling in the country, which indicates a shortage of housing for the district.

Stats NZ has projected that the population will remain relatively static for the next 20 years (medium projection scenario) to a total population of just under 8,000 by 2043. However, the growth figure could be higher as Kawerau continues to provide employment opportunities through industrial development and has affordable housing.

Kawerau currently has a higher proportion of older people and a higher proportion of young people when compared to the rest of the country. The population projections show that over the next 15 years (to 2038) the number of young people (under 15) will reduce by 12.7 percent while the people that are over 65 will increase by 46.2 percent.

The unemployment rate in Kawerau is just under 11 percent for 2023 (12% percent in 2018) compared to 3.3 percent for all of New Zealand. This means the Kawerau District has approximately 3 times the national rate for unemployment. One of the main contributors to this higher percentage is the cheaper cost of living in Kawerau and the readily availability of amenities.

Council has based its Infrastructure Strategy on these figures, and is confident that the projected population trends will continue to be positive. Economic development interventions, such as industry clustering facilitating industrial development and employment opportunities in the district and residential developments will continue to provide the opportunity for the district's population to grow.

1.2. PURPOSE OF THE STRATEGY

The overall purpose of the Infrastructure Strategy is to help Council and the community make informed decisions about the major infrastructure decisions and investments, which will need to be made over the next 30 years. This Strategy specifically addresses the Roading, Stormwater, Water Supply and Wastewater activities. Other activities that have significant assets and infrastructure such as pools and buildings are outside the scope of this document.

The Strategy outlines:

- The key infrastructure issues which must be addressed over the next 30 years.
- The main options for dealing with those issues.

- The implications of those options for residents and businesses in terms of cost and service delivery.
- Council's preferred scenario for managing these issues

This Strategy was developed in conjunction with Council's Financial Strategy (and Long Term Plan), district growth expectations, engineering analyses, and technical information. This feeds directly into the respective activities' asset management plans.

Infrastructure expenditure contributes to the following Community Outcomes:

Services: Council facilities and services are accessible, age-friendly, effective, efficient and affordable, now and for the future.

Development: Council works in partnership with the community and businesses to attract people to visit, live and do business in Kawerau and to enhance economic and employment opportunities for our community.

Activity: Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activities.

For the Kawerau District Council (Council), infrastructure spending equals approximately 42 percent of operating expenditure and is around 80 percent of total capital expenditure for the next 10 years. Expenditure that both maintains the standard of Kawerau's infrastructure and is affordable now and in the future will provide a platform for economic development, contribute to the quality of life for the Kawerau community and help Kawerau remain an attractive place to live and do business.

Council infrastructure has a total value at 30 June 2024 of $58.7 million and over the next 9 years, $35.0 million (including inflation) will be spent on renewals and improvements to infrastructure. Over the full 30 year infrastructure strategy period, $120.6 million (including inflation) is planned to be spent.

1.3. ASSUMPTIONS AND DRIVERS

Developing and maintaining infrastructure and the associated capital expenditure is driven by the following considerations:

- Levels of Service
- Future growth and development of the District
- Additional infrastructure required and increased complexity of infrastructure.
- Replacement options for aging, damaged and failed infrastructure.
- Replacement schedules of existing infrastructure.

These considerations are evaluated by bearing in mind public consultation, engineering analyses, available technical information and other Council strategies (Financial and Service Delivery).

Based on these considerations, adequate capital investment requirements can be developed and included in the long term plans and year investment strategies.

1.3.1. Levels of Service

Based on community feedback from previous LTP consultation, it is assumed that levels of service will remain the same for stormwater and wastewater. There is no increased or reduced demand for service and there is no provision in this strategy for any increase in the level of service for these activities.

The stormwater system is designed to manage rainfall run-off and mitigate surface water flooding. Stormwater is collected almost exclusively from the roading network and channelled through a network of pipes into natural waterways. It currently consists of approximately 31.5 km of stormwater pipes, together with cesspits, manholes, stormwater outfalls, and other components.

There are currently 2,880 properties connected to the wastewater system and services a population of 7,900. It is estimated that the system currently has capacity for a population of around 10,000, and it is not anticipated that the population will exceed that number for the period of this strategy.

Council maintains and operates a water supply network in a manner that is fit for purpose and does not compromise public safety There are currently 2,910 properties connected to the water supply network and services a population of 7,900. It is estimated that the system currently has capacity for a population in excess of 10,000, but it is not anticipated that the population will exceed that number for the period of this strategy.

For water supply, increases in the levels of service in the previous 10 years were due to central government regulations (chlorination and fluoridation) and were funded externally. Future mandated increases in levels of service are very hard to predict and will most likely be externally funded and are not included in this Infrastructure Strategy. There is an increase in the level of service for water supply in 2026/27, with the construction of a manganese removal plant at a cost of around $1 million.

The reason Council is installing this plant is to remove the manganese from the water which causes discoloration and potentially affects the taste. This plant will provide an additional usable source for water and therefore increase capacity and resilience.

The community is served by a 43 km roading network (excluding SH 34) as well as 73 km of footpaths and 1,074 streetlights, which provides access to all the properties within the community and enables travel in and around the district. Increases in Levels of Services for roading is to increase mobility access (primarily wheelchair and mobility scooter access) and is included in this Infrastructure Strategy. This also includes operational activities such as removing trees that may damage footpaths and removing lips and falls mechanically.

1.3.2. Future Growth and Development

The current Kawerau District population is estimated to be 8,000 residents. The current infrastructure is sufficient for 10,000 residents. It is not expected that the Kawerau district population growth will exceed 2,000 new residents over the 30 year Infrastructure Strategy period.

New subdivision developments localised infrastructure (roading, reticulation, pumpstations etc.) are all installed and funded by the developers. It is therefore not required to include additional domestic use infrastructure.

Council is undertaking a residential development on Stoneham Park, which when completed will establish around a hundred sections. The development will be done over 5 stages at a total cost of $12 million to be completed in 2031. The development includes an estimated cost of $6.0 million in additional infrastructure which, when completed, will be added to Council's assets along with the additional depreciation costs. The breakdown of these costs is not available at this point in time and therefore has not been included in the 2025 – 2034 Long Term Plan.

The reason Council is undertaking this development is to provide additional reasonably priced residential sections for the community. The community has in the past asked Council to provide more affordable housing. Also, recent statistics indicate that Kawerau has one of the highest number of people per residential property. The funding for this development is from subsidy (better off funding) and the sale of sections. The whole development will require approximately 65 section sales to breakeven.

There is interest from heavy and light industry to invest in the district and utilise municipal services and infrastructure. Any industrial or commercial use will require resource and trade waste consents and agreements from Council. The additional burden on the existing infrastructure can therefore be controlled to ensure that the existing infrastructure is sufficient.

Additional infrastructure that may be needed to allow new industries and businesses in the district may then be appropriately planned and funded through developer contributions or external funding when needed.

Therefore, only limited additional infrastructure is included in this Infrastructure Strategy, primarily to support the development of the Putauaki Industrial block (connections to existing reticulation) and connections to the planned Stoneham Park and other small sub-divisions.

1.3.3. Additional and increased complexity of infrastructure

There is currently no additional infrastructure planned for any of the Council activities covered by this Infrastructure Strategy. Additional water supply infrastructure (Fluoridation of the water supply) is funded externally and will be completed before this Strategy period.

Minor improvements and upgrades of the wastewater treatment plant and stormwater outfalls are included in this Strategy.

Additional roading infrastructure will be funded through the New Zealand Transport Agency, and only the Council contributions are included in this Strategy.

1.3.4. Replacement Options

New materials and methods to replace infrastructure are continuously being developed. This Infrastructure Strategy utilises the latest replacement costs to replace aging and failing infrastructure with the latest products and most cost effective installation methods.

It is expected that newer products and methods will be developed, however these products and methods will generally be more cost effective and require less investment. However, at the same time Health & Safety and other regulatory costs are expected to increase. It is not realistic to estimate future cost savings and increases other than inflationary increases.

The financial forecasts for the first ten years of this Strategy have been adjusted for projected inflation rates in the BERL Local Government Cost Index listed in Table 1 below. The financial forecasts for years 11 to 30 have been inflated by year 10 rates.

Table 1: Inflation adjusters

Year ending	Roading	Property	3 Waters	Pipes	Staff	Other
June 2025	3.0%	3.5%	5.9%	3.5%	4.0%	2.9%
June 2026	3.0%	3.0%	5.6%	3.5%	3.5%	2.7%
June 2027	3.0%	2.9%	5.4%	3.5%	3.3%	2.6%
June 2028	3.0%	2.7%	4.9%	3.2%	2.8%	2.6%
June 2029	2.8%	2.4%	4.6%	3.1%	2.6%	2.2%
June 2030	2.7%	2.4%	4.3%	2.9%	2.4%	2.1%
June 2031	2.4%	2.2%	3.3%	2.8%	2.2%	2.1%
June 2032	2.4%	2.2%	3.0%	2.6%	2.1%	2.0%
June 2033	2.4%	2.1%	2.4%	2.5%	2.0%	2.0%
June 2034	2.3%	2.1%	2.3%	2.4%	1.9%	1.9%

1.3.5. Replacement Schedules

The quantity of pipes and valves and other Three Waters infrastructure is recorded in Council's Asset Finda software programme. The data has been taken from as built plans and a high level of verification as to the location of the pipe, diameter, valve and manhole locations has been undertaken. The underlying information about the quantities of the assets is around 95% accurate.

Replacement schedules for reticulation and other Three Waters are based on their installation dates estimated lifetimes.

The roading assets are recorded in the RAMM asset management system. The roading assets are all above ground and are easy to verify.

The condition of the roading assets are evaluated on a regular basis by external contractors and consultants and is well understood. Replacement schedules are based on these condition assessments, New Zealand Transport Agency funding and Council performance indicators and levels of service.

1.3.6. Quality of Data

All roading data is recoded both in Excel spreadsheets as well as in the NZTA mandated RAMM database. A data validation project was undertaken by WSP in 2021 to verify the information contained in the RAMM database. Overall, the data was found to be reliable and therefore management concludes that there is a 99% accuracy of roading asset data.

For stormwater assets all formal asset management financial reporting including valuation is currently held in Excel spreadsheets. This is being migrated into the AssetFinda system. It is estimated by management, following a recent location and verification exercise for cesspits and manholes, that the data for stormwater is 95% accurate.

Similarly, for wastewater assets all formal asset management financial reporting including valuation is currently held in Excel spreadsheets. This is being migrated into the AssetFinda system. Management has concluded that the accuracy of wastewater data is approximately 90% for location, quantity and materials.

For water supply services, management has recently undertaken a significant review of the asset data, which included rezoning the location of the network so as to provide more meaningful data. Overall, it is believed the location, quantity, and materials are 98% accurate, while the diameter of the pipe network is 95% accurate.

1.4. RISK MANAGEMENT

The estimated useful life of each class of Council infrastructure is set out in the Statement of Accounting Policies in the current Long Term Plan.

Overestimating useful lives could lead to earlier than forecasted failure and emergency replacement, which is generally significantly more expensive than planned replacement. This is especially true for critical infrastructure, and hence critical infrastructure is replaced earlier than the expected useful service life.

Underestimating useful life could mean that infrastructure is replaced before it needs to be. This increases the planned capital expenditure and requires higher levels of asset depreciation. Assets that are not critical and have a very low failure consequence are therefore replaced only when there is an observed decline in integrity or if failures are starting to occur.

1.5. INSURANCE

A funding arrangement between central and local government will enable certain infrastructure, such as reticulation systems, to be restored after a natural disaster. The arrangement provides that central government would meet up to 60 percent of the cost and Council the remaining 40 percent. Council has insurance of $30 million to meet its share of the cost in the event of a disaster.

1.6. FUNDING AND AFFORDABILITY

Council funds the depreciation expense for each activity apart from non-strategic assets and a percentage of depreciation from 2023/24 (to recognise the uncertainty around the 3 waters legislation and to reduce the proposed rate increase). Council has funded depreciation since 1998 and is planning to fully fund the depreciation on its strategic assets by 2037/38. These depreciation funds are set aside in reserves and used to pay for renewals. The exception is the replacement of the water pipes which Council is funding from loans ($14.0 million). The Long

Term Plan anticipates that Council will have depreciation reserves of approximately $10.4 million at 30 June 2034 and there will be sufficient reserves during the remaining period of the strategy to fund all the necessary infrastructure renewals.

Council previously made the decision to fund the annual depreciation and set aside the money to pay for future renewals because it believed that it was financially prudent to do so and also ensured that the cost of these assets was spread equitably and affordably over each generation of ratepayers. Similarly borrowing (up to 50 years) will ensure that there is intergenerational equity for the funding of these assets.

The effects of climate change, increasing environmental regulations or the need to improve resilience for earthquakes may require Council to increase its investment in upgrading its infrastructure.

1.7. STRATEGIC ISSUES FOR INFRASTRATURE

1.7.1. Renewal Options and Funding

Kawerau was purpose-built and much of the reticulation infrastructure was constructed over a short period of time. For the previous 70 years, Council's main focus has been on maintenance of these assets. The older infrastructure is nearing the end of their lifetimes and needs to be replaced in the next 30 years. The uniformity in age means that this will occur in large chunks and create expenditure 'spikes'.

Council has adopted a strategy to 'smooth' the renewal of its infrastructure assets. For the stormwater and wastewater infrastructure, Council has divided the reticulation network into six zones based on the estimated average date when each zone was developed. Renewal/replacement expenditure for each zone is averaged over five to ten years. This allows for the spread of renewals and reducing spikes in the renewal schedules. Age is not the only criteria for replacement. Final replacement decisions also include information on the condition, reliability and maintenance of the assets. The cost of these renewals will be funded from reserves.

For the water supply infrastructure, Council has subdivided the network into smaller zones for the purpose of a prioritised replacement programme developed to replace pipes installed prior to 1996, by 2029. The reason for this strategy for water supply is to replace those pipes that have a significant build-up of manganese, which contributes to the discolouration of the water, and also potentially are due for replacement in the next 5 to 15 years. This cost of the water pipe replacement will be funded from loan, as there are insufficient reserves set aside to meet these replacement costs.

Council's overall objective is to maximise the life of the district's infrastructure without compromising service. This reduces the overall cost to the community in the long term.

1.7.2. Legislation Changes

The Local Water Done Well legislation requires councils to review the way water services are delivered to the community. The two options available are:

- Council continues to deliver water services via an in-house business unit
- Water services are delivered via a multi council controlled organisation

Council's preferred option is that water services will be delivered via an in-house business unit and the 2025 – 34 Long Term Plan has been prepared on this basis. This also means the water services assets are retained by Council and are therefore included in this strategy.

There are some minor additional costs to implement this option and also changes to how Council funds these services.

Council has incorporated the costs and the funding changes into the Long Term Plan.

1.8. LINKS TO OTHER STRATEGIC DOCUMENTS

Public infrastructure supports activities that contribute toward the economic, social, cultural and environmental wellbeing of the Community. In addition to the activities' infrastructure discussed in this Strategy, Council owns its public parks, reserves, buildings and facilities. The parts that make up those networks and structures and the tools and equipment used to manage and maintain them, are known as Council's assets.

Every three years Council develops a Long Term Plan which sets out the range and level of services it will provide to meet identified community needs and community outcomes and indicates anticipated expenditure on assets for the next 10 years.

Each year Council adopts an Annual Plan, which contains the budget for council services. Council's ability to deliver services and to do so at a reasonable cost depends on the condition, performance and risk profile of its assets.

In this way, Council's Infrastructure Strategy is closely linked to its Annual Plan and Long Term Plan.

This Infrastructure Strategy was developed in conjunction with the Kawerau District Council Long Term Plan 2025-2034. It will underpin and be integrated into both that document, and the Annual Plans over the next thirty years.

SECTION TWO

2. Roading

2.1. ROADING ASSETS

Roading assets include the road carriageway, street lights, footpaths, kerbs and channels, bridges and culverts as well as street lights and other traffic services. The net value of Council's roading assets at 30 June 2024 is $22.3 million.

The key components of the roading network is listed in Table 2 below:

Table 2: Key Roading asset components

Population served (2023)	7,820
Length of Roads (kms)	43
Length of Kerbs (kms)	77
Structures: 1 bridge, 6 culverts	7
Street Lights	1,064

The allocated life expectancy of the roading and footpath pavement and other structures is 80 - 100 years based on professional knowledge and local conditions. Small areas in the Kawerau District network failed earlier due to high sub-surface water levels. These have been rebuilt with adequate drainage. It is not expected that any other areas in the district will fail earlier than expected.

The allocated life expectancy of the roading seal is 18 - 20 years in normal areas and 13 years in areas where there is geothermal activity. These life expectancies are based on local experience and NZTA recommendations.

The allocated life expectancy of streetlights is 12 years, although this may increase with the replacement of conventional streetlights with LED lights. Streetlight cabling and poles life expectancy is 30 and 60 years respectively.

In general, roading assets in the district lasts longer than other areas due to lower traffic loading. Areas subject to geothermal activity do decrease faster and have a shortened allocated lifetime.

Expenditure on roading renewals is shown in *Figure 1* below. The current levels of renewals matches the funding provided by NZTA. NZTA currently subsidises roading asset renewals by 75%. The strategy anticipates that renewals will increase progressively from 2034 to maintain the assets in the present condition. However, it is unknown whether NZTA will continue to match this increased expenditure and Council will need to determine whether to meet the shortfall or accept a lower level of service.

The most likely scenario is that NZTA will fund the roading assets renewal at the current level of service in the short and medium term (until 2033). When it is clear what levels NZTA will fund after 2033, a decision may need to be made by Council whether to keep the current level of service at additional ratepayers expense, or lower the level of service.

The footpaths are replaced at a rate of 1.2% of the total network per year. The areas that have most deteriorated are replaced, and not necessarily according to their age. This strategy proposes to increase the footpath replacement to 2.1% per year at 2034, as a large proportion of the network will reach 80 years of age by that date.

Alternatively, the rate of footpath expenditure could be increased immediately to 2% of the total network per year. This will however exceed the agreed NZTA footpath replacement and increase rates by approximately 1.5%. This will smooth the increase in roading renewals.

It is however likely that NZTA may increase its funding to match the required asset renewals, and therefore the current strategy is to follow the roading renewals programme as presented in *Figure 1*.

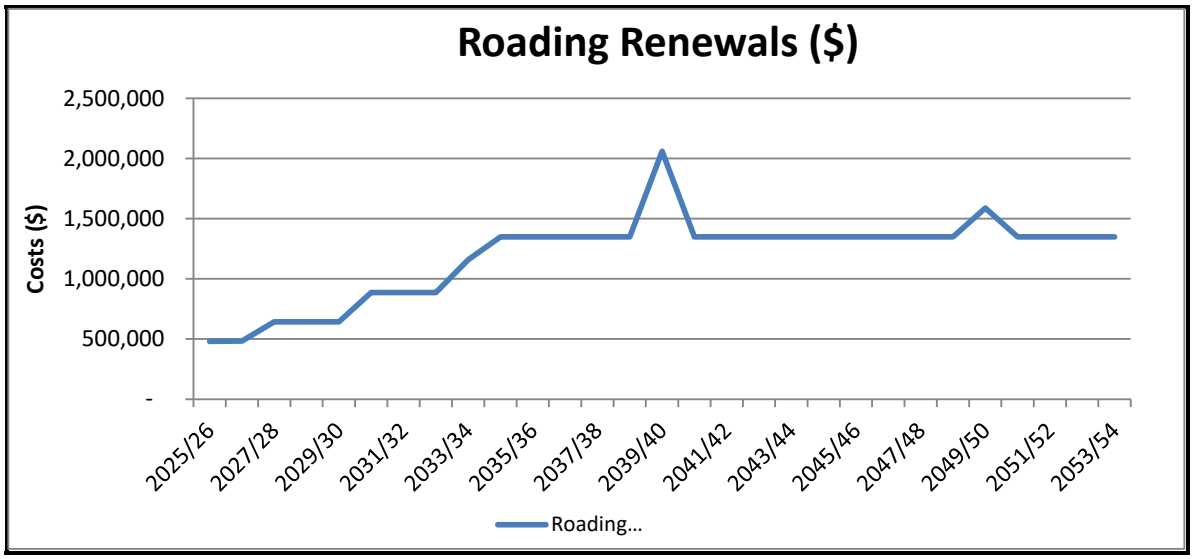


Figure 1: Roading renewals annual expenditure (Stated in todays $)

2.1.1. Improved Technology

The conversion of streetlights to LED luminaries was completed in 2018 and no further improvements are planned.

There are no other improved technologies foreseen in the next 30 years that will significantly affect the cost to replace or frequency of replacement of roading assets.

2.1.2. Environmental Effects

Prolonged high rainfall periods caused high water tables that damaged roading pavements and footpaths. Affected areas have been replaced early with underground infrastructure that will reduce the effect of high water tables.

The roading network has been highly resilient to localised rainfall flooding events.

Other climate change impacts such as sea level rise and increases in droughts and floods are unlikely to have significant impact on the roading infrastructure.

2.1.3. Earthquake Resilience

The roading network suffered no damage in the 1987 Edgecumbe earthquake event, which indicates that the network is at minimal risk from small to moderate earthquakes. Likewise following the earthquake swarms Kawerau experienced in March 2023, there was minimal damage. There is always a possibility however, that another earthquake of a similar or greater magnitude could cause more serious damage. Significant damage to the roading infrastructure is limited to the bridge and culverts in the district.

2.1.4. Increased Use

The existing network has sufficient capacity to accommodate predicted changes in volume without any detectable impact. This strategy does therefore not take into account any moderate to large changes in vehicle traffic volumes.

SECTION THREE

3. Stormwater

3.1. STORMWATER ASSETS

The Stormwater activity involves Council disposing of stormwater from the roading network, repairing or replacing unsound pipes and other stormwater structures, cleaning pipes and cesspits and planning to meet future requirements, and improving operations. Stormwater is collected predominantly from the roading network and channelled through a network of pipes into natural waterways.

Stormwater assets include cesspits, piping and manholes as well as the stormwater. The net value of Council's stormwater assets at 30 June 2024 is $6 million.

The key components of the roading network is listed in Table 3 below:

Table 3: Key Stormwater asset components

Length of piping (kms)	31.5
Number of cesspits	783
Number of outfalls	20
Number of manholes	538

The network is predominantly concrete pipes and manholes with some earthen ware, PVC and PE in the town centre where it is impacted by Geothermal. The more modern smaller diameter pipes are PE.

The allocated life expectancy of stormwater pipes, manholes, cesspits and outfall structures is 70 - 100 years based on professional knowledge and local conditions. In geothermal areas, all concrete pipes have been replaced with more appropriate PVC and PE pipes, or relined where possible.

Areas subject to geothermal activity do decrease faster and a shorter 40 year lifetime is applied.

Expenditure on Stormwater renewals is shown in *Figure 2* below.

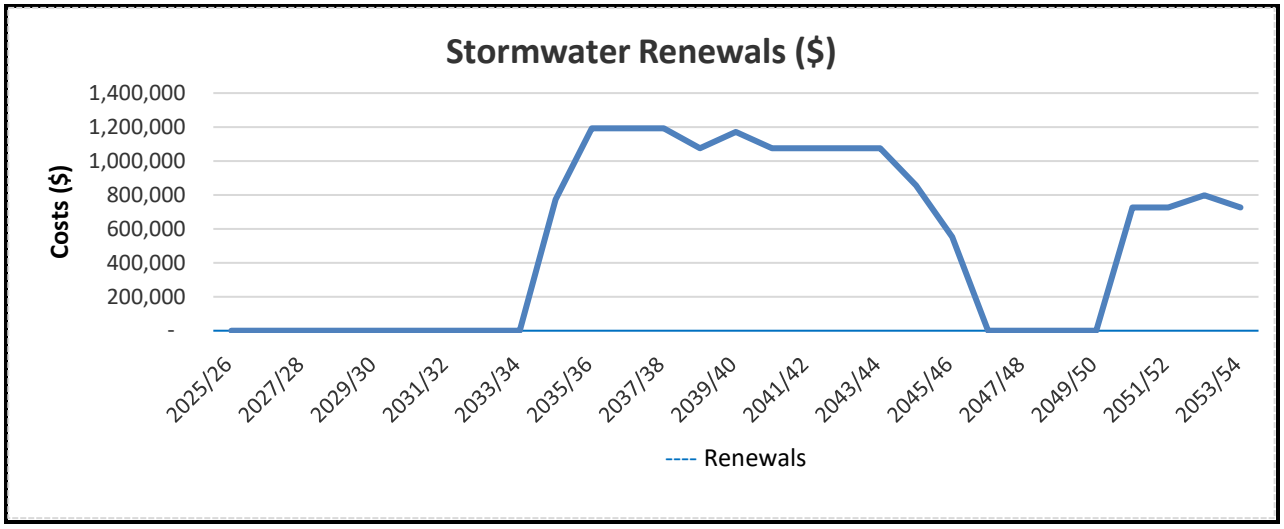


Figure 2: Stormwater renewals annual expenditure (Stated in todays $)

Council plans to replace approximately 18 kilometres of Stormwater pipes over the twelve years (2034 – 2046) and a further 4.9 kilometres from 2050 to 2054.

3.1.1. Improved Technology

Thrusting of smaller pipes is significantly more cost effective than traditional digging and has reduced the replacement costs of smaller stormwater pipes.

Relining of larger pipes is very cost effective and has become the standard way to replace stormwater pipes that have not collapsed.

3.1.2. Environmental Effects

The change in climate has resulted in increased rainfall intensities in recent years.

The ensuing increased water flows have exceeded pipework capacity and runoff from farmland inundated a number of homes in 2017, following an extreme rainfall event (300mm in 8hours).

Following this event a number of flow diversion and retention structures were built to manage water runoff from future heavy rainfall. In addition 2 culverts under River Road were replaced in 2021 to eliminate debris build up on dividing walls and reduce the risk of property being flooded.

Prolonged high rainfall periods caused high water tables that damaged roading pavement and footpaths. Council installed a passive drainage system to remove water damaging the roads that were connected to the stormwater system. Council is also planning further mitigation work to prevent sub-surface water from flowing through private property and further damaging the roading network

Other climate change impacts such as sea level rise and increases in droughts and floods are unlikely to have significant impact on the stormwater infrastructure.

3.1.3. Earthquake Resilience

The stormwater network suffered no damage following the 1987 earthquake event, which indicates that the stormwater network is at minimal risk from small to moderate earthquakes. Likewise following the earthquake swarms Kawerau experienced in March 2023, there was minimal damage. There is always a possibility however, that another earthquake of a similar or greater magnitude could cause more serious damage. Stormwater pipes are being replaced and relined with polyethylene (PE) which is more flexible than traditional concrete and is able to withstand earthquakes.

SECTION FOUR

4. Water Supply

4.1. WATER SUPPLY ASSETS

The Kawerau District water supply network comprises springs, pumps, reservoirs and pipes. It distributes potable (drinkable) water to around 2,745 households, 5 large industrial plants and approximately 160 businesses. The water is principally sourced from a bore field with two springs that may be consented and utilised.

From source the water is treated (UV and Chlorine) and then pumped to three reservoirs, from where it is delivered to consumers by gravity. Large water users have metered supplies. The net value of Council's water supply assets at 30 June 2024 is $16 million. Key components of the system are summarised in Table 4 below:

Table 4: Key Water Supply asset components

Number of properties connected	2,910
Length of piping (kms)	80
Number of pumping stations	2
Number of treatment plants	1
Number of water sources	3

The Water Supply network reticulation consist of Steel, AC and PVC/PE pipes. Up to June 2021, pipes were generally replaced after regular failures occurred. However, Council resolved from 1 July 2021 to replace all the AC and steel pipes over a 6 year period ($2.0 million annually).The network is being replaced with polyethylene pipes (PE) and after 2029, only polyethylene (PE) and PVC pipes will remain.

Council will replace approximately 27 km of water supply pipes over the next 4 years at a cost of $9.4 million. This will mean that no further pipe renewal will need to occur for at least 30 years apart from the gravity and rising mains to the reservoirs and treatment plant.

Also in 2026/27 Council is planning to install a manganese removal plant as this will improve the quality of water and give the activity additional resilience for the future.

Expenditure on Water Supply renewals is shown in *Figure 3* below.

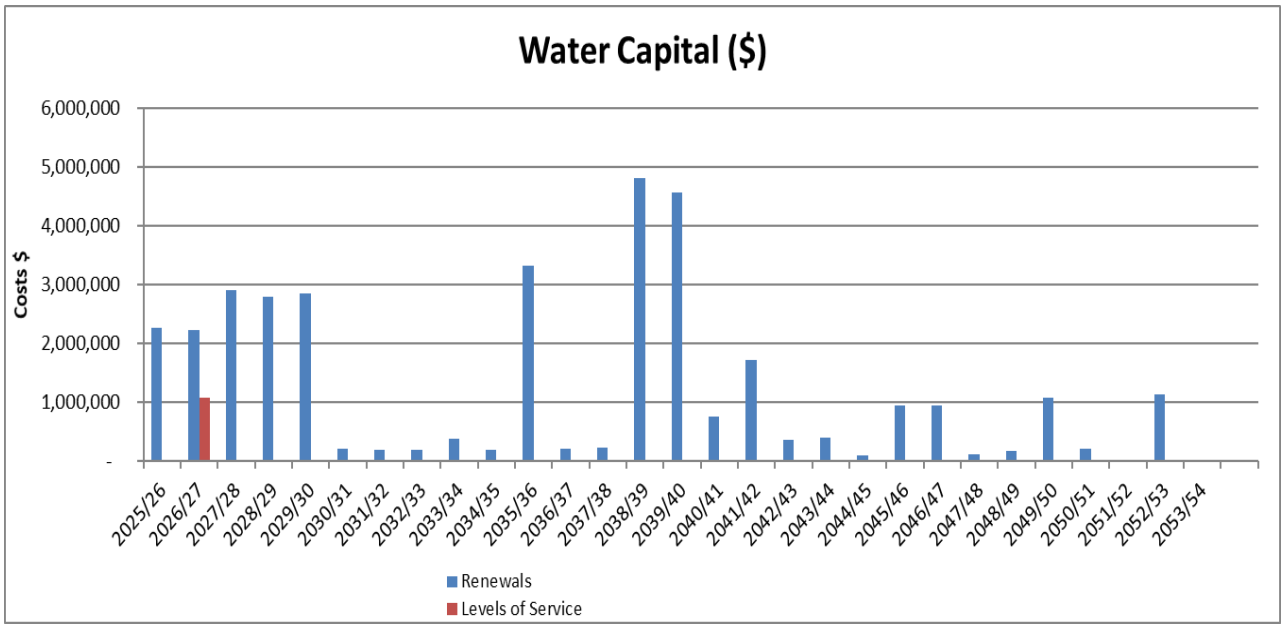


Figure 3: Water Supply renewals annual expenditure (stated in todays $)

Following the 3 years of pipe renewals, the next expenditure spike in 2034/35 is for renewal of the small reservoir on Monika Lanham Reserve followed in the next couple of years by replacement of

trunk and gravity mains. The current main source of water is the Tarawera bores which were fully upgraded in 2021-23. The first of two springs, the Umukaraka Spring is being upgraded in 2029/30.

The Pumphouse spring is currently not used, except when there is water shortages, because of the high levels of manganese in the water, which causes discolouration. Council plans to have a manganese removal plant installed in 2026/27, so this source of water will be available.

The gravity main from the Umukaraka Spring to the treatment plant is made from AC pipe, is 3,200 metres long, and 450 mm in diameter. Installed in 1968, it is showing some signs of deterioration. Umukaraka Spring water has a low pH value (i.e. high acidity level) which is contributing to the deterioration in the gravity main. The gravity main is not under pressure so the pipe is expected to last for 70 years. However, if there are any failures to the Tarawera borefield, this would be the main water supply for the district and therefore the spring head and gravity main pipe are considered critical infrastructure. The main line will be relined with a polyethylene liner in 2037-2039.

The small reservoir on Monika Lanham reserve suffered some damage during the Edgecumbe earthquake and further deteriorated due to low pH water. The reservoir is currently being assessed to confirm the remaining life. The reservoir is planned to be replaced by a larger 4.5 million litre reservoir in 2034/35, however this date may be brought forward depending on the structural evaluation outcome.

4.1.1. Improved Technology

Thrusting of smaller pipes is significantly more cost effective than traditional trenching and laying and has reduced the replacement costs of water supply pipes.

The replacement pipe material (polyethylene) is a significant improvement on the material that currently comprises the network for Three Waters reticulation. This material is expected to last longer and is considerably easier to maintain. It has greater flexibility than previously used materials and is able to withstand the effects of earthquakes.

4.1.2. Environmental Effects

The change in climate has resulted in increased rainfall intensities in recent years. It may also cause increased and prolonged droughts.

Local demand for water is not expected to increase markedly over the life of this strategy. The Bay of Plenty Regional Council will undertake a review of the water allocations when issuing resource consents. Water for human consumption is given high priority compared with other uses (e.g. irrigation or industry) so minimal impact is expected in relation to Kawerau's water supply infrastructure. If the Regional Council was to reduce the maximum amount of water that Council could take, Council would have to start imposing water restrictions in summer.

There would be no additional costs associated with this risk; however, it would result in a reduced level of service for the community.

Other climate change impacts such as sea level rise and increases in droughts and floods are unlikely to have significant impact on the water supply infrastructure.

4.1.3. Earthquake Resilience

The water supply network suffered no damage in the 1987 event, which indicates that the water supply network is at minimal risk from small to moderate earthquakes. Likewise following the earthquake swarms Kawerau experienced in March 2023, there was minimal damage. There is always a possibility that another earthquake of a similar or greater magnitude could cause more serious damage.

Water supply pipes are being replaced or relined with polyethylene, which is more flexible than traditional concrete and AC pipes and is better able to withstand earthquakes.

SECTION FIVE

5. Wastewater

5.1. WASTEWATER ASSETS

The Kawerau District wastewater network comprises of Toby and larger industrial connections with testable and non-testable backflow prevention, small pipes connecting users to the network, and large pipes, manholes, and pumpstations to carry wastewater to the treatment plant. Treated sewage is discharged to ground at the rapid infiltration basins in Spencer Avenue. The screened solid waste is sent to landfill, and the biosolids are processed through worm farming. The service collects wastewater from around 2,715 households, 5 large industrial plants and approximately 160 businesses. Large trade waste clients' wastewater is metered.

The net value of Council's water supply assets at 30 June 2024 is $14.3 million. Key components of the system are summarised in Table 5 below:

Table 5: Key Wastewater asset components

Number of properties connected	2,880
Length of reticulation (kms)	62.6
Number of pumping stations	6
Number of treatment plants	1
Manholes	772
Wastewater treated (avg m^3/d)	2,200

The wastewater network reticulation consists of concrete/earthenware, AC, PVC and PE pipes. Pipes are generally replaced after regular failures occur. However, in geothermal areas, the network has been replaced with polyethylene pipes prior to the anticipated life of these pipes. It is anticipated that the lifetimes of polyethylene pipes in this area will be approximately half of the life in the non-geothermal areas (40 years).

PVC and PE pipes (which have been estimated to have a life of 80 years) will not reach the end of their lifetime during this Infrastructure Strategy but their lives will be evaluated and applied in future strategies.

Council will replace approximately 19 km of pipes over the next 9 years and a further 28.5 km of pipes from 2034 to 2054.

Expenditure on Wastewater renewals is shown in *Figure 4* below.

Figure 4: Wastewater renewals annual expenditure (Stated in todays $)

The largest portion of wastewater renewal expenditure over the thirty years is for the replacement of wastewater pipes. The expenditure spike in 2042/43, 2045/46 and 2047/48 is for additional pipe renewals and upgrades to the wastewater treatment plant.

5.1.1. Improved Technology

Thrusting of smaller pipes is significantly more cost effective than traditional trenching and laying and has reduced the replacement costs of wastewater pipes.

The replacement pipe material (polyethylene) is a significant improvement on the older material that currently comprises the network for Three Waters reticulation. Polyethylene is expected to last longer and is considerably easier to maintain. It has greater flexibility than previously used materials and is able to withstand the effects of earthquakes.

5.1.2. Environmental Effects

The change in climate has resulted in increased rainfall intensities in recent years. It may also cause increased and prolonged droughts.

The prolonged high rainfall events between 2022 and 2024 and corresponding high water levels did not affect the treatment plant or the rapid infiltration basins. There were no changes observed in the capacity to dispose of treated waste water or process biosolids. Also no changes in environmental ground water test results were observed.

Other climate change impacts such as sea level rise and increases in droughts and floods are unlikely to have significant impact on the wastewater infrastructure.

5.1.3. Earthquake Resilience

The wastewater network suffered no damage in the 1987 Edgecumbe earthquake event, which indicates that the wastewater network is at minimal risk from small to moderate earthquakes. Likewise following the earthquake swarms Kawerau experienced in March 2023, there was minimal damage. There is always a possibility that another earthquake of a similar or greater magnitude could cause more serious damage. Wastewater pipes are being replaced or relined with polyethylene which is more flexible than traditional concrete/earthenware and AC pipes and is able to better withstand earthquakes.

SECTION SIX

6. Conclusion

6.1. TOTAL REPLACEMENT PROGRAMME

The costs associated with the proposed renewals/upgrades (including inflation) for roading, water supply, wastewater and stormwater are shown in the table below:

Table 6: Cost of Replacement Programme

Renewal	Most likely scenario
Roading:	
Roading renewals 2025 - 54	$53,557,300
Water:	
Water reticulation renewals 2025 - 54	$34,129,100
Wastewater:	
Wastewater renewals 2025 - 54	$42,021,300
Stormwater:	
Stormwater renewals 2025 - 54	$26,036,200
Total	**$155,753,900**

The proposed infrastructure replacement programme for the next 29 years as well as the annual renewal and operational (including inflation) is shown in the following tables:

Table 7 (a): Renewal Programme 2025 – 54

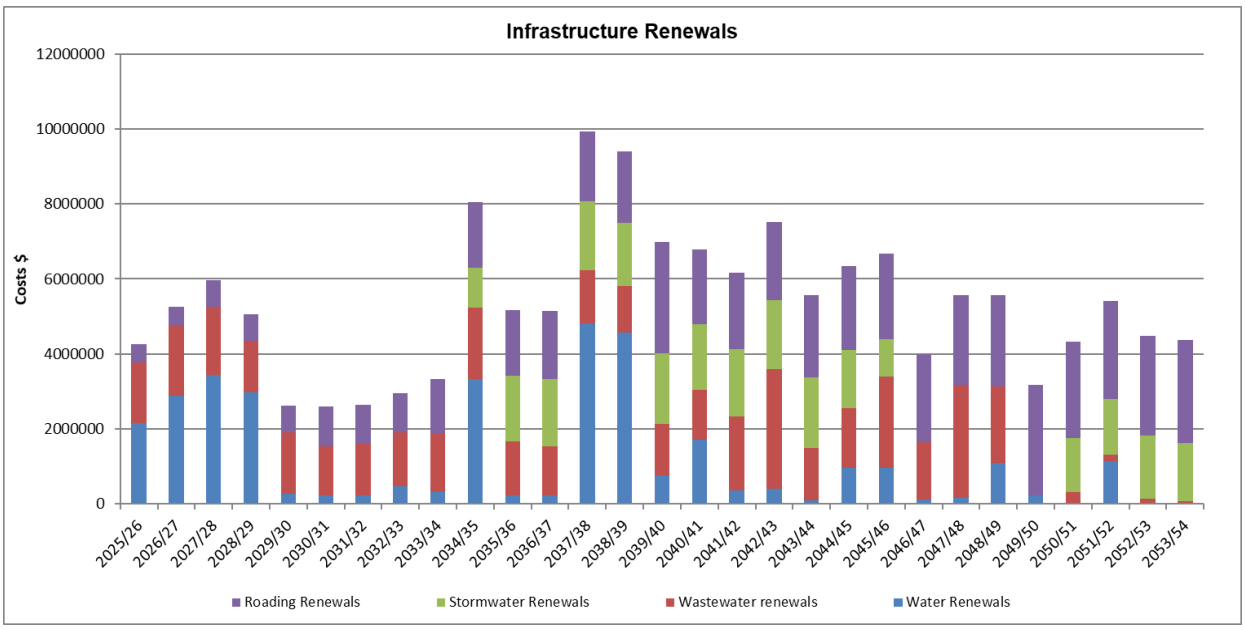
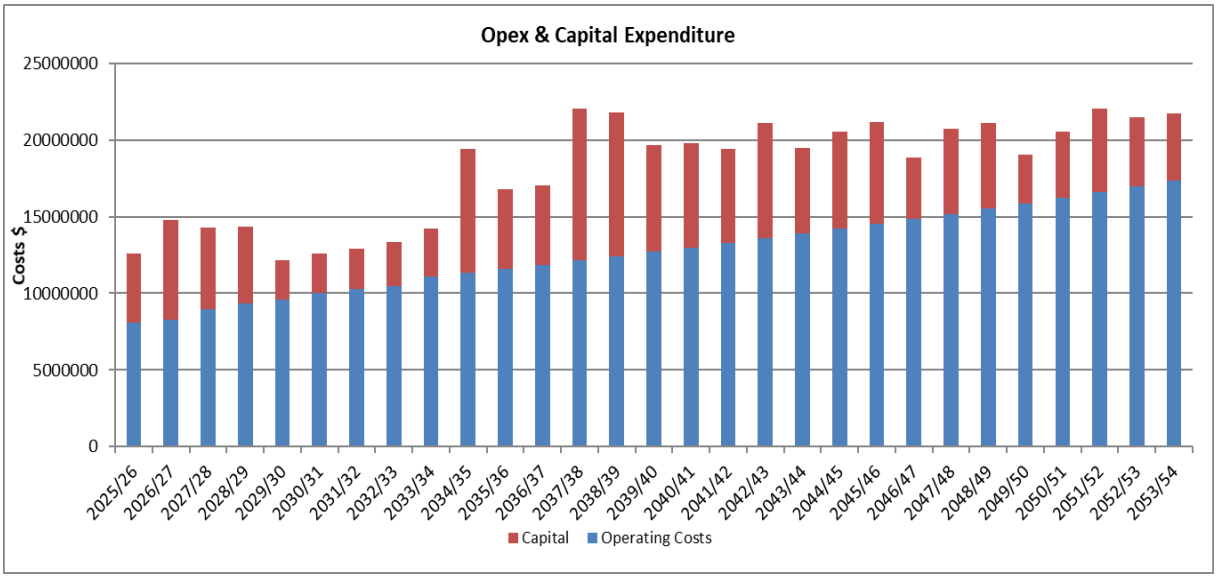


Table 8 (b): Renewal Programme 2025 – 54

Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Water	2,228,836	2,913,092	2,798,410	2,842,120	211,490	183,110	187,950	386,120	197,170	3,327,598
Wastewater	1,742,400	1,963,070	1,797,540	1,371,260	1,623,290	1,318,670	1,369,010	1,432,700	1,550,740	1,906,702
Stormwater	-	-	-	-	-	-	-	-	-	1,064,192
Roading	543,177	555,026	763,624	774,811	780,522	1,051,213	1,062,616	1,068,223	1,367,310	1,745,895
	4,514,413	**5,431,189**	**5,359,574**	**4,988,191**	**2,615,302**	**2,552,993**	**2,619,576**	**2,887,043**	**3,115,220**	**8,044,387**

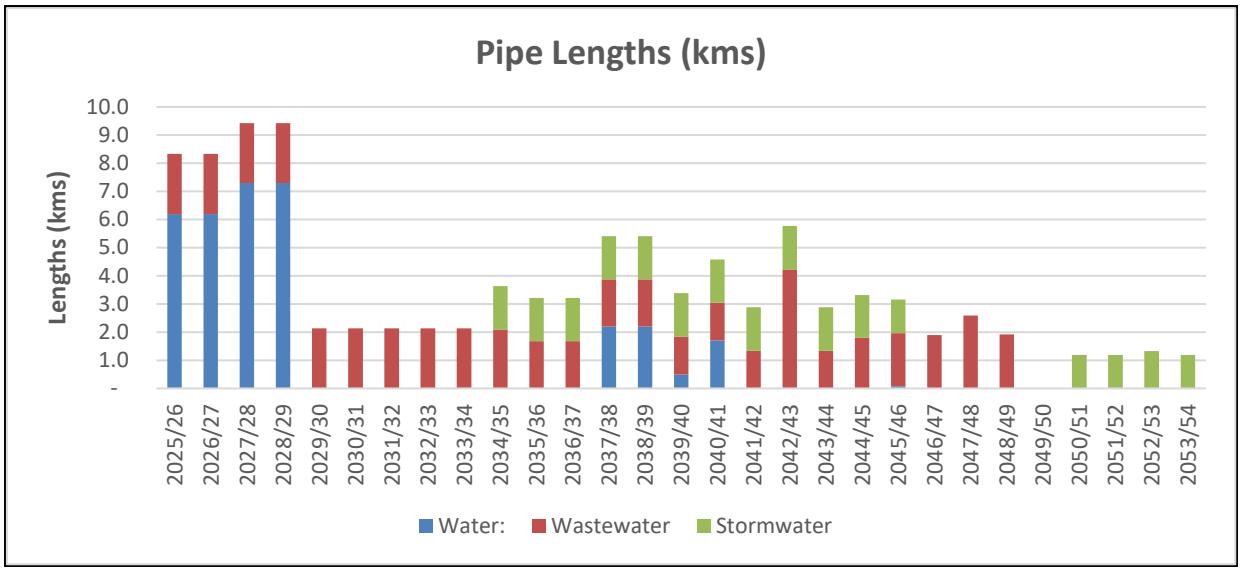
Year	2035 - 2040	2040 - 2045	2045 - 2050	2050 - 2054
Water	10,574,955	3,518,166	2,526,961	1,160,712
Wastewater	6,789,718	9,484,422	9,019,037	652,708
Stormwater	8,942,874	8,843,755	985,673	6,199,686
Roading	10,317,702	10,541,716	12,415,095	10,570,355
	36,625,249	**32,388,059**	**24,946,766**	**18,583,461**

Table 9: Annual Operating and Capital Expenditure for Infrastructure 2025 – 54



The following table shows the length of pipe replacement programmed for the Three Waters over the next 30 years.

Table 10: Annual Pipe Replacements for Three Waters 2025 – 54



Council Policy

Draft Revenue and Financing Policy

Effective Date:	**1 July 2025**
Date First Adopted:	**2003**
Last Reviewed:	**2021**
Next Review Date:	**2027 (Three Yearly Review)**
File reference:	**Pol 14**
Responsibility:	**Group Manager, Finance and Corporate Services**
Associated Documents:	**N/A**

1. Policy Objectives

The Objectives of this policy are to:

- state the funding approach of Council in respect to both operating and capital expenditure
- explain who pays and why
- outline how Council's activities are funded
- meet the requirements of the Local Government Act 2002, under sections 102 and 103; Council must adopt a Revenue and Financing Policy.

2. Policy Principles

This Policy is based on the principles that:

- Council has a responsibility to exercise prudent financial management for the community now and in the future.
- The cost of providing Council services should be borne equitably by the community and those who use the service.
- Fees and charges should be fair.
- Council will consider affordability when determining the levels of fees and charges.
- Council will endeavour to have a balanced budget with each years operating revenue set at a level sufficient to meet the operating expenditure, unless Council resolves it is financially prudent not to do so. For Council this primarily relates to the non-funding of depreciation expenditure. (See Financial Strategy regarding funding of depreciation expenditure).

3. Policy Background

The services provided by Council are divided into significant activities.

Legislative requirements
The Local Government Act requires that the funding needs of Council must be met from those sources which are deemed to be appropriate, following the consideration of:

- The community outcomes to which the activity primarily contributes
- The distribution of benefits among the Community as a whole, any identifiable part of the Community, and individuals
- The period in or over which those benefits are expected to occur
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

Council must then assess the overall impact on the community of allocating the liability for this revenue, before determining the appropriate funding mechanisms. Council must also determine the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities

The second stage is to take the combined results of the allocations from the first stage and to assess the overall impact of that on the current and future social, economic, environmental, and cultural well-being of the Community.

4. Policy Definitions

Community outcomes: The outcomes a local authority aims to achieve in order to promote the economic, social, economic and cultural well-being of its district in the present and for the future. They define the desired future for the District. Kawerau's community outcomes are described in this Long Term Plan.

Distribution of benefits: Identifying who benefits from an activity provided by Council is important when considering who should pay for the service. Generally, if only individuals receive the benefits of an activity (private benefits), a user-pays system should be considered. If the benefits of an activity are shared by a large group within the community, then an appropriate funding option for that activity would be a targeted rate. Alternatively, if the benefits of an activity are shared by the whole community (public benefit) then an appropriate funding option for that activity would be the general rate.

Industrial/Commercial: All properties other than those defined as "Residential".

Residential: Properties situated in any zone used solely for residential purposes.

Period of benefits: A statutorily required assessment of the period over which the benefits from each activity will flow. This helps identify the period over which the operating and capital expenditure should be funded. For all activities, operating costs are directly related to providing benefits in the year of expenditure. As such, they are required to be adequately funded on an annual basis.

Assets provide benefits over more than one year and therefore benefits are derived over the useful life of each asset. Useful lives range from a few years in the case of computer equipment to many decades for infrastructural assets such as the water supply network. This introduces the concept of 'intergenerational equity' whereby the cost of any expenditure should be recovered over the period of time in which the benefits of that expenditure accrue. This is particularly relevant for significant assets such as the wastewater, stormwater, roading and water supply networks.

To ensure that each generation of ratepayers pay for the benefits they receive, the depreciation costs of an asset are funded from rates from the corresponding year. Infrastructural costs are thus spread more evenly across the life of the asset and the different ratepayers who benefit from it.

Funding of capital expenditure: There are three types of capital expenditure which need to be funded: purchase of new assets, replacement of existing assets and repayment of loan principal on debt (both external and internal).

Depreciation reserves are used to fund capital expenditure in Council activities for which asset depreciation is funded. It is estimated that Council will continue to borrow externally to fund the infrastructural asset renewals during the current Long Term Plan. A table showing planned renewal expenditure is included in the financial statements.

The Local Government Act requires that Council operating revenues in any one financial year should be set at a level sufficient to meet all projected operating expenses, including depreciation costs. Depreciation on some assets is not fully funded (see Financial Strategy). Any capital expenditure on those assets is funded from general rates, grants or external loans.

Contributors to the need for an activity (polluter pays): The 'polluter pays' principle is that the person who creates a problem which incurs costs for Council, should contribute some or all of the funds to meet those costs. For example, dog owners who allow their dogs to roam should pay a fine to cover the cost of impounding. However, this is not always practical, as identifying and charging the offender is not always possible. Similarly, people who do graffiti or dump rubbish illegally are not always caught. Council's policy is to recover these costs where practicable.

Costs and benefits of funding the activity distinctly from other activities: When selecting a particular funding mechanism Council is required to consider the costs and benefits. It is possible to establish specific charges or rates for each service, however this is not the best approach if the cost of establishing and administering a charging system outweighs the benefits, or the revenue gained. This is assessed on a case-by-case basis. Council is also required to consider alternative funding mechanisms in terms of transparency and accountability. One which is targeted for specific cost items is more transparent to users of the activity than general or aggregated funding. However, if the targeted charging approach excessively increases administrative costs then an aggregated charging approach may be better.

Overall impact of the method of funding

In addition to all of the issues explained above, Council is required to consider the overall impact that any allocation of charges and costs may have on the current and future social, economic, environmental and cultural well-being of the Community.

5. Policy Statement

5.1 Funding of Operating Expenditure:

All operating expenses will be funded each year in accordance with the summary table which lists the following funding sources for each activity after Council determines:

- the beneficiaries of Council activities
- the ability of residents to pay for Council services
- whether there are any "exacerbators" for the particular activity; and
- the costs and benefits of using the selected funding source.

The following are Funding Sources to meet Operating Expenditure:

General Rate:

Council charges general rates through both a Uniform Annual General Charge (UAGC) on each separately used or inhabited part of a rating unit and a rate in the dollar on capital value in accordance with Council's Differential Rating System. The purpose of the UAGC is to ensure a minimum contribution to the general rate from all ratepayers and a more even allocation of the general rate. The UAGC amount has been set by Council to produce the fairest and most equitable overall result for the community.

Council charges general rates on a differential basis in accordance with the Local Government (Rating) Act 2002. Council introduced differential rating 1978. The objective of Council's system of differential rating is primarily to retain the ratio between commercial and industrial ratepayers on the one hand and residential ratepayers on the other. The general rate (including the UAGC) is apportioned on a ratio of 52:48 Industrial/Commercial: Residential.

Targeted Rates:

Water: Council charges a uniform fixed amount for the provision of water supply. The rate is charged to each separately used or inhabited part of a rating unit to which Council supplies water, other than properties on metered water supply.

Wastewater: Council charges a uniform fixed amount for the collection and treatment of wastewater. The rate is charged to each separately used or inhabited part of a rating unit which is connected to Council's wastewater disposal network.

Refuse Collection: Council charges a uniform fixed amount for the collection of residual refuse. The rate is charged to each separately used or inhabited part of a rating unit from which Council is prepared to remove residual refuse.

Grants and Subsidies:

Much of Council's Roading expenditure is subsidised by the New Zealand Transport Agency (NZTA). Subsidies contribute to the long term maintenance of carriageways and stormwater drainage and lighting systems. There is also a small annual amount contributed by the NZ Defence Force for the upkeep of returned servicemen graves, which is included in subsidies and grants.

Interest and Dividends:

Council has minimal equity investments and therefore receives no dividend income of any consequence.

Interest is received from financial investments. Significant replacement of infrastructure assets will occur in the 2025–2034 period. Council will only have moderate cash surpluses and depreciation reserves. While the reserves are invested in accordance with Council's Investment Policy and are retained for expenditure on asset replacement, there will only be small proceeds from these investments. Interest revenue from the investment of these reserves lowers the amount of depreciation funding required from general rates.

Fees and Charges:

Fees and charges are imposed on a wide range of activities. Council considers a number of matters when setting fees.

These include:

- The cost of the service provided, and the private benefits received.
- The ability of users to pay and the possible exclusionary effects to people on low incomes.
- The risk of people not using Council services if charges for those services are perceived to be too high.
- In applicable cases, whether the user lives within or outside the district.

Other Proceeds:
Proceeds from asset sales and cash reserves are generally used to repay debt, funding capital expenditure or are set aside in a reserve for the future acquisition of new assets. Council may consider in specific circumstances it is financially prudent to use such proceeds and reserves to fund operational expenditure.

5.2 Funding of Capital Expenditure:

Capital expenditure is funded in accordance with the type of expenditure that is incurred:

- Renewals are funded from depreciation reserves (unless funded by external loan).
- Capital expenditure to improve the level of service or meet additional demand is funded from depreciation reserves.
- External loans – to fund large projects such as the replacement of water pipes.

Other sources of capital funding include:

- NZTA subsidy for Roading renewals and capital expenditure
- Grants from various funding agencies.

Proceeds from Asset Sales:
Proceeds from asset sales are used to repay debt or are set aside in a reserve for the future acquisition of new assets.

Reserve Funds:
Most Council reserve funds are held in depreciation reserves. These are used to finance the renewal of existing assets.

Borrowing:
Council's borrowings are managed per Council's Liability Management Policy. Borroiwngs are generally used to fund capital projects that include an element of service enhancement or where the project is significant in value greater than depreciation reserves available. Borrowing for significant capital projects allows Council to ensure there is intergenerational equity, enabling the spread of the cost over the life of the asset.

Financial Contributions:
There is an ability for Council to collect financial contributions as per a Financial Contributions Policy.

5.3 Assessment of Overall Impact on Allocation of Funding Needs Contributions:

There is an ability for Council to collect revenue from a range of sources. Council selects funding tools which lead to the most equitable funding of activities in terms of:

- The distribution of benefits across the community
- When the benefits are expected to occur
- The extent to which the action or inaction of particular individuals or group(s) contribute to the need to provide the activity
- Affordability.

While the level of private benefit provided by some activities would justify imposing user fees and charges, Council wishes to enhance community well-being by enabling every resident to access Council services. This is based on the principle that inability to pay should not restrict access to services.

Council has therefore determined that general rates will be used to fund:

- Access to the Public Library / Museum for residents and ratepayers
- Access to the Maurie Kjar Aquatic Centre
- Affordable rental fees for the use of the Town Hall, Concert Chambers, Recreation Centre, Rangi Delamere Centre and Passive Reserves
- Free access to Town Centre Toilets

Table: Mix of funding mechanisms for operating expenses ***Table: Allocation of costs***

Significant Activity	Who Benefits		Funding Ratio		Comments
	Community/ Public Benefit	Private/Individual Benefit	Community/ Public Benefit (%)	Private/Individual Benefit (%)	
Democracy	✓		100	0	
Economic and Community Development					
Economic Development	✓	✓	80-100	0-20	
Pensioner Housing	✓	✓	0-10	90-100	
Community, Cultural and Social	✓		100	0	
Residential/Commercial Developments	✓		20-40	60-80	Development to increase rates base
Firmin Lodge	✓	✓	40-50	50-60	
Information Centre	✓	✓	40-50	50-60	
Porritt Glade Lifestyle Village	✓	✓	0	100	
Environmental Services					
Resource Management - Planning	✓		100	0	
Resource Management - Consents	✓	✓	20-30	70-80	
Building and Inspection	✓	✓	60-70	30-40	
Environmental Health	✓	✓	70-90	10-30	
Dog Control	✓	✓	90	10	
Dog Registration		✓	0	100	Balance affordability of fees
Civil Defence	✓		100	0	
Roading	✓	✓	60-50	40-50	NZTA subsidy 75% only on subsidised roads
Stormwater	✓		100	0	
Water Supply	✓	✓	10-20	80-90	Current targeted water and wastewater rates are low. Council is to gradually transition to higher targeted rates
Wastewater	✓	✓	10-20	80-90	
Solid Waste					
Refuse Collection	✓	✓	10	90	Targeted rate
Refuse Disposal	✓	✓	20-40	60-80	Balance fees with illegal disposal
Zero Waste	✓	✓	80-100	0-20	Subsidies & user fees
Leisure and Recreation					
Library/Museum	✓	✓	90-100	0-10	Key is community accessibility
Swimming Pools	✓	✓	90-100	0-10	Key is community accessibility
Public Halls		✓	90-100	0-10	Key is affordability of hire fees
Public Toilets	✓	✓	100	0	
Parks and Reserves	✓	✓	90-100	0-10	
Cemetery	✓	✓	20-40	60-80	

Activity	Funding of Operational Expenditure				
	General Rates	Targeted Rates	User Fees & Charges	Subsidies & Grants	Petrol Tax
Democracy	✓				
Economic and Community Development					
Economic Development	✓				
Pensioner Housing			✓		
Community, Cultural and Social	✓				
Residential/Commercial Developments	✓			✓	
Firmin Lodge	✓		✓		
Isite	✓		✓		
Porritt Glade Lifestyle Village			✓		
Environmental Services					
Resource Management	✓				
Planning Resource Management	✓		✓		
Building Control	✓		✓		
Environment Health	✓		✓		
Dog Control	✓				
Dog Registration			✓		
Civil Defence	✓				
Roading	✓		✓	✓	✓
Stormwater	✓			✓	
Water Supply	✓	✓	✓		
Wastewater Supply	✓	✓	✓		
Solid Waste					
Refuse Collection	✓	✓	✓		
Refuse Disposal	✓		✓		
Zero Waste	✓		✓	✓	
Leisure and Recreation					
Library	✓		✓		
Swimming Pool	✓		✓		
Public Halls	✓		✓		
Public Toilets	✓				
Parks & Reserves	✓		✓		
Cemetery	✓		✓	✓	

Council Policy

Draft Financial Contributions Policy

Effective Date:	**TBC**
Last Reviewed:	**2021**
Next Review Date:	**March 2027 (Three Yearly Review)**
Engagement Required:	**Public Consultation (s82 LGA)**
Document Number:	**POL 013**
Responsibility:	**Group Manager, Regulatory and Planning**
Associated Documents:	**N/A**

1. Introduction

The Kawerau District Council ("Council") is required to adopt a development or financial contributions policy to address the capital expenditure, which may be required as the result of, or in anticipation of growth in the Kawerau District.

Council's infrastructure is currently sustainable with limited pressure on existing systems. The spare capacity means it can cope with some growth, without a resulting increase in demand for community facilities. Therefore, Council does not have a current need to extend existing infrastructure.

Council will continue to encourage development in the District to further deliver on community outcomes and promote social, cultural, economic and environmental wellbeing.

This policy has been prepared in accordance with the Local Government Act and sets out any development or financial contributions that may be required to meet the demands for infrastructure for our District.

2. Policy Purpose

The purpose of the policy is to provide predictability and certainty to stakeholders in how infrastructure for growth is to be funded.

A development or financial contributions policy is required to ensure the cost of growth and extensions to infrastructure, are funded by the subdividers or developers that create the need for the additional infrastructure. Development contributions are not a tool to fund the cost of maintaining infrastructure or improving levels of service for existing users.

3. Policy Objective

The objective of this policy is to require subdividers and developers to meet the full cost of, and to provide or contribute to providing any works and services necessary to meet additional demands on the infrastructure as a direct result of the subdivision or development.

4. Legislative Requirements - Definitions

Section 102(1) & 102(2)(d) of the Local Government Act 2002 ("LGA"), requires Council to adopt a policy on development or financial contributions as part of its funding and financial policies in its Long Term Plan.

Development Contributions has the meaning given by s197(2) of the LGA

Explanatory notes

Section 197(2) of the Local Government Act 2002 defines **development contributions** as a contribution:

(a) Provided for, in a development contribution policy of a territorial authority; and
(b) Calculated in accordance with the methodology; and
(c) Comprising of
  i. money,
  ii. land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Maori land within the meaning of the Te Ture Whenua Maori Act 1993 unless that Act provides otherwise; or
  iii. both.

Section 198(1) of the LGA gives the power for Council to require a development contribution when granting a resource consent for a development, a building consent or an authorisation for a service connection.

Financial contributions has the meaning set out in s108(9) of the Resource Management Act 1991 ("RMA").

Explanatory notes

Section 108(9) of the Resource Management Act 1991 defines **financial contributions** as a contribution of:

(a) money; or
(b) land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Maori land within the meaning of the Te Ture Whenua Maori Act 1993 unless that Act provides otherwise; or
(c) A combination of money and land.

Section 108 of the RMA also provides Councils with the authority to grant resource consents with any condition the authority considers appropriate including financial contributions, provision for a bond, the requirement to provide services or works including the protection, planting, or replanting of any tree or other vegetation or the protection, restoration, or enhancement of any natural or physical resource.

These provisions do not preclude Council from using and investigating other funding sources as appropriate.

5. Policy Statement

5.1 Development Contributions

Development contributions are only available to fund additional infrastructure costs that occur as a direct result of growth. They are a tool to allocate the cost of growth to those who cause the need for the additional infrastructure.

Council's policy in relation to development contributions is to not assess development contributions under the Local Government Act 2002, but will retain the provisions within the District Plan, which allow for the assessment of financial contributions.

5.2 Financial Contributions

Development contributions under the LGA are different from financial contributions under the RMA.

Financial contributions are used to cover the cost of any new development, including any physical and environmental costs, such as roading improvements, water supply and wastewater piping and connections, storm water systems, reserves, footpaths and parking.

When granting resource consents, Council may include conditions requiring financial contributions or requiring works to be undertaken for the purpose of achieving the objectives of the District Plan.

Financial contributions are intended to cover a fair share of the cost of expanding the capacity of existing infrastructure to cope with additional demand from new development or activity.

Council's financial contributions policy requires subdividers or developers of land to meet the full costs of the following:

- Installation of water supply and/or wastewater disposal infrastructure necessary to support their subdivision or development, and
- Upgrading any road or street which provides direct frontage or gives access to the subdivision or development.

For the purposes of this policy, the determination of a fair share, will be assessed on the basis that the contribution should cover the cost of the additional works or services required, as a direct result of the new subdivision or development.

5.3 Operative District Plan Provisions

The Operative District Plan sets out the specific provisions relating to financial contributions and are summarised below:

5.3.1 District Plan, Section C7.4: Infrastructure Contributions: *Introduction, Objective and Policies*

In the event of a new subdivision or development, upgrading of the infrastructure networks is often necessary to service the development. This upgrading adds incrementally to the demand on Council owned and operated services.

The objective is to allocate the cost of additional services and roading infrastructure necessary to meet the demands, to those undertaking the subdivision or development.

Subdividers and developers are required to meet the full costs of providing upgraded roading and service infrastructure necessary to support their subdivision or development.

Financial contributions adequately compensate for any impact on existing services to ensure no degrading of infrastructure.

New subdivision or developments contribute to providing new or upgrading existing public reserves.

5.3.2 District Plan, Section C.7.7.8: Subdivision and Development Rules: *Works and Services Requirements*

Council considers that the subdividers and developers should provide a financial contribution, or contribute to the provision of, the works and services necessary to ensure the efficient functioning of their developments and subdivisions.

A contribution may include:

- Formation of an unformed road,
- Upgrading an existing formed road where additional traffic creates pressure beyond the road capacity,
- Upgrading of an undersized wastewater pipeline
- Contribution to the wastewater treatment or water supply headworks
- Contribution to the wastewater main or water supply main trunk sewer, water main
- Provide storm water drainage
- Contribution toward the undergrounding of all reticulation, together with individual connections to each separate allotment, lease site or dwelling unit.

The contribution amount will be limited to the works necessary to meet the additional loading on the infrastructure, or utility service, as determined by Council. In determining the amount of any financial contribution, Council shall consider any design and operational factors provided by the developer, which may benefit the wider Community.

In the case of a subdivision consent, where services are not immediately available to serve land on an application plan, but are expected to be available within five years, Council may require the applicant to pay or enter into a bond to pay to Council, such amounts as Council considers fair and reasonable toward the cost of providing such services.

Mahere Iwa Tau Long Term Plan 2025-2034
Consultation Document

Our future

and how we are planning to get there

DRAFT

KAWERAU DISTRICT COUNCIL
Te Kaunihera ā rohe o Kawerau
TAONGA O TE WHENUA - TREASURE OF THE LAND

Kō Pūtauaki te Maunga	Pūtauaki is the mountain
Kō Te Aotahi te Tangata	Te Aotahi is the guardian
Kō Te Takanga i o Apa te wai	Te Takanga i o Apa is the water
Kō Tūwharetoa te Iwi	Tūwharetoa is the tribe
Kō Te Arawa te Waka	Te Arawa is the canoe
Tihei Mauri Ora	There is Life

Our Vision

To create a resilient and sustainable Kawerau District that can meet the needs of the future.

Contents

Message from the Mayor and Chief Executive 4

What we are proposing for 2025-2026 5

What we have been working on 6

Our key activities 7

What your rates dollar provides for our community 7

Future Issues and Opportunities 8

What does the future look like? 9

Consultation topic 1 – Moving to targeted water and wastewater rates 10

Consultation topic 2 – Funding of depreciation 12

Consultation topic 3 – Planning for the future 14

Policies for consultation 15

Financial summary 16

Proposed rates for the next nine years 16

Proposed borrowing and debt levels 16

Proposed rates – what your rates might look like 17

What your rates might look like next year 18

Revenue and expenditure 19

Balanced Budget Requirements 20

Captial Project Expenditure 20

Infrastructure Strategy 21

Audit Opinion 27

Engaging with Council 29

Elected Members of Council 30

Submission form 31

DRAFT

Kōrero mai
Let's talk

Key dates

Feedback and Submissions

11 April to 12 May 2025

Community Engagement Meetings

11 April 1:30-2.30pm	Grey Power Meeting, Concert Chamber
15 April 12-2pm	Industry/Business Forum, Concert Chamber
15 April 5.30pm-6.30pm	Public Meeting, Concert Chamber
17 April 10am-12noon	Public Meeting, Rautahi Marae
8 May 9am-1pm	Public Drop In Session, Kawerau Markets

Consultation Timeline

11 April 2025
Consultation period opens

12 May 2025
Closing date for submissions

28 May 2025
Hearing for submitters to talk with Mayor and Elected Members

25 June 2025
Council adopts Long Term Plan 2025-34

Message from the Mayor and Chief Executive

Tēnā tātau katoa | warm greetings to you all, our community on behalf of Te Kaunihera ā rohe o Kawerau to the proposed Long Term Plan consultation document for 2025 to 2034.

We completed an enhanced annual plan last year due to the changes and uncertainty with the three waters' legislation, Local Water Done Well. We are now completing our long term plan for the next nine years. This outlines our plans for services, projects and asset renewals and how we are planning to fund these.

At the same time we will be consulting with you our community regarding the Water Service Delivery Plan for the delivery of drinking water, wastewater and stormwater. During the preceding years Council has heard of the importance to the community of retaining our three waters assets and operation in-house as part of our core business. Therefore, Council has prepared the Long Term Plan financials based on this being the preferred option. This option will be confirmed via the consultation for the Water Services Delivery Plan run in parallel with the Long Term Plan.

More information about why retaining an in-house model is Council's preferred option is detailed in the insert delivered to homes with the Long Term Plan Summary Consultation Document. Further information is available via the Council website.

With costs at an all-time high, reviews of our services and projects has resulted in a short-term plan that aims to maintain a steady ship. Sticking to business as usual and maintaining a focus on only what is needed – we are proposing a rates increase of 8.5%.

This increase stems from increases in the cost to provide and maintain the current levels of service. Putting it simply, it is costing 8.5% more to provide the same level of service for year one of the Long Term Plan than it did for the previous year (2024-2025).

Importantly, this plan includes continuing to complete the renewals of the drinking water pipes and other strategic asset replacements as signalled in the previous Long Term Plan in 2021.

We look forward to engaging with you, our community about the nine-year long term plan in the coming weeks.

Faylene Tunui
Mayor | Kahika

Morgan Godfery
Chief Executive | Tumu Whakarae

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What we are proposing for 2025-2026
Year one of the Long Term Plan

Council proposes an overall rates increase of 8.5% in the coming year that maintains our current levels of service.

Council plans to keep a 'steady ship' in the first three years of the Long Term Plan with a focus on providing the same level of services to the community. The cost of living increases experienced by residents, business and industry within our community also impact Council operations. The 8.5% proposed overall rates increase reflects the rising costs of purchasing goods, contracting services and retaining staff.

Simply put, the cost to provide the same level of services to you our valued community has increased by 8.5% over the past 12 months.

This year, 2024-2025, the total revenue to deliver services, projects and operations by Council is $22.329 million. Of this, $14.583 million is funded by rates from 167 commercial/industrial ratepayers and 2,790 residential ratepayers.

In 2025-2026, the total revenue required to maintain the current levels of service, is $24.215 million, of which $15.811 million is funded from commercial, industrial and residential rates. This is a difference of $1,227,480 million that results in the 8.5% rates increase

The drivers of the 8.5% overall rates increase for year one of the Long Term Plan are:

- Personnel = $456,060 or 3.1%
- Operating Costs = $412,160 or 2.8%
  - Solid Waste $174,000
  - Water implementation $82,000
- Depreciation Expense = $297,250 or 2.0%
- Finance Costs = $110,500 or 0.8%
- Increase in Interest Income = ($33,500 or 0.2%)

Please note: the overall rates and weekly increases of individual properties will vary depending on the change of capital value of properties following the 2024 revaluation and the proposed change in targeted rates. There are variable increases for individual ratepayers which might be higher than the 8.5% (see page 17).

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What does the future look like?

Our focus is on building a plan that enables us to create a resilient and sustainable Kawerau District. The major areas considered for the 2025-2034 Long Term Plan are:

CONSULTATION TOPIC 1	CONSULTATION TOPIC 2	CONSULTATION TOPIC 3
Moving to targeted water and wastewater rates	Funding of depreciation	Planning for the future

What we have been working on since our last Long Term Plan in 2021?

- Completed water reticulation (pipe) renewals in River Road, and zone 2 and 3, and replaced the water mains trunk line connecting the River Road pump house to the reservoirs at Monika Lanham Reserve
- Completed stormwater renewals (town centre)
- Completion of Porritt Glade Lifestyle Village in 2023; full occupancy in 2024
- Upgrade of Water Treatment Plant pumps in River Road creating better efficiency and resilience of supply
- Completion of stage one of passive drainage works at Hardie Avenue and River Road areas
- Completion of Bell Street duplex and subsequent sale of the two-bedroom unit
- Implementation of water fluoridation as directed by Ministry of Health
- Maurie Kjar Aquatic Centre upgrade completed; new geothermal bore; complex reopened in 2022
- Rangi Delamere Centre rebuild and opening in 2024
- Wastewater Treatment Plant upgrades including telemetry
- Stoneham Park Residential Development progress: land status residential, district plan changes completed, Bay of Plenty Housing Equity Fund $1.02m to invest
- Central Cove residential development: 22 homes completed; three spec homes planned
- Supported the boundary reorganisation for approx. 546 hectares land to transfer into the Kawerau District; endorsed by respective landowners; approved by the Local Government Commission on 9 April 2024
- Kawerau Youth Council supporting and developing youth through community events, experiences and opportunities.
- Ongoing adult literacy and digital learning opportunities via the Library

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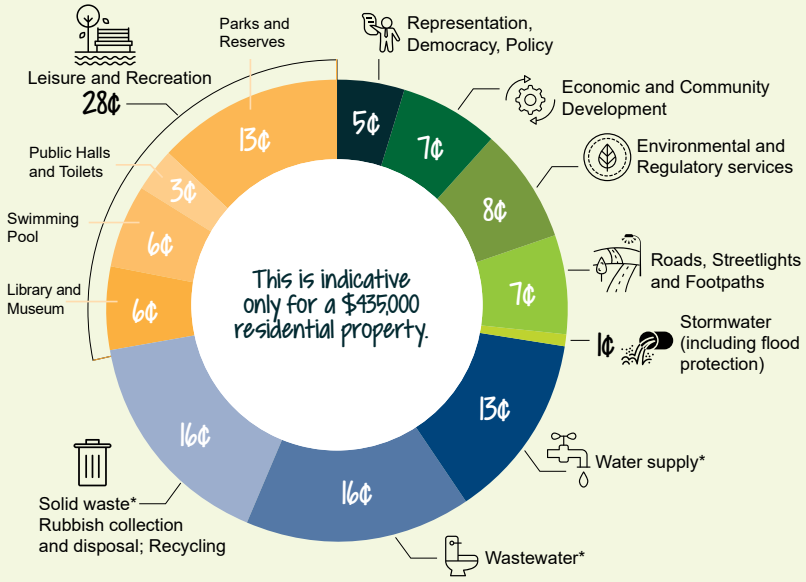
DRINKING WATER PIPE REPLACEMENT

- Drinking water pipes in zones 5 and 6 to be replaced in 2025-2026
- Drinking water pipes in zones 7 and 8 to be replaced in 2026-2027

Scan to see the map

What your rates dollar provides for our community

*These rates comprise a uniform annual charge per property and the remainder of this charge is based upon property value.



Our key activities

Democracy
- Representation
- Policy
- Democracy
- Community engagement

Economic and Community Development
- Economic Development
- Residential 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
- Street lighting

Three Waters
- Drinking water supply from source to delivery
- Stormwater drainage and flood protection and control works
- Wastewater: sewerage and sewage treatment and disposal

Solid Waste
- Refuse Collection and disposal
- Recycling collection

Leisure and Recreation
- Maurie Kjar Aquatic Centre
- District Library and Museum
- Firmin Lodge
- Public halls and facilities
- Skate park and playgrounds
- Parks and reserves
- Sports fields and facilities
- Cemetery

For more information about our activities see our website kaweraudc.govt.nz

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Future Issues and Opportunities

- **Local Water Done Well** – Complete our Water Services Delivery Plan by deadline 3 September 2025.
- **Growing Our District** – Continue to enable and support economic development.
- **Solid Waste review** – the cost to collect and transport refuse (recycling, green waste and refuse) costs the community around $3 million each year. This is the single biggest operational cost for the community and the increases are being driven by increasing levies and transportation costs of refuse (rubbish) to the Tirohia Landfill.
- **Ensuring the security of drinking water supplies** for the community is a future focus signalled within this Long Term Plan in year 2026/2027. This comprises the investigation into a manganese removal plant for the Council water source Te Wai o Marukaa Spring.
- **Resilience issues** include climate change and the way in which the district plans for predicted weather systems.
- **Legislative Reforms** – Reviews of the Resource Management Act (RMA), Building Act, Civil Defence Emergency Management Act, and Health and Safety Act may impact on Council's operational landscape, but there are no specific details of the impacts and changes. In addition, the proposed recommendations from the Future for Local Government Review, have yet to be considered by Government.
- **Leveraging from the Regional Economic Deal** partnership with Whakatāne, Ōpōtiki and Bay of Plenty Regional Councils.
- **Utilising partnerships and Spatial Planning outputs** to enhance and enable economic and community development.
- **Investigations for further capturing solar energy** for back-up power supplies.
- **Community well-being** – Continue to maintain and enhance community facilities

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What does the future look like?

Our focus is on building a plan that enables us to create a resilient and sustainable Kawerau District.

The major areas being considered or the 2025-2034 Long Term Plan are:

CONSULTATION TOPIC 1	CONSULTATION TOPIC 2	CONSULTATION TOPIC 3
Moving to targeted water and wastewater rates	Funding of depreciation	Planning for the future

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This section outlines the proposals and provides options for residents to give us feedback on. We want to know what you think.

CONSULTATION TOPIC 1

Moving to targeted water and wastewater rates

9 years or 5 years? Local Water Done Well legislation requires Council to review the way we deliver water services to our community.

Council is consulting separately on future arrangements for water services, in parallel with the Long Term Plan, as permitted under the Local Government (Water Services Preliminary Arrangements) Act 2024.

We are asking the community should Council keep delivering water services (drinking water, stormwater and wastewater) in-house or join a multi Council Controlled Organisation (CCO). Council's preferred option is the status quo, retain an in-house business unit. However, this is subject to the outcome of community consultation and a final council decision. If required, the LTP will be amended following final decisions on water services.

The Long Term Plan is based on the underlying financial information that retains water services in-house and is consistent with the water services consultation material.

The requirements of Local Water Done Well mean Council needs to transition towards the targeted water rates funding the total delivery of water and wastewater services. Basically, the costs of Kawerau's Water Service Delivery Plan, must be sourced from the users of those services.

Currently, the targeted rate for drinking water per property is $84.50, and the remaining 85% of the cost is funded via the general rate. Targeted rates for wastewater contribute 23% of the cost at $170 per property, with the remaining 77% funded from the general rate.

The transition to higher targeted rates for water and wastewater will have an impact on reducing the total general rates requirements over the nine years of the Long Term Plan. The mechanics of how this Local Water Done Well – legislation will be implemented is still being finalised, so we will know more by the time we complete our next Long Term Plan in two years.

There are increased costs for Council to manage the Water Services Delivery Plan separately from other council finances. Part of the 8.5% rates increase includes an additional $82,000 to implement the Water Services Delivery Plan. This $82,000 cost will apply regardless of the preferred option of an in-house business unit or multi-Council Controlled Organisation.

The Long Term Plan proposes increasing the targeted rates gradually over a nine-year period starting with an increase of 5% in both 2025-2026 and 2026-2027. This is Council's preferred option.

Is the community happy with this transition (which will have a lower rates impact) or would the community prefer this to be over a shorter five year period?

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Option 1

Council's preferred option

Transition over nine years towards a targeted water rate to fund the total delivery of drinking water and wastewater services. The percentage increase in the first two years are lower at 5% and then increase until 2033/34 when 100% of all the water activities will be funded by targeted rates. (See graph)

Currently residential ratepayers pay $84.50 per property for drinking water and $170 per property for wastewater services. This is only 15% and 23% respectively of the cost to provide the service with the rest funded via the general rate.

Impact on Rates – Overall the total rates required remains the same. However, changes to the targeted rates will impact individual ratepayers differently. The graph below shows the increase in targeted water and wastewater rates over nine years compared with five-year transition.

Impact on Specific Properties – The impact of a longer transition will mean less of an impact on individual properties.

Benefit to transitioning to 'user pays' via these targeted water rates, is that the properties using the service are paying for the service. Rather than the cost of the service being subsidised via the general rate.

Note: The increases in targeted rates for water and wastewater will be off-set by the decrease of funds used from the general rate to fund these services.

Impact on Service – Nil

Impact on Debt – Nil

Option 2

Transition over a shorter period of five years towards a targeted water rate to fund the total delivery of drinking water and wastewater services.

Currently residential ratepayers pay $84.50 per property for drinking water and $170 per property for wastewater services. This is only 15% and 23% respectively of the cost to provide the service with the rest funded via the general rate.

Impact on Rates – Overall the total rate required remains the same. However, changes to the targeted rates will impact individual ratepayers differently. The graph below shows the increase in targeted water and wastewater rates over five years, compared with the nine-year transition.

Impact on Specific Properties – The impact of a shorter transition to targeted water rates on individual properties will mean higher increases for lower value properties.

Benefit to transitioning to 'user pays' via these targeted water rates, is that the properties using the service are paying for the service. Rather than the cost of the service being subsidised via the general rate.

Note: The increases in targeted rates for water and wastewater will be off-set by the decrease of funds used from the general rate to fund these services.

Impact on Service – Nil

Impact on Debt – Nil

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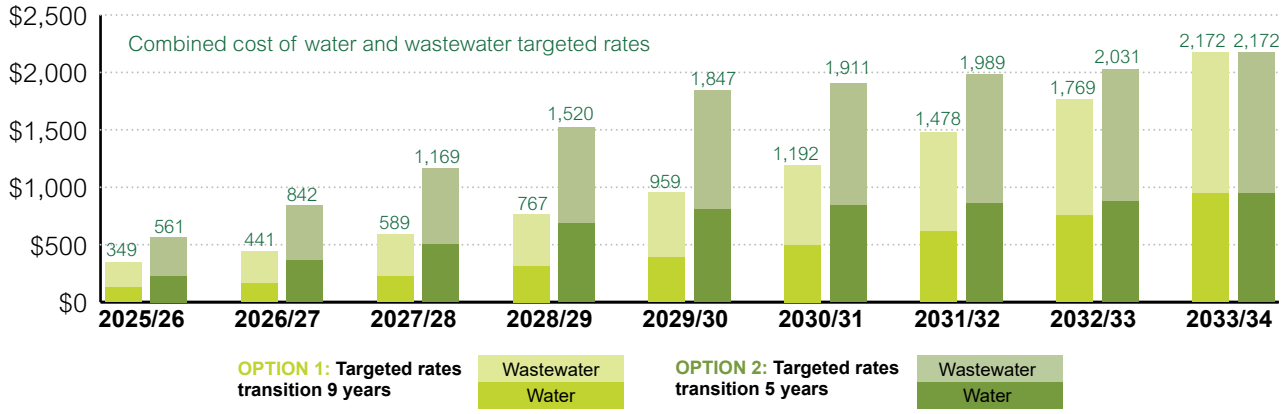
Council's preferred option is to transition to targeted rates paying for 100% of the operational costs of drinking water and wastewater services over nine years as per the graph below:

Transition to targeted water and wastewater rates per property



CONSULTATION TOPIC 2

Funding of depreciation

The Long Term Plan has been prepared with 65% of depreciation being funded for on strategic assets for year one (2025-2026), followed by a gradual 3% increase each year over the next 12 years back to 100%.

Assets such as the water treatment and wastewater treatment plants, buildings, roads and facilities wear out over time and eventually need to be renewed or replaced. Depreciation is the method used to account for the cost of these assets over what is called the 'asset's life'.

In 1998/99, Council began funding depreciation through rates for strategic assets, which complies with legislative requirements. Council classifies water, wastewater and roading networks as strategic assets. Funding for depreciation each year means ratepayers now and into the future pay their share of the use of these assets.

Since 1998/99, Council has not fully funded depreciation for non-strategic assets such as the council offices, which are unlikely to be replaced with assets of equal value and this helps ease the burden of depreciation funding on the community. Also, Council does not fully fund depreciation on roads subject to the NZTA Waka Kotahi subsidies.

In June 2022, the cost to fund 100% of depreciation for strategic assets increased significantly, due to the revaluation of Council's strategic assets increasing by $18 million.

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For the past two annual plans, Council has consulted with the community on the level of funding for depreciation from rates. Following community feedback, Council lowered the level of depreciation funding to 65% for strategic assets. By keeping depreciation funding at 65%, a total of $753,300 is not being funded in 2025-2026 for strategic assets. This has had no impact on short-term debt, but to continue lower levels of funding to depreciation, may mean funding from debt will be required in the future.

Funding for depreciation, and future renewal of assets, is an increasing cost and is likely to continue having an impact on rates and affordability. Council assets are due for revaluation in 2025, which could further increase the level of depreciation that needs to be funded over the next nine years of the Long Term Plan.

Council's preferred option

Option 1

Continue in year one 2025-2026 with 65% funding for depreciation of strategic assets. Then increase the level of funding by 3% each year for 12 years back to 100% for strategic assets.

- 65% for 2025-2026
- 68% for 2026-2027
- 71% for 2027-2028
- 74% for 2028-2029
- 77% for 2029-2030
- 80% for 2030-2031
- 83% for 2031-2032
- 86% for 2032-2033
- 89% for 2033-2034
- 92% for 2034-2035
- 95% for 2035-2036
- 98% for 2036-2037
- 100% for 2037-2038

Impact on Rates – Keeping 65% for year one reduces the rates increase by 0.8% or $119,280 overall (see table below)

Impact on Service – Nil

Impact on Debt – Keeping depreciation funding at 65% (rather than 100%) in 2025-2026 results in $753,300 not being funded for depreciation of strategic assets in year one.

Nil in the short-term, but under-funding depreciation may mean higher levels of debt are required in the future to replace strategic assets.

Option 2

Increase funding for depreciation by 5% to 70% for strategic assets in year one 2025-2026; continue increasing by 5% each year for 7 years to reach 100%.

- 70% for 2025-2026
- 75% for 2026-2027
- 80% for 2027-2028
- 85% for 2028-2029
- 90% for 2029-2030
- 95% for 2030-2031
- 100% from 2031-2032

Impact on Rates – Increases the rates by 0.8% or $119,280 for 2025-2026.

Impact on Service – Nil

Impact on Debt – Raising depreciation funding to 70% (rather than 100%) in 2025-2026 results in $634,000 not being funded for depreciation of strategic assets in year one.

Rebuilds the depreciation reserves quicker and means the community is less reliant on further debt in the future.

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Increasing Depreciation Funding Options – Impact on Rates

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Option 1 - Council's preferred option									
Increase Funding of Depreciation at 3% starting 2026/27	8.5%	2.9%	5.0%	4.7%	2.8%	2.4%	3.2%	1.4%	3.6%
Option 2									
Increase Funding of Depreciation at 5% from 2025/26	9.3%	3.2%	5.3%	4.9%	3.2%	2.7%	3.4%	0.9%	3.1%
Difference in rates	-0.8%	-0.3%	-0.3%	-0.2%	-0.4%	-0.3%	-0.2%	0.5%	0.5%

Council's preferred option is 1: which results in lower rates increases for the next seven years.

CONSULTATION TOPIC 3

Planning for the future

Council wants to investigate and develop concept plans for a Community Library and Research Centre for our community.

A Long Term Plan is the time to look at aspirational goals for our community. Part of planning for the future, is thinking now about what our community may need.

Following early engagement for the Long Term Plan with the community in 2023, and ongoing consultation for annual plans, Council has heard that some residents want the current library enhanced.

Do you agree with putting some funding into year two of the Long Term Plan to investigate and develop concept plans for a Community Library and Research Centre? The aim of developing the concept designs and planning is to be ready for potential grants and external funding opportunities as they arise to fund the project without burdening the community.

Do you want traditional library and new digital resources, for example:

- Places for online learning and literacy for all ages
- Places to experience new technology?
- Break-out areas or rooms to meet, play or even work?
- Listen to talking books or music?
- Hardcopy books for all ages?
- What else?

If you agree with the funding being budgeted for these plans, we want to know what you would like to see in such a centre?

If you don't agree with funding this investigation, are there other areas you would prefer Council focus on?

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Option 1

Council's preferred option

Budget $60,000 in year two 2026-2027 to investigate and develop plans for a Community Library and Research Centre.

Impact on Rates – 0.4%

Impact on Service – Nil in the short-term planning phase.

Positives following the longer-term implementation phase is that the community can benefit from enhanced experiences and opportunities.

Impact on Debt – Nil. Council plans to secure external funding for the physical development of the Community Library and Research Centre. Benefit of planning for the future is to take advantage of funding opportunities as they arise.

Option 2

Delay the investigations into the Community Library and Research Centre until the next Long Term Plan in 2027/2028, or are there other areas you would prefer Council focus on?

Impact on Rates – Nil

Impact on Service – Nil

Impact on Debt – Nil

Policies for consultation

The following policies have been reviewed and Council is seeking feedback on the draft documents. For more information about any of the following policies, please visit the Council website or view the printed material at the Council office, isite and Library.

1. Draft Rates Remission Policies

Council's Rate Remission Policies identifies when a rates remission may be applied subject to set conditions and criteria. Council has the following rates remission policies that we are seeking feedback during the consultation period:

- Rates relief policy for farm properties
- Rates relief policy for developments
- Rates remission and postponement policy for Māori freehold land
- Rates penalty remission policy
- Rates remission policy for Boundary Reorganisation properties

2. Draft Financial Contributions Policy

The Financial Contributions Policy is to address the capital expenditure, which may be required as a result of, or in anticipation of growth. The policy has been reviewed and updated, particularly for references to sections of the District Plan, general wording and layout.

3. Draft Revenue and Financing Policy

The Revenue and Financing Policy sets out Council's approach and sources of funding operational and capital expenditure. The existing policy has been reviewed and updated. The significant change is with regards to the private benefits provided by water and wastewater services. With this change, Council plans to gradually transition to full targeted rates for water and wastewater, transferring from the majority of expenditure being funded by the general rate.

4. Draft Significance and Engagement Policy

The purpose of this policy is to identify the level of significance and engagement for proposals, matters or decisions, which affect the community, that Council is responsible for making. It is Council's responsibility to gather information, views and preferences from the Kawerau community and use that information to inform decision-making.

Council recognises its obligations to Māori and Tangata Whenua under Te Tiriti o Waitangi and the Local Government Act 2002. Council is committed to an ongoing dialogue and working relationship with Tangata Whenua, Iwi and Māori.

Council will continue to refine our processes to engage effectively with our community to ensure we have a greater understanding of what the community wants, and therefore can make informed decision-making.

This policy has been reviewed and updated and applies to any proposal presented to Council and its committees for decision-making.

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Financial summary

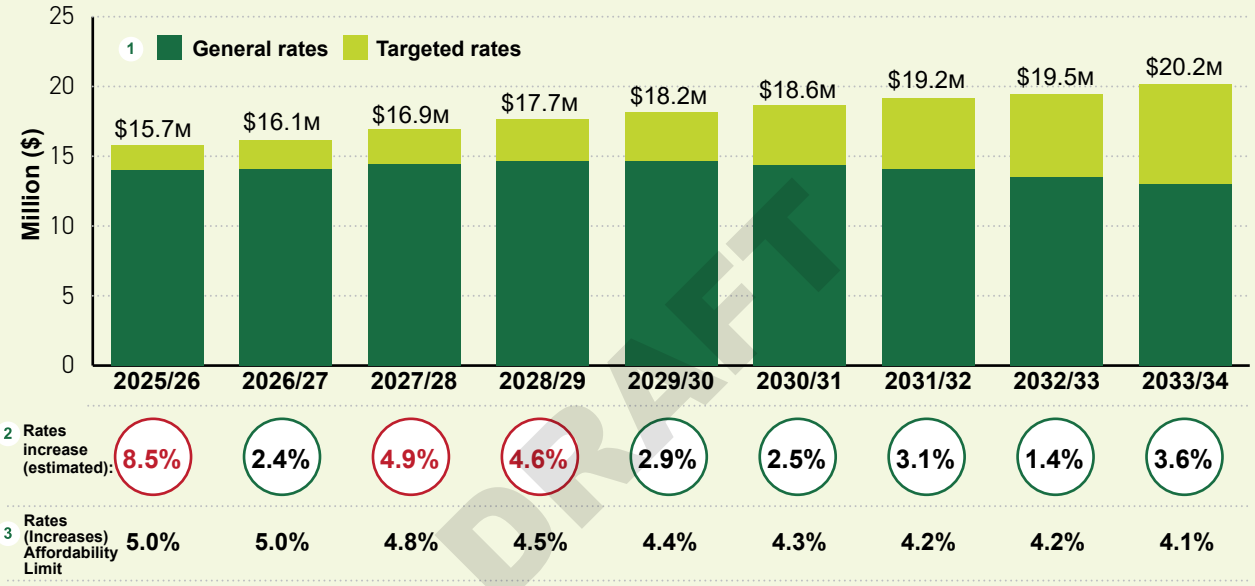
The following pages show our financial forecast for the next nine years. This includes our total expenditure, proposed rates for residential, commercial and industrial properties, and capital projects and projected borrowing.

Council's full Financial Strategy is available on the Council website.

Council's affordability benchmarks are set as:

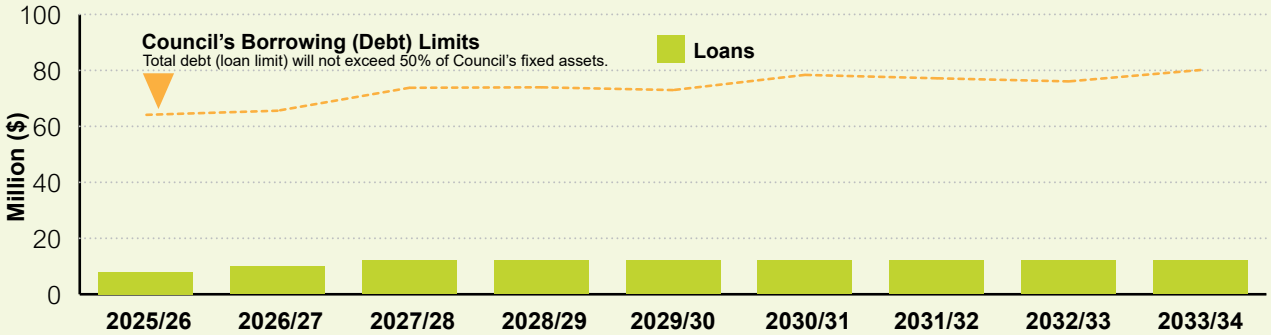
- Total rates will not exceed 88% of total revenue
- Annual rates increases will not exceed the average rate of inflation plus 2%

PROPOSED RATES FOR THE NEXT NINE YEARS



1. Total Rates Income consists of general and targeted rates.
2. Council has set the rates (increases) affordability limit as the average rate of inflation, plus 2%.
3. In years 2025-26, 2027-28, and 2028-29 the proposed rates increases do exceed the rates increases affordability limit. The reasons for exceeding in 2025/26 include increased costs for personnel, depreciation and finance (see page 5); 2027/28 there is additional depreciation budgeted following the 2025 revaluation of Council's strategic assets (likely to increase Council's projected depreciation expense); for 2028/29 there are additional expenses for major maintenance works and financing costs for loans to fund water pipe renewals.

PROPOSED BORROWING AND DEBT LEVELS

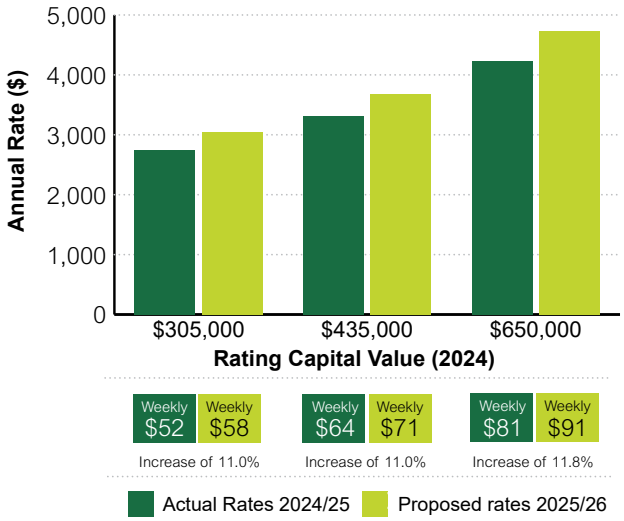


PROPOSED RATES - WHAT YOUR RATES MIGHT LOOK LIKE

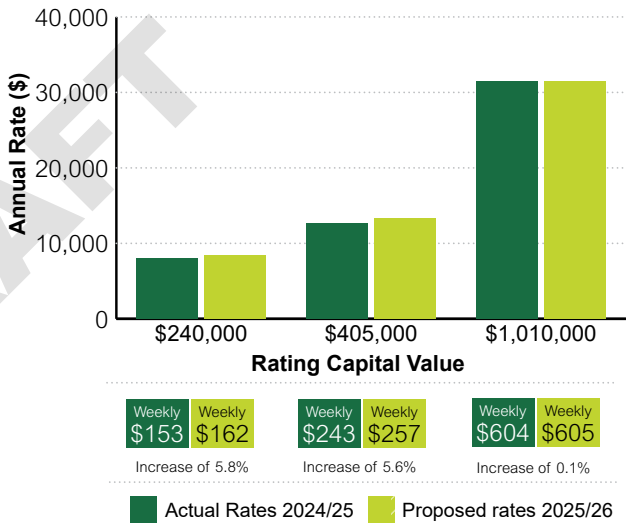
These graphs show what your rates increases are for 2025-2026. Your rates increase will vary depending on the type of property you have and the capital value.

These are only indications, as if we need to make any changes following the consultation process, these figures will change.

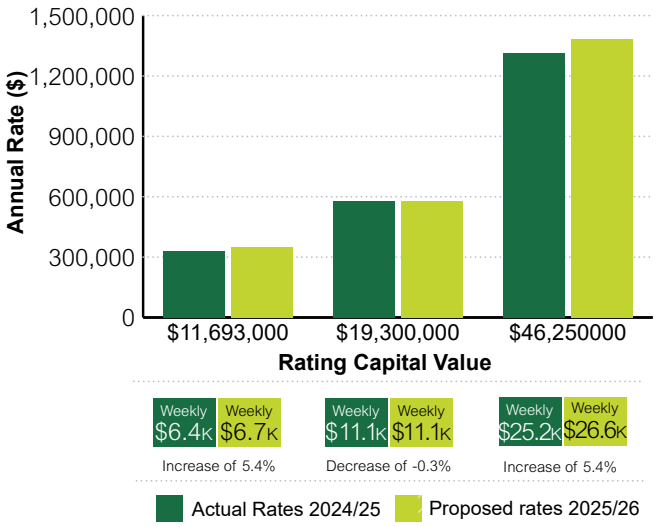
Residential properties



Commercial properties



Industrial properties



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WHAT YOUR RATES MIGHT LOOK LIKE NEXT YEAR

Important note when comparing the rates between 2024/25 and 2025/26 the new capital values apply when calculating the rates. This does result in variable changes in property rates, as it depends on the movement in the revaluation.

There were no significant changes in Residential values, however valuation movements within Commercial and Industrial Properties, has had varied impacts on the these property examples provided.

Also varying the rates impact on individual properties is the gradual increase of the water and wastewater targeted rates. As targeted rates are a set amount per property this does impact lower value properties more than higher value properties.

2024 Capital Value	Rates 2024/25	Proposed Rates 2025/26	Rates Change $	Rates Change %	Weekly Increase
Residential					
$305,000	$2,739	$3,040	$301	11.0%	$6
$390,000	$3,121	$3,456	$335	10.7%	$6
$435,000	$3,312	$3,675	$363	11.0%	$7
$520,000	$3,673	$4,091	$418	11.4%	$8
$650,000	$4,225	$4,725	$500	11.8%	$10
Commercial / Industrial					
$240,000	$7,961	$8,422	$461	5.8%	$9
$405,000	$12,641	$13,352	$711	5.6%	$14
$1,010,000	$31,417	$31,433	$16	0.1%	$0
$11,693,000	$332,764	$350,565	$17,801	5.3%	$342
$19,300,000♦	$579,485	$578,030♦	-$1,455♦	-0.3%♦	-$28♦
$34,750,000	$986,650	$1,039,753	$53,103	5.4%	$1,021
$46,250,000	$1,312,813	$1,383,430	$70,617	5.4%	$1,358

♦ These decreases reflect a reduction in the capital values due to the 2024 revaluations.
** All rates amounts above are stated as GST inclusive.

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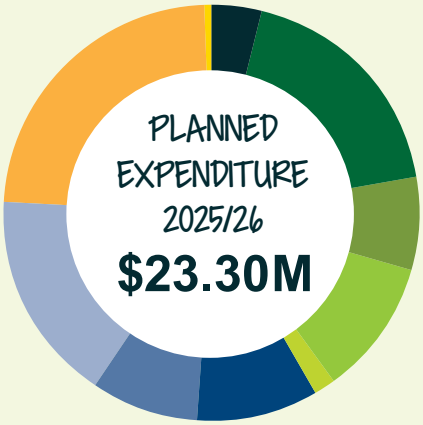
REVENUE AND EXPENDITURE

Revenue and Expenditure - Year 1 of the Long Term Plan



General Rates	$14,014,020
Targeted Rates	$1,727,210
Subsidy*	$3,023,480
Other Revenue	$3,018,964
Fees and Charges	$2,345,830
Interest	$85,500

*Majority relates to Better off Funding, NZTA Subsidies and other grants.

Democracy	$910,660
Economic Development	$4,317,760
Environmental Services	$1,670,320
Roading	$2,421,410
Stormwater (incl. Flood Protection)	$389,550
Water	$2,210,370
Wastewater	$1,960,380
Solid Waste	$3,850,320
Leisure & Recreation	$5,448,330
Other	$119.840

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Revenue and Expenditure from 2026/27 to 2033/24

	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Revenue								
Rates – General	14,104,130	14,458,840	14,689,080	14,623,170	14,373,620	14,113,280	13,484,630	12,999,720
Rates – Targeted	2,008,370	2,441,230	2,983,510	3,554,710	4,251,220	5,087,400	5,980,170	7,167,390
Subsidies	1,246,110	979,870	1,011,790	1,044,600	1,267,680	1,301,190	1,335,740	1,581,960
Petrol tax	68,980	71,060	73,020	74,980	76,810	78,640	80,530	82,360
Interest	90,890	87,670	56,690	51,300	76,070	101,510	150,320	184,030
Other	5,148,510	4,386,790	4,523,830	5,596,570	4,705,390	5,201,560	3,270,810	3,318,260
Total Revenue	**22,666,990**	**22,425,460**	**23,337,920**	**24,945,330**	**24,750,790**	**25,883,580**	**24,302,200**	**25,333,720**
Expenditure								
Personnel	8,051,160	8,276,060	8,493,170	8,696,080	8,884,420	9,072,920	9,254,140	9,428,180
Depreciation	4,708,210	5,151,290	5,212,150	5,246,110	5,648,870	5,680,700	5,714,320	6,088,150
Interest	499,000	607,310	721,800	775,900	774,200	772,700	773,000	777,000
Other	10,110,320	9,564,520	10,035,740	11,203,940	10,287,740	10,935,770	9,363,450	9,656,710
Total Expenditure	**23,368,690**	**23,599,180**	**24,462,860**	**25,922,030**	**25,595,230**	**26,462,090**	**25,104,910**	**25,950,040**
Surplus/ (Shortfall)	-701,700	-1,173,720	-1,124,940	-976,700	-844,440	-578,510	-802,710	-616,320

BALANCED BUDGET REQUIREMENTS

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

Council will usually set its projected operating revenue lower than its operating expenditure, because it has not resolved to fund depreciation on some of its assets for financially prudent reasons.

Note: The prospective information contained in this plan is based on assumptions that the Council reasonably expects to occur as at 30 June 2025. Actual results are likely to vary from the information presented and these variations may be material.

CAPTIAL PROJECT EXPENDITURE

Council's infrastructure strategy outlines the key projects and asset renewals needed during the next 10 years. This is part of a wider 30 year infrastructure strategy.

The following is the Capital Expenditure for the next three years

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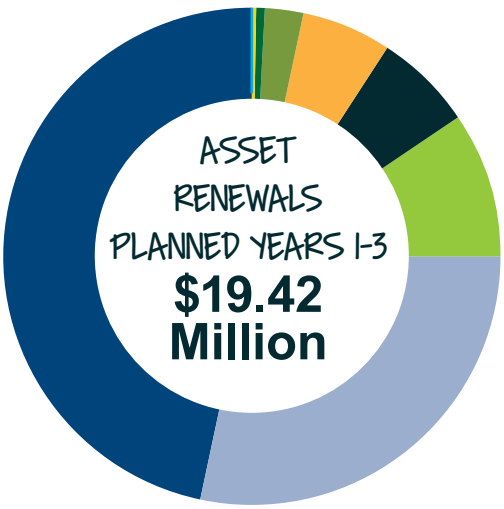
	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Total for 3 years
Economic Development	42,300	12,560	12,910	67,770
Roading	543,180	555,030	763,620	1,861,830
Stormwater (incl. Flood Protection)	-	-	-	-
Water	2,228,836	3,985,552	2,798,410	9,012,798
Wastewater	1,742,400	1,963,070	1,797,540	5,503,010
Solid Waste	-	10,720	16,610	27,330
Leisure & Recreation	392,690	409,280	358,720	1,160,690
Overheads	101,450	552,850	558,700	1,213,000
Plant	157,490	136,280	160,940	454,710
Buildings	39,240	41,810	39,360	120,410
	5,247,586	**7,667,152**	**6,506,810**	**19,421,548**

Total Capital Expenditure 3 years (2025-2026 to 2027-2028)



Stormwater (incl. Flood Protection)	$0
Solid Waste	$27,330
Economic Development	$67,770
Buildings	$120,140
Plant	$454,710
Leisure & Recreation	$1,160,690
Overheads	$1,213,000
Roading	$1,861,830
Wastewater	$5,503,010
Water	$9,012,798

Infrastructure Strategy

The full Infrastructure Strategy is available on the Council website.

The Infrastructure Strategy refers to 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.

Water Supply infrastructure used for collection and storage, and the reticulation (pipes) for local distribution of drinking water.

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

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

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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 change 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 (27,900) and business premises (167) in the district. Kawerau's population projection is for relatively small growth, which indicates 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% 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.

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Roading

For the roading network there will be continued reseals, footpath replacements, road marking and streetlight and kerb replacement at current levels to maintain existing levels of service. Renewal of some of the underlying road pavement structure will be required and this expenditure has been smoothed annually to reflect the likely actual expenditure.

Future population

Council has significantly increased its footpath renewal budget in recent 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

The Local Water Done Well reforms may significantly change the way the three waters services are delivered and funded, with the potential that this change could result in significant funding and resourcing implications for the rest of the Council.

As at 30 June 2024 the Annual rates revenue collected to maintain and renew the water comprises: $1.4m for water, $1.68m for wastewater and $67k for stormwater.

The carrying value of Council's three waters assets as at 30 June 2024 was Water $15.96m, Wastewater $14.33m and Stormwater $5.97m.

As the town is only 70 years old, Kawerau is unusual in that much of the reticulation infrastructure was constructed around the same time. Council's focus to date has been on maintenance, but as infrastructure ages, it needs to be replaced and due to the uniformity in age means that this will occur in large chunks and create expenditure 'spikes'.

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Infrastructure asset condition and information

Our forecast renewals for stormwater and wastewater have presumed the worst-case scenario using the minimum asset lifespan.

A planned programme of asset evaluation will continue to determine the actual renewal programme required for stormwater and wastewater.

We will continue to use this formal and informal knowledge to reprioritise replacement and preventative maintenance programmes, and to ensure we manage the risk of failure.

However, areas that are known to have accelerated deterioration rates, such as pipes in the geothermal areas, have been replaced according to the minimum asset lifespan, over the previous two years.

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 zones based on the date it was developed. Renewal/replacement funding for each zone is averaged over 10 years to spread renewal dates, except the drinking water pipe replacement programme which is planned to be completed in six years.

Council's objective is to maximise the life of the district's infrastructure without compromising service and reduce the cost to the community.

STORMWATER

Stormwater is mainly collected from the roading network and channelled through a network of pipes in natural waterways. Council has replaced the pipework in the geothermal area since the last long term plan in 2021 as this asset had deteriorated. After evaluating the remaining pipework in the network, further renewals of this asset have been delayed as the network is in good repair. Further reviews will be carried out in future.

CLIMATE CHANGE

Climate change has resulted in increased rainfall intensities and unpredictable weather patterns. Following an extreme rainfall event in 2017 resulting in 300mm of rain in eight hours, Council built four engineered flow retention structures in the district, and completed a substantial upgrade and replacement of two culverts under River Road. These measures have mitigated impacts to surrounding residents of these areas in subsequent extreme rainfall events.

Currently, Council is completing a district-wide stormwater modelling project to ascertain the levels of risks for the community in the event of 1 in 100 year event or 1% AEP (Annual Exceedance Probability) adjusted with climate change.

The Kawerau District is in a unique opportunity to position itself as a green economy with the renewable energy and process heat available for industry. Further opportunities exist for Kawerau, and Council will continue to support and enable economic development.

Council will continue to take a proactive approach to supporting the community to become more sustainable and reducing emissions from our own operations. Council will continue to investigate further opportunities for capturing solar energy to provide added resilience to the operations. In 2024, solar panels were installed atop the Council office roof and proved their worth during a recent power outage, keeping servers online. Further opportunities for future proofing and resilience will be ascertained and where possible, external funding sources for implementation will be sought.

Other factors of climate change such as sea level rise are unlikely to impact on the district and are not mitigated.

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WATER SUPPLY

Council plans to continue replacing drinking water reticulation (pipes) and will plan to replace approximately 39km (77kms in total) of water supply pipes over the next six years.

CLIMATE CHANGE

Climate change may not only result in more severe rainfall events but also more extreme drought events. Currently the district is being supplied with water from the Tarawera bore. Work to ensure that the rohe has a secondary water supply from Umukaraka Spring is underway courtesy of the agreement of the landowner Māori Investment Limited. In collaboration with Māori Investment Limited, Council has upgraded the metering and infrastructure along with work to renew the resource consent application. In liaison with the landowner MIL.

Council acknowledges M.I.L for their support and generosity regarding water supplies for the community.

Formerly, Council has always sourced water from Te Wai o Marukaa Spring in River Road. However, higher levels of manganese in Te Wai o Marukaa Spring (Pumphouse Spring) caused the discolouration of water in 2023. This caused widespread issues in the community. Once the source of the discolouration was traced to manganese levels in the spring, Council immediately stopped using this water source. However, the abundance of water available at Te Wai o Te Marukaa, and the need for another resilient water source, compels Council to investigate the option of installing a manganese-removal plant in the near future to ensure supply.

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Significant renewal projects

1. **Replacement of drinking water pipes**

   In 2021, Council consulted about the replacement of drinking water pipes across the district which at the time comprised a mix of materials including steel (44%), asbestos cement or AC (37%) and PVC (19%) pipes. Council has been completing this project and has now replaced 38km of pipes. Two further zones 4 and 5 will be replaced in the coming 2025/2026 year, and the last two zones 7 and 8 will be replaced in 2026/2027.

2. **Installation of a manganese removal plant at Te Wai o Marukaa**

   In 2023, higher levels of manganese were responsible for widespread discolouration of the district's drinking water supplies. Manganese levels at the source of Te Wai o Marukaa were the cause and as this is naturally occurring, the only avenue to utilise this abundant source of water is to install a manganese removal plant. This is expected to cost $1.072 million and is planned expenditure in year two of the Long Term Plan in 2026-2027.

WASTEWATER

There is approximately 22.8 kilometres of earthenware pipes (asbestos cement (AC) and concrete pipes) that were installed between 1956 and 1958 in the wastewater reticulation network. It is in the programme to replace all of these pipes as they are deteriorating with age and at the end of their life.

THREE WATERS INFRASTRUCTURE RENEWAL PLAN

Cost of replacement programme for water, stormwater and wastewater 2025-2034

This forms part of Council's 30-year infrastructure strategy. The Three Waters renewals replacement costs are:

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Renewal	Most likely scenario $
Water: toby, valves and hydrant replacement (2025-2034)	$1,606,550
Water (drinking) pipe replacements (2025-2034)	$9,397,160
UV Plant (Ultra Violet water plant renewals, upgrades) (2025-2034)	$678,306
Other water reticulation renewals (2025-2034)	$266,282
Wastewater reticulation pipe replacement (2025-2034)	$11,512,050
Wastewater Treatment Plant Renewals (2025-2034)	$2,508,160
Installation of manganese removal plant for Te Wai o Marukaa	$1,072,460

*These other water reticulation renewals exclude the drinking water pipe replacements which will be funded from loans projected to total $12 million.

Audit opinion

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Audit page 2

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Engaging with council

This consultation document aims to start a conversation with our residents.

WANT TO FIND OUT MORE?

We have not put in all the details behind the 2025–2034 Long Term Plan. However, we are happy to provide more information as requested and will also be talking with community groups at various Community Engagement Meetings.

If you want to know more or discuss any of these options (or others) with Councillors and the Leadership Team please:

- **Talk to us** at one of the consultation sessions planned (see page 3)
- **Contact us** to arrange a meeting to discuss the options and provide more detail
- **Visit our website** www.kaweraudc.govt.nz
- **Facebook** – join in the discussion on the Council Facebook platform

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HOW TO LET US KNOW WHAT YOU THINK

You can make a formal submission, which will be tabled with the Councillors and be considered in the decision-making process. The closing date is 12 May 2025.

If you wish to, you can present your submission to elected members at the hearing on 28 May 2025.

You can make a submission:

- **Online** – visit our website **www.kaweraudc.govt.nz** and use our online submission form.
- **Facebook submissions** – if you wish to make a formal submission, you will need to do so via messenger or inbox.
- **Email** submissions@kaweraudc.govt.nz
- **Drop in** the hard copy submission form from this consultation document to the Council Offices, isite or library weekdays.
- **Post** the submission form to us.
  Chief Executive Officer
  Kawerau District Council
  Private Bag 1004, Kawerau 3169

Kōrero mai
Let's talk

Elected Members of Council

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E Mayor@kaweraudc.govt.nz

Aaron Rangihika
Deputy Mayor |
Koromātua Waha Tuarā

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SUBMISSION FORM

KAWERAU DISTRICT COUNCIL
Te Kaunihera ā rohe o Kawerau

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

Submissions close 12 May 2025

Name

Organisation (if applicable)

Postal address

Telephone

Email

Signature

scan to make an online submission

◯ **Tick if you are a Kawerau resident.**

◯ **Tick if you wish to speak in support of your submission on 28 May 2025.**

Te Mahere Tūroa Long Term Plan 2025-2034

CONSULTATION TOPIC	TICK YOUR PREFERRED OPTION	SUGGESTIONS OR COMMENTS
Timeframe to transition to targeted water and wastewater rates (as part of Local Water Done Well) See page 10 for details	◯ **Option 1** – 9 year transition ◯ **Option 2** – 5 year transition	
Funding of Depreciation for strategic assets (roading, water and wastewater networks and infrastructure) How quickly should we rebuild our depreciation reserves to replace strategic assets in the future? See page 12 for details	◯ **Option 1** – Remain at 65% funding levels in 2025-2026 (and then increase by 3% each year for the next 12 years) ◯ **Option 2** – Increase funding to 70% in 2025-2026 an additional 0.8% increase, or 9.3% overall rates increase (and then continue to increase funding by 5% each year until 2031-2032).	
Planning for the future We want your feedback to develop concept plans for a new Community Library and Research Centre See page 14 for details	◯ **Option 1** – Budget $60,000 in year two 2026-2027 to investigate and develop plans for a Community Library and Research Centre. ◯ **Option 2** – Delay the investigations into the Community Library and Research Centre until the next Long Term Plan in 2027/2028, or are there other areas you would prefer Council focus on?	
Any other feedback - *attach extra pages as required.*		

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Email: submissions@kaweraudc.govt.nz **Drop off:** Council Office, isite or library.
Post: Chief Executive Officer, Kawerau District Council, Private Bag 1004, Kawerau 3169
www.kaweraudc.govt.nz

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KAWERAU
DISTRICT COUNCIL
Te Kaunihera ā rohe o Kawerau

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Īmēra Email kaweraudc@kaweraudc.govt.nz
Pukamata Facebook KawerauDistrictCouncil
Pae Tukutuku Website kaweraudc.govt.nz

Meeting: Extraordinary Council

Meeting Date: 9 April 2025

Subject: **Adoption of draft Gambling Venues Policy and Statement of Proposal for Consultation**

File No: 110800

1 Purpose

The purpose of this report is to review the draft Gambling Venues Policy and Statement of Proposal, prior to adopting for public consultation.

2 Background

There are four main types of gambling in New Zealand including casino gambling, NZ Lotteries, standalone TAB gambling and Class 4 gambling in pubs and clubs. Either the Gambling Act 2003 or the Racing Industry Act 2020 governs these activities.

The Gambling Act 2003 (the Act) requires all territorial authorities to adopt a policy on Class 4 gambling venues. The gambling policy must have regard to the social impact of gambling within the district. The policy must cover the matters relating to whether Class 4 venues may be established, where they can be located and may specify restrictions on the maximum number of gaming machines. It may also include a relocation policy.

A policy on Class 4 venues must be reviewed within three years after the policy is adopted and then within three years after that review. Council's current Gambling Policy was last reviewed in 2020.

Prior to reviewing each of these policies, Council is required to undertake a Social Impact Assessment. Council must have regard to the social impact of gambling when adopting or reviewing a policy under the Gambling Act or the Racing Industry Act.

A draft Social Impact Assessment is attached at Appendix 5 for your reference.

3 Options History

During the Council meeting held on 26 February 2025, Council was provided with three options:

- Roll over the existing policies
- Review and amend the existing policies to address:
    - Review/remove the gaming machine cap
    - Consider relocations with strict conditions on location
- Review, amend and merge the Gambling Venue and Board Venue:
    - Merging policies into one Gambling Policy
    - Review/remove the gaming machine cap

- Consider relocations with strict conditions on location

Council approved the last of the options being to review merge and amend the policy. Council's direction was to merge the policies and make any amendments to maintain the focus on reducing gambling harm through the reduction of gaming machine numbers.

While putting together the policy and the statement of proposal as attached, it appeared the initial options did not provide sufficient analysis of gaming machine caps and the option to remove all restrictions (sinking lid caps).

For clarity, I have reorganised the options, grouping them into two different sections. This should enable better understanding for both Council and the Public. The first section is the Policy Format, which has two options. This option was previously determined with a preference to merge the two policies into one.

The second section has five Policy Options. Council can implement one of the first four policy options, Council previously approved policy 2. The fifth policy stands alone as it can be determined and amalgamated with any of the first four policies. Council previously approved Option 5.

Policy Format

Two options are available for consideration in regards to the format of the gambling policies.

Format 1 – Retain two separate policies

This option retains the current position with one policy for each of the class 4 Gambling Venues and the TAB Venues.

Advantages	This option retains the current practice and will be familiar to those in Kawerau with an interest in this area.
Disadvantages	This may create confusion where individuals are not familiar with gambling policies and are unaware to look for additional policies. May result in actions being taken based on lack of information, due to not locating the information required. Having two separate gambling policies could create confusion, if unable to locate the information you are seeking.

Format 2 – Amalgamate the two separate policies into one Gambling Venues Policy (preferred option as indicated on 26 February 2025)

This option would see all gambling policy statements arranged into one single policy.

Advantages — This option combines all the relevant gambling policy information into one document.

Reduces the possibility of missing relevant information when making decisions relating to gambling.

With the exception of Kawerau, three other Councils in the Bay of Plenty have a single combined policy.

Disadvantages — This moves away from the existing practice in Kawerau and may create some confusion for those that expect to see two separate policies.

Policy Options

Policy 1 – Retain the current Gambling Venue and Board Venue Policy without amendments

The current Gambling Venue Policy provides a sinking lid (no more venues or gaming machines are allowed), and also provides a district wide cap of 54 electronic gaming machines. The proposed electronic gaming machine cap essentially has no effect due to the sinking lid policy having reduced the numbers of electronic gaming machines well below the current cap.

The current TAB Venue Policy enables a maximum of one TAB Venue within the central business district.

Advantages: Consistent approach is maintained.

Reduction of gaming machines is still enabled through natural attrition.

Is consistent with the current policy objectives.

Disadvantages: This would mean retaining both the sinking lid and the electronic gaming machine cap, which may create some confusion.

Where venue numbers decrease below the current two venues, this may drive gamblers underground or to online gambling, possibly resulting in more rather than less gambling harm, and reduced funding available to the community.

This option may result in reducing available funding for the community.

Policy 2 – Implement a policy based on a sinking lid (preferred option as indicated on 26 February 2025)

The current policy already has a sinking lid policy where Council will not grant consent for any new Class 4 venue or electronic gaming machines. This approach maintains

the focus of reducing access to gambling with the objective of minimising gambling harm.

The sinking lid policy would not apply to the maximum number of TAB venues. The reasoning for this is there is no need to restrict to a sinking lid as the current policy enables a maximum of one standalone TAB venue, and there has been no interest shown in developing a venue locally.

Advantages: Maintains a consistent approach to the existing policy.

Updates and removes unnecessary provisions.

Is consistent with the current policy objective to reduce the number of gambling venues and electronic gaming machines.

A similar approach has been taken by four of the five surrounding local Councils.

Disadvantages: Where venue numbers decrease below the current two venues, this may drive gamblers underground or to online gambling, possibly resulting in more rather than less gambling harm, and reduced funding available to the community.

This option may result in reducing available funding for the community.

Policy 3 – Implement a policy based on a cap of venues and/or electronic gaming machines

Although the current policy includes a cap of 54 electronic gaming machines, this is currently ineffective as the sinking lid policy has reduced the number of electronic gaming machines to 36, well below the current cap, removing its effectiveness.

This allows the setting of the maximum number of class 4 Gambling venues and electronic Gaming machines.

With only two gambling venues remaining within Kawerau District, this may be an effective means of retaining the current levels by setting the maximum number of venues at 2 and the maximum number of machines at 36. Alternatively, further reduction could be encouraged via natural attrition through setting the maximum number of machines to 27. This enables a new application for a venue where an existing venue closes, however they would only be able to open with a reduced number of 9 electronic gaming machines (reaching the maximum number of electronic gaming machines).

The TAB Venue policy already provides a cap of one venue within the central business district.

Advantages: May be used to maintain or reduce (through natural attrition) the current availability of the gambling venues and electronic gaming machines.

Provides a balance between reducing gambling harm and providing business, employment and entertainment value for the community.

This is not inconsistent with the current policy objectives.

Updates and removes unnecessary provisions.

Disadvantages: This option may result in reducing available funding for the community.

No opportunity to completely remove gambling harm from the community.

Policy 4 – Remove both the sinking lid policy, and electronic gaming machine cap

Kawerau District only has two class 4 gambling venues, being a reduction from four venues back in 2017. Given the low numbers, Council considered whether removing the restrictions on the number of gambling venues and electronic gaming machines was warranted.

A removal off all restrictions on gambling venues and electronic gaming machines would likely see an increase in gambling venues with limited mechanisms for Council to manage, other than setting the areas in which venues may be located (e.g. the central business district).

The removal of all restrictions would not apply to the maximum number of TAB venues based on the current policy enabling a maximum of one standalone TAB venue, however no interest has been shown in developing a venue locally.

Advantages The would allow new operators to apply to Council for consent to establish a new venue.

Additional venues, depending on the overall gaming machine profits, may unlock additional community funding available through gaming trust grant applications.

Additional competition in the market may provide more diversity in electronic gaming machines and jackpots, enhancing player experience and entertainment.

Disadvantages This option does not align with the current objective of the gambling venues policy.

This option may see a rise in gambling venues and electronic gaming machines within the district, leading to increased gambling harm.

Council will have limited control over the number of gambling venues within the district but would still be able to determine guidelines for suitable locations, for example central business district only.

Policy 5 – Enable relocation of existing venues (also recommended on 26 February 2025)

This option was considered as a standalone option, however, is able to be combined with any of the options outlined above.

The current policy does not allow relocation of gambling venues. However, in some circumstances it may be reasonable to enable the relocation. Examples of this may be fire or earthquake.

Advantages: This would allow venues to relocate to an alternative site providing they met key requirements.

This option is not inconsistent with the policy objectives.

This option provides a means for Council to support local businesses, without increasing the possibility of gambling harm.

Disadvantages: Relocation could slow the reduction of gambling venue or gaming machine numbers.

Restrictions on relocation may be seen as restrictive to the development of businesses with existing Class 4 Venues.

Setting of key requirements for relocation (such as civil defence emergency) may be seen as restrictive for the development of businesses with existing Class 4 venues.

4 Options

The Draft Gambling Venues Policy and the Statement of Proposal have been prepared based on the recommendation made on 26 February 2025. This incorporates the merging of the policies into one Gambling Venue Policy, with the focus on a sinking lid to reduce harm through the reduction of gaming machines and the introduction of a relocation policy.

There are three key options to consider today.

Option 1 - Adopt the draft policy as proposed

The draft policy has been developed based on recommendations from Council on 26 February 2025. This policy has a sinking lid as no new venues or electronic gaming machines will be consented. This option has also enabled relocation in exceptional circumstances. The benefit of this are outlined above under Policy Option 2 & 5.

Option 2 - Adopt the draft policy with amendments

This option is similar to Option 1, but enables any amendments determined appropriate by Council upon review of this paper and the documents available.

Option 3 – Do not adopt the policy and request further draft amendments

This option was included to provide Council with the option to consider policy option 3 above as an alternative option for reducing electronic gaming machines. Where significant changes are requested to the drafting of the policy, this will have to come back to Council for approval prior to public consultation.

5 Issues

5.1 Social Impact Assessment

A social impact assessment is required to inform the review of the Gambling Venue Policy and Board Venue Policy. It provides an overview of gambling across New Zealand and more specifically Kawerau District. A desktop review has been completed and the 2025 Social Impact Assessment is provided as Appendix 3.

Key findings from the Social Impact Assessment are as follows:

- Gambling is often a harmless form of entertainment which also provides social engagement and interactions and provides employment through venues and the associated Gambling Trusts.
- 69% of the population have participated in some form of gambling of which 10.9% participate in Class 4 Gambling and a further 10.9% in sports betting through the TAB.
- The total gaming machine profits generated from Kawerau District in 2023 was $3,173,811. This equates to approximately $546.41 per adult over 18 years living in Kawerau.
- A total of $1,269,524 was available for distribution to the community (although it does not have to come back to the same community it was derived from). Kawerau organisations and community groups received $640,006 in grants during the same period.
- In June 2024, Kawerau generated the 3rd highest gaming machine profits per gaming machine ($22,250.57).
- 4.5% of New Zealand population have experienced gambling harm.
- The two major risk factors for gambling harm are living in high deprivation areas and ethnicity. Māori and Pacific Islanders are four times more likely to experience gambling related harm.
- Since 2017, Kawerau has reduced the gambling venues from 4 to 2 and reduced the gaming machines from 54 to 36. During this period, Kawerau has also seen an increase in expenditure going into the gaming machines.
- Kawerau's gambling prevalence rate (number of people seeking assistance) has ranged from 0.04% and 0.27% of all persons seeking help between 2018/2019 and 2022/2023. This is equivalent to between 4 to 29 people seeking help for gambling harm. This number is expected to be largely underestimated, as many people do not seek help.
- The density of gambling venues in Kawerau is 6.72 gaming machines per 1000 adults. This is made worse given the gambling venues are located in a high deprivation area (Deprivation rating of 9) and the two venues are close in proximity.

- Kawerau's Māori population is 62.3%, which is significantly higher than the national average of 17% and places our community at higher risk of gambling harm.

The social impact assessment indicates the community is at a high risk from gambling harm, and the numbers seeking help for gambling harm are unlikely to be truly reflective of the harm in our community. Council's current policy, while largely effective in reducing the number of venues and gaming machines, has been ineffective in reducing gambling harm as the gaming machine profits continue to rise.

5.2 Policy Review

Under s101 of the Gambling Act 2003 and s96 of the Racing Industry Act 2020, Kawerau District Council must have a Class 4 Gambling and TAB policy in place. Once a policy has been adopted, it must be reviewed every 3 years. Council last reviewed the Gambling Venues Policy and the Board Venues Policy in December 2017. Gambling policies do remain in force until a review has been completed.

Class 4 gaming machines and stand-alone TAB gambling venues are considered high-risk, high expenditure gambling and are regulated under the gambling policy. The current Gambling Venues Policy is attached at Appendix 1 and the Board Venues is attached as Appendix 2.

There are limitations to what may and may not be included in both a Class 4 Gambling Venues Policy and a TAB Venue. These are set out below:

A Class 4 Venues Policy:

- **Must** specify whether Class 4 venues may be established in the district and where they can be located; and
- **May** specify any restrictions on the maximum number of gaming machines at a venue; and

  In considering whether the venues may be established and where they may be located, Council may consider:

  - The characteristics of the district and parts of the district
  - The location of kindergartens, early childcare centres, schools, places of worship and other community facilities
  - The cumulative effects of additional opportunities for gambling in the district
  - How close venues should be permitted to be to any other venue
  - What the primary activity at any venue should be

- **May** include a relocation policy

Council's current policy addresses each of the points above as follows:

- No new class 4 venues to be established in the Kawerau District
- Maximum number of gaming machines is capped at 54 machines
- Where a venue ceases to operate or reduces gaming machine numbers, the cap is reduced. (This is known as a sinking lid policy)

- No relocation of gaming machines

A TAB Venues Policy:

- **Must** specify whether TAB venues may be established in the district and where they can be located.

  In considering whether the venues may be established and where they may be located, Council may consider:

  - The characteristics of the district and parts of the district
  - The location of kindergartens, early childcare centres, schools, places of worship and other community facilities
  - The cumulative effects of additional opportunities for gambling in the district

Council's current policy addresses the points above as follows:

- A maximum of one Board Venue is permitted in the district; and
- A Board venue must be located in the central business district.

6 Policy and Plan Considerations

This policy is not inconsistent with other policies or District Plan matters.

7 Legal Considerations

This review will bring Council in line with legal requirements to adopt and review a Class 4 Gambling Venues Policy and a TAB Venues Policy.

8 Financial Considerations

There are no financial implications in relation to this Policy.

9 Significance and Engagement

In October 2024, letters were sent out to key stakeholders providing them with an opportunity to submit comments to be included as part of the Social Impact Assessment.

Feedback received is attached at the end of the Social Impact Assessment.

Any amendments to the policies trigger the requirement to undertake a special consultative procedure. This will provide the community with an opportunity to engage with Council and provide feedback on the draft Gambling Venues Policy prior to adopting the final policy.

The proposed timeframes for the review and engagement are as follows:

9 April 2025	Council meeting – Report to Adopt draft Policy and Statement of Proposal
14 April 2025 –	Community Consultation Begins
16 May 2025	Community Consultation Closes
11 June 2025	Extra Ordinary Council Meeting - Receive and hear submissions
30 July 2025	Council Meeting - Adoption of Policy

10 Attachments

The following documents are attached:

- Appendix 1: Current Gambling Venues Policy
- Appendix 2: Current Board Venue Policy
- Appendix 3: Draft Gambling Venues Policy
- Appendix 4: Statement of Proposal
- Appendix 5: Social Impact Assessment

11 RECOMMENDATIONS

1. That the report "Adoption of draft Gambling Venues Policy and Statement of Proposal for Consultation" be received.

2. That Council approves one of the following options:

   a) Option 1 - Adopt the draft policy as proposed
   b) Option 2 - Adopt the draft policy with amendments
   c) Option 3 - Do not adopt the policy and request further draft amendments

3. Where Council approves option 1 or 2, Council resolves to adopt a draft Gambling Venues Policy and Statement of Proposal, with any amendments, for public consultation.

4. That Council authorises the Group Manager, Regulatory and Planning to make any necessary minor drafting amendments to the Draft Policy and/or the Statement of Proposal to correct errors or omissions, or to reflect decisions made by Council.

Michaela Glaspey
Group Manager Regulatory and Planning

APPENDIX 1 – Gambling Venue Policy

GAM

COUNCIL POLICY

TITLE:	GAMBLING VENUES
MEETING:	Council
EFFECTIVE DATE:	12 December 2017
FILE REFERENCE:	306030
REVIEW:	December 2020

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1. BACKGROUND

This is the second iteration of Council's Gambling Venues Policy since the Gambling (Gambling Harm Reduction) Amendment Act 2013 came into force. During the first policy review after that time, in 2014, Council considered the social impact of gambling on Kawerau's high-deprivation communities and the inclusion of a relocation policy. It decided that no relocation of any class 4 venue would be allowed in the Kawerau District. In accordance with the provisions of section 102 of the Gambling Act 2003, as amended, Council opted not to include consideration of a relocation policy in the 2017 review. Clause 4.4.1 is therefore a continuation of the 2014 policy.

2. POLICY OBJECTIVES

2.1 To provide a framework for transparent and consistent decision making about class 4 gambling venues in the Kawerau District.

2.2 To contribute to the well-being of the Kawerau community by:

- Reducing the number of class 4 venues; and
- Reducing the number of electronic gaming machines.

3. DEFINITIONS

Class 4 gambling	has the meaning given to it by section 30 of the Gambling Act 2003.
Class 4 venue	means a place used to operate class 4 gambling.

Gaming machine has the meaning given to it by section 4 of the Gambling Act 2003.

4. POLICY STATEMENT

4.1 Primary activity of Class 4 venues

The primary activity of a class 4 venue shall be:

i. Sporting activities, or

ii. The sale of liquor or liquor and food, or

iii. A New Zealand Racing Board venue.

4.2 Establishing a class 4 venue

Council will issue no consent for any class 4 venue to be established in the District in addition to the number operating on the date this policy was made or as reduced by the operation of this policy, whichever is the lesser.

4.3 Maximum number of gaming machines

4.3.1 Council will issue no consent for any gaming machine to be operated in the District in addition to the number operating on the date this policy was made or as reduced by the operation of this policy, whichever is the lesser.

4.3.2 Council will issue no consent to increase the number of gaming machines operating at any existing class 4 venue in addition to the number operating at that venue on the date this policy was made or as reduced by the operation of this policy, whichever is the lesser.

4.3.3 The total number of gaming machines that may be operated in the District will therefore be capped at a maximum of 54 machines.

4.3.4 As the opportunity arises through a society reducing the number of gaming machines operating at a class 4 venue or ceasing to hold a class 4 venue licence, the cap on the number of machines which may be operated within the District will be reduced.

4.4 Relocation of Class 4 venues

4.4.1 Council has determined that no relocation of any class 4 venue shall be allowed in the Kawerau District.

APPENDIX 2 – Board Venue Policy

BOA

COUNCIL POLICY

TITLE:	**BOARD VENUES**
MEETING:	Council
EFFECTIVE DATE:	12 December 2017
FILE REFERENCE:	306030
REVIEW:	December 2020

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1. POLICY OBJECTIVES

1.1 To provide a framework for transparent and consistent decision making about Board venues in the Kawerau District.

1.2 To contribute to the well-being of the Kawerau community by controlling the number and location of Board venues in the District.

2 DEFINITIONS

Act means the Racing Act 2003.

Board means the New Zealand Racing Board established under the Act.

Board Venue means premises that are owned or leased by the Board and where the main business carried on at the premises is providing racing betting or sports betting services under the Act.

3. POLICY STATEMENT

3.1 **Primary Activity of Board Venues**

The primary activity of a Board venue shall be racing and sports betting.

3.2 **Applications**

3.2.1 All applications for Council consents must be made on the approved form and must provide:

i. Name and contact details for the application.

ii. Street address of the proposed Board venue.

iii. The names of all management staff.

3.3 **Application Fees**

Application fees will be set by Council from time to time, and shall include consideration of:

i. The cost of processing the application, including any consultation and hearings involved.

ii. The cost of triennially reviewing the Board venue policy.

iii. The cost of Council's part, if any, in inspecting Board venues to ensure compliance with consent or licence conditions.

iv. A contribution toward the costs of assessing the economic and social impact of gambling in high-deprivation communities within the District, which may occur at any time, but will occur at least once every six years.

3.4 **Number of Board Venues**

A maximum of one Board venue is permitted in the Kawerau District.

3.5 **Location of Board Venues**

A Board venue may be located in the central business district.

Council Policy
Gambling Venues Policy

Effective Date:	TBC
Date First Adopted:	25 May 2010
Last Reviewed :	March 2025
Next Review Date:	March 2028 (Three Yearly Review)
Engagement Required:	Special Consultative Procedure (s83 LGA)
Document Number:	POL 08
Responsibility:	Group Manager, Regulatory and Planning
Associated Documents:	N/A

Contents

1. INTRODUCTION....3
2. POLICY OBJECTIVE....3
3. SCOPE....4
4. DEFINITIONS....4
5. ESTABLISHING A CLASS 4 VENUE....6
6. MAXIMUM NUMBER OF GAMING MACHINES....6
7. ESTABLISHING A TAB VENUE....6
8. RELOCATION VENUES....6
9. APPLICATIONS....7
10. APPLICATION FEES....7
SCHEDULE 1 – CENTRAL BUSINESS DISTRICT....8

1. INTRODUCTION

1.1. Kawerau District Council is required under the Gambling Act 2003 and the Racing Industry Act 2020 to adopt a policy for class 4 gambling venues and TAB venues. Due to the similarities between the requirements for these policies, and the ease for the community to locate all gambling information in one location, both policies have been consolidated into this Gambling Venues Policy.

1.2. The Gambling Act 2003 requires a Class 4 Venue policy to include:
- a) whether or not class 4 venues may be established in the district and, if so, where they may be located; and
- b) may specify any restrictions on the maximum number of gaming machines that may be operated at a class 4 venue; and
- c) may include a relocation policy.

1.3. The Racing Industry Act 2020 requires a policy to include:
- a) whether or not TAB venues may be established in the district and, if so, where they may be located; and
- b) may specify any restrictions on the maximum number of gaming machines that may be operated at a class 4 venue; and
- c) may include a relocation policy.

1.4. Prior to adopting a gambling venue policy, Council must give regard to the social impact of gambling within the district. Gambling has the ability to affect both the social and economic wellbeing of people within the community.

1.5. Council must balance the interests of community members that may experience harm from gambling, with those that generate income, and provide both employment and a funding stream for our local community groups and organisations. The balance sought provides for the minimisation of gambling harm while still enabling a level of social entertainment, enabling a safe and resilient community.

2. POLICY OBJECTIVE

2.1. To provide a framework for transparent and consistent decision making about class 4 gambling and TAB venues in the Kawerau District.

2.2. To contribute to the health and wellbeing of the Kawerau District community through:

- a) controlling the growth of gambling across Class 4 and TAB venues, while allowing those who wish to participate, to do so;
- b) minimising the harm caused by gambling through the means available to Council;
- c) implement appropriate constraints to manage the number of gaming

machines and venues; and

d) reduce the exposure of gambling to persons under 18 years;

3. SCOPE

3.1. This policy applies to both Class 4 and TAB venues within the Kawerau District boundary.

3.2. This policy only covers standalone TAB venues and does not cover the installation of TAB terminals in premises not owned or leased by TAB NZ.

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4. DEFINITIONS

Class 4 Gambling has the meaning set out in section 30 of the Gambling Act 2003.

Explanatory notes

Section 30 of the Gambling Act 2020, defines class 4 gambling as:

In this Act, class 4 gambling is gambling that satisfies the following criteria:

(a) the net proceeds from the gambling are applied to, or distributed for, authorised purposes; and

(b) either—

(i) no commission is paid to or received by a person for conducting the gambling; or

(ii) the only commission that is paid to or received by a person for conducting the gambling is a commission payment to a venue operator that complies with regulations made under section 371(1)(dd); and

(c) there are game rules for the gambling; and

(d) the gambling, and the conduct of the gambling, satisfies relevant game rules; and

(e) either—

(i) the Secretary has categorised the gambling as class 4 gambling and not as another class of gambling; or

(ii) the gambling utilises or involves a gaming machine.

Class 4 Venue means a place used to operate class 4 gambling.[1]

Club means a voluntary association of persons combined for a purpose other than personal gain.[2]

Council means Kawerau District Council

District means Kawerau District

[1] Gambling Act 2002, section 4

[2] Gambling Act 2002, section 4

Gaming Machine has the meaning set out in section 4 of the Gambling Act 2003.

Explanatory notes

Section 4 of the Gambling Act 2003, defines gambling machines as:

(a) means a device, whether totally or partly mechanically or electronically operated, that—
  (i) is adapted or designed and constructed for gambling; and
  (ii) is played or confers a right to participate, whether totally or partly, by the insertion of money into it or by the direct or indirect payment of money by any other means; and
(b) includes a device for gambling that is conducted partly by a machine and partly by other means; and
(c) includes a device, or type of device, that is declared to be a gaming machine by regulations made under section 368; but
(d) does not include—
  (i) a device used only to draw a lottery; or
  (ii) a random selection device used in a game of housie; or
  (iii) a device used only to dispense tickets that is not capable of being used to decide the outcome of gambling; or
  (iiia) a jackpot device that links a series of gaming machines and that can only be played through those gaming machines; or
  (iv) a communication device that is used both to dispense tickets in and draw a lottery that is a sales promotion scheme; and
(e) does not include a device, or type of device, that is declared not to be a gaming machine by regulations made under section 368; and
(f) does not include a device operated by the Lotteries Commission

Operator means a person that holds a class 4 operator's licence.

Primary Activity means the principal purpose of the venue and may include, but is not limited to, a pub, club, restaurant, hotel. Gambling must not be the primary activity except in the case of a standalone TAB whose purpose is sports betting.

TAB stands for Totalisator Agency Board.

TAB NZ has the meaning set out in section 5 of the Racing Industry Act 2020.

Explanatory notes

Section 5 of the Racing Industry Act 2020, states:

TAB NZ means the body established by section 54 to conduct racing betting, sports betting, or other racing or sports betting under this Act.

TAB Venue has the meaning set out in section 5 of the Racing Industry Act 2020.

Explanatory notes

Section 5 of the Racing Industry Act 2020, states:

TAB venue means premises owned or leased by TAB NZ and where the main business carried out at the premises is providing racing betting, sports betting, or other racing or sports betting services under this Act

Venue Licence means a class 4 venue licence issued by the Secretary for the Department of Internal Affairs.

5. ESTABLISHING A CLASS 4 VENUE

5.1. Council will not issue consent for any new Class 4 venues to be established in the District. This has the effect of a sinking lid, in that when an existing venue closes, Council will not consent a new venue to be established.

6. MAXIMUM NUMBER OF GAMING MACHINES

6.1. Council will not grant consent for any additional gaming machines in any Class 4 venues in the District.

7. ESTABLISHING A TAB VENUE

7.1. Council will allow a maximum of one TAB venue in the District.

7.2. A TAB venue must be located within the central business District, see Schedule 1.

Explanatory notes

This clause only applies to applications for the establishment of standalone TAB venues. It does not cover the establishment of a TAB venue operated by TAB NZ, which includes gaming machines.

8. RELOCATION VENUES

8.1. Council will only consent to a relocation of an existing class 4 venue in exceptional circumstances such as but not limited to fire or natural hazards. Council may use its sole discretion in determining whether to accept an application for relocation.

8.2. Any relocation must be within the central business area as set out in Schedule 1.

8.3. The number of class 4 gaming machines at the new premises must be the same or less than the existing class 4 venue.

8.4. Council may consider the following matters in determining a relocation application:
a) proposed location of the venue;
b) proximity to land with sensitive activities such as kindergartens, early childhood centres, schools, places of worship, and other community facilities; and
c) the proximity to existing Class 4 venues.

9. APPLICATIONS

9.1. All applications for Council consent under the Gambling Act 2003 and the Racing Industry Act 2020 must be made on the approved form and must provide to the satisfaction of Council:

a) Name and contact details for the application;
b) Street address of the proposed premises;
c) The names of all management staff;
d) A copy of the venue licence;
e) A copy of the gambling harm minimisation policy;
f) In the case of Class 4 venues, information to confirm gambling will not be the venue's primary activity (12 month financials or 12 month business plan/budget and site plan covering all activities proposed for the venue);
g) Detailed design and layout of venue;
h) Signed written approval from the verified property owner;
i) Other relevant information requested by Council or that the applicant wishes to provide.

9.2. All applications must be made by an existing Venue Operator, who will continue to operate the venue upon relocation.

10. APPLICATION FEES

10.1. The application fee will be set by Council and may include the consideration of:

a) The cost of processing the application;
b) The cost of monitoring consents to ensure compliance with conditions.

10.2. Council will review the application fee each year as part of its Schedule of Fees and Charges review.

SCHEDULE 1 – CENTRAL BUSINESS DISTRICT

Kawerau's Central Business District

STATEMENT OF PROPOSAL
Draft Gambling Venues Policy

Introduction
This statement of proposal relates to the review of the Gambling Venues Policy and Board Venues Policy, which are required under the section 101 of the Gambling Act 2003 and section 96 of the Racing Industry Act 2020.

Having completed the initial review it is proposed that the two seperate gambling policies are combined into the one Gambling Venues Policy while maintianing the current sinking lid for gambling venues.

This statement of proposal has been prepared in accordance with section 83 of the Local Government Act 2002 and aims at helping the community to understand the Council's responsibilites and the review process to date. This statement of proposal also:

- outlines the reasons for the proposal; and
- provides an overview of the proposed policy; and
- invites the community to make a submission on the draft Gambling Venues Policy; and
- provides details on how to make a submission.

Background
The Gambling Act 2003 and the Racing Industry Act 2020, require Council to have both a Class 4 Venue and TAB Venue Policy (previously known as Board Venues). These policies cover the likes of how many venues can provide electronic gaming machines and stand alone TAB venues and where these venues may be located within the District. They may also consider whether to adopt a policy on venues relocation or club merges.

We currently have a seperate Gambling Venues Policy and a Board Venues Policy. The Gambling Venues Policy is considered a sinking lid policy as when the gambling machine numbers or venue numbers decrease, no new gaming machines or venues will be approved. The Board Venues Policy on the other hand currently enables one new Board Venue to be established.

Both the Gambling Venues Policy and a Board Venues Policy must be reviewed every three years. When reviewing the gambling policies, Council's must take into account the social impacts of gambling on the local community. A Social Impact Statement was prepared, outlining the impacts of gambling across New Zealand and more specifically in Kawerau District. The Social Impact Statement shows that while both gambling venues and gaming machine numbers have decreased, the expenditure has increased.

While gambling has a place in society as a form of entertainment, employment and community funding, this must be balanced with the harm that it may cause some of our vulnerable community.

While Council is required to adopt a gambling policy, it is the Department of Internal Affairs, who are responsible for issuing venue licences and undertaking the monitoring and enforcement of gambling licences issued. Council's role is solely the implementation of a community-focused policy.

Reasons for the proposal

A policy review has been undertaken in order to ensure Council complies with legislative requirements and is meeting the objectives of its policies. Our current objectives are to provide a framework for transparent and consistent decision-making and contribute to the well-being of the Kawerau community through reducing the number of electronic gaming machines and class 4 venues and controlling the number of TAB venues.

Upon review, it was identified the current policies have been largely effective with reducing the numbers of gambling venues; however a reduction in social harm was not as evident. The review also identified improvements in the form and content of the policies to enable access to all gambling information in one place and improve clarity.

Scope of the Policy

The proposed policy only relates to Class 4 Gambling and TAB Venues, it does not cover or control other types of gambling such as Lotto, online gambling or other forms of gambling such as raffles. The Gambling Act 2003 and the Racing Industry Act 2020 sets out what must be included in a policy and the consideration Council may make or include as outlined below.

<u>Gambling Act 2003</u>
What we must do:

- Specify whether Class 4 venues may be established in the district and where they can be located; and

What we may do:

- Specify any restrictions on the maximum number of gaming machines at a venue; and
- Implement a relocation policy

<u>Racing Industry Act 2020</u>

What we must do:

- Specify whether TAB venues may be established in the district and where they can be located.

What Council can't do under either policy is:

- Require existing venues to reduce the number of gaming machines; or
- Revoke previous consent given to operate a venue (gambling or TAB)

Social Impact Assessment

When reviewing gambling policies, we must have regard to the social impact of gambling within the local district. In order to achieve this, a Social Impact Assessment was undertaken covering the national state of gambling and more specifically the Class 4 Gambling conducted within the Kawerau District. Data for the Social Impact Assessment was sourced from the Department of Internal Affairs, the Problem Gambling Foundation, the Ministry of Health and the gaming trusts that operate in Kawerau District.

The social impact assessment of gambling in Kawerau District showed:

- 69% of the population have participated in some form of gambling of which 10.9% participate in Class 4 Gambling and a further 10.9% in sports betting through the TAB.
- The total gaming machine profits generated from Kawerau District in 2023 was $3,173,811. This equates to approximately $546.41 per adult over 18 years living in Kawerau.
- A total of $1,269,524 was available for distribution to the community (although it does not have to go back to the same community it was derived from). Kawerau organisations and community groups received $640,006 in grants during the same period.
- In June 2024, Kawerau generated the 3rd highest gaming machine profits per gaming machine ($22,250.57).
- 4.5% of New Zealand population have experienced gambling harm.
- The two major risk factors for gambling harm are living in high deprivation areas and ethnicity. Māori and Pacific Islanders are four times more likely to experience gambling related harm.
- Kawerau's Māori population is 62.3%, which is significantly higher than the national average of 17% and places our community at higher risk of gambling harm
- Kawerau's gambling prevalence rate (number of people seeking assistance) has ranged from 0.04% and 0.27% of all persons seeking help between 2018/2019 and 2022/2023. This is equivalent to between 4 to 29 people seeking help for gambling harm. This number is expected to be largely underestimated, as many people do not seek help.
- The density of gambling venues in Kawerau is 6.72 gaming machines per 1000 adults. This is made worse given the gambling venues are located in a high deprivation area (Deprivation rating of 9) and the two venues are close in proximity
- Since 2017, Kawerau has reduced the gambling venues from 4 to 2 and reduced the gaming machines from 54 to 36. During this period, Kawerau has also seen an increase in expenditure going into the gaming machines.
- Gambling is often a harmless form of entertainment which also provides social engagement and interactions and provides employment through venues and the associated Gambling Trusts.

For further details, the Social Impact Assessment is available on the Kawerau District Council website or during the consultation period, a copy will be available at the Kawerau District Council Office or the District Library.

Options considered by Council

In considering the options, it is relevant to note the current policy has been effective in reducing class 4 venues and gaming machine numbers since implemented, resulting in 2 less venues and 18 less gaming machines since 2017.

It is arguable the current policy has been effective in reducing exposure to gambling through reductions, however the same cannot be said for reducing harm given the increase in funds being spent on gambling in Kawerau.

The options section is broken into two separate areas, the first considering the format of the two policies and the second considering the different policy options.

Policy Format:

Two options were considered in regards to the format of the gambling policies.

Option 1 – Retain two separate policies

This option retains the current position with one policy for each the class 4 Gambling Venues and the TAB Venues.

Advantages	This option retains the current practice and will be familiar to those in Kawerau with an interest in this area.
Disadvantages	This may create confusion where individuals are not familiar with gambling policies and are unaware where to look for additional policies May result in actions being taken based on lack of information, due to not locating the information required. Having two separate gambling policies could create confusion, if unable to locate the information you are seeking.

Option 2 – Amalgamate the two separate policies into one Gambling Venues Policy (preferred option)

This option would see all gambling policy statements arranged into one single policy.

Advantages	This option combines all the relevant gambling policy information into one document. Reduces the possibility of missing relevant information when making decisions relating to gambling. With the exception of Kawerau, three other Councils in the Bay of Plenty have a single combined policy.
Disadvantages	This moves away from the existing practice in Kawerau and may create some confusion for those that expect to see two separate policies.

Policy Options:

There are three policy options considered in regards to the content of the gambling policies.

Option 1 – Retain the current Gambling Venues and Board Venues Policy without amendments

The current Gaming Venues Policy provides a sinking lid (no more venues or gaming machines are allowed), and also provides a district wide cap of 54 electronic gaming machines. The proposed electronic gaming machine cap essentially has no effect due to the sinking lid policy having reduced the numbers of electronic gaming machines well below the current cap.

The current TAB Venue Policy enables a maximum of one TAB Venue within the central business district.

Advantages: Consistent approach is maintained.

Reduction of gaming machines is still enabled through natural attrition.

Is consistent with the current policy objectives.

Disadvantages: This would retain both the sinking lid and the electronic gaming machine cap, which may create some confusion.

Where venue numbers decrease below the current two venues, this may drive gamblers underground or to online gambling, possibly resulting in more rather than less gambling harm, and reduced funding available to the community.

This option may result in reducing available funding for the community.

Option 2 – Implement a policy based on a sinking lid

The current policy already has a sinking lid policy where Council will not grant consent for any new Class 4 venue or electronic gaming machines. This approach maintains the focus of reducing access to gambling with the objective of minimising gambling harm.

The sinking lid policy would not apply to the maximum number of TAB venues. The reasoning for this is there is no need to restrict the policy to a sinking lid as the current policy enables a maximum of one standalone TAB venue, however no interest has been shown in developing a venue locally.

Advantages Maintains a consistent approach to the existing policy.

Updates and removes unnecessary provisions.

Is consistent with the current policy objective to reduce the number of gambling venues and electronic gaming machines.

A similar approach has been taken by four of the five surrounding local Councils.

Disadvantages Where venue numbers decrease below the current two venues, this may drive gamblers underground or to online gambling, possibly resulting in more rather than less gambling harm, and reduced funding available to the community.

This option may result in reducing available funding for the community.

Option 3 – Implement a policy based on a cap of venues and/or electronic gaming machines

Although the current policy includes a cap of 54 electronic gaming machines, this is currently ineffective, as the sinking lid policy has reduced the number of electronic gaming machines to 36, well below the current cap, removing its effectiveness.

This allows the setting of the maximum number of class 4 Gambling venues and electronic Gaming machines.

With only two gambling venues remaining within Kawerau District, this may be an effective means of retaining the current levels by setting the maximum number of venues at 2 and the maximum number of machines at 36. Alternatively, further reduction could be encouraged via natural attrition through setting the maximum number of machines to 27. This enables a new application for a venue where an existing venue closes, however they would only be able to open with a reduced number of 9 electronic gaming machines (reaching the maximum number of electronic gaming machines).

This is an alternative means to reducing the gaming machine numbers while maintaining more than one venue, reducing the risk of a monopoly.

The TAB Venue policy already provides a cap of one venue within the central business district.

Advantages: May be used to maintain or reduce (through natural attrition) the current availability of the gambling venues and electronic gaming machines.

Provides a balance between reducing gambling harm and providing business, employment and entertainment value for the community.

This is not inconsistent with the current policy objectives.

Updates and removes unnecessary provisions.

Disadvantages: This option may result in reducing available funding for the community.

No opportunity to completely remove gambling harm from the community.

Option 4 – Remove both the sinking lid policy, and electronic gaming machine cap

Kawerau District only has two class 4 gambling venues, being a reduction from four venues back in 2017. Given the low numbers, Council considered whether removing the restrictions on the number of gambling venues and electronic gaming machines was warranted.

A removal off all restrictions on gambling venues and electronic gaming machines would likely see an increase in gambling venues with limited mechanisms for Council to manage other than setting the areas in which venues may be located (e.g. the central business district).

The removal of all restrictions would not apply to the maximum number of TAB venues based on the current policy enabling a maximum of one standalone TAB venue, however no interest has been shown in developing a venue locally.

Advantages This would allow new operators to apply to Council for consent to establish a new venue.

Additional venues, depending of the overall gaming machine profits, may unlock additional community funding available through gaming trust grant applications.

Additional competition in the market may provide more diversity in electronic gaming machines and jackpots, enhancing player experience and entertainment.

Disadvantages This option does not align with the current objective of the gambling venues policy.

This option may see a rise in gambling venues and electronic gaming machines within the district, leading to increased gambling harm.

Council will have limited control over the number of gambling venues within the district but would still be able to determine guidelines for suitable locations for example central business district only.

Option 5 – Enable relocation of existing venues

This option was considered as a standalone option, however is able to be combined with any of the options outlined above.

The current policy does not allow relocation of gambling venues. However, in some circumstances it may be reasonable to enable the relocation. Examples of this may be fire or earthquake.

Advantages	This would allow venues to relocate to an alternative site providing they met key requirements. This option is not inconsistent with the policy objectives. This option provides a means for Council to support local businesses, without increasing the possibility of gambling harm.
Disadvantages	Relocation could slow the reduction of gambling venues or gaming machine numbers. Restrictions on relocation may be seen as restrictive to the development of businesses with existing Class 4 Venues. Setting of key requirements for relocation (such as civil defence emergency) may be seen as restrictive for the development of businesses with existing Class 4 venues.

Our Proposed Changes

Following a review of the options, while the currently policies have achieved the objective of the policy they contain some inconsistencies. The preferred approach is to combine the two policies into one document and implement a sinking lid policy, removing the currently redundant cap on electronic gaming machines. The key changes to the policies are outlined below:

- Remove the maximum number of gaming machines;
- Add Council will not grant consent for any additional gaming machines;
- Enable relocation of gambling venues in exceptional circumstances;
- Amalgamate the two separate gambling polices into the one Gambling Venues Policy;
- Update the objectives of the policy;

- Include an introduction to the policy;
- Updating and amend the definitions.

Included in the proposed changes are some minor or technical changes to help improve the structure and clarity of the proposed Gambling Venues Policy. A summary of the changes are outlined below.

Summary of Proposal

We are recommending the Gambling Venues and Board Venues Policies are incorporated into one Gambling Venues Policy. The amalgamation of the policies has been incorporated into the new Council Policy template, resulting in a significant number of changes. A summarised version of the amendments are outlined in the table below:

Gambling Venues Policy Clause		**Key amendments to the existing Board Venues Policy**
	Layout	Incorporated into new bylaw template
	Title	Retained title of Gambling Venues Policy Now incorporated TAB Venues
	Contents	Added for clarity
1	Introduction	New clause to provide an introduction the requirements
2	Policy Objectives	Merged the policy objectives Amended clauses for easy reading Added reducing exposure of gambling to persons under 18 years
3	Scope	New Clause added to clearly outline the policy covering both class 4 and TAB venues and excludes TAB terminals in premises not owned by TAB NZ.
4	Definitions	Added Definitions for Club, Council, District, Operator, Primary Activity, TAB, TAB NZ, TAB Venue, Venue Licence Added Explanatory Notes which do not form part of the policy but are there to provide additional information.
5	Establishing a class 4 venue	Amended to outline a sinking lid policy.
6	Maximum Number of Gaming Machines	Amended one clause Removed three clauses as they were no longer required.
7	Establishing a TAB Venue	New provisions outlining the maximum number of TAB venues and the available locations
8	Relocating Venues	Replaced clause to allow for relocation Added additional clauses to outline conditions of relocation
9	Applications	Amended to add additional requirements for applications
10	Application Fees	Amended one clause Simplified others to outline fees may be charged to cover

		costs and will be set annually.
	Schedule	Added map of the Central District Area

Have Your Say On This Policy

Council is seeking your opinion on the Draft Gambling Venues Policy 2025. Any person or organisation is welcome to make a submission on this policy.

The consultation period for the Draft Gambling Venues Policy 2025 will begin on Friday 14 April and conclude on Friday 16 May 2025.

The Council will take all submissions into account when it decides on the final content of the policy.

Submission forms and copies of the Statement of Proposal are available:

- Online at the Council's website: www.kaweraudc.govt.nz
- At the Council Office and Library
- By phoning (07) 306 9009 and requesting a copy.

There are many different ways you can tell us what you think.

Submissions can be made:

Online: Visit our website - www.kaweraudc.govt.nz and use our online submission form.

Emailed to: submissions@kaweraudc.govt.nz
Please use subject heading – *Gambling Venues Policy – Submission*

Posted to: Kawerau District Council
Attn: *Gambling Venues Policy – Submission*
Private Bag 1004
Kawerau 3169

Dropped in to: Kawerau District Council
2 Ranfurly Court, Kawerau

Key Dates:

Submissions Open	14 April 2025
Submissions Close	16 May 2025
Proposed Submissions Hearing	11 June 2025
Council Deliberates and adoption (or not) of Proposed Policy	30 July 2025

Please note Kawerau District Council must receive written submissions by **5.00pm** on **Monday 16 May 2025.**

As part of the consultation process your submissions will be copied and made available to the public after the submission period closes.

You will have an opportunity to have your submission heard in person, during the hearing of submissions scheduled to be held on 11 June 2025. When you complete the submission form, please tell us if you would like to be heard. If you wish to speak, we will contact you with a confirmed date and time for the hearing.

Council will contact all submitters who wish to be heard, to confirm time, date and venue of the hearing.

Upon receiving the submissions Council will then deliberate on any changes required and choose whether or not to adopt the Gambling Venues Policy during the Council meeting on 30 July 2025.

If you have any further queries or would like more copies of the Gambling Venues Policy, please contact Council on 07 306 9009.

Kawerau District Council Gambling Policy

Social Impact Assessment

www.kaweraudc.govt.nz

KAWERAU DISTRICT COUNCIL
Te Kaunihera ā rohe o Kawerau

Table of Contents

1 Introduction 3
2 Legislative Requirements 3
3 Current Policies 4
4 Gambling in New Zealand (Background) 5
5 Kawerau District Landscape 6
5.1 Ethnicity 6
5.2 Deprivation Index 7
5.3 Density 8
6 Gambling in Kawerau District 8
6.1 Class 4 Gambling Venues 8
6.2 Bay of Plenty Comparison 11
6.3 TAB Venues 12
7 Social Benefits of Gambling 12
7.1 Employment 12
7.2 Entertainment 12
7.3 Community Funding 13
7.4 Community Grants Return to Kawerau District 13
8 Social Cost of Gambling 14
8.1 Gambling Harm 14
8.2 Gambling Harm in Kawerau 15
8.3 Treatment Service Providers 16
9 Community Views 16
10 Conclusion 17

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1 Introduction

The Gambling Act 2003 and the Racing Industry Act 2020 requires Councils to implement a Class 4 Venue and TAB Venue policy (previously referred to as a Board Venues Policy). These policies must be reviewed every three years.

Section 102 of the Gambling Act 2003 and s96 of the Racing Industry Act 2020 requires the Policies to be reviewed every three years. However, it also notes that the policy does not cease to have effect where the policy is due for review, or is being reviewed.

Before adopting, reviewing or amending either policy, Council must take into account the social impact of gambling on the Kawerau community.[1] The purpose of this report is to present the key information that the Council will take into account to help inform the review of the Gambling Polices.

The report provides an overview of both the New Zealand and Kawerau specific gambling activity, with a particular focus on Class 4 Gambling (gaming machines in clubs or pubs). While Council is required to have a policy on TAB venues, currently there are no TAB venues within the Kawerau District. Kawerau does have one venue that provides TAB offerings.

This report has been prepared through a review and analysis of literature and secondary data. It also includes feedback from key stakeholders (gaming machine societies and gambling treatment services). The primary sources for this report were Te Tari Taiwhenua The Department of Internal Affairs (DIA), the Ministry of Health, Stats NZ and Grant.org.nz.

2 Legislative Requirements

Gambling in New Zealand is prohibited unless it is authorised under the Gambling Act 2003, the Racing Industry Act 2020, or it is defined as private gambling. Gambling includes a range of activities including Class 4 Gambling venues, TAB venues, lotto, scratch tickets, online gambling and private gambling. The scope of Council's policy and the social impact statement applies only to Class 4 and TAB gambling venues.

While it is illegal to provide online gambling in New Zealand with the exception of lotto and TAB, it is not illegal to gamble on off shore websites. Although being out of the scope of this report it is important to understand the stats provided only relate to onshore gambling activities.

Class 4 Gambling in New Zealand is a not for profit operation. Corporate Societies run the gaming machines to raise money for charitable purposes, community benefit or non-commercial business for the likes of sports teams and community organisations.

[1] Section 102 Gambling Act 2003, s96 Racing Industry Act 2020

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TAB Gambling Venues are owned or leased by the New Zealand Racing Board and the main business is providing racing and sport betting.[2]

Territorial Authorities must regulate Class 4 Gambling Venues and TAB Venues through the introduction of a gambling policy or policies. Regulation under the Gambling Act 2023 is limited to setting where venues can be located, the maximum number of gaming machines and the ability to enable relocation of gaming machines.

The Gambling Act allows a venue to have up to 18 machines if their licence was granted prior to October 2001, otherwise a venue must not have more than 9 gaming machines.

Under the Racing Industry Act, a Territorial Authority can regulate if and where a new TAB Venue can be located within the District.

A key reason for the Gambling Act 2003 is to prevent and minimise the harm caused by gambling. The Gambling Act 2003 define Harm:[3]

(a) means harm or distress of any kind arising from, or caused or exacerbated by, a person's gambling; and
(b) includes personal, social, or economic harm suffered –
  (i) by the person, or
  (ii) by the person's spouse, civil union partner, defacto partner, whānau, or wider community; or
  (iii) In the workplace; or
  (iv) by society at large

Gambling Venues must provide information and assistance to any person who they believe may have a gaming problem.

The gambling functions and compliance with legislation and policy is monitored by the Department of Internal Affairs.

3 Current Policies

Kawerau District Council adopted the current Gambling Venues Policy and the Board Venues Policy in December 2017. The policy aimed to restrict the growth of gambling by capping the number of Class 4 gambling venues, and capping the total number of gaming machines in the Kawerau District.

The Gambling Venues policy states the following:

- No consent will be issued for Class 4 Venues to be established in Kawerau District
- No consent will be issued for any gaming machines to be operated
- Maximum number of gaming machines is capped at 54
- Where a society reduces the number of gaming machines or ceases holding a gaming licence, the cap on the number of gaming machines will be reduced
- No relocation of any class 4 venue is allowed.

[2] Section 3, Racing Industry Act 2020
[3] Section 4, Gambling Act 2003

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The Board Venue policy sets out:

- The maximum of one Board Venue is permitted in Kawerau District
- A Board Venue must be located in the central business district

4 Gambling in New Zealand (Background)

New Zealanders spent $2.7 billion on gambling in the 2022/2023 financial year, which was up $500 million from the previous year. Breaking this down approximately $1 billion was spent on gaming machines (outside of casinos) and $376 million was spent at TAB venues.[4] Expenditure is known as gross profit being the amount waged, less the amount paid out in prizes, all forms of gambling.

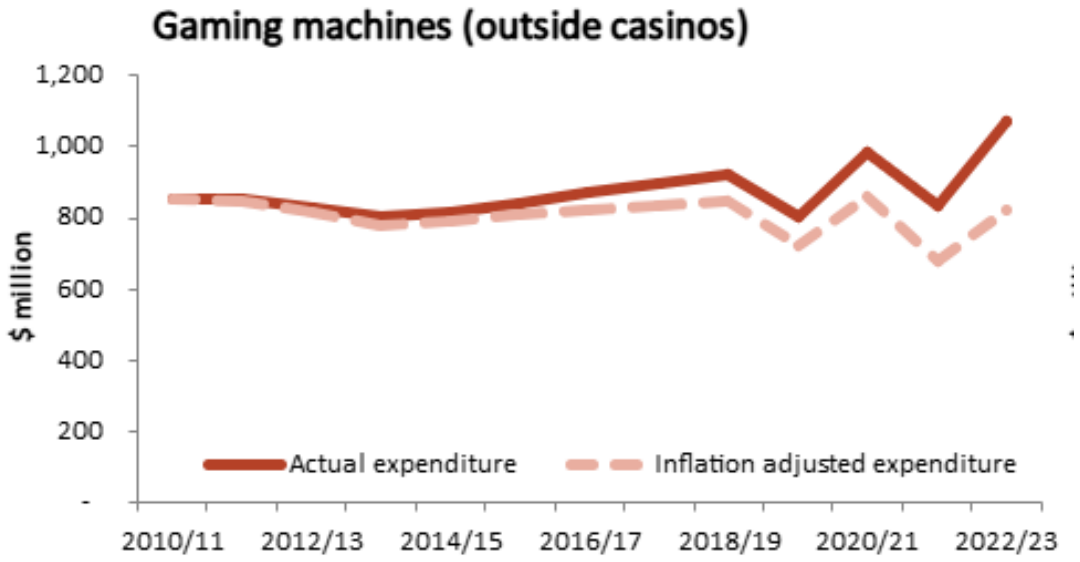

Figure 1 - New Zealand's Total Annual Expenditure at Class 4 Venues (Te Tari Taiwhenua Internal Affairs)

The 2020 Health and Lifestyles Survey found that a little over 69% of the population had participated in at least one form of gambling annually, with Lotto (59.1%), gaming machines (pub/club/casino) (10.9%), and Sports Betting (Horse, Dog, Sporting Events) (10.9%) being the most common forms of gambling.[5] A further 26.7% of the population participated in online gambling on overseas websites.[6]

In 2022/2023, New Zealand spent $1.07 billion on a total of 14,503 gaming machines, located in 1026 venues.

[4] Te Tari Taiwhenua Internal Affairs. Gambling expenditure webpage on the DIA website at URL: www.dia.govt.nz/gambling-statisticsexpenditure
[5] Problem Gambling Foundation (September 2024), Gambling in Aotearoa, www.pgf.nz - Gambling In Aotearoa New Zealand • Problem Gambling Foundation
[6] Problem Gambling Foundation (September 2024), Gambling in Aotearoa, www.pgf.nz - Gambling In Aotearoa New Zealand • Problem Gambling Foundation

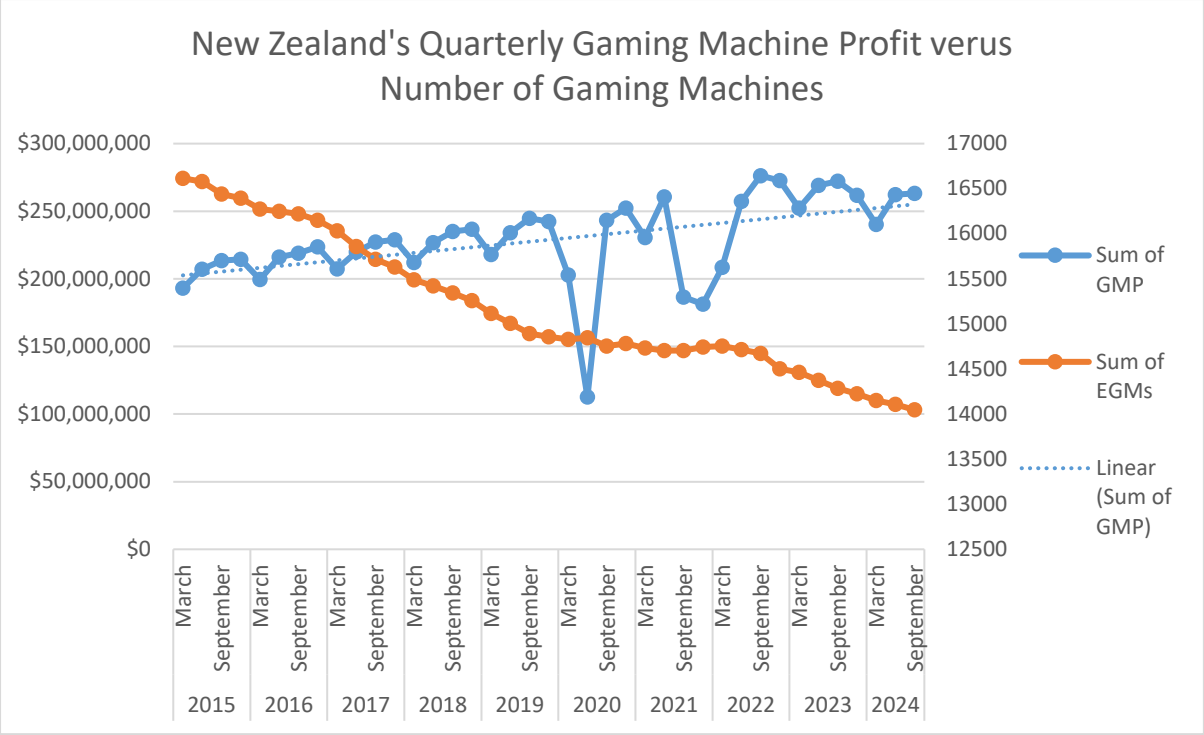

Figure 2 - New Zealand's Quarterly Gaming Machine Profit versus Number of Gaming Machines

The above chart shows that New Zealand's quarterly gaming machine profits are slowly increasing year on year, while the number of gaming machines are decreasing. This indicates that preventing gambling harm may not be as simple as reducing numbers of venues and machines.

5 Kawerau District Landscape

Kawerau District population was recorded as 7,539 during the 2023 Census, with approximately 5,361 being over the age of 18. This represents a change of 5.5% over the last 5 years (2018 – 7,146) and 12.3% over the last 10 years (2013 – 6,363).

5.1 Ethnicity

The majority of those living in Kawerau are from Māori descent, representing 63.2% of the Kawerau Community compared to the New Zealand average of 17.8%. According to the Census information, the Māori population in 2013 was 3,435, and in 2018, it was 4,521. This represents a 6.6% change over the last five years and 31.6% in the last 10 years.[7]

[7] Stats NZ 2023 https://2023census-statsnz.hub.arcgis.com/apps/530689dc8c5445fdb64f41769de95bdb/explore

2022/2023	Kawerau District	New Zealand
European	53.8%	67.8%
Māori	63.2%	17.8%
Pacific	4.7%	8.9%
Asian	3.3%	17.7%
Middle Eastern/Latin American/African	0.3%	1.9%
Other	0.9%	1.1%

Figure 3 - Ethnicity in the Kawerau District and Across New Zealand[8]

The Health and Lifestyle Survey conducted in 2020 found that Māori had a slightly higher participation rate in electronic gaming machines and TAB venues than other ethnic groups, but a lower participation rate in lotteries.[9] Māori were also identified as being 3.13 times more likely to be moderate risk or high-risk gamblers compared with people of European ethnicity, while Pacific and Asian people were more likely to be non-gamblers compared to Maori and those of European ethnicity.[10]

5.2 Deprivation Index

The deprivation index measures the socioeconomic deprivation in New Zealand based on social indicator data sourced from the 2018 Census. Deprivation is measured on a scale of 1 to 10, with 1 (Yellow) representing the least deprived areas and 10 (Red) being the most deprived. [11]

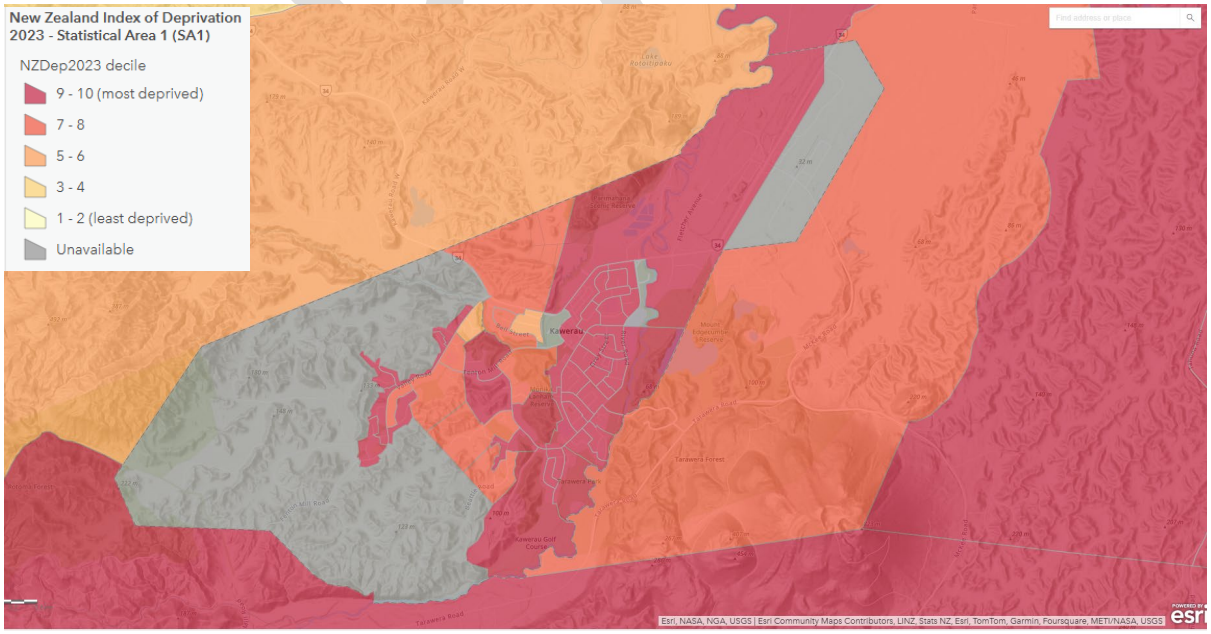

Figure 4 - Kawerau District Deprivation Index

[8] Stats NZ 2023 http://www.stats.govt.nz/2023-census/
[9] Health Promotion Agency, (2020), Gambling Participation
[10] Health Promotion Agency, (2018), Gambling Report Results from the 2016 Health ans Lifestyles Survey http://www.hpa.org.nz/sites/default/files/Final-Report_Results-from-2016-Health-And-Lifestyles-Survey_Gambling-Feb2018.pdf
[11] Environmental Health Intelligence New Zealand (2023)https://www.ehinz.ac.nz/indicators/population-vulnerability/socioeconomic-deprivation-profile/#new-zealand-index-of-deprivation-nzdep

The deprivation index is assessed on nine census variables including, no access to the internet at home, people receiving a means tested benefit, households with income below the income threshold, unemployed, no qualification, not living in their own home, in a single parent family, people living in households below the bedroom occupancy threshold and people living in a dwelling that is damp or mouldy.[12]

Kawerau Gambling venues are located in the central business area, which has a deprivation level of 9.[13]

Studies have shown a strong correlation between gaming machine profits and gaming machine density, meaning the closer the gaming machines are to each other, the higher the spending. This is further backed up by studies finding a connection between closer proximity to gambling venues as well as gaming machine density increases with an increase in problem gambling.[14]

5.3 Density

Based on the estimated district-wide population of 5,361 over 18 years old, the ratio of gaming venues is 1 venue per 2,680 people and there are 6.72 gaming machines per 1000 adults. This is consistent with the trend across New Zealand that gaming machines are more likely to be found in the more highly deprived areas.[15]

6 Gambling in Kawerau District

6.1 Class 4 Gambling Venues

In January 2024, there were 36 gaming machines split between two licenced Class 4 Gambling Venues in the Kawerau District. As shown in the figure below, the two venues are located within the central business area and are within 120m walk from each other.

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[12] Environmental Health Intelligence New Zealand (2023)https://www.ehinz.ac.nz/indicators/population-vulnerability/socioeconomic-deprivation-profile/#new-zealand-index-of-deprivation-nzdep

[13] https://www.arcgis.com/apps/mapviewer/index.html?webmap=e051f62ff714474caba8348552fd7524 NZ Deprivation 2023

[14] Ward, A McIvor, & Bracewell, P (2019) The geographic distribution of gaming machine proceeds in New Zealand Kotuitui:New Zealand Journal of Social Sciences Online, 15(1), 54-74 doi: https://doi.org/10.1080/1177083X.2019.1640752

[15] Francis Group (2009). Informing the 2009 problem gambling needs assessment: Report for the Ministry of Health. Wellington: Ministry of Health.

Figure 5 - Kawerau District Gambling Venues

Since the last review of the gambling policies in 2017, Kawerau District has seen a reduction from four venues with 54 gaming machines to two venues with 36 gaming machines.

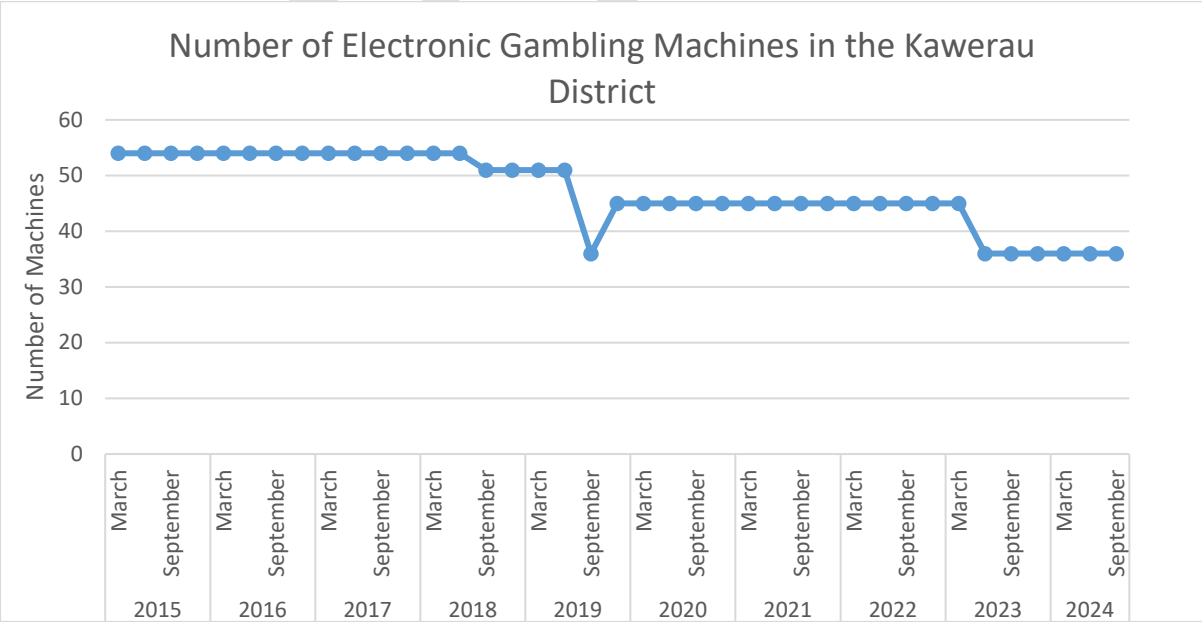

Figure 6 – Electronic Gaming Machine in Kawerau District

The Remaining venue details are outlined below.

Society Name	Venue Name	Number of Gaming Machines	Deprivation Score
Lion Foundation	Caymans Sports Bar	18	9
Four Winds Foundation	Kawerau Hotel	18	9

Figure 7 – Class 4 Venues in Kawerau District

While venues and machine numbers have decreased over time, both in Kawerau and nationally, Gaming Machine Profits continue to increase. This means players are either spending longer hours playing gaming machines, betting more per game or more players are playing gaming machines.

During the 2023/2024 year, a total of $3,061,861 was paid into gaming machines within Kawerau. Based on the estimated district-wide population of 5,361 over 18 years old the expenditure is approximately $571.14 per adult in Kawerau. This is an increase from the 2022/2023 year being $546.41 per adult.

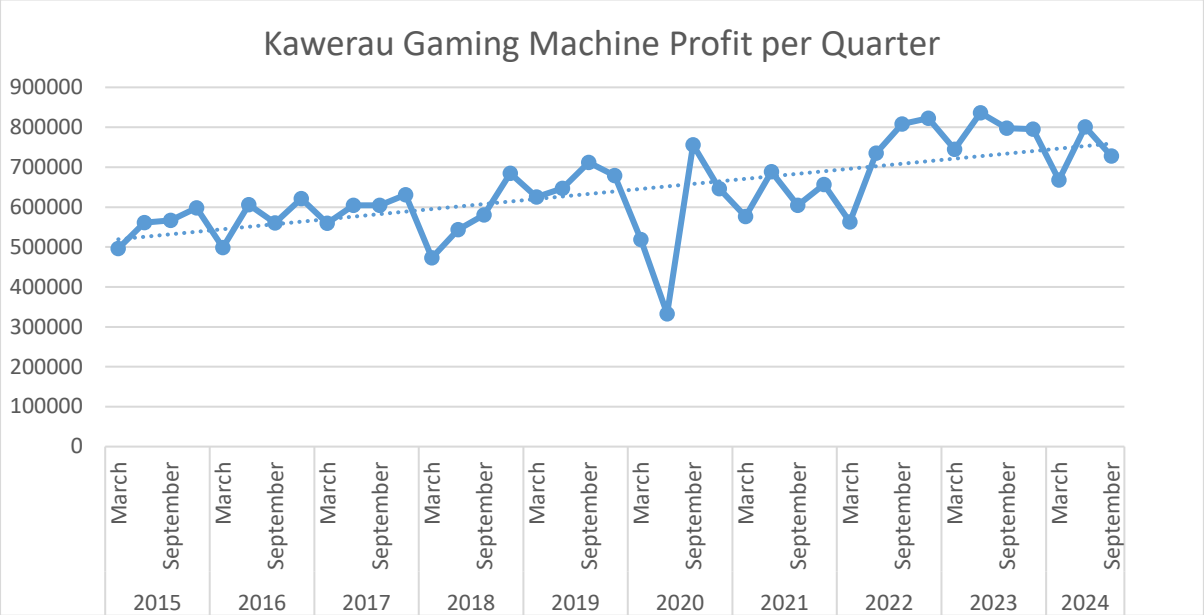

Figure 8 Expenditure on Gaming Machines in Kawerau District

Kawerau District was represented in the Top 5 Territorial Authorities by gaming machine profits (GMP) per Electronic Gaming machine (EGM) for the June 2024 Quarter. Kawerau had a sizeable 20.8 percent GMP per EGM increase in the last quarter.

The quarterly GMP data for April to June showed a 9.9 percent nominal increase from the previous quarter. It was also the highest March to June quarter increase since 2015 and the second highest June quarter since records commenced in 2015 with only June 2023 being higher.

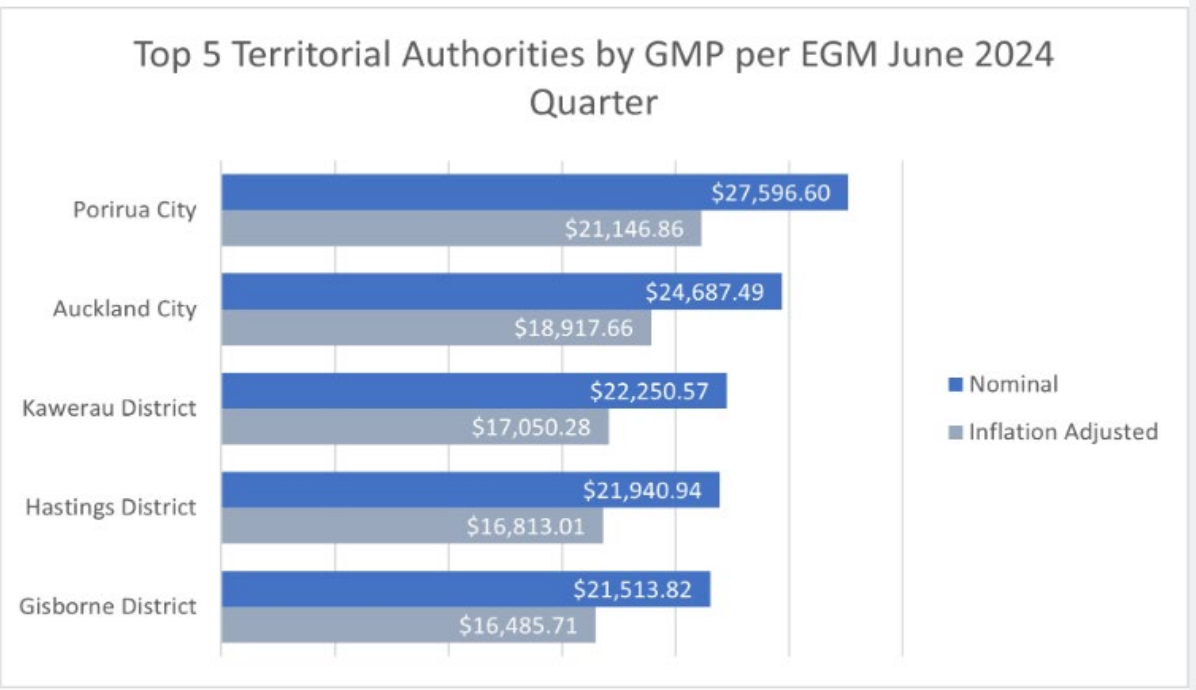

Figure 9 - Top Five Territorial Authorities by Gaming Machine Profit per gaming machine.[16]

6.2 Bay of Plenty Comparison

A comparison across the Bay of Plenty shows that despite having the lowest number of gaming machines in the Bay of Plenty region, on average the machines in the Kawerau District bring in more profit than all but Tauranga City Council.

District	Number of Class 4 Venues	Number of Electronic Gaming Machines	Quarterly GMP for period ending Sept 2024	Average GMP per Gaming Machine
Tauranga City Council	31	453	9,883,489.95	$21,817.86
Western Bay of Plenty Council	9	141	2,225,657.74	$15,784.81
Rotorua Lakes Council	24	354	6,412,193.68	$18,113.54
Whakatāne District Council	10	161	3,074,201.81	$19,094.42
Ōpōtiki District Council	4	57	649,804.29	$11,400.08
Kawerau District Council	2	36	727,727.00	$20,214.64

Figure 10 - Regional Comparison of Expenditure

[16] DIA, (2024) https://www.dia.govt.nz/gambling-statistics-gmp-dashboard#dashboard

6.3 TAB Venues

A TAB venue is defined as any premise owned or leased by the New Zealand Racing Board and the main business is providing racing and sport betting. There are currently no TAB Venues located in the Kawerau District. TAB venues apply 80% of their net proceeds to Racing Authorised Purposes which supports the New Zealand Racing Industry to promote, control and conduct race meetings. The other 20% is applied to Sport Authorised Purposes such as community sports teams.[17]

7 Social Benefits of Gambling

Gambling has the ability to benefit the community through providing community funding, employment opportunities and it offers a form of entertainment.

7.1 Employment

There is no up to date data on how many people are employed in the Class 4 Gambling sector. Looking from the perspective that you are not only employing staff to monitor gambling venues, but also the Corporate Societies that manage the funds and issue grants and the Department of Internal Affairs that enforce licencing and compliance functions, it would be fair to say it would easily be in the hundreds.

The New Zealand Institute of Economic Research estimated that if current levels of household expenditure on gaming machines were to be transferred to retail spending; this could create an additional 1,127 full-time equivalent jobs.[18] While this indicates the benefit of employment would remain whether or not gambling was in play, however the research went on to suggest that if gambling was removed, it is likely the money would be transferred to another type of gambling, including illegal gambling.

Therefore, while Class 4 Gambling remains in place, it does provide employment opportunities in New Zealand.

7.2 Entertainment

For most people, gaming is a chosen form of entertainment and provides leisure and recreation. With 10.9% of New Zealand's population playing gaming machines and a further 10.9% betting on sports event or racing,[19] its entertainment value is difficult to dispute.

Gambling may be sought out as a form of socialising, relaxation, excitement or the dream of winning that big jackpot. [20]

[17] TAB NZ, (2020) Grant information and Dates http://www.tabnz.org/grant-information-dates
[18] New Zealand Institute of Economic Reserch (2020) The retail Employment and Tax Costs of Class 4 Gambling in New Zealand: NZIER report to the Problem Gambling Association https://img.scoop.co.nz/media/pdfs/2008/Final_Report_Diverting_gambling_losses_22_June.pdf
[19] Problem Gambling Foundation (September 2024), Gambling in Aotearoa, www.pgf.nz - Gambling In Aotearoa New Zealand • Problem Gambling Foundation
[20] TDB Advisory (2021), Gambling in New Zealand: A National Wellbeing Analysis http://www.gamblinglaw.co.nz/download/Gaming_in_New_Zealand.pdf

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7.3 Community Funding

Class 4 Gambling is a not for profit activity. Gaming Societies are required to distribute a minimum of 40% of their net proceeds for authorised purposes. Information regarding the distribution through community grants must be published and made available to the community.

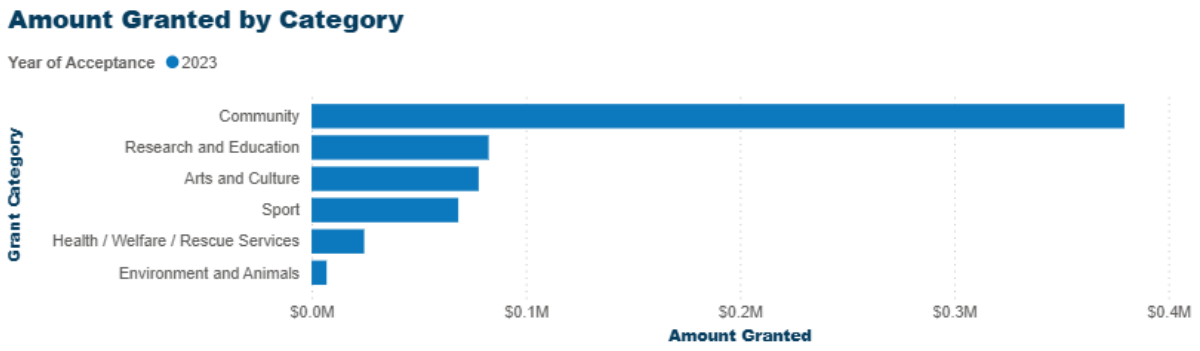
In 2023, a total of $345.46 million was returned to the community through community grants from Class 4 Gambling. This was made up of 23,982 grants approved to 9,783 different organisations for a range of activities covering Sport, Health and Welfare, Research and Education and Arts and Culture and other unspecified grants.

7.4 Community Grants Return to Kawerau District

The proportion of funds distributed to Kawerau District from gaming machine proceeds for the last five years is outlined in the table below. In 2019, Kawerau received a return of 59.75% that is well above the required 40%. On average over the last five years Kawerau has received 28.64%, however when removing 2019 which is an anomaly, the percentage drops back to 20.86%.

Comparison – Gaming Machine Profits and Return to Kawerau Community					
Year	**2019**	**2020**	**2021**	**2022**	**2023**
Gaming Machine Profit	$2,663,108	$2,254,004	$2,526,002	$2,929,320	$3,173,811
Kawerau Grants	$1,590,311	$527,236	$453,445	$642,218	$640,006
% of funds returned to Community	59.75%	23.39%	17.95%	21.92%	20.17%
40% Share	$1,065,243	$901,602	$1,010,401	$1,171,728	$1,269,524
Credit/Shortfall	+$525,068	-$374,366	-$556,956	-$529,510	-$629,518

Figure 11 – Comparison of the Gaming Machine Profit and Return to Kawerau Community



Society Name	Amount Granted
Aotearoa Gaming Trust	$4,544
New Zealand Commun...	$521,568
One Foundation	$20,504
The Lion Foundation	$93,450
Total	**$640,066**

Figure 12 - Amount Returned to Kawerau by Category and by Society - 2023[21]

8 Social Cost of Gambling

Gaming machine numbers have decreased however the gaming machine profits coming from gaming machines have still been increasing.

Gaming Machine Profits by Territorial Authority

Despite having the lowest number of gaming machines in the Bay of Plenty region, on average the machines in the Kawerau District bring in more profit than all but Tauranga City Council.

Kawerau District Council's current policy is to restrict the growth of gambling by capping the number of Class 4 gambling venues, and capping the total number of gaming machines in the Kawerau District.

8.1 Gambling Harm

When talking about gambling harm, while much of the focus is on the person who gambles and is experiencing harm, it is important not to overlook the extended reach that gambling harm can have on whānau, friends and the general community.

The 2020 Heath and Lifestyle survey found that 4.5% of the New Zealand adult population have experienced some kind of harm from gambling. The level of harm in the overall population has remained relatively stable at around 5% since 2012.[22]

National and overseas surveys and research consistently identify Class 4 gaming machines as the type of gambling most associated with gambling problems.[23] Personal gambling related harm can include depression, anxiety, suicide, poor physical and mental health, financial indebtedness, bankruptcy, arrest, imprisonment, unemployment and divorce. [24]

[21] Te Tari Taiwenua Internal Affairs (2024)
[22] Te Whatu Ora - Health and Lifestyle Survey - https://doi.org/10.60967/healthnz.26536336.v2
[23] Ministry of Health (2010). Problem Gambling Resource for Local Government, Wellington: Ministry of Health.
[24] Abbott, MW (2001, June). What do we know about gambling and problem gambling in New Zealand? Report no. Seven of the NZ Gaming Survey. Wellington: Department of Internal Affairs.

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In 2011/12, about one in 40 people were negatively affected by other people's gambling. Children of problem gamblers face a 31% chance of having alcohol disorders and a 19% chance of experiencing major depression at some point in their lives, compared with 4% and 7% respectively for the general population.[25] Māori and Pacific people were more likely to be affected by other people's gambling than those in other ethnic groups.[26]

Living in a high deprivation area is a major risk factor for problem gambling.[27] The second major risk factor is ethnicity. Māori and Pacific adults are approximately four times more likely to be problem gamblers compared to the population as a whole, and Māori and Pacific women are the group most likely to suffer harm related to non-casino gaming machines.[28] Other risk factors for problem gambling included having few educational qualifications and being aged 35 – 44 years.[29] Being unemployed or out of the workforce are also cited as risk factors.[30]

Problem Gambling Foundation and the National Public Health Service both advise that the data available around problem gambling does not provide a full picture of gambling harm in the community. This is largely due to the lack of people seeking assistance from gambling harm treatment providers.

8.2 Gambling Harm in Kawerau

Problem Gambling Foundation and the National Public Health Service both advise that the data available around problem gambling does not provide a full picture of gambling harm in the community. This is largely due to the lack of people seeking assistance from gambling harm treatment providers.

The Ministry of Health provide intervention client data as outlined below:

Year	New Client	Total Clients	Total NZ Clients	Increase from previous year	Kawerau Client as % of Nz Clients
2018/2019	20	29	10602	0.4%	.27%
2019/2020	8	14	9502	-10.4%	.15%
2020/2021	22	29	10946	15.2%	.26%
2021/2022	3	4	9683	-11.5%	.04%
2022/2023	6	7	10386	7.3%	.07%

Table 13 - Client using Intervention Services for Gambling Harm[31]

[25] Loach, E (2013, October). Submission on the Kawerau District Council Gambling Venue Policy. Tauranga: Problem Gambling Foundation of New Zealand.
[26] Ministry of Health (2012). Problem Gambling in New Zealand: Preliminary findings from the New Zealand Health Survey (July 2011 to March 2012). Wellington: Ministry of Health.
[27] Ministry of Health (2008). A Portrait of Health: Key results of the 2006/07 New Zealand Health Survey. Wellington: Ministry of Health.
[28] Ministry of Health (2009). Preventing and minimising gambling harm: Consultation document. Wellington: Ministry of Health.
[29] Ministry of Health (2010). Problem Gambling Resource for Local Government, Wellington: Ministry of Health.
[30] Loach, E (2013, October). Submission on the Kawerau District Council Gambling Venue Policy. Tauranga: Problem Gambling Foundation of New Zealand.
[31] Ministry of Health Gambling Harm Intervention Services

8.3 Treatment Service Providers

Gambling can be a source of entertainment, but for those that think gambling is causing them harm there are treatment service providers available to assist.

There are no dedicated face to face gambling harm services in the Kawerau District. The nearest face to face service provider is located in Rotorua – Manaaki Ora Problem Gambling Service, 1154 Hinemoa Street, Level 1, Rotorua phone 0800 784 842.

National Services are available for those that have access to phone or email. These services include:

Problem Gambling Foundation Services
- Gambling Helpline – 0800 664 262
- Text 5819
- Email – help@pgf.nz

Gambling Helpline – 0800 654 655
- Text 8006

Gambling Māori Helpline - 0800 654 656
Gambling Pasifika Helpline – 0800 654 657
Gambling Youth Helpline – 0800 654 659
Asian Family Services
- 0800 662 342
- Text 832
- Email - help@asianfamilyservices.nz

9 Community Views

Kawerau District Council undertook its last review in 2017. During this review three submissions were received from the community in relation to the Class 4 Venue Policy and the Board Venue Policy. The three submissions all raised concerns in regards to the number of gaming machines and the relocation of venues.

Two of the submitters requested the sinking lid policy be replaced with a cap of 54 gaming machines being the total number in use at that time. They both also requested the adoption of a relocation policy. The third submitter did not support the reduction in numbers of venues and gaming machines and did not support the provision disallowing relocation. All the submissions were received from gambling associated organisations.

Kawerau District Council is expecting to commence the community consultation process in the first quarter of 2025. This will provide stakeholders and community members alike, an opportunity to express their views on gambling. Council will consider all submissions prior to finalising any updated policy.

Key stakeholders were provided an opportunity to feed into the Social Impact statement and their responses have been attached.

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10 Conclusion

The purpose of the social impact assessment is to inform the review of the Gambling Venue Policy and Board Venue Policy. This report provides an overview of gambling across New Zealand and more specifically Kawerau District. This report demonstrates there are both positive and negative elements to gambling, like with many things, and it is about finding the balance for the benefit of the community.

Since the last review in 2017, Kawerau has reduced the gambling venues from 4 to 2 and reduced the gaming machines from 54 to 36. During this period Kawerau has also seen an increase in expenditure going into the gaming machines.

The gambling prevalence rate (number of people seeking assistance) may be on the lower end of the scale (between 0.04% - 0.27% of adults), however it is likely those suffering gambling harm is largely underestimated.

The density of gambling venues in Kawerau is medium based on the population with 6.72 gaming machines per 1000 adults. This is intensified given the gambling venues are in a high deprivation area (9) and the two venues are close in proximity.

Māori make up 62.3% of Kawerau's population, which is significantly higher than the national average of 17%. While this should be seen as a positive, research indicates Māori are at greater risk of gambling harm and this is only increased due to the high percentage within our community.

The social impact assessment concludes that the community, is at high risk from gambling harm, and the numbers seeking help for gambling harm are unlikely to be truly reflective of the harm in our community. Our current policy while being largely effective in reducing the number of venues and gaming machines, it has been ineffective in reducing gambling harm as the gaming machine profits continue to rise.

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