

Mahere ā tau

Proposed Annual Plan 2023-2024

Consultation document



Kōrero mai!
Talk to us

Kō Pūtauaki te Maunga
Kō Te Aotahi te Tangata
Kō Te Takanga i o Apa te wai
Kō Tūwharetoa te Iwi
Kō Te Arawa te Waka
Tihei Mauri Ora

Pūtauaki is the mountain
Te Aotahi is the guardian
Te Takanga i o Apa is the water
Tūwharetoa is the tribe
Te Arawa is the canoe
There is Life



Council contacts

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Pukamata | [facebook.com/KawerauDistrictCouncil](https://www.facebook.com/KawerauDistrictCouncil)

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Timeline

Submissions open	28 April 2023
Submissions close	26 May 2023
Hear Submissions at Extraordinary Council Meeting	7 June 2023
Adopt Annual Plan	28 June 2023

Public Engagement Hui

Nau Mai Haere Mai | All Welcome

8 May 5:30pm	Concert Chambers, Ranfurly Court
11 May 10:30am -12 noon	Kawerau Market, Circus Paddock
12 May 1:30pm	Grey Power, Concert Chambers, Ranfurly Court
22 May 5:30pm	Kawerau Pūtauaki School Hall

Message from the Mayor and Chief Executive

Welcome | Kia ora koutou katoa

Tēnā tātau katoa – warm greetings to you all on behalf of Te Kaunihera o Kawerau | Kawerau District Council.

Thank you for your support since the new Council took the oath of office last October to serve you, our community.

Te Kaunihera o Kawerau welcomes you to the draft Annual Plan for the upcoming financial year starting 1 July 2023 through to 30 June 2024.

This annual plan endeavours to balance the needs and wishes of the community, with the aspirations and resourcing of Te Kaunihera o Kawerau.

We are mindful of the changing political environment nationally, including reforms of three waters, local government, the resource management and natural built environment act and civil defence.

Closer to home, we are collaborating with our neighbours in a number of areas including the Eastern Bay local alcohol policy and spatial plan, a review of how to grow and future-proof our wider district.

Within our rohe, we are looking to maintain the high level of services expected by our community. The balancing act is that global and national forces are affecting costs for every household, business and us, your Council.

The vision to ensure Kawerau has a sustainable future means as a Council we need to focus on our priorities.

Replacing our drinking water pipes and reducing the discoloured water issues for residents is our priority. This includes bringing forward works, where budgets allow.

The Council housing strategy is enabling further growth and more quality housing for our growing population. This will provide healthier and more efficient homes for whānau and will assist our schools, businesses and industry to prosper into the future.

Acknowledgment and thanks to our Iwi Kaumātua and Tangata Whenua, engagement partners and all the community for your continued input and feedback. We hear you and look forward to you working with and alongside you as we plan for our future.

Our wero | challenge

These are challenging times. When Council set the Long Term Plan 2021, we had forecast a rates increase of 3.5 percent for the 2023-2024 year. Since then, the economy has become more difficult. Global issues such as the pandemic and international conflict are affecting the availability and supply of goods.

These external influences, are affecting our high inflation and interest rates. There are constraints on goods and services, and increases in the cost of fuel, construction materials and labour, compounded by natural disasters hitting food production, causing impacts across all sectors.

Council's annual budget includes many fixed costs relating to the supply of services and facilities to the community. We have had to look at ways to reduce the overall rates increase, especially after last year's jump due to the loss of our biggest ratepayer.

To manage the rates increases in 2022, we adjusted the differential from 45 percent residential to 48 percent and to 52 percent commercial/industrial. This differential will remain in place in 2023-2024.

This year we are looking at a new approach to keep the rates increases to a minimum and believe we have come up with a viable short-term option.

This document outlines how we plan to fund less of the depreciation costs in the coming year to lower the rates increases and balance increasing costs. This gives some time, until we can expect a more stable economy where inflation and interest rates ease.

We warmly invite you to attend one of our engagement hui, to ask questions and provide feedback.

Nau mai haere mai | All Welcome



Faylene Tunui
Kahika | Mayor



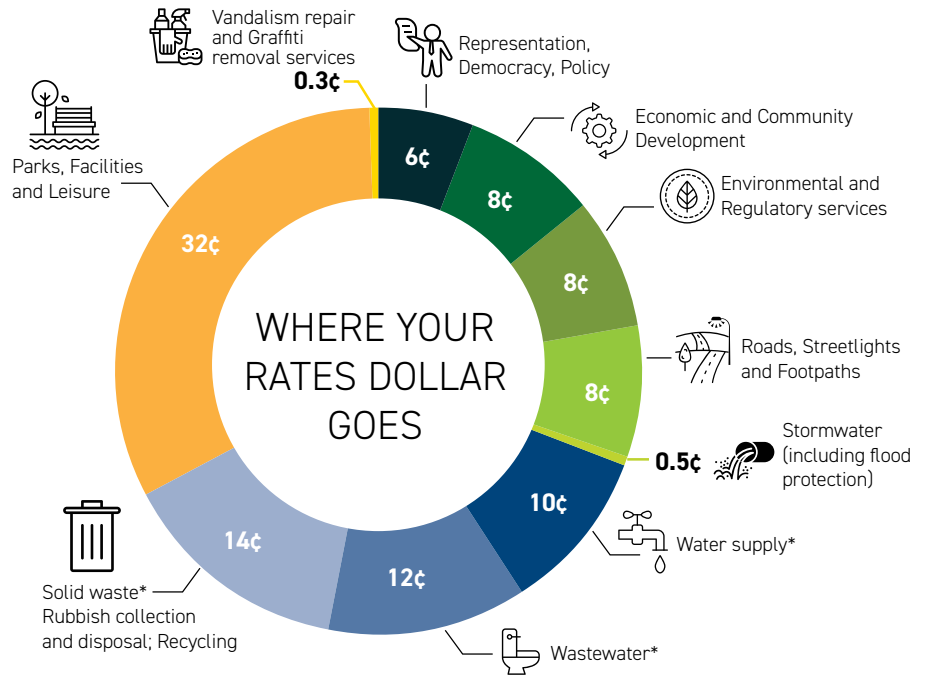
Russell George
Tumu Whakarae | Chief Executive



Your rates pay for a lot including services and facilities

This is indicative only for an average residential property.

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



Council's proposal to set the rates for 2023-2024

- ▶ An overall rates increase of 8.2 percent.
- ▶ A \$100 increase in the Uniform Annual General Charge to \$850 (included in 8.2 percent increase). Please note: The Uniform Annual General Charge is a flat fee across all properties. The remaining rates charged are based on the capital value of the properties.
- ▶ No change to the general rate differential of 48 percent Residential and 52 percent Commercial/Industrial.
- ▶ Increase in most fees and charges in line with inflation of 7 percent.

Proposed rate increase

The following table is a summary of the Council's proposed overall rating requirements for 2023-2024.

Rates	2022-23 \$	2023-24 \$	Difference \$	%
General Rates	10,762,550	11,814,630	1,052,080	9.8%
Targeted Rates:				
Water Supply*	216,440	175,490	(40,950)	-18.9%
Wastewater	433,940	350,640	(83,300)	-19.2%
Refuse Collection	540,690	594,960	54,270	10.0%
Total Rates	\$11,953,620	\$12,935,720	\$982,100	8.2%

*includes water by Meter for properties that have high water usage.

Overview

Council appreciates that the rising cost of living is hitting the community and businesses hard.

Initial budget estimates during our Annual Plan 2023-24 process, showed a rates increase of 13.9 percent due to:

- ▶ Surpluses from residential sales at Central Cove were used in the 2022-2023 budget to lower the rates requirement. These surpluses are not available for use in 2023-2024. The \$550,000 used in 2022-2023 equates to a 4.6 percent increase.
- ▶ Increased Operating Costs: Personnel 3.8 percent; Solid Waste 2.0 percent; Long Term Plan audit 1.0 percent; Other (incl. building compliance audit) 1.3 percent.
- ▶ The Long Term Plan anticipated a 2.9 percent increase in depreciation. However, the revaluation of assets was much higher rising by \$18.8 million, increasing depreciation by 22.9 percent or \$758,850, contributing 3.8 percent.

What are we proposing?

To keep rates rises to a minimum, Council has investigated various options to retain the current levels of services, despite rising costs for solid waste, water, and recruiting and retention of a full complement of staff to serve the district.

One method is to lower the portion of depreciation we fund. With the current economic situation, Council has assessed that based on ratepayer affordability, it is appropriate to decrease the rates requirement by reducing the level of depreciation Council will fund.

This will reduce the rates impact in this Annual Plan and defer it to the future when inflation is expected to have stabilised.



What is depreciation funding?

Assets such as buildings, roads, facilities, parks, bridges and water treatment plants wear out over time and are eventually renewed or replaced. Depreciation is the method used to account for the cost of these assets over the asset's lives.

Funding this depreciation through rates each year means that ratepayers now (and in the future) pay their share of the use of assets.

Since 1998, Council has not fully funded the depreciation for specific non-strategic assets. The advantage is that ratepayers are not paying for depreciation on assets such as the Council Offices, which are unlikely to be replaced with buildings of equivalent value.

Also, Council does not fully fund depreciation on roads subject to Waka Kotahi (New Zealand Transport Agency) subsidies.

Options for depreciation funding

Council's preferred option

OPTION 1

Lower the amount of depreciation being funded from 67% to 53%.

This is achieved by increasing the amount of depreciation that is not being funded from \$1.33 million to \$1.91 million (an increase of \$583,000).

Impact on level of service

No impact on level of service

Impacts on rates

Reduction from 13.9 percent to 8.2 percent

Impact on debt

No impact on short term debt, continual non-funding of depreciation, may require funding from debt in the future

OPTION 2

Fund depreciation as previously to the full extent, excluding non-essential assets (as resolved in 1998).

Impact on level of service

No impact on level of service

Impacts on rates

13.9 percent rates increase

Impact on debt

No impact on existing or planned debt



Photo left: Two of Council's reservoirs at Monika Lanham Reserve and the new Riser Main upgrade.

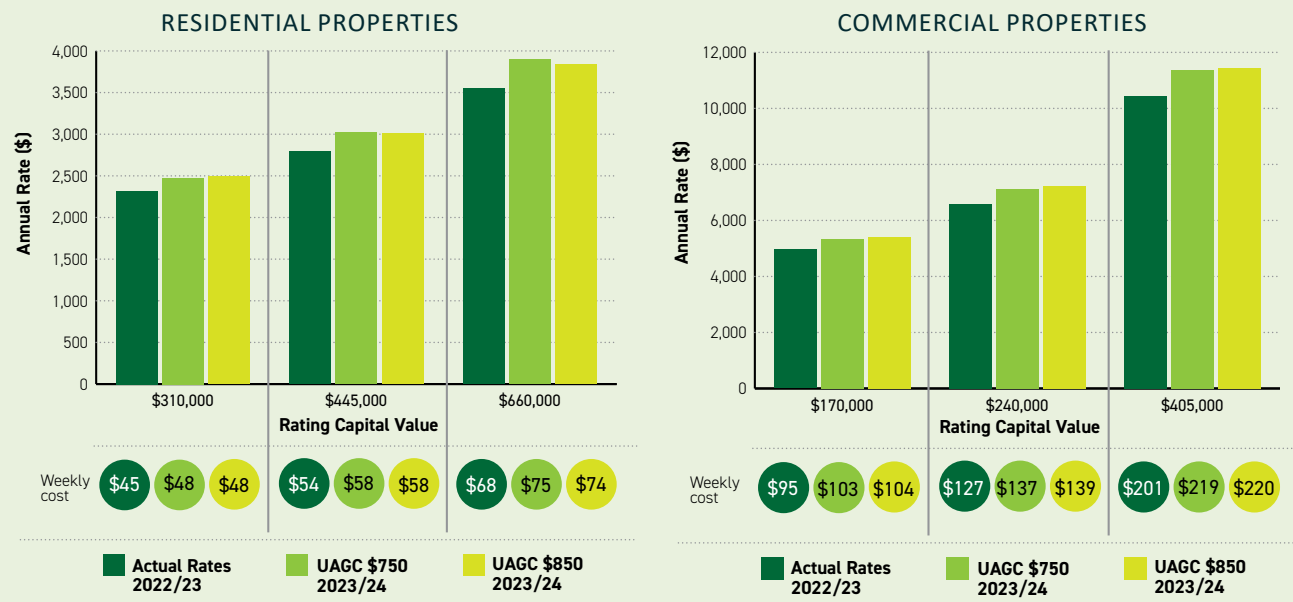
What your rates might look like next year

Below shows what your rates may look like for the coming financial year from 1 July 2023 to 30 June 2024. These figures are based on Council’s preferred option to fund 53 percent of depreciation which means an average rates increase of 8.2 percent across the district.

Capital Value (\$)	Rates 2022/23 (\$)	Rates based on the current \$750 Uniform Annual General Charge (no change).				Rates based on the proposed Uniform Annual General Charge of \$850.				
		Rates 2023/24 (\$)	Increase (\$)	Increase (%)	Weekly Increase (\$)	Rates 2023/24 (\$)	Increase (\$)	Increase (%)	Weekly Increase (\$)	
Residential Properties										
52,000	1,407.16	1,422.38	15.22	1.1%	-	1,509.21	102.05	7.3%	2	
235,000	2,053.15	2,168.05	114.90	5.6%	2	2,208.53	155.38	7.6%	3	
310,000	2,317.90	2,473.66	155.76	6.7%	3	2,495.14	177.24	7.6%	3	
390,000	2,600.30	2,799.63	199.33	7.7%	4	2,800.85	200.55	7.7%	4	
400,000	2,635.60	2,840.38	204.78	7.8%	4	2,839.07	203.47	7.7%	4	
445,000	2,794.45	3,023.74	229.29	8.2%	4	3,011.03	216.58	7.8%	4	
450,000	2,812.10	3,044.12	232.02	8.3%	4	3,030.14	218.04	7.8%	4	
465,000	2,865.05	3,105.24	240.19	8.4%	5	3,087.46	222.41	7.8%	4	
530,000	3,094.50	3,370.09	275.59	8.9%	5	3,335.85	241.35	7.8%	5	
660,000	3,553.40	3,899.80	346.40	9.7%	7	3,832.64	279.24	7.9%	5	
710,000	3,729.90	4,103.54	373.64	10.0%	7	4,023.71	293.81	7.9%	6	
Commercial/Industrial Properties										
170,000	4,962.66	5,332.53	369.87	7.5%	7	5,422.06	459.40	9.3%	9	
240,000	6,592.82	7,133.72	540.90	8.2%	10	7,218.95	626.13	9.5%	12	
405,000	10,435.34	11,379.39	944.05	9.0%	18	11,454.46	1,019.12	9.8%	20	
1,090,000	26,387.62	29,005.36	2,617.74	9.9%	50	29,038.25	2,650.63	10.0%	51	
10,163,000	237,679.64	262,465.77	24,786.12	10.4%	477	261,940.09	24,260.45	10.2%	467	
20,300,000	473,750.10	523,304.32	49,554.22	10.5%	953	522,154.57	48,404.47	10.2%	931	
34,750,000	810,261.70	895,122.12	84,860.42	10.5%	1,632	893,082.77	82,821.07	10.3%	1,593	
46,250,000	1,078,073.70	1,191,032.48	112,958.78	10.5%	2,172	1,188,285.15	110,211.45	10.2%	2,119	

Please note: The Uniform Annual General Charge is a flat fee across all properties. The remaining rates charged are based on the capital value of the properties. As the table shows - the overall proposed rate increase across the district is 8.2 percent. Rates increases for individual properties will vary depending on the value of the individual properties.

Rates examples with current and new Uniform Annual General Charge (UAGC)



What we are planning this year

Our focus is on building a plan that enables us to create a resilient and sustainable Kawerau District. The focus and priorities are completing only planned capital projects and ongoing preventative maintenance.

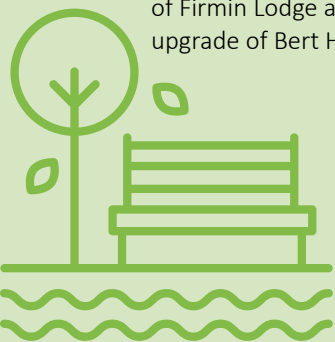
Community Facilities

We provide a wide range of facilities including the library and museum, pools, community halls, parks, reserves, cemetery, sportsgrounds, housing for the elderly and public toilets.

Completing the rebuild of the Rangī Delamere Pavilion is a priority. Council acknowledges the community for their patience as Council worked through multiple delays to start the rebuild including structural integrity issues, the discovery and removal of asbestos, and rising construction costs. In late 2022, Council authorised an additional \$445,000 to top up the \$550,000 insurance payout to complete the \$995,000 rebuild.

Maintaining other well-used community facilities, including the acoustic upgrade of Firmin Lodge and the planned acoustic upgrade of Bert Hamilton Hall will continue.

Council continues to support the Kawerau Trails Trust which aims to deliver walking and cycling tracks.



Community Services

Council provides a range of community and regulatory services like building consents and environmental health. Our focus in the coming year will be making sure we are delivering a good customer experience and meeting our timeframes. Priorities for the coming year include upgrading our CCTV system to protect community assets, building greater resilience through our Emergency Management group and growing our community engagement.

Council also manages the funding and delivery of the showcase community event Christmas in the Park and looks forward to hosting the second annual Matariki Morning tea for Kaumātua in 2023.



Economic Development

Through the district housing strategy, we will continue to enable new housing at the Central Cove and Hine Te Ariki and Bell Street developments, and via the new Stoneham Park Residential Development. The Porritt Glade Lifestyle Village has been completed. Council continues to work with industry and businesses to bring new opportunities into the district.



Democracy

We will review our District Plan and Spatial Plan with our neighbouring councils, to ensure we plan for the future and enable the type of development the community wants. Council will also be preparing and engaging with the community on the Long-term Plan 2024-2034. This is the document that Council develops to identify its budgets and projects for the next 10 years.





Solid Waste

Rising costs to transport and dispose of solid waste at the Tirohia Landfill, along with increased government levies is an increasing burden on ratepayers. To off-set these increased costs, fees for commercial users of the Transfer Station were increased in December 2022. In the upcoming Long Term Plan, Council will review its solid waste operations and fees and charges.



Youth Development

The Youth Strategy sees continued support for development and leadership initiatives for rangatahi including the Kawerau Youth Council, the annual Young Achiever Awards, Tuia mentoring programme supported by Her Worship the Mayor, and the Mayors' Taskforce for Jobs, an investment of \$500,000 into pathways to full-time employment. The Youth Development strategy sees Council continue to support events and activities as a key pillar for youth development.

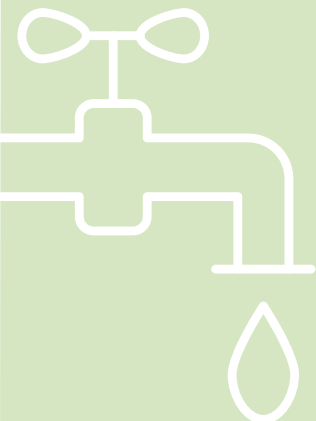
Three Waters

Under the Government's Three Waters Reform programme these services will cease to be provided by Council from 1 July 2026 and will be transferred to one of the 10 entities now planned. To ensure the needs of our community are met, we are working hard to make sure the critical improvements are made prior to this change.

Replacing 48km* of the network's old drinking water pipes with polyethylene pipes in a staged approach continues. Currently, the pipes in River Road are being replaced and the next zone will be between River Road and Onslow Street in 2023-2024. This year, 1.5km of stormwater pipes in the Central Business District have been replaced.

Council will fast-track the replacement of the Fenton Mill 'trunk main' from 2027 to late 2023 due to recent checks of the valves and ongoing discoloured water issues. This is the pipe that runs down from the reservoir to Fenton Mill Road. It will be funded with the \$700,000 budgeted, but not required, for the current River Road drinking water pipe replacement.

**Excludes the Riser and Gravity Mains*



Transport

Ongoing maintenance and replacements of roading will continue. Along with a focus on footpaths, streetlights, cycle paths, carparking and signage.

Council acknowledges the support of, and will continue to work with, the Bay of Plenty Regional Council to facilitate public transport services including the public bus service and the St John Kawerau Hato Hone | Kawerau Health Shuttle.



Our team of Elected Members



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Kōrero mai!
Talk to us

Rate remissions

Council is increasing the rating cap for residential properties to \$4,815 for 2023-2024.

This increase from \$4,450 for 2022-2023 is in line with Council's policy of increasing the rating cap by the overall increase in rates. Residential properties with capital values of \$917,000 or higher will pay this amount for Council rates.

Rate remissions of 45 percent will continue for the two farm blocks so the rates charged are comparable to the rates of neighbouring councils. The objective of these remissions is to make the rates fair and reasonable for these properties.

Council also has rate remission policies for:

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

Balanced budget requirements

The Local Government Act 2002 requires that Council's projected operating revenues are set at a level sufficient to meet projected operating expenses each year.

However, Council can set projected operating revenue at a different level from that required under this constraint, if it believes it is financially prudent to do so.

Council will usually set its projected operating revenue lower than its operating revenue, because it has resolved not to fund the depreciation on some of its assets for financially prudent reasons and for 2023-2024 the projected deficit is \$789,820.

Fees and charges 2023-2024

Council is proposing to increase most fees and charges by inflation this year 2023-2024.

NOTE: The prospective information contained in this plan is based on assumptions that the Council reasonably expects to occur as at 30 June 2023. Actual results are likely to vary from the information presented and these variations may be material.

We welcome your submissions, feedback and input

Kawerau District Council, Ranfurly Court, Kawerau

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- ▶ Pukamata | **Facebook.com/KawerauDistrictCouncil**



MAHERE Ā TAU PROPOSED ANNUAL PLAN 2023-2024 CONSULTATION

Submission Form



Name _____

Organisation (if applicable) _____

Postal address _____

Daytime telephone _____ Mobile _____

Email _____

Signature _____

Tick if you wish to speak in support of your submission on 7 June 2023.
Please note: the COVID-19 pandemic may affect the way we hear submissions.

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

Consultation topic: Depreciation funding (tick one below)

- Option 1:** Lower the amount of depreciation being funded from 67% to 53%
- Option 2:** Fund depreciation as previously to the full extent, excluding non-essential assets (as resolved in 1998).

Comments:

Any other feedback:

