

Te Tautōhe Matatika • The Right Debate



Ngā mea kōrerorero i a tāua What we discussed with you

During consultation on this LTP, we asked for your feedback on three key proposals:

- Choosing a better Housing for the Elderly service by exploring the divestment of our pensioner housing portfolio to an accredited and regulated Community Housing Provider (CHP).
- Becoming a shareholder of Northland Inc to enable sustainable economic development for the Far North.
- Several potential changes to the rating system that could help us to make it more equitable, fair, and simpler to administer and understand.

We also consulted on the following non-key but still important (or legislatively required) items:

- Our annual adjustment of fees and charges
- Our updated Significance and Engagement Policy
- Changes to our rates remission and postponement policies following an internal review and in response to legislation changes to the rating of Whenua Māori.

740 submissions were received from members of the public, organisations, groups and businesses, and more than 100 submitters spoke at hearings in Kaitiāia and Kaikohe. In addition to the issues we asked for your feedback on, submitters raised others that are of importance to them. For many of these, Council's decision was not to make any change to the LTP, but this does not mean that the topics and issues raised were not considered important.

Decisions made on the key issues

Housing for the Elderly

Council owns and manages a portfolio of 147 units in 12 locations across the Far North that need significant investment to make sure they remain fit for purpose into the future. We also have increasing demand, with a waiting list of more than 100 people in need of accommodation. Rather than simply invest substantial money, Council decided to investigate the possibility that accredited third parties may be better equipped to provide this service than Council. The options we considered included outsourcing the day-to-day management but keeping the assets, and partnering with or divesting to one or more CHPs, with strict conditions to protect existing tenant arrangements and to maintain or increase the number of units over time.

Council's decision

While feedback indicated concerns that divestment of Council's housing portfolio would result in existing tenants' rights being unprotected if ownership is

no longer with ratepayers, many also felt that other providers could deliver a better service than Council. In debating the issue Councillors acknowledged that Community Housing Providers (CHPs) are subject to a high level of regulation in the provision of social housing (that includes pensioner housing), and are better resourced to deliver a service that is much more sustainable and financially viable. CHPs can also provide wraparound support services that Council is not resourced to provide and can access Government funding sources that Council cannot.

For these reasons, Council decided to start the process of identifying one or more providers that would enable the best option for partially or fully divesting the assets, with strict requirements to protect existing tenant arrangements and maintain or increase the number of units and level of service available in the District over time. The sale of the units will only progress if Council is confident it will be in the best interests of tenants and the wider community in the long run.

Sustainable economic development

Northland Inc is the economic development agency for Tai Tokerau, and at present it is a Council Controlled Organisation (CCO) of the Northland Regional Council (NRC). While Northland Inc is the driver behind a variety of very valuable initiatives in our District, we think more could be achieved if the Far North and Kaipara District Councils also become shareholders. This would give the Far North better representation and improved access to expertise and resources to support the sustainable development of the District's economy.

Council's decision

While consultation results for and against the proposal were reasonably close, Council acknowledges that stimulating sustainable economic development locally, regionally and nationally - particularly in the wake of COVID-19 lockdowns - is of growing importance for central and local government sectors. Local Government New Zealand has economic development as one of their five key priorities.

Council decided to go ahead with investing in a 33% shareholding in Northland Inc. The remaining shareholding will be equally divided between the Kaipara District Council the Northland Regional Council. Council feels this will provide the Far North with significant benefits including making sure the Far North perspective is embedded in the work programme, ensuring greater focus and resourcing for Māori economic development and sustainability, and the promotion of all aspects of community wellbeing.

Changes to the rating system

We have a growing affordability issue in the District, and for the past few years Councillors have been considering what changes could be made to our rating system to spread the cost burden in a more equitable way to avoid situations where people cannot afford to live where and how they choose because their rates consume an unreasonable portion of their household income. We came up with several potential changes that we asked for feedback on, including changing our rating basis from land value to capital value, moving away from scheme-based targeted rates for water and wastewater towards a district-wide funding approach, absorbing all uniform annual general charges into the general rate and a few other minor changes, some of which were intended to simplify the complexity of our rating system.

Council's decision

Community feedback was not supportive of the proposed changes, in particular the removal of uniform annual general charges and transition to capital value-based rating. Council debated each of the seven proposed changes at length and agreed to:

- No change to the rating basis. The basis for calculating the general rate remains as land value.
- No change to uniform annual general charges (UAGCs). Both the general UAGC and the roading UAGC remain, as do the current differentials for roading.
- No change to targeted rates for water and wastewater. These rates continue to be scheme-based.
- No change to the availability rate for water and wastewater connections. The connection rate remains at 100%.
- No change to the commercial differential. Commercial ratepayers will continue to be levied at a differential of 2.75.
- The targeted rate for stormwater will increase so that 90% of urban stormwater costs are levied on urban ratepayers based on capital value and the remainder funded through the general rate.
- A public good charge of \$15 per rateable property for water and \$15 per rateable property for wastewater is to be introduced.

In debating public feedback, Council acknowledged that it set out to improve the equitability of the rating system but in making these decisions has made little change. However, also front-of-mind for Councillors is the inquiry into the future of local government that may result in changes to funding and financing options for councils. Further, the impacts of the Resource Management Act review and Three Waters Reform are likely to change core business and purpose. It was decided that Council should continue to look for ways to ease the affordability issue. The community can expect further discussion on the matter.

Fees and charges

Fees and charges were adopted as proposed.

Significance and Engagement policy

The policy was adopted with one small amendment relating to a proposal's significance in relation to the impact on the wellbeing of iwi/hapū/whanau. The threshold for items of specific interest to Māori was amended to include the word 'wellbeing'. It now reads The proposal has a major and long-term impact on the wellbeing of iwi/hapū/whanau and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga.

Rates remission and postponement policies

The Rate Relief Policies that were adopted in 2018 were reviewed to ensure they were fit for purpose and able to be applied fairly and consistently. Following commencement of consultation on these changes the Government passed the Rating of Whenua Māori Amendment Bill. The effect of this is that further changes are needed to the policies in relation to Māori Freehold Land. Council agreed to the following:

The remission policy for Unused Māori Freehold Land now only applies to rating units that are subject to either a 'licence to occupy' or 'informal arrangement'. In both cases, a separate rating unit is not created, therefore the rating on the balance of the land does not automatically become non-rateable under the amendments to the Local Government (Rating) Act 2002. The policy will provide for the balance of land to be considered as non-rateable if it meets the criteria.

The policy for new users of Māori Freehold land is revoked as the amendments to the Local Government (Rating) Act 2002 provides for the write-off of rates by the Chief Executive.

Other budget adjustments made as a result of consultation

Roading and footpaths

Kerikeri roading network. A strong call to Council to 'get on with' resolving traffic congestion in Kerikeri area resulted in Council requesting more information on funding and route options, risk profile and delivery timescales for the Kerikeri Western Bypass. Because we cannot expect subsidy from Waka Kotahi NZ Transport Agency without a comprehensive and compelling business case that takes into account the current and long-term need, accelerating the project to meet public expectation will likely require Council to fully fund it with no help from the Government. Council responds positively to community submissions on this and commits to considering all options for advancing the project.

Rāwene footpath. The local community expressed their desire to see progress made on improving the safety and usability of the footpath from the ferry terminal in Rāwene up to the hospital. Council re-committed to seeing this situation resolved and has asked the Northland Transportation Alliance to work with the Kaikohe-Hokianga Community Board and the Rāwene community to investigate further and determine options for progressing the project. Waka Kotahi NZ Transport Agency subsidies are stretched, and footpath allocations are being reduced across the country, so there is no guarantee that Council will receive assistance to fund a solution. Should additional funding be required further Council discussion will be necessary.

Pou Herenga Tai (Twin Coast Cycle Trail). Council agreed three budget changes relating to the cycle trail. The budget to provide a community pump track at Kaikohe was increased to enable a second pump track at Moerewa. Capital funding allocated to asbestos pipe removal was removed and the Trust and staff instructed to incorporate removal of these types of hazards into future planned capital work on the cycle trail. Planned work on the Imms Road bridge has been substituted with more urgent work to resolve safety and visibility issues in the Kaikohe rail tunnel.

Ahipara seawall. Additional funding of \$30,000 has been allocated to the maintenance of the seawall in year one of the LTP.

Water and wastewater

Council acknowledges submissions from Kerikeri/Waipapa residents asking that consideration be given to future wastewater and water infrastructure options for the Waipapa area in alignment with the Kerikeri/Waipapa Structure Plan. \$75,000 per annum has been allocated for each of the first two years of the LTP to resource this study.

District Facilities

Broadwood Swing Bridge. The swing bridge at Broadwood, a popular tourist attraction, was recently removed due to its poor condition. The Broadwood community wants to build a new one and has progressed some design work and prelim costings. Council resolved to engage with the Broadwood community to review the design and costings for a repaired/replaced bridge and to help the community secure funding for the project. To assist, the capital works programme was amended to allocate \$100,000 to the project.

Public toilets. Public toilets are always a topic of conversation during consultation, particularly here in the Far North where tourism season puts pressure on what we've got and highlights areas where facilities are needed. Condition assessment of all public toilets across the District is nearing completion and this may result in a revision of all public toilet programmed work. In the meantime, Council allocated \$200,000 for additional toilets to be included in year three of the LTP to avoid

adverse environmental effects from high tourism activities and high use. Council also acknowledges the importance of engaging with the Department of Conservation and local mana whenua about the funding and location of the planned toilets at Ahipara.

Ōpononi War Memorial Hall. The community's concerns regarding the timing of renewals funding for the War Memorial hall resulted in Council moving the project forward from years four and five to years one and two of the LTP. Staff acknowledge that roof repairs and toilet and accessibility amenity renewals and upgrades are urgently required.

Far North Holdings Limited. Two budget amendments were made as a result of Far North Holding's submission. Capital funding of \$90,000 for a section of seawall needed at Taipā to protect a reserve area and abutment to the jetty and ramp has been allocated with work expected to be scheduled for year two of the LTP. Funding for renewal of the Pukenui carpark has also been brought forward to year one of the LTP so that the work can be completed at the same time as the wharf project that Far North Holdings is managing.

Tsunami network. Council has allocated \$400,000 per year for the first three years of the LTP to address a much-needed tsunami siren renewals programme and to extend the siren network.

Funding requests. Council agreed to grants to the following in year one of the LTP:

- Mangōnui information centre \$15,000
- Turner Centre \$50,000
- Te Ahu Charitable Trust \$50,000

Council also agreed that it needs a district-wide framework to guide decisions in response to requests for funding, particularly for those that are strategic or are of high use by local communities. Staff have been asked to commence development of a Community Operational Funding Policy and Framework within the next calendar year.

Corrections and other updates made

Capital works reforecast. Concurrent with consultation, Council carried out its annual reforecast of capital works for the current financial year to determine which projects would not be complete at the end of the year and would therefore require funding to be carried forward. Projects carried forward to 2021/22 or later totalled \$7,759,985.

New projects totalling \$975,000 were added in 2021/22 along with minor amendments to budgets in later years to include required work that was not previously identified. This includes minor repairs and upgrades that were not apparent at the time the capital works programme was consulted on. A small number of minor re-timings and budget changes were confirmed as a result of new information.

The capital reforecast includes three important amendments:

- **Funding for Mid North water.** Additional capital amendments funding of \$1.2 million was confirmed in 2021/22 to secure a preferential water take agreement for the Mid North (MN10 Matawii) water source.
- **Kaitāia Airport.** Council recently received confirmation that LINZ intends to offer Council a 30-year lease for the Kaitāia airport. We have been delaying capital investment on the runway and ancillary property until a lease is in place. Now that this has been secured funding of \$577,316 in 2021/22 and \$1,129,370 in 2022/23 has been confirmed.
- **Kaikohe Civic Hub.** Council chose to re-time the expenditure for the Kaikohe Civic Hub, pushing most of the funding out by one year and allowing sufficient time for planning.

Funding for land disposal consents. Following a resolution at Council's Infrastructure Committee in May, \$330,000 was allocated to operational budgets to investigate future potential disposal-to-land options for Kaikohe and Kaitāia.

Whenua Māori rating changes. Council confirmed the amendments made to the rating base and operational budgets in response to the changes to the Local Government (Rating) Act 2002 arising from the Rating of Whenua Māori Amendment Bill.

Budget to enable Māori participation in Council decision-making. The recent decision to establish Māori wards for the 2022-25 elections and to enable Māori participation in Council committees and Community Boards comes with budgetary requirement. Council agreed to a funding allocation of \$50,000 in year one of the LTP to enable the resolutions to establish Māori wards and enable Māori participation in Council committees and Community Boards.

General updates

Capital achievability. While Council acknowledges that the construction market has tightened across the country, and that all councils are competing for constrained engineering and construction resources, to maximise local availability we are working with contracting partners by packaging projects to encourage them to take on more experienced and trainee staff over longer terms. We also continue to help tier 2 and 3 local suppliers become Site Safe accredited so that they can bid for work that they would not normally have considered.

Asset information reliability. While Council continues to be confident that the asset data used to develop asset renewals programmes is reliable, condition information for some individual assets is limited. In this LTP Council confirms its intention to continue its condition assessment programme to validate the renewals model and to enable a higher level of confidence in three waters asset data. Refer to the Infrastructure Strategy Asset Information assumption on page 60.

Roading subsidies. While Council adopts its LTP in June, Waka Kotahi NZ Transport Agency do not make their final decision until September, so we adopt the LTP with some uncertainty about the level of subsidy funding we will receive.

Just prior to adoption, Waka Kotahi NZ Transport Agency announced interim funding allocations, indicating that the final decision is likely to allocate at a lower level than most councils were expecting.

The Northland Transportation Alliance (NTA) and Council have assessed the situation and determined that with the shortfall indicated there is still sufficient funding available to maintain levels of service at the same level as the current year. Council has received an indicative allocation for maintenance and renewal work which is \$17m less over three years than the original bid made. Council has decided to reduce the renewal budget evenly across the first three years of the plan in the absence of any clear detail from Waka Kotahi NZ Transport Agency. The work programme will be revisited once final allocations are notified by Waka Kotahi NZ Transport Agency and projects prioritised by Council to determine if planned work is to proceed and how it could be funded.

Three waters reform. In July last year, the Government launched the Three Waters Reform Programme – a three-year programme to rethink service delivery arrangements for water, wastewater, and stormwater. This means that affected councils would be included in one of the new water service delivery entities by default but can decide not to participate (in consultation with their communities). If we choose not to opt out the transfer of responsibilities and assets will likely occur from 2024/25. While we anticipate change to the ownership and delivery of three waters in the next 10 years, we are not able to say with certainty what those changes will be. This LTP has therefore been adopted on the basis that it is business as usual for the delivery of water, wastewater, and stormwater.

Local Government reform. The Government recently launched a two-year inquiry into the future of local government, with the aim of reimagining the role and function of local government towards the delivery of enhanced wellbeing outcomes for our communities. This comes at the same time as an overhaul of the Resource Management Act that could result in regionalised arrangements for land-use planning and regulatory activities, and a review of how water, wastewater and (perhaps) stormwater infrastructure and services will be delivered into the future. These review programmes will undoubtedly alter the shape and function of councils. At this point, it's a 'watch and wait' situation in which we continue to deliver business as usual.

Anei ngā āhua i wā koutou moni reiti
This is what your rates dollar contributes to

General rates



Targeted rates

