

**TUHINGA
AKOAKO**

**CONSULTATION
DOCUMENT**

FOR THE 2020/21
MAHERE Ā-TAU

ANNUAL PLAN

**HE ARA TĀMATA
CREATING GREAT PLACES**
Supporting our people





He karere mai i te Kaunihera | A message from your council

Kia ora koutou

2020/21 is going to be a challenging year for our District dealing with the effects of the current drought and long-term planning for a higher level of resilience in essential services.

This consultation document for the 2020/21 Annual Plan presents a few topics we would like your feedback on. In general, not a lot has changed from what we planned in year three of the 2018-28 Long Term Plan with the exception of our current need to manage and resolve severe water shortages for the wellbeing of our communities. In the following pages, we will update you on what's happening regarding water now and what we think might happen in the next year, propose a new accounting policy relating to the funding of asset renewals, and suggest the removal of overdue fines from our library network. Your feedback will play an important part in our decision-making during the Annual Plan process and will influence which path we take.

There's a lot to do in 2020/21. Our capital works programme has been recalibrated to make sure that what we have scheduled can be delivered, including vital renewal works to ensure existing assets are fit for purpose. Alongside this work, we are implementing a vastly improved asset management system that will provide us with the tools we need to do a better job of planning asset management for the future.

Roading remains important, and we aim to spend nearly \$10 million to ensure the sealed roading network is maintained and a further \$4 million on unsealed roads to keep them in good condition.

Kaitaia wastewater works feature in our programme along with a range of Tourism Infrastructure Fund projects across the district that we will all benefit from, including roading and public toilets at popular tourism spots.

Several large future-focused projects will continue, including Far North 2100, an 80-year strategy to shape the future of the District, providing a foundation to shape our District Plan so that land use rules will be fit for purpose and 10-year plans that set the work programme to move us towards the ultimate goal.

Overarching our need to plan for a future, we must balance wants with needs and find affordable ways to pay for it. Alongside long-range planning we are also reviewing our entire rating system to look for ways to alleviate affordability issues and to simplify how we rate. We welcome your participation in this Annual Plan process and genuinely look forward to finding out what you think.

In closing, we thank you for your outstanding response to Council's pleas to reduce water consumption. Dramatic savings have been (and continue to be) made. We ask for your continued patience and assistance and promise to keep you well-informed as we gain more understanding of what we need to do to resolve the issue now and in the medium and long term.

Nga mihi

Far North District Council

Far North District Council: (back row): John Vujcich, David Collard, David Clendon, Moko Tepania, Rachel Smith. (Front row) Kelly Stratford, John Carter (mayor), Ann Court (deputy mayor), Felcility Foy. (Absent - Mate Radich)

Te whakahou o te Wai | Water update

You would be hard-pressed to find anyone in our District who is not impacted by the current drought which is the worst in recorded history. Many waterways across Northland are at the lowest flows recorded in 50 years, and rain received in the past few weeks has made little difference. Level four restrictions are in place at most of the Council's reticulated supplies, limiting water use to essential needs.

At the time of adopting this document, the situation is changing daily as we explore options and put temporary measures in place to protect community wellbeing. It is difficult to say right now how this is going to impact the work programme in the 2020/21 year and beyond, except that we know that water supply will be a priority and that some non-essential works may need to be suspended to allow progress towards resolving the situation.

The drought has left us with extremely dry ground conditions which is causing pipes in our 341 km water network to break. Our staff and alliance partner Far North Waters are on high alert and are fixing leaks as fast as possible. We are also monitoring water flows to locate significant leaks and breaks in the network.

At this point, we estimate that responding to the drought has cost us about \$6.3 million so far. These costs are for staffing, materials, plant and water testing, investigating multiple groundwater sources and trucking in emergency water supplies. These costs could climb, especially if we get low rainfall this winter and are in a worse situation next summer. There will therefore be unexpected expenditure reported for this financial year and perhaps in the year this Annual Plan relates to. All unnecessary operational expenditure has been stopped in an effort to alleviate overspend as much as possible.

It is almost impossible to predict the weather, but at this stage we are working on the premise that we are unlikely to get substantial rain over the next four months. Despite the uncertainty, our response is focused and ongoing:

- A Drought Operations Centre has been established to deal with enquiries, issue regular updates and investigating potential temporary and permanent solutions.

- Elected members are briefed regularly and they are active in their communities raising awareness of water restrictions, sharing water saving tips and answering questions.
- The Northland Civil Defence Emergency Management Group is supporting us to ensure emergency supplies of water are available in towns where water shortages are most acute.
- We have activated a multi-channel communications plan which is helping to drive down water usage across the district. We expect water shortages will be our communication focus for the foreseeable future.
- We continue to be in daily contact with the Northland Regional Council to discuss the possibility of taking water beyond our consented limits while protecting the longevity of water sources to ensure ecological health.
- All treatment plants and operating infrastructure assets continue to be fine-tuned and monitored to ensure they continue to run as efficiently as possible.
- We liaise regularly with other agencies in the North, including the Northland District Health Board, Fire and Emergency New Zealand and the Ministry of Education.
- We are being supported by Central Government and hope to secure substantial funding to help fund our response to the shortage.
- Many of our district's businesses have been contacted and we are comfortable that the biggest water users by volume are not wasting water.
- We are reducing water usage at our offices and suspended non-essential water uses in the community including town maintenance.

Save water now

TAPS OFF

FULL LOADS

FLUSH LESS

SHOWER SHORTER



www.fndc.govt.nz/savewater

Kaupapa here hou o te pūnaha kaute | A new accounting policy

We invest most of our rates revenue on an asset base that is both growing and ageing. The value of the District's infrastructure assets is around \$2.1 billion. Many assets have very long lives and will be used by generations of ratepayers before they wear out and need replacing. The challenge is making sure that enough money is available when the asset eventually does need to be replaced, upgraded or maintained to any significant level.

Most councils, including us, fund the eventual capital cost of asset renewal by collecting, through rates, an amount equal to the asset's annual depreciation so that when the asset needs to be replaced there is sufficient money set aside. The alternative is to not rate for the depreciation element and simply borrow for the renewal or replacement cost when the time comes.

Last year, we looked at potential alternatives to see if we could find a way to reduce the depreciation burden on ratepayers. The study concluded that while the District cannot afford to continue to fund everything from rates, it also cannot afford to simply loan fund everything. A balance of the two approaches is considered to be a viable alternative. This would entail not rating for the depreciation element for some non-essential asset groups. When the need to renew or replace arises, the community would be consulted on the reasonably practicable options (e.g. replace using debt funding, don't replace, build something different or get rid of the asset).

To put this change in place, Council would need to adopt a new accounting policy as follows:

Accounting treatment - funding depreciation

- A. All depreciation on assets will be funded from rates except for:
- Roading/footpath assets – the subsidy element relating to the depreciation for these assets will not be funded by the relevant roading subsidy rate applicable in the relevant year.
 - Water/wastewater/public toilet assets – the depreciation for these assets will be reduced equal to any subsidy element to ensure that the benefit expected to be received by the current rate payers is applied.
 - Swimming pools – the depreciation for these assets will be reduced equal to any community contribution to

ensure that the community benefits from the contributions made.

- B. Asset groups where depreciation will not be fully funded from depreciation:

- All strategic assets, as per our Significance & Engagement Policy, will have depreciation fully-funded except for the items identified in A).
- Depreciation will be funded at a rate of 50% for community buildings/centres, halls and museums.
- Depreciation will not be funded from rates for Civil Defence (alarms), carparks, maritime assets, motor camps, parks and reserves structures and solid waste assets.
- Any asset groups not covered above will have depreciation fully funded from rates (corporate assets etc.)

Accelerating the condition assessment programme

Making sure we understand the condition of our assets so that we can get pro-active maintenance and renewal programmes in place to protect essential services is an expensive and time-consuming job. It is not easy or cheap to determine the state of underground assets.

The effect of the drought on current assets has confirmed Council's commitment to accelerating its asset condition assessment programme.

The implementation of this policy in the 2020/21 financial year will free up approximately \$2.4 million with which to do this.

Council would like the community's agreement to use this surplus for the next four years when the full saving could be applied to rates. By this time, our asset condition assessments should be complete and asset planning carried out to a much higher standard than it is now, with proactive maintenance and renewals planned at the right time and to a level that delivers on Council's wellbeing aspirations.

The options

1 Don't adopt the new policy

This means that there would be an additional cost to the ratepayer to fund condition assessments and no reduction in the overall rates bill.

2 Yes, please adopt the policy!

This would mean no additional costs to fund condition assessments and no delays in starting and a reduction in your overall rates bill.

This is our preferred option





Many Council libraries across New Zealand are preparing to, or already have, ceased issuing overdue fines on borrowed items, recognising that outstanding fines tend to deter those who are unable to pay from continuing to use library services. The sector does not believe that the threat of a fine is effective in getting the borrower to return the item on time anyway and collecting outstanding fines is time consuming and costly to the ratepayer.

Despite the recognition that, on the evidence of positive experiences of other libraries across New Zealand, discontinuing fines would be a desirable policy change for the Far North, Council is aware that some in our district may have concerns:

- Lost revenue. Income from overdue fines do not represent a significant portion of the library's budget. In 2019 fines

charged across all libraries in the District amounted to \$22,078.

- Items will be returned late (or not at all) and won't be available for others. Council libraries that have eliminated overdue fines say that there has been any appreciable increases in late returns, longer hold times or gaps in their collections.
- Concerns that fines are necessary to teach responsible behaviour. The sector agrees that there is no evidence that fines are effective in ensuring on-time returns. Libraries that have dropped fines expect and accommodate the fact that anyone will occasionally miss a return date and that the existence of a fine would not have prevented this.

The options

1

Leave the overdue fines in place

2

Yes please - remove late return fines for children and young adults

Removing the late return fines for children and young adults has proven to increase patronage to those that need to use the libraries the most.

The cost of implementing this in all libraries from 1 July 2020 is estimated at approximately \$16,950 (a small increase in rates of less than \$0.46 on average per ratepayer)

This is our preferred option



Want to know more? Then read the background information available on our website.

Go to fndc.govt.nz/Whats-new/Have-Your-Say

Mē pēhea tou whakahoki e puta | How to have your say

Submissions must be received by 4.30pm on 17 April 2020.

All submitters may speak to their submissions at the public hearings from 28 - 30 April 2020. Council will then write to submitters and provide feedback on any suggested changes.

We love getting your feedback online at fndc.govt.nz but if that is a bit hard, you can fill out the separate submission form and drop it into the Council service centre or library or send to:

 **Online**
fndc.govt.nz/Whats-new/Have-Your-Say

 **By email**
submissions@fndc.govt.nz

 **By post**
Annual Plan Submissions
Far North District Council
Private Bag 752
Kaikohe 0440

 **In person**
hand it in to any Council service centre or library



Āwhina mai, ka hangaia he mahere hou āmuri | Help us plan for our future

Soon we will be taking the opportunity to start talking with our communities across the District about your thoughts and what you will want to see happen in your district in the next 10 years and beyond.

This will help us to build the big picture for what core services are needed and where, what the nice to have's are and when and what we want to achieve for our District going forward together.

Keep informed on where we will be via our social media pages, website, local newspapers and usual communication channels.

16
MARCH
SUBMISSIONS
OPEN

17
APRIL
SUBMISSIONS
CLOSES

28
APRIL
HEARINGS
KAITAIA
if needed

29
APRIL
HEARINGS
KAIKOHE
if needed

30
APRIL
HEARINGS
KERIKERI
if needed

14
MAY
DELIBERATIONS

25
JUNE
ADOPTION OF
PLAN

WHAKAPĀ MAI | CONTACT US

Far North District Council
Te Kaunihera o Tai Tokerau ki te Raki

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