

**ANNUAL PLAN 2020-21  
DELIBERATIONS  
ISSUES AND  
RECOMMENDATIONS**

**5 JUNE 2020**

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## Introduction

This document is a summary of the feedback received through submissions on the issues presented in the Consultation Document for the 2020/21 Annual Plan. Also included are items for consideration as a result of changed circumstances and in relation to the COVID-19 pandemic response.

Consultation was carried out from 17 March to 17 April 2020, with 37 submissions received. Due to the COVID-19 lockdown, hearings were held online, with 19 speakers.

Council consulted on the following three proposals:

- Amending accounting policies for the funding of depreciation
- Disestablishing of library overdue fines for children and young adults
- Fees and Charges for 2020/21

This document analyses feedback on the issues raised by submitters and provides a staff recommendation for Council to consider when deliberating the item.

### **Disclaimer - further decision-making**

Decisions have not yet been made for government supported infrastructure projects in the Far North. If Council is successful in any applications, significance may need to be assessed to ensure no further community consultation is required which may require further deliberations and delay adoption which is currently scheduled for 30 June.

## 1 Submissions relating to key issues

### 1.1 Amended accounting policies

Council's proposal was to adopt an addition to Council's accounting policies worded 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 and 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 minor structures (e.g. boardwalks / park benches etc) and solid waste assets.*
- *Any asset groups not covered above will have depreciation fully funded from rates (corporate assets etc.)*

The implementation of this policy in the 2020/21 financial year will free up approximately \$2.4 million which Council will re-purpose each year for the next four years to accelerate the asset condition programme.

| <b>Responses:</b>                    |    |      |
|--------------------------------------|----|------|
| 1. Adopt the policy amendment        | 13 | 35%  |
| 2. Do not adopt the policy amendment | 4  | 11%  |
| 3. No response                       | 20 | 54%  |
| Total submissions                    | 36 | 100% |

Comments included (not all who supported or opposed made a comment):

- Apply new depreciation policy to FNDC assets, not FNHL.
- Consideration should be given to the wastewater schemes in Hokianga (Omapere / Opononi, Rawene and Kohukohu) where impact of the previous blanket rating for depreciation policy has been felt the most. Subsidies and ratepayer contributions for these schemes were received a long time ago. Capital costs were entirely covered by these subsidies and contributions, the depreciation that has been charged since through rates, ought to be calculated and allocated to a depreciation reserve for these schemes.

- The Kohukohu Community Library committee asks for confirmation that its assets will continue be fully depreciated through rates and fully maintained by council.
- Defer adoption of new accounting policy until Asset Condition Assessment and the Asset Management Plan has been completed and evidence provided of current condition.
- Do not proceed with the proposal to not fully fund depreciation on roading and footpath assets, water / wastewater / public toilet assets and swimming pools.
- Ngati Korokoro Kaikorero does not wish to comment on depreciation policies and fees and charges, would prefer FNDC sit with Ngati Korokoro Kaikorero elect to discuss proposals in depth.
- Depreciation policy should be temporary, return to fully funding depreciation after the condition assessment programme is complete.
- Reduce depreciation funding only for the amount necessary to cover the actual cost of the asset condition assessment programme.
- Parks and reserves minor structures for which depreciation will not be funded be limited to structures with a replacement cost of less than \$5,000.

### Staff comment

Council has been reviewing how to fund capital renewals going forward and freeing up funds to complete the condition assessments is a major component of that process. The Long Term Asset Funding project identified that any decision on future funding relied on up-to-date and accurate asset data before any further considerations could be made. The adoption of the new accounting policies would address some of the issues identified in the feedback from consultation, particularly the assets that were funded from either subsidy or ratepayer contributions.

35% (10) of submitters agreed that the policy should be adopted and another 54% gave no feedback either way. Staff view this as general support for the provision, with minimal opposition.

The four submitters whose preference was “don’t adopt” included the Kohukohu library committee who are concerned that this policy means their community library asset (housed in a community building) will not be fully depreciation funding. Staff confirm that libraries are strategic assets and will continue to be fully depreciation funded.

Federated Farmers asked that Council continue to fully fund depreciation on roading, footpath, water, wastewater, public toilet and swimming pool assets. Staff confirm that these assets are strategic and will continue to be fully depreciation funded.

One submitter asked council to defer making the policy change only when asset condition assessments and Asset Management Planning are complete and based on evidence of current condition. Staff agree that evidence-based planning is critical, however, the asset condition programme is likely to take several years, and reducing the funded depreciation for non-strategic assets releases sufficient funding to enable the programme to be significantly accelerated.

The fourth submitter against the policy left no explanatory comment.

### Staff recommendation:

1.1a) That Council amends its Accounting Policies to include the following:

#### ***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 and 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 minor structures (e.g. boardwalks / park benches etc) and solid waste assets.*
  - *Any asset groups not covered above will have depreciation fully funded from rates (corporate assets etc.)*

1.1b) That Council approves the allocation of depreciation savings to the Infrastructure Asset Condition Assessment programme for the next four rating years.

1.1.c) That Council, in the fifth rating year, apply annual savings to overall operating expenditure.

## 1.2 Disestablish library overdue fines for children and young adults

Council's proposal was to remove fines for overdue items for children and young adults, recognising that unpaid fines may be a barrier to use. In assessing the impacts of dis-establishing fines staff confirm that the loss of revenue from this would be minimal and other councils across the country that have already eliminated overdue fines say that there has not been any appreciable increase in late returns, longer hold times or gaps in their collections.

| <b>Responses:</b>                                    |    |      |
|--|----|------|
| 1 Remove overdue fines for children and young adults | 13 | 35%  |
| 2 Leave fines in place                               | 4  | 11%  |
| 3 Responses suggesting remove overdue fines for all  | 3  | 8%   |
| 4 No response  | 17 | 46%  |
| Total submissions                                    | 37 | 100% |

Comments included (note that not all who supported or opposed made a comment):

### In support:

- Tamariki need to have access to libraries. The whanau who really need access to resources are unable to because they have fines.
- Removing fines for all encourages more use of library borrowing / services.
- Treat all library users equally and remove library fines for all.
- Remove overdue fines. Libraries are becoming irrelevant as info is accessible online and through social media.

### Against:

- Library fines are not oppressive, they encourage respect for public property.
- Removing the fines does not teach personal responsibility. It also disadvantages others who may be waiting for a book.

### Staff comment

Nearly half of all submissions offered a response regarding overdue library fines, with the majority agreeing that overdue fines should be removed for children and young adults. A small number of submitters suggested removing fines for all.

Council may wish to consider removing fines for all to support and encourage ongoing library use by ratepayers who have been impacted financially by the COVID-19 lockdown. If this is the preferred option the recommendation would be "That Council removes overdue fines from its library schedule of fees and charges, effective 1 July 2020."

#### **Staff recommendation:**

1.2a) That Council removes overdue fines for children and young adults from its library schedule of fees and charges, effective 1 July 2020.

### 1.3 Fees and Charges

As it usually does annually, Council increased fees and charges by the Local Government Cost Index (LGCI) inflation factor of 2.2% as forecast by BERL. There were three comments made from submitters as shown below:

- Fees and charges should not be increased in line with BERL forecasts for the 2020/21 financial year.
- Opposed to significantly increase the residential rates postponement fee.
- Greater use of fees and charges mechanism.

An additional submission was made with regard to not increasing alcohol licensing fees, as part of the economic recovery. This suggestion is addressed in 2.7 and Section 4 of this report.

### Staff comment

Minimal feedback received on fees and charges has been assumed to be general acceptance of the increases proposed. One submitter urged Council to make greater use of fees and charges (i.e. user pays) in its funding of activities and services, which will be addressed through the ongoing Revenue Review programme.

Since fees and charges were put out for consultation, District Services staff have re-visited charges pertaining to sustenance for impounded dogs and recommend that the charging schedule be simplified. At present, this cost is recovered through daily handling charges for up to three days, seven days and eight or more days. District Services recommend the charge be changed to \$10 per day regardless of how many days the dog is held. Other councils compared with charge up to \$22 per day.

### Staff recommendation:

1.3a) That Council amends the attached Schedule of Fees and Charges for 2020/21 to replace current dog impound handling fees of \$22.00 for up to three days, \$42.50 for up to seven days and \$63.00 for eight or more days with a flat fee of \$10 per day.

1.3b) That Council adopts the Schedule of Fees and Charges for 2020/21.

## 2 Other issues raised

Other issues raised as part of the submission process are listed below. Council acknowledges these submissions but makes no changes to the Annual Plan 2020/21.

### 2.1 Rates and Revenue

Six submitters commented on rates, including:

- No (or minimal) rates increase for 20/21 considering probable impacts of COVID-19 lockdown.
- Reduce rates by reviewing budgets, effective financial reporting and concentrating on essentials only rather than wants and wishes.
- Make provision for temporary rates remissions to support ratepayers post COVID-19.
- Regular reviews of Council funding mechanisms, including rating basis, use of UAGC, making greater use of targeted rates and fees and charges, differentials, and lobbying central government to provide legislation for more equitable rating policies.
- Re-introduce Development Contributions.

#### Staff comment

Council is in the process of reviewing its revenue mechanisms, including rates, fees and charges and development contributions. This is being completed in alignment with development of the 2021-2031 Long Term Plan. Included in the rating review scope is the rating basis (e.g. capital value, land value or a hybrid of the two), differentials, the UAGC and targeted rates. The review includes community engagement.

Council has already made provision for remissions to support ratepayers post COVID-19. These have been communicated to ratepayers.

### 2.2 Wastewater

Four submitters commented on wastewater, with comments relating to:

- Prioritising the protection of the Hokianga Harbour, cleaning it up and preventing environmental harm.
- Planning and consultation for plant upgrades/replacements and land disposal options that are culturally appropriate and environmentally sound. All plants in the Hokianga referenced, although specific mention was given to the Rawene plant.
- Investigating options of onsite treatment of grey water that people can use to water their gardens in dry weather when water supply is limited.



### Staff comment

A number of our wastewater treatment plants will require new resource consents over the next several years. Part of the work programme for these new consents will include gaining a better understanding of the feasibility of land disposal in the catchment.

Consideration of land disposal for each scheme that requires a new resource consent is now specifically required by the policies of Northland Regional Councils Proposed Regional Plan.

Treatment of grey water for re-use requires compliance under the Building Act and Northland Regional Plan. Requirements are dependent on a number of factors, including site location and whether a property is a new build or a retrofit. Because every situation is different, there is no single recommended approach that improves water sustainability, is cost-effective and practical.

Water harvesting options are achievable under the District Plan, through the definition of 'building' and the exclusion of water storage tanks (maximum 20m<sup>2</sup>) under the 'impermeable surface' definition. Water harvesting is considered an effective first step to managing demand on Council water supply.

### 2.3 Water

Seven submitters commented on water, with comments relating to:

- Adopting a bylaw to make rainwater tanks mandatory for new builds (private or business) and encourage existing builds to retrofit.
- Ensuring potable water is used wisely, not for activities not needing potable water (e.g. watering bowling greens, flushing toilets etc). Incentivise replumbing/retrofitting plumbing to allow this.
- Introducing decentralised water storage within reticulated water supply areas.
- Urgently expand treated water storage capacity, renew ageing pipes and improving water security and quality.
- Giving highest priority to Kaikohe water supply, considering the construction of water storage at several suggested locations in the area (Northland College Farm, Western Hills, Ngawha and Lake Omapere).

### Staff comment

Council staff are working on a substantial programme of work around water security, particularly for the Kaikohe area, and will report to Council early in the new financial year. Any unbudgeted local share will be incorporated in the 2021-31 LTP.

### 2.4 Roothing and Footpaths

Five submitters commented on roading and footpaths, with comments relating to:

- Traffic calming, footpaths and crossings in Rawene and along the Twin Coast Discovery. A specific request was made to complete an uninterrupted footpath from the ferry terminal at Rawene to the Hokianga Hospital (upgrades to existing footpath and new sections) to enable pedestrians to walk to the hospital preferably without having to cross the road, but if this is not possible, crossing the road with the benefit of a controlled pedestrian crossing.

- Sealing Settlement and Domain Roads in Kawakawa. The work was planned some years ago but has never been carried out.
- Providing alternative access from Waimamaku to Pakanae to State Highway 12 to limit pressure on the Opononi SH12 road.
- Increasing attention to roading maintenance including cleaning culverts, grading roads, mowing berms and spraying noxious weeds.
- Speed calming on Hillcrest Road in Kaikohe.

#### Staff comment

All matters relating to roading are referred to the Northland Transportation Alliance (NTA) to be considered for inclusion in the Regional Land Transport Plan 2021-31 and consequently Council's Long Term Plan 2021-31.

Speed calming in Kaikohe will be referred directly to NTA as a request for service.

The Road Sealing Matrix does not identify Settlement Road or Domain Road (both in Kawakawa) as highly ranked for sealing.

An alternative route from Waimamaku to Pakanae would be via Waitemarama Gorge Road which is the resilience route available in the event of closure of SH12. This would be appropriate to add onto the Integrated Transport Plan which has a prioritised list that has a \$2m allocation over 10 years. This matter will be referred to the NTA for further consideration.

Operational road maintenance including activities such as culvert cleaning, road grading, mowing and spraying are managed and outsourced by the NTA. The submission will be forwarded to NTA for consideration.

## 2.5 Solid waste

Two submitters commented on solid waste, with comments relating to:

- Supporting local waste minimisation, including commercial composting schemes, community recovery and recycling centres, bylaws to minimise recyclables or compostable materials going to landfill
- Amending the Annual Plan to reflect the Waste Management and Minimisation Plan, including:
  - Audits of composition and quantity of waste-to-landfill AND six audits of collected kerbside and drop-off recyclates
  - Facilitation of an initial pilot of urban farm projects
- Support for further community recycling stations.
- Amending the Waste Management and Minimisation Plan to reflect community wellbeing.

#### Staff comment

Waste management and minimisation is a topical and complex issue that deserves further analysis of options. It is possible that there will be an increase in revenue generated through the 2020 review of the waste disposal levy, which may release some funds to support new initiatives. A review of the Waste Minimisation and Management Plan to better reflect community wellbeings and climate change will be undertaken as soon as it can be incorporated into work programmes.

## 2.6 District facilities

Overview of what was said

- A toilet is needed at Unahi.
- Study growth for marine recreation users and access to coastal areas.
- Support community halls, they are needed for CDEM.
- What are council's intentions for the Kerikeri domain?
- An active sport and recreation strategy is needed, including hierarchy of regional sports hubs, expectations for management committees and Council contribution to running costs for all, not some.
- Council should investigate alternate social housing systems.

### Staff comment

- **Toilet at Unahi.** A temporary portaloos toilet was installed at Unahi Wharf in late 2019. This should alleviate the need to construct a new toilet while we wait to see if a more permanent solution is warranted.
- **Marine recreation study.** A boat ramp study across the District is underway. Findings will be reported to Elected Members when finalised, including recommendations for future funding.
- **Community halls.** Council recognises the need for community halls from both a wellbeing and emergency management perspective. There are no plans to discontinue supporting community halls.
- **Kerikeri Domain.** A Reserve Management Plan was adopted in June 2019 and work has started with the demolition of the pavilion. Further works as indicated in the plan will be scheduled accordingly with detailed planning work aligned with the development of the next Long Term Plan.
- **Sport and recreation.** A District-wide sports and recreation strategy is not part of any current work programme, but staff recognise inconsistencies regarding Council contributions and process.
- **Social housing.** Timebank Tai Tokerau suggests that Council consider alternate social housing systems. This is a long-term strategic discussion required as part of the Long Term Plan process and within the context of its existing housing for the elderly portfolio.

## 2.7 Disabled accessibility

One disabled submitter requested that Council put a Total Mobility programme in place for the Far North. Total Mobility is a nationwide scheme that provides a transport subsidy to help people with disabilities stay connected within their community. If a person has a disability that prevents them from using public transport (or if public transport is not available) they can get a 50% subsidy (up to a maximum of \$30) on door-to-door transport to help them get around. The scheme uses an electronic swipe card system known as Ridewise.

### Staff comment

The Whangārei district has a Total Mobility programme. This is funded through the NRC's Whangārei Transportation Rate which also funds the public bus system there. Council staff are seeking advice from NRC on the process for establishing such a programme in the Far North. Since the programme is likely to involve striking a new rate to fund it, a programme can only be put

in place as part of the Long Term Plan for 2021-31. For this reason, staff recommend clarifying the process and presenting the topic for further discussion.

## 2.8 Governance, Planning and Asset Management

A number of governance and planning topics were raised as follows:

- There should be a replacement programme that provides for ageing and inadequate assets – water supply, wastewater and roading.
- Council should livestream its meetings on an open platform to ensure accessibility for all.
- There is only token recognition of Te Tiriti o Waitangi and progress to develop decision-making processes between Council and iwi / hapū is unacceptably slow.
- The Annual Plan, along with all other planning functions and Council operations, should be more reflective of community wellbeing.
- Far North Holdings Limited should change its objective to reflect community wellbeing rather than operate under a “profit maximising” model.
- Approach to local procurement should be reviewed and timebanking considered.

### Staff comment

**Asset management.** The accelerated condition assessment programme that will be enabled by the funding depreciation policy (Item 1.1a) allows progression towards the adoption of a replacement and renewals programme for all assets that is supported by evidence of condition.

**Livestreaming.** Council’s “digital by default” programme has been fast-tracked as a result of the COVID-19 pandemic, and we have established a process for livestreaming Council meetings on an accessible platform (Far North District Council’s YouTube channel). Prior to live streaming, virtual meetings were recorded and posted on this channel and in our website within three days.

**Community wellbeing.** The amendment of the Local Government Act that reinstated community wellbeing requirements requires councils to incorporate the updated purpose in the construction of its Long Term Plan 2021-31. Until then, the operative Long Term Plan is the 2018-28 one which was adopted prior to the amendment bill being enacted. Council staff plan to ensure all related documents and policies are updated to reflect community wellbeing as a part of the development of the next Long Term Plan.

**Te Tiriti o Waitangi and Maori participation in council decision-making.** Council acknowledges there is much work to be done, both in our response to and honouring our role under the Treaty of Waitangi/Te Tiriti o Waitangi, and in developing processes for Maori participation in our decision-making. To this end council is working on several initiatives such as growing our internal capacity, reviewing policies and procedures and looking at how we can develop and enable robust and effective mechanisms for Maori participation in councils decision-making processes – across all facets of council.

**Social and local procurement.** Work is already underway to determine how Council’s processes can be modified to ensure local suppliers are used as much as possible.

## 2.9 Climate change

A few submitters touched on climate change, urging Council to take climate change more seriously and make its plans known. One submitter suggested accelerated depreciation funding for assets that are at risk from the effects of climate change.

### Staff comment

Council has recognised the importance of Climate Change as one of the highest priority risks we face. While Council has not declared a climate emergency it has now adopted the Climate Change Roadmap, subject to consultation with the community on its objectives and principles. The Council resolved to allocate funding within the Annual Plan 2020-21 that will enable climate change projects to begin. The funding will be used to develop a carbon footprint reduction programme for the district and a review of current Council strategies and plans, such as the infrastructure strategy, the District Plan and the Waste Minimisation Plan. The Council also voted to employ a sustainability programme coordinator to ensure the climate change work meets agreed.

### 2.10 Community Grants

One submitter requested financial assistance for the following:

- Te Ahu Trust, one-off grant of \$50,000 for 2020/21.
- Mangonui Information Centre, ongoing annual grant of \$10,000.

### Staff comment

The Te Ahu Trust requested a one-off \$50,000 grant for 2020/21, citing maintenance requirements and offsetting discounts provided to Council. The request was made prior to the COVID-19 lockdown, which has had a substantial impact on the Trust's ability to generate revenue. Given that the Trust may now be struggling financially this issue will be discussed in section 4 of this document along with other economic recovery and support items.

The Mangonui Information Centre is a community initiative. A section 17A review is currently underway for all Council-owned i-SITEs. Staff note the request for the provision of \$10,000 per annum request for the Mangonui information centre, but until the review is completed no changes in budgets are recommended until such time as the issue can be given proper consideration as part of the Long Term Plan and incorporating the findings of the review.

### Staff recommendation:

2.1a) – 2.10a) That Council notes the submissions but makes no change to the Annual Plan 2020/21.

### 2.11 Economic Recovery and COVID-19

Several submitters put forward ideas to aid economic recovery following COVID-19. These were:

- Consents, certificates and licencing costs are high and don't encourage building. Reorder fees so the higher cost comes at end of build.
- Don't adjust fees for inflation.
- Decrease alcohol licencing fees.

### Staff comment

Council acknowledges that the region's economy has been hit hard by the COVID-19 lockdown and that business activity will be depressed for some time to come. Support for economic recovery is addressed in Section 4 of this document.

**Staff recommendation:**

No recommendation. Refer Section 4 of this document.

### 3 Other items

#### 3.1 Te Ahu footpath

During the design of the Te Hiku Sports Hub, the concept of a loop running track, comprising footpath and a section of boardwalk, was consulted on and agreed. At the time it was anticipated that the loop could be funded out of surplus Te Hiku Sport Hub budget of \$110,000. Some of this funding was used to secure an engineer design to verify the cost.

In January this year, additional budget of \$150,000 was allocated to the footpaths budget as staff were reasonably sure that the remaining surplus would not be enough. This increased the amount available for this initiative to \$260,000.

A detailed engineering estimate of \$390,000 has now been received, leaving the project with a funding shortfall of \$130,000.

**Staff comment**

A footpath from the Te Ahu centre to the Te Hiku Sports Hub is a condition of the resource consent for the sports hub, and with an additional investment of \$130,000 the community could benefit from what is likely to be a popular facility. Council will retain ownership and maintenance responsibility for the path.

The project is scheduled for completion in the 2020/21 financial year. If funding constraints defer the project to 2021/22 it is likely that the original surplus funding would be reallocated to other footpaths in Te Hiku.

**Staff recommendation:**

3.1a) That Council increases the Te Hiku Sports Hub funding for 2020/21 by \$130,000 to enable the completion of the loop footpath at Te Ahu/Te Hiku sports hub.

#### 3.2 Income from i-SITE Information Centres

The Annual Plan currently assumes income from i-SITE commissions of \$246,112, but it is unlikely that this will be achieved in 2020/21 with the absence of overseas tourists and cruise ships to the area. Domestic tourism activity, however, may recover somewhat by those wanting a break within the New Zealand “bubble”. An adjustment to reduce expected commission income to 50% would seem appropriate in the absence of more reliable economic information. This would see an income reduction of \$123,056. The rating impact of this is an increase to the rates requirement of 0.14%, elevating the current forecast to 4.05%, slightly higher than that forecast in year 3 of the Long Term Plan.

**Staff recommendation:**

3.2a) That Council reduces forecast income from i-SITE commission to \$123,056 for the 2020/21 financial year.



## 4 Minimising the rates increase for 2020/21

Prior to the COVID-19 lockdown the forecast rates increase for 2020/21 was 3.94%, slightly less than the 4% limit in year three of the 2018-28 Long Term Plan.

At the last Council meeting on 21 April 2020 Council passed a resolution to allocate funding to the implementation of the Climate Change Road map of \$125,000.

If item 3.2a is successful (reduced income expectations from i-SITE commissions) the rate increase becomes 4.22%.

This section seeks to reduce the rates increase as much as possible while enabling sufficient funding to contribute to the economic recovery of the District.

### 4.1 Economic recovery and assistance

There will be ongoing impacts for the District arising from the COVID-19 pandemic, including job losses, reduced economic activity and difficulties for business owners to pay their rates. A long-term decline in tourism as borders remain closed is expected. This may ease slightly if the border between New Zealand and Australia is re-opened but that will not provide a return to previous levels of tourism that had been present prior to the beginning of lockdown.

The following support could be provided to our communities and businesses through an economic recovery and assistance fund:

#### Varying / waiving fees and charges

District Services staff have received queries about whether Council would be willing to waive or vary fees and charges in the regulatory area if an applicant or business is struggling financially due to the COVID-19 lockdown. Some District Services fees are collected on behalf of the crown and may not be able to be waived entirely.

Environmental health and regulatory fees could be varied/waived in the following areas:

- Building and resource consenting.
- New food registrations and registration renewals.
- New alcohol licence setup and alcohol licence renewals (note fees are set by legislation, but the same legislation enables Council to agree to lower a licence class by one level if it chooses to).
- New health licences and licence renewals.

Council has also been asked by septic contractors to waive septic disposal fees for a short time until contractors start to see a better level of business.

There will likely be other requests that come up over time.

#### Assistance for community facilities

Council staff are aware of community facilities run by committees and trusts that have taken a significant hit from not being able to hire out their facilities and are likely to struggle to make ends meet on essential costs such as electricity and insurance.

The two largest community facilities in the Far North, Te Ahu and the Turner Centre, had signalled prior to the COVID-19 lockdown that they need help to fund operations. Before lockdown Te Ahu requested funding of \$50,000 for 2020/21. Although it is understood the Trust claimed wage

subsidies and revenue from Council as a tenant has not reduced or ceased, they have been unable to generate revenue through the cinema and hireage of facilities.

Similarly, the Turner Centre have requested funding assistance from Council in the past and staff understand they have been in touch with Elected Members again requesting support since the lockdown.

### Contribution to economic stimulus initiatives

Northland Inc, the Economic Development agency for Northland, are working with Councils and other agencies on strategies and programmes of work to stimulate economic activity. This is likely to result in initiatives that may require financial contribution by Council, for example, destination marketing campaigns.

### Other opportunities to support the economy

Council may, from time to time, wish to implement other measures to support the economy or to help struggling businesses to stay afloat.

### Establishing the fund and its rating impact

If Council sets aside \$300,000 for this fund the rating impact would be 0.33% on the rates increase.

#### Staff recommendation:

4.1a) That Council allocates \$\_\_\_\_\_ in the Annual Plan 2020/21 to an Economic Recovery and Support Fund to use at its discretion to stimulate and support the local economy following the impacts of the COVID-19 lockdown.

4.1b) That Council delegates the authority for allocating this fund to \_\_\_\_\_.

## 4.2 Depreciation of strategic assets

A rate increase close to inflation only (2.2%) could be achieved by reducing the amount of depreciation gathered through rates for strategic assets for the 2020/21 financial year only. This decision would be considered “inconsistent” under section 80 of the Local Government Act 2002 (Identification of Inconsistent Decisions). Section 80 requires the reason for the decision and what, if anything, Council plans to do to amend the policy in the future. The decision does not require further consultation if the variation does not trigger Council’s significance criteria (in this case \$2.2 million unbudgeted operating expenditure). In this case, a change to depreciation of less than 25% would not be significant or require further consultation.

### Legislative compliance

- This decision is inconsistent with the Accounting Policies for Funding Depreciation as adopted earlier at this meeting.
- The reason for the inconsistent decision is to offset additional funding requirements in 2020/21 for economic recovery post COVID-19 and climate change.
- Because this is a one-off reduction in depreciation funding (for the 2020/21 financial year only) Council does not need to amend its accounting policies further.



### Options for unfunded depreciation

| <b>Option 1: 10% unfunded depreciation</b> |           |
|--|-----------|
| Starting point                             | 4.22%     |
| Add COVID-19 economic response fund?       | 300,000   |
| Increase rates by                          | 0.28%     |
| Bringing total rates increase to           | 4.55%     |
| 10% unfunded depreciation                  | (870,293) |
| Reduces rates by                           | 0.97%     |
| Bringing total rates increase to           | 3.59%     |

| <b>Option 2: 12.5% unfunded depreciation</b> |             |
|--|-------------|
| Starting point                               | 4.22%       |
| Add COVID-19 economic response fund?         | 300,000     |
| Increase rates by                            | 0.28%       |
| Bringing total rates increase to             | 4.55%       |
| 12.5% unfunded depreciation                  | (1,087,864) |
| Reduces rates by                             | 1.21%       |
| Bringing total rates increase to             | 3.34%       |

| <b>Option 3: 20% unfunded depreciation</b> |             |
|--|-------------|
| Starting point                             | 4.22%       |
| Add COVID-19 economic response fund?       | 300,000     |
| Increase rates by                          | 0.28%       |
| Bringing total rates increase to           | 4.55%       |
| 20% unfunded depreciation                  | (1,740,586) |
| Reduces rates by                           | 1.93%       |
| Bringing total rates increase to           | 2.62%       |

| <b>Option 4: 24% (maximum) unfunded depreciation</b> |             |
|--|-------------|
| Starting point                                       | 4.22%       |
| Add COVID-19 economic response fund?                 | 300,000     |
| Increase rates by                                    | 0.28%       |
| Bringing total rates increase to                     | 4.55%       |
| 24% unfunded depreciation                            | (2,088,703) |
| Reduces rates by                                     | 2.32%       |
| Bringing total rates increase to                     | 2.23%       |

**Staff recommendation:**

4.1a) That Council makes an inconsistent decision under section 80 of the Local Government Act 2002 and reduces funded depreciation for strategic assets by \_\_\_\_% for the 2020/21 financial year only.