



Kaipara te Oranganui

**Kaipara  
DISTRICT**

Two Oceans Two Harbours

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## **Kaipara District Council Long Term Plan Briefing Agenda**

**Date:** Wednesday 9 December 2020  
**Time:** 9.30 a.m.  
**Location:** Mangawhai Domain  
75 Moir Street  
Mangawhai

**Elected Members:** Mayor Dr Jason Smith  
Deputy Mayor Anna Curnow  
Councillor Victoria del la Varis-Woodcock  
Councillor Karen Joyce-Paki  
Councillor Jonathan Larsen  
Councillor Mark Vincent  
Councillor Peter Wethey  
Councillor David Wills  
Councillor Eryn Wilson-Collins

*For any queries regarding this meeting please contact  
the Kaipara District Council on (09) 439 7059*

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2. Changes proposed to Revenue and Financing Policy for inclusion in Long Term Plan	56
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4. Adoption of draft Financial Contributions Policy for inclusion in Long Term Plan	105
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7. Review Financial figures for inclusion in the draft Long Term Plan	172

# **Mangawhai Civic Facilities Options Assessment**

**Meeting:** Council Briefing  
**Date of meeting:** 09 December 2020  
**Reporting officer:** John Burt, Property, Procurement and Commercial Manager

## **Purpose/Ngā whāinga**

To provide Council further information on options available for the future locations of Mangawhai Civic Facilities.

## **Context/Horopaki**

At the October LTP briefing Council received a discussion paper on the development on a district wide civic facilities strategy. The discussion paper outlined the challenges facing Council in providing appropriate Civic facilities and detailed the significant issues and potential costs facing Council in relation to its existing Civic buildings on Hokianga Road, Dargaville. After discussions on the report, Councillors requested further information on several specific options and their costs. The requests related to options for Civic facilities in both Dargaville and Mangawhai.

## **Discussion/Ngā kōrerorero**

As the options for each township differs and has different drivers and considerations, Officers have split the response to Council's request into two workstreams, one for Dargaville and one for Mangawhai. This report is on the Mangawhai options as the Dargaville report went to last month's briefing.

A & R Associates were engaged to provide a study which incorporated the wider Mangawhai strategic work already undertaken via the spatial plan and other key initiatives incorporated into the Mangawhai Community Plan. A copy of this report is appended to this report as attachment A.

A section included in the report identifies the considerations which Council should factor in when deciding on the locality of Civic Facilities in Mangawhai. This highlighted:

- Mistakes made in site selection can result can reduce the facilities potential, effectiveness and equity of service.
- Furthermore, a poor location can mean reduced access and reduced user patronage.
- The Location of a library significantly affects library use just as it does retail.

## **Conclusions**

There are some key principles to be considered in the future location of civic facilities in Mangawhai:

- Facilities should be located where highest densities of future population growth is anticipated to be located in Mangawhai.
- There is an importance of the two-way relation between residents and businesses of Mangawhai when deciding locations of civic facilities.
- Long-term effects of possible library locations should be taken into account, as it is a major investment and commitment of public funds. Additionally, library localities should consider the surrounding demographics and overall demand for the library.

The options assessment identified 6 potential options for council to consider. The options include:

1. Do nothing (for comparison reasons)
2. Additions to the existing library at Mangawhai Village and retain use of the leased office facilities
3. Utilise the old fire station on Wood Street and purchase adjacent property for additional parking/future growth space
4. Mangawhai Heads gateway: a. Develop the land next to the Fire Station for a combined library and Council office building b. Purchase the industrial zoned vacant land opposite the museum (corner of Molesworth and Estuary Drives) for a Council building and library
5. Acquire vacant commercial land at Mangawhai Village (corner of Molesworth Drive and Moir Street) for a combined library and office building, village green and mixed use commercial or community space. Locate civil defence facility next to fire station at the Community Park and seek cooperation agreement
6. Acquire land near the estuary on Mangawhai Central retail zoned land for civic facilities and future community uses

All options are potentially feasible but for the reasons set out in the paper it is recommended that options 4-6 would provide the best outcomes.

Officers are now seeking direction from Council on a preferred option to include in the LTP consultation document.

### **Next steps/E whaiake nei**

Council to consult with the Community on its preferred option through the LTP process

### **Attachments/Ngā tapiritanga**

	Title
A	Mangawhai Civic Facilities Options Assessment



# Mangawhai Civic Facilities Options Assessment

Rev 1 | November | 2020



## **1\_ Strategic Context**

## **2\_ Mangawhai Centres**

## **3\_ Options Assessment**

## **4\_ Next Steps**

## **5\_ Appendix A, B and C**

## EXECUTIVE SUMMARY

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*Mangawhai is Kaipara District's fastest growing town and surrounding rural area, with the population growing from 3,144 in 2013 to 5,031 in 2018 - representing a 60% change (Census 2018). This population change has supported the viability of a large commercial development in Mangawhai Central and the possibility of extending the commercial zoning in Mangawhai Heads and Mangawhai Village. The draft Mangawhai Spatial Plan has identified the future need to assess options for Council office facilities, a secondary school, library and sportsfield.*

*Previous civic building studies have recommended that Council acquire and develop land for Council offices. The Council is currently leasing office space in the Village - however, this is not sufficient as Council is projected to increase its full time equivalent (FTE) staff numbers from 48 to 102 in the medium-term. A new space of at least 1,160m<sup>2</sup> gross floor area, plus adequate parking, will be needed in the future.*

*The community library that operates out of the annex building of the Mangawhai Hall has limited library services, media capabilities and hours of operation.*

*This options assessment attempts to create a discussion about options that Council could investigate further to secure the appropriate site for both its office facilities and a library for the wider Mangawhai community. There are several strategic landholdings that fit the criteria around location and wider placemaking benefits, with each having its advantages and drawbacks. There is a degree of urgency around identifying the preferred area for these activities as some of the landholdings could be sold or land value could increase due to demand. This could result in Council potentially miss out on its ideal location.*

*A longlist to shortlist options assessment criteria was developed utilising a mix of risk, spatial plan and community priorities, which was then used to narrow the options to a shortlist of three potential locations. The three locations are:*

- *Mangawhai Heads gateway - one option in the community park and one option opposite the Museum*
- *Mangawhai Village - corner of Moir and Molesworth Drive is the primary option*
- *Mangawhai Central - site close to the estuary in the commercial zone area*

*The Village and Central options include the establishment of a small Civil Defence building at Mangawhai Community Park to be utilised alongside the Fire and Ambulance Stations in a large scale civil defence event.*

# 1\_ Strategic Context

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## 1\_ Strategic Context - Purpose of the Options Assessment

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**The purpose** of the Mangawhai Civic Facilities Options Assessment is to investigate options on how Council can plan and invest in future Mangawhai civic assets to help realise the Mangawhai Spatial Plan vision and Council's community priorities.

**In a way that** strikes a balance between being fit for purpose, promotes placemaking, and provides value for money over the longer-term

**So that** the existing and future growing community can have a base to enjoy and participate in civic and cultural activities.

## 1\_ Strategic Context - Introduction

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*The Mangawhai Community Plan, Plan Change 78 (Mangawhai Central) and draft Mangawhai Spatial Plan all indicate that community / civic facilities are needed as the population moves from a 5,031 resident population to 12,715 people over the next 30 years (under a medium-high growth scenario).*

- The existing community run library, an annex building next to the Mangawhai Hall has limited space, media capabilities and hours available for the growing Mangawhai community.
- The Council offices lease will last for another two years, with the ability to extend the lease period. Council has a customer-facing service centre with several functions including rates, resource and building management, infrastructure and shared space for other personnel.
- The Mangawhai community has several community owned buildings including Mangawhai Baptist Church, The Mangawhai Club, The Mangawhai Domain and the Mangawhai Golf Club- house which are all in reasonably good condition. The Te Whai Trust coordinates several social service type activities such as the toy library, Plunket and the community garden in an 800m<sup>2</sup> leased area within the Mangawhai Domain. More social service providers wish to establish bases in the area but there is limited supply of community spaces. A recent meeting with Council community advisors and social services providers proposed a hub concept for social service providers into the future.
- The Civic Buildings Strategy (2019) undertaken by The Property Group indicated that the Council should invest in their own facilities for both council offices and a library facility.
- The Mangawhai Central resource consent for establishing a supermarket and retail precinct has been granted as of May 2020. There are also several strategic pieces of land in Mangawhai Village, Molesworth Drive and Mangawhai Central that could be candidates for accommodating Council civic facilities. However, there is a risk that any of these strategic landholdings could be sold. Council therefore needs to investigate where the most suitable area for future civic facilities could be and should seek to confirm the planning and acquisition requirements.



1\_ Strategic Context - Introduction

Mangawhai has experienced significant population growth in the past two census periods (2013 and 2018), with a 60 percent increase in permanent residents to 5,031 across both urban and rural areas. The total number of dwellings also grew by 26 percent to 3,591.

**Table 1** to the right shows population growth in Mangawhai from 2013 to 2019, as well as population projections for 2051. Population projections are based on Infometrics’ Population Projections October 2020 for Kaipara for a medium-high projection.

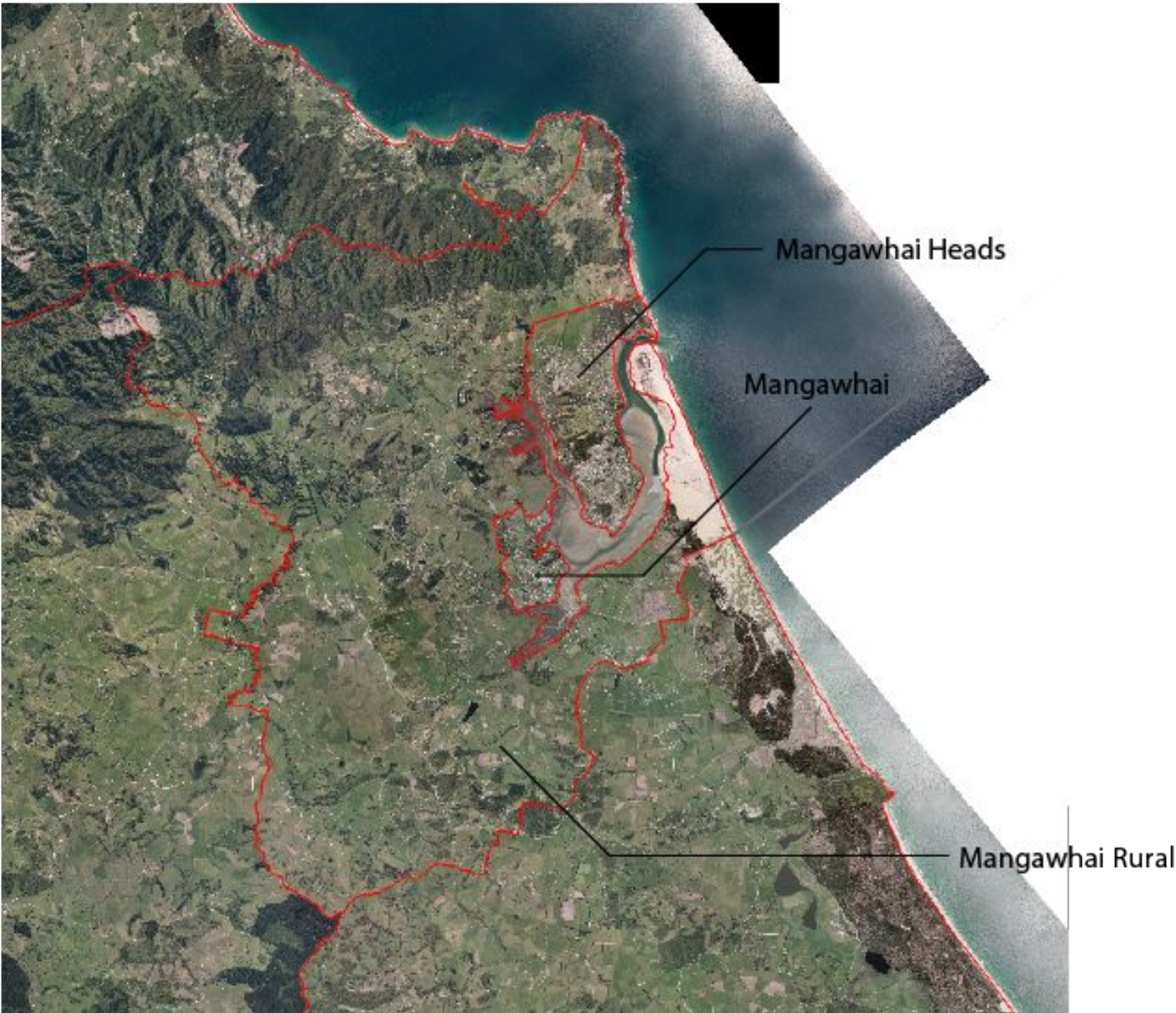


Figure 1. Mangawhai Statistical Areas 2 Boundaries (Census 2018)

The increase in the permanent population has resulted in Mangawhai starting to transition from a coastal town characterised colloquially as a retirement and holiday destination to the second largest town in the Kaipara District.

Over the next 30 years, the population of Mangawhai is anticipated to increase by over 7,000. In anticipation of this growth, the Council is cognizant that it should make provision for local civic facilities which are effective and future-proofed.

Table 1. Population Growth in Mangawhai					
Statistical Area 2 (Census 2018)	Population (2013)	Population (2018)	Population (2019)	Projected Population (2051)	Population change (2019-2051)
Mangawhai	507	936	1,060	2,828	1,768
Mangawhai Heads	1,239	1,995	2,184	4,675	2,490
Mangawhai Rural	1,398	2,100	2,298	5,215	2,917
Total	3,144	5,031	5,542	12,718	7,175

1\_ Strategic Context - Introduction

*In 2019, The Property Group was commissioned by Kaipara District Council (KDC) to produce a report to assist in decision-making for civic buildings in Kaipara, titled the Civic Buildings Strategy.*

*The report found that current Council office space, as well as the existing library in Mangawhai, are insufficient for the future needs of the community as it experiences continued growth over the next 30 years. This highlights the need for Council to proactively assess options for provision of civic facilities in Mangawhai which are sufficient to accommodate for the local population.*

Existing civic facilities in Mangawhai, such as the Council offices and the library, are currently inadequate to meet the practical needs of their operation. The projected growth in permanent population across the Mangawhai area will result in more pressure on the existing community infrastructure. This will highlight the need for new and larger public amenities. Moreover, in 2018, Council had 121 staff, comprised of 112 full-time and 9 part-time staff. This is expected to grow to 190 staff across the district within the medium-term, with growth occurring predominantly in Mangawhai. The Civic Buildings

Strategy report found that this growth would require an additional office gross floor area (GFA) of 1,160m<sup>2</sup>. The table below shows office area GFA required in Mangawhai.

Additionally, the Library and Information Association of New Zealand Aotearoa (LIANZA) recommends that libraries which service populations between 3,000 and 10,000 residents have a floor area of 700m<sup>2</sup>. The Mangawhai Library is well below this area, at approximately 129m<sup>2</sup>. Options for the establishment of a library should therefore include a minimum floor area of 700-1160m<sup>2</sup>.

Table 2. Staff Increase Projections and Office Floor Area Requirements

Location	Current Office FTEs	Medium Projected FTEs	Net Workstation Area at 13m <sup>2</sup> per Person (Future FTEs)	Gross Area Including Approximate 30% Provision for Ancillary Areas	Current Floor Areas	Additional Office Areas Required to Accommodate Medium Term Growth
Mangawhai	48	102	1,326m <sup>2</sup>	1,724m <sup>2</sup>	564m <sup>2</sup>	1,160m <sup>2</sup>



## 1\_ Strategic Context - Our Vision

*Kaipara District Council has adopted the vision “**Growing a Better Kaipara**”.*

*To execute its vision, a key mission and community priorities have been developed which form the foundation for Council’s planning goals.*

*Amongst Council’s community priorities, three are of particular relevance to the Mangawhai Civic Precinct:*

- *celebrating diversity*
- *vibrant communities, and*
- *being a trusted council*

## Mission

Nurturing our people and place by inspiring a vibrant, healthy and caring community

## Community Priorities

### Celebrating Diversity – Our local heritage and culture are valued and reflected in the community

- Embrace our bi-cultural values, principles and practices
- Continue to build our iwi and hapū relationships
- Support and develop Māori economic potential
- Support public galleries, libraries, archives and museums

### Vibrant Communities - Kaipara communities offer an attractive place to live and visit

- Connect our towns and communities
- Promote Kaipara as an attractive place to live and visit
- Create an accessible Kaipara
- Support key events
- Provide sufficient sports and recreation areas
- Continue to improve and upgrade Council public facilities
- Celebrate our two harbours and two coasts

### A Trusted Council - An open organisation working for our community

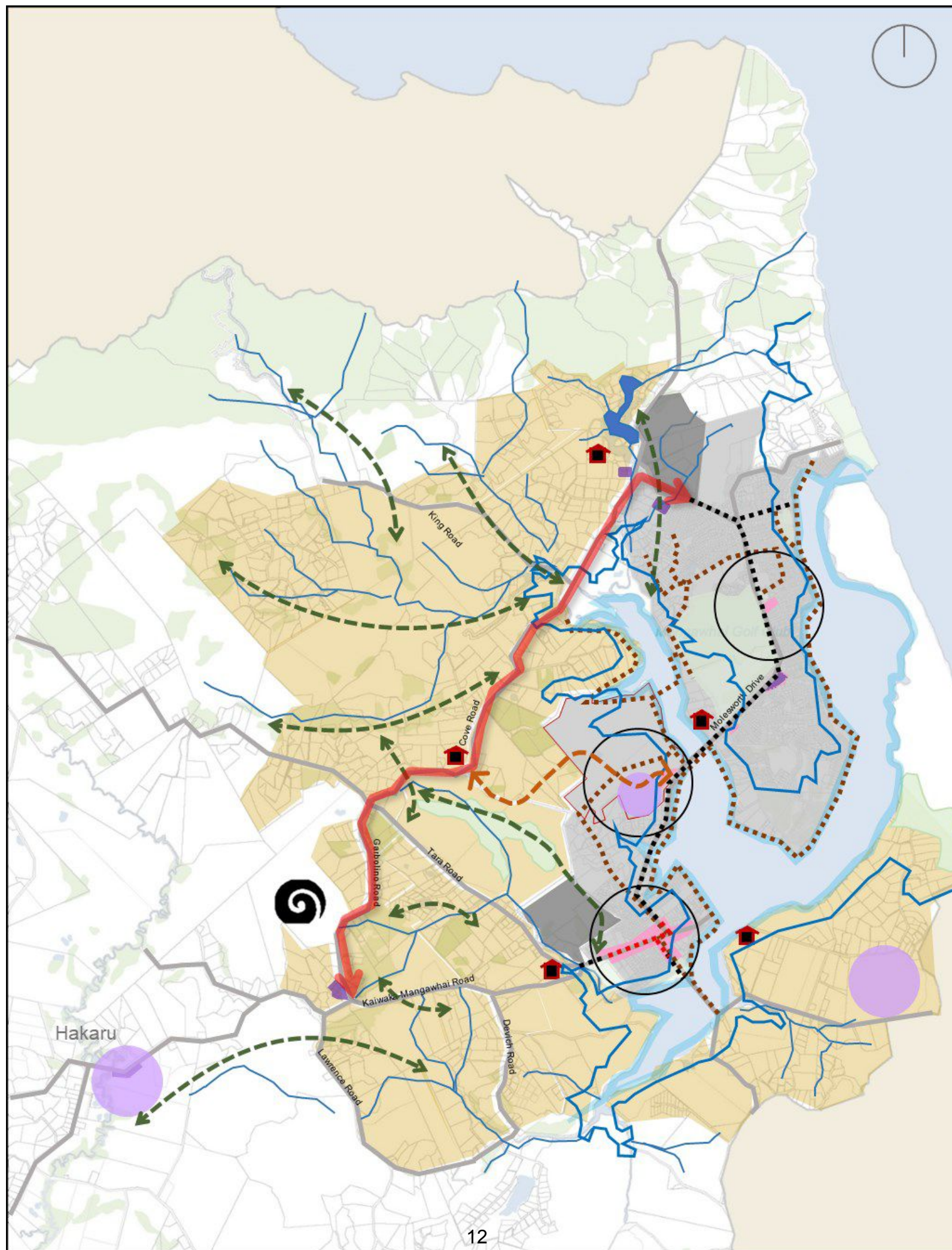
- Operate in a business-like manner
- Manage debt with a focus on a strong balance sheet
- Easy to do business with clear processes
- Consistent service delivery
- Friendly and welcoming
- Transparency in decision-making and reporting
- Fair to everyone



## 1\_ Strategic Context - Mangawhai Spatial Plan

*The Draft Mangawhai Spatial Plan seeks to provide a high-level 'spatial picture' of how Mangawhai could grow over the next 25 to 30 years, address the community's social, economic and environmental needs, and respond to its local context. It provides Kaipara District Council (KDC) with an effective and legible tool to move from vision to strategy, and from strategy to action by setting out specific, prioritised initiatives at the district and local level.*

*The adjacent spatial plan map shows the key moves of the Mangawhai Spatial Plan.*





## 1\_ Strategic Context - Mangawhai Spatial Plan Vision and Key Themes

*The Mangawhai Spatial Plan is structured into seven Key Themes, identified as:*

1. Natural Environment
2. Iwi and Cultural
3. Three Waters
4. Residential Character/Living Environment
5. Community
6. Employment
7. Transport

*The adjacent Key Themes of Community, Employment and Transport are identified as the most relevant for the Mangawhai Civic Facilities Options Assessment. The identification of options for civic facilities in Mangawhai should consider their appropriateness for the needs of the community; their ability to synergise with the local economy; and how they contribute to the overall connectivity and activity around Mangawhai.*

### Mangawhai Spatial Plan Vision

A cohesive Mangawhai community that:

- Respects its natural setting
- Offers diverse and affordable living and working choices
- Celebrates its iwi culture, its heritage and embraces the future

## Key Themes of the Mangawhai Civic Facilities Options Assessment

The following Key Themes of the Mangawhai Spatial Plan are most relevant for the Mangawhai Civic Facilities Options Assessment. Each of the Key Themes below has an associated main aim, as well as a series of recommended actions.

### Community

**Main Aim:** *Strengthen, enable and connect the local community through facilities and programmes.*

Recommended Actions:

- *Provide additional community facilities that continue to meet the needs of the growing and developing community*
- *Advocate for the provision of a secondary school*
- *Develop and implement a strategy to address the shortage in aged care facilities*
- *Support initiatives for a safer community.*

### Employment

**Main Aim:** *Support the local economy, and attract more visitors, entrepreneurs, and employment uses.*

Recommended Actions:

- *Provide more local jobs for the sustainable economic well-being of Mangawhai*
- *Provide for additional employment land both for commercial activities and industrial activities*
- *Develop an employment and business attraction strategy to showcase Mangawhai's comparative advantages.*

### Transport

**Main Aim:** *Improve safe walking and cycling options, and manage vehicular traffic.*

Recommended Actions:

- *Increase connectivity and ease of movement within and around Mangawhai through upgrades of roads and bridges*
- *Improve walking and cycling conditions and connections.*



## 1\_ Strategic Context - Mangawhai Spatial Plan

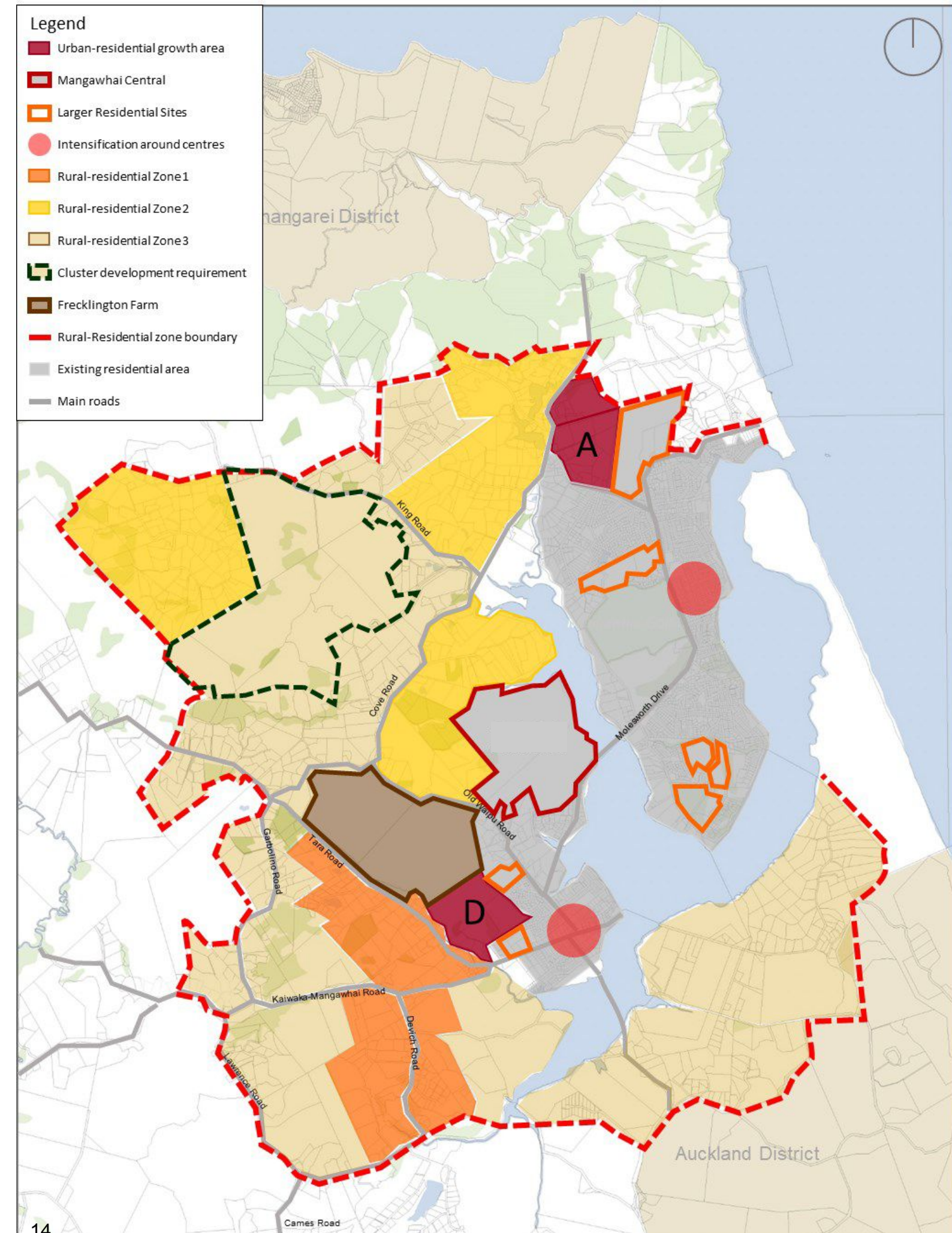
*The adjacent map shows the preferred option (Option 6) for residential development according to the Mangawhai Spatial Plan.*

The Mangawhai Spatial Plan identifies the area around the centres at Mangawhai Village and Mangawhai Heads as areas for residential intensification. However, Wood Street is subject to constraints and therefore has limited capacity for residential intensification apart from the Council flats located north of the Wood Street Shopping Centre.

The Spatial Plan recommends that existing residential zoned areas that are already developed be maintained at a similar character and intensity, apart from the ability to provide for minor dwellings.

Meanwhile, new urban residential growth is provided for on the outskirts of Mangawhai Village along Tara Road, and the northern end of Mangawhai Heads along Mangawhai Heads Road and Cove Road.

Mangawhai Central is identified as the preferred location for higher density housing.



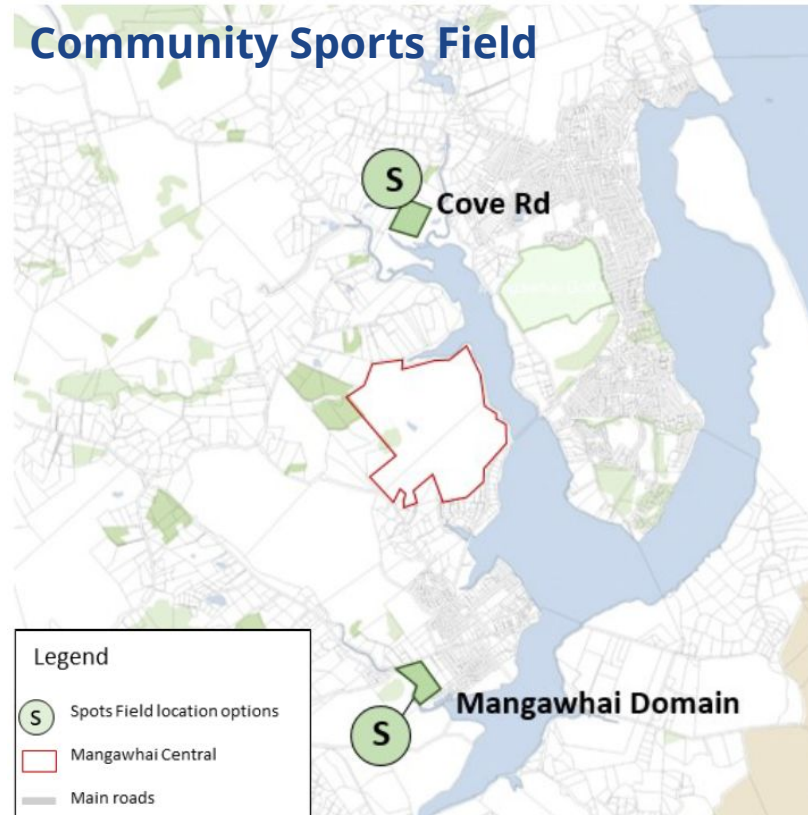


## 1\_ Strategic Context - Mangawhai Spatial Plan - Community Facilities Options

The Mangawhai Spatial Plan identifies potential options for a community sports field, a library, and Council offices. It identifies the following factors as key considerations in assessing locational options:

- Accessibility
- Flood risk
- Clustering with other services
- Tsunami risk

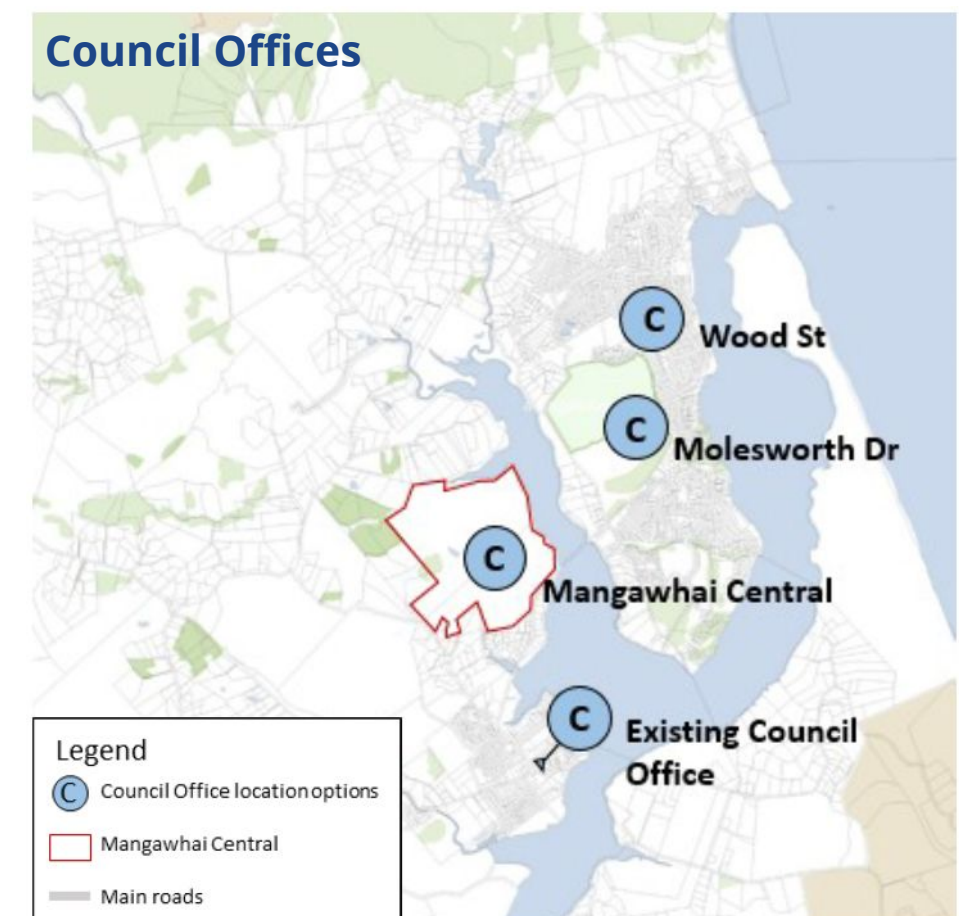
The draft Mangawhai Spatial Plan identifies the following options for community facilities:



- Mangawhai Domain
- Cove Road (near intersection of King Road)



- Retain existing library location (Mangawhai Village)
- Mangawhai Central
- Molesworth Drive (Mangawhai Community Park)
- Wood Street (Mangawhai Heads)

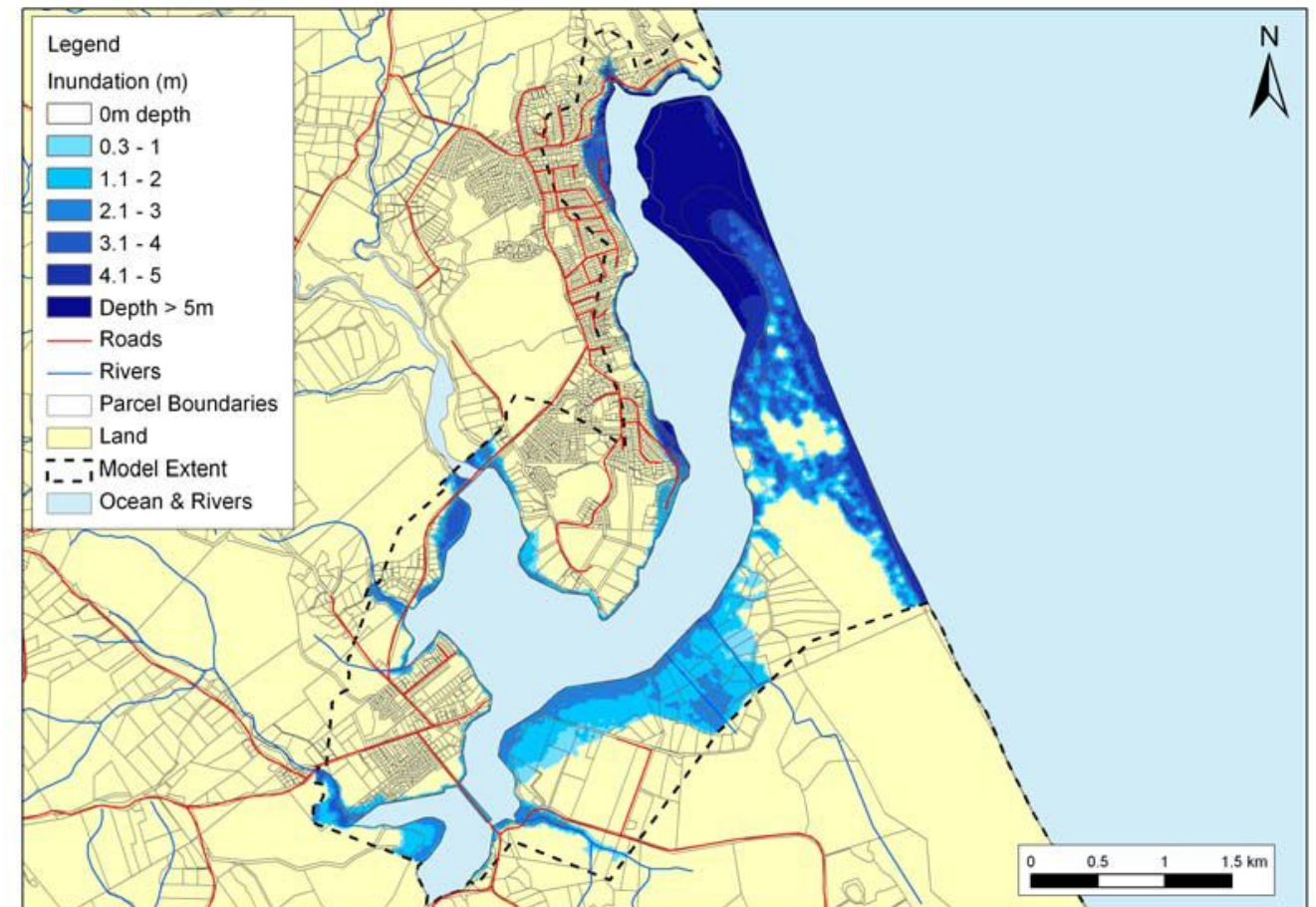


- Retain existing library location (Mangawhai Village)
- Mangawhai Central
- Molesworth Drive (Mangawhai Community Park)
- Wood Street (Mangawhai Heads)

## 1\_ Strategic Context - Tsunami and Sea Level Rise

*Mangawhai's location along the East Coast means that Council must consider the risk of a tsunami in the development of civic facilities. Modelling of tsunami risk conducted by NIWA in 2010 provides indications as to where future development is most appropriate.*

Modelling conducted by NIWA indicates that parts of Mangawhai are subject to tsunami risk, particularly along the coastline at the inner reaches of the estuary, as seen in the inundation depth map. Figure 2 adjacent shows inundation modelling for a  $M_w$  9.0 Tonga-Kermadec subduction zone scenario + 50cm of sea level rise, representing a worst case scenario for tsunami risk. The modelling shows that significant inundation is predicted over the beach and into the township near the estuary mouth. Extensive inundation is also predicted on the low-lying land to the south of the estuary. The NIWA maps have been used to manage appropriate RMA development levels.



**Figure 2.** Maximum inundation depth for the Mw9.0 Tonga-Kermadec subduction zone scenario at MHWS + 50cm

Northland regional and district councils have recently modelled impacts on 1.5m sea level rise. This information is currently being peer reviewed and mitigation strategies prepared on how each Council might manage potential impacts. A revised tsunami modelling exercise to update the 2010 model based on sea level rise assumptions will need to be considered and could influence the final location or design of a civic facility in Mangawhai.



## 1\_ Strategic Context - Tsunami and Sea Level Rise

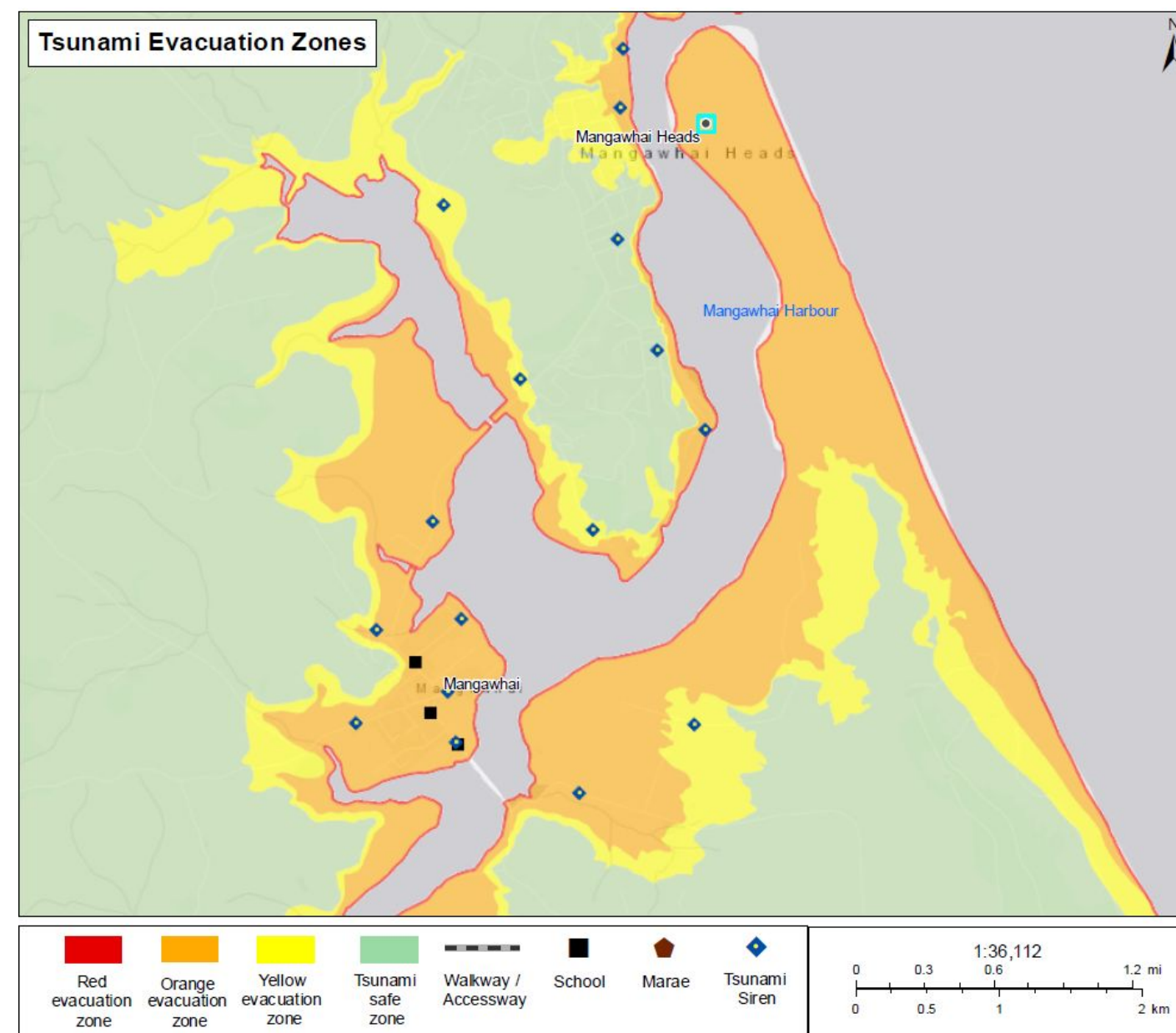
*Recent civil defence tsunami modelling conducted by GNS Science for Northland Civil Defence Emergency Management shows the evacuation zone in an tsunami event.*

The Tsunami Evacuation Zones are maps that have been created for people living, visiting and working in the east coast coastal areas so that they are aware of where a modelled safe zone is or high ground.

The NIWA and GNS Science analysis are showing slightly different results for the Mangawhai area for different purposes. The GNS Science modelling is primarily for informing civil defence planning / preparedness.

Correspondence from NRC Civil Defence Manager is that the NIWA studies are more scientific but that the likelihood of an event should be taken into account. Design of buildings, parking and structures should incorporate the tsunami risk. This could entail:

- design in such a way to allow for evacuation to the roof of the buildings
- early warning systems such as sirens are installed
- clearly providing for evacuation routes are suitably marked.



**Figure 3. Northland Civil Defence Emergency Management Tsunami Evacuation Maps for Mangawhai**

## 1\_ Strategic Context - Kaipara Infrastructure Strategy

*The Kaipara Infrastructure Strategy seeks to identify the significant infrastructure issues for Kaipara District Council over a 30-year period. This allows for the financial and implementation consequences of Council's vision, community priorities and strategies to be analysed, understood and integrated into the Long Term Plan.*

*The Infrastructure Strategy identifies four key programme responses to Kaipara's infrastructure challenges. Of these key programme responses, the "Northland to Auckland Corridor" and "Building Resilience Into Our Asset Network" are the most relevant for Mangawhai.*



**Northland to  
Auckland Corridor**



**Building Resilience Into  
Our Asset Network**



# Kaipara Infrastructure Strategy - Northland to Auckland Corridor

The Northland to Auckland Corridor involves a series of significant infrastructure projects to improve regional connectivity between Northland and Auckland. KDC is currently working alongside other councils, iwi and government agencies to coordinate the planning and infrastructure roll out of this growth corridor. This approach will seek to unleash the full potential of the Kaipara and Whangarei areas and improve connectivity with Auckland.

Legend

Kaipara District Boundary

Town Centre

Key Urban Area

Rail line

State Highway

Puhoi to Warkworth SH1 upgrades

Indicative route for northern motorway extension to Wellesford

Auckland to Northland Corridor

Secondary connection to Mangawhai

Train Stop

Boat Ramp/Wharf

Recreation/Mountain Biking

NOTE  
The size of the centres are based on the population size





**Kaipara Infrastructure Strategy - Enabling Resilience in Mangawhai**

*This map shows how infrastructure is connected through Kaipara’s towns, villages and settlements. Mangawhai relies on services provided by the rest of the district, as well as neighbouring districts at Whangarei and Auckland. For example, Warkworth is a key service centre for Mangawhai, medical facilities are available in Wellsford, and retail/commercial opportunities are available in Whangarei and Auckland.*

*Mangawhai presents an opportunity to bring the wider eastern Kaipara community together for civic and community events, such as galas, concerts, library and civic events.*

**Legend**

-  Town Centre
-  Building Resilience



# 2\_ Mangawhai Centres

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## 2\_ Mangawhai Centres

*Three commercial centres have been identified as key growth areas:*

- Mangawhai Village,
- the upcoming Mangawhai Central development
- Mangawhai Heads

*Mangawhai Heads gateway is not specifically a 'centre', but a mix of industrial, retail, tourism and open space activities alongside the Molesworth Drive entrance to the Mangawhai Heads residential area. It has been considered in the assessment as it is one of the few areas in the town that is outside the tsunami evacuation zone.*

*This options assessment considers the context of each centre and its suitability to accommodate for new local civic facilities.*



**Mangawhai Village  
(Moir Street)**



**Mangawhai Central  
(Upcoming township development)**



**Mangawhai Heads Gateway  
(including the Mangawhai  
Community Park)**



**Mangawhai Heads  
(Wood Street)**



## Mangawhai Village - Overview

*Mangawhai Village is the historic gateway into the wider Mangawhai community, offering a variety of retail, education, hospitality, civic and office functions.*

*Due to a lack of masterplanning, the village is largely reliant on private development to bring about positive urban outcomes.*

Mangawhai village is the historic gateway into the wider Mangawhai community. The village centre is focused around Moir Street and Molesworth Drive. The rural community of Hakaru lies 7km immediately westward via Kaiwaka Mangawhai Road. A further 7 km south-west from Hakaru is Kaiwaka, situated along State Highway (SH) 1.

Mangawhai Village offers a mix of retail, industrial, education, tourism hospitality, civic and office functions. Popular hospitality venues include Bennetts Chocolatier and Cafe, and Mangawhai Tavern. The retail and shopping area located along Molesworth Drive also includes the Council offices. The kindergarten and primary school are located towards the south along Insley Street. The community library and hall are housed within the same building on the corner of Moir Street and Insley Street, dating back to the early 19th century. It is also the site of the thriving Saturday markets. Mangawhai Domain is located 700m westward from the main centre along Moir Street, which is the primary sports field in the wider community and is owned by a community trust.



**Figure 4.** Mangawhai Village Shops and Mangawhai Hall in the background



## Mangawhai Village - Development Potential

*There is potential to establish improved civic facilities within the historic village centre which could attract gravitas and activity to the area, alongside other placemaking & public realm upgrades.*

Currently, there is no unifying masterplan to determine the direction for which Mangawhai Village could develop. The draft spatial plan indicates expanding the commercial zoning along Moir and Insley Streets. There is potential to review the zoning to go grow upwards and support a mixed use style village. The village at present is therefore largely reliant on individual private developments to improve upon the existing situation, such as the successful development of Bennetts Chocolatier and Cafe.

The village is located upon a junction where several arterial roads converge, including traffic from the State Highway network. During the summer holiday period, traffic tends to build up, creating congestion through the village. Council is currently investigating the potential to establish roundabouts on Moir Street, which was identified in the Mangawhai Community Plan as a key priority. This intervention coupled with a shared path project are part of the suite of interventions to address the transport solutions needed for the village.

There is good development potential to create more diversity of activities in the village including more office, hospitality (especially near the tavern) and fine grain retail. The vacant land parcel between Dune View Drive and Moir Street provides potential for the establishment of civic facilities at Mangawhai Village. Council offices and library in this location could add considerable gravitas and attract flow on retail spend and activity in the village.

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**Figure 5.** Options for Roundabouts on Moir Street



**Figure 6.** Possible Mangawhai Village expansion (draft Spatial Plan)



## Mangawhai Central - Overview

*Mangawhai Central is an upcoming planned large-scale development across 130ha which connects Mangawhai Village and Mangawhai Heads. The development seeks to provide a mix of activities, including residential, commercial, industrial, education and medical services.*

*The Kaipara District Plan set out the initial vision for development in Chapter 16 - Estuary Estates, though a Private Plan Change has been lodged to facilitate the objectives of the development. So far, resource consent has been granted for the development of a supermarket, as well as for subdivision for commercial and industrial activity.*

Mangawhai Central is comprised of approximately 130ha of zoned greenfield land located on the upper Mangawhai Harbour accessed from Molesworth Drive. The proposed development will be located roughly 1.5km north of Mangawhai Village, and 2.5km south of Mangawhai Heads.

Initial concept plans indicate that residential development will take place immediately north of Molesworth Drive, which will see two roundabouts established as gateways into Mangawhai Central. Residential development would be comprised of a ring of medium-to-high density housing organised around a central park. This

would then transition to more lower density housing. The neighbourhood would be complemented with provision of commercial activity, acting as a buffer to light industrial activity towards the south. A school is also proposed to be established to the south, with roads to be constructed to the north-west to unlock further potential for development in the future.



**Figure 7.** Concept Illustration for Mangawhai Central

## Mangawhai Central - Development Potential

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*There is potential for Council to acquire land or a development agreement at Mangawhai Central to establish civic facilities as part of the upcoming commercial, industrial and residential development.*

Mangawhai Central Limited have been granted resource consent for a supermarket and 15 lot subdivision for industrial and commercial development, among other consents relating to earthworks and signage. However, there are no approved plans for residential development - any indication of residential development potential is so far limited to what has been provided for in concept plans.

**Private Plan Change (PPC) 78** for Mangawhai Central has been lodged and notified, and is being heard between November 2020 - February 2021. The plan change seeks to replace the rules and planning requirements, which have been in place since 2008, with proposed best-practice provisions that can enable sustainable growth. Mangawhai Central Limited have requested that the provisions of Chapter 16 be updated to enable a sustainable, environmentally resilient development that meets Mangawhai's present and future needs. It also seeks to rezone the subject area within the Estuary Estates Structure Plan. The decision on the PPC is anticipated to be released in February/March 2021. Amongst the changes proposed in the PPC, it is proposed to have a rule removed which limits the number of new houses to 500, to allow for over 1500 within Mangawhai Central. However, public submissions have been unanimously opposed to the removal of the dwelling limit (198 out of 208 submissions in opposition).

The acquisition of land or a development agreement within commercial zoned land at Mangawhai Central could enable Council to establish key civic facilities for future community use at this new town centre. If the Council was to locate their office and library facilities in this area, the additional placemaking benefits and retail spend would provide a positive boost for any new businesses in the nearby commercial centre.



## Mangawhai Central - Form and Function Map

*The adjacent map shows the land use configuration anticipated in the Mangawhai Central plan change area.*





## Mangawhai Heads Gateway + Community Park - Overview

*Mangawhai Heads gateway is located between Mangawhai Village and Mangawhai Heads, and accommodates major community assets/facilities, industrial activities and is a local tourism attractor. Mangawhai Community Park offerings include walking tracks, mountain biking tracks, the Mangawhai Activity Zone and the Museum, while there are also key services, namely the ambulance and fire stations.*

Mangawhai Community Park is situated along Molesworth Drive between the centres of Mangawhai Village and Mangawhai Heads. The Mangawhai Community Park comprises roughly 33ha of predominantly forested land, populated with key community activities and facilities.

Mangawhai Community Park is a key destination location within the wider Mangawhai community, as well as tourism draw, offering activities such as walking tracks, mountain biking tracks, the Mangawhai

Activity Zone and Mangawhai Museum. The local ambulance station and fire station are also located within a emergency sector of the park. Additionally, adjacent to the Mangawhai Community Park is the golf course, Mangawhai Bowling Club, The Club, the Mangawhai Information Centre. The ongoing development of the Community Park continues to inform the growth and development of the Mangawhai community.



**Figure 9.** Mangawhai Activity Zone, Mangawhai Community Park



## Mangawhai Heads Gateway - Development Potential

*The Mangawhai Community Park Master Plan sets out the vision and objectives for the Community Park, providing key guidance for its future development.*

*The Mangawhai Heads gateway central location, coupled with its offering of activities, does provide potential to include new Council civic facilities.*

The **Mangawhai Community Park Master Plan** sets out the objectives for the Community Park, with the following objectives:

- 1. Future use and development of the Park will encourage the wider community to use the Park*
- 2. In keeping with the concept of free and unencumbered use, purely commercial activities will not generally be permitted*

The Park will be managed by the community for the community - an advisory group called “Friends of Mangawhai Community Park” drawn from the Mangawhai community will be formed. Members will be voted on at an annual public meeting. This group will have a management role.

The Park overall will be governed by Council in partnership with local people - a governance group will be formed consisting of two Councillors (Commissioners) and the Chair of the Friends group, with one other member from the community appointed by Council.

The land will be legally protected and preserved for public use.

It should be noted that in recent times the park has accommodated considerable new activities, especially in the corridor between the bridge and the Mangawhai Club. This has somewhat changed the nature of the park where there is more built form and active recreation, emergency and tourism facilities.

The land around the Community Park along Molesworth Drive, particularly opposite the Museum, and around the Mangawhai Activity Zone, offers potential for the Council to establish civic facilities which could anchor the Community Park for further community based activities. The management plan for the community park did not envision office based activities so that plan would have to be revised if Council were to pursue a location for office facilities.

## FORMATION

Resilio Studio | AR+Associates



## Mangawhai Heads - Overview

*Mangawhai Heads is the northern gateway into Mangawhai, located at the estuary coast opposite the sandbar to the East Coast.*

*Retail and commercial activity is clustered around Wood Street, which has potential to accommodate for new civic facilities for Mangawhai.*

Mangawhai Heads is the northern-most developed part of the Mangawhai Community, located near the estuary entrance, separated by the sandbar out to the ocean. Mangawhai Community Park is located roughly 2 km southward, and Mangawhai Village located another 3km south after that. When coming from the north (e.g. Waipu, Langs Beach), Mangawhai Heads is a gateway into the Mangawhai community via Mangawhai Heads Road.

The centre is focused around Wood Street, which offers neighbour centre scale commercial and retail activities, including food outlets, a Four Square, some retail shops and a petrol station.

The Mangawhai Heads Reserve is located at the northern tip of the coastline, offering a sprawling view out to East Coast.



**Figure 11.** Wood Street Shops, Mangawhai Heads



## Mangawhai Heads - Development Potential

*Recent tactical urbanism interventions have been trialled at Woods Street, yielding positive results which could see Mangawhai Heads embracing a new pedestrian-friendly urban character.*

*The site of the old fire station offers the best potential for the location of civic facilities at Mangawhai Heads.*

No master plan has been prepared for Mangawhai Heads, however, tactical urbanism interventions have been trialled along Wood Street to create a pedestrian-friendly environment and address issues around congestion.

From December 2019 to February 2020, Council worked with the Mangawhai Business Association to trial tactical urbanism interventions on Wood Street to improve congestion issues and create a pedestrian-friendly environment in the centre. The intervention included:

- Making Wood Street one-way
- Defining and marking footpath routes that were previously ambiguous or missing
- Time restrictions for car parking on Wood Street
- Opening a temporary parking area on Council land at the end of Fagan Place
- Providing a logical wayfinding system for residents and visitors to navigate the township safely from the new parking area

The intervention was met with largely positive feedback. \$455,000 has been granted by the NZTA to continue testing options for Wood Street.

The latest interim design will be implemented for testing in December 2020 for 12-18 months.

A possible civic facility site at Mangawhai Heads is at the old fire station site. The business association and Wood Street businesses are undertaking a trial over the same land with the future intention of car parking to support local businesses.



**Figure 12.** Interim Tactical Urbanism Design for Wood Street - December 2020

# 3\_ Options Assessment

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### 3\_ Options Assessment - Mangawhai Civic Facilities - Development of Assessment Criteria

*The adjacent section is a summary of the considerations which Council will factor in when deciding on the location of Civic Facilities in Mangawhai. The source of this research is mainly from journal articles, research papers and books - Refer to Appendix B for references*

## Push and Pull Factors in Determining Civic Facility Localities

- Minimise the distance between users and facilities to enhance accessibility and efficiency. This is often seen as a deciding factor for individuals and firms in deciding their own locations.
- The decisions about residential mobility and housing location choices are usually influenced by push and pull factors (**Figure 10**). For example, household characteristics in relation to children and education level are significantly related to the travel distance of users.
- Mistakes in site selection can result in suboptimal potential, effectiveness and equity of service. Furthermore, suboptimal location can mean reduced access and reduced user patronage.
- Locational pattern of library systems significantly affects library use just as it does retail. Public libraries provide goods that must be travelled to on an individual basis. Because the public library is mandated to provide equitable, efficient and effective serviced based on an analysis of the community, it is important that there is adequate spatial distribution of facilities to meet the goals of the community.

For this reason, libraries should be planned for whilst factoring in the following:

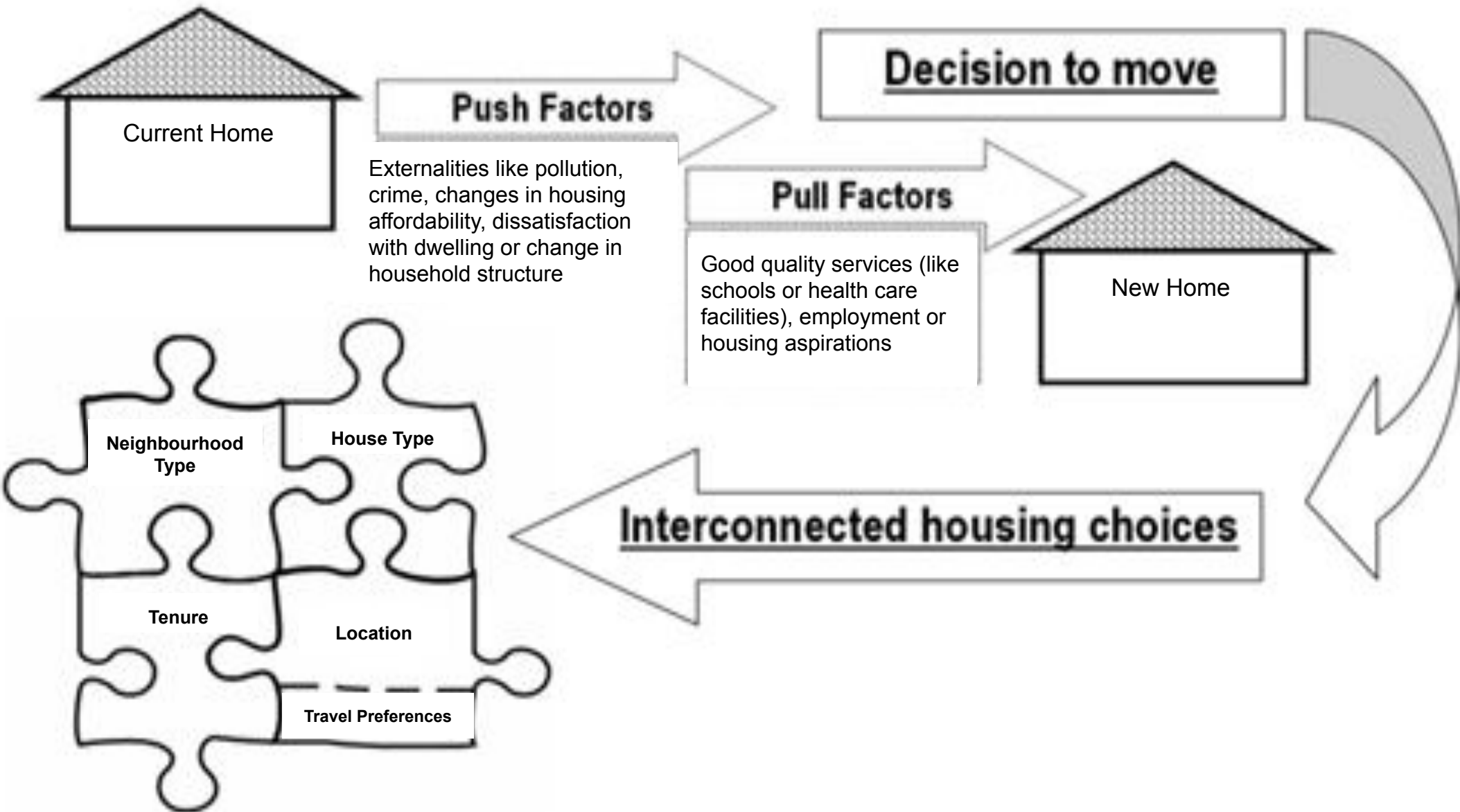
- Community **demographics** and information **needs**
- The **proximity** of the library site to prospective users
- The presence of **surrounding libraries** (if any)
- The elasticity of **user demand**
- The **accessibility** of the location

## Conclusions

- Facilities should be located where highest densities of populations are anticipated to be located in Mangawhai.
- Consideration should be given to the two-way relation between residents and businesses of Mangawhai when deciding locations of civic facilities.
- Long-term effects of possible library locations should be taken into account, as it is a major investment and commitment of public funds. Additionally, library localities should consider the surrounding demographics and overall demand for the library.
- Consider the delivery and movement patterns of people and books as a factor in locating a local library.



According to research, neighbourhood facilities have an effect on households' satisfaction. The decisions about residential mobility and housing location choices are usually influenced by push and pull factors. The Tiebout Location theory emphasized that individuals "vote with their feet" for the combinations of amenities and disamenities they



**Figure 13.** Stages in Residential Decision Making

### 3\_ Options Assessment - Mangawhai Civic Facilities - Strategic Objectives

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*The following strategic objectives informed the options assessment conducted in the Civic Buildings Strategy, produced by The Property Group in 2019. These strategic objectives have been used to help develop the assessment criteria for this options assessment.*

*In addition, Council's Community Advisor assisted with meeting with Mangawhai Volunteer Librarians to gauge their thoughts on the shortcomings of the current facility and their thoughts on what could be included in a future library design and location. This information can be found in Appendix A.*

#### KDC Strategic Objectives for Office Accommodation

- Are fit-for-purpose for Council's operational needs
- Help provide an environment to attract and retain staff
- Improves the ability to have shared, short-term workspaces (hot-desking) where staff work regularly between two offices
- Improve the current dispersed nature of Council's offices - which currently pose health and safety implications due to extensive travel for Council staff

#### KDC Strategic Objectives for Council Libraries

- Are fit-for-purpose for Council's operational needs
- Address the gap for and combat deprivation in the community
- Improves community cohesion through hubbing and multipurpose facilities and programmes
- Improves community accessibility to knowledge centres

### 3\_ Options Assessment - Mangawhai Civic Facilities - Assessment Criteria

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#### Assessment Criteria:

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1. Investment Objectives - relevant spatial plan key moves (facilities that meet growing needs and contribute to business attraction), community priorities and strategic objectives
2. Risk Considerations - political, environmental, social, community perceptions, technical, safety impacts (incl tsunami and natural hazards), financial impacts, legal and achievability
3. Business Needs - accessible to all and encourages alternative travel modes, enhances economic development opportunities, boosts social inclusion and participation, builds resilient communities and clustering of other community activities
4. Dependencies - commercial development opportunities and attractiveness to external funders

### 3\_ Options Assessment - Mangawhai Civic Facilities - Longlist to Shortlist

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#### Longlist to Shortlist Options

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1. Do nothing (for comparison reasons)
2. Additions to the existing library at Mangawhai Village and retain use of the leased office facilities
3. Utilise the old fire station on Wood Street and purchase adjacent property for additional parking/future growth space
4. Mangawhai Heads gateway:
  - a. Develop the land next to the Fire Station for a combined library and Council office building
  - b. Purchase the industrial zoned vacant land opposite the museum (corner of Molesworth and Estuary Drives) for a Council building and library
5. Acquire vacant commercial land at Mangawhai Village (corner of Molesworth Drive and Moir Street) for a combined library and office building, village green and mixed use commercial or community space. Locate civil defence facility next to fire station at the Community Park and seek cooperation agreement
6. Acquire land near the estuary on Mangawhai Central retail zoned land for civic facilities and future community uses



Context Map





### 3\_ Options Assessment - Mangawhai Civic Facilities - Option 2 - Additions to Existing Library

#### Options 2 - Discounted

Description - Additions to the existing library at the village and keep using the leased office facilities

##### Pros

- Low cost solution for medium term
- No land acquisition
- Close to primary school, village amenities and other community uses

##### Cons

- Limited space to develop (at Hall site)
- Limited car parking at Hall site
- Site constraints with historic hall and busy intersection point
- Limited lease space in existing building





### 3\_ Options Assessment - Mangawhai Civic Facilities - Option 3 - Utilise Old Fire Station

#### Option 3 - Discounted

Description - Utilise the old fire station site off Wood Street and purchase adjacent property for more parking/future growth space

##### Pros

- Medium cost solution for the medium term
- Supports Wood Street retail and close to other community uses
- Services the North Mangawhai community well

##### Cons

- Limited space to develop further other than for expected needs
- Wood street shops are a constrained traffic and parking environment
- Multiple story office building may not be appropriate for this neighbourhood centre
- Is not centrally located so south and central Mangawhai communities are more likely to drive rather than walking and cycling





### 3\_ Options Assessment - Mangawhai Civic Facilities - Option 4a - Mangawhai Heads gateway

#### Options 4a - Shortlist (less ambitious)

Description - develop the land next to the Fire Station for a combined library and Council office

##### Pros

- Medium cost solution for the medium term
- Close to emergency services for Civil Defence response
- More centrally located than Wood Street option
- Close to other community activities in the Mangawhai Community Park
- Outside the coastal inundation and tsunami risk evacuation zone

##### Cons

- Limited space to develop further without cluttering community park
- Office building is not compatible with overall vision and objectives of the community park
- Molesworth Drive is a busy road to the main surf beach. It would therefore need to be calmed considerably for walking and cycling to be encouraged to the facilities



View from Street



View from Street





### 3\_ Options Assessment - Mangawhai Civic Facilities - Option 4b - Mangawhai Heads Gateway

#### Option 4b - Shortlist (less ambitious)

Description - acquire the industrial  
zoned vacant land opposite the  
museum (corner of Molesworth and  
Estuary Drives) for a Council building &  
library plus additional community  
uses.

##### Pros

- Higher cost solution for the  
medium-long term growth
- More centrally located than other  
Mangawhai Heads options
- Could be developed alongside a  
mixed use commercial or  
community offer
- Outside the coastal inundation  
and tsunami risk evacuation zone

##### Cons

- Office buildings are not  
envisioned within a industrial  
zoning so maybe a difficult  
consent approval or future plan  
change within District Plan review
- Limited benefits for other  
businesses located nearby and  
could be seen to be outside the  
main commercial centres of the  
Village, Central and Woods Street.
- Molesworth Drive is a busy road  
to the main surf beach. It would  
therefore need to be calmed  
considerably for walking and  
cycling to be encouraged to the  
facilities





Option 4b  
Mangawhai Heads  
Gateway  
Bulk & Location  
High level  
concept





### 3\_ Options Assessment - Mangawhai Civic Facilities - Option 5a & 5b - Acquire Land at Mangawhai Village

#### Option 5a & 5b - Shortlist (ambitious)

Description - acquire vacant commercial land at Mangawhai Village for a combined library and office building, village green and mixed use commercial or community space. Locate civil defence facility next to fire station and seek cooperation agreement.

##### Pros

- High cost solution for the long term growth
- Close to other community and education uses
- Services the new Mangawhai Central and Cove Road rural residential growth communities
- Provides a secure anchor office building for the Village
- Could be developed alongside a mixed use commercial, community or open space offering

##### Cons

- Within the tsunami risk evacuation zone (could be a building that withstands a tsunami and is able to be used in the response)
- 5a owned by Mangawhai Central developers (5b option is not owned by these developers)
- Higher cost to purchase as in a commercial zone





Option 5a  
Mangawhai Village  
Bulk & Location  
High level  
concept





Option 5b  
Mangawhai Village  
Bulk & Location  
High level  
concept  
(back up option)





### 3\_ Mangawhai Civic Facilities - Option 6 - Acquire Land at Mangawhai Central

#### Option 6 (more ambitious)

Description - acquire land near the estuary on Mangawhai Central retail zoned land for civic facilities and future community purposes.

##### Pros

- High cost solution for the long term growth
- Close to future Mangawhai Central community and possible secondary education site
- Introduces diversity into the Central town centre with anchor office building to compliment the retail offerings
- Could be developed alongside a mixed use commercial, community or open space activities

##### Cons

- Within the tsunami risk evacuation zone (could be a building that withstands a tsunami and is able to be used in the response)
- Higher cost to purchase as in a commercial zone
- Community may not be comfortable with Council acquiring land in a controversial development





Option 6 Mangawhai  
Central Bulk &  
Location high  
level concept



Scale: 1\_500 @ A3



Mangawhai Central  
Proposed Location

KEY

(A)

Library (Ground floor)

(B)

KDC Office (Ground floor)

(C)

Carparking

(D)

Public Space

(E)

Other offices (first floor)



# 4\_ Next Steps

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4\_ Next Steps

*The following is a series of steps that Council could consider for firming up the options around the civic offices and library land, planning and future development.around the civic offices and library land, planning and future development.*

1. Agree on a location that best fits the strategic needs for the community and the organisation’s future growth / aspirations
2. Undertake property due diligence and high level consenting analysis on the development risks
3. Begin confidential property negotiations on the acquisition / development of the land
4. Negotiate the first buyer option for the property or development agreement
5. Include land acquisition / development agreement costs within the 2021-2031 Long Term Plan
6. Organise a funding strategy to assist with raising the necessary funding including development contributions, external funding providers and other fundraising mechanisms
7. Undertake concept design and community consultation to gather community feedback
8. Seek resource consent and final funding commitments
9. Construct building and transition from existing sites into new premises
10. Arrange opening event and blessing

**It should be noted that Council does not need to commit significant development funds for these facilities in the short term. The staging of this can occur in a period that best fits with other Council investment priorities.**



# 5. Appendix A

Mangawhai Volunteer Librarians  
feedback



**Figure 14** Mangawhai Library layout

Currently available in the existing site	Not currently available
<ul style="list-style-type: none"> <li>Approximately 1000 members</li> <li>Free wi-fi</li> <li>Funding is from a council grant for operational costs and the collection of books, etc.</li> <li>Reliance on volunteers</li> <li>Access to a toilet is through the hall next door</li> <li>High level of foot traffic including school families</li> <li>Limited operating hours</li> <li>Access to books from Dargaville Library</li> <li>Weekly visits from the library team and support from manager</li> </ul>	<ul style="list-style-type: none"> <li>Space for activities or increased supply</li> <li>Publicly accessed computers</li> <li>Holiday programmes or groups ( e.g. story time for young families/ wriggle and rhyme)</li> <li>Specialist librarians e.g. youth</li> <li>Public access toilets</li> <li>Full-time Operating hours</li> </ul>
Going Forward ( positive options)	Challenge or negative impact/risk
<p>Village Location</p> <ul style="list-style-type: none"> <li>Library facility in the Village may be possible to build earlier than a larger shared council/community facility.</li> <li>Village location retains a hub in the village. Gives it “cred”.</li> <li>Close location to the primary school – high use from families with children. Potential to offer more activities/learning space that could be used during and after school.</li> </ul>	<ul style="list-style-type: none"> <li>Stand- alone, with some space for meeting rooms or upstairs but no cross-over of council staff e.g. joint reception/customer services.</li> </ul>
<p>Mangawhai Central location</p> <ul style="list-style-type: none"> <li>Could offer a larger facility and more parking.</li> <li>Shared facility with multiple users</li> </ul>	<ul style="list-style-type: none"> <li>Distance for people to travel – increasing in car use for both Village and Heads based members.</li> <li>Length of time to be funded/built or exact location</li> </ul>
<p>Mangawhai Community Park</p> <ul style="list-style-type: none"> <li>Option to be near the Museum would make sense – information services and foot traffic.</li> </ul>	<ul style="list-style-type: none"> <li>Not seen as a strong contender if at the other end of the park.</li> <li>Distance from school and Village users – reliance on cars.</li> </ul>
<p><b>Would like to have access to:</b></p> <ul style="list-style-type: none"> <li>Option for outdoor space would be good ( deck area)</li> <li>Exhibition Space</li> <li>Computers in the main area</li> <li>Meeting room(s)</li> <li>(Wellsford Library set up is seen as a good model)</li> <li>Toy library Space (co-located)</li> <li>Happy with the library becoming council run and staffed.</li> <li>Would like to retain some role for volunteers</li> <li>Public accessible printing</li> </ul>	



# 5. Appendix B

## Kaipara District Plan Planning Capacity Overview

### Definitions

**Community facility** – Land or building used for community or public use and run on a not-for-profit basis. It includes places used for the gathering of people for recreation, worship, cultural and spiritual instruction, public halls, education facilities and libraries. It does not include any of the following:

- Entertainment facilities
- Healthcare services

**Commercial activity** – The use of land and buildings for the display, offering, provision, sale or hire of goods, equipment or services, and includes shops, markets, showrooms, restaurants, take-away food bars, professional, commercial and administration offices, service stations, motor vehicle sales, visitor accommodation, the sale of liquor and parking areas associated with any of the above.

**Places of assembly** – Any building and/or land used for public and/or private assembly or meeting of people, including marae, libraries, churches, halls, clubrooms, community centres, child care facilities, educational facilities, health care facilities, conference centres, chartered clubs and premises with a club license and other similar establishments, including outdoor recreation facilities, but excludes motorsports. Places of assembly shall also include recreation and entertainment facilities such as badminton and squash courts but not amusement centres.

### Requirements

With the Rural, Residential and Business Commercial and Industrial zones, **commercial activities** are **permitted**, provided that they comply with the relevant performance standards, at which the point the activity becomes **restricted discretionary**.

**Community facilities** are not expressly prohibited in the KDP, and are able to be established provided that they comply with the relevant performance standards. For example, building height is generally restricted to 10m, with some exceptions. Namely, building within an overlay are restricted to 8m, while buildings within the Business Commercial and Industrial zone are permitted to go up to 12m.

The following car parking requirements apply according to Appendix 25C (Parking, Loading and Manoeuvring Standards):

- Commercial/office – 1 per 40m<sup>2</sup> GFA
- Places of assembly – 1 per every 5 persons the facility is designed for, provided that where a church and hall are erected on the same site the maximum requirement shall be the maximum requirement for the church or hall, whichever is greater
- Other buildings for Social, Cultural or Recreational purposes (including Grandstands) – 1 per every 4 persons the facility is designed for

# 5. Appendix C

## References

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# Changes proposed to Revenue and Financing Policy for inclusion in Long Term Plan

**Meeting:** Council Briefing  
**Date of meeting:** 9 December 2020  
**Reporting officer:** Sue Davidson, GM Sustainable Growth & Investment

## Purpose/Ngā whāinga

To discuss proposed changes to the draft Revenue and Financing Policy for inclusion in the Draft Long Term Plan which will go out for consultation

## Executive summary/Whakarāpopototanga

Councillors raised various issues at the previous meeting where we discussed the Revenue and Financing Policy that will be discussed further in the consultation document for the Draft Long Term Plan.

## Context/Horopaki

The Revenue and Financing Policy sets out how Council funds each activity it is involved in and why. Council is required to have this policy to provide predictability and certainty to customers about the sources and levels of funding. The Revenue and Financing Policy describes how Council funds its operating and capital expenses from the funding sources available to Council and why it chooses the various mechanisms to fund the operating and capital expenditure of Council.

For each of the activities, Council must consider the following steps:

- i. The community outcomes to which the activity primarily contributes; and
- ii. The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
- iii. The period in or over which those benefits are expected to occur; and
- iv. The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- v. The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- vi. The overall impact of any allocation of liability for revenue needs on the community.

Various issues were raised, and further information is now provided.

## Discussion/Ngā kōrerorero

1. New changes proposed specifically to be mentioned in the Consultation Document that if agreed would result in a change to the Final Revenue and Financing Policy adopted.

- a. Recycling Targeted Rate

It is proposed the recycling service will be changed so that yellow bags are no longer needed to be purchased for recycling. The Council will look to provide two crates to ratepayers, one for glass and the balance for other recycling. Any recycling taken to the transfer stations would not incur a charge. The recycling will be charged for by way of a targeted rate which is a same charge per property whereas currently it has been included in the general rate and rated by land value. There will be a

reduction in weekly costs for ratepayers as they will no longer have to purchase the yellow bags.

The analysis required as part of the proposed change to the Revenue and Financing policy is as follows:

<b>Council Service</b>	<b>Community Outcomes</b>	<b>Period of Benefit/ Distinct Funding</b>	<b>Distribution of Benefits / Exacerbator</b>	<b>Modification Funding Split</b>	<b>Funding Source Operating Capital</b>
Recycling/ waste minimisation	Healthy environment	Short & long term benefits  Distinct funding high benefit	Recycling helps sustainability  Recycling collection is of benefit to individuals as recycling disposed of  No charge at Transfer station for recycling has private benefit	Private 100%	Targeted rates  Grants & subsidies  Borrowing  Reserves  Development contributions

b. Safer Communities

It is proposed to collect rates on behalf of the Dargaville Community Development Board to support the Safer Dargaville campaign which includes the initial set up and ongoing management of CCTV, Dargaville Lighting project, and Community Patrols which would benefit the Dargaville, West Coast Central and Ruawai Tokatoka wards.

The analysis required as part of the proposed change to the Revenue and Financing policy is as follows:

<b>Council Service</b>	<b>Community Outcomes</b>	<b>Period of Benefit/ Distinct Funding</b>	<b>Distribution of Benefits / Exacerbator</b>	<b>Modification Funding Split</b>	<b>Funding Source Operating Capital</b>
Safer communities	Prosperous economy  Trusted council	Short & long term benefits  Distinct funding high benefit	Safety benefits specific  Dargaville community  Wider rural community benefits as West Coast central ward and Ruawai adjacent to towns	Private 100%	Targeted rate



c. One Bucket System for Wastewater (Equalisation)

Currently Council operates a hybrid funding system for wastewater where operating costs are merged together, and capital costs are charged separately. Desludging is considered an operating cost even though it has longer term benefits. The current system is not being proposed as the rationale for the current system is not clear about sharing costs, not well understood and hasn't been applied uniformly.

The 2 options identified and being proposed for consultation are:

- i. Maintaining separate scheme rates for each of the water supply and wastewater schemes; or
- ii. Rating users across the district equally for each of water supply and wastewater activities

Scheme costs across the district vary as a result of relative age, size and technology used in each scheme. In the long run, all schemes will require large expenditure to renew aging componentry. Further, increasing environmental standards are continuing to place significant costs on individual schemes. The additional standards do not take cognisance of the ability of the respective community's affordability. The consequences are typically onerous and more so on the smaller schemes that do not have the ability to share the costs amongst a large number of users.

Councils preference is for having one bucket for all costs relating to wastewater. This is because each connection across the district receives the same (or very similar) service levels. That is, each connected user is able to flush their toilet, and dispose of wastewater, irrespective of the scheme they are connected to.

Unifying the cost of this service provision across the district therefore recognises the benefit received and enables:

- Expensive cyclical renewals or upgrades to be scheduled as required with costs being able to be distributed across a larger user base
- Spreading the risk associated with operating assets
- Avoiding any sudden changes in the level of funding required from specific groups of ratepayers
- Provide integrated management

The analysis required as part of the proposed change to the Revenue and Financing policy is as follows:

Council Service	Community Outcomes	Period of Benefit/ Distinct Funding	Distribution of Benefits / Exacerbator	Modification Funding Split	Funding Source Operating Capital
Wastewater	Prosperous economy  Climate smart	Short & long term benefits  Distinct funding high benefit	Public benefit is that harbours are kept clean  Public toilets  Private household benefits	Private 95%  Public 5%  Connectable - Council want sections in communities to be developed and connect	Targeted rates  Fees & charges  General rates  Financial & development contributions  Borrowing

				75% charge  Sections benefit in sale value so should be charges.  Note: 50% interest on Mangawhai outstanding development contributions included in general rates	Lump sum contributions Grants & subsidies
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The current wastewater connections compared with Option 1 charging the cost directly of each separate scheme is as follows:

	Connected charge 2020/21 \$	Option 2 Indicative 2021/22 LTP \$
Dargaville	920	621
Glinks Gully	1299	2859
Kaiwaka	1151	1560
Mangawhai	1357	1475
Maungaturoto	1259	1390
Te Kopuru	668	787

Indicative calculations of wastewater costs going forward under Option 2 equalised system

	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Option 1 Indicative	1035	1070	1112	1149	1169	1207	1261	1638	1682	1709

The benefits of charging one overall cost is that each household pays for the same service regardless of location and each community does not have a spike in costs when large capital or operating expenditure occurs in each area.



As examples there are planned wastewater capital projects in the LTP at these specific areas:

Te Kopuru	Treatment plant upgrade
Dargaville	Treatment plant and pump station upgrades
Kaiwaka	Wastewater renewals (higher than depreciation funded)
Maungaturoto	Connecting rail village

d. One Bucket System for Water (Equalisation)

Currently Council operates a hybrid funding system for water where operating costs are merged together, and capital costs are charged separately to each community as water by meter. There is a fixed charge component to each scheme. The current system is not being proposed as the rationale for the current system is not clear about sharing costs and is not well understood.

The 2 options identified and being proposed for consultation are:

- i. Maintaining separate scheme rates for each of the water supply and wastewater schemes; or
- ii. Rating users across the district equally for each of water supply and wastewater activities

Scheme costs across the district vary as a result of relative age, size and technology used in each scheme. In the long run, all schemes will require large expenditure to renew aging componentry. Further, increasing environmental standards are continuing to place significant costs on individual schemes. The additional standards do not take cognisance of the ability of the respective community's affordability. The consequences are typically onerous and more so on the smaller schemes that do not have the ability to share the costs amongst a large number of users.

Councils preference is for having one bucket for all costs relating to water. This is because each connection across the district receives the same (or very similar) service levels. That is, each connected user can turn on a tap for a potable water supply irrespective of the scheme they are connected to.

Unifying the cost of this service provision across the district therefore recognises the benefit received and enables:

- Expensive cyclical renewals or upgrades to be scheduled as required with costs being able to be distributed across a larger user base
- Spreading the risk associated with operating assets
- Avoiding any sudden changes in the level of funding required from specific groups of ratepayers
- Provide integrated management

The analysis required as part of the proposed change to the Revenue and Financing policy is as follows:

Council Service	Community Outcomes	Period of Benefit/ Distinct Funding	Distribution of Benefits / Exacerbator	Modification Funding Split	Funding Source Operating Capital
Water	Prosperous economy	Short & long term benefits  Distinct funding high benefit	Access to safe drinking water  Assured supply of fire fighting  Water for public toilets  Private household benefits	Private 100%  Connectable - want sections in communities to be developed and connect 75% charge  Sections benefit in sale value so should be charges	Fees & charges  Targeted rate  Financial & development contributions  Borrowing  Lump sum contributions

The current water by meter connections compared with Option 1 charging the cost directly of each separate scheme is as follows:

	Connections	20/21 First Then subsequent m3 \$	21/22 separate systems	21/22 equalised
Dargaville	2283	124 2.96	560 1.85	380 3.20
Glinks Gully	79	365 1.55	252 17.42	380 3.20
Mangawhai	20	124 3.67	964 11.99	380 3.20
Maungaturoto	455	285 4.24	916 4.24	380 3.20
Ruawai	242	228 5.45	461 7.11	380 3.20

Indicative calculations of water by meter costs going forward under Option 2 equalised system

	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Option 1 Indicative	2.83	3.01	3.33	3.37	3.47	3.59	3.66	3.74	4.03	4.12



The benefits of charging one overall cost is that each household pays for the same service regardless of location and each community does not have a spike in costs when large capital or operating expenditure occurs in each area.

As examples there are planned water capital projects in the LTP at these specific areas:

Dargaville	Water storage project
Dargaville, Maungaturoto, Ruawai, Glinks Gully	Watermain renewals (higher than depreciation funded)

## 2. Specific Queries Council asked of staff:

- **Septic Tanks** – Councillors wanted to understand where the able to be connected properties were within the District which got a 75% connection charge

Where 75% connectable charge	Number of Properties	
	Vacant	Developed
Mangawhai	400	96
Maungaturoto	28	9
Dargaville	135	18
Glinks Gully	1	
Kaiwaka	8	8
Te Kopuru	22	3

Data does not support changing the 75% in this current environment where sections can be sold quickly to be developed

- **Forestry Rate** – amount charged 2020/21 was \$407,349 The previous 5 years \$390,000 was charged.

Cost of maintenance of forestry roads:

Year	Heavy metalling Rehabilitation of Forestry roads (000s)
2013-14	625 (243) after subsidy
2014-15	1,080 (421)
2015-16	849 (331)
2016-17	1,545 (602)
2017-18	1,918 (748)
2018-19	534 (208)
2019-20	431 (168)

This data shows the correct impact has been charged to forestry owners using Council's current model. The figures support the claim that forestry harvesting has reduced and impact on the roads has been lowered and therefore support lowering the rate to \$250k targeted total rate take. This would shift the difference to general rates.

This rate is in place till 2027. I need Council to give guidance on this so I can prepare a resolution for the Council meeting.

- **Harmonising the rates for the revaluation** – this adds further complexity. Given that any harmonising would be based on location any properties that fall outside of the average valuation movement could see unexpected results. Responses received from other authorities indicated they made no provision for this

Key concept is that rates are a tax and if you have a higher value home then you pay more rates.

It is not recommended to introduce another rate which would be extremely difficult to administer at this time.

Guidance is sought on this. A proposed option could be to look at this and capital value as potential new introductions to the rating system for analysis at the next LTP.

### **Policy and planning implications**

This is a policy required to be reviewed by the Local Government Act 2002.

### **Financial implications**

The proposed changes to the Revenue and Financing policy will impact on the distribution of the rates across the community.

### **Risks and mitigations**

Council must ensure it follows the Local Government Act 2002 when it completes the analysis.

### **Significance and engagement/Hirahira me ngā whakapāpā**

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Consultation will occur as part of the draft Long Term Plan consultation.

### **Next steps/E whaiake nei**

These changes and specific consultation issues will be included in the draft Long Term Plan.

Sue Davidson, 23 November 2020



# **Changes proposed to Development Contributions Policy for inclusion in draft Long Term Plan 21-31**

**Meeting:** Council Briefing  
**Date of meeting:** 9 December 2020  
**Reporting officer:** Sue Davidson, GM Sustainable Growth & Investment

## **Purpose/Ngā whāinga**

To discuss proposed changes to the draft Development Contributions Policy for inclusion in the Draft Long Term Plan which will go out for consultation.

## **Executive summary/Whakarāpopototanga**

The original policy has been divided into two sections, the first a simple explanation of development contributions, particular policy decisions and how they are applied and the second part being the more technical and detailing the legislation, method of calculation of contribution amounts and supporting information. Figures for development contributions are still being calculated and need to be added to the policy when they are finalised and the Draft Long Term Plan goes out for consultation.

## **Context/Horopaki**

The charging of development contributions ensures that those responsible for the growth pay towards the amenities required to sustain the additional growth. Development Contributions Policy is reviewed every 3 years in line with the LTP. This means capital projects identified as required in each LTP can also be considered against the criteria for growth and whether these should be included in the calculations to be charged as development contributions for new subdivisions. The development contributions will assist with funding of big-ticket transport, community facility and wastewater items which the spatial plan envisages.

## **Discussion/Ngā kōrerorero**

The Development Contributions Policy has been written in two sections with the policy decisions and practical applications in the first section followed by the more technical information – the legislation and the mechanics of the calculation in Section 2.

Key items to note in Section 1 of the Development Contributions Policy are:

1. There are new categories that we will levy a development contribution for supporting Council growth:
  - Dargaville Water supply
  - Maungaturoto Water supply
  - Dargaville Wastewater
  - Maungaturoto Wastewater
  - Kaiwaka Wastewater
  - Te Kopuru Wastewater
  - Dargaville Stormwater
  - Maungaturoto Stormwater
  - Kaiwaka Stormwater

- Community Infrastructure - Library in Mangawhai
  - Solid Waste management - centralised recycling station at Maungaturoto
2. Clause 1.6.1 - The approach to growth has changed. Previously, Council welcomed growth in selective areas. It is now widening the scope on the back of the spatial plan.
  3. Clause 2.2.2 - Assumption that Council won't want to charge community infrastructure development contributions on business development.
  4. Clause 2.3.1 - Use of district wide catchments for solid waste and community infrastructure activities.
  5. Clause 2.3.1 - continued use of roading east catchment due to some large-scale roading spending proposed at Mangawhai. Note the investigation of the Kaiwaka Eastern Link road is charged to District Roding.
  6. Clause 2.8.3 - Exception of past MCWWS interest incurred for the construction projects in the past is shared between growth and existing users
  7. Clause 2.9.1 and 2.9.2 - Table with amounts still being calculated
  8. Clause 2.10.6 - New clause to allow Council to consider position regarding warehouses as generating less demand on waters infrastructure
  9. Clause 3.6.1.1 - New clause to consider public benefit but Council should be agreeing a fund to support this at the same time e.g. (\$20000)

There are no key areas to note in Section 2 of the Development Contributions Policy. This states the legislation and details the calculation methodology.

### **Policy and planning implication**

This is a policy required to be reviewed by the Local Government Act 2002.

### **Financial implications**

The proposed changes to the Development Contributions Policy will impact on the charges for additional subdivisions as the amenities required, and the future estimate of rating units, have been reviewed. Note the final figures are still being calculated and will be presented at a future Council meeting.

### **Risks and mitigations**

Council must ensure it has good justification for the percentage of new capital projects it allocates to growth as the largest risk is a challenge from developers to the calculations. Council needs to be able to substantiate the projects and the share charged to growth.

## **Significance and engagement/Hirahira me ngā whakapāpā**

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Consultation will occur as part of the draft Long Term Plan consultation.

## **Next steps/E whaiake nei**

- These changes and specific consultation issues will be included in the draft Long Term Plan.

## **Attachments/Ngā tapiritanga**

	Title
A	Development Contributions Policy - Section 1 (Draft)
B	Development Contributions Policy - Section 2 (Draft)

Sue Davidson, 23 November 2020



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## Kaipara District Development Contributions Policy – 2021-31

This development contributions policy is in two sections. **Section 1** gives context to the policy and sets out the decisions the Council has taken in making the policy. It goes on to describe the steps to be followed when applying the policy to development applications.

**Section 2** sets out the legislative matters the Council has had to consider, the method of calculating the contributions, significant assumptions, a summary of financial contributions and other supporting material.

### Section 1 – Introduction, policy decisions and practical application

This policy is operative from 1 July 2021 and is based on capital expenditure proposed in the 2021-31 Long Term Plan (LTP). It takes direction from Council's Revenue and Financing Policy on which activities are to be funded by development contributions. **Part 1** sets out the purpose of the policy, provides the growth and infrastructure context and compares development and financial contributions. **Part 2** sets out the decisions the Council has taken in making this policy, following the legislative considerations required of it and set out in more detail in **Section 2 - Part 4**.

**Part 3** sets out the way the policy will be applied in practice, also ensuring compliance with the legislative matters in **Part 4**.

#### Part 1 - Introduction

##### 1.1 Purpose

1.1.1 The Kaipara Development Contributions Policy 2021 is one of a number of financial policies the Council uses to meet its funding needs. The Council has made this policy under the Local Government Act 2002 (the Act). It is based on capital expenditure proposed in the 2021-31 Long Term Plan (LTP) and is adopted as one of the source documents that will form part of the LTP.

1.1.2 The purpose of this policy is to:

- a) provide predictability and certainty to developers that the Council can give them the infrastructure they need to support their investments;
- b) ensure developers know what they are paying for and that development is not discouraged by high infrastructure costs; and
- c) ensure the existing community is not burdened by the costs of growth but does contribute to growth infrastructure when it provides a clear benefit to them by improving their existing levels of service, renewing aging assets or helping them meet new legislative standards.

##### 1.2 Why have this policy?

1.2.1 When population and business growth take place, new development takes place to accommodate it. The extra traffic, water consumption, wastewater generation and stormwater run-off from development, all use up spare *capacity* in Council's infrastructure.

Unless provision is made, that capacity can be used up over time and networks start to fail. Traffic congestion, low water pressure or quality, wastewater overflows and flooding can all signal a failure to keep up with growth. In some cases, parks, libraries and other public amenities can become crowded as the capacity they were designed for is used up.

- 1.2.2 To avoid this, the Council plans ahead and puts capital spending in its budgets to provide more *capacity* to service growth when it is needed. It also takes stock of what spare capacity it has in existing networks that it can assign to growth.
- 1.2.3 Existing spare capacity and planned capacity come at a cost and need to be funded. While existing residents may welcome growth, they should not be expected to fund extra infrastructure particularly when they are already at the right levels of service.
- 1.2.4 In New Zealand, financial and development contributions are the two main sources of growth funding available to Council.

### 1.3 Financial contributions

- 1.3.1 Financial contributions are usually used for local infrastructure directly associated with a new development – that is, within, nearby or linking it to wider public networks. Council will not normally get involved financially with this local infrastructure. It expects developers to provide it and vest it with Council once it is completed to the right standard. No financial contribution will be needed in such a case although reserve contributions will still be required.
- 1.3.2 In some situations though, it may be best for Council to become financially involved. It can decide to enable development by building a piece of local infrastructure and then charging financial contributions to recover its costs. Typically, this happens where multiple developers are involved, and it is not fair or practical for one developer to provide local infrastructure ahead of others who will also benefit from it. Financial contributions are a good funding source in this situation and Chapter 22 of the Kaipara District Plan allows Council to levy them when needed.

### 1.4 What are development contributions used for?

- 1.4.1 By comparison, *development contributions* are a good way of funding *public network and bulk infrastructure* that Council has already provided or plans to provide to support growth. Councils typically provide trunk sewers, water mains, wastewater and water supply treatment plants, collector and arterial roads, public transport assets, libraries, sports fields, parks and other public amenities.
- 1.4.2 These are usually of such a scale and cost that no one developer can fund them alone even where they need them to make their development viable and marketable.
- 1.4.3 Development contributions provide the ideal funding tool to collect money from large and small-scale developments and pool them to fund ‘big ticket’ infrastructure.

### 1.5 Development agreements

- 1.5.1 In some cases, developers may be able to build large items of public infrastructure, that Council would normally provide itself but is not yet ready to. Developers may also offer the Council land it wants to acquire for public projects.



- 1.5.2 To enable a development to go ahead, the Council can enter into a *development agreement* with the developer. Commitments can be made to offset development contributions or reimburse the developer directly once the infrastructure is built to standard or land is transferred to Council.

## 1.6 The approach to growth in our District

- 1.6.1 Kaipara District is growing steadily and, in some places, strongly. The Council welcomes and encourages growth but wants to ensure that this does not become a burden on the existing community.

## 1.7 How is our District growing?

- 1.7.1 Kaipara District has grown strongly in recent years, particularly in and around Mangawhai and with growth starting to strengthen in the other main centres. Infometrics<sup>1</sup> projects the resident population to grow from 24,100 in 2019 to nearly 32,600 in 2051. This will be accompanied by strong dwelling growth. Infometrics<sup>2</sup> also expects strong employment growth after 2022, moderating after 2030.

## 1.8 The infrastructure response

- 1.8.1 In response to recent growth and the strong growth outlook, a number of capital projects have been identified and costed. There are a number of projects in the capital programme essential to enable and support growth. These include:

- a) Specific water supply upgrades and extensions at Dargaville and Maungaturoto, not previously required;
- b) Surplus capacity in the existing network at Mangawhai and additional wastewater capacity projects at Mangawhai, Dargaville, Kaiwaka and Maungaturoto;
- c) Stormwater upgrades and extensions at Dargaville, Kaiwaka, Mangawhai;

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<sup>1</sup> Infometrics. Population Projections 2018-2051 Kaipara District Council, October 2020, p4.

The population of Kaipara District has grown strongly over the past 15 years, and growth has been particularly strong in the past five years, reaching a population of 24,100 in 2019. As a consequence of COVID-19, population growth is projected to slow over 2020 and 2021 with softer international net migration and a decline in employment. Population growth is projected to pick up from 2022 onwards, with the district growing steadily to reach a population of 32,600 in 2051.

The ageing population of the district, combined with trends of greater life expectancy and smaller families, means that the average household size of the district is projected to ease from 2.37 to 2.14 over the projection period. The effect of this is to spread the same population over a greater number of households. Accordingly, household numbers are projected to grow faster than the population, from 10,000 in 2019 to 14,600 in 2051.

Historically, the majority of Kaipara's population and household growth has taken place in the Mangawhai area. This pattern is expected to continue in future, particularly as further improvements to State Highway 1 reduce travel times into Auckland, thus improving the attractiveness of Mangawhai for commuting workers. The population in Kaiwaka and Maungaturoto is expected to grow strongly as these towns are expected to gain from reduced travel times into Auckland, as well as local employment growth. The Dargaville area is projected to grow steadily, with lesser growth in the Kaipara Coastal area.

<sup>2</sup> Infometrics. Population Projections 2018-2051 Kaipara District Council, October 2020, p9.

Employment in Kaipara District grew steadily over the past decade, at nearly 2% per annum. Employment growth is expected to turn negative in 2020 and 2021 because of COVID-19 and the resultant economic shock. Strong employment growth is expected for the remainder of the 2020's as the district recovers from



- d) Rooding projects including the Cove Road link, Wood Street improvements and the shared path at Mangawhai and major projects at Kaiwaka; and
- e) Solid Waste management including a centralised recycling station at Maungaturoto
- f) Community infrastructure projects including Mangawhai Library.

## Part 2 - Policy decisions

### 2.1 Requiring development contributions for 'development'

- 2.1.1 The Council using its powers (s199(1)) under the Act has decided that it may require development contributions at the times set out (s198 and s200(4)) for its activities in the geographic areas described in this policy. It will only do this when 'development' as defined in the Act (s197(1)), occurs. Development is any activity that generates demand for reserves, network infrastructure or community infrastructure. In so doing it requires new or additional assets, or assets of increased capacity, and causes the Council to incur capital expenditure. Once it collects contributions, the Council will use them for the purposes specified in the areas collected (s197AB(1)(d)).
- 2.1.2 Before assessing and requiring a development contribution, under **Part 3**, the Council will apply a test to ensure the activity for which a consent or authorisation has been applied for, meets the definition of 'development'.
- 2.1.3 The Council has determined that it will not seek development contributions for any existing lots or development already legally established on the site. It will deem all existing lots and development to have paid a contribution. It will not require the applicant to show that a development contribution, financial contribution or any other capital charge has been paid in the past.
- 2.1.4 When calculating a development contribution, the Council will assess the extent of lots or development on completion of the development and deduct the extent of existing lots or development when granting the consent or authorisation for a service connection.
- 2.1.5 This allowance is still subject to conditions set out in **Part 3**.

### 2.2 Activities

- 2.2.1 The Council has met its obligations under the Act (s101(3)(a) and (b)) when making its Revenue and Financing Policy and has determined that development contributions are an appropriate source of funding to meet the growth-related component of capital expenditure on the following activities:

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the economic shock and returns to its prior growth path. During the 2030s, more stringent environmental regulation is expected to result in higher carbon prices and greater regulation related to freshwater quality. Coupled with greater uptake of automation technology across the economy, this is expected to reduce the rate of employment growth, particularly in agriculture.

- a) Roding;
- b) Water supply;
- c) Wastewater;
- d) Stormwater;
- e) Solid waste management;
- f) Community infrastructure activities including libraries, sports fields, and public toilets.

2.2.2 The Council has also decided, in relation to activities to be funded by development contributions that:

- a) no community infrastructure contributions will be payable on any commercial or industrial development; and
- b) until such time as Council adopts an acquisition and development programme for local reserves, it will not require a reserves development contribution under this policy. It may still rely on the provision of these reserves by developers as conditions of resource consent or by way of a financial contribution.

## 2.3 Catchments

2.3.1 The Council ([s197AB\(1\)\(g\)](#)) has considered the grouping of developments into catchments and has determined to:

- a) minimise the use of district-wide catchments for the recovery of development contributions, but use district-wide catchments for roading and solid waste activities and for any community infrastructure activities serving the whole District;
- b) use one separate sub-district catchment for roading where capital expenditure is not expected to benefit the whole Kaipara community specifically the Roding East catchment covering the area from Kaiwakato Mangawhai; and
- c) use scheme-by-scheme wastewater treatment, water supply and stormwater catchments because it considers it unreasonable to transfer costs between schemes, but equally it is impractical and inefficient to divide the areas of benefit of these types of asset into smaller geographic areas.

2.3.2 Development contributions will be payable only where the service is available and, in the case of water supply and wastewater treatment, only by those new households, businesses or other developments connecting to the networks concerned or with the ability to connect to the network.

2.3.3 The catchments (funding areas) used in this policy are summarised in **Appendix 1**.

## 2.4 Limitations on costs included

2.4.1 The Council will ensure that any project going forward for inclusion in the development contribution meets the 'test' under section 197(AB(a) of the Act that additional capacity has or will be provided and as a result, Council has or will incur capital spending..

2.4.2 The Council has decided to retain its policy on financial contributions. This policy and the methodology to calculate contributions makes it clear that the Council will not require financial and development contributions on the same development for the same purpose, ([s200\(1\)\(a\)](#)).



## 2.5 Asset capacity provided in the past

- 2.5.1 The Council has considered its past capital spending and identified a number of assets provided in recent years (~~s199(2)~~) in anticipation of development. Where there is capacity in the assets created or land acquired, the Council has decided that it may seek to recover a fair proportion of the costs of those assets through development contributions by including the value of surplus capacity in its calculations.
- 2.5.2 Based on the year the asset was provided, and the year at which its capacity is expected to be fully used, the value of the remaining 'surplus capacity' can be calculated. This value will be allocated to development expected in the remaining years of 'capacity life' in the asset.

## 2.6 Period of benefits

- 2.6.1 The Council considers that capital expenditure on infrastructure during the LTP period should be recovered over the full take-up period of each asset, from all development that created the need for that expenditure or will benefit from capacity it provides, including development occurring after the LTP period (~~s197AB(1)(b)~~ and Schedule 13).
- 2.6.2 The Council has determined that:
- a) new development occurring in the LTP period will contribute only to that proportion of additional asset capacity that it is expected to consume;
  - b) future development occurring after the LTP period will contribute toward the remaining surplus capacity in assets at the end of that period.
- 2.6.3 In keeping with its policy (above) to include the value of any *past surplus capacity* in assets that is expected to be consumed by new development, the Council will only consider capital expenditure on assets provided after 1 July 2002 (includes initial consultants work on the Mangawhai Community Wastewater Scheme).
- 2.6.4 The Council has also decided to include capital expenditure on a number of assets that will be built after the period covered by the long-term plan (~~Schedule 13 1(2)~~). These are identified in the Schedule of Assets in **Appendix 5**.

## 2.7 Cost allocation

- 2.7.1 (~~s197AB(1)(c)~~) With its capital projects for the next 10 years listed in the Long Term Plan, the Council has identified:
- a) projects that are needed to meet the needs of the existing community to improve its levels of service, meet newly legislated standards or renew aging assets;
  - b) capital projects that will service both new development and the existing community; and
  - c) capital projects that will be done purely to meet the demands new development.
- 2.7.2 The Council has decided that only projects with a clear connection to growth in 1.7.1 b) and c) above, will go forward for possible funding by development contributions.
- 2.7.3 Each project's cost is shared between those parties *causing* the project to be undertaken and those *benefitting* from the projects. In some cases, while growth may *cause* a project to

be carried out, the existing community may also *benefit* from it in some way. In other cases, the existing community may *cause* a project to be built to replace an old asset but, in doing the project, new development can *benefit* from any additional capacity provided.

2.7.4 The Council will:

- a) work out the share of cost that will serve new development. This is commonly called the 'growth cost' or 'additional capacity (AC) cost', the balance to be funded by the existing community, by subsidies or other sources;
- b) share the 'growth cost' among all development expected in the next 10, 20 or 30 years, depending on the 'capacity life' of the project; and
- c) work out a cost that each unit of development projected in coming years needs to meet by way of a development contribution.

## 2.8 Interest and inflation

2.8.1 The Council has decided (**s197AA**) to include:

- a) provision for inflation in the development contribution amounts; and
- b) provision for interest on capital spending on projects in the LTP and on expenditure already incurred on some projects in the past, to be recovered through those contributions.

2.8.2 This is to ensure that Council recovers the total cost of capital necessary to service growth over the long term.

2.8.3 With the exception of the Mangawhai Community Wastewater Scheme (MCWWS), part of the interest incurred for projects carried out in the past in anticipation of growth has already been incurred and has been funded as an operating expense by rates on the existing community. Council has been unable to recover this past interest from development or financial contributions. In relation to the Mangawhai Community Wastewater Scheme, the interest and finance costs incurred during construction of the scheme have been included as part of the total cost of the scheme to be funded from existing users and growth- up to 50%

2.8.4 With the exception MCWWS past spending, the Council does not intend to recover past interest that has been funded from rates from development contributions and has not included it in the development contribution calculation.

## 2.9 Development contribution amounts

2.9.1 **Table 1** shows the schedule of development contributions payable for each activity type in each part the of district. The amounts exclude GST. (**s197AB(1)(e) and (f), s201, s202**)

Insert Table 1 when calculated

2.9.2 **Table 2** of this policy summarises growth-related capital expenditure that Council expects to incur or has incurred in the past and the proportion of that expenditure to be funded from various sources including development contributions.

Insert Table 2 when calculated



## 2.10 Units of demand

- 2.10.1 The Council has considered a range of development types that it expects to see in the District.
- 2.10.2 It has determined that units of demand generated by different land use types will be those reflected in **Table 3** of this policy. **Table 3** shows the demand expected from a range of different residential types including demand expected from accommodation units and the retirement sector. **Schedule 13 2**
- 2.10.3 The different *units of demand* generated by a unit of commercial or industrial activity, as compared with a unit of residential activity, arise mainly from the scale and nature of activity. This Policy uses *gross business area* in the case of business development as a proxy for assessing the different *units of demand* on services, likely to be generated respectively by residential and business activity.
- 2.10.4 The policy assumes that business activity has the potential to place greater demands on services as compared to residential activity, (e.g. as a result of higher and heavier traffic volumes, higher *impervious area*). This Policy incorporates multipliers (*unit of demand* factors) that are intended to take account of the likely additional effect of business activity on service infrastructure.
- 2.10.5 **Table 3** does not distinguish between different types of commercial and industrial development. This is based on the principle that the active business area or impervious area (for stormwater) of any business development will, in most cases, reflect the demand it is expected to place on infrastructure. Once a development contribution is paid, no further contribution will be required, if the nature of business activity changes over time. If further development occurs on the site a however, another contribution may be required.
- 2.10.6 Although Council will not distinguish between business types in **Table 3**, to comply with the Act, it will allow applicants to apply for a remission or reduction under the policy if they consider their business developments vary significantly in capacity demand from other business activities.
- 2.10.7 **Table 3** lists certain activities that fall outside the definition of ‘development’ in the Act, as generating zero units of demand on one or more infrastructure types.
- 2.10.8 It also allows the demand from activities not specifically listed in **Table 3** to be dealt with by **special assessment**.

## 2.11 When are development contributions paid?

- 2.11.1 The Council is aware that if developers are made to pay at times allowed for in the Act. It recognises though that it can be sometime between consenting and development being completed and able to generate revenue. The Council has decided to bring contribution payment timings closer to the point when a development generates revenue. (**s198(1)(a), (b) and (c) and s198(4A)**),

- 2.11.2 The Council's policy is to invoice development contributions at the following times when applying this policy:
- a) in the case of a resource consent for land use, at the time of notification of commencement or commencement of the consent, whichever is the earlier;
  - b) in the case of a subdivision consent, at the time of application for a certificate under section 224(c) of the Resource Management Act 1991;
  - c) in the case of a building consent, at the time the first building inspection is carried out;
  - d) in the case of a service connection, at the time of authorisation of a service connection; and
  - e) in the case of a certificate of acceptance, at the time of granting the certificate.
- 2.11.3 These times of payment may also be postponed in accordance with conditions and criteria in **Part 3**.
- 2.11.4 Regardless of when it requires a development contribution, the contribution amounts must be consistent with the policy in force at the time the application for the consent or service connection was accepted. (s198(2A))

## 2.12 Remissions, postponements and refunds

- 2.12.1 In addition to the rights to reconsideration and objection provided for in the Act, the Council will consider applications for remission, reduction or postponement of development contributions when it applies this policy. This will be subject to the conditions and criteria in **Part 3**. (s199A, s199B and s199C)

## 2.13 Development agreements

- 2.13.1 The Council recognises the benefits that development agreements can provide for both developers and the Council itself. To enable development, it intends to enter into agreements from time to time with developers for the provision, supply, or exchange of infrastructure, land, or money to provide network infrastructure, community infrastructure, or reserves in the district or any part of it.
- 2.13.2 In entering into a development agreement, the Council will comply with all the requirements under the Act (s207A to s207F) and ensure that:
- a) all normal procurement procedures are complied with;
  - b) works carried out or land provided by a developer represent good value for money and could not be provided by the Council itself or any third party at a lower cost;
  - c) works carried out or land provided by a developer and used to offset development contributions are ones that:
    - a. would normally be provided by the Council;
    - b. are included in the Council's capital programme; and
    - c. are included in the amount of development contributions in this policy.

## Part 3 – Practical application

**Part 3** sets out the steps the Council will take when processing consents or authorisations for development and requiring development contributions. The steps reflect policies adopted by the Council in **Part 2** on matters such as activities, catchments, units of demand, timing of payment, remissions, reductions and postponements.

### 3.1 Requirement for development contributions – test for ‘development’ - issuing an assessment

#### 3.1.1 When granting:

- a) a resource consent under the Resource Management Act 1991;
- b) a building consent under the Building Act 1991;
- c) an authorisation for a service connection;
- d) a certificate of acceptance under section 98 of the Building Act 2004;

Council will first determine whether the activity to which the consent or authorisation relates is a ‘development’ under the Act, that:

- a) has the effect of requiring new or additional assets or assets of increased capacity (including assets which may already have been provided by Council in anticipation of development); and
- b) as a consequence, requires (or has required) Council to incur capital expenditure to provide appropriately for those assets; and
- c) that capital expenditure is not otherwise funded or provided for.

#### 3.1.2 Once it has determined that the activity is a ‘development’, Council may require a development contribution to be made towards the activity associated with that development, according to the *activity-funding areas* in which the development is located, including:

- (a) Roading;
- (b) Wastewater treatment;
- (c) Water supply;
- (d) Stormwater;
- (e) Community infrastructure; and
- (f) Solid waste management.

#### 3.1.3 Council will calculate the Development Contribution payable at the time of granting the consent or authorisation and **issue an assessment** of the amounts payable.

#### 3.1.4 That assessment must be consistent with the contents of the policy in force at the time the application for resource consent, building consent, or service connection was accepted. (**s198(2A) of the Act.**)

### 3.2 Determining units of demand

#### 3.2.1 The Council has decided to use a standard table to determine units of demand for most common types of development. This is to ensure practicality and administrative efficiency in attributing demand to particular developments or types of development, and that this is done on a consistent and equitable basis (**Schedule 13 2**).



- 3.2.2 Council has determined that *units of demand* generated by different types of development are those set out in **Table 3**.
- 3.2.3 Demand for infrastructure capacity may come from:
- a) new *lots (lot units of demand)* that are required to be serviced in advance of their occupation; and
  - b) the use and development of *lots (activity units of demand)*, including the intensification or expansion of activity on those *lots*.
- 3.2.4 The assumptions used in this policy to derive the unit of demand factors for business development in **Table 3**, are described in **Appendix 4** of this Policy.

<b>Table 3</b> <b>Units of Demand Generated by Subdivision and Development</b>	
<b>Lot Unit of Demand</b>	<b>Units of demand</b>
One residential or rural lot.	1.0
One mixed-use residential/commercial lot.	1.0
One commercial or industrial lot with an area of less than 1,000m <sup>2</sup>	Lot area divided by 1,000 per square metre.
One commercial or industrial lot with an area of 1,000m <sup>2</sup> or more.	1.0
For the purposes of calculating water supply and wastewater Development Contributions ONLY, any <i>existing legally established lot</i> not connected to either the water supply network or the wastewater network as the case may be, excluding any existing <i>legally established lot</i> in the Mangawhai Community Wastewater Scheme area for which a targeted rate to fund capital costs for the scheme has or will be paid.	0
For the purposes of calculating water supply and wastewater Development Contributions ONLY, any <i>proposed lot</i> not to be connected to either the water supply network or the wastewater network as the case may be.	0
One <i>serviced site</i> .	Special assessment
One <i>lot</i> : <ul style="list-style-type: none"> <li>wholly covenanted in perpetuity as provided for by section 22 of the Queen Elizabeth the Second National Trust Act 1977</li> <li>the title of which prevents any form of development on the <i>lot</i>.</li> </ul>	0
<b>Activity Unit of Demand</b>	<b>Units of demand</b>
One <i>dwelling unit</i> (including any <i>accommodation unit</i> ) of two or more <i>bedrooms</i> per unit	1.0
One commercial or industrial unit including the commercial part of any activity but excluding any part that comprises accommodation units	The <i>gross business</i> area on the <i>lot</i> (or in the case of calculating contribution for stormwater, the <i>impervious area</i> ) multiplied by the applicable <i>unit of demand</i> factors in this table.
Any <i>dwelling unit</i> or <i>accommodation unit</i> of one or fewer <i>bedrooms</i> per unit	0.5
Any <i>retirement unit</i> for purposes of calculating the roading contribution only	0.3
Any <i>retirement unit</i> for purposes of calculating the water supply and wastewater contributions only	0.5
Any <i>aged care room</i> for purposes of calculating the roading contribution only	0.2
Any <i>aged care room</i> for purposes of calculating the water supply and wastewater contributions only	0.4
Any development including <i>dwelling units</i> or <i>accommodation units</i> , situated in attached or multiple storey complexes of more than three units and any retirement unit or aged care room	For stormwater ONLY, the <i>impervious area</i> multiplied by the applicable <i>unit of demand</i> factor in this table.
Other activity (Activity not specified elsewhere in this table).	Special assessment
For the purposes of calculating water supply and wastewater Development Contributions ONLY, any <i>existing legally established</i> development not connected to either the water supply network or the wastewater network as the case may	0

<b>Table 3</b> <b>Units of Demand Generated by Subdivision and Development</b>	
be, excluding any existing <i>legally established</i> development in the Mangawhai Community Wastewater Scheme area for which a targeted rate to fund capital costs for the scheme has or will be paid.	
For the purposes of calculating water supply and wastewater Development Contributions ONLY, any <u>proposed</u> development not to be connected to either the water supply network or the wastewater network as the case may be.	0
Network infrastructure, including pipes, lines and installations, roads, water supply, wastewater and stormwater collection and management systems	0
Farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crop production.	0
Unit of Demand Factors Commercial or Industrial Development	Calculated in Appendix 4
Roading	0.0020 per square metre of <i>gross business area</i> on the lot used principally for commercial or industrial purposes.
Water Supply	0.00446 per square metre of <i>gross business area</i> on the lot used principally for commercial or industrial purposes.
Sewerage	0.00446 per square metre of <i>gross business area</i> on the lot used principally for commercial or industrial purposes.
Stormwater	0.00278 per square metre of the <i>impervious area</i> on the lot.

### 3.3 Special assessments

- 3.3.1 When in **Table 3**, a special assessment is required, the Council will consider the nature and scale of the development and its relative demand on infrastructure capacity under any Council activity, as compared to other development types listed in **Table 3** and the *units of demand* attributed to them.

### 3.4 Amount of contribution

- 3.4.1 In keeping with its policy in **Part 2**, the Council not seek development contributions for any existing lots or development already legally established on the application site. It deems all existing lots and development to have paid a contribution. The formula below deducts the demand already generated by any existing lots or development on the application site from the demand expected after the consented development is completed.
- 3.4.2 The total amount of development contribution payable when issuing any consent or authorisation for subdivision or development, will be the sum of the development contribution payable for each activity, calculated as:



$$[(a) \times [\text{Sum of } (n) - \text{Sum of } (x)]] + \text{GST}$$

Where:

(a) = the applicable development contribution amount per *unit of demand* determined from **Table 1** and the *activity-funding area* for each type of community facility in which the subdivision or development lies.

(n) = for each *lot at the completion of the consent or authorisation application*, the total *lot units of demand* OR the total *activity units of demand*, determined by **Table 3**, whichever is the greater.

(x) = for each *lot in existence* (or for which a section 224 certificate under the Resource Management Act 1991 has been issued) **prior to the date of the consent or authorisation application**, the total *lot units of demand* OR the total *activity units of demand* for the existing development, determined by **Table 3**, whichever is the greater.

### 3.5 Invoicing

3.5.1 In keeping with its policy in **Part 2** of requiring payment as close as possible to the time development occurs, the Council will invoice a development contribution at the following times:

- a) in the case of a resource consent for subdivision, at the time of application for a certificate under section 224(c) of the Resource Management Act 1991, with payment required prior to the issue of the certificate;
- b) in the case of a resource consent for land use, at the time of notification of commencement or commencement of the consent, whichever is the earlier, with payment required prior to commencement of the consented activity;
- c) in the case of a building consent, at the time the first building inspection is carried out with payment required no later than 60 days of the issue of the invoice;
- d) in the case of a service connection, at the time of approval of the service connection with payment prior to connection; and
- e) in the case of granting a certificate of acceptance under section 98 of the Building Act 2004.

3.5.2 A development contribution may be paid at any time from **the date of assessment** up to the date when the contribution is required to be paid as a result of the Council issuing an invoice.

### 3.6 Remissions, reductions, postponements and refunds

Nothing in this policy diminishes from the rights of reconsideration or objection provided for by **sections 199A, 199B and 199C** of the Act. In addition to these rights, the Council will consider applications for the remission, reduction or postponement of development contributions.

#### 3.6.1 Remissions and reductions

3.6.1.1 The Council may, at the request of an applicant:

- a) consider remitting or reducing any development contribution payable by applicants whose developments are expected to provide a **significant public benefit**. This consideration will be carried out on a case-by-case basis and the Council will

ensure alternative sources of funding are obtained to meet any resulting development contributions shortfall.

- b) review the contribution payable and grant a remission or reduction of the development contribution, where nature of works or the nature of development proposed by the applicant, can be shown to reduce or remove the need for works or the purchase of land included by the Council in its capital expenditure programme, the cost of which was used in calculating the development contribution.
- c) review the contribution payable and grant a remission or reduction of the development contribution where ***the applicant has provided and/or funded the same infrastructure*** that a development contribution has been required for. That remission or reduction will be limited to the cost of infrastructure provided or funded and be subject to Council procurement procedures. In cases where the cost of infrastructure provided or funded exceeds the development contribution payable, the Council will meet the excess costs by separate agreement with the applicant, also subject to the Council's procurement procedures.

3.6.1.2 If it grants a remission or reduction, the Council may do so on whatever terms it thinks fit.

#### 3.6.2 Postponements

3.6.2.1 Council will consider applications for and may grant a postponement of the payment of a Development Contribution in the case of resource consent for land use only, where a building consent is required to give effect to that resource consent. At the discretion of the Council, the payment of a development contribution on the resource consent may be postponed. If postponement is granted the Council will only issue an invoice at the time of the first building inspection.

3.6.2.2 Council will consider applications for a postponement of the payment of a Development Contribution in the case of a subdivision consent. If it grants a postponement it may do so on whatever terms the Council thinks fit, including that it may:

- (a) issue a certificate under section 224(c) of the Resource Management Act 1991, prior to the payment of a Development Contribution; and
- (b) register the Development Contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the land in respect of which the Development Contribution was required.

3.6.2.3 In registering a statutory land charge, the Council will require payment of the development contribution when each lot in the subdivision is transferred.

#### 3.6.3 Requests for review

3.6.3.1 An applicant may formally request Council to review the development contribution required and remit, reduce or postpone the development contribution payment.

3.6.3.2 Any such request will be made in writing no later than 15 working days after the date on which Council issues an invoice, setting out the reasons for the request.

3.6.3.3 Prior to accepting any such request for review, Council will require the applicant to provide specific details of the manner in which its proposals qualify for a remission, reduction or postponement.

3.6.3.4 In undertaking the review, Council or a Committee of Council or an officer so delegated (Chief Executive):

- (a) will, as soon as reasonably practicable, consider the request;
- (b) may determine whether to hold a hearing for the purposes of the review and if it does, give at least five working days' notice to the applicant of the date, time and place of the hearing;
- (c) may at its discretion uphold, remit in whole or in part or postpone (as the case may be) the original Development Contribution required and will advise the applicant in writing of its decision within ten working days of making that decision;
- (d) may charge such fee as determined in its annual schedule of fees, to consider the request.

#### 3.6.4 Refunds

3.6.4.1 The Council will refund development contributions in accordance with the requirements of sections of the Act (s209 and s210). The Council may retain any portion of a development contribution, to a value equivalent to the costs incurred by it in relation to a development or building, in the case where a development is discontinued and the Council is required to refund the development contribution. (s209(2))

### 3.7 Reconsideration process

3.7.1 An applicant who is required to make a development contribution may request a reconsideration of that requirement if they believe that:

- a) the development contribution was incorrectly calculated or assessed under this policy; or
- b) the Council incorrectly applied this policy; or
- c) the information used to assess the applicant's development against this policy, or the way the Council has recorded or used it when requiring the development contribution, was incomplete or contained errors. (s202A, s199A)

3.7.2 Any request for reconsideration will be made in writing, no later than 10 working days after the date on which the applicant receives notice from the Council of the level of development contribution required.

3.7.3 Any request for review must include the reasons for reconsideration and provide sufficient information to enable the Council to reconsider the development contribution.

3.7.4 The Council (or a Committee of Council or an officer so delegated) will limit its considerations to matters set out in Section 199A of the Act and will within 15 working days of receiving the request and all relevant information, advise the applicant of the outcome. (s199B (1))

### 3.8 Contributions not paid



- 3.8.1 If contributions are not paid at the times required, the Council may (s208):
- (a) withhold a certificate under section 224(c) of the Resource Management Act 1991 in the case of a subdivision;
  - (b) prevent the activity commencing in the case of a land use consent;
  - (c) withhold a code compliance certificate in the case of a building consent;
  - (d) withhold a service connection to the development;
  - (e) withhold a certificate of acceptance under section 98 of the Building Act 2004;
  - (f) in each case register a charge on the land under the Statutory Land Charges Registration Act 1928.
- 3.8.2 If, after exercising its powers to prevent a development proceeding, any development contribution remains unpaid, the Council may take debt recovery action to recover that development contribution. A development contribution is recoverable as a debt (s252).
- 3.8.3 If a grantee of consent is in possession of two Development Contribution invoices for different consents relating to the same lot, both invoices will continue to have effect until payment is made of one of those invoices. When the first invoice is paid, the second invoice will be withdrawn and a reassessment of Development Contributions payable for the subdivision or development, as the case may be, relating to the second invoice will be made.
- 3.8.4 If any Development Contribution is payable on re-assessment, a new invoice will be issued.
- 3.8.5 Except as provided for in no consented activity or building work will commence prior to the payment of the Development Contribution and where such activity or work has commenced prior to such payment, Council will require this to cease until payment has been made.

### 3.9 Information requirements

- 3.9.1 The applicant for any consent or authorisation will provide all information necessary for Council to calculate the amount of a development contribution, including the *gross business area* and the *impervious area* of the development if required for purposes of an assessment under **Table 3**.
- 3.9.2 If required, the applicant will be responsible for providing proof of the legal establishment of existing *units of demand* for purposes of an assessment under **Table 3**.
- 3.9.3 Existing *units of demand* may include *legally established* buildings and structures existing when this policy became operative on 1 July 2021, but since demolished.

### 3.10 Statement on GST

- 3.10.1 Any development contribution referred to in this policy or in the accompanying development contributions model and any development contribution required in the form of money, pursuant to this Policy, is exclusive of Goods and Services Tax.

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## Kaipara District Development Contributions Policy – 2021-31

This development contributions policy is in two sections. **Section 1** gives context to the policy and sets out the decisions the Council has taken in making the policy. It goes on to describe the steps to be followed when applying the policy to development applications.

**Section 2** sets out the legislative matters the Council has had to consider, the method of calculating the contributions, significant assumptions, a summary of financial contributions and other supporting material.

### Section 2 – Legislation, method of calculation of contribution amounts and supporting information

#### Part 4 - Legislation

##### 4.1 General

4.1.1 This policy is made under the Local Government Act 2002 (the Act). It takes into account the principles in section 197AB of the Act in the way the Council requires, determines and uses development contributions, and allocates the costs of assets.

4.1.2 The Council, in addition to determining matters of content in the policy has determined that:

- a) the decision to adopt the development contributions policy is a significant decision for consultation under sec 82;
- b) it believes it has met its decision making and consultation obligations under the Act to the extent required.

##### 4.2 Requiring development contributions for development

4.2.1 A development contribution may be payable under **section 199(1)** when development, defined in **section 197(1)** of the Act, is carried out and the effect of this is the need for new or additional assets, or assets of increased capacity, causing the Council to incur capital expenditure.

4.2.2 In accordance with **sections 198 and 200(4)**-increased scale and intensity) of the Act, the Council can require a development contribution of money or land, or both, to be made by the grantee or the owner of land on the issuing of the following consents or authorisations,

- (a) a resource consent under the Resource Management Act 1991;
- (b) a building consent under the Building Act 2004;
- (c) an authorisation for a service connection;
- (d) the granting of a certificate of acceptance under section 98 of the Building Act 2004.

4.2.3 In keeping with the principles set out in **section 197AB(1)(d)** of the Act, development contributions will be used:



- (a) for or towards the purpose of the activity or the group of activities for which the contributions were required; and
  - (b) for the benefit of the district or the part of the district that is identified in the development contributions policy in which the development contributions were required.
- 4.2.4 Under section 198(2)(a), a development contribution must be consistent with the content of the policy that was in force at the time that the application for a resource consent, building consent, or service connection was submitted, accompanied by all required information.
- 4.2.5 The Council's policies for requiring development contributions are set out in **Part 2**. The way in which it will apply the policy to developments is set out in **Part 3**.

### 4.3 Activities

- 4.3.1 The Council incurs capital works expenditure in order to:
  - a) provide additional capacity in assets to cater for new development;
  - b) improve the level of service to existing households and businesses;
  - c) meet environmental and other legislative requirements; and
  - d) renew assets to extend their service life.
- 4.3.2 **Section 101(3)(a)** of the Act states that the funding needed to meet these expenditure requirements must be met from sources that Council determines to be appropriate, following a consideration in relation to each activity, of a number of matters. set out under **sections 101(3)(a)(i) to (v) and 101(3)(b)** of the Act. The activities for which development contributions will be applied is set out in **Part 2**.

### 4.4 Catchments

- 4.4.1 In keeping with the principle in **section 197AB(1)(g)** of the Act, the Council can group together certain developments by geographic area or land use, so that the cost of growth-related infrastructure is distributed fairly and equitably. Grouping development into catchments should avoid District-wide catchments where practical but the Council has discretion to balance fairness and equity with considerations of practical and administrative efficiency. The catchments to be used by Council when requiring contributions are set out in **Part 2** and **Appendix 1**.

### 4.5 Calculation of development contributions

- 4.5.1 The Council has to deal with several matters when calculating development contributions. **Section 201(1)(a)** of the Act requires this policy to contain an explanation and justification for the way in which development contributions are calculated. The method of calculation to ensure compliance with the Act is set out in **Part 5**.
- 4.5.2 Section 201(1)(b) requires this policy to contain the significant assumptions underlying the calculation of the schedule of development contributions, including an estimate of the potential effects, if there is a significant level of uncertainty as to the scope and nature of the effects. The significant assumptions are set out in **Appendix 2**.

### 4.6 Limitations on costs included

4.6.1 In keeping with principle in [section 197AB\(1\)\(a\)](#) of the Act, no project can be considered for inclusion in a development contribution, unless the effects or cumulative effects of developments will create or have created a requirement for the Council to provide or to have provided the project to create new or additional assets or assets of increased capacity:

4.6.2 [Section 200\(1\)](#) of the Act prevents the Council from requiring a development contribution for a reserve, network infrastructure, or community infrastructure to the extent it is funded by a financial contribution, by the developer, by a development contribution already required for the same purpose or by a third party. Any amount from these or other sources are deducted from the project costs being considered for funding by development contributions. The Council's policies on limitations to costs included in the policy are set out in **Part 2**.

#### 4.7 Asset capacity provided in the past

4.7.1 As well as assets to be provided in the LTP, [section 199\(2\)](#) of the Act allows the Council to require development contributions to be used to fund capital expenditure already incurred in anticipation of development, prior to the adoption of this policy. The Council's policies on surplus asset capacity are set out in **Part 2**.

#### 4.8 Period of benefits

4.8.1 In keeping with the principle in [section 197AB\(1\)\(b\)](#) of the Act, the Council has considered the period over which the benefits of capital expenditure for new development are expected to occur.

4.8.2 Under [Schedule 13 1\(2\)](#) of the Act, Council may identify capital expenditure for the purposes of calculating development contributions in respect of assets or groups of assets that will be built after the period covered by the long-term plan and that are identified in the development contributions policy. The Council's policy position on the period of benefits is set out in **Part 2**.

#### 4.9 Cost allocation

4.9.1 In keeping with principle in [section 197AB\(1\)\(c\)](#) of the Act, the cost of any project or work identified in the LTP will, be allocated between:

- a) the costs for improving levels of service to existing households and businesses by bringing assets up to the *service standard* and/or by providing additional service life, to be expressed as the *ILOS cost*; and
- b) the costs for providing additional capacity to service the development of new households and businesses, to be expressed as the *AC cost*.

4.9.2 The Council's method of calculation is set out in **Part 5**.

#### 4.10 Interest and inflation

4.10.1 In keeping with [section 197AA](#) of the Act, the purpose of development contributions is to enable the Council to recover the total cost of capital necessary to service growth over the long term. This enables the Council to include interest and inflation in the amounts of

development contributions. The Council's policy position on interest and inflation is set out in **Part 2** and the way in which these are calculated is described in **Part 5**.

#### 4.11 Explanation of development contribution calculation

- 4.11.1 **Section 201(1)(a)** of the Act requires this policy to include in summary form an explanation of, and justification for, the way each development contribution in the schedule required by subsection (2) is calculated. The calculation summary is set out in **Part 5**.

#### 4.12 Development contribution amounts

- 4.12.1 In keeping with principles in **section 197AB(1)(e) and (f)** and in accordance with:
- a) **Section 201 and section 202** of the Act, **Table 1** of this policy shows the schedule of development contributions payable for each activity type in each part of the district. The amounts exclude GST.
  - b) **Table 2** of this policy summarises capital expenditure in the LTP that Council expects to incur to meet the increased demand for community facilities resulting from growth and the proportion of that expenditure to be funded from various sources including development contributions.
  - c) **Section 201A** of the Act, **Appendix 5** contains a schedule of assets for which development contributions will be used.

#### 4.13 Units of demand

- 4.13.1 In accordance with **Schedule 13 2** of the Act, the Council, in determining the maximum development contribution that may be required for a particular development or type of development, must demonstrate in its methodology that it has attributed units of demand to particular developments or types of development on a consistent and equitable basis. The Council's policy in determining units of demand is set out in **Part 2 and Table 3**.

#### 4.14 When are development contributions paid?

- 4.14.1 Under **section 198(1)(a), (b) and (c)** and **section 198(4A)** of the Act, a development contribution may be required at the time the Council grants:
- a) a resource consent for subdivision or development;
  - b) a building consent;
  - c) an authorisation for service connection;
  - d) a certificate of acceptance under section 98 of the Building Act 2004.
- 4.14.2 The Council's policy position on the time it will require payment is set out in **Part 2** and this is also set out in **Part 3 - Practical application**.

#### 4.15 Remissions, postponements and refunds

- 4.15.1 In accordance with **section 201(1)(c)** of the Act, this policy must include conditions and criteria that will enable Council to consider remissions, postponements and refunds to development contributions. The Council's conditions and criteria are set out in **Part 3**.

#### 4.16 Reconsiderations



4.16.1 **Section 202A** of the Act, requires this policy to set out the process for requesting reconsideration of a requirement for a development contribution under **section 199A** of the Act. The process for reconsideration must set out:

- a) how the request can be lodged with the Council; and
- b) the steps in the process that the territorial authority will apply when reconsidering the requirement to make a development contribution.

4.16.2 In accordance with **section 199B(1)** of the Act, the Council must, within 15 working days after the date on which it receives all required relevant information relating to a request, give written notice of the outcome of its reconsideration to the applicant who made the request. The process for reconsideration of a request is set out in **Part 3**.

#### 4.17 Development agreements

4.17.1 **Sections 207A** of the Act enables the Council and developers to enter into development agreements. The provisions of **sections 207A to 207F** apply to such agreements. The Council's policy in respect of development agreements is set out in **Part 2**.

#### 4.18 Powers of recovery and refunds

4.18.1 **Sections 208 and 209** of the Act set out the Council's powers of recovery when development contributions are not paid and when it is required to refund development contributions. These are referred to in **Part 3**.

#### 4.19 Related Council policies/strategies/bylaws or guidelines

4.19.1 Nothing in this policy will diminish from an applicant paying any charges required under the Council's bylaws or any policy on fees and charges.

4.19.2 The Council is able to charge financial contributions on any consent under the Resource Management Act 1991, where additional infrastructure is required for that development. This is provided for in Chapter 22 of the Kaipara District Plan, of which a summary of provisions is contained in **Appendix 6**, as required by **section 106(2)(f)** of the Act.

4.19.3 This policy does not diminish from any requirements under the Kaipara District Plan (such as landscaping conditions and parking requirements) which impose works or financial contributions to avoid, remedy or mitigate the adverse effects of any development on the environment.

4.19.4 Nothing in this policy, including the amounts of development contributions payable in **Table 1**, will diminish from any other legal requirement to make a payment for community facilities other than a development contribution, including connection fees or any other fee required to be paid by agreement with the Council.

4.19.5 No expenditure by the developer on works or assets to avoid, remedy or mitigate the adverse effects of any development on the environment, or required by agreement in addition to a development contribution, such as roading, water supply, wastewater, urban stormwater and community infrastructure (even where this may at some stage vest in the Council), will be included in the calculation of development contributions under this policy).

- 4.19.6 The value of assets vested or expenditure made by a developer, in accordance with a requirement under the Resource Management Act 1991, will not be used to offset development contributions payable on development, unless all or a portion of such assets or expenditure can be shown to avoid or reduce the need for the Council to incur costs providing an asset that is included in its capital works programme, for which development contributions are sought.
- 4.19.7 The value of assets vested, or expenditure made voluntarily by a developer to enhance a development will not be used to offset development contributions payable on development.

## Part 5 – Calculating the development contributions

This part is required by **section 201(1)(a)** of the Act. The calculation of the separate development contribution amounts in **Table 1**, is carried out using the following methodology.

### 5.1 Listing projects and information required

- 5.1.1 Every project in the capital works programme of the LTP for the activities for which the Council intends to require development contributions is listed in the Project Allocation Schedule of the Development Contributions Model which may be examined on request at any office of the Council.
- 5.1.2 Every surplus capacity project is listed in the Surplus Capacity Schedule.
- 5.1.3 Where possible, distinct stages of a project or distinct parts of a project are listed in the schedules as separate components and separate calculations carried out for each.
- 5.1.4 For each project in the schedules, the following information is provided:
  - a) the year in which the project or component is to be carried out in the LTP, or in the case of each *surplus capacity project (SC project)*, the year it was completed;
  - b) the total project cost;
  - c) the amount of any subsidy or grant toward each project or from any other source, which is deducted from the total project cost to give the net project cost;
  - d) the *activity-funding area* (catchment) that the project will serve.
- 5.1.5 Each project in the Project Allocation Schedule is categorised “Yes” or “No” in answer to the question – “*Is this capital expenditure required at least partly to provide appropriately for new or additional assets or assets of increased capacity in order to address the effects of development?*” By answering:
  - a) “No” - the project is treated as a pure renewal or level of service project and the cost of the project is removed from the Development Contribution calculation;
  - b) “Yes” - the project is treated as either a *combined project (AC/ILOS project)* or an *additional capacity for growth project (AC project)* and is subject to further analysis.
- 5.1.6 For each project in the Project Allocation Schedule, where the answer to the question above is “Yes”, the following information is provided:
  - a) the expected distribution of benefits of the project between the existing community as a whole or identified parts of it or individuals;
  - b) the period over which benefits of the project are expected to occur, determined by stating the year in which capacity take up is expected to start and the year in which the project capacity is expected to be fully consumed;
  - c) the cause of the project;
  - d) any supporting information or reference to information describing the reasons for the project.
- 5.1.7 Each project in the Surplus Capacity Schedule is categorised “Yes” or “No” in answer to the question – “*Was capital expenditure on this project incurred, at least partly, in anticipation of development?*” By answering:



- a) “No” - the project is treated as a pure renewal or level of service project and the cost of the project is removed from the Development Contribution calculation;
- b) “Yes” - the project is treated as either a *combined project (AC/ILOS project)* or an *additional capacity for growth project (AC project)* and is subject to further analysis.

## 5.2 Analysis of combined and additional capacity for growth projects

5.2.1 Using the information provided on *combined projects (AC/ILOS projects)* and *additional capacity for growth projects (AC projects)* in the project schedules, a cause/benefits matrix analysis is carried out by which it is required to state for each project:

- a) the degree, on a scale of 0 to 1 to which growth creates the need for the project to be undertaken;
- b) the degree on a scale of 0 to 1 to which the growth community will benefit from the project being undertaken.

5.2.2 The value is chosen in each case from the cause/benefits matrix in the model which produces an estimated percentage of cost attributable to growth.

5.2.3 The matrix generates fifty different cause/benefit combinations. The percentage derived is applied to the net project cost to determine the *AC cost*. The remainder of the net project cost is the *ILOS cost*.

## 5.3 AC cost allocation between new and future units of demand

5.3.1 Using information provided on the year in which capacity take up of a project is expected to start and the year in which the project capacity is expected to be fully consumed, the *AC cost* of the project is divided between new *units of demand (N)* arriving in the *activity-funding area* in the LTP period and future *units of demand (F)* arriving after the end of the LTP period, as follows:

- a) the AC cost to F is the AC cost determined above, multiplied by the years of capacity take up after the LTP period divided by total years of capacity take-up;
- b) the AC cost to N is the AC cost less the AC cost to F.

5.3.2 For *surplus capacity projects (SC projects)*, the *AC cost to N* from the previous long term plan is adjusted for any development contributions received in the three years since adoption of the last long term plan and for any additional *AC cost to N* expenditure incurred in those 3 years. The total is adjusted for interest.

5.3.3 For each *activity-funding area*, the combined *AC cost to N* from all projects in the LTP period and combined *AC cost to N* from all Surplus Capacity projects is divided by the projected new *units of demand (N)* that will consume capacity in those projects in the LTP period to give the development contribution amounts in **Table 1**.

5.3.4 The *AC Cost to F* from the previous long term plan is adjusted for any additional *AC Cost to F* expenditure in the last 3 years and is adjusted for interest.

5.3.5 To deal with asset capacity life requirements in the Act, the assumption is that *surplus capacity projects (SC projects)* have capacity for 30 years for all infrastructure except Mangawhai Wastewater projects which have a capacity for 40 years, noting however that when doing the calculations above, if development contributions received exceed the cost of surplus capacity, then the asset will be assumed to have been consumed and play no further part in the calculation.

## 5.4 Growth Assumptions

- 5.4.1 In order to calculate the amount of new development to which the growth related portion of capital expenditure (AC costs) for infrastructure will be attributed, area-by-area projections of new and future *units of demand* for services in the period 2021 to 2051 are required.
- 5.4.2 Council maintains a detailed rating database that provides the numbers of Rating Units for all parts of the district.
- 5.4.3 The numbers of Rating Units provide a close correlation with numbers of *lots* in the district and the number of multiple units of activity on any *lot* where this is the case. They are considered to provide a reasonably sound measure of the *units of demand* for infrastructure and services.
- 5.4.4 The growth projection worksheet of the Development Contributions Model, *Projections Schedule*, contains the number of Rating Units (*units of demand*) for each activity type existing at the time of the 2020/2021 rates year. Rating data is available for the whole district, parts of it and each of the water supply, wastewater and stormwater scheme areas.
- 5.4.5 LTP assumptions have been used to determine the expected annual increase in the numbers of Rating Units and hence *units of demand* to 2031, in each of these areas.
- 5.4.6 The *Projections Schedule* also provides long-term estimates for future Rating Units (*units of demand*) after the Long Term Plan period to 2051, in order to ensure that any portion of remaining surplus capacity at the end of the period can be attributed to future development.
- 5.4.7 On the basis of decisions made by Council in Part 1 on the development contribution *activity-funding areas* (catchments) that will apply to each activity type, *Projections Schedule* provides Rating Units at 2021 and projected Rating Units for each *activity-funding area* to 2051.
- 5.4.8 For calculation of the Mangawhai Wastewater Development Contribution, projections of new and future connections to the wastewater scheme are used as the measure of the *units of demand* for that infrastructure. Adjustments are also made to deduct - from total projected new and future connections - new connections on properties for which a development contribution has already been paid or for which a rate to fund capital costs for the scheme has or will be paid.

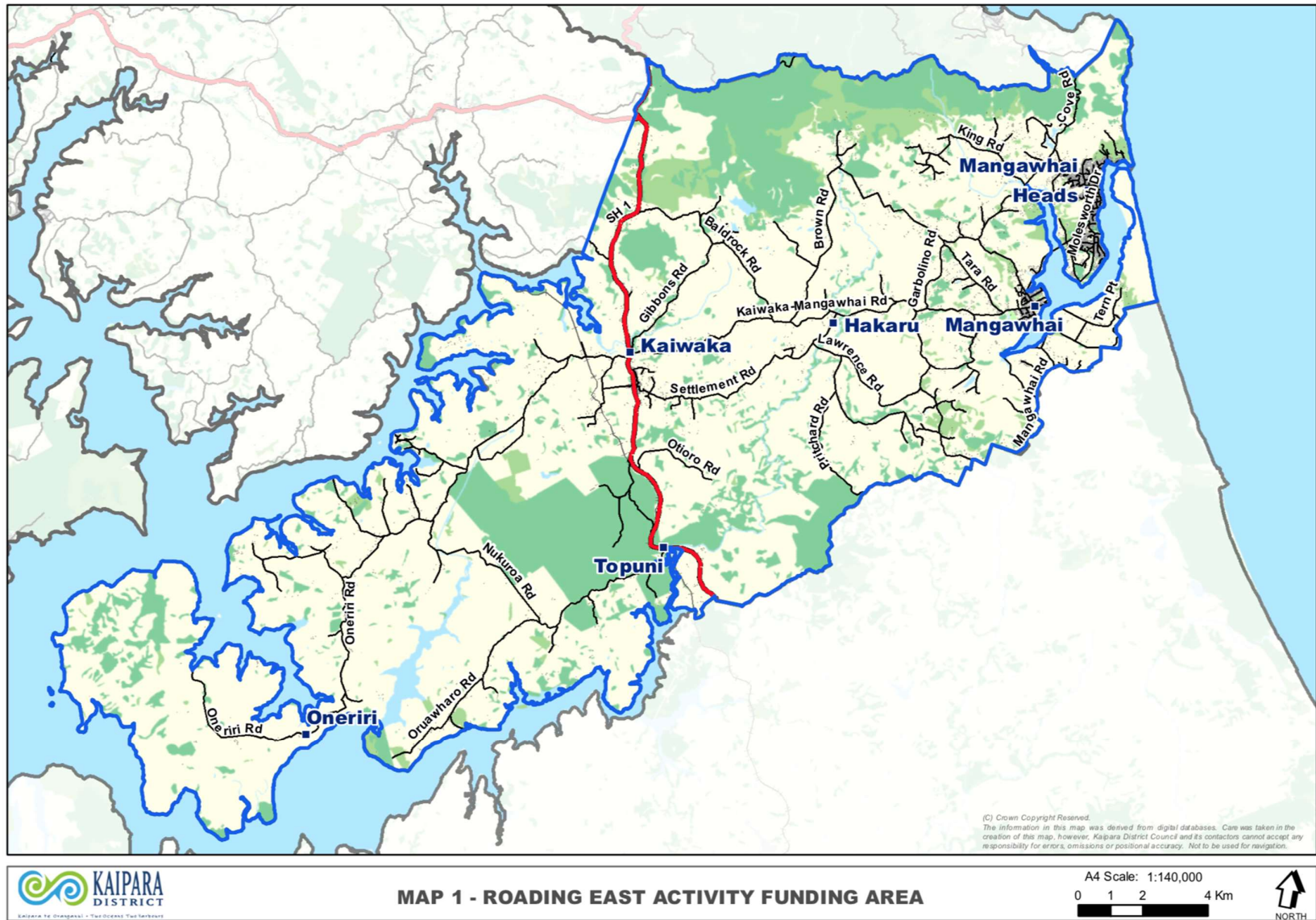
## 5.5 Interest and Inflation

- 5.5.1 The Development Contributions Model includes interest on growth related capital expenditure and inflation in the calculation of the Development Contribution amounts, in accordance with the Council's policies in Part 1.
- 5.5.2 The Council is trying to recover all interest by the end of the development contribution calculation period.
- 5.5.2 Interest estimates can be prepared based on the amount of outstanding (growth related) debt over time and the ongoing reduction of that debt by Development Contribution revenue.
- 5.5.3 The Development Contributions model uses the inflated capital costs in the Long Term Plan to calculate Development Contributions.

## Appendix 1 – Development Contribution Activity-Funding Areas

Community Facility	Activity-Funding Areas	Development to which Development Contribution Applies
Roading	District	Development anywhere in the District
Solid Waste	District	Development anywhere in the District
Community infrastructure	District	Development anywhere in the District
Roading	Roading East	Development in the area indicated in <b>Map 1</b>
Wastewater Treatment	Mangawhai Community Wastewater Scheme area	Development at Mangawhai where the service is available
Wastewater Treatment	Dargaville, Kaiwaka, Glinks Gully, Te Kopuru and Maungaturoto Scheme areas	Development in any separate wastewater scheme
Water Supply	Dargaville/Baylys, Glinks Gully, Ruawai, Mangawhai and Maungaturoto Scheme areas	Development in any separate water supply scheme
Stormwater Management	Mangawhai, Dargaville, Te Kopuru, Maungaturoto, Kaiwaka and Baylys Scheme areas	Development in any separate urban stormwater scheme





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Attachment B - Development Contributions Policy - Section 2 (Draft)

## Appendix 2 – Assessment of Significant Assumptions

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Potential Effects</b>
The rate, level and location of growth will occur as forecast in the rating growth projections accompanying the Long Term Plan	High	Lower than forecast growth will result in a significant under-recovery of Development Contributions revenue
Capital expenditure will be in accordance with the capital works programme in the Long Term Plan	Moderate	In current circumstances significant changes to the capital programme are unlikely
No significant changes to service standards are expected to occur other than those planned for in the Asset Management Plans	Low	No significant effects anticipated
The level of third-party funding (such as NZ Transport Agency subsidies) will continue at predicted levels for period of the Long Term Plan	Low	No significant effects anticipated
There will be no significant variations to predicted rates of interest and inflation to those set out in the Long Term Plan	Moderate/High	Significant past spending on the Mangawhai Community Wastewater Scheme through loans, presents a significant risk for a number of years to come if interest rates rise

### Appendix 3 – Glossary of Terms

**“AC cost”** means the cost for providing additional capacity to service the development of new households and businesses.

**“Accommodation units”** has the meaning given to it in section 197(2) of the Local Government Act 2002 (See definitions below).

**“Activity-funding area”** means the whole or any part of the District as defined in this Policy, which will be served by a particular activity type.

**“Activity unit of demand”** means the demand for a community facility generated by development activity other than subdivision.

**“Additional capacity project” or “AC project”** means a capital project in the Long Term Plan intended only to provide additional capacity to service new and future households and businesses.

**“Aged care room”** means any residential unit in a “rest home” or “hospital care institution” as defined in section 58(4) of the Health and Disability Service (Safety) Act 2001.

**“Allotment” or “lot”** has the meaning given to the term “allotment” in section 218(2) of the Resource Management Act 1991. (See definitions below).

**“Bedroom”** means a room used for sleeping, normally accommodating no more than three persons.

**“Combined project” or “AC/ILOS project”** means a project in the Long Term Plan intended to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the *service standard* and/or by providing additional service life, and to provide capacity for further growth.

**“Commercial”** for the purposes of this Policy, means the provision of goods, services and travellers accommodation principally for commercial gain, including camping grounds, caravan/trailer home parks, a depot for the maintenance, repair and storage of vehicles, machinery, equipment and materials and the storage and use of hazardous substances but does not include stalls or produce markets or farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crops production.

**“Community infrastructure”** has the meaning given to it in section 197 of the Local Government Act 2002 (See definitions below).

**“Development”** has the meaning given to it in section 197 of the Local Government Act 2002. (See definitions below).

**“Development contributions calculation period”** means the period between 1 July 2018 and a date 30 years after the date of adoption of this Policy.

**“Dwelling unit”** means any building or group of buildings or any part of those buildings, used or intended to be used solely or principally for residential purposes and occupied or intended to be occupied by not more than one household – and includes a minor household unit, a utility building or any unit of commercial accommodation.

**“Gross business area”** means:

- (a) the *gross floor area* of any building, including the gross floor area of all floors of a multi-storey building; plus
- (b) the area of any part of the *lot* used solely or principally for the storage, sale, display or servicing of goods or the provision of services on the *lot* but not including permanently designated vehicle parking, manoeuvring, loading and landscaping areas, the conversion of which to another use would require resource consent.

The *gross business area* excludes the area of network infrastructure including pipes, lines and installations, roads, water supply, wastewater and stormwater collection and management systems, but includes the area of buildings occupied by network service providers, including offices, workshops, warehouses and any outside areas used for carrying out their normal business.

**“ILOS cost”** means the cost of improving levels of service to existing households and businesses by bringing assets up to the *service standard* and/or by providing additional service life.

**“Impervious Area”** means that part of the *lot* which is already covered or is to be covered by any impermeable artificial surface but excludes any impervious areas created without a building or resource consent.



**“Improved level of service project” or “ILOS project”** means a capital project in the Long Term Plan intended only to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the *service standard* and/or by providing additional service life.

**“Industrial”** means for the purposes of this Policy, any land, building or part of a building used for the processing, assembly, servicing, testing, repair, packaging, storage or manufacture of a product or produce, including the maintenance, repair and storage of vehicles, machinery, equipment and materials, and the storage of hazardous substances associated with the activity, but does not include mineral extraction or farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crops production.

**“Legally established”** means, in relation to any *lot* or development, any *lot* for which a title has been issued, or any dwelling, commercial or industrial unit for which a code compliance certificate has been issued. *Legally established* development includes buildings and structures that can be shown to have been in existence when this policy became operative on 1 July 2018 but have since been demolished.

**“Lot unit of demand”** means the demand for a community facility generated by the creation of lots through subdivision.

**“Past surplus capacity”** means capacity in assets provided as a result of capital expenditure made in anticipation of development since 1 July 2001.

**“Remaining surplus capacity”** means the estimated remaining capacity in capital assets at the end of the Long Term Plan period, available to service future development occurring after the Long Term Plan period.

**“Retirement unit”** means any residential unit other than an aged care room, in a *“retirement village”* as defined in section 6 of the Retirement Villages Act 2003.

**“Serviced Site”** means any site dedicated for the location of a vehicle or tent for the accommodation of persons, which is provided with utility services such as water supply, wastewater disposal, solid waste disposal, electricity or gas, either directly to the site or in the immediate vicinity.

**“Service standard”** means a level of service for any Council activity set by Council and stated in the Asset Management Plan for the activity concerned, (available for inspection on request at any office of the Council) having due regard to one or more of the following factors:

- (a) demand data based on market research;
- (b) widely accepted and documented engineering or other minimum standards;
- (c) politically endorsed service levels based on community consultation;
- (d) safety standards mandated by local or central government;
- (e) environmental standards mandated by local or central government;
- (f) existing service levels, where these are recognised by all concerned parties to be adequate but have no formal ratification;
- (g) efficiency considerations where the *service standard* must take account of engineering and economic efficiency requirements which require a long-term approach to optimality.

**“Surplus capacity project” or “SC project”** means a past capital expenditure project carried out since 1 July 2001 in anticipation of new development and providing surplus capacity for further development.

**“Unit of demand”** is a unit of measurement by which the relative demand for an activity, generated by different types of development (existing or proposed), can be assessed. A *unit of demand* may be expressed as a *lot unit of demand* or an *activity unit of demand*.

**“Utility Building”** is a structure containing facilities (such as toilet, shower, laundry, hot water cylinder, laundry tub) that make the site habitable prior to or during the erection of a dwelling.

## Definitions Under Acts

**“Accommodation units”** is defined in section 197(2) of the Local Government Act 2002 to mean *“units, apartments, rooms in 1 or more buildings, or cabins or sites in camping grounds and holiday parks, for the purpose of providing overnight, temporary, or rental accommodation.”*

**“Allotment”** is defined under section 218(2) of the Resource Management Act 1991 as follows:

- “(a) any parcel of land under the Land Transfer Act 1952 that is a continuous area and whose boundaries are shown separately on a survey plan, whether or not:
  - (i) the subdivision shown on the survey plan has been allowed, or subdivision approval has been granted, under another Act; or

*(ii) a subdivision consent for the subdivision shown on the survey plan has been granted under this Act;  
or*

*(b) any parcel of land or building or part of a building that is shown or identified separately—*

*(i) on a survey plan; or*

*(ii) on a licence within the meaning of Part 7A of the Land Transfer Act 1952; or*

*(c) any unit on a unit plan; or*

*(d) any parcel of land not subject to the Land Transfer Act 1952.”*

**“Community infrastructure”** is defined under section 197 of the Local Government Act 2002 to mean *“the following assets when owned, operated, or controlled by a territorial authority:*

*(a) community centres or halls for the use of a local community or neighbourhood, and the land on which they are or will be situated:*

*(b) play equipment that is located on a neighbourhood reserve:*

*(c) toilets for use by the public.”*

**“Development”** is defined under section 197 of the Local Government Act 2002 as follows:

*“(a) any subdivision, building (as defined in section 8 of the Building Act 2004), land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure; but*

*(b) does not include the pipes or lines of a network utility operator.”*

## Appendix 4 – Demand Factors for Business Development

### D.1. Rooding

#### Assumptions

Average business site size = 1,500m<sup>2</sup>

Gross business area is 60% of site = 1,000m<sup>2</sup>

Employees per hectare of business = 30 FTEs per ha (FTE (Full Time Equivalent)). Employment figures may be amended subject to further sampling)

Average Household Unit Trip generation = 9 trips per day = 1 *Unit of Demand*

Sites per net hectare = 5 (7,500m<sup>2</sup> sites, 2,500m<sup>2</sup> roads)

Gross business area per hectare = 5 X 1,000 = 5,000m<sup>2</sup>

Each site of 1,500m<sup>2</sup> and each 1,000m<sup>2</sup> of gross business area has = 30/5 FTE's = 6 FTE's

Minimum trip generation = 3 trips per FTE per day = 18 trips per day

*Unit of Demand* Factor = 18/9 = 2 per 1,000m<sup>2</sup> of business area OR 0.002 per m<sup>2</sup> of business area.

### D.2 Water Supply and Wastewater Treatment

#### Assumptions:

Residential consumption 200 litres per person per day = 1 *Unit of Demand*

Average household occupancy = 2.8 persons

Average business water consumption = 15,000 litres per hectare of business land per day (Consumption figures may be amended subject to further sampling)

1 Household Unit uses 200 litres X 2.8 = 560 litres per day = 1 *Unit of Demand*

1,000m<sup>2</sup> business land area uses 15,000 litres / 10 = 1,500 litres per day

*Unit of Demand* Factor = 1,500/560 = 2.67 per 1,000m<sup>2</sup> land area

Assume gross business area is 60% of land area i.e. 1,000m<sup>2</sup> site has 600m<sup>2</sup> gross business area and uses 1,500 litres per day.

*Unit of Demand* factor = 1,500/560/600 = 0.00446 per m<sup>2</sup> of gross business area.

*Unit of Demand* factor is 4.46/1,000m<sup>2</sup> of gross business area for water and wastewater OR 0.00446 per m<sup>2</sup> of gross business area.

### D.3 Stormwater

#### Assumptions

Average residential site = 600m<sup>2</sup>

Runoff co-efficient for greenfields = 0.40<sup>i</sup> = C<sub>1</sub>

Runoff co-efficient for residential areas = 0.55<sup>ii</sup> = C<sub>2</sub>

Runoff co-efficient for business use = 0.65<sup>iii</sup> = C<sub>3</sub>

*Unit of Demand* Factor for business land

=	C <sub>3</sub> -C <sub>1</sub>	X	1,000m <sup>2</sup>
	C <sub>2</sub> -C <sub>1</sub>		600m <sup>2</sup>
=	0.65-0.40	X	1,000m <sup>2</sup>
	0.55-0.40		600mm <sup>2</sup>
=	2.78 per 1,000m <sup>2</sup> site		

OR 0.00278 per m<sup>2</sup> of *impervious area*.

Surface Water, Building Industry Authority, December 2000, Table 1, Run-off Co-efficients

<sup>i</sup> Heavy clay soil types – pasture and grass cover.

<sup>ii</sup> Residential areas in which *impervious area* is 35% to 50%.

<sup>iii</sup> Industrial, commercial, shopping areas and town house developments.



## **Appendix 5 – Schedule of Assets**

## **Appendix 6 – Summary of Financial Contributions**

# **Adoption of draft Financial Contributions Policy for inclusion in Long Term Plan**

**Meeting:** Council Briefing  
**Date of meeting:** 9 December 2020  
**Reporting officer:** Sue Davidson, GM Sustainable Growth & Investment

## **Purpose/Ngā whāinga**

To note the draft Financial Contributions Policy for inclusion in the draft Long Term Plan which will go out for consultation.

## **Executive summary/Whakarāpopototanga**

There have been minor changes to the current policy to clarify recent changes in legislation. This policy will be part of the draft Long Term Plan which will go out for consultation.

## **Context/Horopaki**

The Financial Contributions Policy sets out how it intends to fund new infrastructure from both financial contributions and development contributions. This policy primarily covers that of financial contributions.

## **Discussion/Ngā kōrerorero**

The benefit from financial contributions is their use to improve Councils reserves and amenities associated with growth.

Financial contributions can also be considered in looking at the marginal impact on development based primarily on environmental effects assessment.

### **Policy and planning implications**

This is a policy required to be reviewed by the Local Government Act 2002.

### **Financial implications**

The proposed changes to the Financial Contributions Policy mean that Council can continue to fund reserves by way of financial contributions, and this will be reflected in the Long Term Plan.

### **Risks and mitigations**

There are no risks assessed with this policy.

## **Significance and engagement/Hirahira me ngā whakapāpā**

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Consultation will occur as part of the draft Long Term Plan consultation.

## **Next steps/E whaiake nei**

This new policy and specific consultation issues will be included in the draft Long Term Plan.



## Attachments/Ngā tapiritanga

	Title
A	Draft Financial Contributions Policy

Sue Davidson, 23 November 2020

Attachment A:

## **Financial Contributions Policy**

The Local Government Act 2002 requires Council to have a policy outlining how it intends to fund additional or new infrastructure which is required by growth.

Financial contributions under the Resource Management Act 1991, mainly consider the marginal impact of developments based primarily on environment effects assessments. Development contributions are Council's primary source of funding growth. However, from time to time financial contributions may be sought instead.

Development contributions under the Local Government Act 2002 consider the wider impacts of multiple developments on the infrastructure of the district (cumulative effect). Development contributions under the Local Government Act 2002 are in addition to, and separate from financial contributions. The development contributions and financial contributions cannot be taken for the same purpose (refer to s.200 of the Local Government Act 2002). Council's policy on development contributions will be included in the Long Term Plan (LTP).

## **Financial Contributions**

The Council's ability to require financial contributions was set to end in April 2022. The Resource Legislation Amendment Act 2017 (RLAA) was passed in April 2017, but part of the Act replacing the ability to require financial contributions under the RMA was not to come into force for 5 years. The Resource Management Amendment Act was passed into law on 1 July 2020. The Act has replaced the parts of the RLA that would have ended the ability to take financial contributions in 2022.

Council's Policy on Financial Contributions is set out in its District Plan which was prepared under the Resource Management Act 1991.

## **Summary of Financial Contributions**

Chapter 22 of the Plan sets out the financial contribution provisions. Section 22.1.1 states that Council has developed a policy on development and financial contributions in Council's LTP which gives effect to the Local Government Act 2002. Development contributions under the Local Government Act 2002 are in addition to, and separate from financial contributions. Council considers that financial contributions will generally only be imposed in areas of the

district where the Development Contributions Policy does not apply or where the Development Contributions Policy does not address the type of adverse effects generated by the development or activity.

Financial contributions will not be required to mitigate effects of subdivision and development on those arterial and collector roads that are already covered by Council's Development Contributions Policy.

Financial contributions may be required for:

- a) The protection and/or enhancement of significant heritage or natural features
- b) The protection or enhancement of riparian areas
- c) The establishment and/or upgrading the transport network (including roads)
- d) The establishment and/or upgrading of reserves and public open space areas
- e) The installation and/or upgrading of any network utility including sewerage, stormwater disposal and water supply.

#### **District Plan**

<b>Plan chapter</b>	<b>Reference</b>	<b>Purpose</b>
22	22.10.2	Significant Heritage or Ecological Features
	22.10.3	Renewable Energy Activities
	22.10.4	Enhancement or Riparian Protection (Land use activities)
	22.10.5	Transport Networks (including roads)
	22.10.6	Reserves
	22.10.7	Network Utilities

Included within the Long Term Plan is \$4.88 million forecast to be received for reserve contributions. These contributions are budgeted to be spent on reserve development and occasional acquisitions.



# Significant forecasting assumptions

**Meeting:** Council Briefing  
**Date of meeting:** 09 December 2020  
**Reporting officer:** Paul Cresswell, Financial Planner

## Purpose/Ngā whāinga

To update Council on the significant forecasting assumptions used in the preparation of the (Draft Long Term Plan) DLTP.

## Context/Horopaki

The LTP is prepared to outline Council's proposed work programme for the next 10 years in its LTP and to identify infrastructure requirements for the following 20 years. Changes to Council's operating environment will occur, either through planned changes or in response to other unidentified factors. Council prepares its forecasts cognisant of known upcoming requirements (renewals, climate change, government direction) but also endeavours to take into account factors which may or may not eventuate. The significant forecasting assumptions provide guidance to readers as to how the plan has been prepared.

As Council might expect, assumptions for this LTP are influenced with the effects and potential future effects of Covid19.

## Discussion/Ngā kōrerorero

Staff have contributed to the assumptions document in Attachment A. The broad range of assumptions included in Attachment A have varying effects on Council's plans. The impacts of inflation, growth, climate change management, community affordability is discussed below.

### Inflation

Inflation factors are a key part of Council's financial plans. Each year a local government sector economist, BERL, prepares an analysis of where it sees inflation heading. Facing the fallout from Covid-19 has meant the methodology used this year is somewhat different to past analysis. Rather than a single set of factors, BERL have extended their guidance to the following 3 scenarios:

1. Stalled rebuild where GDP and employment grow more slowly.
2. BERL Mid.
3. Faster rebuild where GDP and employment grow more rapidly.

Guidance as to which scenario an individual council selects has been provided in BERL's analysis. From this guidance, KDC have chosen the faster rebuild scenario based on Kaipara being a fast-growing district with a high agricultural base and a somewhat limited exposure to the international tourism sector.

The difference between the faster rebuild scenario LGCI average for the 20-year window shown in Attachment A is 2.4%, the mid-range is 2.2% and for the stalled rebuild, 2.0%. The LGCI is an overall indicator. BERL's analysis provides further segmented detail based on various sectors including construction, roading, local government administration by way of example. These detailed rates are applied to the various activities of Council. While KDC prepares its LTP on its chosen assumption which are reflected in the LTP financial forecasts, at each AP, the inflation assumption is reassessed and adjusted to the prevailing conditions for that year so KDC is not restricted to the BERL assessment.

The 2020-2021 budgets have been prepared on expected costs next year. The 2020-2021 budgets consequently form the baseline with the BERL factors being applied from year 2 onwards.

## Growth

Council engaged Infometrics to prepare population and household projections for the 30 years till 2051 for each of the Statistical Area level 2s (SA2s) in the Kaipara District. Understanding how and where the district is growing is vital to planning for its future. Growth areas were identified in the first instance and growth quantified before district planning processes directed the growth into appropriate forms for servicing infrastructure to be designed, costed and the cost allocation apportioned appropriately. These projections are used to inform Council's planning.

A link to Infometrics full report is provided in Attachment B.

Council's ratepayer growth numbers are yet to be completed and will be provided at a future briefing.

## Climate change management

The Significant Forecasting Assumptions capture the risks summarised in Attachment C and explain each in more detail. The Significant Forecasting Assumptions also capture wider risks not listed above that will significantly impact residents and ratepayers and Council's financial processes. Climate change is considered throughout the assumptions because it impacts affordability and financial assumptions for asset management.

## Affordability

Affordability remains a key component in the plan's preparation. Council will be aware that the financial forecasts have set rate increases to be within a range discussed in earlier LTP briefings, nominally around 6%. A number of additional initiatives are being offered to the community through Council's consultation. These initiatives were covered at the last LTP briefing including a solid waste recycling targeted rate and a more comprehensive response to climate change. The consultation document will include indicative impacts to rate increases should the community want Council to include any or all the initiatives. These initiatives, if included in the plan, would push Council's rate increases above that set through the Council briefings. This approach enables Council to keep rate increases to generally affordable levels but also providing the opportunity for the community to choose a greater service level with a commensurate change to the rates.

## Next steps/E whaiake nei

The forecasting assumptions, on completion, will be provided to the next Council briefing and to the auditors for review.

## Attachments/Ngā tapiritanga

	Title
A	Draft Significant Forecasting Assumptions
B	Population Projects 2018-2051 Kaipara District Council October 2020
C	Background to Climate Change Assumptions

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<b>Population and Demographic Assumptions</b>			
<p><b>Population Growth:</b> Kaipara District Council uses a set of Medium-High series population projections provided by Infometrics as an indication of future growth.</p> <p>This projected growth will slow over 2020 and 2021 with softer net migration and a decline in employment as a consequence of COVID-19. Population growth is projected to pick up from 2022 onwards, with the district growing steadily to reach a population of 32,600 in 2051.</p> <p>Most growth is projected to be centred in the Mangawhai area (as it has been historically) with other south-eastern areas such as Kaiwaka also growing rapidly.</p> <p>Strong growth is also projected for the Northwest of the District though not to the same extent as the Southeast.</p>	<p>Population growth does not occur as projected.</p> <p>The amount of development is a key consideration for Council when planning how it will fund the infrastructure required. If growth falls short of that projected, it may result in problems repaying debts raised to fund new infrastructure.</p>	Low/Medium	<p>Population growth is driven by the balance of births, deaths and net migration. Changing trends in the number of children per family, life expectancy and local job opportunities can therefore drive demographic change.</p> <p>The population projections prepared for Kaipara District Council by Infometrics are based on a number of assumptions around these trends and how they will change. If these trends deviate from the assumptions it will undermine the accuracy of the projections.</p> <p>The key drivers of growth in Mangawhai and Southeast Kaipara are the Auckland housing market and improvements in transport linkages with Auckland. High house prices in Auckland assist those nearing retirement age to cash up and move to Mangawhai. In addition, they encourage young families to seek affordable housing and lifestyle opportunities outside the city and commute back for work. The provision of additional services in Mangawhai further contributes to its appeal to migrants.</p> <p>The key variable likely to affect population growth in most other areas of Kaipara (particularly Northwest Kaipara) is the level of local employment. Employment growth attracts workers and their families while economic downturn can force them to seek opportunities elsewhere.</p>



Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p><b>Population Fluctuations:</b> The populations of some coastal settlements in Kaipara fluctuate considerably throughout the year with regular influxes of holiday makers. Comparisons of the number of occupied dwellings and unoccupied dwellings as well as comparisons of wastewater volumes suggests the combined population of Mangawhai Village and Mangawhai Heads can more than double during holiday periods.</p> <p>Population fluctuations are expected to continue to be a feature of Kaipara's coastal communities. However, the level to which they fluctuate is anticipated to decrease over time. A trend towards a greater proportion of occupied dwellings versus unoccupied dwellings is already evident in Mangawhai and this is anticipated to continue. This is partly driven by Mangawhai's improving commutability to Auckland and improving services. In Mangawhai and across the district this trend is also being perpetuated by New Zealand's aging population retiring to lifestyle destinations. In addition, some traditional batch communities are emerging as satellite suburbs of growing parent settlements, such as Baylys which is easily commutable to Dargaville.</p>	<p>Population fluctuations increase.</p> <p>The capacity of Council infrastructure needs to be capable of meeting the needs of the peak population not just the resident population. If the peak population increases to beyond the planned capacity of the infrastructure, there may be operational issues and unforeseen costs.</p>	Low	<p>A key downward driver on the proportion of holiday homes in Kaipara's settlements is New Zealand's aging population and their desire to retire by the sea. In addition, former holiday homes are increasingly being taken up by young families seeking more affordable housing. These drivers appear unlikely to change.</p> <p>The proportion of holiday homes in Kaipara's coastal settlements may be driven up if the level of disposable income available to the working age population in neighbouring Auckland and Whangarei increases relative to house prices. Such an increase could allow more people to purchase a holiday home in Kaipara. Infometrics economic forecasts suggest this is unlikely to occur, especially due to the COVID-19 recession.</p> <p>This suggests a reversal in the trend towards lower population fluctuations is unlikely over the near planning horizon.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p><b>Household Growth:</b> Kaipara District Council uses a set of Medium-High series household projections provided by Infometrics as an indication of future growth.</p> <p>The ageing population of the district, combined with trends of greater life expectancy and smaller families, means that the average household size of the district is projected to ease from 2.37 individuals per household in 2019 to 2.14 individuals per household in 2051. The effect of this is to spread the same population over a greater number of households. Accordingly, household numbers are projected to grow faster than the population, from 10,000 in 2019 to 14,600 in 2051.</p> <p>All areas of the district are projected to have more households in 2051 than in 2021.</p>	Household growth does not occur as projected.	Low-Medium	Household projections are calculated from population projections based on assumptions around household size. If trends in household size deviate from these assumptions (e.g. couples of the current generation show a preference to having more children) it will undermine the accuracy of these projections.
<p><b>Age Demographics:</b> Kaipara District Council uses a set of population projections prepared by Infometrics. These can be broken down into different age categories.</p> <p>Kaipara District's population is projected to age rapidly over the next 30 years, with the number of residents aged 65 years and over growing from 5,600 in 2019 to 12,200 in 2051. The population 15 to 64 years of age is projected to grow slightly, and the population under the age of 15 is projected remain steady. Population aging in Kaipara is exacerbated by the popularity of parts of the district as retirement destinations, resulting in an influx of migrants in the early retirement age group. This means population aging will be more pronounced in some areas than others.</p>	Kaipara's population ages more than projected.	Low	<p>The age structure of Kaipara's population affects the kinds of services required from Council. In addition, pensioners are on fixed incomes and may struggle to afford rates increases.</p> <p>If population aging in Kaipara is too pronounced, it may lead to population decline in some areas or make rates increases unaffordable.</p> <p>The risk of more pronounced population aging appears low as the Mangawhai area (Kaipara's key growth area and key area for attracting older migrants) is already attracting a growing number of young migrants. These young migrants are attracted by more affordable housing and improving commuting times back to</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
			Auckland. As transport links are improved, this trend is anticipated to strengthen.

working document



Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty																											
<p><b>To be updated</b></p> <p><b>Rating Unit Growth:</b> The assumption is that:</p> <ul style="list-style-type: none"><li>district rating units will increase by nearly 2,000 between 2021 and 2031 from just over 14,600 to 16,200 units, increasing by another 1,700 units to reach almost 18,000 rating units by 2041;</li><li>strongest growth will be in the southern parts of the district with Mangawhai, Rehia Oneriri, Kaiwaka and Maungaturoto accounting for nearly 1,700 of the 2,000 district rating unit increase between 2021 and 2031.</li><li>rating unit growth in all other parts of the district will be small and in some cases may decline slightly in the LTP 2021/2031 period.</li></ul> <p>Rating units are expected to increase by the following amounts over the LTP 2021/2031 period with annual percentage changes shown:</p> <table><tr><th>Area</th><th>2021</th><th>2031</th></tr><tr><td>Dargaville</td><td></td><td></td></tr><tr><td>Kaipara North</td><td></td><td></td></tr><tr><td>West Coast</td><td></td><td></td></tr><tr><td>Central</td><td></td><td></td></tr><tr><td>Maungaturoto</td><td></td><td></td></tr><tr><td>Kaiwaka</td><td></td><td></td></tr><tr><td>Mangawhai</td><td></td><td></td></tr><tr><td>Totals</td><td></td><td></td></tr></table>	Area	2021	2031	Dargaville			Kaipara North			West Coast			Central			Maungaturoto			Kaiwaka			Mangawhai			Totals			<p>Rating Unit growth occurs at higher or lower rates than assumed.</p>	<p>Low</p>	<p>Economic conditions and the discretionary nature of the housing market can cause variations in Rating Unit growth from that assumed. Lower Rating Unit growth than anticipated would have a minimal impact on existing ratepayers.</p> <p>Unforeseen fluctuations in economic conditions can affect the ability of people to invest in both business and residential development activity.</p> <p>Any significant deviation from rating unit projections will affect both rates revenue and development contribution revenue. Council should be cautious by monitoring rating unit growth and ensuring it remains close to or meets these projections.</p> <p>Council may be able to manage the impacts of any downward variation by changing the proposed timing of capital works projects which are required to support growth. Where the capital works projects have already been completed there will be increased finance costs as Council would have to fund these works without the rating revenue or development contributions revenue it anticipated.</p>
Area	2021	2031																												
Dargaville																														
Kaipara North																														
West Coast																														
Central																														
Maungaturoto																														
Kaiwaka																														
Mangawhai																														
Totals																														

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty																				
<p><b>To be updated</b></p> <p><b>Development Contribution Growth – Connections to Mangawhai Wastewater Scheme:</b></p> <p>The assumptions that Council has made in relation to annual connections to Mangawhai Wastewater Scheme are detailed in the table below.</p> <table border="1"> <thead> <tr> <th>Year</th><th>Number of Properties</th><th>Year</th><th>Number of Properties</th></tr> </thead> <tbody> <tr> <td>2021/2022</td><td>108</td><td>2026/2027</td><td>108</td></tr> <tr> <td>2023/2024</td><td>108</td><td>2027/2028</td><td></td></tr> <tr> <td>2024/2025</td><td>108</td><td>2028/2029</td><td></td></tr> <tr> <td>2025/2026</td><td>108</td><td>2029/2030</td><td></td></tr> </tbody> </table> <p>NOTE: numbers rolled forward from 2018/28 LTP, review and update needed</p> <p>These projections reflect that not all growth in the Mangawhai Wastewater Scheme area will attract a development contribution in the early years as they may have already paid a development contribution or have paid or are paying a capital contribution through their rates. For this reason and because the areas are quite different, these projections do not reflect the forecast growth projections for Mangawhai as a whole.</p>	Year	Number of Properties	Year	Number of Properties	2021/2022	108	2026/2027	108	2023/2024	108	2027/2028		2024/2025	108	2028/2029		2025/2026	108	2029/2030		<p>Rating Unit growth occurs at higher or lower rates than assumed in Mangawhai</p>	<p>Medium/High</p>	<p>Income from Development Contributions assumes these levels of growth. There will be a financial impact if significant variations occur.</p> <p>For Mangawhai, a 10% variation in the annual growth rate will result in a plus/minus variation in the level of wastewater Development Contributions collected of around \$230,000 per annum.</p> <p>Council may be able to manage the impacts of such a variation by changing the proposed timing of capital works projects going forward, particularly those which are required to support growth. Where the capital expenditure has already been incurred there will be increased finance costs which Council would expect to recover through future Development Contributions.</p>
Year	Number of Properties	Year	Number of Properties																				
2021/2022	108	2026/2027	108																				
2023/2024	108	2027/2028																					
2024/2025	108	2028/2029																					
2025/2026	108	2029/2030																					
<p><b>To be updated</b><b>Absentee to Resident Ratepayers:</b> The percentage of absentee ratepayers is anticipated to decrease slightly over the next ten years, in accordance with recent trends.</p> <p>Based on postal addresses, approximately 74% (72% 06 November 2014) of ratepayers in the Kaipara district (excluding</p>	<p>The proportion of absentee ratepayers increases beyond expectations.</p>	<p>Low</p>	<p>The ability of Auckland's working age population to afford a second home will probably be the greatest driver of uncertainty around this assumption.</p> <p>A high percentage of absentee residents has implications for Council services which must be able to deal with</p>																				

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>Mangawhai) reside within the district and 26% (28% 06 November 2014) outside the district. For Mangawhai, 47% (37% 06 November 2014) reside within the district and 48% (56% 06 November 2014) in Auckland and 5% (6% 06 November 2014) elsewhere.</p> <p>The percentage of unoccupied dwellings across the district (excluding Mangawhai) has been increasing by around 0.4% per year from 15.3% in 2006 to 17.9% in 2013. By comparison, the percentage of unoccupied dwellings in Mangawhai has been decreasing by 0.3% per year since 2006 from 55.0% in 2006 to 52.7% in 2013.</p> <p><b>Source:</b> SNZ. This is consistent with the resident ratepayer data which indicates that more people are moving permanently to the Mangawhai area.</p> <p>It is anticipated this trend will continue and intensify as the nation's ageing population results in more holiday home owners retiring permanently to their holiday houses in areas such as Mangawhai.</p>			<p>seasonal use. Flexibility can be built into contracts to allow higher or more frequent services to be delivered during the holiday periods.</p> <p>It is expected that the differing demands of resident and absentee communities can be managed and funded for the foreseeable future.</p>
<p><b>To be updated</b></p> <p><b>Affordability:</b> Affordability refers to the ability of the community to pay for Council services.</p> <p>Currently, Council's rates are comparable to those of other local authorities and it is intended that future rate increases will not greatly exceed the Local Government cost index (a measure of inflation applicable to the Local government sector).</p>	<p>Affordability issues affect the ability of the community to pay rates.</p> <p>Reduced ability to pay</p>	<p>Low</p> <p>Medium</p>	<p>The average household income in Kaipara was \$85,884 in 2019 (Infometrics, 2020) however the COVID-19 Lockdown and ensuing economic recession have impacted heavily on some businesses and households. Council has therefore made the assumption that the community will have limited ability to absorb any significant rates increases over the first three years of the Long Term Plan.</p>



Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p><del>Affordability remains a concern with some sections of the community earning less than others. However, the Government has in place a rates rebate scheme available to low income earners. Given this, Council is of the view that it is reasonable to assume that the community can afford to meet the levels of rating and that there will not be a significant increase in unpaid rates.</del></p> <p>The average household income in Kaipara was \$85,884 in 2019 (Infometrics, 2020) however the COVID-19 Lockdown and ensuing economic recession have impacted heavily on some businesses and households. Council has therefore made the assumption that the community will have limited ability to absorb any significant rates increases over the first three years of the Long Term Plan.</p> <p>Climate change</p>	for Council services		<p>Rise in general and/or targeted rates to pay for increased costs of assets management and capital works projects to maintain expected level of service. Key assumption that Council will catch up on its renewals and remedial work</p> <p>Increasing physical risks could lead to property value reduction, decreased insurability or increased cost to insure, increased compliance and design costs, reduced ability to develop property and restrictions on land use, and increased costs of repair and protection.</p>
<b>Staffing Assumptions</b>			
<b>Staff Recruitment and Retention:</b> Adequate staffing levels are expected to be maintained and there are not expected to be any recruitment issues when replacing staff.	Kaipara District Council unable to recruit staff with appropriate skills	Medium	<p>This may result in delays to project deadlines and impact on the level and quality of service.</p> <p>This risk can be mitigated by various initiatives but these</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
	and experience.		bring operating cost implications.
<b>Asset Management Assumptions</b>			
<b>Contracts:</b> It is expected that there will be no changes in the availability of tenderers for Council contracts when they are tendered.	Contractors become very scarce and difficult to secure, limiting the range for selection and driving costs upward.	Medium	Planned expenditure to meet growth and renewals cannot be carried out.
<b>Capital Works Cost:</b> On average, costs of major capital works will not vary significantly from costs estimated at the concept stage.	Costs rise steeply above estimates.	Medium	<p>Council has a higher level of confidence regarding capital project costs in the short term but less certainty in the longer term due to fluctuations in the economy and district growth trends.</p> <p>A 5% variation in a \$500,000 project would add \$25,000 to the project cost. Given the long useful life associated with many of Council's capital works projects such a variation would not have a significant rating impact.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<b>Climate change</b>	<p>Cost of capital works projects will reactively and sharply increase due to rising need for system upgrades, relocation and/or redesign to adapt to environmental changes.</p>	<p>Medium/High</p>	<p>If Council was concerned about the increase in cost then it could look for alternative ways of completing the works and/or change the scope of the works to be completed. Should the cost be lower than estimated there would be a favourable impact on Council's budgets.</p> <p>In the long term there is uncertainty around the scale and degree to which infrastructure assets will need to be fortified and/or relocated and the associated cost for capital works projects. While a conservative 2021-2031 capital works programme may reduce financial risk in the short term, it may significantly increase risk to infrastructure assets in the long term and increase risk to ability to pay.</p> <p>There is also uncertainty around risk of cost to insure and insurability regarding exposed infrastructure assets and the timeframe regarding insurability. Changes to insurance costs and insurability may trigger capital works projects.</p>
<p><b>Property Designations/Resource Consents:</b> Any new property designations or Resource Consents required for water, stormwater and wastewater systems, or for the significant upgrading of existing systems, will be able to be obtained, subject to conditions acceptable to Council. Any necessary land purchased, prior to the time that has been scheduled for the actual construction works.</p> <p>Council has assumed that there will be no significant changes to existing resource or discharge consent conditions that create</p>	<p>The necessary designations or consents cannot be obtained, or the necessary land purchased, before the scheduled time of construction, resulting in works being delayed.</p>	<p>Medium</p>	<p>The risk can be minimised if Council always has a clear and detailed future forward work programme to which it is committed, for at least the next three years, enabling timely consent applications or timely land purchases. This will be achieved through Council's 30 year Infrastructure Strategy.</p>



Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
significant additional costs.	<p>Resource Consent standards lead to higher treatment standards which lead to higher cost.</p> <p>Conditions attached to existing Resource Consents change, or Council is unable to renew these when they expire.</p>	<p>Medium</p> <p>Low</p>	<p>Higher treatment standards will lead to higher capital and operating costs. While Council can anticipate some of these changes and ensure that they are reflected in budgets the final impact will not be known until the Resource Consent is granted.</p> <p>A significant change could increase compliance costs which would need to be funded from increasing user charges or rates.</p>
<p><b>Drinking Water Standards</b></p> <p>There are proposed changes to the New Zealand Drinking Water Standards which the Council are unable to accurately quantify now.</p>	<p>New Drinking Water Standards lead to higher treatment standards which lead to higher cost.</p>	<p>Medium</p>	<p>Higher treatment standards will lead to higher capital and operating costs. Any impacts will not be known until revised Drinking Water Standards are published.</p>
<p><b>Significant Land Use Changes:</b> There will not be any major changes to land uses in the district that have consequential impacts on Council infrastructure needs.</p> <p>Climate change</p>	<p>Unforeseen land use, of a type that has potential significant effects, occurs.</p> <p>Decreased capacity to adapt due to restrictive land designations and land use lock-in (where costs are too high to</p>	<p>Low</p> <p>Medium</p>	<p>Council will need to assess the situation but this matter is not entirely within Council's hands.</p> <p>A third party may lodge an application for a plan change or non-complying consent at any time. This can lead to higher unforeseen costs in certain areas.</p> <p>Higher costs to Council to enable land use transitions. Litigation costs regarding land use transitions.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
	change land use). Increased GHG emissions due to land use lock-in and increased costs of emissions off-setting.		
<p><b>Building Control:</b> Council will continue to meet the requirements of being accredited by International Accreditation New Zealand in order to maintain its registration with the Department of Building and Housing as a Building Consent Authority.</p> <p>That Council will be faced with a significant leaky building claim is unlikely.</p> <p><b>Reference:</b> Ministry of Business Innovation and Employment.</p>	<p>Loss of accreditation so Council could no longer grant Building Consents.</p> <p>A significant leaky building claim has the potential to affect the General Rates.</p>	Low	<p>Council has a continuous improvement programme to focus on ensuring standards are met. There has been investment in additional management resource to support this process as well. Council has always achieved compliance to date.</p> <p>Council has in the past had very limited exposure to leaky building claims, and the improvements to processes arising from accreditation make it even less likely for a substantial claim to arise in future.</p>
<p><b>District Leadership:</b> The Local Government Act 2002 provisions relating to decision-making and the expectations which the community has on Council is assumed to remain unchanged.</p> <p>Climate change</p>	<p>Council is unable to meet community expectations.</p> <p>Changes to key legislation may require reviews on local governance.</p> <p>Council unable to meet community expectations, including risk of community push-back on adaption and mitigation decisions or on lack of decisive</p>	<p>Medium</p> <p>High</p>	<p>There may be increased costs associated with quality assurance for decision-making processes.</p> <p>Higher costs to obtain legal advice, higher operating costs for policy and strategy development. Decreased success with resource consents and increased costs to obtain consents. Increased litigation costs\.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
	action. Increased compliance risk for Council to meet legislative obligations and statutory requirements. Lack of clarity and guidance from central government and increased costs on navigating differing legislative guidance.		
<p><b>Local Government structure</b> for Northland and Auckland remains the same and no significant shared service or amalgamated service structures are put in place.</p> <p>Council is aware of the 3 waters programme of work, but it is too early to draw any future conclusions on impact of governance structures or representation.</p>	Amalgamation as a result of legislation or otherwise is introduced.	Medium	There would be costs associated with any changing governance or representation structures
<p><b>Emergency Management:</b> It is assumed that there will be no natural disasters requiring emergency management work that cannot be funded out of the budgetary provisions.</p> <p>Legislative changes are anticipated that may result in policy and procedural reviews.</p>	<p>A major natural disaster occurs.</p> <p>Legislative changes result in general and specific costs for particular items such as tsunami warning systems.</p> <p>Costs of policy and</p>	<p>Low/Medium</p> <p>Low/Medium</p> <p>Low/Medium</p>	<p>Significant additional “one-off” repair costs and rating impacts may be incurred as a result of emergency events.</p> <p>It could be expected that higher operating costs will be incurred because of public demands or legislative requirements for higher levels of readiness.</p>



Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Climate change	<p>procedure reviews rise well above budget provisions.</p> <p>Increased frequency and/or severity of natural hazards will increase emergency management service requirements.</p>	Medium	Significant increase in repair costs. Increased operational costs to match community needs and expectations.
<p><b>Roading:</b> There is sufficient provision in the LTP to cope with the effects of likely storm events.</p> <p>Climate change</p>	<p>Storms greater than average sized events will require a reprioritisation of expenditure in the LTP to accommodate the costs to repair the district's roads.</p> <p>Sea level rise and extreme weather events will increase spending on transportation networks repair and reduce level of service. Inability for Council to pay for transportation network (roading relocation in the long term.</p>	<p>Medium</p> <p>Medium</p>	<p>Not all costs may be able to be covered by existing budget constraints.</p> <p>Cost will be greater than budget. Delegated capital works projects on roading may create infrastructure lock-in and reduce adaptation opportunities and/or increase costs to relocate roads in the long term</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p><b>Flood Protection:</b> Weather patterns and rain intensity are expected to increase steadily as are tidal sea levels in the future.</p> <p>Climate change</p>	<p>Predictions are under or over estimated.</p> <p>Increased severity of storm events, including extreme rainfall events will decrease ability of drainage schemes and stormwater networks.</p> <p>Sea level rise and increased coastal flooding will decrease capacity for stop bank system and drainage system.</p> <p>Lack of community's ability to pay for required infrastructure projects if adaptation response defaults to "one-off repair costs"</p>	<p>Low</p> <p>Medium</p> <p>High</p>	<p>Significant additional "one-off" repair costs and rating impacts may be incurred as a result of storm events.</p> <p>It could be expected that higher operating costs will be incurred because of public demands for higher levels of readiness.</p> <p>Higher operating costs due to increased repair and maintenance costs. Lack of ability to insure/higher costs to insure assets due to increased exposure and risk.</p> <p>Increased costs for large-scale capital works projects to improve capacity of flood protection systems</p>
<p><b>Libraries:</b> Changes in the district's population demographics resulting in greater numbers of retirees and Maori youth, is expected to increase demand for library services. There is a</p>	<p>Demand for services rise steeply or change in type and nature of services.</p>	<p>Low/Medium</p>	<p>The technology associated with reading and the role of libraries is changing. There will be additional costs associated with the new technology and services.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
growing demand for digital services. It is anticipated there will be ongoing demands for changes in the range and types of services that the district's libraries are expected to provide. This is expected to continue to increase			
<b>Open Spaces:</b> It is assumed that expectations of reserve maintenance, the range and standard of facilities provided, safety and accessibility and compatibility will not change significantly.	Cost of operations and maintenance rise above expectations and start to undermine maintenance standards and community expectations.	Medium	If the increased expectation is to be met, it will increase costs.
<b>Waste minimisation:</b> It is assumed that all rubbish will continue to be disposed of outside the district and that the closed landfills will continue to meet Resource Consent conditions.  Climate change	Landfills outside the district can no longer be used. The district's closed landfills no longer meet Resource Consent standards.  Operation cost of solid waste disposal services significantly increases.	Low          Medium	If Council needed to re-commission one or more closed landfills there would be significant extra cost and contingent liability for their operation.          Increased legislative requirements to reduce GHG emissions, off-set GHG emissions and increased costs of carbon credits will increase operation cost, including strategy development and reporting requirements, legal costs and level of service/implementation changes.

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<b>Stormwater:</b> Demand for new stormwater systems or significant upgrades to stormwater systems are not expected to significantly impact on either asset requirements or operating costs.	<p>That development demand exceeds forecasts and/or slows down significantly.</p> <p>That a severe weather event or more frequent events affects the integrity of a system.</p>	Medium	<p>If development increases significantly from forecasts, this may require increased expenditure to increase capacity to meet the demand.</p> <p>Storm damage or response to increased expectations for treatment and/or disposal of stormwater could increase rates within the affected catchment area.</p>
<b>Wastewater Demand:</b> Demand increases will not exceed existing projections and projects in excess of those planned.	<p>That development demand exceeds forecasts or slows down significantly.</p>	Medium	<p>The activity is confined to identified catchment areas, so financial impacts will be within the specific area.</p>
<b>Wastewater Treatment Plants:</b> Resource Consents for major capital works are expected to be obtained without undue delays and consent compliance will therefore be achievable.	<p>Resource Consents are appealed to the Environment Court resulting in significant delays.</p>	Medium	<p>There can be additional costs associated with complying with consent conditions as standards continue to increase. These additional costs will be borne by the catchment area serviced.</p>



Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p><b>Water Supply Demand:</b> Increase in demand over that forecasted for treated water is not expected to significantly impact on either asset requirements or operating costs.</p> <p>Severe drought, resulting in water shortages, will not occur to the extent that water supply for human consumption and sanitation is compromised. Projects to meet increase in demand to manage water restriction have been added to the LTP.</p> <p>The new rules from the National Environment Standards and the National Policy Statement for Freshwater Management put restrictions on increasing the volume of water takes. The hierarchy considered by the Regional Council is when assessing water takes is Environment comes first, then People and then Animals.</p>	<p>Development demand exceeds forecasts.</p> <p>Water shortages may result in emergency aid being required and losses in economic opportunities.</p> <p>Council will not get sufficient water from water takes during droughts and may breach consents</p>	<p>Low</p> <p>Low</p> <p>High</p>	<p>Water is charged on a volumetric basis and a change to volume used will be reflected in revenue. .</p> <p>Kaipara is projected to have longer dry periods, seasonal changes to rainfall patterns, and reduced flows in waterways and shallow groundwater.</p> <p>Dargaville has historically experienced water shortages during droughts. Steps can be taken, however, to reduce demand and manage water resources more effectively (Drought Management Plans have been developed).</p>
<p><b>3 Waters Climate change</b></p>	<p>Lack of capacity of 3 waters systems to cope with pressure from increased severity and/or frequency of coastal inundation, salination and rising groundwater, flooding, erosion and drought. Damage to infrastructure assets due to increasing coastal hazards.</p>	<p>High</p>	<p>Significantly increased costs to improve asset capacity and reduce exposure. Increased infrastructure repair and maintenance costs. Increased operational costs to develop and implement drought and water shortage adaption response actions.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p><b>Water Conservation:</b> Water conservation measures are expected to be sufficient to counter the effects on demand arising from adverse drought conditions and high peak season water demand.</p> <p>Climate change</p>	<p>Conservation methods are not sufficient to counter the effects of a drought.</p> <p>Current water conservation methods are inadequate to meet increasing drought conditions, rainfall pattern changes and salination of low lying freshwater sources</p>	<p>Medium</p> <p>Medium</p>	<p>While demand can be managed by regulation, a reduced water supply would mean reduced income from those supply areas which pay by metered usage.</p> <p>Increased costs to improve water storage infrastructure. Increases costs for consultation and/or other external expertise to help incorporate and set-up water conservation methods (ie grey water reticulation into infrastructure strategy and management plans</p>
<p><b>Asset Management Plan Information:</b> Council has developed Asset Management Plans for several of its activities. Council continues to improve its asset planning information - particularly in regards to asset condition and performance. Asset condition information is accurate</p>	<p>Asset conditions differ from the current information</p>	<p>Medium</p>	<p>Any need to increase maintenance budgets and/or renewals expenditure above planned levels would lead to increased costs (and therefore rating requirement) for Council. The extent of this risk cannot be quantified</p> <p>By conducting rigorous asset condition assessments and a continuous improvement program around asset data, condition and criticality the unknown and unquantifiable risks can be managed and reduced.</p>
<b>Financial Assumptions</b>			

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p><b>Useful Lives Of Significant Assets:</b> It is assumed that no significant assets will fail before the end of their useful lives as determined in accordance with the depreciation rates set out in the accounting policies of Council.</p> <p>Climate change</p>	<p>Some assets may wear out and fail sooner or later than calculated.</p> <p>Sea level rise and increased frequency and/or severity of natural hazards will reduce the useful lives of significant infrastructure assets</p>	<p>Medium</p> <p>Medium</p>	<p>There is no certainty that asset components will last exactly their design or assessed lives. However, replacement is budgeted at the expected end of useful life and earlier replacement will result in a loss on disposal of any residual value. Earlier replacement may result in the deferral of other discretionary capital projects in order to remain within self-imposed debt limits as set out.</p> <p>Some assets are likely to last longer than their design lives which would help to balance the effects of any early replacement of assets.</p>
<p><b>Revaluation of Non-Current Assets:</b> Revaluations are planned to be undertaken as follows:</p> <p>Roads annually</p> <p>3 waters: every three years</p> <p>Community and operational assets remain at cost</p> <p>It is assumed that these will be completed on a rotational basis i.e. not all revaluations will occur in one particular year. For the purposes of this LTP, the values of non-current assets have been increased using factors reflecting average annual movements.</p>	<p>The actual inflation rate may vary from the average annual movement information applied.</p>	<p>Medium</p>	<p>There is no certainty as to what the actual inflation rates will be over the next ten years. External influences beyond Council control can affect these rates. If the asset class is depreciable the depreciation will differ from that in the forecast.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p><b>Depreciation Rates on Planned Asset Acquisitions:</b> Depreciation expenses on new assets acquired within the term of this Plan have been determined at the applicable rate defined within the accounting policies.</p> <p>Climate change</p>	<p>That the depreciation rate applied to acquire assets is inaccurate.</p> <p>Sea level rise and increased frequency and/or severity of natural hazards will increase pressure and damage to assets and accelerate depreciation rates</p>	<p>Low</p> <p>Medium</p>	<p>The depreciation expense and funding would differ from that forecast.</p>
<p><b>Price Level Changes:</b> The influence of Covid 19 has dramatically changed how Councils will forecast price level changes. Through Council's membership of the Society of Local Government Managers (SOLGM), economic advisors BERL have cast 3 price level change scenarios with identifying regional characteristics which will influence changing price level projections. The scenarios are 1. Stalled rebuild where GDP and employment grow more slowly, 2. BERL Mid and 3. Faster rebuild where GDP and employment grow more rapidly.</p> <p>Guidance on the characteristics of districts was provided for Councils to select the scenario most relevant.</p> <p>Due to Kaipara's dominant agricultural base, lower reliance on the most hard hit tourism sector and its high growth rate, BERL's 'Faster Rebuild' scenario has been adopted.</p> <p>The principal assumption made for the ten year period between 2021 and 2031 is that annual inflation will occur at rates in line with</p>	<p>The price level changes will vary from those used.</p>	<p>High</p>	<p><del>To be updated</del></p> <p><del>Provided the Reserve Bank of New Zealand is required to keep general inflation under 4% per annum, the projected changes in price levels will vary only slightly. The effect of any variation up, or down, will result in either higher or lower rate requirements. Based on a projected annual operating expenditure of \$45 million, a plus/ (minus) 1% movement in the forecast inflation rate would result in an approximate movement in operating costs of plus/ (minus) \$450,000. Similarly, with an annual capital works programme of \$24 million a plus/ (minus) 1% movement in the forecast inflation rate would result in an approximate movement in capital costs of plus/ (minus) \$240,000.</del></p> <p><del>If the impact of inflation on Council's budgets turns out to be higher than forecast and Council did not wish to</del></p>



Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
the 'Faster rebuild scenario' Local Government Cost Adjuster estimates and the Local Government Cost Index (LGCI) which have been prepared for local government use by SOLGM (see tables below).			<p>generate additional revenue by increasing rates, then either additional operational efficiencies or reduction in service levels or planned capital expenditure would need to be considered.</p> <p>Should the impact of inflation turn out to be lower than forecast then there would be a favourable impact on Council's operating and capital expenditure budgets.</p>

### Adjustors: % Per annum change

Local Government Cost Adjustor Forecasts Three scenarios  
Mahuru 2020

Table 4.15 Local government cost adjustors, Faster rebuild scenario, % change on year earlier

	Faster rebuild scenario			
	Planning & Regulation	Roading Transport	Community	Water & Environment
2019	3.2	2.3	2.8	2.0
2020	1.7	1.9	1.8	1.7
2021	1.4	1.5	1.4	0.7
2022	2.6	3.3	2.7	3.1
2023	2.6	3.2	2.7	2.8
2024	2.5	3.2	2.7	2.8
2025	2.5	3.2	2.7	2.8
2026	2.5	3.1	2.6	2.8
2027	2.5	3.1	2.6	2.6
2028	2.5	3.1	2.6	2.8
2029	2.4	3.1	2.6	2.8
2030	2.4	3.1	2.6	2.8
2031	2.4	3.0	2.6	2.6
20 year average %pa	2.2	2.6	2.3	2.2

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Table 4.16 Local government cost index LGCI, Faster rebuild scenario			
Faster rebuild scenario			
	OPEX	CAPEX	TOTAL
2019	3.0	2.9	3.0
2020	1.9	2.0	2.0
2021	0.4	0.1	0.3
2022	3.1	3.3	3.2
2023	2.9	3.0	2.9
2024	2.9	3.0	2.9
2025	2.9	3.0	2.9
2026	2.9	3.0	2.9
2027	2.7	2.8	2.8
2028	2.8	3.0	2.9
2029	2.8	3.0	2.9
2030	2.8	3.0	2.9
2031	2.7	2.8	2.7
20 year average %pa	2.3	2.4	2.4

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty																		
<b>NZ Transport Agency Subsidy Rate:</b> The NZTA's financial assistance rate (FAR) for Kaipara District Council has been increased from 61% to 62%. It is assumed that this FAR will remain for the life of the plan. It is also assumed that the level of subsidy will increase in proportion to increased costs.	There is a risk that subsidy rates will reduce within the 10 year period.	Medium	Roading activities dominate Council's expenditure. Any change in the subsidy rate has a direct impact on Council's budget, level of rating or level of service.																		
<b>Interest Rates on Borrowing:</b> The forecast interest rates are the actuals for existing loans and swaps. The interest cost of the new debt or refinanced debt is assumed to be at an average of 4.39%, which is a conservative estimate, using the long term average forecasts and a margin of 0.75%–1.0% assuming that we continue to borrow from the Local Government Funding Agency (LGFA). The combined all up of cost is assumed to be 5.27%.  To be updated	Interest rates will increase beyond those budgeted for in the 10 year LTP period.	Medium	Interest costs on borrowing.  A 1% variation in interest rates would give the following increases in interest costs at the following levels of debt: <table><tr><td>Total Debt</td><td></td><td>\$60 million</td><td>\$55 million</td><td>\$50 million</td><td>\$40 million</td></tr><tr><td>Interest \$</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Variance with Movement of:</td><td>1%</td><td>\$600,000</td><td>\$550,000</td><td>\$500,000</td><td>\$400,000</td></tr></table> A \$500,000 increase in interest costs equates to approximately a 1.5% increase in rates for 2018/2019.	Total Debt		\$60 million	\$55 million	\$50 million	\$40 million	Interest \$						Variance with Movement of:	1%	\$600,000	\$550,000	\$500,000	\$400,000
Total Debt		\$60 million	\$55 million	\$50 million	\$40 million																
Interest \$																					
Variance with Movement of:	1%	\$600,000	\$550,000	\$500,000	\$400,000																
<b>Refinancing Term Loans/External Funding:</b>  External loans are managed on a portfolio basis and refinanced in accordance with the parameters of the LTP, the liability management policy and on the advice of Council's Treasury Advisors. Refinancing of external loans is assumed to be readily achieved.  Council expects to maintain a significant lead in time within which it can seek to lock in funding at acceptable margins.  To be updated	Refinancing of external loans is difficult.	Low	The refinancing of Term Loans/External Funding may prove difficult to secure due to conditions within financial markets. This could lead to increased borrowing costs. Council will look to manage this risk by maintaining significant lead in time before debt is needed.																		

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<b>Internal Borrowing:</b> Where activities undertake long term asset purchase or replacement, Council internally fund the expenditure from its cash on hand or debt facilities. Activities are separately charged on a principal and interest basis to recover funds used. Payment terms are made over five years for IT and similar short life expenditure, 10 years for the District Plan and 20 years for infrastructural assets except for the Mangawhai Wastewater Scheme which is over 30 to 40 years depending on the debt tranche. Operational reserves (cash on hand) are utilised in the first instance to minimise external debt funding. These reserves are effectively on call.	That the reserves are required in short timeframes and Council's liquidity facilities are insufficient.	Low	Expenditure is planned through the Annual and LTPs. Council operates within the parameters of its Treasury Policy which incorporates the liquidity and liability management policies.
<b>To be updated</b> <del><b>Lump Sum Payments:</b> That a proportion of property owners connected to the Mangawhai Wastewater Scheme paying the Capital Contribution A – F targeted rate will pay for their share of the capital costs of building the Scheme via a lump sum rather than over the 30 year term as a targeted rate.</del> <del>Council has assumed that take up of the offer is assumed to be minimal at this stage.</del>	<del>That the number of property owners taking up the lump sum option will be higher or lower than forecast.</del>	Low	<del>Any lump sums collected will be used to reduce debt.</del>  A property having paid the lump sum will also no longer be liable for paying a capital contribution via a targeted rate. Hence, any variance in the number of properties paying lump sums will not affect the targeted rate for capital costs payable by other properties.
<b>Vested Assets:</b> Council does expect to receive vested assets over the life of this Plan.	The value of vested assets is greater than predicted thereby increasing depreciation expense.  That contributions in kind do not provide the cash resource required to undertake the growth projects set out in the	Medium	From time to time developers will seek to vest certain assets in Council in lieu of making payments for financial or Development Contributions.



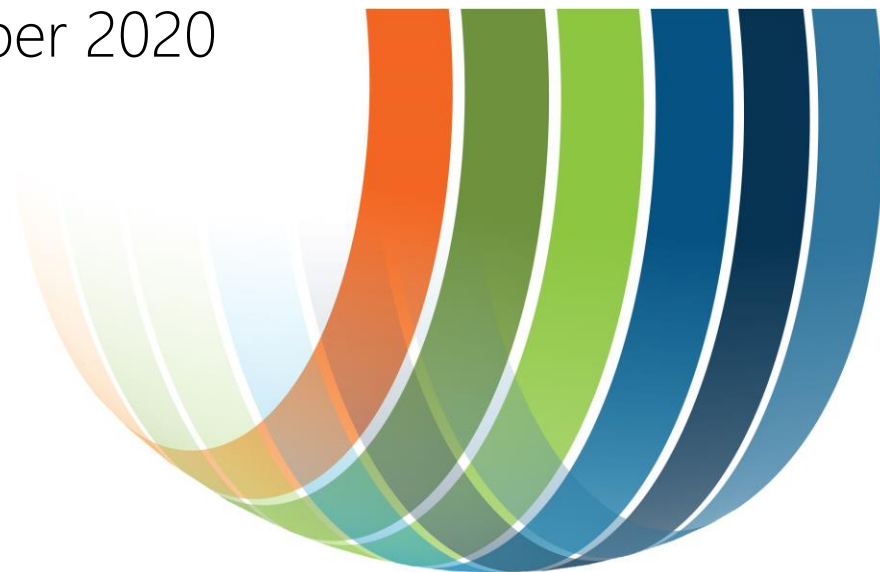
Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
	LTP		
<b>Sources For Funds For Future Replacement of Significant Assets:</b> It is assumed that funding for the replacement of significant assets will be obtained in accordance with Council's Revenue and Financing Policy.	The main risk is that budgets for some capital replacements may not have been included and sources may not meet requirements.	Low	There is little or no risk that sources of funds for replacement of significant assets will not be achieved. Funding of all asset replacements during the life of the LTP has been disclosed.
<b>Other Assumptions</b>			
<b>Climate Change:</b> Current and projected increase in global temperature and sea level rise, will increase frequency/severity of extreme weather events and natural hazards. Current costs structures will be impacted by climate change adaption and mitigation needs.	Sea level rise, extreme weather events, and slow on-set changes may lead to growing financial burdens, revenue, credit and investment impacts, lost productivity, increased emergency management costs, and unfunded contingent liabilities	Medium	Increasing damage by natural hazards will impact funding investments in infrastructure and increase emergency management requirements. Continued and increasing economic disruptions. Loss of asset values and insurance premium increases and withdrawals. Potential lost productivity – esp. the land based primary sector. Reduction in revenue from rates linked to asset values affected by climate change. Increased need for large scale investments for adaption. Increased operational costs to implement need for early action. Lack of capacity of current investment appraisal approached (inappropriate for complexity and long term nature of climate change)
<b>Emissions Trading Scheme:</b> Council currently holds New Zealand units for pre-1990 forests, but does not plan on surrendering or obtaining any units. With the sale of much of the woodlot these units may be available for sale.	In the event that pre-1990 forests are lost and could not be replanted or regenerated Council would need to surrender or purchase credits.  The cost to purchase	Low	As Council is not planning on deforesting any of its land, it would have the New Zealand Units available to meet any unforeseen events.  As the cost of carbon will increase over time it will cost more for Council to meet future requirements to offset

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
	carbon credits will increase.		emissions.
<b>Local Government Funding Agency (LGFA)</b>			
<b>Guarantee Obligations:</b> Council has become a “guaranteeing local authority” in the LGFA when it joined the Agency. This means it will have guarantee obligations. At the year end 2020 Council’s exposure was \$8.6 billion.	Council is one of 44 local authorities that guarantee LGFA’s borrowings. These could be called on if LGFA defaulted on repayments of interest or capital.	Low	Council considers the risk to be low.

# Population Projections 2018-2051

Kaipara District Council

October 2020



**Infometrics**

Economics put simply

## Authorship

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## Executive summary

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Infometrics was commissioned to produce projections of resident population and household numbers for the Kaipara District. These projections cover the period 2018 to 2051 for a single medium-high growth scenario.

The population and household projections are driven by the demographic processes of ageing, births, deaths and net migration. Infometrics' projections of net migration into Kaipara district are informed by forecasts of employment in the district – this means that the final population projections are driven by economic as well as demographic factors.

The population of Kaipara District has grown strongly over the past 15 years, and growth has been particularly strong in the past five years, reaching a population of 24,100 in 2019. As a consequence of COVID-19, population growth is projected to slow over 2020 and 2021 with softer international net migration and a decline in employment. Population growth is projected to pick up from 2022 onwards, with the district growing steadily to reach a population of 32,600 in 2051.

Kaipara District's population is projected to age rapidly over the next 30 years, with the number of residents aged 65 years and over growing from 5,600 in 2019 to 12,200 in 2051. The population 15 to 64 years of age is projected to grow slightly, and the population under the of 15 is projected remain steady. The ageing population of the district, combined with trends of greater life expectancy and smaller families, means that the average household size of the district is projected to ease from 2.37 to 2.14 over the projection period. The effect of this is to spread the same population over a greater number of households. Accordingly, household numbers are projected to grow faster than the population, from 10,000 in 2019 to 14,600 in 2051.

Historically, the majority of Kaipara's population and household growth has taken place in the Mangawhai area. This pattern is expected to continue in future, particularly as further improvements to State Highway One reduce travel times into Auckland, thus improving the attractiveness of Mangawhai for commuting workers. The population in Kaiwaka and Maungaturoto is expected to grow strongly as these towns are expected to gain from reduced travel times into Auckland, as well as local employment growth. The Dargaville area is projected to grow steadily, with lesser growth in the Kaipara Coastal area. Population in Ruawai-Matakohe, Otamatea and Maungaru areas is expected to ease slightly, however the number of households is still expected to increase in these areas due to decreasing household sizes.

# Introduction

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Infometrics has been commissioned by Kaipara District Council (KDC) to produce projections of resident population by age, and households to support their long-term planning. At the request of KDC, these projections are for a single medium-high growth scenario. These projections cover the period 2018 to 2051, and provide a breakdown of population and households at a sub-district level. Sub-district analysis uses Statistical Area 2 (SA2) areas – these are defined by Stats NZ and break the district into ten areas.

This report contains a summary of high-level findings regarding projected population and household growth in Kaipara District. It is accompanied by a pivot table spreadsheet which provides significant detail, and which allows for a high level of flexibility in the analysis of these projections.

The projections of population growth in the Kaipara District form the cornerstone of this report. The derivation of these population projections, as well as the projections of household numbers, are driven by the demographic processes of ageing, births, deaths and net migration. Furthermore, projections of net migration are partially driven by projected employment growth. This means that the final population projections are driven to a significant extent by economic as well as demographic factors.

The report also includes an Appendix describing in detail the methodology employed in producing these projections.

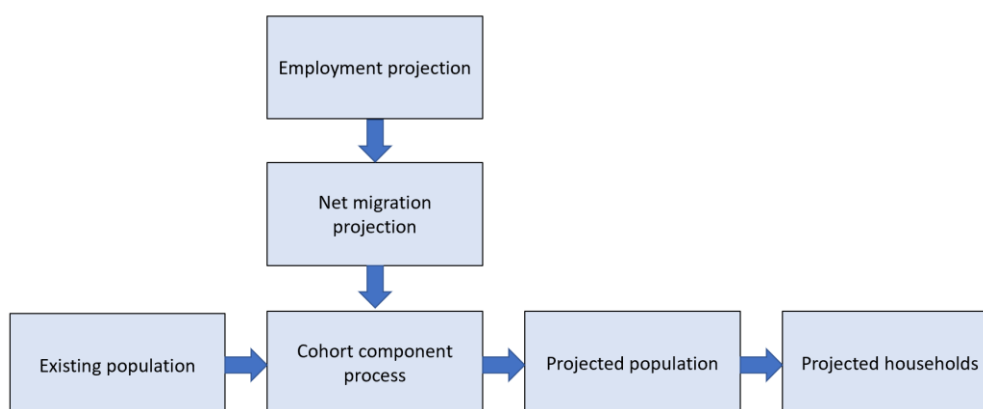
## Our Approach

This section describes in broad terms the approach adopted in the production of these projections. It is intended for a non-technical audience. The Appendix contains a detailed description of the methodology and is intended primarily for a technical audience.

Infometrics takes a unique approach to projecting population, by firstly projecting employment growth, which in turn informs projected volumes of net migration. Consequently, these population projections are essentially informed by the economic prospects of the district.

Having derived these employment and net migration projections, a conventional cohort component approach is employed to project population and household numbers. This process is summarised in Figure 1 below.

Figure 1



The distribution of population and households within the district was informed by discussions with council staff, council consultants, analysis of the district's spatial plans and significant private plan changes.

## Employment

Employment is forecast by using a combination of two approaches across the short and long term.

Short term employment forecasts are derived for a five-year time horizon and are driven by an econometric model which uses a mix of top-down and bottom-up approaches. This recognises that individual industries and regions will need to compete with each other in the future, to secure labour and skills from a workforce that is forecast to grow at a diminishing rate.



Employment growth in export-focused industries is projected by making use of a national model, which reflects the broad economic conditions within New Zealand. Service and construction industries are projected based on recent local economic and population trends.

Long term employment forecasts, covering a 30-year time horizon, require a different approach – one based far more on structural changes to the economy, driven by factors such as technological change (including automation), industry productivity, demographics, evolving demand for different products and services, New Zealand's international competitiveness, and climate change mitigation actions. This involves projecting changes to a range of variables, including amongst others, macroeconomic factors such as national interest rates and environmental factors such as carbon prices.

The long-term employment forecasts applied in the Infometrics Population Projection Model draw heavily on the ESSAM (Energy Substitution, Social Accounting Matrix) general equilibrium model of the New Zealand economy, developed by Infometrics' Chief Economist Dr. Adolf Stroombergen.

## Migration

Long-term international net migration to New Zealand is forecast by considering a wide range of factors affecting the New Zealand and global economies.

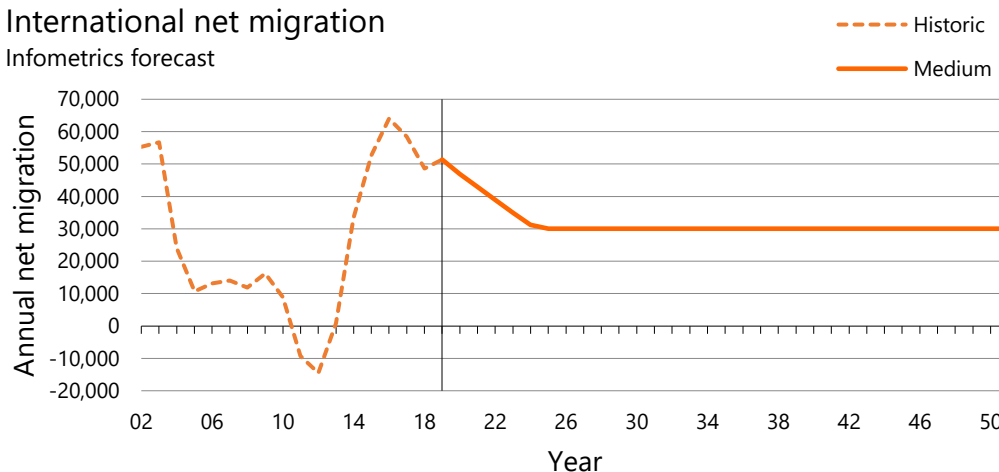
In the near term, COVID-19 is the most significant influence on international net migration. We expect that heavily reduced international flight schedules, restrictions on international movements, and a general reluctance to migrate will drive net migration to negligible levels for 2020 and 2021. As global travel slowly resumes and the New Zealand economy recovers, net migration is expected to slowly return to our long term forecast level of 30,000 people per annum from 2025 onwards.

While recent historic inward net migration levels in excess of 60,000 people per annum are unlikely to be sustained in the long term, given projections of steady employment growth and an ageing population, we expect sustained positive net migration well into the future, particularly with the aid of favourable work visa conditions.

Chart 1

### International net migration

Infometrics forecast



Migration is apportioned to territorial authorities using a mix of two approaches. Firstly, historic migration trends are applied to forecast the volume of non-employment-driven migration, such as people moving into the district for retirement or out of the district for study. Secondly, forecast labour market shortfalls are used to forecast the volume of employment-driven migration, such as people moving to take up employment opportunities. Employment-driven migration is also adjusted slightly to account for commuting patterns between districts – for example, strong commuting patterns from the Mangawhai and other Southern settlements into Auckland, aided by ongoing improvements in the State Highway One. For both employment-driven and non-employment-driven migration, StatsNZ's projected age and sex profile of migrants to a particular district is assumed.

## Existing Population

At present, the starting point for the population projection is the StatsNZ Estimated Resident Population (ERP) for 2018, which is based off the 2013 Census. Using this data, the Model projects the existing population using a conventional cohort component method. Under this approach, the starting population is grouped into cohorts consisting of five-year age groups distinguished by gender. The model draws on StatsNZ's analysis of historic and anticipated trends in births and deaths in each age and gender group, to inform changes to each throughout the projection period.

Birth and death rates are driven by a combination of factors – primarily the age structure of the population, and age-specific birth and death rates. Projected age-specific birth and death rates are sourced from StatsNZ. In the case of births, StatsNZ projects a decline in birth rates for mothers under the age of 35, and a slight increase in birth rates for mothers aged 35 years and older. StatsNZ also projects a steadily declining mortality rate across most age groups, as life expectancy increases due to lifestyle changes and advances in medical care.

## Households

Projections regarding household numbers also follow a cohort component approach, involving the analysis of living arrangements for each age and gender cohort, and converting these figures into household numbers. This approach makes use of projected living arrangement type rates (LATR), which are produced by StatsNZ based on analysis of historic trends. LATRs indicate the proportion of each cohort in each living arrangement type – for example, 22% of 20-24-year old males in 2018 lived in an 'other multi-person household' (i.e. flatting) arrangement. To derive the number of households in the district, the number of individuals living in each household type is divided by the average size of each household type.

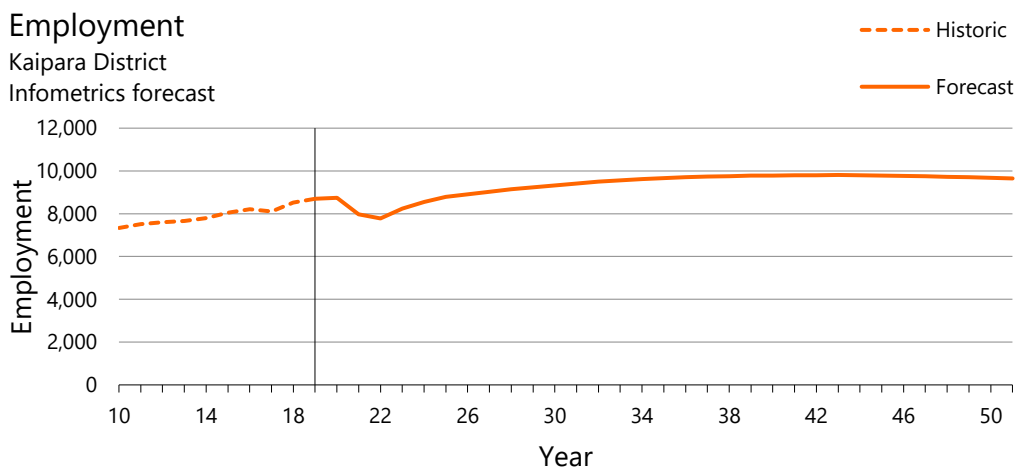
# Findings

## Employment

Employment in Kaipara District grew steadily over the past decade, at nearly 2% per annum. Employment growth is expected to turn negative in 2020 and 2021 because of COVID-19 and the resultant economic shock. Strong employment growth is expected for the remainder of the 2020's as the district recovers from the economic shock and returns to its prior growth path.

During the 2030s, more stringent environmental regulation is expected to result in higher carbon prices and greater regulation related to freshwater quality. Coupled with greater uptake of automation technology across the economy, this is expected to reduce the rate of employment growth, particularly in agriculture.

Chart 2



## Population

The population of Kaipara District has grown strongly over the past 15 years, and growth has been particularly strong in the past five years as a result of strong international net migration and growing housing pressures in Auckland. This has seen Kaipara's population grow to 24,100 in 2019.

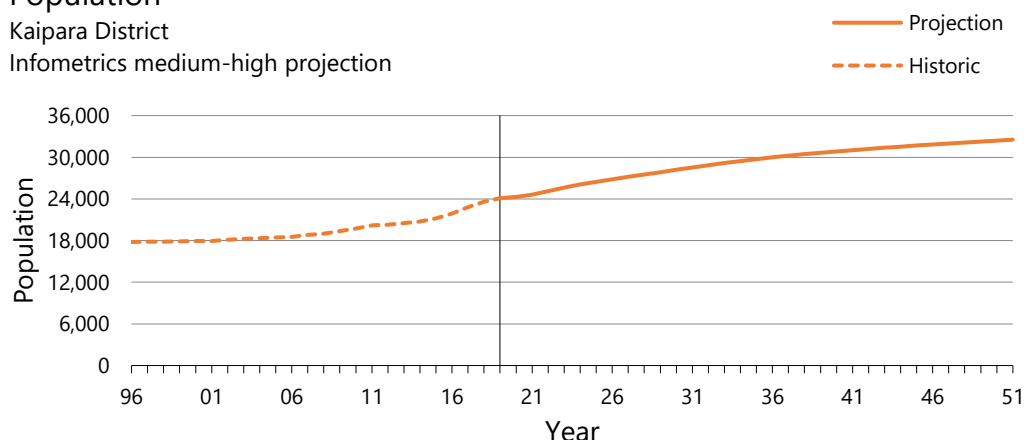
Population growth is expected to slow down over 2020 and 2021 as a result of COVID-19. From 2022 onwards, population growth is projected to resume at a steady rate, albeit slightly slower than what was experienced in the past five years. Kaipara's population is expected to continue growing out to 2051, although the rate of growth gently eases over that period, to reach a population of 32,600.

Chart 7

**Population**

Kaipara District

Infometrics medium-high projection

**Sub-District Population**

Projected population growth is distributed within Kaipara District in consideration of historic trends, district and spatial planning, and provision for infrastructure.

Historically, most of Kaipara's population growth has taken place in the Mangawhai area. This pattern is expected to continue in future, particularly as further improvements to State Highway One reduce travel times into Auckland, thus improving the attractiveness of Mangawhai for commuting workers. This will see the Mangawhai SA2 grow by 1,770 people by 2051, Mangawhai Heads SA2 by 2,490, and Mangawhai Rural SA2 by 2,920. It should be noted that the Mangawhai Rural SA2 area is expected to include urban development, as it incorporates the expected urban expansion of both Mangawhai Village and Mangawhai Heads.

Improved travel times into Auckland are also expected to improve the attractiveness of Kaiwaka and Maungaturoto. Furthermore, there are prospects for local employment growth in these centres which will further drive population growth. Maungaturoto's population is expected to grow by 270 by 2051, and Kaiwaka by 440. These projections assume that there will be limited provision of water and wastewater infrastructure in these towns. However, if water and waste water infrastructure was developed further, then these two towns may grow more quickly than projected.

The population in the Dargaville urban area is expected to continue growing steadily, prompted by steady employment growth in Dargaville, as well as the neighbouring rural area prompted by the Kaipara Kai initiative. Population growth in the Dargaville urban area predominantly takes place in the Dargaville SA2. However, if growth in Dargaville is stronger than projected, the Dargaville urban area may expand to include parts of the Kaipara Coastal SA2. Kaipara Coastal's projected growth reflects the growth of settlements such as Baylys Beach and Te Kopuru. The population of Dargaville SA2 is expected to grow by 1,090 by 2051, Kaipara Coastal by 90.

Population in Ruawai-Matakohe, Otamatea and Maungaru SA2 areas is expected to ease slightly by 2051. These three areas have experienced relatively weak population growth historically, and Ruawai-Matakohe and Otamatea contain settlements vulnerable to sea level rise. Despite a slight decline in population, the number of households is still



expected to increase in these areas due to decreasing household sizes – this is discussed in more detail in the Households section.

**Table 1**

**Sub-District Population**

Infometrics medium-high projection

<b>Statistical Area 2</b>	<b>2019</b>	<b>2051</b>	<b>Change 2019-2051</b>
Dargaville	5,077	6,169	1,092
Kaipara Coastal	3,776	3,862	86
Maungaru	1,865	1,607	-258
Ruawai-Matakohe	2,520	2,418	-102
Otamatea	1,785	1,541	-244
Maungaturoto	1,318	1,582	265
Kaiwaka	2,217	2,654	438
Mangawhai	1,060	2,828	1,768
Mangawhai Heads	2,184	4,675	2,490
Mangawhai Rural	2,298	5,215	2,917
<b>Total</b>	<b>24,100</b>	<b>32,552</b>	<b>8,452</b>

## Components of population change

In demographic terms, population change consists of three principal components – births (fertility), deaths (mortality) and net migration. The difference between births and deaths is generally referred to as natural increase – in other words, the ability for a population to grow internally or ‘naturally’. Historically, births have exceeded deaths in Kaipara, and this is projected to continue until 2031, beyond which deaths will exceed births. At this point, the district becomes reliant on migration to maintain the population and to grow.

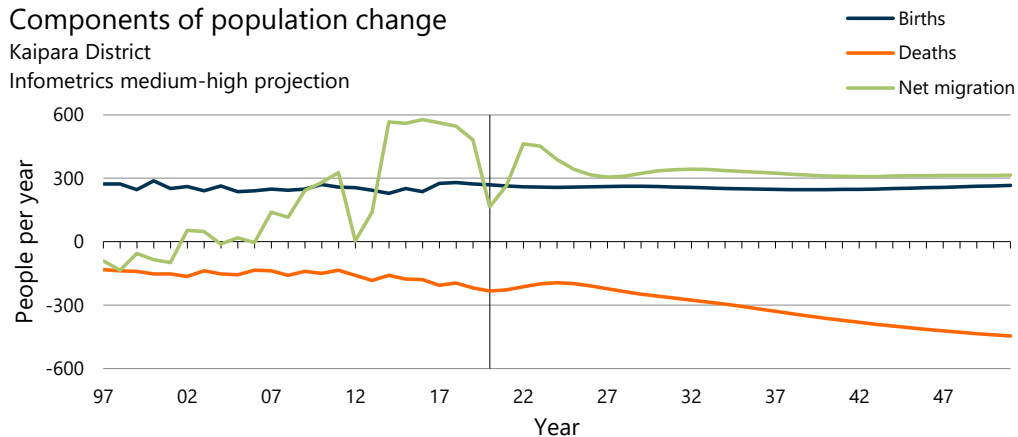
Net migration into the district has displayed a broadly upward trend over the past twenty years, however it is expected to fall sharply in response to COVID-19. Net migration is expected to recover to a relatively high level by 2022, although this is still below recent peaks. Net migration is then projected to ease and settle at just above 300 people per year for the remainder of the projection.

Chart 11

## Components of population change

Kaipara District

Infometrics medium-high projection



## Age Structure

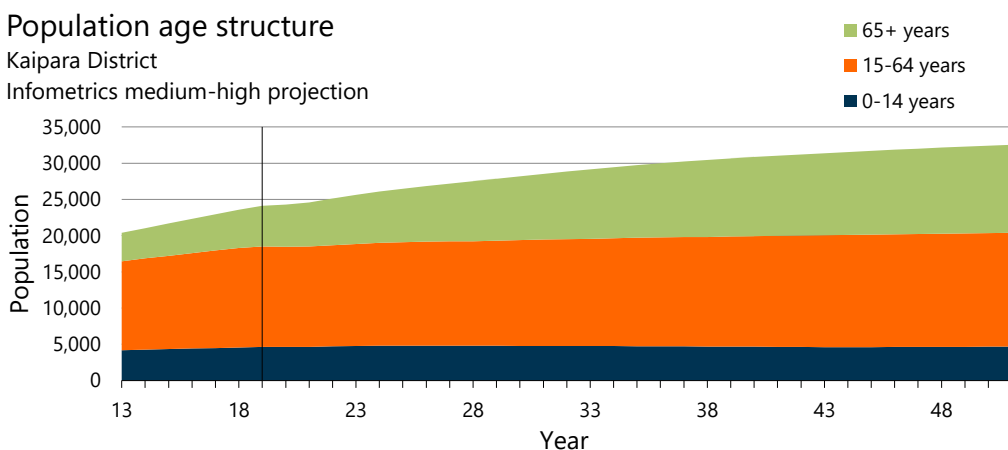
As is the case for the most areas in New Zealand, the population of Kaipara is projected to age significantly over the next 30 years. The number of youth (aged below 15 years), is projected to remain steady at around 4,600 people. Similarly, the population 15 to 64 years of age is only expected to grow slightly, from 13,900 in 2019 to 15,700 in 2051. The 65 years and older age group is the fastest growing age group, expanding from 5,600 in 2019 to 12,200 in 2051. The majority of this growth takes place in the next ten years as the relatively large 'baby boomer' cohort moves into the 65 years and older age group.

Chart 15

## Population age structure

Kaipara District

Infometrics medium-high projection



## Households

A combination of factors is projected to drive down the average size of households in Kaipara. These factors include amongst others the changing age composition of the district's population, increasing life expectancy and societal trends.

- An ageing population leads to growth in households of couples without children or persons living alone (such as widows / widowers).
- Increasing life expectancy means that individuals are likely to spend longer periods in these household types.
- Societal trends include couples having fewer children (i.e. smaller families), increasing numbers of childless couples, and delayed childbearing.

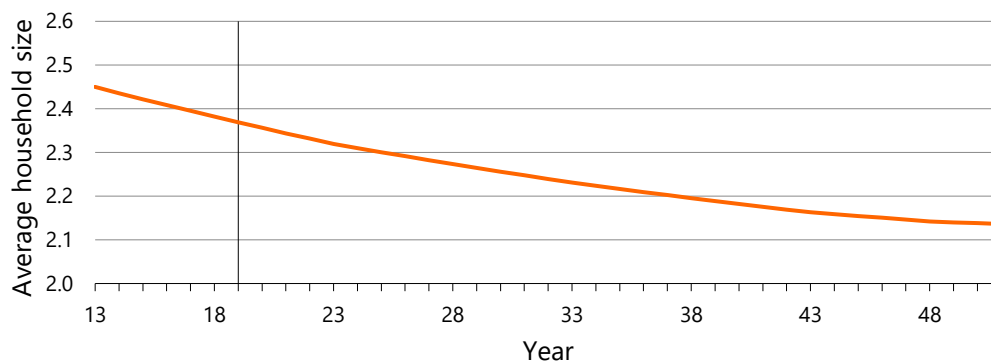
The combination of these trends implies that Kaipara's average household size will decrease from an estimated 2.37 individuals per household in 2019 to 2.14 individuals per household in 2051.

Chart 19

### Average household size

Kaipara District

Infometrics medium-high projection



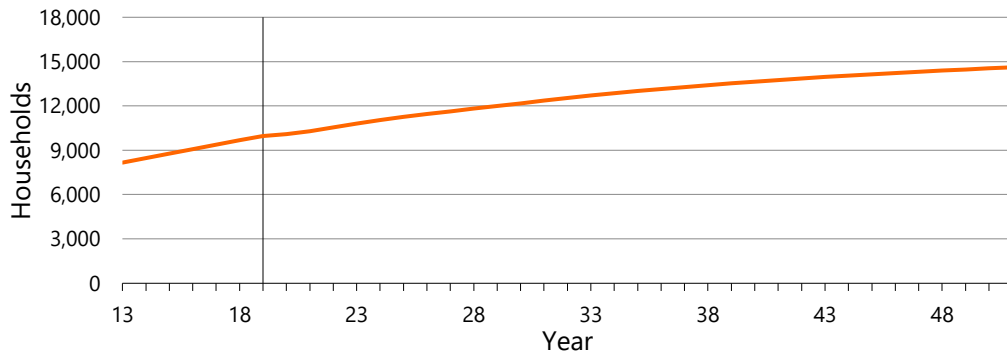
The combined effect of a growing population and decreasing average household size is strong growth in the number of households. The number of households in the district is projected to grow from 10,000 in 2019 to 14,600 in 2051.

Chart 3

## Number of households

Kaipara District

Infometrics medium-high projection



## Sub-District Households

In line with the districtwide household projections, household growth at a sub-district level is stronger than population growth, as decreasing average household sizes mean that more houses are required to house the same population. This means that in Ruawai-Matakohe, Otamatea and Maungaru, despite a decrease in population, the number of households is still projected to grow slightly.

Dargaville SA2 is projected to experience steady growth of 530 households. Kaipara Coastal SA2 is projected to grow by 180 households.

Households in Mangawhai are expected to grow strongly, by 840 in Mangawhai SA2, 1,090 in Mangawhai Heads SA2, and 1,290 in Mangawhai Rural SA2. Households in Maungaturoto and Kaiwaka are expected to grow by 270 and 330 respectively.



Table 2

**Sub-District Households**

Infometrics medium-high projection

<b>Statistical Area 2</b>	<b>2019</b>	<b>2051</b>	<b>Change 2019-2051</b>
Dargaville	2,056	2,584	528
Kaipara Coastal	1,530	1,710	181
Maungaru	748	771	24
Ruawai-Matakohe	1,049	1,121	72
Otamatea	732	750	18
Maungaturoto	502	771	269
Kaiwaka	875	1,203	329
Mangawhai	472	1,310	838
Mangawhai Heads	1,000	2,091	1,090
Mangawhai Rural	999	2,291	1,292
<b>Total</b>	<b>9,962</b>	<b>14,602</b>	<b>4,640</b>

## Appendix – Detailed Methodology

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This Appendix describes in detail the methodology employed in the projections. It is intended for use by client representatives possessing a relatively high degree of technical expertise in economic, statistical and demographic analysis.

### Employment

#### Short-Term Projections (Five-Year Time Horizon)

As an initial step, Infometrics develops forecasts of employment at a national level, broken down by 54 industry classifications. Using econometric techniques, we develop approximately 50 separate statistical models for forecasting employment in each industry. These models draw on historic trends, patterns and relationships, and project these into the future.

Using machine learning, the models are ranked according to their track record of forecasting future employment in a particular industry, with the forecasting ability of each model measured against historical data. As an example, data from 2000 to 2016 is applied within each model to forecast employment to 2019, with these forecasts then being compared to actual historical data from the period 2017 to 2019. The model delivering the most accurate forecast is then applied to deliver a final forecast for each industry for a five-year time horizon. These industry forecasts are adjusted to ensure consistency with Infometrics' views of total employment growth over the forecast period.

As a second step, Infometrics develops industry forecasts by territorial authority and region which are consistent with our national forecasts. We use a similar technique to that described above, developing approximately 50 forecasting models for each combination of 485 ANZSIC industry codes and 66 territorial authorities. Slightly different techniques are used for the various industries in the regions, so as to account for different industry drivers.

The future performance of the *agriculture, forestry, fishing, mining and manufacturing* sectors are influenced predominately by macroeconomic conditions, which are not specific to local regions or districts. For example, strong demand from China for forestry products is highly likely to benefit the forestry sector in all regions of New Zealand. As a result, the models we develop for these industries are driven by nationwide industry trends, and the extent to which these trends historically deviate from the national average. Using machine learning, we are able to select the model that most effectively tracks and predicts these components.

The regional forecasts for *service industries* (including trade, accommodation, education, health and professional services) are weighted more heavily towards local drivers including population growth, local economic conditions and visitor numbers.

Regional forecasts for the *construction* sector incorporate Infometrics' forecasts of construction work-put-in-place, drawn from Infometrics' Regional Construction Outlook. They also consider population growth as a driver for construction activity.

Once we have generated forecasts for each industry / territorial authority combination, we ensure they are mathematically consistent with our national level industry forecasts.

### Long-Term Projections (Thirty-Year Time Horizon)

The methodology applied the short-term forecasts described above, draws heavily on a statistical approach to forecasting – focusing on historic trends, patterns and relationships and extending these into the future. This statistical approach however becomes less accurate with longer forecast horizons. Consequently, longer term employment projections rely on the ESSAM (Energy Substitution, Social Accounting Matrix) general equilibrium model of the New Zealand economy, developed by Infometrics' Chief Economist Dr. Adolf Stroombergen.

The ESSAM model considers the principal interdependencies of industries within the national economy, including flows of goods from one industry to another, the transfer of costs in one industry into cost and therefore prices in other industries. The model presents a scenario of the New Zealand economy for selected target years (generally 2030 and 2050), based on robust assumptions regarding various economic factors, including international commodity prices, population growth, carbon prices, technology adoption, levels of automation, changes in energy efficiency, and substitution between four energy sources (coal, oil, gas and electricity). The ESSAM model's estimates of employment by industry in 2030 and 2050 provide a benchmark for the long-term employment projections included in the Infometrics Population Projection Model.

Some of the key macro-economic assumptions used by the ESSAM model are as follows:

**Table 3. ESSAM macro-economic assumptions and outputs**

Indicator	2025-2030	2030-2050
Population	1.0%pa	1.0% pa
Labour force	0.7%pa	0.46%pa
GDP	2.9%pa	1.7%pa*
World trade	2.7%pa	2.5%pa
Oil price	US\$110/bbl in 2030	US\$110/bbl in 2050
Carbon price	NZ\$100/tonne CO <sub>2</sub> in 2030	NZ\$200/tonne CO <sub>2</sub> in 2050
Government consumption	2.1%pa	1.7% pa
Investment in dwellings	2.0%pa	1.0%pa
Public investment	3.0%pa	2.5%

\* These are model results, not input assumptions.

## Migration

The population projections draw on Infometrics' short- and long-term international migration forecasts.

In the short term, COVID-19 is the most significant influence on international net migration. We expect that heavily reduced international flight schedules, restrictions on international movements, and a general reluctance to migrate will drive net migration to around zero for 2020 and 2021. As global travel slowly resumes and the New Zealand economy recovers, net migration is expected to slowly return to our long-term forecast level of 30,000 people per annum from 2025 onwards.

Our long-term forecast considers a wide range of factors affecting both the global and the New Zealand economy. While recent historic inward net migration levels in excess of 60,000 individuals per annum are unlikely to be sustained in the long term, given projections of steady employment growth projected and an ageing population, we expect sustained positive net migration over the long term, particularly with the aid of favourable work visa conditions.

Migration is apportioned to territorial authorities using a mix of two approaches. Firstly, historic migration trends are applied to forecast the volume of non-employment-driven migration, such as people moving at retirement. Secondly, forecast labour market shortfalls are used to forecast the volume of employment-driven migration, such as people moving to take up employment opportunities. Employment-driven migration is also adjusted somewhat to account for commuting patterns between districts. For both employment-driven and non-employment-driven migration, StatsNZ's projected age and gender profile of migrants to the district is assumed.

## Labour Market Shortfalls

Labour market shortfalls exist when employers' requirement for labour exceeds the number of workers available at current wage rates. When labour market shortfalls exist in an area, additional labour, and hence population, is attracted to that area.

Infometrics estimates future labour market shortfalls by separately considering the projected supply of labour and the projected demand for labour (as measured by employment) and comparing these two factors.

As the starting point for estimating labour supply, Infometrics makes use of StatsNZ's published population projections by 5-year age group and gender.

Labour force participation rates (LFPRs) by age and gender are projected based on StatsNZ's national labour force projections. In addition, historic LFPRs for each region are analysed to identify their deviation from the national average. This deviation is applied to the national LFPR by age, to project regional LFPR by age. Historic averages for the unemployment rate in each region are analysed and projected forward. Projected LFPR by age is applied to the StatsNZ population projection, and the projected unemployment rate is applied to this, in order to estimate labour supply.

This projection is undertaken for each region or territorial authority, enabling the balance between labour supply and demand (as measured by employment) to be assessed within each labour market area. In periods of insufficient labour supply within a territorial authority or broader regional labour market to meet projected labour demand, the area is projected to receive additional migration.

This additional migration is apportioned to regions or territorial authorities based on their respective share of the national labour market shortfall. At the same time, however, additional migration may be constrained by the Infometrics' international net migration forecast, meaning that a particular region may not necessarily receive sufficient inward migration to entirely eliminate its labour market shortfall.

Similarly, the projected LFPR and unemployment rates are applied to the additional migration, reflecting the fact that it is rarely possible to import only workers – instead these workers often come with family members, who may not necessarily be economically active. Examples in this regard might include stay-at-home parents, children and aged dependents. Furthermore, in some instances, migrants may not immediately gain employment following their move.



## Population

### Population Base

As a rule, the appropriate population to use for Council Long Term Planning (LTP) purposes is the estimated resident population (ERP). This represents all individuals who permanently reside in an area and could be considered a 'maximum' population, as a percentage of these individual is likely to be away at any given point in time.

Consequently, the StatsNZ 2018 Estimated Resident Population (ERP) is considered as the basis for the population projections. This estimate is produced by StatsNZ with the most recent available Census (2013) data, and births, deaths and migration that has been recorded since. An ERP based on the 2018 Census is expected to be released during the course of 2020; following which this will form the basis of the projections.

Given that the majority of population projection parameters from StatsNZ are published for five-year intervals, our projection model also operates at five-year intervals, from 2018 to 2053. We then make use of a cubic-spline statistical process to interpolate population to single years. Once available, we will also incorporate the StatsNZ 2019 ERP into this process, to produce realistic projections incorporating the most recently available data.

### Fertility

StatsNZ publishes regional age-specific fertility rates, for five-year age groups. This includes an open-bounded 45+ age group. We have however chosen to apply this only to the 45-49 year age group. This ensures that a growing population beyond the age of fertility does not artificially inflate the projection of births. The impact of this change is considered negligible, particularly given that between 2012 and 2014, there occurred an average of only eight births per annum to women aged 49 and over across New Zealand. Similarly, we ignore births to mothers under the age of 15, due to a lack of reliable data regarding fertility rates in this age group. Again, this is not statistically significant, as nationwide there were an average of only 21 births per annum recorded to mothers under the age of 15 between 2012 and 2014.

Throughout the projection period, we adopt StatsNZ's assumed gender ratio of 105.5 males per 100 females born – this is based on the historic average ratio at a national level. This phenomenon is commonly observed around the world, and is understood to be a function of slightly higher miscarriage rates for female children, rather than of selective abortion.

### Mortality

Projected age- and gender-specific mortality rates by region or territorial authority, as calculated by StatsNZ, are applied to accurately project the number of deaths.

### Sub-district distribution

Population distribution within a region or territorial authority is projected by considering historic settlement patterns and expectations of future residential development activity. Projections are produced for StatsNZ's Statistical Area 2 (SA2) areas. SA2 areas vary widely in geographic size, but are defined by StatsNZ to have similar populations – 1,000 to 3,000 residents.

Values for population and households at a SA2 level are projected using a full cohort component approach. Net migration is apportioned to each SA2 in consideration of:

- Historic trends in net migration for each SA2
- Capacity for growth as indicated by KDC's Spatial Plans and significant private plan changes.
- Feedback from KDC's officers and consultants

## Households

### Living Arrangement Types

The number of households at SA2 or district level is projected by applying Living Arrangement Type Rates (LATR) to the projected population. At present, StatsNZ projects LATR to 2038 from the 2013 Census figures across two scenarios – A and B. Scenario A assumes that LATR remain constant into the future at 2013 rates, while Scenario B projects a linear change to 2038, based on observed historic trends and future expectations. These trends include delayed childbearing (discussed under Fertility above), decreased rates of single parenting, and improvements in life expectancy which enable older individuals to live independently for longer periods<sup>1</sup>. We follow the StatsNZ recommendation to use Scenario B for projection purposes, as this is considered more realistic. This means that the LATR used in the projections transitions up to 2038, and then remain constant at 2038 rates up to 2053.

Applying LATR to the population provides an estimate of the number of people in each living arrangement type; this is then translated into the number of households based on expected family structures – for example, couple households consisting of two individuals. For other multi-person households, we follow the standard StatsNZ assumptions, and assumes 2.6 persons per household. Projected population figures are accordingly divided by the number of households to project average household size.

As a rule, the projected household size calculated in these projections varies somewhat from the 2018 Census measures. This variance can arise for several reasons:

- 1) Census counts are randomly rounded to the nearest multiple of 3, or suppressed entirely, so as to ensure confidentiality of Census respondents. Census outputs such as average household size are however based on actual data, meaning that it is impossible for third parties to precisely replicate these outputs.
- 2) LATR projections are developed at a national level, representing an average across New Zealand. As a result, local patterns will differ – this can for example be driven by differences in ethnic makeup, with some non-European ethnic groups exhibiting a greater propensity to form multi-generational households, leading to larger household sizes.
- 3) Household sizes are susceptible to change in the short term in response to non-demographic factors such as increasing housing costs.

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<sup>1</sup> Full discussion available here

[http://archive.stats.govt.nz/browse\\_for\\_stats/population/estimates\\_and\\_projections/NationalFamilyAndHouseholdProjections\\_HOTP2013base/Data%20Quality.aspx#Livingarrangementtypes](http://archive.stats.govt.nz/browse_for_stats/population/estimates_and_projections/NationalFamilyAndHouseholdProjections_HOTP2013base/Data%20Quality.aspx#Livingarrangementtypes)

<p><b>Changes to Kaipara's climate</b></p> <p>These climate change projections come from NIWA Northland 2016 and NIWA Kaipara 2020 technical reports, which apply RCP8.5 and RCP4.5 global scenarios.</p>	<p>Projected changes will lead to increased frequency and/or severity of natural hazards.</p>
<ul style="list-style-type: none"> <li>• Permanent Sea level rise: <ul style="list-style-type: none"> <li>◦ 0.3m between 2045-2060</li> <li>◦ 0.6m between 2070- 2110</li> <li>◦ up to 1.5m by 2130 under RCP 8.5</li> <li>◦ Expansion of areas inundated by high tides</li> </ul> </li> <li>• Rising average temperatures, fewer frosts, more hot days, extreme hot days and heatwave days</li> <li>• Seasonal changes in temperature and increased growing degree days</li> <li>• Seasonal changes in rainfall, decreases in winter and spring and increases in autumn</li> <li>• Longer dry periods and increased cumulative PED (Potential evapotranspiration deficit) and soil moisture deficit</li> <li>• overall annual decrease in the mean annual flow rivers and streams and their tributaries;</li> <li>• Increase in extreme, rare rainfall events</li> <li>• Increased severity of cyclones and increased "storminess", including increased extreme wind speed and changes to waves and swell.</li> <li>• Ocean heating, changing ocean nutrient cycles and pH levels</li> </ul>	<ul style="list-style-type: none"> <li>• increased drought</li> <li>• increased river and pluvial flooding</li> <li>• increased coastal flooding and inundation (including risk of rising groundwater and risk of saltwater intrusion)</li> <li>• increased coastal erosion</li> <li>• increased landslides and soil erosion</li> <li>• increased bushfire</li> <li>• increased marine heatwaves</li> <li>• ocean acidification</li> </ul>
<p><b>Projected risks and impacts for Council</b></p> <p>These are direct risks to Council services and responsibilities. They do not include wider risks and flow-on effects for communities, businesses, primary industries, Mana Whenua or Tangata Whenua, and the natural environment.</p>	
<ul style="list-style-type: none"> <li>• Damage to infrastructure assets, increased maintenance requirements, increased renewals and upgrades to increase capacity and reduce physical exposure</li> <li>• Damage to parks, reserves and recreational spaces</li> <li>• Reduced water quantity, decline in raw water quality, restrictions on water takes, contamination of drinking water</li> <li>• Increased Civil Defence Emergency management requirements and costs</li> <li>• Rising insurance costs and reduced insurability</li> <li>• Rates and revenue risks due to increased compliance and design costs, reduced ability to develop property, restrictions on land use, and increased costs of repair and protection</li> <li>• Closed landfill contamination run-off and material pollution (i.e. plastic)</li> <li>• Unintended negative side effects and poor outcomes from disjointed coastal management</li> </ul>	

# Draft Financial Strategy

**Meeting:** Council Briefing  
**Date of meeting:** 9 December 2020  
**Reporting officer:** Sue Davidson, GM Sustainable Growth & Investment

## Purpose/Ngā whāinga

To give feedback on the draft Financial Strategy. Please note this is still a work in progress.

## Executive summary/Whakarāpopototanga

The key messages are that Council needs to invest in its infrastructure to clear the backlog and ensure it can afford its renewal programme in the future. The population is continuing to grow at a rapid rate and there has to be more investment in the infrastructure to accommodate the growth.

## Context/Horopaki

A Financial Strategy must be adopted as part of the Long Term Plan. It is to facilitate prudent financial management and is to provide a context for financial decision making, it must detail the issues that the Council has taken into account.

## Discussion/Ngā kōrerorero

The financial strategy sets out how Council plans to fund its operations to meet its community outcomes for the next 10 years and what the impact will be on rates, debt and level of service. It is transparent to enable the community to see that Council is demonstrating prudent financial management as is required by its community.

### Policy and planning implications

This is a strategy required to be written in conjunction with the infrastructure strategy as provided by the Local Government Act 2002.

### Financial implications

The proposed Financial Strategy states what Council is proposing and how it is being funded and the financial figures of the LTP will reflect the narrative in both the infrastructure strategy and financial strategy.

### Risks and mitigations

The risks to the Financial Strategy are detailed in the strategy.

## Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Consultation will occur as part of the draft Long Term Plan consultation.

## Next steps/E whaiake nei

This figures to be used in the LTP will be finalised and updated so that information can be imported to the Financial Strategy and a clearer picture emerges.

## Attachments/Ngā tapiritanga

	Title
A	Financial Strategy

Sue Davidson, 3 December 2020



## **DRAFT FINANCIAL STRATEGY**

The financial strategy sets out how Council plans to fund its operations to meet its community outcomes for the next 10 years and what the impact will be on rates, debt and level of service. It is transparent to enable the community to see that Council is demonstrating prudent financial management as is required by its community.

Every Council has varying challenges and aspirations that must be considered and these have now changed from where we were at the last LTP when a new Council had been appointed after being governed by Commissioners for 4 years.

Since this time Council have agreed upon community outcomes to give a future direction. Of key importance has been the development of improved asset management plans (AMPs). This has allowed both the Infrastructure and Financial strategy to be developed through a number of iterations, such that the infrastructure strategy can be supported by an affordable and sustainable financial strategy.

## **ACKNOWLEDGING THE PAST**

Kaipara District Council's key objective at the development of the last two Long Term Plans was to repay debt as debt had climbed to \$79million at its peak in 2012 paid for by a population of 18700 so that the key challenge was to reduce risk through reduction of debt. Service levels were kept at a base level and depreciation was not able to be funded for most assets. This meant that there was always going to be a backlog of renewals as the Council had not accumulated sufficient funds to ensure its aging infrastructure could be repaired and renewed as necessary.

As well as this the district was growing specifically in the east at Mangawhai, and financial contributions collected on subdivisions were predominantly held in reserves to counter debt rather than being utilised to provide for new amenities for the growing community, both permanent and holiday.

As Council had incomplete asset management plans and high debt, funding the capital and renewal programs was a limiting factor. Council's key driver was to improve financial resilience, reduce debt, have a balanced budget and as much as possible affordable rates.

## **KEY POINTS OF THE FINANCIAL STRATEGY 21-31**

The financial strategy aims:

- To maintain a balanced budget.
- To balance affordability with financial prudence (Rates increases are no higher than an average 5% over the life of LTP (General and Targeted) after allowing for an allowance for annual growth in rateable properties. Water by meter is excluded.
- To manage debt to achieve intergenerational equity.
- To have net external debt capped at \$60 million.
- To ensure increased funding of depreciation of all assets with the exception of transportation assets to 100% so that renewals can be funded.
- To maintain and provide for renewal of our existing assets is an important focus of our Infrastructure strategy and this is likely to result in higher rates in the early years of this LTP to get to the correct base level of expenditure.
- To ensure Development Contributions are set to recover the cost of growth.
- To use other sources of revenue to fund projects. There are many projects that are budgeted to be funded by grants, subsidies and financial contributions.

## **STRATEGIC DIRECTION 2021-2031**

The Council has a number of projects and programmes proposed over the next 10 years to meet the 2021-2031 Community Outcomes.

Our 10-Year Plan incorporates an ambitious capital expenditure programme. A programme that focuses on building resilience of our infrastructure, investing in planning in the areas of future growth, and in developing adaptation plans to combat climate change. It also ensures we continue to do the basics well; we maintain and renew our assets across the existing transport and waters networks.

Council agreed the largest priority was providing for renewals to reduce the annual maintenance cost in the future and to ensure its current infrastructure is fit for purpose. The community has told us it wants the Council to continue with a new District Plan so this will be continued at pace and funded from general rates. New facilities are planned for libraries at both Mangawhai and Dargaville with Dargaville library development being part of a larger civic development funded independently. Service levels will be maintained at current levels except with the provision of additional investment in cycling and walking tracks with the largest investments being the Kaihu Valley Trail and Mangawhai shared path. A key proposition of this plan is that substantial funding is relied upon for a variety of projects and will only be undertaken if grants or financial contributions are received as planned.

Council has a larger than normal budget for the first few years of the LTP due to investment by Central Government initially as a result of applications to the Provincial Growth Fund and then further investment in Shovel Ready Projects. This has meant some headway has been able to be made in renewals and other projects that previously may not have been assessed as a priority.

### **Operating Rates revenue and Forecast Movements**

Rates movements **average? %** pa over the life of the LTP, and together with fees and subsidies will generate sufficient income to manage ongoing renewals.

### Annual Operating Rates Revenue and Forecast movements

	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
General Rates	25,480	26,269	27,532	28,162	31,016	33,927	32,452	34,271	35,439	34,685	34,962
Targeted Rates	9,154	11,828	11,757	12,166	12,509	12,660	13,254	13,843	16595	17,328	17,141
Total Rates	34,634	38,097	39289	40,328	43,525	46,587	45,706	48,114	52,034	53,013	52,103
% Increase		10%	3.1%	2.7%	7.9%	7%	1.9%	5.3%	8.2%	0.4%	0.2%
Water by Meter	3,145	4,154	4,437	4,895	4,960	5,101	5,281	5,383	5,503	5,939	6,051
Total Revenue											
Forecast increase for Total rates after providing for growth											
Rates increase Policy	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

The increase in rating levels means Council will have a more sustainable funding base. This means the base level of services can be funded within current income, financial risk is reduced, and financial resilience is increased as debt is steadily retired over the 10-year period.

### Prudent financial management

Council will ensure its decisions over rates income are used effectively, and efficiently delivered to meet both the current and future infrastructure requirements under the Act. Council will monitor its income and expenditure monthly and look to any adjustments needed being made the following annual plan to ensure we run a balanced budget. Council will ensure it has a balanced operating budget however it won't be till 2026 that Council is fully funding depreciation expense. This will allow a catch up on our renewals so Council can provide good stewardship of its infrastructure assets.

Council will monitor its income and expenditure on monthly basis and has appointed additional staff to ensure our capital projects can be delivered to the anticipated timeframe and within budget.

Council will ensure it complies with legislative limits and benchmarks for financial reporting and prudence and report on these to Council and as part of its Annual Plans and Annual Reports it produces. Debt will continue to be kept at a level well within the debt ratios.

### **Affordability of Rates**

Rates affordability is particularly an issue because we have a fast-growing population but a great deal of the community are at retirement age and on a fixed pension. Council recognises that it has not provided for the appropriate renewal expenditure in the past and the targeted rates and water by meter may be problematic for this sector of our community. Council will look to limiting rates increases to an average of 5% (after providing for growth) Council will try and smooth the rates by only increasing the funding of depreciation in a stepped manner and by looking to share the costs of providing many services across the District. The geographic areas mean the costs to provide similar services may vary especially for smaller communities but overall, there will be economies of scale in providing services such as water by meter, wastewater and community service, parks and reserves across the District.

Council will continue to maximise government funding sources to transfer the burden from rates where possible.

As well as the revised Long Term Plan being produced in this year, property valuations are also carried out by Quotable Value (QV) for rating purposes every three years. The relative changes in property values between different areas and different types of property causes fluctuations in the incidence of rates between different ratepayers. QV has given us preliminary advice of the following movement in valuations which can ultimately impact on affordability. Over the next 3-year period Council will look at the potential for using capital value system for rates allocation as a fairer system.

Table of Valuation Changes			
Residential Dargaville			
Residential Mangawhai			



## Use of Debt

The previous LTPs focus on repayment of debt has meant that Council is now well within its allowable maximum debt levels, as projected debt was reduced.

Our Revenue and Financing policy identifies that a major funding stream for investment in infrastructure is by way of borrowings/debt.

The use of debt allows the costs of infrastructure to be spread over the life of the asset and paid for by all users of the asset across generations. The management of debt to ensure sustainable financial management still presents a major challenge, however with a growing population costs are better shared to aid with affordability.

Operational surpluses in the past have resulted because we have not been able to deliver all of our capital works programme. The capital programme being underspent has meant we have not had to borrow as much as planned.

Our projected debt of \$60 million ?? by June 2031 will remain at a prudent level relative to our assets and income.

Graph of projected debt and actual back to 2011 thru to 2031 and debt limits put here

Council's approach to manage this challenge is to ensure forecasting is carried out and debt that is needed to fund assets is primarily borrowed from LGFA which has been set up to provide cheaper debt financing to local government organisations.

Council also has committed facilities with registered banks in addition to the LGFA facility. Council normally secures its borrowings against rates income as provided in its Debenture Trust Deed.

## FACTORS EXPECTED TO HAVE A SIGNIFICANT IMPACT ON THE COUNCIL FOR THE NEXT 10 YEARS

### Population Growth:

Census figures from 2018 showed Kaipara is one of fastest growing districts in terms of population growth in NZ. The forecasts show the population rising to 28,524 in 2031. The good news for Kaipara is that more people are moving to the District, primarily as a result of the close proximity of Auckland and the lifestyle opportunities. As part of the Council's District Plan Review Council developed spatial plans after discussion with the community. These are blueprints for various towns in our District, plans as to what areas should be allocated for development and others not, which in turn provides guidance for the district plan review.

The ongoing projected population and housing growth creates demand for additional capacity in our infrastructure. Over the next 10 years, we are estimating that another?? new dwelling will be built with a further ?? between 2031 and 2051. This growth is based on population and household size projections and allows demand for holiday houses.

Targeted rates are charged per household and this anticipated growth can be seen in the chart below.

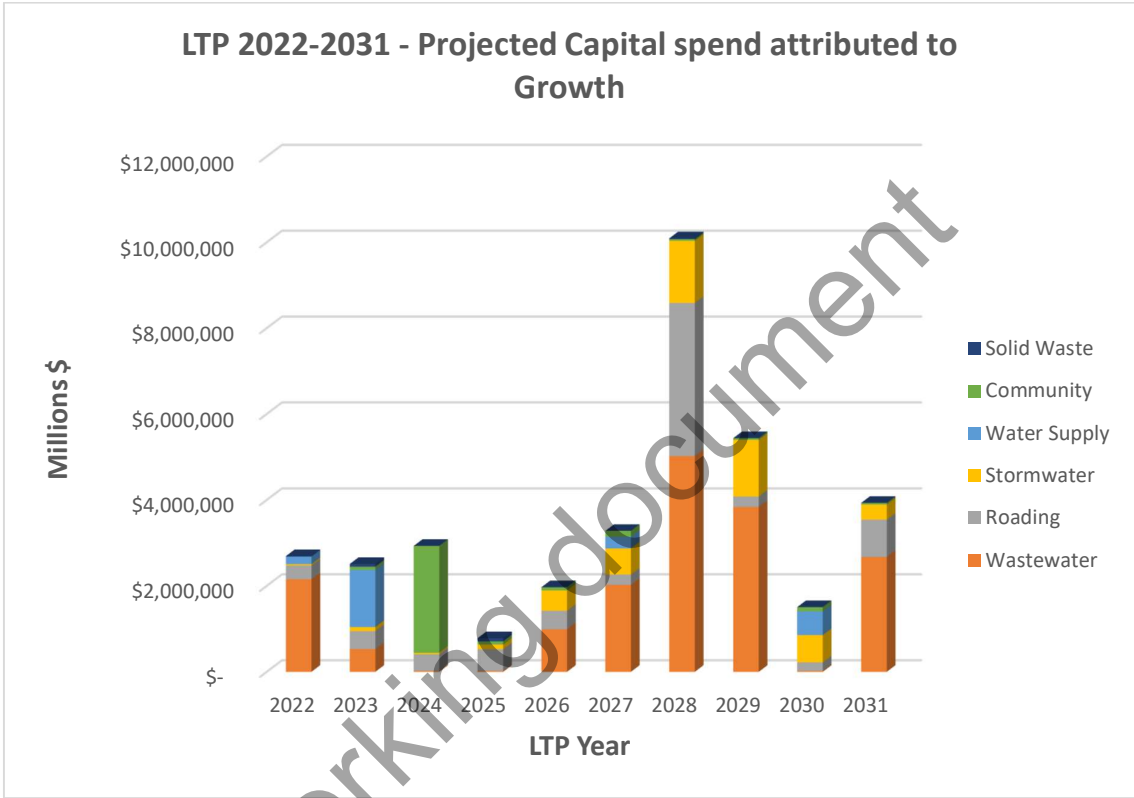
Table here of annual household growth summarised for 10 years or may be rateable units.

### Council Response:

The infrastructure team through the infrastructure strategy have begun to look at what this means for transportation routes, three waters infrastructure particularly reticulation, and

where investment will be necessary by Council. There is still disparity in growth areas with the eastern part of the District growing faster than in the west and the north.

The spatial plans provide for sustainable growth not only in Mangawhai but also in new areas developing in Kaiwaka, Maungaturoto and Dargaville. Some funding has been provided to ensure growth is supported. The cost to ratepayers has been minimised as much as possible by the use of development contributions to fund new infrastructure capital costs. This is a measured approach as Council wanted to avoid the risk of investing well ahead of the predicted growth.



A plan change is being initiated by Council in response to the need for various types of development opportunities as relayed in the spatial plans, and to ensure development occurs in the appropriate areas. With each new subdivision created this improves income collected from both financial and development contributions which also means new amenities can be funded for the growing population.

For the Mangawhai Wastewater Plant where a greater investment was made in capacity in 2012, funding costs continue to be well ahead of development contributions received. Debt is used to fund growth related infrastructure and development contributions are used to repay this debt.

Annual development contributions are as follows:

	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Mangawhai Wastewater										

Other										
Total										

#### Risks:

There is a risk that the growth will not increase as forecast and Council will need to be able to reduce associated capital projects associated with growth.

Another risk is judging when to meet additional demands. If the cost to service, the debt is used to fund the asset and growth does not occur as planned then the costs will fall disproportionately on the existing ratepayers.

#### Aging Infrastructure:

This year the base information for the Infrastructure Strategy came from improved asset data which has enabled Council to better predict what needs to be spent on both our transportation and water networks.

The community has told us that it is most important to look after the current assets so that the level of service can be maintained.

A lot of the infrastructure was built in the mid-1900s and limited funds rated for its replacement e.g. bridges - this will have a financial impact on the community through rates as the renewals occur.

#### Councils response:

The data clearly showed us that ongoing breakages were occurring and that many parts of the network had not been replaced when it should have been, due to historical underinvestment. Council now needs to get the balance correct over this LTP, in replacing key assets when needed, rather than constant maintenance as can be seen from the poor condition and constant breakages in our reticulation systems and reservoirs as examples. Provision has been made for an increased backlog of renewals so that critical assets are not run to failure.

Renewals										

#### Risks:

Our population is aging which will increase concerns about rates affordability particularly amongst those with lower fixed incomes, so this needs to be balanced with the need to clear the backlog to the renewals program.

#### Depreciation to be fully rated for

In previous LTPs a large amount of the renewals had been funded by debt. The Council had started progressing each year increased funding of depreciation to fund renewals. Stormwater, water and wastewater activities have been only partially funded for depreciation which means renewals have not been able to be carried out to the optimum level as Council traded this off against affordability for so many years.

#### Councils response:

Funded depreciation will be provided for by 2022 with the exception of the Mangawhai wastewater system which will be fully funded by 2025. This means that by funding

depreciation, we will have the capacity to fund the asset renewals that are forecast in the future years of the 30-year infrastructure strategy.

The activities related to Flood Protection, Council Property and Community activities already have fully funded depreciation through the rates calculation. Roads are an exception and are funded by rates and Waka Kotahi (NZTA) subsidies (62%).

**Table of funded depreciation for each year here.**

Risks:

That Council has to trade off fully depreciating assets with affordability in future years, meaning reaching 100% funding of depreciation.

### **Investment in our Communities**

The Council has a large capital expenditure program to progress which will continue to be challenging to complete. Much of the programme is for renewals and there is some provision for new initiatives and growth. Central government has been supportive of its regions and Council has been successful in applying for capital projects to be fully subsidised. Many of these programmes of subsidised work do not start or will be constructed in the early years of the Long Term Plan.

There are also many future projects that are budgeted to be funded by grants, subsidies and financial contributions in the later years of the plan.

Councils response:

Council has improved its monitoring of projects and has a programme manager taking an overview of all externally funded projects, reporting to a newly created Externally Funded Projects Committee. Council has allocated specific project manager and coordinator resources to the larger projects to ensure construction of and expenditure on these projects occurs as anticipated.

Council has thought strategically about future third party funded projects it may require, and these are detailed in the Long Term Plan. If the funding sources are not confirmed, then the associated projects won't be completed in the stated year and will be deferred until funding can be obtained.

The 10 years capital programme for capital expenditure is as follows:

	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Community Activities	1,668	6,368	2,228	4,256	1,621	1,386	1,616	916	616	775
District Leadership	340	510	630	420	330	430	330	330	330	0
Flood Protection	160	60	7,290	220	60	60	10,063	10,140	10,400	3,078
Wastewater	1,450	345	1,258	3,060	3,405	6,675	5,666	375	3,025	1,539
Solid Waste	250	0	1,050	2,400	1,000	650			900	1,579
Stormwater Drainage	345	270	810	3,660	2,471	4,700	5,540	2,275	1,825	806
Transport	16,260	14,215	17,441	18,254	15,601	29,267	17,351	16,431	31,806	17,016
Water Supply	3,380	1,145	1,560	1,625	1,780	1,400	1,400	2,030	1,400	1,677
<b>Total</b>	<b>23,853</b>	<b>22,913</b>	<b>32,267</b>	<b>33,895</b>	<b>26,268</b>	<b>44,568</b>	<b>41,966</b>	<b>32,496</b>	<b>50,302</b>	<b>24,470</b>



Key projects have been detailed below:

Outcomes	Capital Works	\$ Million
Climate Smart		
	Stop banks	60.5
	Climate change upgrades to closed landfills	1.8
Celebrating Diversity (culture and heritage)	Northern Wairoa Hall gifted to trust to rebuild community building including library	0
	Dargaville Library – fitout	2
	Mangawhai Library	5
Vibrant Communities (attractive)	Playgrounds, and shared path? walkway, sealing Mangawhai car parks	8.8
	Coastal walkway	7
	Mangawhai shared path	11.6
	Premier parks - Harding and Kaiwi	1.6
	Dargaville community plan	3.65
	Mangawhai community plan	1
	Kaiwaka township plan	3.65
	Wood Street	4
Healthy Environment (natural)		.
	Maungaturoto centralised recycling	2.2
Prosperous Economy	Raupo water storage	2.5
	Growth projects	
	Mangawhai stormwater	4.1
	Dargaville stormwater	.5
	Bridge replacements	8.6
	Kahu trail	9.1
	Other trails	7
	Dargaville water supply / security	2.1
	Future water supply investigations	.2
Trusted Council	IT upgrades - cyber security, data analytics analysed, and new budgeting/ERP? system	1.3
	Website rebuilt and scada renewed	.4

**Risk:**

This Long Term Plan is not without risk in being able to deliver as there are a number of projects relating to construction of stop banks and cycling trails being dependent on grants, subsidies or financial contributions.

### **Impact of COVID 19 on our District**

Northland and specifically Kaipara have not been as affected as other Councils because of the reliance on agriculture and construction industries. In 2020 Council introduced specific hardship grants for businesses. The tail end of these will be taken up in 2021 but no further aid is provided for by Council.

### **Kaipara's changing climate**

Kaipara's climate is changing. A changing climate means rising temperatures, rising sea levels, more extreme weather and increasing natural hazards, like drought, flooding, and coastal flooding and erosion. The impacts of climate change are wide-ranging and will intensify over time. We will experience increasing impacts on our health and wellbeing, our businesses and primary industries, our homes and properties, our infrastructure services and amenities, our community and recreation spaces, and the natural environment and ecosystems. Council has certain responsibilities to manage risks and help our communities adapt and grow their resilience. We also have certain responsibilities to measure our emissions and help transition to a low emissions future.

#### **Council response:**

Council will develop a climate change work programme over the next 10 years to ensure a strategic, aligned approach to meeting climate change responsibilities. The climate change work programme includes policy to set standards on how we identify, understand and consider and report on climate change throughout Council, climate action plan/s (including emissions targets), adaptive pathways projects with priority communities, and improved communications and engagement. The costs of this are set out at \$1.5m over 10 years. This work meets our current and expected statutory responsibilities and is the minimum we are required to do. Adaptation response decisions and priority actions determined in this climate change work programme will require consultation with the communities as to timing, cost and then ascertaining what grants if any would be available to help with funding.

Council will need to make challenging decisions on how best to allocate resources towards resilience and adaptation projects. We acknowledge communities' calls for protection responses and investment in further protection works. We recognise the importance of water resilience and increasing water security. Council also recognises that large-scale, infrastructure resilience projects will cost more than our ratepayers can afford. External funding is imperative. Access to external funding from central government to accelerate the building of priority stop banks has been provided for in this LTP. Council will also provide better security of water source for Takiwira - Dargaville by connecting to Tai Tokerau water storage facilities in the early years of the LTP. These climate resilience activities are also in our Infrastructure Strategy.

#### **Climate-related risks:**

Like many other councils across Aotearoa New Zealand, Kaipara District Council is currently working to better identify and understand risk. We recognise that a strong understanding of risks, impacts and implications is a foundational first step towards developing robust and strategic management response.

Some climate-related financial risks we anticipate, and will work to better understand over the upcoming years, include:

- Increase costs to maintain, repair and/or improve infrastructure assets;
- Increased costs for low emissions, adaptive design/locations for asset renewals;
- Likely increase costs of insurance and impacts on insurance availability for exposed assets;
- Impacts on property value, costs to rate payers for maintenance, repair and protection;

- Impacts on rate affordability, lower rates revenue, and/or decreased development contributions revenue;
- Liability and litigation costs due to lack of decisive action from Council or due to resistance to required adaptation changes;
- Impacts on carbon-intensive Council activities and increased resources to reporting on and reducing emissions to meet anticipated national carbon budgets and targets;
- Increase costs of carbon and increased costs to offset emissions.

(Note: The Forecasting Assumptions discuss these risks in more detail, see [page X](#))

Over the next three years Council will develop accurate and thorough information regarding which Council services will be impacted and the degree of impact, chief of which is infrastructure services. Council will identify which assets are exposed, assess the degree of urgency regarding exposure, and analyse impacts on levels of service. Council will also identify values of exposed assets, anticipated costs associated with climate change impacts, and anticipated costs of adaptation response options. We commit to applying the best available, quality science and climate change projections to identify climate-related risks. Council also commits to transparent, accessible and consistent disclosure of these financial risks as they are identified and better understood. Our upcoming Climate Smart Policy will establish practices on climate-related risk disclosure.

Although we are in the early stages of our climate change response journey, managing financial risk is not new to Council. Where possible, we will apply current risk management processes and risk management systems. We will examine how current revenue and financing policies support or hinder strong climate change response and identify opportunities for implementation.

There is already pressure on Council to protect private property and invest in protection works. Council will need to make hard decisions on what can be provided as there will be a number of impacts to various communities and on Councils own assets. Access to external funding from central government to accelerate the building of stop banks has been provided for in this Long term Plan.

Council will provide better security of water source for Dargaville through connecting to Tai Tokerau water storage facilities in the early years of the Long Term Plan.

Council is at the stage where it has appointed a specialist policy adviser who is working at a regional level to identify the local impacts of climate change on the community.

#### Risks:

- Climate change will have many environmental changes (sea rise, raised ground water, flood risk, temperature rise, drought, fire, landslides etc). These changes will lead to increased costs to maintain infrastructure services (increased costs of maintenance, repair, low emissions and adaptive design etc).
- Due to the physical risks to assets, insurance premiums will substantially increase, or insurance cover will not be available for assets in locations known to be vulnerable. These trends are already happening throughout NZ.
- Increasing physical risks could lead to property value reduction, decreased insurability and increased cost to, increased compliance and design costs, reduced ability to develop property and restrictions on land use, and increased costs of repair and protection. These impacts could lead to inability for community to afford rates, lower rates revenue, decreased or development contributions revenue.
- Communities locally and throughout the world are using legal processes to challenge councils and governments about their climate actions. If Council does not act

decisively or fails to bring the community on the climate transition journey, it is likely that this will result in litigation from people resistant to proposed changes and/or from people frustrated by a lack of progress.

- If more natural disasters occur, it is likely to affect how the market views our suitability for investment. Climate risk equals credit risk for the Kaipara and Council.
- Physical changes and the need to adapt will result in significant costs. However, the cost of carbon (currently \$35 per tonne in NZ) will also dramatically increase over time, as NZ and the world introduce market pricing to drive the needed economic transformations. The IPCC report prices of approximately \$150 per tonne will be needed to reach the science-based goals (much higher than current cost of carbon in NZ). Carbon needs to be considered alongside cash as a constraint for all activities.
- Carbon pricing, potential disruption of long-haul supply chains and an immature marketplace (i.e. poorly positioned to adopt the sustainable practices required from our Council procurement requirements) may make it more difficult and costly to secure supplies and suppliers. Council will need to improve local supply chains so they are better able to meet our sustainability requirements and help us achieve our emission reduction goals (e.g. a zero carbon supply chain will be needed to help us achieve our goals).
- Council has yet to set emissions targets or reduction plans, or adaptation response support for the organisation or the district. Failure to establish strong adaptation and mitigation action could expose Council to political and reputational risk.
- Government have established the Climate Change Response Act which places obligations on sectors to manage and report emissions. Government is about to introduce 5 yearly carbon budgeting for key sectors that would require the disclosure of emissions and will set 5 yearly targets for sectors to reach. This will impact on the carbon intensive aspects of Councils activities and holding companies and the economic activity in the region.



# Review Financial figures for inclusion in the draft Long Term Plan

**Meeting:** Council Briefing  
**Date of meeting:** 9 December 2020  
**Reporting officer:** Sue Davidson, GM Sustainable Growth & Investment

## Purpose/Ngā whāinga

To revise where Council discussion has led us for inclusion of financial figures in the Draft Long Term Plan which will go out for consultation.

## Executive summary/Whakarāpopototanga

The key message is that rates will increase, and this is a result of Council wanting to catch up on its renewal programmes and invest in infrastructure so the community can rely on its services without risk of failure.

## Context/Horopaki

The LTP is the blueprint for our community's future. It is the strategic document for future projects that are going to occur, sets service levels and outlines the financial budgets for the 10 years. The LTP needs to balance the 'needs' of the community alongside what it can 'afford'. Based on feedback from previous briefings, budgets have been refined and the rates for the first years of the DLTP are based on the desire to have some plans being developed to go forward with, coupled with the need to support investment in our aging infrastructure. In future years investment occurs for growth. This will impact on our debt and the development contributions we will charge per subdivision.

Revised rate increases from 2020-2021 Annual Plan.

The rates change for the first years of the DLTP is estimated as follows:

	Current 20/21	LTP 21/22	% change 21/22	% change 22/23	% change 23/24
Rates General	25,479,897	26,999,573	5.96%	4.81%	2.32%
Rates Targeted	9,154,835	9,841,535	7.50%	2.88%	3.50%
Total	\$34,634,732	\$36,841,108	6.37%	4.29%	2.63%
Water by Meter	\$3,145,071	\$4,154,150	32.08%	6.80%	10.34%

The key drivers of the water and other targeted rates increases is the increased maintenance.

## Discussion/Ngā kōrerorero

The principles adopted in updating the Draft Long Term Plan (DLTP) agreed with Elected Members are as follows:

- The LTP consultation document should clearly set out our approach – Council will focus on delivery and maintenance of our core infrastructure and statutory services.
- We want to provide for new projects and enhancements to services, but they should be user pays. Therefore, we will engage with our community in the consultation document on these projects.
- We should make the consultation document clear on what the potential cost per week of the new projects / additional investment areas, to help our community give informed feedback.
- There is some willingness to increase debt but not to exceed \$60m to ensure we retain some capacity.
- We support growth (enabler), not lead growth (facilitator) – staff will review the current assumptions and if necessary, scale back projects to reflect this.
- We will remove premier park funding for the first 3 years and look to reduce expenditure on parks and reserves by \$200k p.a. Funding for parks and reserves will firstly be from financial contributions, then loan and general rates for BAU expenditure.
- We will investigate opportunities / risk in scaling back the transport capital budget by \$300k – staff will respond on the options available and the impact of these.
- We will investigate the options and costs associated with the Water Trust – staff will explore options e.g. incorporate the cost of the infrastructure to access the water for Dargaville and have a commercial agreement for the water take (min commitment).
- We will include the minimum investment required to meet legislative requirements for climate change in the budgets and consult on the cost of enhanced options in the LTP.
- We will exclude waste/recycling from the draft budget but consult on these in the LTP as a user pays service

### Changes to be implemented subsequent to the figures provided above

- 5% of wastewater costs will be charged as a general rate rather than a targeted rate to recognise the benefits to the public
- Costs of Dargaville Civic Buildings strategy and impact on Council to be added
- Changes to classification of capital where it doesn't meet growth definition for development contributions
- Interest rate reviewed for future years-may mean slight decrease in general rates
- Development contribution and financial contribution income updated but no impact on rates
- Capital projects carried forward
  - Council has forecast a total of \$33m completion of projects plus the additional shovel ready and 3 waters reform projects of the year ended 30 June 2021. To the end of October 2020 only \$4.6m of capital works has been completed. There could be around \$10m to carry forward to the LTP in addition to the projects detailed in the LTP.

Staff are updating figures to encompass these changes and may be able to present updated figures at the briefing meeting itself.

### Potential changes to provide guidance today

- Septic tank 75% charge to those able to connect
- Forestry rate change if made will shift the burden to the general rate
- Harmonising the rates as a result of revaluation (not recommended)

### Proposed for Consultation

- Recycling as a targeted rate as new crates service for recycling being introduced. This would be additional costs but would also then reduce the general rate. Weekly costs of yellow bags would also be eliminated (not included in figures above).
- Safer Communities additional targeted rate collected on behalf of the Dargaville Community Development Board to support the Safer Dargaville campaign (not included in the figures).
- One bucket system for Wastewater (Equalisation).

Indicative impacts:

	Connections 20/21	Separate schemes increase on 20/21	Impact of Equalised charge to \$1094
Dargaville	2131	-299	173
Glinks Gully	25	1560	-205
Kaiwaka	176	409	-56
Mangawhai	2219	118	-263
Maungaturoto	392	131	-164
Te Kopuru	198	119	425
District	5141		

- One bucket system for Water (Equalisation)

Indicative impacts

	Connections 20/21	20/21 First Then subsequent m3 \$	21/22 separate systems	21/22 equalised
Dargaville	2636	124 2.96	560 1.85	380 3.20
Glinks Gully	83	365 1.55	252 17.42	380 3.20
Mangawhai	14	124 3.67	964 11.99	380 3.20
Maungaturoto	463	285 4.24	916 4.24	380 3.20
Ruawai	246	228 5.45	461 7.11	380 3.20

- Proposed CCO
- Base or increased contribution climate change strategy

### **Proposed Additional Staff**

Adequate resourcing of functions continues to be a focus with the sustained growth, development and various central government reforms, and project's we are delivering and managing. Council balances this need against funding, however we also have obligations under health and safety legislation to ensure we look after our staff as a PCBU and provide adequate resourcing.

In Attachment A, we have provided a list of proposed new roles for this LTP, and the reason for the role. These are a combination of frontline roles dealing directly with our communities, delivery roles to ensure projects are managed well, and district leadership roles to ensure we have adequate back office resourcing to deliver well.

### **Policy and planning implications**

The figures and policies need to be finalised for the draft Long Term Plan as required to be produced by the Local Government Act 2002.

### **Financial implications**

The new financial projections and capital projects will impact on the rates. The impact of the revaluation of the Districts properties will not be known until next year. It is anticipated QV will make a presentation to council in January/February 2021.

### **Risks and mitigations**

There is a likelihood that forecasts can change however the financial projections will be the best we have at this point in time.

## **Significance and engagement/Hirahira me ngā whakapāpā**

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Consultation will occur as part of the draft Long Term Plan consultation.

## **Next steps/E whaiake nei**

- These changes and specific consultation issues will be included in the draft Long Term Plan.

## **Attachments/Ngā tapiritanga**

	Title
A	Proposed new roles

Sue Davidson, 24 November 2020



## Attachment A:

### Proposed New Roles

Proposed new role	Purpose of proposed new role	Proposed start year	Funding of proposed new role
Project Coordinator - Infrastructure	Assist with Capital works programme delivery for water, waste and parks.	Year 1	CAPEX
Accountant/Financial Analyst	To assist with the three water reform project and fixed asset information	Year 1	General rate
Iwi Liaison Coordinator	To assist with the increasing engagement activities with iwi/hapu	Year 1	General rate
Executive Assistant	Aligns with executive support provided to the rest of the executive team	Year 1	General rate
Health and Safety Co-ordinator	Increasing demand in H&S work with increased CAPEX programme and staffing	Year 3	General rate
Community and Engagement Advisor	Increasing demand from the community and Council for engagement and consultation duties	Year 1	General rate
Waste Minimisation Administrator	Assist with the proposed waste changes as part of LTP consultation	Year 1	General rate
Librarians - Mangawhai	Dependant on Civic Building Strategy and Mangawhai Library development	Year 4	General rate
Librarian	Dependant on Civic Building Strategy and Dargaville Library development	Year 3	General rate
Sharepoint Administrator	Required to continue digital transformation programme and support our new online records/communication platforms	Year 1	General rate
Bridge Engineer	NTA currently use consultants to perform this function. This is a proposed role to bring this expertise in house and save consultant fees	Year 1	Partially subsidised
Safety Engineer	NTA currently use consultants to perform this function. This is a proposed role to bring this expertise in house and save consultant fees	Year 1	Partially subsidised