
Northland Regional Council

Supplement to Agenda

Council Meeting

Tuesday 17 March 2015
at 1 pm

ITEM: 2.0A

**ISSUE: Supplementary Item for the Council Agenda
- 17 March 2015**

ID: A732891

To: Council Meeting, 17 March 2015

From: Council Secretary, Chris Taylor

Date: 16 March 2015

Summary The purpose of this report is to place before the council:

- Supplementary Item 8.4(A): Proposed Changes Made to the Draft Consultation Document and Supporting Information.

The report concludes with the recommendation that the supplementary item be received.

Report:

As indicated in Item 8.4, amendments were required to the Consultation Document and Supporting Information post publication of this council meeting agenda. These amendments are highlighted and summarised in the supplementary agenda item with the recommendation that the updated version of these two documents replace the versions circulated with the original agenda for adoption.

Hence, it is recommended that the following material be received:

- Supplementary Item 8.4(A): Proposed Changes Made to the Draft Consultation Document and Supporting Information.

Recommendation:

That as permitted under section 46A(7) of the Local Government Official Information and Meetings Act 1987:

- Supplementary Item 8.4(A): Proposed Changes Made to the Draft Consultation Document and Supporting Information

be received.

ISSUE: Supplementary Agenda – Proposed Changes Made to the Draft Consultation Document and Supporting Information

ID: A732535

To: Council Meeting, 17 March 2015

From: Lisa Aubrey, General Manager Finance, and Jonathan Gibbard, Strategy, Governance and Communications Manager

Date: 13 March 2015

Report Type:	<input checked="" type="checkbox"/>	Normal operations	<input type="checkbox"/>	Information	<input checked="" type="checkbox"/>	Decision
Purpose:	<input type="checkbox"/>	Infrastructure	<input type="checkbox"/>	Public service	<input type="checkbox"/>	Regulatory function
	<input type="checkbox"/>	Legislative function	<input checked="" type="checkbox"/>	Annual\Long Term Plan	<input type="checkbox"/>	Other
Significance:	<input checked="" type="checkbox"/>	Triggered	<input type="checkbox"/>	Not Triggered		

Executive summary:

This report sets out three amendments made to the financial information of the Consultation Document and Supporting Consultation Document since sending these out to councillors. The proposal to transfer the responsibility for dam consent exemptions has also been removed from both documents as this is no longer required.

Approval is sought from council to approve these changes and to adopt the Consultation Document and Supporting Information to the Consultation Document on the basis these changes have now been incorporated in the final, audited, Consultation Document and Supporting Information that Audit New Zealand has provided their Audit Opinion on and which will be made available for public consultation.

With the exception of approving these changes to be incorporated in the Consultation Document and the Supporting Consultation Document, staff request recommendations included in agenda items 8.4 and 8.7 be approved in accordance with those agenda items.

Legal compliance and significance assessment:

The process for developing and adopting a Long Term Plan is prescribed in the Local Government Act 2002 and includes the adoption of Supporting Information and policies which the council relies on to develop the Consultation Document. Council must use the special consultative procedure to consult on a Consultation Document before deliberations and adoption of the Long Term Plan.

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

Recommendations:

1. That the report 'Supplementary Agenda - Proposed Changes Made to the Draft Consultation Document and Supporting Information' by Lisa Aubrey, General Manager Finance, and Jonathan Gibbard, Strategy, Governance and Communications Manager, and dated 13 March 2015, be received.

2. That council approves the proposed changes made to the rates and financial forecasts to:
 - a. Inflate the provision for doubtful debts on rates to be consistent with the inflationary factor applied to all other operating expenditure in years 2016/17 to 2024/25. This change does not impact on revenue requirements.
 - b. Increase the revised budgeted construction cost estimates for the Kotuku dam by \$1,542,025 to \$11,416,743 (previously \$9,874,718) and amend the proposed Targeted Whāngārei Urban Rivers rate (based on the repayment option of 25 years at an interest cost of 7%) to the following:

Whāngārei Urban Rivers Rate		Proposed new rate (including GST) for 2015/16 and next 25 years @ 7% per SUIP*** (\$11,416,743 capital estimate)
Commercial CBD properties	rate	\$384.75 per SUIP
	Revenue	\$328,189
Residential CBD properties	rate	\$146.23 per SUIP
	Revenue	\$20,179
Residential non-CBD properties	rate	\$51.56 Per SUIP
	Revenue	\$856,687
Total Revenue		\$1,205,055

3. That council proceeds to consider agenda items 8.4 and 8.7 and the recommendations set out in that agenda on the basis that the above two changes and other minor consistency and editorial amendments are incorporated into the Consultation Document and Supporting Information to the Consultation Document.
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Report:

Subsequent to providing councillors with the draft Consultation Document and Supporting Information to the Consultation Document included in the 17 March council agenda staff are requesting approval for the three amendments set out in this paper to be approved and incorporated into the adopted Consultation Document and Supporting Information. An updated version of these documents will be tabled at the council meeting for adoption.

Audit New Zealand required that their Audit Opinion be provided and issued on the audited final Consultation Document and Supporting Information. To achieve this requirement, the changes set out below have been made and the amended Consultation Document and Supporting Information have been audited by Audit New Zealand.

Provision for doubtful debts on rates

The provision for doubtful debts on rates is currently budgeted at \$850 thousand for each of the 10 financial years from 1 July 2016 to 30 June 2025 (\$590 thousand is funded from rates and general funds and up to \$250 thousand is to be funded from equalisation fund each year).

In error, this budgeted expenditure did not have the Local Government Cost Index inflationary adjustors applied in the same manner as all other operating expenditure. There is no good reason not to apply the inflationary adjustors and for this expenditure to be treated consistently with all other budgeted operating expenditure.

The increased budgeted expenditure resulting from this change is detailed in the following table:

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Budget Currently in CD and Supporting CD	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000
Proposed Budget to be Included in CD and Supporting CD	\$850,000	\$867,646	\$886,490	\$853,343	\$872,876	\$896,489	\$920,578	\$948,214	\$976,249	\$1,007,644
Increased Budget Expenditure	\$0	\$17,646	\$36,490	\$3,343	\$22,876	\$46,489	\$70,578	\$98,214	\$126,249	\$157,644

The increased budgeted expenditure reduces the current projected operating surplus, but does not require an increase in rates revenue.

Whāngārei Urban Rivers Scheme

On Monday 9 March 2015, councillors were provided with a file note setting out revised Kotuku Dam costs, the reasons for the revisions and the funding options.

The construction cost is expected to increase by \$1,542,025. The feedback from councillors has indicated a preference for the rating option that sees the capital cost of the scheme repaid over a period of 25 years, assuming a borrowing cost of 7%. The change in the rate from what is currently included in the CD and Supporting Information and what is proposed to be included in the amended CD and Supporting CD is set out in the table below:

Whāngārei Urban Rivers Rate			
	Properties affected (including GST)	Rate currently included in CD and Supporting C D for 2015/16 and next 25 years @ 7% per SUIP*** (\$9,874,718 capital estimate)	Proposed Rate to be included in CD and Supporting CD for 2015/16 and next 25 years @ 7% per SUIP*** (\$11,416,743 capital estimate)
Commercial CBD properties	rate	\$340.51	\$384.75
	Revenue	\$290,458	\$328,189
Residential CBD properties	rate	\$129.42	\$146.23
	Revenue	\$17,859	\$20,179
Residential non-CBD properties	rate	\$45.63	\$51.56
	Revenue	\$758,197	\$856,687
Total Revenue		\$1,066,514	\$1,205,055

This change will increase capital expenditure on the Whāngārei Urban Rivers Scheme in 2015/16 by \$1,542,025 and will increase rates revenue from the Targeted Whāngārei Urban Rivers Rate by \$138,541 incl GST per year.

Proposal to transfer of responsibilities for dam consent exemptions - to be removed

Several years ago, council transferred its responsibilities for processing Building Act consents relating to dams to Waikato Regional Council.

Council was proposing to also transfer responsibilities for processing exemption requests for building work relating to dams, however, we have been advised this is no longer required.

Other changes to the Consultation Document and Supporting Consultation Document

Except for the above changes, staff have made minor editorial changes, changes requested by Audit New Zealand and have made corrections where appropriate where there were inconsistencies.