

Extraordinary Council Meeting
Wednesday 6 May 2020 at 9.30am

AGENDA

Northland Regional Extraordinary Council Meeting Agenda

Meeting to be held in the Remote Meeting
on Wednesday 6 May 2020, commencing at 9.30am

Recommendations contained in the council agenda are NOT council decisions. Please refer to council minutes for resolutions.

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TITLE: Council deliberations on the Annual Plan 2020/21

ID: A1302781

From: Kyla Carlier, Corporate Planning Manager and Jonathan Gibbard, Group Manager - Strategy, Governance and Engagement

Executive summary/Whakarāpopototanga

The purpose of this report is to provide background information and present staff advice and recommendations, and to present financial considerations to assist council's deliberation on the Annual Plan 2020/21.

This is the second annual plan process carried out following the Long Term Plan in 2018, and offers an opportunity to make any adjustments required to the budget.

This annual plan consultation process was unique in that, after development of proposals and well into the public consultation process, a national state of emergency was declared due to the rapidly developing situation with Covid-19. This situation has caused significant immediate economic impacts, and further impacts are forecast.

These impacts are given due consideration here, resulting in recommendations for a plan that differs from what was originally proposed, and a rate increase reduced from the 8.6% consulted on to 4.5%.

Council's deliberation of planned spend and rates for the 2020/21 year must be carried out in consideration of the significant loss in investment and other income that is now forecast as a result of Covid-19, and the impact of this on council's spend and activities. Council activities are subsidised with investment income gained from an extensive portfolio, and consideration of how to manage a significant decrease in investment income is something that spans the breadth of council's activities. These considerations are addressed in this report.

Recommendations

1. That the report 'Council deliberations on the Annual Plan 2020/21' by Kyla Carlier, Corporate Planning Manager and Jonathan Gibbard, Group Manager - Strategy, Governance and Engagement and dated 6 April 2020, be received.
2. That the CEO be directed to prepare the final annual plan following the Council's decisions below, for Council adoption in June 2020.
3. That the council notes that the amounts set out in the report are based on best estimate forecasts at the time of writing, and that the CEO be given delegated authority to approve changes required to revise the financial statement and rating information within the final Annual Plan 2020/21 to give effect to the council's deliberations, with final amounts presented for council approval in June 2020.

Background/Tuhinga

Annual Plan process

The purpose of this annual plan is to set out any differences from what was proposed in the Long Term Plan 2018-2028, and to highlight the impact on council's budget and regional rates. Annual plan consultation processes focus on proposed changes – they are not generally intended to invite

feedback on all areas of council activity, which is more appropriately addressed during a long term plan process.

Several changes to the budgets for 2020/21 were proposed in the Annual Plan 2020/21 consultation, with a suite of new spend to enable council to both 'keep up the pace' of current work and 'gear up for change' and prepare for the next long term plan. The proposals added an extra \$1.4 million to council's operating budget for the year and \$265,000 of capital spend. This added 4.6% to the LTP-approved 4% increase in rates for the year, for a total increase of 8.6%. The extra averaged out at \$13.60 per household, for a year-on-year average increase of just over \$30.

Consultation overview

Council invited feedback on proposals for the Annual Plan 2020/21 and User Fees and Charges during a month-long period running from 26 Feb – 27 March 2020. The consultation processes for both documents were carried out in tandem. This is the usual process for these annual reviews and offers synergies in terms of resources as well as producing a complete budget.

An annual plan consultation document was produced that summarised the proposals, with more detailed information and financials to support the proposals included in a supporting information document, and a full draft user fees and charges document that included a statement of proposal outlining proposed changes.

Twenty submissions were received during the consultation period, which included feedback on both consulted and non-consulted topics. The non-consulted topics broadly fall in to two categories – those relating to Covid-19, and all others.

Members of the community were offered an opportunity to talk to councillors about the proposals during the consultation period. Interest was registered, however it transpired that the interested parties were seeking clarification on matters outside of NRCs areas of work, and following a conversation with them they decided not to register.

Covid-19

Toward the end of the public consultation process on the proposed annual plan, the situation with Covid-19 escalated quickly, resulting in nationwide lockdown and declaration of a state of emergency. In the last week of consultation submissions on the annual plan proposals changed markedly as the economic impact of Covid-19 emerged, with increasing pressure on all councils across New Zealand not to increase rates as planned, or to roll out a rates freeze.

The economic impacts of Covid-19 have been significant for council, with economic modelling and budget re-forecasting showing an estimated nett revenue decrease of approximately \$3,357,000. In addition, allowance must be made for an estimated increase in bad debts provision of \$681,000, and for anticipated movements on reserve balances. If no budgetary alterations were made, an overall rate increase of approximately 13.8% would be required to achieve a balanced budget under these economic circumstances.

In response to this sudden decrease in revenue, a review of all annual plan proposals was carried out by staff to determine where proposals could be deferred without causing significant material negative impact to levels of service. Staff also reviewed all work programmes that were approved for year three (2020/21) of the Long Term Plan 2018-2028, and the business-as-usual budget to determine what spend can be delayed or placed on hold, pending clarity on future income streams.

As a result of these reviews, staff recommend that the rate increase for the 2020/21 year be decreased from the 8.6% consulted on in the annual plan consultation to 4.5%. This is 0.5% above the amount previously approved for 2020/21 in the Long Term Plan 2018-2028.

Where it is recommended that proposals are not funded, it is intended that the proposals still be carried out at a later date or incorporated into other programmes of work as part of the LTP, depending on the economic situation and council's future investment income.

Consulted topics

'Keeping up the pace'

Recommendations:

4. That council **does not support** provision of \$101,000 of ongoing operational expenditure, and \$4,700 of one-off capital expenditure for a Kaiarahi Mahere Māori – Māori technical advisor, as detailed the supporting information document.
5. That council **does not support** provision of \$7000 of ongoing operational expenditure for Northland Māori representation on national committee 'Te Maruata' as detailed in the supporting information document.
6. That council **does not support** provision of \$30,000 of ongoing operational expenditure for Tangata whenua capability and capacity as detailed in the supporting information document.
7. That council **does not support** provision of \$40,000 of ongoing operational expenditure, and \$4,700 of one-off capital expenditure for a campaigns and engagement coordinator as detailed in the supporting information document.
8. That council **does not support** provision of \$110,000 of one-off operational expenditure for pest plant prevention as detailed in the supporting information document.
9. That council **does not support** provision of \$69,000 of ongoing operational expenditure and \$4,700 of one-off capital expenditure for a junior hydrology officer as detailed in the supporting information document.
10. That council **does not support** provision of \$17,000 of ongoing and one-off operational expenditure for off-site storage of consent files as detailed in the supporting information document.
11. That council **does not support** provision of \$75,000 of one-off operational expenditure for data asset management as proposed in the supporting information document.
12. That council **support** provision of \$300,000 of operational expenditure ongoing for three years, for technology upgrades, to be funded by the Council Services Rate.

This recommendation represents a change from the \$500,000 proposed in the Annual Plan 2020/21 Consultation Document.

13. That council **support** provision of \$35,000 of one-off capital expenditure for replacement engines for the vessel 'Ruawai' to be funded from retained earnings, with future depreciation of \$3,500 to be funded from the Council Services Rate.

‘Gearing up for change’

Recommendations:

14. That council **does not support** provision of \$7,000 of ongoing operational expenditure for water quality monitoring stations as detailed in the supporting information document.
15. That council **does not support** provision of \$100,000 of operational expenditure, ongoing for three years, for the modelling of highly allocated aquifers as detailed in the supporting information document.
16. That council **does not support** provision of \$20,000 of one-off operational expenditure for a national wells database as detailed in the supporting information document.
17. That council **support** provision of \$50,000 of one-off operational expenditure for a freshwater quality accounting system, to be funded by the Freshwater Management Rate.

This recommendation represents a change from the \$150,000 proposed in the Annual Plan 2020/21 Consultation Document.

18. That council **support** provision of \$105,000 of one-off capital expenditure for water quality monitoring stations, to be funded by retained earnings.
19. That council **support** provision of \$20,000 of one-off operational expenditure for Aupōuri groundwater analysis, to be funded from the Freshwater Management Rate.
20. That council **support** provision of \$33,000 of one-off capital expenditure for lake level sensors, to be funded from retained earnings with future depreciation of \$3,300 to be funded from the Council Services Rate.
21. That council **support** provision of \$78,000 of one-off capital expenditure for expansion of the poplar and willow nursery, to be funded from retained earnings with future depreciation of \$7,800 funded from the Council Services Rate.
22. That council **support** provision of \$105,000 of one-off operational expenditure for a climate change adaptation strategy, to be funded from the Council Services Rate.

Feedback received – consulted topics

The Annual Plan 2020/21 Consultation Document set out changes to the Long Term Plan 2018-2028. These proposed changes were grouped in to two main areas: ‘keeping up the pace/keeping up the momentum’ - more investment to deliver on the LTP while responding to grant funding opportunities, and ‘gearing up for change/looking to future-proof’ - in recognition of the challenges council will be facing in the next long term plan .

Feedback on the consulted topics registered both support and opposition, as outlined below. Due to the manageable size of the attached summary of submissions document, only a very brief summary is presented here. On balance there was majority support for the proposals.

Discussion – ‘keeping up the pace’

Support our relationships with Māori (\$142,700)

This consultation point comprises three initiatives: Kaiarahi Mahere Māori/Māori technical advisor, Tangata whenua capability and capacity, and Northland Māori representation on national committee ‘Te Maruata’. Seven comments were received, mostly in support and also questioning the details of the proposals. Not progressing with these may negatively impact hapū relationships and willingness to progress Mana Whakahono a Rohe agreements, and will limit council’s ability to ensure that processes are reflective of a māori world view. Considering submissions received in

relation to the Covid-19 situation and the resulting economic pressures, staff recommend that council does not fund this proposal as part of the Annual Plan 2020/21 as a way to reduce the financial impact of rates on our community during this time and that this proposal be revisited as part of the LTP 2021 - 2031.

New investment in the way that we engage with our communities (\$44,700)

Seven comments were received, with a mix of support and opposition, with some also questioning the details of the proposal including the small dollar value. This funding was for a half share of the position, with the other half to be funded by existing budget. Not funding this position will limit council's capacity to undertake additional community awareness campaigns. Considering submissions received in relation to the Covid-19 situation and the resulting economic pressures, staff recommend that council does not fund this proposal as part of the Annual Plan 2020/21 as a way to reduce the financial impact of rates on our community during this time and that this proposal be revisited as part of the LTP 2021 - 2031.

Extra support for pest plant prevention (\$110,000)

Nine comments were received in support of increased spend. Not proceeding with this funding will mean that surveillance and control inspections for eradication and progressive containment species will not be able to be completed. Considering submissions received in relation to the Covid-19 situation and the resulting economic pressures, staff recommend that council does not fund this proposal as part of the Annual Plan 2020/21 as a way to reduce the financial impact of rates on our community during this time and that this proposal be revisited as part of the LTP 2021 - 2031.

Extra support for hydrology team (\$73,700)

Six comments were received, with a mix of support and opposition to the proposed level of spend. Not funding this position will compromise council's internal hydrologist training programme in the face of a national shortage of trained hydrologists. Considering submissions received in relation to the Covid-19 situation and the resulting economic pressures, staff recommend that council does not fund this proposal as part of the Annual Plan 2020/21 as a way to reduce the financial impact of rates on our community during this time and that this proposal be revisited as part of the LTP 2021 - 2031.

Changes to information technology and data management (\$592,000)

This consultation point comprises three initiatives: technology upgrades, off-site storage of consent files, and data asset management. Eight comments were received, generally in support but advising prudence. Reducing funding in this area will slow implementation of the new enterprise system. Considering submissions received in relation to the Covid-19 situation and economic pressures, staff recommend that the spend on technology upgrades be reduced from \$500,000 to \$300,000 and that council do not fund the other two initiatives (Off-site storage of consent files) as part of the Annual Plan 2020/21.

Replacing the engines of the maritime vessel 'Ruawai' (\$35,000)

Six comments were received, with a mix of support and opposition to the proposed spend. One comment requested electrification of vessels, and one questioned why the cost wasn't previously budgeted. This one-off capital expenditure is required to maintain the value and usefulness of the vessel and does not directly impact rates. Staff recommend that council fund the proposal as part of the Annual Plan 2020/21.

Discussion – 'gearing up for change'

Investment in water quality and quantity science (\$435,000)

This consultation point comprises six initiatives:

- Freshwater quality accounting system (\$150,000)

- Water quality monitoring stations (\$112,000)
- Modelling highly allocated aquifers (\$100,000)
- Aupōuri groundwater analysis (\$20,000)
- National wells database (\$20,000)
- Lake level sensors (\$33,000)

Eight comments were received on the proposal, with seven in support and one in opposition. There was clear support to prioritise looking after water. Not proceeding with this work will impact decision-making on groundwater resource allocation and could result in a delay for some projects. Considering submissions received in relation to the Covid-19 situation and economic pressures, staff recommend that council fund half of this proposal as part of the Annual Plan 2020/21, and proceed with a reduced amount for the Freshwater quality accounting system (\$50,000) Aupōuri groundwater analysis (\$20,000), and Lake level sensors (\$33,000).

The expansion of the council-owned poplar nursery (\$78,000)

Four comments were received, with a mix of support and opposition to the proposed spend and questioning the use of poplars. This one-off capital expenditure is required to ensure sufficient supply of poplar poles in the future and does not directly impact rates. Staff recommend that council fund the proposal as part of the Annual Plan 2020/21.

Climate change adaptation strategy (\$105,000)

Eight comments were received, mostly in support but noting that the issue may be too big to be addressed with this spend. Given the importance of planning for climate change, staff recommend that council fund the proposal as part of the Annual Plan 2020/21.

General

Feedback was also received that related to general rates increase and spending, with three submissions making comments that generally opposed additional spend and rates collection and increases, with no reference to Covid-19.

Non-consulted topics

Recommendations:

23. That council **does not** make any changes to the Annual Plan 2020/21 as a result of submissions on these topics: Regional sporting facilities rate, climate change, water shortages, Kauri die back, weeds on roadsides, monitoring staff, and Northland Inc.
24. That council **support** provision of \$72,273 of ongoing operational expenditure, and \$4,700 of one-off capital expenditure for a Monitoring Officer for Kaitia, to be funded from the Freshwater Management Rate on the basis that this is not a significant and/or material change from the LTP 2018-28 for the 2020/21 year.

Feedback received

The submissions received covered a range of topics that were not set out in the consultation document. As they were not topics that feedback was being sought on in this annual plan consultation process, they are therefore considered to be 'out of scope'.

These can be grouped into four main areas, and are addressed here with brief staff recommendations:

- Regional sporting facilities rate
- Climate change
- Other comments
- The need for monitoring officers

Feedback was also received that related to Covid-19 and economic downturn. This feedback is discussed below, and in the overall assessment of all proposals.

Regional sporting facilities rate

Four submissions were received in support of the regional sporting facilities rate, with support for the 'Northland Football Hub' as a potential project. Council established a targeted rate in the Long Term Plan 2018–2028, known as the Regional Sporting Facilities Rate, to provide funding support to assist in the development of sporting facilities across Northland that are of regional benefit. Recipient projects were determined through the Northland Sports Facilities Plan process.

Staff recommend that this rate is continued as planned, and no further action is taken.

Climate change

Two submitters who commented on the proposal for a climate change adaptation strategy made additional comments about the seriousness of climate change, urging action.

Council's climate change response is imbedded in many council activities, with the funding proposal included in this annual plan for a climate change adaptation strategy only a small part of the work being carried out or planned, within existing budgets. Gap analysis and program planning and design is currently being carried out, in preparation for the next long term plan.

Staff recommend no additional action, over and above that already planned and being carried out.

Other out of scope matters

Other comments were received on topics that were outside of the scope of the annual plan consultation topics (those being differences from the Long Term Plan 2018-2028), and outside of topics addressed elsewhere in this report. These comments were circulated to relevant members of staff, who assessed these and recommended no further action as part of this annual plan process. They are addressed briefly here.

- Water shortages – Council is leading an investigation into new water storage and distribution networks in Kaikohe and Dargaville areas. While intended primarily for horticultural land use it is also available for potable water supply should district councils wish to co-invest.
- Kauri die back being caused by borer beetles - The Ministry for Primary Industries manages the national mapping of kauri dieback disease, and staff are not aware of any science advice concerning the risk of beetles transferring the disease.
- Weeds on side of roads - Council manages weeds named in its Regional Pest Management Strategy on private land. As part of this strategy district councils are required to develop a management plan for road corridors and undertake control of selected weeds.
- Disputing Northland Inc - Northland Inc. provides a vital service for Northland, including providing business support in the current COVID-19 crisis. It was established as a council-controlled organisation (CCO) in accordance with the requirements of the Local Government Act 2002.

Comments that related to the activities of district councils included:

- A recreation centre for the elderly and disabled
- Fire bans
- Concerns regarding WDC roading
- Ruatangata community hall
- Guntown road culverts
- Roadside tree planting
- Rubbish dumped on side of roads
- Dog park in Whangārei
- Greenhouse gas emissions
- Destruction of trees
- Water shortages

These submission points are included in the Summary of Submissions report, attached. Where appropriate, submitter comments have been passed on to the relevant district council. No further action is recommended.

Non-consulted proposal – monitoring officer

After the Annual Plan 2020/21 consultation document had been released for public feedback, it became clear that an additional environmental monitoring officer was needed to service the Kaitaia area, and further north. The consent monitoring workload in this area has increased significantly as a result of avocado growing developments and the associated use of groundwater from the Aupouri Aquifer, and the drought Northland experienced during the consultation period highlighted the need for immediate increased water monitoring in the area.

There is not currently an environmental monitoring role focused on monitoring resource consents and responding to environmental incidents in the Kaitaia area and further north. Much of that work has been done in the past by the Area Manager – Kaitaia Land Management, who now has an increasing role in the supervision of the upgrade of the Awanui Flood Scheme and is no longer available to undertake general monitoring work.

In addition, a submission was received during the annual plan process that noted the importance of monitoring, raising concern that self-monitoring doesn't work, and requesting that the number of staff needs to be increased so that proactive monitoring can take place.

Staff recommend that this non-consulted proposal be included in the Annual Plan 2020/21. It is considered to not be a significant or material change from the Long Term Plan 2018-28 for the 2020/21 year and can therefore be included without prior consultation.

Financial Impact of Covid-19

Long Term Plan – pre-approved year three spend

Recommendations:

25. That council **support the removal of** \$70,322 from the 2020/21 budget, previously approved in the Long Term Plan 2018-2028 for a far north nursery manager.
26. That council **support the removal of** \$82,206 from the 2020/21 budget, previously approved in the Long Term Plan 2018-2028 for Eastern Bays Hill country staff.

27. That council **support the removal of** \$41,854 from the 2020/21 budget, previously approved in the Long Term Plan 2018-2028 for Project costs associated with Northern Wairoa and lakes project.
28. That council **support the removal of** \$86,385 from the 2020/21 budget, previously approved in the Long Term Plan 2018-2028 for Enviroschools staff position and programme costs.
29. That council **support the removal of** \$68,880 from the 2020/21 budget, previously approved in the Long Term Plan 2018-2028 for sponsorship, intern and environmental awards funding.
30. That council **support the removal of** \$104,004 from the 2020/21 budget, previously approved in the Long Term Plan 2018-2028 for painting of the Water Street building and vehicle costs.
31. That council record that it considers it can make the changes described in recommendations 25 to 30 without consultation, on the basis that in relation to what the Long Term Plan 2018-28 provides for the 2020/21 year, none of them are a significant change, and that they are not a material change, either by them self, or in combination with others.

Alterations to 2020/21 budget

Recommendations:

32. That, in consideration of the desired level of rate increase for the 2020/21 financial year, council **support** a reduction in the business-as-usual budget by \$686,720.
33. That, in consideration of the desired level of rate increase for the 2020/21 financial year, council **support** a reduction in the recruitment budget by \$411,449.
34. That council record that it considers it can make the changes described in recommendations 32 and 33 without consultation on the basis that in relation to what the Long Term Plan 2018-28 provides for the 2020/21 year, none of them are a significant change, and that they are not a material change, either by them self, or in combination with others.

Use of reserves and funds

Recommendations:

35. That, in consideration of the desired level of rate increase for the 2020/21 financial year, council **support** the allocation of \$150,000 from the Equalisation Fund Reserve, to fund general operating activities.
36. That, in consideration of the desired level of rate increase for the 2020/21 financial year, council **support** the allocation of \$1,700,000 from the Community Investment Fund, to fund the economic development activities.
37. That in consideration of the desired level of rate increase for the 2020/21 financial year, council **support** the allocation of \$696,838 from the Community Investment Fund, and \$250,000 from the Infrastructure Investment fund, to fund general operating activities (\$401,686) and council's Environment Fund (\$545,152).
38. That council record that the allocation of gains from the Community Investment Fund described in resolution 37 is inconsistent with the assumptions made in the Long Term Plan 2018-2028, and the use of the fund for purposes other than economic

development, but that this is not considered to be a material departure from the Long Term Plan 2018-2028. The use of the gains to fund activities is broadly consistent with the Revenue and Financing Policy and the achievement of objectives set out council's financial strategy, and is required in response to the significant decrease in investment income experienced as a result of the economic downturn associated with Covid-19.

39. That in consideration of the desired level of rate increase for the 2020/21 year and the economic impacts of Covid-19 on council's property investments, council **support** the allocation of \$123,583 from the Property Reinvestment fund to fund general operating activities.
40. That council record that it considers it can make the allocation of funds described in recommendations 35 to 37 and 39, as the allocation is consistent with the purpose of the reserve (as applicable) or the use of investment returns to reduce targeted region-wide rates in council's Revenue and Financing Policy in the case of the use of money from other funds.

Feedback recieved

The situation with Covid-19 changed rapidly during the Annual Plan 2020/21 consultation period, with the social and economic situation looking very different at the end of the submission period than when council was developing its proposals and going out for public consultation.

This is evidenced in the submissions received, with those received at the beginning of the process making little or no mention of COVID-19, and those received toward the end of the process focussing heavily on a possible economic downturn and the impact on council's and ratepayers.

Eight submissions were received that specifically commented on Covid-19 and associated economic downturn. This included four blanket letters that were sent to all councils across New Zealand, that had similar requests for financial prudence and rate reductions or relief. These were received from:

- Local Government Business Forum
- Federated Farmers New Zealand
- Property Council of New Zealand
- Hospitality New Zealand

The submissions urged council to reduce proposed rates increases, by reviewing projects that are being considered as to whether they can be delayed or cancelled, making savings to existing programmes and focussing on core functions. They also suggested that council consider taking on more debt for capital investment, consider remissions or rebates for businesses adversely affected, and consider a more beneficiary-pays approach.

These comments have been considered and are addressed by staff in the overall re-consideration of annual plan proposals, and the additional considerations made below.

Long Term Plan 2018-2028 planned spend for 2020/21

The Long Term Plan 2018-2028 (LTP) was adopted by council in June 2018 after a comprehensive consultation process. This is a ten-year plan, which included a detailed budget for the first three years of the plan. The third year of the long-term plan is 2020/21, and is the yardstick against which the scale of changes represented in this annual plan consultation are measured.

Just over \$700,000 of spend was approved for year three of the LTP, to come online in 2020/21. In response to the situation with Covid-19, and in addition to reviewing the proposed annual plan new initiatives, staff reviewed the spend for 2020/21 that was approved as part of the LTP.

Where possible, without significantly impacting work programmes and levels of service, this spend was reduced, in order to reduce the overall rate impact for the year.

As a result of the review, just over \$450,000 of operational spend was identified as being able to be removed from the budget for the 2020/21 financial year. The LTP new initiatives to be removed are set out in the table below:

Far north nursery manager	\$70,322
Eastern Bays Hill country staff	\$82,206
Project costs associated with Northern Wairoa and lakes projects	\$41,854
Enviroschools strategy and seminar costs	\$86,385
Scholarship, intern and environmental awards funding	\$68,880
Painting of Water Street building, vehicle costs	\$104,004
Total	\$453,651

Staff advice is that these changes are considered to be not material or significant, and therefore can be made now without consulting on them.

Business as usual budget

In any given year council will make changes to its business as usual budget as part of ordinary operations, to ensure the most effective placement and use of resources. Organisation-wide reductions of business as usual budgets are only carried out under extraordinary circumstances, such as those associated with the economic downturn resulting from the situation with Covid-19.

Due to the re-forecast decrease in investment income as a result of recent economic downturn, and considerable decrease in income that was budgeted to subsidise rates and fund council activities, a cross-organisation exercise was carried out to identify areas where projects could be combined, deferred, or where efficiencies can be found, to enable savings. This was carried out across many areas within each of council's groups of activities, to reduce the impact on any one activity, and ensure that there is no significant impact on core functions.

Approximately \$686,720 in funding has been identified as being able to be removed from the 2020/21 business usual budget, to help balance the loss of budgeted revenue.

Staff recommend that \$686,720 of business as usual funding be removed from budgets for the 2020/21 year, with the final amount to be confirmed by council resolution in the process of adopting the final Annual Plan 2020/21, and that the projects be funded if council revenue is greater than expected during the 2020/21 year, as resolved by council at that time.

At present, staff advice is that these changes are considered to be not material or significant, and therefore can be made now without consulting on them. This advice will be updated when the Council comes to adopt the final annual plan.

Recruitment

Due to the re-forecast decrease in council revenue as a result of recent economic downturn, and significant decrease in income that was budgeted to subsidise rates and fund council activities, a critical re-evaluation of pending recruitment was carried out. This included identifying where positions were planned to contribute to work that is no longer able to be prioritised, where positions

were part of larger teams where redeployment may be possible, or where external funding is a factor. Six vacant positions were identified as being able to be deferred for the 2020/21 year.

Staff recommend that planned recruitment in the order of \$411,500 for six positions be removed from budgets for the 2020/21 year, with the final amount to be confirmed by council resolution in the process of adopting the final Annual Plan 2020/21, and that these positions be funded if investment income is greater than expected during the 2020/21 year, as resolved by council at that time.

At with the business as usual budget, staff advice is that these changes are considered to be not material or significant, and therefore can be made now without consulting on them. This advice will be updated when the Council comes to adopt the final annual plan.

Use of reserves and funds

Council maintains several reserves and investment funds, with funds being used to earn investment income, and some investment income transferred to reserves and held there to fund activities.

Generally, investment gains are re-invested to increase council's portfolio, and these are not drawn upon unless required. Due to the re-forecast decrease in council revenue as a result of recent economic downturn, and a significant decrease in income that had been budgeted to subsidise rates and fund council activities, it is considered appropriate that these now be drawn upon.

Staff recommend that \$150,000 be drawn from the Equalisation Fund Reserve, and that these funds be used to fund council's operational activities, with the final amount to be confirmed by council resolution in the process of adopting the final Annual Plan 2020/21. This is consistent with the purpose of the Equalisation Fund Reserve and is consistent with council's Revenue and Financing Policy, in particular the application of sources of funding for operating expenses.

Council maintains a specific reserve to fund economic development. The Investment and Growth Reserve is used to fund economic development activities and projects that contribute toward economic well-being. This is usually funded by a transfer of \$1.7M of council's investment income, including a contribution from the Community Investment Fund, a fund that earns investment income every year. As with other portfolios, the Community Investment Fund is now forecast to experience a significant reduction in investment income. Rather than using investment income to provide this funding, staff recommend that \$1.7M of the Community Investment Fund's capital be transferred to the Investment and Growth reserve, to fund economic development activity for 2020/21.

Staff also recommend that \$250,000 of additional accumulated gains are drawn upon from the Infrastructure Investment Fund and applied to general funding. This fund was established to spread the cost of large infrastructure projects and provide flexibly around the timing of these, and the use of investment income for general funding is consistent with council's usual allocation of this fund. This movement in the Infrastructure Investment Fund will not materially impact the \$17,000,000 of invested funds.

It is also recommended that, due to the substantial loss of income that council has experienced due to Covid-19, \$696,838 of current year and historical gains from the Community Investment Fund are allocated to council's general funding, to maintain a balanced budget. This is broadly consistent with the policy on the use of income from investments as set out in council's Revenue and Financing Policy, is consistent with the council's Statement of Investment Policy and Objectives (SIPO) and will retain the minimum balance required in the fund. It is however inconsistent with the significant financial forecasting assumptions that are set out in council's Long Term Plan 2018-2028, which assume that any revenue that the fund earns over 7.5% will be either reinvested in the fund or directed to the Investment and Growth Reserve, and with the financial strategy in the Long Term Plan 2018-2028 which suggests the use of the fund is for economic development activities.

While these inconsistencies are noted, they are not considered to be a material departure from the Long Term Plan 2018-2028. Given the extraordinary economic circumstances that council is faced with, the requests from the community for rates increases to be kept as low as possible, and the one-off nature of the allocation, this inconsistency is considered acceptable, particularly to the extent that it is consistent with the objectives of externally managed funds in council's financial strategy.

Staff also recommend that, due to the loss of rental income council has experienced due to the economic impacts of Covid-19, council retain \$123,583 of funding from the Property Reinvestment fund to apply to general funds to make up for the loss of rental income. The rental income is usually applied to general funds. This is broadly consistent with the stated purpose of the fund.

Rates increase

Recommendation:

41. That council **support** an overall rate increase of 4.5% for the 2020/21 year to fund the annual plan proposals in recommendations 12, 13, 17 - 22, and 24 above, and proposals that were approved for year three of the Long Term Plan 2018-2028 and aren't recommended for removal in 25 – 30 above, and to deliver a balanced budget.

This recommendation represents a change from what was proposed in the Annual Plan 2020/21 Consultation Document.

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	Support a revised 4.5% overall rate increase for the 2020/21 year.	Council can approve a lower than consulted rate increase for the year without significantly decreasing the level of service.	Some proposed initiatives and other projects will not be able to be progressed in the 2020/21 year unless investment portfolios return greater than forecast gains.
2	Support an 8.6% overall rate increase for the 2020/21 year, as consulted.	Council can deliver the proposed initiatives as consulted.	No allowance for the change in economic situation and submissions received requesting a reconsideration of rates increases.
3	Support an 0% overall rate increase for the 2020/21 year.	No rate increase for ratepayers in the region during the 2020/21 year.	Severe pressure on council's budgets possibly resulting in a decrease of level of service or use of other funds inconsistent

			<p>with their purpose and policy.</p> <p>Note: This decision would represent a material change to what was consulted on and council would need to undertake further consultation prior to making this decision.</p>
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Staff's recommended option is Option 1.

2. Significance and engagement

Section 76AA of the Local Government Act 2002 (LGA) directs that council must adopt a policy setting out how significance will be determined, and the level of engagement that will be triggered. This policy assists council in determining how to achieve compliance with LGA requirements in relation to decisions.

The proposals set out in the Annual Plan 2020/21 Consultation Document triggered council's significance and engagement policy, and a comprehensive process of consultation and engagement has now been carried out. The results of this engagement have been summarised in this document to inform council's deliberations and decision-making process.

The process of deliberations assists council in achieving compliance with sections 77 of the LGA.

3. Policy, risk management and legislative compliance

Consultation on the annual plan proposals has been carried out pursuant to sections 95 and 95A of the LGA and in accordance with the principles of consultation (section 82 LGA)

Consideration of submissions through the process of deliberations will achieve compliance with section 77 of the LGA (Requirements in relation to decisions) and with council's Significance and Engagement Policy, in particular 'We will consult when we are required to by law, when a proposal is considered significant, and when we need more information on options for responding to an issue'.

Further considerations

4. Community views

A process of consultation has been carried out to inform the recommendations set out in this report. A summary of this consultation and the feedback received is included in this report, and in attachment 1 to this report.

Consultation was sought to inform council's decisions on a specific set of proposals. Due to extraordinary circumstances that developed during the consultation period, the recommendations in this report are considerably different from the proposals that were included in the consultation. The changes made since consultation have been assessed against council's Significance and Engagement Policy and for materiality, and an assessment has been made that no further consultation is required (for the reasons identified in the report above).

5. Financial implications

Financial impacts or implementation issues are addressed in recommendations included within this report.

Attachments/Ngā tapirihanga

Attachment 1: Annual Plan 2020/21 Consultation Summary of Submissions [↓](#)

Authorised by Group Manager

Name: Malcolm Nicolson
Title: Chief Executive Officer
Date: 01 May 2020



Summary of submissions

Annual Plan 2020/21

User Fees and Charges 2020/21

Date: 2 April 2020

Author: Kyla Carlier

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Introduction

This document summarises the submissions received during the Annual Plan 2020/21 public consultation process, to assist council in their process of deliberations.

Consultation process

Council invited feedback on proposals for the Annual Plan 2020/21 and User Fees and Charges during a month-long period running from 26 Feb – 27 March 2020. The consultation processes for both documents were carried out in tandem. This is the usual process for these annual reviews and offers synergies in terms of resources as well as producing a complete budget.

An annual plan consultation document was produced that summarised the proposals, with more detailed information and financials to support the proposals included in a supporting information document, and a full draft user fees and charges document that included a statement of proposal outlining proposed changes.

20 submissions were received during the consultation period. Members of the community were offered an opportunity to talk to councillors about the proposals, however it transpired that the two groups who registered interest in this were seeking clarification on matters outside of NRCs areas of work, and following a conversation with them they decided not to register.

Impact of Covid-19

The situation with Covid-19 changed rapidly during the Annual Plan 2020/21 consultation period, with the social and economic situation looking very different at the end of the submission period than when council was developing its proposals and going out for consultation.

This is evidenced in the submissions received, with those received at the beginning of the process making little or no mention of the situation, and those received toward the end of the process focussing heavily on a possible economic downturn and the impact on council's and ratepayers. These are reflected mostly in the 'Other Comments' section at the end of the document.

Consideration will be given to all submissions during the deliberations phase of the process when council consider what their final annual plan will look like this year.

How to read this summary

The comments received during the consultation have been grouped by proposal where possible, and by topic where comments didn't relate to a specific proposal.

Where a submission was made directly into council's online portal, the comments appear verbatim. Submissions that were received via email or as hard copy were entered into the submission portal by staff. In this case comments are presented in quotation marks where directly quoted from the submission. Submissions that were too large or complex to enter verbatim were summarised by staff, and are followed by the statement 'Staff summary; please see original submission'.

Full original submissions will be provided to council in a full submission book.

Summary of submissions – Annual Plan 2020/21

The purpose of an annual plan is to set out any differences from what was proposed in the most recent long term plan and highlight what this means for council's budget and rates – annual plan consultations are generally not intended to invite feedback on all areas of council activity, which are more appropriately addressed during a long term plan process.

The Annual Plan 2020/21 Consultation Document set out changes to the Long Term Plan 2018-2028. These proposed changes were grouped in to two main areas: 'keeping up the momentum' and 'looking to future proof'.

More investment was identified to **keep up the momentum** to deliver on the LTP while also responding to grant funding opportunities that require some extra support. This included:

- New investment in the way that we engage with our communities (\$44,700);
- Support our relationships with Māori (\$142,700);
- Changes to information technology and data management (\$592,000);
- Extra support for pest plant prevention (\$110,000) and for our hydrology team (\$73,700);
- Replacing the engines of the maritime vessel 'Ruawai' (\$35,000).

The plan was also **looking to future-proof** in recognition of the challenges council will be facing in the next long term plan, with:

- The expansion of the council-owned poplar nursery (\$78,000);
- Investment in water quality and quantity science to provide high-quality data to aid future decision making (\$435,000);
- A climate change adaptation strategy (\$105,000) to scope out the best way to approach this challenge.

Comments that are received on topics outside of what is being consulted on are generally considered to be out of scope. These comments are included in this report under 'all other comments' and will still be addressed by staff as appropriate in the deliberations report.

Consultation points – ‘keeping up the momentum’

Engaging with our communities (\$44,700)	
Oliver Krollmann	Hard to say - I have difficulties envisaging what that role would entail, and what issues there are currently with the engagement process.
Paul White	Good engagement is important
Peter Deeming	No. It's time to cut back on all expenditure.
Owen M Stevens	Engagement with communities; who is complaining, what is wrong with the status quo?
Friends of the Berm @ Takahiwai (Mere Kepa)	In a diverse, it should be necessary for NRC staff to engage, at least, once a year with a community that is not solely Pakeha. \$44,700 for a Campaigns and Engagement Coordinator to improve how NRC staff engage with DIVERSE communities is a start.
Grant Richards	This is a joke council needs to stick to it's original budget as our rates are one of the highest in northland and puts great financial difficulties on elderly and families, council thinks our wallets are bottomless and keep wanting more. Put our rates up you will soon get voted out so if you are only wanting to be in for a single period go ahead but you may be looking for a new job!!
Robin Lieffering	Is this a part-time position? If not, I find the salary will not attract well skilled applicants. \$73,000 for a "junior hydrology officer", in comparison, seems to indicate "engagement with our communities" is of less importance?

Support our relationships with māori (\$142,700)	
Oliver Krollmann	Again, hard to say - I have difficulties envisaging what these roles and activities would entail, and what issues there are currently with the relationships with Māori
Paul White	Relationships with mana whenua are really important. It is high time Treaty based relationships are set up with Iwi, especially those mandated organisations that have settled.
Peter Deeming	Hobson's pledge.
Owen M Stevens	Relationships with Māori \$142000, no detail on what justified this
Friends of the Berm @ Takahiwai (Mere Kepa)	The proposed spend of \$142,700 should 'buy' a technical (scientific) advisor who is Māori with a science degree from a reputable University rather than a Wananga. Then, double the spend to hire a Māori fluent in Māori language and culture, either as a native user or a second language. Stop hiring Māori who play at being technically knowledgeable as well as tikanga knowledgeable.

Grant Richards	What about a pakeha advisor I think this spend is racist and separates Māori and pakeha one people 1 advisor!!
Robin Lieffering	Compared with the \$\$ set for communications with the majority of the population, this is out of proportion. Is a Māori technical advisor needed over a technical advisor? What technical advice is only known to a Māori person?

Changes to information technology and data management (\$592,000)

Oliver Krollmann	Please do whatever is necessary and recommended to leverage the use of digital technology and data storage, particularly business continuity and data security and availability.
Paul White	Support expenditure on building better information systems so long as Iwi and hapū organisations can access them
Peter Deeming	Ensure it's the minimum spend to achieve the outcome.
Owen M Stevens	Changes to information technology. A huge wished for sum, Quotes must be sought from several sources to secure the best value.
Friends of the Berm @ Takahiwai (Mere Kepa)	Necessary. But more spend will be required to address the diverse languages spoken by people across the region.
Grant Richards	Stay within budget we don't need this just now money would be better spent on water storage and our pathetic main road.
Robin Lieffering	Are consent files not currently electronically filed? Off site storage indicates these are paper files? otherwise yes to this expenditure.
Richard Gardner Federated Farmers	Submission states: "As regards the Council's other programs, Federated Farmers continues to support much of what the Council proposes to do over the coming year. In particular it is noted that the Council plans to invest additional funds in computer systems to cope with additional workload, and in some new water monitoring equipment"

Extra support for pest plant prevention (\$110,000)

Oliver Krollmann	Sounds ok to me.
Paul White	Essential
Peter Deeming	Yes.
Owen M Stevens	Pest plant prevention. Spend the money by offering a 50 cent bounty on possum tails. This will get people up off couches, school students trapping & so really make some headway on getting rid of this pest by 2050
Friends of the Berm @ Takahiwai (Mere Kepa)	Insufficient. Pest plant elimination is necessary before prevention can take place efficiently and successfully.

Grant Richards	This is fine
Robin Lieffering	As NZ nationally is becoming increasingly aware of the damage from introduced pests in general, expenditure is essential. I would like to see more.
Richard Gardner	Submission recommends: "That Council continue with its proposals as regards helping the native life in the region flourish, in particular by boosting its support for local communities to manage pests and weeds, and help Northland become pest-free." "Further, while continuing to support the pest and weed management programs themselves, Federated Farmers continues to support the pest management rate being funded on a targeted, per rating unit, basis. "
Margaret Hicks	Submitter states that homo sapiens are the most destructive introduced species, and that the current pest control strategy is avoiding this as the main issue. {Staff summary; please see original submission}

Extra support for hydrology team (\$73,700)

Oliver Krollmann	Given the upcoming freshwater reforms and our current water woes expanding the team makes perfect sense to me.
Peter Deeming	No. Achieve this under existing.
Friends of the Berm @ Takahiwai (Mere Kepa)	Again, a reasonable spend for a university qualified Junior. Double for a Māori who is qualified and fluent in te reo Maori me nga tikanga. Then, consider all the other languages and cultures of the residents and ratepayers of the region. NRC owes them.
Grant Richards	Too high price for a junior this is more of a senior wage
Robin Lieffering	Good salary?
Richard Gardner	Submission recommends that council continue to prioritise looking after water, and notes particular support for investment in new water monitoring equipment. {Staff summary; please see full submission}

Replacing the engines of the maritime vessel 'Ruawai' (\$35,00)

Oliver Krollmann	I hope this goes towards electrification of the vessel, not towards replacing fossil-fuel engines. If it was the latter and electrification wasn't an option, I'd rather prefer a larger investment in an electric vessel, to become a pioneer in that area, like some ferry companies in Auckland and Wellington, and Ports of Auckland with its electric tug. It's time to show commitment. Happy to contribute to it with a higher rate.
Peter Deeming	No. Run them another year.

Friends of the Berm @ Takahiwai (Mere Kepa)	This money would be better used to address the aforementioned costs. Coronavirus appears to be adversely harming tourism across the world.
Grant Richards	ok
Robin Lieffering	This sounds a necessity so yes.
Richard Gardner	Submission states: "Federated Farmers is also disappointed that the Council has found that the engines on the Ruawai need replacement, at a cost to the Council and its ratepayers of \$35,000, which was apparently not foreseeable when the Long Term Plan was prepared in 2018. That this funding has become necessary suggests that the Council's depreciation is not being managed properly, and / or that its insurances are not up to scratch. Federated Farmers urges the Council to keep its depreciation methodology and its insurance requirements under regular review."

Consultation points – ‘looking to future proof’

Expansion of council-owned polar nursery (\$78,000)

Oliver Krollmann	Makes sense, given the need for large-scale reforestation.
Peter Deeming	No. Sell it off and let private providers tender to council.
Friends of the Berm @ Takahiwai (Mere Kepa)	In my area, poplars are a pest!
Grant Richards	Too much

Investment in water quality and quantity science (\$435,000)

Oliver Krollmann	That's a no-brainer, given the upcoming freshwater reforms and the current issues caused by the drought.
Paul White	An essential investment
Peter Deeming	Yes. Also NRC must take advice from the Cawthron Institute.
Friends of the Berm @ Takahiwai (Mere Kepa)	A strong water quality and quantity science measurement tool including a qualitative analysis in te reo Maori me nga tikanga would take care of the proposed spend.
Grant Richards	Too much What's wrong with what we have in place already don't fix what isn't broken
Robin Lieffering	Current reports around these matters indicate this is a positive move.

Richard Gardner	Submission recommends that council continue to prioritise looking after water. {Staff summary; please see full submission}
Margaret Hicks	Submitter notes the recent drought, the need to care for water sources (particularly groundwater) and make provision for future events. Notes need for work in this area, notes aquifer refill issues, notes lake access to groundwater. Questions why the annual plan is not making a start to tackle this issue. Notes the need to move to drought-resistant crops. Requests that NRC reassess its use of ground water. {Staff summary; please see full submission}

Climate change adaptation strategy (\$105,000)

Oliver Krollmann	That sounds very underwhelming, given the urgency and magnitude of the issue, and I miss the word "mitigation" in that sentence. Adaptation only sounds like resigning and giving in, even if adaptation is your primary focus. I would like to see that increased to at least \$1 million, financed partially by rates, and by lobbying central government for funding. Green deals don't come cheap, but they provide awesome returns in the long run, including survival. Be bold!
Paul White	With the current drought we have a clear indication that climate change will have huge impacts.
Peter Deeming	No.
Owen M Stevens	Climate change strategy \$105000, should be used to buy 3 electric cars instead of strategising how to change a world problem.
Friends of the Berm @ Takahiwai (Mere Kepa)	Too little, too late!
Grant Richards	You could spend all you like but it won't change anything this is more of a govt spend not council.
Robin Lieffering	Coastal roads in Northland are at risk in the near and long term future from sea-level rises. NRC needs to be putting good resources into researching need, planning mitigation structures and giving confidence to the community. This \$105... seems miniscule? One staff member and not a lot to do community advice/consultation. Coastal roads and communities are at risk on a number of accounts. Associated with roads are sewerage and water pipes. Stop-banks are only one of a raft of engineering solutions. Land reclamation may be another which would need a very long time to achieve. NRC and WDC need to work collaboratively on this matter.
Margaret Hicks	Submitter states that because of climate change a major shift is required in the actions of the NRC, and that making provisions for flood control with no identification of all areas potentially at risk isn't enough. Notes that drought conditions are one of the predicted outcomes of climate change. Notes that long term thinking is needed. Notes that there is a climate change emergency. {Staff summary; please see original submission}

Other feedback received

Regional sporting facilities rate

Mangakahia Soccer Club	Submission supports the regional sporting facilities rate, with particular support for the 'Northland Football Hub' as a potential project. {Staff summary; please see full submission}
Northland Football Club	Submission supports the regional sporting facilities rate, with particular support for the 'Northland Football Hub' as a potential project. {Staff summary; please see full submission}
Bream Bay United AFC	Submission supports the regional sporting facilities rate, with particular support for the 'Northland Football Hub' as a potential project. {Staff summary; please see full submission}
Mangawhai Football Club	Submission supports the regional sporting facilities rate, with particular support for the 'Northland Football Hub' as a potential project. {Staff summary; please see full submission}

Climate change

Oliver Krollmann	Climate change, guys. It's an emergency, even so you're not declaring it, but you were among the early ones to sign the Local Government Declaration. We need action, action, action. Tell the truth, prepare for the work, push up the rates and fees, go ahead and do it. Whatever it takes.
Robin Loeffering	I have spoken about my concern about climate change effects earlier. I do not feel confident, that either of our two authorities are taking this seriously enough, with the threats to communities and their accessibility on the coast. Already in high winds and high tide the sea encroaches over the road at Tamaterau and Beach Rd. I would like to receive some information that would give me confidence that this serious matter is being appropriately addressed.

Covid-19 and economic downturn

Graham L Jones	I note that NRC is proposing an increase in rates from 4.6% to 8.6% for the coming year. Whilst this increase is relatively small in dollar terms, with the current situation regarding Covid19 it is not appropriate for there to be any increase in rates at all. In fact the Council should rather be looking at ways of reducing this burden. We as a country are presently in survival mode, with many people already struggling to meet their commitments and now facing the prospect of job losses. There is absolutely no valid reason to add to the stress inflicted by this disease. Whatever projects are in train or contemplated should be re-examined, and if possible either delayed or cancelled.
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<p>Federated Farmers of New Zealand Katie Milne</p>	<p>Submission is a blanket letter to all councils across New Zealand asking that they keep ratepayers in mind when considering annual plans for 2020/21, specifically:</p> <ul style="list-style-type: none"> - Whether some pending consultation processes need to be extended or delayed - Limiting runaway rate increases - Focusing on core functions and operating as efficiently as possible in a time of likely economic downturn - Considering taking on more debt for capital investment - Urging council's that have not consulted on annual plans to now do so - Adjusting work programmes and timeframes for district/regional plans <p>Submitter notes that they will be approaching central government asking that they consider using taxpayer resources to help with the cost of three waters infrastructure investment and will be asking that drinking water quality be regulated at point of supply to humans rather than source.</p> <p>{Staff summary; please see full submission}</p>
<p>Local Government Business Forum</p>	<p>Submission offers support to the actions of all councils to combat Covid-19 and acknowledges that the primary focus for local government should be providing critical lifeline services. Submission supports moves to reduce rates burdens on communities, and supports moved to reduce the reliance on property value-based rates. Submission asks that draft annual plans be reviewed to ensure they are focusing on core activities and reducing proposed rates increases, and suggests that council's consider using more debt and consider rates remissions or rebates for businesses adversely affected by Covid-19. Submission asks that the development of policy and regulation (eg, regional plan) be slowed and time frames extended to allow meaningful community engagement, and that monitoring and enforcement of regulation no related to public health and safety be paused.</p> <p>{Staff summary; please see original submission}</p>
<p>Owen M Stevens</p>	<p>The wish list lacks required detail for an adequate critique. A 4.6% increase is bad enough with Corona virus affecting all our incomes, for the other 4.6% cut NRC cloth to suit. Your ratepayers should not be expected to have imposed constant increases. Please could you supply me with a list of your program of savings for each ensuing year as I am going to have to cut back somewhere to pay for your proposed demands.</p>
<p>Property Council New Zealand</p>	<p>Submission is blanket letter to all councils across New Zealand asking that they delay proposed rates increases from July 2020, and instead adjust rates at inflation only. Submission notes:</p> <ul style="list-style-type: none"> - Uncertainty and financial instability resulting from global pandemic - The need to balance the requirement for councils to exercise fiscal responsibility with investment in key infrastructure projects - The need to fast track private sector projects once restrictions lift - Local authorities should consider taking on more debt, especially for capital expenditure - Rates relief and rebate options should be investigated <p>{Staff summary; please see full submission}</p>

<p>Federated Farmers of New Zealand Richard Gardner</p>	<p>Submission recommends that council:</p> <ul style="list-style-type: none"> - reconsider its proposal to increase rates in the coming year, as the proposed changes should be able to be made without increases. - continue to provide flood protection, and fund this by the direct beneficiaries of the protection, except where there is public benefit due to needing usable roading etc. - continue to carry out regular reviews of its funding mechanisms, including its rating system and consider: continuing the move to a mixed capital and land value rating system; raising the UAGC to the maximum level allowable; making greater use of targeted rates and user fees and charges; asking central Government to provide for more equitable rating policies for local Government. <p>Submission welcomes council's recognition of the changing situation with Covid-19, and asks that council reconsider rate increases. {Staff summary; please see full submission}</p> <p>Submission attaches, in support, blanket letter submitted by Federated Farms to all councils across New Zealand asking that they keep ratepayers in mind when considering annual plans for 2020/21, and specifically:</p> <ul style="list-style-type: none"> - Whether some consultation processes in the pipeline need to be extended or delayed - Limiting runaway rate increases - Focusing on core functions and operating as efficiently as possible in a time of likely economic downturn - Considering taking on more debt for capital investment - Urging council's that have not consulted on annual plans to now do so - Adjusting work programmes and timeframes for other plans (district and regional plans) Submitter notes that they will be approaching central government asking that they consider using taxpayer resources to help with the cost of three waters infrastructure investment, and will be asking that drinking water quality be regulated at point of supply to humans rather than source. <p>{Staff summary; please see full submission}</p>
<p>Bill Shepherd</p>	<p>Submission states:</p> <p>"I fully appreciate the work that the council has done and putting out this Consultation Document and I understand that it has taken many hours of discussion and work. Unfortunately, the world has changed since most of that work was done. COVID-19 is overtaking the world, NZ is in lockdown, Northland is still in the grips of the worst drought since 1945 and the forestry industry has been severely impacted by the effects of COVID-19 in China.</p> <p>Given all of those circumstances, it in my view it would be unwise, bordering on irresponsible, for local government NRC included, to be planning for additional expenditure or activities beyond those already funded by current rates. Therefore, I would implore the council to rework its budgets to plan on a 0% rate increase until the economy gets back on its feet. It has been done before - since 2013 the NRC has had a 0% rate increase in 4 of those years. It can and should be done!"</p>
<p>Hospitality New Zealand</p>	<p>Submission is a blanket letter to all councils across New Zealand seeking that due to the current economic climate they consider making no rate increases for the next twelve months at a minimum, and consider rate remissions or rebate options for businesses adversely affected by Covid-19. Submission also references alcohol licencing.</p> <p>{Staff summary; please see original submission}</p>

All other comments	
Paul White	Our rural communities are really suffering from water shortages. We need local authority investment in community water supply initiatives (such as Motukaraka) and boosting the storage capacity of local water schemes. We also should have a voluntary targeted rate (VTR) scheme to help people put in extra water storage and to mitigate climate change in other ways. Regional Councils are already doing this in other parts of the country.
Peter Deeming	No rates increase. As a member of the Northland Mooring Owners and Rate Payers Assn we represent hundreds of people. Read our posts.
Grant Richards	Council needs to be more accountable and stop wasting our hard earned money if council was a business they would be shut down for spending too much on stuff a small town doesn't need stick to budget there is always another year.
Alan Agnew	<p>Submitter requested that his submission to the 2019/20 annual plan process be re-submitted to this one, and provided two new pieces of information to add. Points raised in this submission included:</p> <ul style="list-style-type: none"> - The need for a recreation centre for the elderly and disabled, citing the ex-Countdown building as a possible site. Note - submitter provided new paperwork relating to a trespass notice he had been served at the Kensington site on 6 December. - Concern about fire bans in summer. Note - submitter provided new paperwork on an incident logged by the Fire Authority, relating to a fire he lit on his property in protest of the fire ban. - Kauri die back being caused by borer beetles - Concerns regarding WDC roading - Weeds on side of roads - Ruatangata community hall - Gumtown road culverts - Roadside tree planting - Rubbish dumped on side of roads - Dog park in Whangarei - NRC too focused on revenue and collecting rates. <p>{Staff summary; please see original submission}</p>
Margaret Hicks	<p>Submitter raises need for action to reduce greenhouse gas emissions and questions where this is in the annual plan. Questions the point of undertaking river management in some areas if greenhouse gas emissions are not being reduced. Submitter questions having a flood infrastructure rate if there is no attempt to refrain from granting resource consents for development in areas subject to the impacts of sea level rise. Cites examples.</p> <p>Submitter questions the planting of trees when the destruction of existing trees is being permitted (including mangroves). Notes the role of trees as carbon sinks. Submitter questions what funds have been allocated to deal with fresh water shortages in the far north and Dargaville areas. Submitter notes the importance of monitoring, that self-monitoring does not work, and that the number of staff needs to be increase to that proactive rather than reactive monitoring can take place. Submitter disputes the need for Northland Inc, states that its formation was undemocratic and not subject to scrutiny, and that Northland would be better off without it.</p> <p>{Staff summary; please see original submission}</p>

Summary of submissions – User fees and charges 2020/21

Six submissions were received on councils proposed changes to user fees and charges.

The comments are grouped into those on the proposed new fees and charges, and those on amendments to existing fees and charges.

The Draft User Fees and Charges Statement of Proposal detailed proposed new charges:

- A navigation and safety services fee for ships greater than 45m in overall length, or 500GT, not subject to any other navigation and safety services fee;
- A fee for the issuing of a Notice of Direction under the Biosecurity Act 2003; and
- A marine biosecurity charge for ships between 500GT and 3000GT, anchoring in Northland waters.

It also detailed amendments to user fees and charges which included:

- Additional wording for clarity, adjustments for consistency and accuracy, and removal of sections that are no longer applicable; and
- Minor typographical and referencing updates.

New fees and charges - Draft User Fees and Charges 2020/21	
Oliver Krollmann	No opinion/objection.
Paul White	Support
Peter Deeming	Navigation and safety services for large ships outside of pilotage areas - Yes Processing a Notice of Direction under the Biosecurity Act - What is it? Who does it apply to? A marine biosecurity charge for all large ships anchoring in Northland - Yes Stop charging local boats/mooring owners for something they did not do.
Friends of the Berm @ Takahiwai (Mere Kepa)	Certainly, the new fee and charges are and will continue to required for the marine activity on Whangarei Te Rerenga Paraoa harbour.
Grant Richards	User pays shouldn't effect rates except more income cheaper rates.
Robin Lieffering	Yes to the above.

Amendments - Draft User Fees and Charges 2020/21	
Oliver Krollmann	Sounds reasonable, no objections.
Peter Deeming	Clarification to our navigation fees - what and how?
Friends of the Berm @ Takahiwai (Mere Kepa)	Why are fees and charges required if NRC simply wishes to improve the existing system of operations?
Grant Richards	More fees less rates increases
Robin Lieffering	Simplifying staff charge rates may result in higher fees if the spread is calculated too simply. Inspection fees are presumably on user pays, covering distances travelled? A flat rate seems to spread costs over a wider user group - creating losers and gainers!?

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TITLE: Council deliberations on the User Fees and Charges 2020/21

ID: A1302962

From: Robyn Broadhurst, Policy Specialist and Kyla Carlier, Corporate Planning Manager

Executive summary/Whakarāpopototanga

This report provides background information and presents staff advice and recommendations, to inform council's deliberation on the Draft User Fees and Charges 2020/21 and Statement of Proposal, including three new charges.

Staff recommend council support the Draft User Fees and Charges 2020/21, inclusive of the three new charges.

Recommendations

1. That the report 'Council deliberations on the User Fees and Charges 2020/21' by Robyn Broadhurst, Policy Specialist and Kyla Carlier, Corporate Planning Manager and dated 7 April 2020, be received.
2. That Jonathan Gibbard, Group Manager – Strategy, Governance and Engagement be given delegated authority to approve any consequential amendments as a result of council decisions on submissions and any minor accuracy and grammatical amendments.
3. That council supports the inflationary increase in charges contained in the Draft User Fees and Charges 2020/21 by 2.2%, as set out in the schedule.
4. That council supports the Draft User Fees and Charges 2020/21 as notified, and direct staff to prepare the final user fees and charges for council adoption in June 2020.

Background/Tuhinga

Consultation was carried out on council's Draft User Fees and Charges 2020/21 in conjunction with the process of consultation for the Annual Plan 2020/21. This is the usual process for these annual reviews and offers efficiencies in terms of staff resources and public participation as well as producing a complete budget. Consultation involved the production of a full draft user fees and charges schedule complete with a statement of proposal that highlighted the proposed new charges, plus amendments to existing charges.

Feedback on the proposals was sought during a month-long period running from 26 February – 27 March 2020. Twenty submissions were received during the consultation period, and no parties requested to speak with councillors about user fees and charges during this time. Six submissions related specifically to the draft user fees and charges. The feedback is summarised in the summary of submissions document (included as **Attachment 1** to Item 3.1).

The annual review of user fees and charges ensures that changes can be made and that the charges do not become outdated.

The draft schedule for 2020/21 proposed three new fees and charges as follows:

- A navigation and safety services fee for larger ships anchoring outside of pilotage areas;
- A fee for the issuing of a Notice of Direction under the Biosecurity Act 2003; and

- A marine biosecurity charge for larger ships anchoring in Northland waters.

The draft schedule also included several minor amendments and updates including:

- Inflationary increase of 2.2%;
- Removal of outdated sections and subsequent updates;
- Simplification of staff charge out rates;
- Updating annual charges to a post billing model from the previous estimate-based model;
- Additional wording for clarity, adjustments for consistency and accuracy; and
- Minor typographical and referencing updates.

For a full list of amendments, please see the Draft User Fees and Charges 2020/21 Statement of Proposal. [included as **Attachment 1**].

Feedback received

The submission process funnelled feedback into that received on the three proposed new charges, and that received on the proposed amendments to existing charges.

Six comments were received on the three proposed new charges:

- Three submitters supported these;
- One submitter had no opinion;
- One submitter supported the navigation and safety services fee for larger ships outside of pilotage areas, supported the marine biosecurity charge for larger ships, and questioned what a Notice of Direction was and who it applied to; and
- One submitter stated that user pays shouldn't affect rates except more income should result in cheaper rates.

The submissions received on the proposed new charges demonstrated majority support. As outlined in the statement of proposal, a notice of direction is issued to those breaching rules under the Biosecurity Act 2003 and will be charged based on the actual time taken to process the notice.

Staff recommend that council supports the user fees and charges as notified, with no changes as a result of these submissions.

Five submissions were received on proposed amendments to existing charges:

- One submitter had no objections;
- One submitter requested clarification on changes to navigation fees;
- One submitter questioned why fees and charges were required if council simply wishes to improve the existing system of operations;
- One submitter stated more fees less rates increases; and
- One submitter raised concerns over the simplification to the staff charge-out rates resulting in higher fees, if the spread is calculated too simple. Submitter questioned that inspection fees are presumably on user pays, covering distances travelled, then states that a flat rate seems to spread costs over a wider user group creating losers and gainers.

The submissions received were more in question of the proposals than indicating clear support or opposition. The submitter who questioned clarification on changes to navigation fees also provided feedback specifically on these under the section for proposed new navigation charges, so it is deduced that the question related only to amendments. The amendments to navigation fees were only to provide more clarity by: specifying that all fees are GST exclusive; relate to all ships not just cruise ships; and that the Christmas Day surcharge applied to all public holidays.

The simplification to staff charge rates is a more accurate way of charging, resulting in actual and reasonable charges and more certainty for the user, and is not expected to result in higher fees on average.

Staff recommend that council supports the user fees and charges as notified, with no changes as a result of these submissions.

Considerations

1. Significance and engagement

Section 76AA of the Local Government Act 2002 (LGA) directs that council must adopt a policy setting out how significance will be determined, and the level of engagement that will be triggered. This policy assists council in determining how to achieve compliance with LGA requirements in relation to decisions.

Engagement with the community has now been carried out. The process of deliberations assists council in achieving compliance with section 77 of the LGA.

2. Policy, risk management and legislative compliance

Consultation on the Draft User Fees and Charges 2020/21 has been carried out pursuant to section 150 of the LGA and in accordance with section 83 of the LGA.

Consideration of submissions through the process of deliberations will achieve compliance with section 77 of the LGA – Requirements in relation to decisions – and with council's Significance and Engagement Policy, in particular 'We will consult when we are required to by law, when a proposal is considered significant, and when we need more information on options for responding to an issue'.

Attachments/Ngā tapirihanga

Attachment 1: Statement of proposal - Draft User Fees and Charges 20/21 [↓](#)

Authorised by Group Manager

Name: Jonathan Gibbard
Title: Group Manager - Strategy, Governance and Engagement
Date: 01 May 2020

Statement of proposal

This document sets out Northland Regional Council's draft user fees and charges for the 2020/21 financial year. The User Fees and Charges 2020/21 schedule is where you can find all fees and charges (not rates) that council is authorised to set as a result of various pieces of legislation that it works under (details on these are covered in Part Two of this schedule).

Legislation prescribes specific, and sometimes different, requirements in terms of the process required to set fees and charges. When making a change to any of our fees and charges we take these legislative requirements into consideration and use the appropriate process.

So that an informed decision can be made, council wants to know what you think about the fees and charges we are proposing to change or set. Consultation is a big part of that decision-making process. You can find details on how to have your say at the end of this section.

We update our user fees and charges schedule annually to respond to real time and legislative changes, and to ensure that charges do not become outdated.

We are proposing several amendments and updates to the fees, charges and policy for the 2020/21 year in addition to the 2.2% inflationary increase that was approved as part of the long term plan process in 2018.

New fees and charges proposed

Section	What's new?	Why?
Section 3.7.4 – Pilotage and shipping navigation and safety services fees	Proposing a navigation and safety services fee for ships greater than 45m in overall length, or 500GT, not subject to any other navigation and safety services fee	This will enable council to recover some of the cost of providing services to these larger ships, which the ships currently benefit from but do not contribute towards
Section 3.8.2 – Notice of direction	Proposing a fee for the issuing of a Notice of Direction under the Biosecurity Act 2003	Council does not currently charge for the issuing of a Notice of Direction; however, this is resource intensive. The proposed charge will be based on the actual time taken in issuing the notice. A Notice of Direction is only issued to those owners or occupiers that are breaching the applicable rules, therefore council is proposing this 'user pays' approach, rather than the 'rates/other funds pays' approach that currently applies
Section 3.8.3 – Marine Biosecurity Charge for ships	Proposing a marine biosecurity charge for ships between 500GT and 3000GT, anchoring in Northland waters	With the addition of the above navigation and safety services fee for larger ships, council will now have a means of applying the marine biosecurity charge to these larger ships, therefore increasing equity in charging

Amendments and changes proposed to fees, charges and policy

Section	What's the change?	Why?
Section 1.3 – Policy on remission of charges	Adding policy wording to specify a three-year review period for all remissions (unless a shorter time frame is specified in the remission)	This allows any remission granted to be periodically reviewed, ensuring they meet the appropriate criteria
Section 2.2.7.1(1) – Basis of charges and 2.2.7.4 – Scale charges	Removing the last sentence of 2.2.7.1(1), re-writing 2.2.7.4	Updating to bring these in line with the removal of outdated monitoring charges (see 3.5.5 below)
Section 2.7 and 3.9 – Property Law Act 2007	Removing these two sections, including associated fees relating to commercial or residential property leases, and adding the services performed to section 3.2 (Staff charge rates)	The Property Law Act 2007 is no longer the relevant piece of legislation to set these fees under
Section 3.2 – Staff charge rates	Simplifying the table from eight categories to four, and as a result removing the note under the table that relates to labour costs not specified in the schedule	To provide more clarity for the user
Section 3.5.5 – Minor to moderate discharges to air, water and land, and land use activities including quarries	Removing the entire table for annual monitoring charge, including updates to sections 3.5.5 and 3.5.1 subsequent to this	This table was originally based on estimates, which council no longer use to charge. Council now uses a post billing model, meaning users are charged for actual time
Section 3.6.3.2 – Significant non-compliance	Replacing the note directly under the table (relating to an hourly rate for second and subsequent visits, including follow-up inspection) with a table showing a flat rate for two types of follow-up inspections	To provide more certainty for the user
Section 3.7.2 – Hot work permits	Removing the entire section	This fee no longer applies
Section 3.7.4 – Pilotage and shipping navigation and safety services fees	Adding a row to the top of this table specifying all fees are GST exclusive	To provide more clarity for the user
Clauses 3.7.4(a)(iii) – (v)	Removing the word 'cruise'	The fee applies to all ships
Clause 3.7.4(a)(iii)	Moving an existing table note, plus adding a second table note	To provide more clarity for the user

Section	What's the change?	Why?
Clause 3.7.4(a)(v)	Extending the Christmas Day surcharge to all public holidays	Services are often needed on public days, incurring costs not currently by funded by the user
Section 3.9.5 Vehicles/quads	Updating the table as per rates set by the IRD	The existing table is out of date

What are the alternatives?

Council needs to consider what mechanisms are appropriate to meet the expenditure needs of the organisation. The charges outlined in this schedule represent the activities where council has considered that the principle of user or beneficiary pays is most appropriate.

The alternative to adopting these fees and charges for the 2020/21 year is to either: cover the cost of these activities through other means of income, which might include increasing rates or diverting income from other activities; or cease undertaking the activities that give rise to the cost, many of which council are required by law to carry out.

Should council consider that this expenditure should continue to be met through the fees and charges in this schedule, there is then an alternative option of not updating fees and charges on an annual basis, and instead letting the fees remain static, or update them on a less regular basis. By not regularly undertaking a review of charges, and updating as necessary, the likelihood of steep increases in charges when reviews are undertaken is significantly higher. This would also mean that council may not be achieving cost recovery for some activities for a period and could be subsidising activities that are intended to be 'user pays'. Conversely, there may be fees and charges set out in the schedule that council no longer charges, leading to confusion about costs.

Not reviewing and undertaking changes as necessary would mean that the policy and schedule of fees and charges has the potential to become outdated and confusing for users. It is also necessary to update charges and policy in line with legislative amendments.

How can I have my say about this schedule?

Council is inviting feedback on the Draft User Fees and Charges 2020/21 in conjunction with the process of developing the Annual Plan 2020/21. You can have your say by filling in a feedback form online at www.nrc.govt.nz/annualplan2020 or by emailing submissions@nrc.govt.nz.

The submission period is open until Friday 27 March 2020.