

Annual Plan 2013/2014

Proposed amendments to the Long Term Plan 2012/2022



*"Making Kaipara an
Excellent Place to Live"*

The Big Picture

Since the Long Term Plan 2012/2022 was adopted in August 2012, there have been big changes at Kaipara District Council.

In September last year the Minister of Local Government appointed four Commissioners to govern the District.

When they were appointed, the Commissioners promised to look closely at the Long Term Plan to ensure that it was robust and could deliver what it promised.

They have now done that and are proposing some changes.

There is much more detail about the proposed changes in the full draft Annual Plan 2013/2014 which is available now. This is a summary of that full document. It has been prepared to help Kaipara residents and ratepayers have input into the proposed changes before final decisions are made.



The Commissioners are all committed to contributing to "Making Kaipara an Excellent Place to Live". By October 2015, we want the Kaipara District Council to be "a high performing organisation with strong community and mana whenua support".

Good progress has been made towards resolving some of the issues facing the Kaipara District, but there are still challenges ahead. Over the next two years, Commissioners are aiming to:

- resolve the existing issues openly and transparently,
- establish a sound financial base so Council can continue to deliver services while repaying debt, and
- rebuild a strong and capable organisation that can work closely with the community.

The proposed changes to the Long Term Plan outlined in this summary document are largely focused on establishing strong financial policies and providing a framework to repay Kaipara District Council's debt faster, thereby reducing its exposure to interest costs. They are also aimed at ensuring Council lives within its budget and making the rating system simpler and easier to understand.

Commissioners have identified a number of cost savings and efficiency gains across all activities which have reduced the expenditure projected for 2013/2014 by some \$1.6 million. These savings, combined with the proposed rate increase of 9.3%, mean that we can achieve significantly more than what was forecast last year in the Long Term Plan 2012/2022. With this we will:

- run a balanced budget and cover our operating costs, with the exception of depreciation,
- fund the replacement of our assets as they require it,
- get the debt down from \$80 million to \$50 million by 2022, a further reduction of \$10 million on that originally proposed in the Long Term Plan 2012/2022, and
- simplify our rating system.

Commissioners expect there will be further proposed changes to the Long Term Plan next year that will look in more detail at the types and level of services and activities undertaken by Council.

It is important that everyone in the District has his or her say. By working together, we can help create a bright future for Kaipara. Please read and discuss this document and share your views on what is being proposed.



John Robertson
Chair of Commissioners

We'd like your views on seven key areas

Glossary

Annual Plan	Confirms each year what the Council intends to do, how it plans to fund it and notes any minor differences to the Long Term Plan. If there are significant changes to the Long Term Plan, as there are this year, an amendment to the Long Term Plan is developed for consultation.
Capital charges	Money required to pay or repay the cost of building or buying a new asset
Connectable properties	Properties that are within a certain distance of services such as water and wastewater systems that are provided by Council and can therefore be connected.
Differentiated	In this document it refers to a level of rates within a particular rate (ie it is proposed to differentiate the general rate by introducing two tiers). The opposite also occurs (ie a rate is undifferentiated which means it is not made different, it is the same).
Financial strategy	A strategy covering the period of the Long Term Plan outlining how Council proposes to manage its finances.
General Rate	Land value component of rate calculated by applying a fixed amount in the dollar to the value of each rating unit or property.
Levels of service	The service requirements for a particular activity. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.
Local Government Cost Index (LGCI)	An index showing the rate at which the costs incurred by local government are increasing. The LGCI is made up of a number of specific indices that provide figures for operational and capital expenditure, such as the transport index, three waters index and the general goods and services index.
Long Term Plan	A business plan for a 10-year period developed by local authorities.
Mangawhai Harbour Restoration Area	This is a specifically identified area around the Mangawhai Harbour. Properties in it contribute to funding the work of the Mangawhai Harbour Restoration Society. The Society keeps the Mangawhai Harbour entrance and channels clear of silt and sand build-up.
Operational charges	Money required to pay for the cost of operating an asset such as a wastewater or water scheme.
Rates remission policy	A policy that sets out when and how Council can provide a reduction in rates.
Separately Used or Inhabited Parts (SUIPS)	The parts of a rating unit or property which are used by a person other than the owner and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence or other agreement.
Transitional arrangement	In this instance it is an arrangement whereby a particular rate increase would be phased in over a period of time to lessen the immediate impact.
Uniform Annual General Charge	A rate set based on a fixed amount per rating unit or property.

1

Our Goals

Our mission is "Making Kaipara an Excellent Place to Live". Our vision is that by October 2015, Kaipara District Council will be a high performing organisation with strong community and mana whenua support.

To achieve this, the Commissioners would like to focus on five key goals between now and 2015 when they will be replaced by elected Councillors. They are:

1. Working with the people and businesses of Kaipara to encourage community and economic development
2. Rebuilding confidence and trust in the Council and democracy
3. Building a robust, financial base for Council
4. Simplifying the Council rating system
5. Building the capacity and capability of the Council organisation

What are your views on these proposed goals?
What other goals should be considered?

2

Long Term Plan Amendments

The amendments proposed this year have resulted from the Commissioners' review of the Council's finances. Next year's proposed amendments are intended to cover levels of service after those levels of service are reviewed this year.

What are your ideas on changes to the range and mix of services that we deliver?

The Commissioners believe it is important that Council supports community development initiatives and have decided to progressively increase budgets over the next 10 years to enable Council to do this. It is proposed to establish a community development fund that begins in 2013/2014 at \$20,000 (an additional \$12,500 on current budgets) rising to \$250,000 in 2022.

Do you agree that community initiatives need greater support from Council?

3

New Policy Criteria

In developing the proposed new financial strategy, the Commissioners have used six over-arching policy criteria. They are intended to help guide and address the issues of the past, while meeting the needs of the future:

1. **Simplicity** – Council's plans and policies should be clear and easy to understand. Overly complex plans and policies detract from this and have an unnecessary cost.
2. **Community support** – The revised plans and policies should be acceptable to the community.
3. **Equity** – Plans and policies should be fair and treat like with like both now and in the future. Further, those who contribute to the need for the activity should pay more.
4. **Stability/durability** – The plans and policies should be stable and have longevity to give some certainty to people over time.
5. **Affordability** – The levels of services and costs of the activities need to produce rates, fees and charges that are affordable.
6. **Fair distribution** – Use the Uniform Annual General Charge (UAGC) to ensure a fair distribution of costs across all ratepayers given the marked differences in land values across the District.

Are the new policy criteria fair?

4

Financial strategy

A number of changes are being proposed to Council's financial strategy. There are two main ones; (a) reducing debt and (b) living within our means. Both these areas can have a big impact on rates and on the level of service Council is able to provide.

(a) Reducing debt

Kaipara District Council is currently around \$80 million in debt. Commissioners are concerned about the level of risk from additional borrowing to cover the interest costs of the Mangawhai Community Wastewater Scheme debt. It had been proposed that this interest be funded by future development contributions.

If future development doesn't occur as predicted, development contributions will not be available to be collected. This means that the debt could potentially increase because if the funds were not available to be collected, Council would likely have to borrow more money to fund interest costs.

We are proposing funding a higher proportion (50% rather than the current 10%) of this interest from rates, and to repay scheme debt funded by the general rate faster. The faster repayment of debt is being made possible by the cost savings and efficiency gains that have been found, and from retaining the proposed rates increase in the 2013/2014 financial year as signalled in the Long Term Plan 2012/2022.

If we do this, over 10 years our debt will reduce from around \$80 million to around \$50 million. It will also mean development contributions will remain constant in real terms, which will reduce the risk that they might become unaffordable and discourage new development in the future.

Is trying to pay back debt faster the right thing to do?

(b) Living within our means

Historically, this Council has collected around 45% of its income from rates, compared to the national average of approximately 61%. This is why, in the past, Council needed to borrow money to pay for day-to-day operating expenses. This year's rates increase means Council now collects around 56% of its income from rates.

Commissioners have made it clear that Council cannot continue to borrow money for operating expenses. It is critical to repay debt – not increase it. We must live within our means.

There is an exception to the "not borrowing to pay for operating expenses" rule. The de-sludging of wastewater ponds, which occurs once every few years, is defined as an operating cost. If Council were to fund this from rates in the year that it occurred, there would be a significant rates spike for that year.

To prevent this, and in recognition of the fact there are benefits to this work over a prolonged period of time (i.e. more than just the year in which the de-sludging occurs), Council will continue to borrow for the cost of de-sludging wastewater ponds. This enables Council to spread the cost of undertaking this work over the intervening years before it is required again.

This is consistent with best practice and is how other councils deal with this type of situation.

A number of steps have already been taken to reduce Council's costs in order to help ease the burden on ratepayers. Expenditure reductions of some \$1.6 million in both operating and capital expenditure have been proposed for 2013/2014.

The increase in rating levels in 2012/2013, followed by the projected increase for 2013/2014, means that Council will have a more sustainable funding base. Council's base level of services can be funded with current income, financial risk is reduced and financial resilience is increased as debt is steadily reduced over a 10 year period.

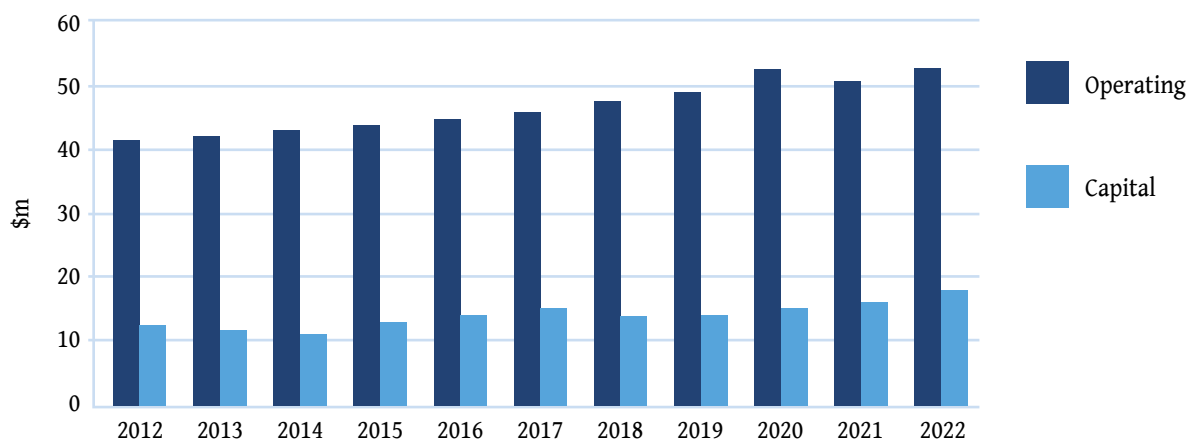
Commissioners are mindful of the impact that rates increases have on ratepayers and understand that the level of rates and the distribution proposed will impact negatively on some groups of ratepayers. However, not dealing with the sustainability and inter-generational issues is not a viable alternative and in the long run, the negative impact would be much greater.

In order to pay for the services Council provides, and to help pay back debt, the Commissioners are proposing a rates increase of 9.3% in 2013/2014. This would see average rates increase from about \$1,975 last year to \$2,163 next year. The average rate increase would see rates remaining at close to 5% of average household income in the District.

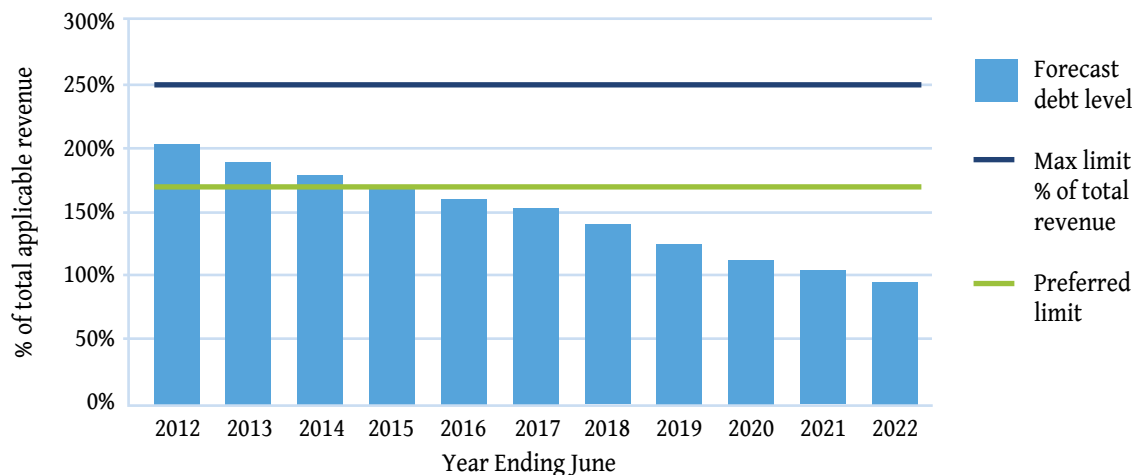
The figure of 5% was identified in the Local Government Rates Inquiry Report, dated August 2007 as being a level up to which rates could be considered to be affordable. Thereafter the rate increases will remain within the Local Government Cost Index plus 2 per cent maximum limit.

Is it right that Council pays for day to day services from revenue and not debt?

Operating and Capital Expenditure (\$m)



Projected levels compared to Council's maximum and preferred debt levels



Council is keeping spending to a basic service level with no extras.

Operating expenditure is \$473 million over the 10 years; capital expenditure is \$143 million over the same period.

Debt level reduced to acceptable levels over the 10 years from \$80 million to \$50 million. Council's preferred debt limit is reached in year 4 (2015/2016).





A simpler way of rating

We are proposing a rating scheme that's simpler and easier to understand.

Please refer to Council's website www.kaipara.govt.nz to see how the proposed amendments could affect your rates.

(a) General rate

The general rate will still be calculated on Land Value but within that there will be two differentials: 100% for residential and lifestyle land under two hectares and 155% for all other land use categories. This two-tiered system considers the effect of the use the land is put to, the likely impact this use would have on Council's roading network and the extent to which each of the two tiers should then contribute to the costs of the network.

Where the general rate is calculated on land value, people whose land value is high pay proportionally more for the services provided by Council than people whose land value is low and who therefore contribute proportionally less. To ensure that we adequately reflect the marked differences of land values in the District, and have a more equitable approach to the funding of services, we propose to increase the Uniform Annual General Charge.

We propose making the Uniform Annual General Charge \$704 per property. This is an increase of \$116 on the combined Uniform Annual General Charge and the uniform portion of the Targeted Roding rate for 2012/2013.

Some people argue that those who have more, can afford more. While accepting that this is inevitably part of the rating system, the Commissioners also believe that the application of rates is about achieving a level of fairness and equity.

Council also proposes moving some smaller targeted rates back into the general rate to help simplify the way we rate for services.

(b) Roding Costs

We propose putting roding costs back into the general rate (see above). This means that the roding differentials introduced last year would no longer apply.

(c) A consistent approach across the District for water, wastewater and stormwater infrastructure

We are proposing that all ratepayers across the District who use these services should contribute equally to the majority of operating costs for water, wastewater and stormwater infrastructure. The operating costs will then be combined with capital costs (eg, funded depreciation, interest and loan repayments) for each Scheme to calculate the rate payable in each location.

Properties which are able to be connected (that is, properties situated within a certain distance from the pipe work) would pay 75% of the rate.

This change recognises that the service being received by the end user is the same irrespective of location and so the costs should be similar.

To provide a smoother transition to the new charging regime, Commissioners are proposing to cap the level of increase payable for stormwater and wastewater network services combined to no more than 20% per annum if the increase is over \$100.

This proposal is reflected in a new rates remission policy. The cost of providing this transitional arrangement will be funded from the general rate.

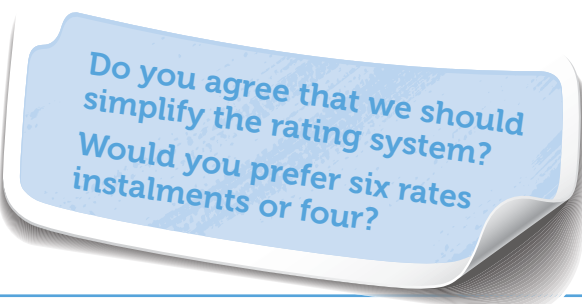
(d) Other targeted rates

We propose that all the drainage district targeted rates remain.

The targeted rate that funds the Mangawhai Harbour Restoration Society will remain. Properties situated in the area known as the Mangawhai Harbour Restoration Area directly benefit from the efforts of the Society to keep the channels and beaches of the Mangawhai Harbour passable and able to be enjoyed to their fullest. Sand dredged from the channels is often put back on the beaches.

(e) Fewer rates bills

Instead of sending out six rates invoices each year, we propose sending out four. This will help reduce administration costs.



Mangawhai Community Wastewater Scheme

How the debt is spread

As noted in the Long Term Plan 2012/2022, repayment of the principal associated with the debt for the Mangawhai Community Wastewater Scheme will be introduced in the 2013/2014 year. As a result of the review of the LTP by the Commissioners, some changes are proposed.

Prior to the Long Term Plan 2012/2022, the existing community was required to make an initial capital contribution when properties were connected to the Scheme. This contribution was assessed against each property by way of a targeted rate and property owners could choose whether to pay it in one lump sum or spread it over a two or 25 year term. There were a number of irregularities in the way in which these rates were assessed which we are proposing be addressed by a Local Bill (refer Addressing rate irregularities section on next page).

For properties that had not previously made a contribution, or had not completed paying the contribution they were making prior to contributions being stopped in the 2012/2013 financial year, it is proposed to introduce or reinstate six new targeted rates to fund an initial capital contribution. Which targeted rate will apply will depend on what has been paid in the past towards capital costs, if anything.

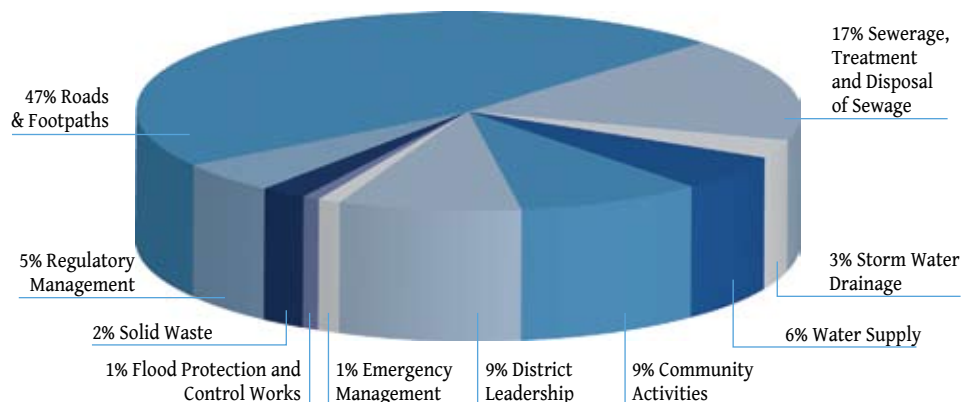
Approximately 690 properties are affected by this proposal. It will mean that all properties which are currently connected, or able to connect, will make an initial capital contribution towards the cost of building the Scheme. The contribution will be equivalent to that which had previously been implemented following completion of the Scheme in 2009. The balance of the Scheme's development costs for the existing community will be funded via the Scheme's annual targeted rate for operating costs.

We also propose re-allocating the debt that was previously allocated to the Mangawhai Harbour Restoration Area, back to those using the Scheme. This supports the approach that the user of the service should pay for that service. It is also consistent with the approach discussed with the community in early 2006 when the cost of the Scheme was forecast at \$35.6 million.

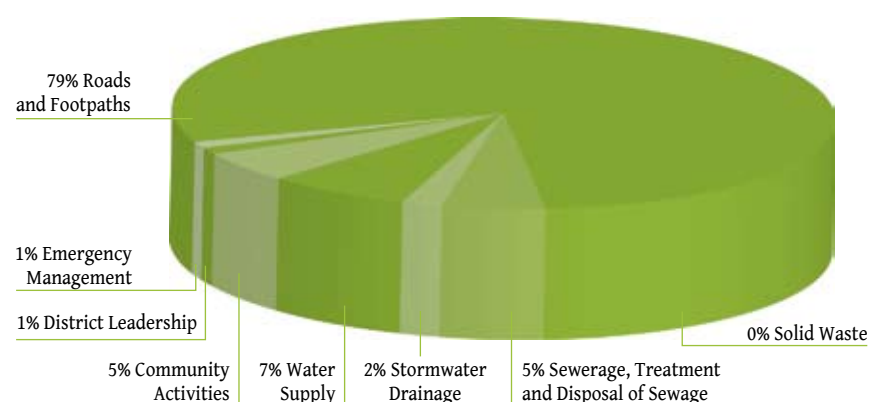
Finance at a glance

64% of operating expenditure is spent on roding and sewerage and the treatment and disposal of sewerage. A further 18% is spent on community activities and District Leadership. 79% of capital expenditure is spent on roding.

Operating Expenditure of \$43.4m for 2013/2014



Capital Expenditure of \$11.6m for 2013/2014



The costs of repaying the loan to be funded by all of the existing community have been combined with the operating costs allocated to the Mangawhai Scheme to give the new targeted rate of \$1,020.91 payable by those who are connected. These rates are collected based on Separately Used or Inhabited Parts (SUIPS) for residential properties and rating units and pan charges for non-residential.

Properties that are able to be connected (that is, properties that are situated within a certain distance of the pipe work and therefore could be connected) would pay 75% of the rate.

It is not proposed to change that portion of debt from the Mangawhai Scheme that has already been spread across the District as a whole. The previous Council accepted that the increased costs of the Scheme were not specifically discussed with the Mangawhai community before the Scheme was approved for construction and should therefore be funded from the General Rate.

How the \$58 million Mangawhai Community Wastewater Scheme debt is split:

Existing community (connected and connectable)	\$ million
District-wide (including Mangawhai connected and connectable)	13.4
New development	18.4
	26.2
	58.0

The debt attributable to the existing community can be further split as follows:

Outstanding initial capital contribution	\$ million
Remaining debt (funded via targeted rate for operating)	4.2
	9.2
	13.4

Addressing rate irregularities

The Commissioners are proposing to address the identified historical rating irregularities for the Mangawhai Community Wastewater Scheme and other Council rates through a Local Bill (or special piece of legislation) to be considered by Parliament. As part of this Bill, Council is proposing that the rates which have been assessed against each property in the past would be confirmed as valid. This includes what was called the “targeted rate” which was put in place as a contribution towards the capital costs of the Scheme. In some cases the targeted rate was paid as a lump sum. In others it was spread over a two or 25-year period.

Proposed LTP amendments

Operating costs

The annual targeted rate for operating costs is based on the same policy as all other wastewater scheme rates – an operating charge consistent with the operating charge across the District plus the defined Mangawhai capital costs to give the targeted rate of \$1,020.91. This includes repayment of the remaining Scheme debt of \$9.2 million attributable to all of the existing community.

Initial Capital Contribution

It is proposed to introduce or reinstate six new targeted rates to fund an initial capital contribution for the Mangawhai Community Wastewater Scheme for those properties connected or capable of connection to the Mangawhai wastewater network as at 30 June and that have yet to make a contribution or had not completed repayment of the rate that they had previously agreed to pay. Approximately 690 properties are affected by this proposal.

Which targeted rate will apply will depend on what has been paid in the past towards capital costs, if anything. For example, properties which originally chose the 25-year option will now be required to commence paying the balance of this rate. Ratepayers who chose to spread the payment over two years who have not paid the second instalment will be required to pay the balance.

A number of properties which are able to be connected to the Scheme, but have not as yet, made an initial capital contribution towards the cost of the Scheme. It is proposed that these properties be levied

a rate of \$676 per annum for 30 years. Details for specific properties to which these rates will apply are contained in the full Long Term Plan document.

A Payment of Rates for Subsequent Financial Year Policy

This is proposed for properties that have been assessed for the Mangawhai Wastewater Capital Contributions to be levied over more than one year. This would mean the contribution could be paid in full at the ratepayer’s option. Council recognises that ratepayers may prefer this option and that it could be economically advantageous for both the ratepayer and Council.

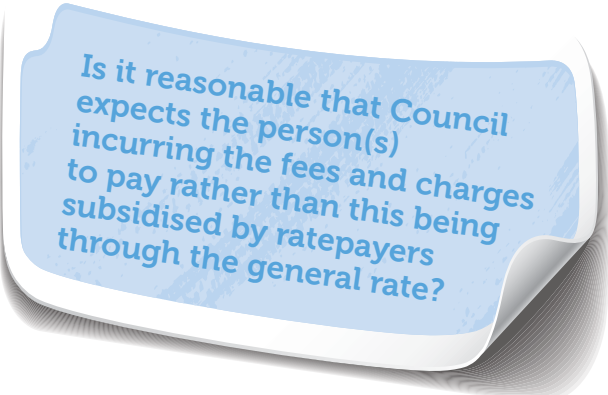
MANGAWHAI WASTEWATER		
Operating Charge	Explanation	Amount payable
Targeted rate (new)	Loan repayment costs combined with the operating costs	\$1,020.91
Plus (if applicable)		
Capital Contribution	Explanation	Amount payable
A	An initial capital contribution (of \$8,397 but spread over 30 years) to the Scheme for those who have not previously been invoiced for a capital contribution	\$676.00 (per annum for 30 years)
or		
B	Represents the second instalment of the initial capital contribution to the Scheme for those who elected to pay over two years and were invoiced for the first instalment in 2011/2012	\$4,198.50 (Council considering alternative arrangement for targeted rate to be paid over 15 years)
or		
C	Represents the second instalment of the initial capital contribution to the Scheme for those who elected to pay over two years and were invoiced for the first instalment in 2011/2012 and who were eligible for the Government subsidy	\$1,482.50 (Council considering alternative arrangement for targeted rate to be paid over 5 years)
or		
D	Represents the fifth instalment of the initial capital contribution to the Scheme for those who elected to pay over 25 years and have been invoiced for four previous instalments (or an equivalent amount). This equates to a capital amount of \$6,210.50 today.	\$569.95 (per annum for 21 years)
or		
E	Represents the fourth instalment of the initial capital contribution to the Scheme for those who elected to pay over 25 years and have been invoiced for three previous instalments (or an equivalent amount). This equates to a capital amount of \$6,728.10 today.	\$606.31 (per annum for 22 years)
or		
F	Represents the third instalment of the initial capital contribution to the Scheme for those who elected to pay over 25 years and have been invoiced for two previous instalments (or an equivalent amount). This equates to a capital amount of \$7,261.30 today.	\$643.26 (per annum for 23 years)



Fees and charges

We are proposing that where it is practical to do so, fees and charges imposed by the Council increase by 3%. This equates to the Local Government Cost Index and is a reflection of the additional costs now being incurred by councils to administer fees and charges.

There have also been changes to the resource management fees to enable Council to recover more of the costs it incurs on behalf of the person(s) seeking consent instead of this being funded from the general rate.



Proposed major changes

This table details the major changes proposed by the Commissioners to the current financial strategy.

CURRENT FINANCIAL STRATEGY	AMENDMENT
DEBT	
The debt was intended to reduce to \$60 million by 2022.	The debt is now planned to reduce to \$50 million by 2022.
BALANCING THE BUDGET	
Council has for some years run at a deficit	Council will run a balanced budget each year.
General Rate calculated on land value	Calculated on land value with two differentials (100% for residential and lifestyle land under 2 hectares; 155% for all other land use categories). Roothing costs and some of the smaller targeted rates have been incorporated into the general rate.
UNIFORM ANNUAL GENERAL CHARGE	
Set at \$353 per rating unit. Targeted Roothing Rate uniform charge – set at \$235 per rating unit	Set at \$704
TARGETED RATES	
Land Drainage. Twenty-nine targeted rates for the 29 committees, value based rates on undifferentiated land value for 28 schemes and differentiated land value for Raupo.	Retain existing drainage rates.
Mangawhai Harbour Restoration Area - undifferentiated uniform charge.	Retain Mangawhai Harbour Restoration Area charge.
Roothing rate – differentiated by land use and land value	Included in the general rate – see above
Network infrastructure rates - differentiated by Scheme for both operating and capital rates.	Network infrastructure rates. There is one rate for each Scheme, made up of operational costs (excluding depreciation and interest) across the Schemes in the District divided by the number of units in the District together with individual Scheme costs for defined capital costs (i.e. depreciation, interest and loan repayments for each Scheme divided by the number of Scheme users). Specifically: <ul style="list-style-type: none"> • Stormwater. Targeted rates for the five networks (Baylys, Dargaville, Kaiwaka, Mangawhai and Te Kopuru) are funded based on land value • Wastewater. Targeted rates for six schemes (Dargaville, Glinks Gully, Kaiwaka, Mangawhai, Maungaturoto and Te Kopuru) at 100% connection charge, 75% connectable charge and 50% for multiple pans beyond the second (non-residential only). Charge is per SUIP for residential purposes and per rating unit for non-residential. • Water. Six targeted rates for six networks (Dargaville (including Baylys), Glinks Gully, Mangawhai, Maungaturoto (Station village), Maungaturoto (Township) and Ruawai on a differential basis between metered and other properties. Volumetric charges apply for the metered properties and a fixed amount for other properties. A transition remission policy is proposed. Maximum limits for targeted rates for wastewater are proposed.
Dargaville amenities targeted rate – uniform charge differentiated between urban and rural. Dargaville Swimming Pool – undifferentiated uniform charge. Dargaville development – uniform charge differentiated between urban and rural. Ruawai Tokatoka Hall Targeted Rate – undifferentiated uniform charge.	It is proposed these smaller targeted rates be included in the general rate.
MANGAWHAI COMMUNITY WASTEWATER SCHEME CAPITAL FUNDING	
The funding for repayment of the capital for the Mangawhai Community Wastewater Scheme was suspended for a year with the intent to re-introduce a rate in year 2 – 2013/2014.	Capital costs It is proposed to introduce or reinstate six new targeted rates to fund an initial capital contribution for the Mangawhai Community Wastewater Scheme. Which targeted rate will apply will depend on what has been paid in the past towards capital costs, if anything. Operating costs The annual targeted rate for operating costs is based on the same policy as all other wastewater scheme rates.
PRINCIPLES	
The principles behind the current strategy intended to address the issues of the past and looked to meet the needs of the future were: <ul style="list-style-type: none"> • Financial prudence and sustainability – Council’s forecasted expenditure, revenue and debt levels must be balanced to ensure that we can meet our commitments to the community to deliver the services they require, meet our financial and legal obligations and preserve the capacity and flexibility to deal with unexpected changes both now and in the longer term • Levels of service – ensuring that we can continue to deliver the services required to meet the needs of our communities • Intergenerational equity – a concept of achieving fairness between customers over time by ensuring that current ratepayers and future ratepayers each contribute to the cost of the assets they benefit from • Ratepayer affordability – rates and services must be balanced in a way that is affordable for ratepayers now and in the future • Efficiency and effectiveness – services should be delivered efficiently and with a view to providing for community needs in an economical and effective way. 	The main framework for the amendment is: Principles within the Local Government Rating Act plus: <ul style="list-style-type: none"> • Simplicity – Council’s plans and policies should be clear and easy to understand. Overly complex plans and policies detract from this and have an unnecessary cost • Community support – The revised plans and policies should be acceptable to the community • Equity – Plans and policies should be fair and treat like with like both now and in the future. Those who place extra demands on Council services should pay more • Stability/durability – The plans and policies should be stable and have longevity and so give some certainty to people over time • Affordability – The levels of services and costs of the activities need to produce rates, fees and charges that are affordable for people • Fair distribution – The use of the Uniform Annual General Charges (UAGC) to ensure a fair distribution of costs across all ratepayers given the marked difference in land values across the District.

Submission form

Full copies of the draft Annual Plan 2013/2014 and proposed amendments to the Long Term Plan 2012/2022 are available from local libraries and council offices in Dargaville and Kaiwaka. You can also view the document on www.kaipara.govt.nz.

Making a submission is easy, just put your thoughts on paper, use this form or fill in a form online at www.kaipara.govt.nz.

Once you have completed your submission you can:

- **DELIVER IT** to either of Council's offices in Dargaville or Kaiwaka
- **ENTER IT** online at www.kaipara.govt.nz
- **POST IT** to Kaipara District Council, Private Bag 1001, Dargaville 0340
- **EMAIL IT** to council@kaipara.govt.nz
- **FAX IT** to 09 439 6756

We must receive your form by 4.00pm, Friday April 19 2013 for it to be considered. For help call 0800 727 059 or 0800 100 388.

Your details:

First name: _____ Last name: _____

Your organisation/company (if applicable)

Postal address:

Email address:

Phone day: _____ Phone night: _____

Mobile:

In the future, would you like to receive news from Council direct to your email inbox? (tick one)

Yes ☐ No ☐

Do you wish to speak in support of this submission?

Yes ☐ No ☐

If 'yes', please tick the venue you would prefer to speak at:

Monday, May 13 at Dargaville ☐

Tuesday, May 14 at Maungaturoto ☐

Wednesday, May 15 at Mangawhai ☐

or (if needed) Thursday May 16 at Mangawhai ☐

Signature _____ Date: _____

Tips for writing a submission

- State clearly whether you support or oppose a proposal.
- Use simple language, short sentences.
- Draw diagrams or pictures if that will help explain your point.

What next?

If you wish to speak in support of your submission, you will be contacted with a proposed speaking slot. You can choose which location you wish to speak at.

After the hearings

Commissioners will consider the submissions received on 21 May 2013 at a public meeting in Dargaville. You are welcome to attend.

The Annual Plan 2013/2014 and amendments to the Long Term Plan 2012/2022 will be adopted on June 25 2013. All those who have made a submission will receive a letter in July advising what decisions were made.

Audit Opinion

The proposed amendment to the Long Term Plan 2012/2022 has been subject to audit as required under the Local Government Act 2002 (the Act). The opinion, whilst unmodified, draws attention to three areas of risk in relation to the forecasting assumptions associated with the Council's new proposed financial strategy. These being the reliance on significant development contributions to help repay debt associated with the Mangawhai Community Waste Water Scheme, the legal issues associated with past targeted rates and the results of an impending review of Council's levels of service and asset management plans in the next 12 months. The audit opinion states that in preparing the amendment to the Long Term Plan Council has complied with the requirements of the Act and that the underlying information assumptions provide a reasonable and supportable basis for the preparation of the forecast information. A copy of the full opinion is contained on pages 134-137 of the Annual Plan 2013/2014 including proposed amendments to the Long Term Plan 2012/2022.

Have your say...

We need your comments by
4.00pm Friday 19 April 2013.

1 Vision and strategic goals

The Commissioners want to make Kaipara an excellent place to live. Their vision is that by October 2015 the Kaipara District Council will be a high performing organisation with strong community and mana whenua support, ready for a return to elected Councillors. The Commissioners have five key goals:

- Working with the people and businesses of Kaipara to encourage community and economic development
- Rebuilding confidence and trust in the Council and democracy
- Building a robust financial base for Council
- Simplifying the way we rate for services
- Building the capacity and capability of the Council organisation

Do you agree with the goals set for the period to 2015?

Yes ☐ No ☐ Neutral ☐

What other goal or goals would you like to see considered for Kaipara District Council to become a high performing organisation with strong community and mana whenua support?

I would like the Commissioners to consider

2 Looking forward to further LTP amendments in 2014/2015

Levels of Service

The amendments proposed this year have resulted from a review of Council's finances. Next year's proposed amendments are intended to cover levels of service. Looking ahead, what changes would you like to see to levels of service?

Do you support Council maintaining the current levels of service it provides?

Yes ☐ No ☐ Neutral ☐

What changes in service levels would you like to see Council make?

I would like Council to

Community initiatives

It has been decided to progressively increase budgets to allow the Council to support community initiatives. What community initiatives or new services do you think Council should support?

Do you agree that community initiatives need greater support from Council?

Yes ☐ No ☐ Neutral ☐

What community initiative(s) would you like to see Council support?

I would like Council to support



SUBMISSION FORM

3 New Policy Criteria

Six policy criteria were used to help develop the proposed new Financial Strategy. They are simplicity, community support, equity, stability/durability, affordability and fair distribution.

Are the new policy criteria fair?

Yes ☐ No ☐ Neutral ☐

What other criteria should Council consider and why?

I think Council should consider

4 Financial approach

Debt reduction:

The Commissioners are proposing a more assertive approach to debt reduction. They are particularly concerned about the level of risk associated with some of the interest costs around the Mangawhai Community Wastewater Scheme debt where this was to be serviced by future development. At present this debt is largely being funded by additional borrowing. It is proposed to fund a higher proportion of this interest from rates and to increase the speed at which Council repays general rate debt related to the Scheme. The debt can be likened to a mortgage – the more quickly you can pay off your mortgage the less you pay overall. It's the same with Council debt.

If Council can pay debt off quicker using the efficiency gains the Commissioners have made thereby reducing the risk and the overall cost of the debt to ratepayers, should it?

Yes ☐ No ☐ Neutral ☐

Council should/should not pay off debt more quickly because

Living within our means:

The Commissioners see it as important that we pay our way and balance the books. It is proposed that rates will increase by an average of around 9.3% in 2013/2014. This new rate sees the average general rate remaining close to 5% of average household income. Remember that Council had been keeping rates artificially low by borrowing money instead of collecting enough to cover what was needed to cover day to day operating expenses.

Do you support the principle of paying for day to day services from revenue and not incurring more debt to pay for these?

Yes ☐ No ☐ Neutral ☐

What should Council be doing to live within its means?

I think Council should

5 Simplifying the way we rate

The Commissioners want to simplify the way we rate for services. They want a District-wide approach to rates where possible and they want a system that is less complex and easier to understand. This will mean that there will be another year of substantial change for a number of ratepayers and these changes will affect ratepayers in different ways. What is proposed is:

General Rate

The general rate will still be calculated on Land Value but within that there will be two differentials (100% for residential and lifestyle land under 2 hectares; 155% for all other land use categories). Last year's Long Term Plan introduced a series of differentials for roading.

Commissioners propose removing the roading differentials altogether and introducing a two-tiered system for the general rate. It is proposed to set the Uniform Annual General Charge at \$704.

Roading Activity Rates

Roading costs are included in the general rate removing the roading targeted rate.

Network Infrastructure Rates (water, wastewater and stormwater)

The Commissioners are proposing that all ratepayers across the District who use these services should contribute equally to the majority of operating costs for water, wastewater and stormwater infrastructure. The operating costs are then combined with capital costs (ie depreciation, interest and loan repayments) for each scheme to calculate the rate payable in each location. Connectable properties would pay 75% of the rate assessed for each location. This recognises that the service being received by the end user is the same irrespective of location and that the costs should be similar.

Council is proposing to cap the level of increase payable for the operational costs of stormwater and wastewater network services combined to no more than 20% per annum if the increase is more than \$100. The cost of providing this transitional arrangement will be funded from the general rate.

Other targeted rates

All 29 drainage district targeted rates have been retained. The targeted rate that funds the Mangawhai Harbour Restoration Society work will also remain.

Instalments

To reduce administration costs, it is proposed that Kaipara District Council send out four rates instalment notices each year instead of six.

Is it important that Council's rates are less complex and easier to understand?

Yes ☐ No ☐ Neutral ☐

Additional comments:

Council is proposing a District-wide approach to the way it rates for the operating costs of its water and wastewater schemes. Do you believe that if the service being received by the end user is the same irrespective of location the costs should also be similar?

Yes ☐ No ☐ Neutral ☐

Is there a different approach that Council should consider?

My suggestion is

Do you agree with Council reducing the number of rates instalments from six to four a year?

Yes ☐ No ☐ Neutral ☐

What is the right number of rates instalments?

☐ is the right number of instalments because

6 Mangawhai Community Wastewater Scheme

The Commissioners are proposing a number of changes to the way in which the Mangawhai Community Wastewater Scheme costs will be funded.

To address the previous rating irregularities Council is promoting a Local Bill to validate the rates against each property. This includes what was called the "targeted rate" which was put in place as a contribution towards the capital costs of the scheme. In some cases the targeted rate was paid as a 'lump sum'; in others it was spread over a two or 25-year period. Those who have not completed payment of their previous capital contribution will now be required to recommence payment. Properties that have not made an initial capital contribution will also be required to commence paying a targeted rate of \$678.30 per annum for 30 years so that they make an initial capital contribution consistent with that paid by other properties. This will ensure that all existing properties make a similar 'upfront' capital contribution towards the cost of the Scheme.

The loan repayment costs associated with the remaining debt which is attributable to existing properties (the capital costs) have been combined with the operating costs allocated to the Mangawhai Scheme to give the new targeted rate of \$1,020.91 payable by those who are connected to the Scheme. These rates are collected based on Separately Used or Inhabited Parts (SUIPS) for residential properties and rating units and pan charges for non-residential.

Should all parties be required to make an initial capital contribution?

Yes ☐ No ☐ Neutral ☐

Do you support the way in which Council has allocated the Scheme debt?

Yes ☐ No ☐ Neutral ☐

If this debt is to be paid by the District how do you think it should be allocated?

7 Fees and Charges

We are proposing that where it is practical to do so, fees and charges imposed by the Council increase by 3.1%. There have also been changes to the resource management fees to enable Council to recover more of the costs it incurs on behalf of the person(s) seeking consent instead of this being funded from the General Rate.

Is it reasonable that Council expects the person(s) incurring the fees and charges to pay rather than this being subsidised by you the ratepayer through the general rate?

Yes ☐ No ☐ Neutral ☐

Additional comments:

8 Other

Is there anything else you want to say?

