



# AGENDA

## Emergency Council Meeting Wednesday, 14 July 2021

**Date** Wednesday, 14 July 2021

**Time** 2.30pm

**Location** Council Chamber  
District Council Building  
King George Place  
Timaru

**File Reference** 1434356

## **Timaru District Council**

**Notice is hereby given that a meeting of the Emergency Council will be held in the Council Chamber, District Council Building, King George Place, Timaru, on Wednesday 14 July 2021, at 2.30pm.**

### **Council Members**

Mayor Nigel Bowen (Chairperson), Cllrs Allan Booth, Peter Burt, Barbara Gilchrist, Richard Lyon, Gavin Oliver, Paddy O'Reilly, Sally Parker, Stu Piddington and Steve Wills

Quorum – no less than 5 members

### **Local Authorities (Members' Interests) Act 1968**

Councillors are reminded that if they have a pecuniary interest in any item on the agenda, then they must declare this interest and refrain from discussing or voting on this item and are advised to withdraw from the meeting table.

Bede Carran

**Chief Executive**

**Order Of Business**

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- 1 Apologies**
- 2 Declaration of Conflict of Interest**

### 3 Reports

#### 3.1 Adoption of Timaru District Council Long Term Plan 2021-31

**Author:** Ann Fitzgerald, Corporate Planner  
Mark Low, Strategy and Corporate Planning Manager  
Sandy Hogg, Management Accountant  
Jason Rivett, Acting Chief Financial Officer

**Authoriser:** Bede Carran, Chief Executive

##### Recommendations

That Council:

- 1 Amends the Rates Remission and Postponement Policy, included in the Long Term Plan, removing the requirement for a statutory declaration from applicants for remissions on separate self-contained flats.
- 2 Agrees to move the following capital projects in the Council's work programme to ensure the Council remains under the Debt cap of 2.1 in 2026/27:
  - Water Metering from Year 4-6 to Year 5-8
  - Claremont Water Treatment Plant upgrade from Year 8 to Year 9
- 3 Sets the Fees and Charges for 2021/22.
- 4 Adopts the Financial Strategy 2021-31.
- 5 Adopts the Infrastructure Strategy 2021-2051.
- 6 Resolves to permit an unbalanced budget in accordance with Section 100 of the Local Government Act 2002 for Year 3 (2023/24) of the Long Term Plan 2021-31.
- 7 Adopts the Long Term Plan 2021-31.
- 8 Authorises the Chief Executive to make any non-material changes to the Long Term Plan 2021/31 prior to publication to improve the quality and the readability.

##### Purpose of Report

- 1 The purpose of this report is to present the final Long Term Plan (LTP) 2021-31, including the Financial Strategy 2021-31 and the Infrastructure Strategy 2021-51, for adoption.
- 2 The report also presents the Fees and Charges for the period 1 July 2021 to 30 June 2022 for adoption.

##### Assessment of Significance

- 3 The LTP is the key Council 10 year planning document, outlining the Council's strategic direction, levels of service, priorities and work programmes, and how services are funded.
- 4 The LTP is highly significant in terms of Council's Significance and Engagement Policy, and accordingly there has been extensive community consultation on the proposed plan using the Special Consultative Procedure outlined in sections 83 and 93A of the Local Government Act 2002.

- 5 The adoption of the above recommendations concludes the LTP process.

### **Background**

- 6 The Local Government Act 2002 (LGA) requires all local authorities to develop a 10 year LTP. The purpose of the plan is to outline how the Council will work towards achieving its strategic direction, and progressing community wellbeing outcomes through the provision of its activities.
- 7 Schedule 10 of the LGA specifies the minimum information and content that must be included in the LTP, including Community Outcomes, Groups of Activities (describing levels of service, capital expenditure, and funding impact statements), Council Controlled Organisations, development of Maori capacity and contribution to Council's decision-making processes, Financial strategy, Infrastructure strategy, Policies (Revenue and Financing, Significance and Engagement; Rates Remissions and Postponement) Forecast Financial Statements, Balanced Budget (as discussed below) Rating Base information, Reserve Funds, and Significant Forecasting Assumptions.
- 8 Section 101A of the LGA requires Council to adopt a Financial Strategy for the 10 year period of the LTP. A summary of the Financial Strategy is included in the Overview section and the full strategy is in the Financial Information section of the LTP.
- 9 Section 101B of the LGA requires Council to adopt an Infrastructure Strategy for a period of at least 30 years, commencing year one of the LTP. A summary of the Infrastructure Strategy is included in the Overview section.
- 10 The LTP includes the Annual Plan for 2021/22 and the budget for the ten year period – 2021/22 to 2030/31. The 2022/23 and 2023/24 Annual Plans will be based on the 2021-31 LTP. The LTP is founded on Activity Management Plans that outline the levels of service that will be provided for each activity, issues impacting on the Council, detailed asset information, and financial data.
- 11 The LTP 2021-31 must be adopted before the commencement of the first year to which it relates (1 July 2021), and continues in force until the close of the third consecutive year to which it relates. Adoption of the LTP enables Council to set the rates for the 2021/22 rating year.
- 12 The original intention to adopt the plan on 29 June was unable to be achieved, due to further changes required by Audit NZ following advice received on 29 June that audit clearance could not be given. This is further discussed under the Audit section below.

### **Discussion**

#### **Long Term Plan**

- 13 The LTP 2021-31 document has been developed based on the content of the Consultation Document and supporting documents approved by Council on 9 April 2021.
- 14 Feedback from the community on the proposals in the Consultation Document was sought from 10 April to 10 May 2021. The Council met on 31 May – 2 June and 8 June 2021 to hear submissions, deliberate and make final decisions regarding submissions and community feedback received on the LTP.
- 15 Decisions made at this meeting have been incorporated in the full LTP document. A schedule of the changes is attached as Appendix One.

16 The substantive changes are:

- An overall increase of 11.5% in funds collected from rates for 2021/22, an increase of 1% from the 10.5% that was proposed in the Consultation Document.
- Reductions in the Roothing and Footpaths work programme as a result of the Waka Kotahi decision to reduce funding to Council for subsidisable roading works. The reductions are a total of \$16.9 million reduction in the capital delivery programme and \$3.9 million in operating expenditure over the 10 years of the long term plan.
- The funding impact of the \$16.4 million reduction in the New Zealand Transport Agency funding assistance rates over the 10 year LTP has been reflected due to Waka Kotahi's decision to reduce the programme of work funded. It is relevant to note that the \$16.4 million reduction has been adjusted to reflect Waka Kotahi funding of, approximately \$2.3 million, for roading repair work resulting from the flooding events at the end of May/beginning of June.
- The financial statements have been updated to reflect a forecast year end position at 30 June 2021 based on a reforecast completed at 30 April 2021.
- The total capital expenditure work programme is decreasing from \$566m to \$557m (as a result of the decreased roading programme and rephasing of projects).
- The operating budgets reflect reserve movements over the 10 year life of the LTP.
- The Financial Strategy has been amended to account for an unbalanced budget in Year 3 of the LTP.

17 The following policies that are required as part of the LTP have already been adopted by Council.

- Significance and Engagement Policy – adopted 15 February 2021.
- Revenue and Financing Policy – adopted 8 June 2021.
- Rates Remission and Postponement Policy – adopted 2 March 2021.
- Financial Contributions Policy – no change from 2018 LTP.
- Rates Discount Policy – Council repealed this policy on 8 June 2021.

18 The final LTP will include an opinion from the Auditor General on the extent to which the Council has complied with the requirements of the Local Government Act and the quality of the information and assumptions underlying the forecast information provided in the plan.

19 Audit New Zealand (Audit NZ) and the Office of the Auditor General (OAG) have reviewed the changes made to the plan content since the audit of the Consultation Document and supporting documents in April 2021.

20 An update on the status of the audit opinion will be given at the meeting. Audit NZ will also present an 'Independent Auditor's Report' at the meeting and this report will be included in the final LTP.

### **Unbalanced Budget**

21 Under section 100 of the Local Government Act 2002, Council is required to set a balanced budget where operating revenue is equal to expenditure. Council may only operate an unbalanced budget where this can be shown to be financially prudent. Council intends to operate an unbalanced budget during the term of the LTP in year 3, 2023/2024 of the LTP.



- 22 These matters are:
- the estimated expense of achieving and maintaining the predicted levels of service provision set out in the LTP, including estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
  - the projected revenue available to fund the estimated expense associated with maintaining the service capacity and integrity of assets throughout their useful life; and
  - the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
  - the funding and financial policies adopted under section 102.
- 23 Officers have assessed the matters outlined above and the proposed LTP has set projected operating revenues for one year at levels less than would be required to meet projected operating costs. This occurs in year 3, 2023/2024 where an operating deficit of \$2.3 million (rounded) is proposed.
- 24 The key reason for the unbalanced budget deficit in this year is primarily due to the decrease in the forecast District Planning Surplus in 2024. Over the course of the ten year plan Council reverts to maintaining surpluses sufficient to cover its expenses. Council has decided that it is prudent to take this approach as it allows Council to achieve its long-term goal in a way and pace that is affordable to our ratepayers, with rates being levied at a constant 4.9% per year rather than an increase in only 2023/24 to accommodate this change.
- 25 The unbalanced budget in one year constitutes prudent financial management over the course of the 10 years of the Plan given Council's strong financial position. This approach best promotes the current and future interests of the community.

#### **Audit NZ Post 29 June Review**

- 26 Following receipt of advice from Audit NZ on 29 June that audit clearance was unable to be given, further work has been carried out to meet audit expectations.
- 27 The main issue raised by Audit NZ related to how Council's 90% annual achievement of Capital Delivery is reflected in the financial statements and made clear to the reader of the LTP.
- 28 Addressing this issue has required considerable work to the budget model and document to reflect this, including:
- Restating each Group of Activities Funding Impact Statement (FIS) to reflect 90% capital delivery
  - Adding Corporate Activities into the document as a Group of Activities. Corporate Activities represent internal activities (e.g. Customer services, IT, Finance) that enable Council to deliver its services. The reason for this is to give the reader full transparency and disclosure of Council activities.
  - Reflecting the consequential changes through the Financial Statements, rating, disclosures and strategies.
  - Adding various commentary disclosures throughout the document to reflect this.
- 29 The consequence of these changes meant that in Year 6 (2026/27), Council was to break its Net Debt to Total Income limit (Debt Affordability Benchmark) of 2.1. To address this,

Officers recommend that the following capital projects are moved in the work programme to ensure Council stays under the debt cap for this year:

- Water Metering from Year 4-6 to Year 5-8
- Claremont Water Treatment Plant upgrade from Year 8 to Year 9

This will have no effect on levels of service.

- 30 These changes have also had a minor effect on rating examples for 2021/22 (but not the overall rating increase).

### **Fees and Charges 2021/22**

- 31 The schedule of fees and charges for 2021/22 is attached. These include some small increases for a number of activities to reflect the costs associated with providing these services and facilities. In some areas, fees and charges are being impacted by changing market conditions or government regulation, such as progressive increases in the waste levy on all waste sent to landfill. Fees for Special Waste Streams are being deleted from the document, as these are now the responsibility of and set by the contractor.

### **Rates Remission and Postponement Policy**

- 32 This policy was reviewed as part of the development of the LTP 2021-31 and was adopted by Council with no material amendments on 2 March 2021.
- 33 Officers are now recommending a minor amendment to the Remission on Separate Self-Contained Flats to improve the administration of this remission. The Policy currently states:
- (a) The Council may remit the rates where the application meets the following criteria:
    - (i) The ratepayer has submitted a statutory declaration stating that the separate inhabitable unit/self-contained flat is used for extended family members or private use only and is not leased, or rented for any period of the previous year and not intended so for the next rating year.
- 34 The requirement for the ratepayer to sign a statutory declaration can cause an unnecessary burden for ratepayers and ratepayers when administering this remission.
- 35 Officers are recommending removing the requirement for a statutory declaration and replacing it with a requirement to complete a signed application attesting that the unit or flat is used for extended family members or private use only and is not leased or rented. Attachment 2 shows the proposed change.
- 36 Due to the largely administrative nature of this proposed amendment it is considered to be of low significance when assessed against Council's Significance and Engagement Policy. The change has no substantive effect or change to the purpose and intent of the policy. It addresses an administrative and compliance matter and will ease the process for the community and Council officers.



### **Relevant Legislation, Council Policy and Plans**

- 37 Local Government Act 2002, particularly section 93.

**Financial and Funding Implications**

- 38 There are no funding implications specifically associated with this report. Costs associated with the preparation of the LTP including community engagement and audit processes are budgeted for.

**Attachments**

1. LTP 2021-31 14 July for Adoption (under separate cover) 
2. 2021/2022 Fees and Charges - Final for Adoption (under separate cover) 

### 3.2 Resolution to Set Rates 2021/2022

**Author:** Sandy Hogg, Management Accountant  
Jason Rivett, Acting Chief Financial Officer

**Authoriser:** Bede Carran, Chief Executive

#### **Recommendation**

That following adoption of the Long Term Plan 2021-31 and in accordance with the Funding Impact Statement (FIS) and relevant provisions of the Long Term Plan, Council sets and assesses the rates in the following resolution

#### **Purpose of Report**

- 1 To set and assess the rates for the 2021/22 financial year.

#### **Assessment of Significance**

- 2 Setting of the rates is the final step to enable rates to be levied for the 2021/22 year. This has high significance.
- 3 There has been extensive community consultation on the proposed Long Term Plan using the Special Consultative Procedure outlined in Sections 83 and 93A of the Local Government Act 2002.

#### **Background**

- 4 Rates are set and assessed in accordance with requirements of the Local Government (Rating) Act 2002 and the Local Government Act 2002.
- 5 Following the adoption of the Long Term Plan 2021-31, Council is required to adopt a rates resolution which formally sets the rates for the 2021/22 rating year.
- 6 The rates resolution must be made after the Long Term Plan 2021-2031 has been adopted.

#### **Discussion**

- 7 Due to the significance of rates revenue and the complex requirements of rates resolutions, legal advice has been obtained to ensure that all parts of the Funding Impact Statement (FIS) and rates resolutions are strictly compliant with legal requirements.

#### **Risks**

- 8 If the information in the resolution is not accurate the rates setting process could be invalid. The wording and calculations have been prepared and checked by members of the Finance Team to ensure the information is correct. In addition an external legal review has been obtained.
- 9 The rating model has been used for a number of years and the output from the rates resolution has been run through the rating model to ensure that the revenue generated is correct.

- 10 Should the Long Term Plan not be adopted at the meeting, the rates setting process cannot proceed.

### **Timaru District Council Rates Resolution 2021/22**

#### **That Council resolves:**

- 1 To set the following rates under the Local Government (Rating) Act 2002, on rating units in the district for the financial year commencing 1 July 2021 and ending on 30 June 2022. Such rates shall become due and payable by instalments on the dates prescribed in clause 11 of this resolution.

- 2 All rates and charges are inclusive of the Goods and Services Tax (GST).

#### **3 General Rate**

That pursuant to Section 13(2)(b) and Section 14 of the Local Government (Rating) Act 2002 a general rate set as a rate in the dollar on the land value of all rating units within the Timaru District, assessed on a differential basis as described below:

Timaru District - Accommodation	\$0.01174
Timaru District - Commercial Central	\$0.01174
Timaru District - Commercial Other	\$0.01174
Timaru District - Community Services	\$0.00270
Timaru District - Industrial	\$0.01174
Timaru District - Primary	\$0.00181
Timaru District - Recreational	\$0.00270
Timaru District - Residential General	\$0.00270
Timaru District - Residential Multi Unit	\$0.00521

Differentials are defined in the Funding Impact Statement 2021-31.

#### **4 Uniform Annual General Charge**

That pursuant to Section 15(1)(a) of the Local Government (Rating) Act 2002 a uniform annual general charge of \$870.00 per rating unit is set and assessed on every rating unit within the Timaru District.

#### **5 Community Works and Services**

That pursuant to Section 16(3)(b) and (4)(a) of the Local Government (Rating) Act 2002 a targeted community works and services rate set and assessed as a rate in the dollar on the land value of all rating units within each of the community areas where the service is provided. Community areas are defined in the Funding Impact Statement 2021-31.

Geraldine	\$0.00148
Rural	\$0.00005
Temuka	\$0.00165
Timaru	\$0.00115

**6 Community Board**

That pursuant to Section 16(3)(b) and (4)(a) of the Local Government (Rating) Act 2002, targeted uniform annual Community Board rates set and assessed per rating unit within each of the Temuka, Geraldine and Pleasant Point Wards.

Geraldine	\$5.00
Pleasant Point	\$5.00
Temuka	\$3.50

**7 Sewer**

That pursuant to Section 16(3)(b) and (4)(a) of the Local Government (Rating) Act 2002 a targeted uniform rate for sewerage disposal set per water closet or urinal connected either directly or through a private drain to a public sewerage drain subject to the proviso that every rating unit used primarily as a residence of not more than one household shall be treated to have not more than one water closet or urinal.

Sewer	\$339.00
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**8 Waste Management**

That pursuant to Section 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002 a differential targeted rate set and assessed on all rateable and non-rateable rating units based on the extent to which the “four bin” waste collection service is actually provided

- (a) of \$162.00 per standard size “four bins” provided to each rating unit;
- (b) of \$210.00 per large “four bins” provided to each rating unit;
- (c) of \$41.00 per additional small (140 litres) recycling bin provided to each rating unit; and
- (d) of \$46.00 per additional large (240 litres) recycling bin provided to each rating unit; and
- (e) of \$63.00 per additional small (140 litres) compost bin provided to each rating unit; and
- (f) of \$73.00 per additional large (240 litres) compost bin provided to each rating unit; and
- (g) of \$78.00 per additional small (140 litres) rubbish bin provided to each rating unit; and
- (h) of \$110.00 per additional large (240 litres) rubbish bin provided to each rating unit; and
- (i) of \$41.00 per additional small (80 litres) glass bin provided to each rating unit.
- (j) of \$46.00 per additional large (240 litres) glass bin provided to each rating unit.

**9 Water**

That pursuant to Section 16(3)(b), (4)(b) and section 19 of the Local Government (Rating) Act 2002 targeted rates for the supply of water in the following areas as follows.

- (a) Urban Water

A differential annual rate of \$442.00 set and assessed per separately used or inhabited part of a rating unit for all connected rating units and \$221.00 set and assessed per rating unit on all rating units situated within 100 metres from any part of the water works to which water can be but is not supplied within the urban areas Geraldine, Pleasant Point, Peel Forest, Temuka, Timaru and Winchester urban supplies.

Differential categories are defined in the Funding Impact Statement 2021-31.

## (b) Rural Water

(i) **The Rangitata-Orari Water Supply District**

A targeted rate of \$16.50 set and assessed per hectare within the rating unit.

(ii) **The Te Moana Downs Water Supply District**

- a) A targeted rate of \$252.00 set and assessed for each unit of water supplied;
- b) A targeted rate of \$527.00 set and assessed for each tank except where there is more than one tank to any rating unit as a technical requirement of the scheme, in which case only one charge will apply.

(iii) **The Orari Township Water Supply District**

A targeted rate of \$345.00 set and assessed for each unit of water supplied.

(iv) **The Seadown Water Supply District**

- a) A targeted rate of \$28.60 set and assessed per hectare within the rating unit;
- b) A targeted rate of \$713.00 set and assessed per separately used or inhabited part of a rating unit for each domestic supply;

(v) **Beautiful Valley Water Supply District**

A targeted rate of \$8.90 set and assessed per hectare within the rating unit.

(vi) **Downlands Water Supply District**

On so much of the rating unit appearing on District Valuation Rolls number 24640, 24660, 24670, 24680, 24690, 24700, 24710, 24820, 24840, 24850, 24860, and part 25033, as is situated within the Downlands Water Supply District.

- a) A targeted rate of \$774.00 set and assessed for each separately used or inhabited part of a rating unit within the Pareora Township and for rating units used as halls within the scheme.
- b) A targeted rate of \$1,326.00 set and assessed per rating unit for rating units used as schools within the Pareora Township.
- c) In addition, a targeted rate of \$553.00 set and assessed for each separate connection (excluding Pareora Township) to the water supply except where there is more than one connection to any rating unit as a technical requirement of the scheme, in which case only one charge will apply.
- d) In addition to the charge assessed in (c) above, a targeted rate of \$221.00 set and assessed per unit of water or where water supplied in one half units a charge of \$110.50 set and assessed per half unit supplied.

Differential categories are defined in the Funding Impact Statement 2021-31.

## (c) Water by Meter

Targeted rates for water supply, set under Section 19 of the Local Government (Rating) Act 2002 per cubic metre of water consumed to any rating unit situated in the following areas which has been fitted with a water meter:

Seadown	\$0.94
Urban	\$0.72

**10 Community Centre**

That pursuant to Section 16(3)(b) and (4)(a) of the Local Government (Rating) Act 2002, the following uniform targeted rates are set and assessed in respect of each separately used or inhabited part of a rating unit situated in the following Community Centre Areas:

Claremont Community Centre	\$19.00
Fairview Community Centre	\$30.00
Kingsdown Community Centre	\$36.00
Otipua Community Centre	\$19.00
Seadown Community Centre	\$33.00

**11 Instalment Dates**

The above rates and charges (except for metered water) are due and payable in four equal instalments on the following dates:

**All Ratepayers**

<b>Instalment</b>	<b>Due Date</b>
1	20 September 2021
2	20 December 2021
3	21 March 2022
4	20 June 2022

The due dates for metered water charges are as follows:

<b>Month invoice raised</b>	<b>Due Date</b>
July 2021	20 August 2021
August 2021	20 September 2021
September 2021	20 October 2021
October 2021	22 November 2021
November 2021	20 December 2021
December 2021	20 January 2022
January 2022	21 February 2022
February 2022	21 March 2022
March 2022	20 April 2022
April 2022	20 May 2022
May 2022	20 June 2022
June 2022	20 July 2022



**12 Penalties**

That pursuant to Section 57 of the Local Government (Rating) Act 2002 the District Council prescribes the following penalties to be added to unpaid rates:-

**(a) A Penalty**

A penalty under section 58(1)(a) of 10% of the amount of the instalment remaining unpaid will be added if not paid on or before the instalment due date, on the following dates:

<b>Instalment</b>	<b>Penalty Date</b>
1	24 September 2021
2	24 December 2021
3	25 March 2022
4	24 June 2022

**(b) Further Penalties**

A further penalty under section 58(1)(b) and 58(1)(c) of 10% of the amount of any rates assessed in any previous financial year remaining unpaid on 7 July 2021 will be added on 24 September 2021. An additional penalty will be added to any unpaid rates assessed in any previous financial years that remain unpaid on 25 March 2022. This penalty will be added on 25 March 2022.

Penalties will not be applied to the metered water targeted rates.

**Attachments**

**Nil**