

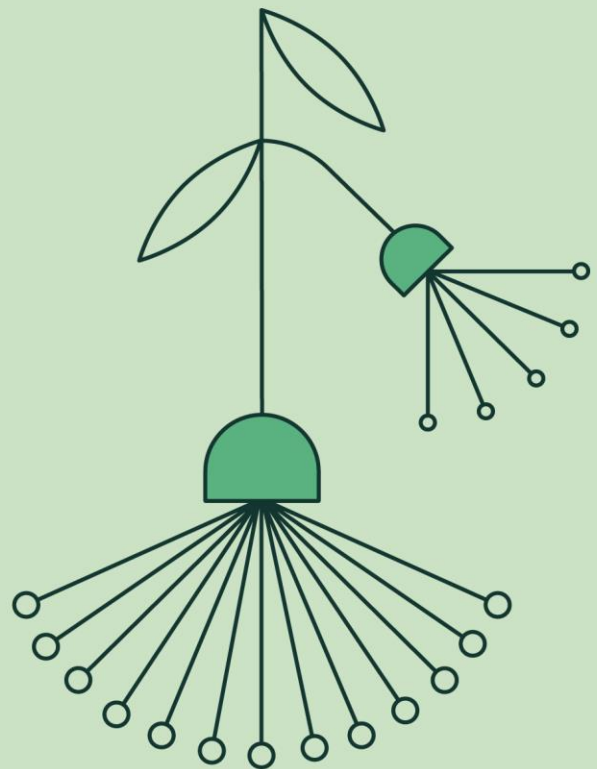
Mā tō tātou takiwā
For our District

Annual Plan and Long Term Plan Committee

Komiti Kaupapa Tiro Whakamua

APLTP23-2

Tuesday, 28 March 2023, 2.30pm
Council Chambers, Barkes Corner,
1484 Cameron Road, Tauranga



Annual Plan and Long Term Plan Committee

Membership:

Chairperson	Deputy Mayor John Scrimgeour
Deputy Chairperson	Cr Rodney Joyce
Members	Cr Tracey Coxhead Cr Richard Crawford Cr Grant Dally Mayor James Denyer Cr Murray Grainger Cr Anne Henry Cr Margaret Murray-Benge Cr Allan Sole Cr Don Thwaites Cr Andy Wichers
Quorum	Six (6)
Frequency	As required

Role:

To manage the process of development of the Annual Plan, Long Term Plan and amendments, including the determination of the nature and extent of community engagement approaches to be deployed.

Scope:

To undertake on behalf of Council all processes and actions precedent to the final adoption of the Annual Plan, Long Term Plan and any amendments including, but not limited to:

- The development of consultation documents and supporting information,
- Community engagement approaches and associated special consultative processes (if required), and
- The review of policies and strategies required to be adopted and consulted on under the Local Government Act 2002 including the financial strategy, treasury management strategies and the infrastructure strategy.

- In relation to the Annual Plan and Long Term Plan, listen to and receive the presentation of views by people and engage in spoken interaction in relation to any matters Council undertakes to consult under the Local Government Act 2002.
- Receive audit reports in relation to the Long Term Plan and any amendments (prior to adopting a Consultation Document).

Power to act:

- To make all decisions necessary to fulfil the role and scope of the Committee subject to the limitations imposed, including the adoption for the purposes of consultation under the Local Government Act 2002 of the Consultation Document and Supporting Information.
- Receive audit reports in relation to the Long Term Plan and any amendments (prior to adopting a Consultation Document).

Power to recommend:

To Council and/or any Committee as it deems appropriate.

Power to sub-delegate:

The Committee may delegate any of its functions, duties or powers to a subcommittee, working group or other subordinate decision-making body subject to the restrictions on its delegations and provided that any sub-delegation includes a statement of purpose and specification of task.

Notice is hereby given that an Annual Plan and Long Term Plan Committee Meeting will be held in the Council Chambers, Barkes Corner, 1484 Cameron Road, Tauranga on:
Tuesday, 28 March 2023 at 2.30pm

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1 PRESENT**2 IN ATTENDANCE****3 APOLOGIES****4 CONSIDERATION OF LATE ITEMS****5 DECLARATIONS OF INTEREST**

Members are reminded of the need to be vigilant and to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest that they may have.

6 PUBLIC EXCLUDED ITEMS**7 PUBLIC FORUM**

A period of up to 30 minutes is set aside for a public forum. Members of the public may attend to address the Board for up to five minutes on items that fall within the delegations of the Board provided the matters are not subject to legal proceedings, or to a process providing for the hearing of submissions. Speakers may be questioned through the Chairperson by members, but questions must be confined to obtaining information or clarification on matters raised by the speaker. The Chairperson has discretion in regard to time extensions.

Such presentations do not form part of the formal business of the meeting, a brief record will be kept of matters raised during any public forum section of the meeting with matters for action to be referred through the customer contact centre request system, while those requiring further investigation will be referred to the Chief Executive.

8 PRESENTATIONS

9 REPORTS

9.1 ANNUAL PLAN 2023/24 – ADOPTION OF THE DRAFT CONSULTATION DOCUMENT, SUPPORTING INFORMATION AND DRAFT SCHEDULE OF FEES AND CHARGES FOR PUBLIC CONSULTATION.

File Number: A5118071

Author: Rebecca Gallagher, Senior Policy Analyst

Authoriser: Rachael Davie, General Manager Strategy and Community

EXECUTIVE SUMMARY

1. This report seeks the Committee's approval of the draft Consultation Document (**Attachment A**) and the supporting information (**Attachment B**) for public consultation from 30 March to 30 April 2023.
2. Committee adoption of the draft schedule of fees and charges 2023/24 (**Attachment C**) and statement of proposal (**Attachment D**) is also sought, for public consultation.

RECOMMENDATION

1. That the Senior Policy Analyst's report dated 28 March 2023 titled 'Annual Plan 2023/24 – Adoption of the Draft Consultation Document, supporting information and draft schedule of fees and charges for public consultation' be received.
2. That the report relates to an issue that is considered to be of **medium** significance in terms of Council's Significance and Engagement Policy.
3. That the assessment of materiality and significance (**Attachment E** of the agenda report) be endorsed.
4. That the draft Annual Plan 2023/24 Consultation Document (**Attachment A** of the agenda report) and the supporting information for the Annual Plan 2023/24 (**Attachment B** of the agenda report) be adopted for the purpose of consultation from 30 March to 30 April 2023.
5. That the draft schedule of fees and charges 2023/24 (**Attachment C** of the agenda report) and the statement of proposal (**Attachment D** of the agenda report) be adopted for the purposes of public consultation from 30 March to 30 April 2023.
6. That the Chief Executive Officer be delegated authority to make minor editorial changes to the documents if required.

BACKGROUND

3. The Annual Plan is Council's updated plan for the coming financial year, setting out the work scheduled to be undertaken over the next financial year (1 July 2023 – 30 June 2024).
4. Preparation and consultation on the Annual Plan must meet the requirements of the Local Government Act 2002, in particular, sections 95 and 95A.
5. The proposed Annual Plan 2023/24 average rates increase is 7.41%. This has been achieved by using \$1.6m of the General Rate Reserve. Without the use of the General Rate Reserve the average rate increase would be 9.07%.
6. The proposed average rates increase of 7.41% is higher than the 3.91% signalled for 2023/24 in the Long Term Plan 2021-31. The proposed average rates increase breaches the Council's Financial Strategy set out in the Long Term Plan. Goal Two of the Financial Strategy states "*We will continue to manage rates*", with the key action:

Limit the average rates increase across the District to 4% per annum for years 2022/2023 onwards. This includes inflation and excludes growth.
7. The Long Term Plan 2024-2034 development process is due to start soon and Council will review the Financial Strategy.
8. The proposed average rates increase reflects the impact of increased inflation on Council's budgets which triggers the requirement for consultation. Attachment E sets out the assessment of materiality and significance, which drives the matters for consultation. Committee endorsement of this assessment is sought.

CONSULTATION DOCUMENT

9. The draft Consultation Document (**Attachment A**) forms the basis of public participation. The document explains the key consultation proposal, encouraging submissions on this matter.
10. The Consultation Document has been prepared to meet legislative requirements.

DRAFT SUPPORTING INFORMATION

11. The supporting information (**Attachment B**) adds additional context to the Consultation Document and must be accessible to the public. It includes links to the Committee's previous agendas and minutes, including the Issues and Options papers discussed at these, to provide more detail regarding the topics.
12. The Consultation Document relies upon this supporting information but doesn't specifically consult on all of its content, as matters for consultation are determined by legislative thresholds. The Council-wide information includes:
 - (a) changes to Strategic Assumptions;
 - (b) the capital and operational programme;

- (c) reserve balances;
- (d) forecast financial statements; and
- (e) the Funding Impact Statement (Rating).

FEES AND CHARGES AND INDICATIVE FINCOS

13. The review of the schedule of fees and charges is carried out concurrently with the Annual Plan. The draft document (**Attachment C**) tracks the changes from last year to the forthcoming year. The key changes include:
 - (a) Increase of around ten percent across the majority of our fees and charges;
 - (b) Increase in fees and charges across building and resource consents and introduction of new fees;
 - (c) An increase in the kerbside collection tag cost (from \$3.95 to \$4.30), due to increases in operating costs; and
 - (d) Removal of our libraries administration fee.
14. The statement of proposal (**Attachment D**) sets out these key changes and is the basis for consultation on the draft schedule of fees and charges 2023/24.
15. Consultation will run concurrent with the Annual Plan.

SIGNIFICANCE AND ENGAGEMENT

16. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.
17. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.
18. In terms of the Significance and Engagement Policy this decision is considered to be of **medium** significance because the decision is due to the legislative requirement to consult on an Annual Plan when there are significant or material differences from the Long Term Plan. The draft Schedule of Fees and Charges also has legislative requirements for consultation.

ENGAGEMENT, CONSULTATION AND COMMUNICATION

19. When determining whether consultation is required for an Annual Plan, the Local Government Act 2002 requires an assessment of whether there are any significant or material changes from the Long Term Plan. A significant or material change may be a one off or a result of multiple changes which have the cumulative impact of being material or significant.

20. An assessment of the significance or materiality of the projects is contained in **Attachment E**. These material or significant changes are highlighted in yellow and have been included in the Consultation Document.
21. Consultation is planned to run from 30 March to 30 April. Due to the nature of the matters included in the consultation document, we are planning district-wide consultation, rather than targeted in certain areas. Three community information sessions are planned for the week of 17-21 April. We will also utilise our online platforms, as well as information in our libraries and service centres across the district.

Interested/Affected Parties	Planned Consultation	
Targeted stakeholders	Targeted engagement on the Draft schedule of fees and charges will also be undertaken in relation to resource consent and building services fees and charges.	
General Public	<p>The Annual Plan Consultation Document and supporting information will be made publicly available online.</p> <p>The draft schedule of fees and charges will be made publicly available on our website and in our libraries/services centres.</p> <p>Three community information sessions (one in each ward) in the week 17-21 April.</p> <p>Submitters can register for a formal hearing opportunity in the Council Chambers.</p>	

Planned

Completed

ISSUES AND OPTIONS ASSESSMENT

22. Options regarding the Annual Plan 2023/24:

Option A

That the Committee endorses the assessment of materiality and significance and adopts the Annual Plan 2023/24 Consultation Document and supporting information for public consultation.

<p>Assessment of advantages and disadvantages including impact on each of the four well-beings</p> <ul style="list-style-type: none"> • Economic • Social • Cultural • Environmental 	<p>Allows Council to meet its legislative requirements. Seeks the community's input into a significant/material decision.</p> <p>Aligns with previous direction and decisions of the Council.</p>
<p>Costs (including present and future costs, direct, indirect and contingent costs).</p>	<p>Costs are within current budgets. The Consultation Document outlines potential future changes.</p>
<p>Option B That the Committee does not endorse the assessment of materiality and significance and does not adopt the Annual Plan 2023/24 Consultation Document and supporting information for public consultation.</p>	
<p>Assessment of advantages and disadvantages including impact on each of the four well-beings</p> <ul style="list-style-type: none"> • Economic • Social • Cultural • Environmental 	<p>Should significant changes or rework be required, this may put at risk Council's ability to meet its legislative requirements and gain effective community input into the decision making process.</p> <p>Assessment of materiality and significance identifies that Council should consult on any rates increase before making any decisions.</p>
<p>Costs (including present and future costs, direct, indirect and contingent costs).</p>	<p>Should changes or rework be required, then significant staff time will be involved and the document would need to be presented to an extraordinary Committee meeting.</p>

23. Options regarding the draft schedule of fees and charges 2023/24:

<p>Option A That the Committee adopts the draft schedule of fees and charges 2023/24 and statement of proposal for public consultation.</p>	
<p>Assessment of advantages and disadvantages including impact on each of the four well-beings</p> <ul style="list-style-type: none"> • Economic • Social • Cultural • Environmental 	<p>Allows Council to meet its legislative requirements.</p> <p>Requirements for setting and reviewing fees and charges are outlined in the Act to which the activity relates e.g. requirements for setting dog registration fees are outlined in the Dog Control Act 1996.</p>

Costs (including present and future costs, direct, indirect and contingent costs).	Costs are within current budgets.
Option B That the Committee does not adopt the draft Schedule of Fees and Charges 2023/24 and statement of proposal for public consultation.	
Assessment of advantages and disadvantages including impact on each of the four well-beings <ul style="list-style-type: none"> • Economic • Social • Cultural • Environmental 	Should significant changes or rework be required, this may put at risk Council's ability to meet its legislative requirements. Legislative requirements mean that the draft Schedule of Fees and Charges should be subject to consultation prior to decisions being made to change on some fee categories.
Costs (including present and future costs, direct, indirect and contingent costs).	Should changes or rework be required, then additional staff time will be involved and the document will need to be represented to an extraordinary Committee meeting.











STATUTORY COMPLIANCE

24. The recommendations of this report meet the requirements of:
- (a) the Local Government Act 2002, including sections 82, 83, 95, 95A and 150; and
 - (b) the Local Government Rating Act 2002.

FUNDING/BUDGET IMPLICATIONS

Budget Funding Information	Relevant Detail
Annual Plan development costs	All costs associated with the production of the Annual Plan Consultation Document and draft Schedule of Fees and Charges are included in current budgets, including costs associated with consultation

ATTACHMENTS

1. **Attachment A - Annual Plan 2023/24 - Consultation Document**  
2. **Attachment B - Annual Plan 2023/24 - Supporting Information**  
3. **Attachment C - Draft Schedule of Fees and Charges and indicative Financial Contributions**  
4. **Attachment D - Statement of Proposal Fees and Charges**  
5. **Attachment E - Assessment of Materiality and Significance**  



Western
Bay of Plenty
District Council

Mahere-a-tau 2023/24
Tuhiinga Matapaki

Annual Plan 2023/24 consultation document



He karere nō te Koromatua Message from the Mayor

Tēnā koutou,

Things are tough for everyone right now.

It's hard to make ends meet with inflation levels just below a three-decade high, a cost of living crisis and soaring costs for materials and supplies. Plus, a couple of recent severe weather events, including a cyclone that's caused devastation in Hawke's Bay and Tairāwhiti in particular. Although we got off lightly in comparison, some of our infrastructure still suffered significant damage.

It's the need to balance these tough economic times with the increasing costs faced by Council that have played a key role in how we arrived at our proposed Annual Plan for 2023/24.

This coming financial year we're proposing a rate increase of 7.41 percent.

While this proposed rate increase is higher than we had anticipated when the Long Term Plan was adopted two years ago, increased inflation has far exceeded what anyone assumed back then. I can assure you we haven't made this decision lightly, given today's economic climate.

This is about prudent financial management and not creating a funding problem in the future. Doing what we can today, making calculated decisions to minimise the chance of larger rates increases in subsequent years.

We want to be a Council that makes the right decisions and is committed to taking this District forward while balancing the needs of its people. Not one that kicks the can down the road for a later date.

This means delivering on some projects that will not only keep up with improving our infrastructure, but increase wellbeing and pride for our place given the community have communicated a clear desire for these projects through past kōrero.

We also need to factor in the damage the recent adverse weather events caused. We are still assessing how much it will cost to fix (in the realm of \$15-20m), but it is likely to have an impact on this Annual Plan, and we may need to look at ways to help off-set any rates impact.



So, back to the proposed rates increase.

We've done as much as we can to bring this rate increase in line with inflation, which currently has the Consumer Price Index at 7.2 percent, and Local Government Cost Index increases ranging between 8.7-12.4 percent.

Simply, the Local Government Cost Index measures the changing price of materials and services for local government activity - in other words it's our own basket of goods for things like pipes and bitumen.

Despite these cost increases, we have worked hard to keep rate increases as low as possible. In particular we are proposing to dip into our General Rate Reserve as one mechanism to keep rates as low as prudently possible.

Using \$1.6m of this reserve would allow us to strike an average 7.41 percent rate increase. We will not be using the full \$5.1m in the General Rate Reserve to allow us a buffer should these funds be needed in the future and because it is not smart to use such reserves to offset ongoing costs (rather than selected one-off capital costs).

For context, without using a portion of the General Rate Reserve, the average rate increase would be 9.07 percent.

We are working hard to support our District, while ensuring we can continue to do the mahi that matters to you.

I look forward to hearing from you about our Annual Plan.

James Denyer

James Denyer
Western Bay of Plenty Mayor

He kaha te patua o te mea tāmi ahumoni i a mātou Inflation has hit us hard

Everything costs more.

For our community it's the simple things like bread, fruit and vegetables on the table. For us it's pipes and bitumen to keep our District moving.

The supply chain disruption and cost escalation we've seen through the COVID-19 pandemic, the war in Ukraine and continued global economic uncertainty have played a major part in this.

The bottom line is the current economic environment is very different to what was expected when we prepared our Long Term Plan 2021-31. The inflation and interest rates are significantly higher than were projected by industry experts at the time, and these changes have significant impacts on Council's budgets.

Inflation sits just below a three-decade high and everyday costs are increasing - highlighted by the Consumer Price Index (CPI) sitting at 7.2 percent. CPI measures the changing price of the goods and services New Zealand households buy, for example, bread and milk. It provides a measure of inflation.

As a Council, we're in a similar situation with the Local Government Cost Index (LGCI) ranging between 8.7 percent and 12.4 percent. Like CPI, LGCI measures the changing price of materials and services for local government activity - in other words it's our own basket of goods for things like pipes and bitumen.

The result of this significant inflation is that our costs to continue to deliver our capital and operational programme have increased and are likely to continue to increase.

It is important to highlight that Council cost increases often differ significantly from those faced by the community because of the different cost structures we each deal with. Therefore, proposed rate increases can be larger than rises in the CPI - like this year.

Despite these factors being out of our control, we are concerned about the impact these rising costs are having on our communities, and of the need to deliver the services and functions needed for our District.

We have looked at the timing and staging of projects. We have also looked at how costs can be met from elsewhere and are doing what we can to reduce the rates impact on our community by proposing to use a portion of our General Rate Reserve.

In simple terms, this reserve is Council's 'rainy day fund'. It's a fund, currently sitting at \$5.1 million, that has accumulated through surpluses over previous years, by working hard to deliver for our community without overspending.

Without using a portion of the General Rate Reserve, the average rate increase would be 9.07 percent.

By using \$1,662,472 of the General Rate Reserve we are proposing a 7.41 percent average rate increase. This is above the 3.90 percent planned for through the Long Term Plan, and above our Financial Strategy limit of 4 percent increase (this sets the approach Council takes to balance affordability with delivery including limits on rates and debt).

We will be reviewing the Financial Strategy through the Long Term Plan process, over the next year.

We could utilise more of the General Rate Reserve to offset the overall average rates increase. However, there are risks associated with that approach. Using the reserve for projects that are ongoing has the potential to simply delay a future increase. We also need to think about whether we might need the reserve in the future.

If you want to know more or want to see the list of the projects proposed to utilise the General Rate Reserve funding, we've set this out in our Supporting Information. If you are interested in finding out further information, go online www.haveyoursay.westernbay.govt.nz/annualplan or visit one of our Library and Service Centres.

Recent adverse weather events

As you are all aware our region suffered damage due to the recent adverse weather events. We are still assessing the extent of the damage to our region and how much it will cost to fix (likely in the \$15-\$20 million realm). The cost is likely to impact the Annual Plan 2023/24, and we may need to use some of the General Rate Reserve or other funding sources, including insurance, to help off-set any rates impact.

10 INFORMATION FOR RECEIPT