



# **AGENDA**

## **Strategy and Operations Committee Meeting**

**I hereby give notice that a Meeting of the Strategy and Operations Committee will be held on:**

**Date: Thursday, 20 August 2020**

**Time: 9.30am**

**Location: Council Chamber  
Ground Floor, 175 Rimu Road  
Paraparaumu**

**James Jefferson  
Group Manager Place and Space**

**Kapiti Coast District Council**

**Notice is hereby given that a meeting of the Strategy and Operations Committee will be held in the Council Chamber, Ground Floor, 175 Rimu Road, Paraparaumu, on Thursday 20 August 2020, 9.30am.**

**Strategy and Operations Committee Members**

Cr James Cootes	Chair
Cr Gwynn Compton	Deputy
Mayor K Gurunathan	Member
Deputy Mayor Janet Holborow	Member
Cr Angela Buswell	Member
Cr Jackie Elliott	Member
Cr Martin Halliday	Member
Cr Sophie Handford	Member
Cr Jocelyn Prvanov	Member
Cr Bernie Randall	Member
Cr Robert McCann	Member

**Order Of Business**

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	Nil	



**1 WELCOME****2 COUNCIL BLESSING**

“As we deliberate on the issues before us, we trust that we will reflect positively on the communities we serve. Let us all seek to be effective and just, so that with courage, vision and energy, we provide positive leadership in a spirit of harmony and compassion.”

I a mātou e whiriwhiri ana i ngā take kei mua i ō mātou aroaro, e pono ana mātou ka kaha tonu ki te whakapau mahara huapai mō ngā hapori e mahi nei mātou. Me kaha hoki mātou katoa kia whaihua, kia tōtika tā mātou mahi, ā, mā te māia, te tiro whakamua me te hihiri ka taea te arahi i roto i te kotahitanga me te aroha.

**3 APOLOGIES****4 DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA**

Notification from Elected Members of:

4.1 – any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting, and

4.2 – any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968

**5 PUBLIC SPEAKING TIME FOR ITEMS RELATING TO THE AGENDA****6 MEMBERS' BUSINESS**

- (a) Public Speaking Time Responses
- (b) Leave of Absence
- (c) Matters of an Urgent Nature (advice to be provided to the Chair prior to the commencement of the meeting)

**7 UPDATES**

Nil

## 8 REPORTS

### 8.1 FINANCE REPORT AS AT 30 JUNE 2020

**Author:** Anelise Horn, Manager Financial Accounting

**Authoriser:** Mark de Haast, Group Manager Corporate Services

#### PURPOSE OF REPORT

- 1 This report sets out Kāpiti Coast District Council's (Council) financial performance and position for the year ended 30 June 2020 with explanations of key results and variances.

#### DELEGATION

- 2 The Strategy and Operations Committee (Committee) has delegated authority to consider this report under the 2019-2022 Triennium Governance Structure and Delegations in Section B.2. - *Monitoring and decision-making on all broader financial management matters. Key responsibilities will include financial management, including risk mitigation*

#### BACKGROUND

- 3 The report sets out the Council's financial information across eleven broad areas:

- Part A: Statement of Comprehensive Revenue and Expense
- Part B: Statement of Financial Position
- Part C: Statement of Cash Flows
- Part D: Summary of Rates Funding
- Part E: Water Account Statement
- Part F: Capital Spending Programme
- Part G: Outstanding Rates Debt
- Part H: Treasury Management
- Part I: Asset Revaluation
- Part J: Phase 1 – Sustained Community Support Costs (**New**)
- Part K: Requests for bad debts write-off (**New**)

## Part A: Statement of Comprehensive Revenue and Expense

- 4 The statement of comprehensive revenue and expense covers all of the Council's revenue and expenditure for the reporting period.
- 5 The net position of revenue less expenditure provides the operating surplus or deficit for the reporting period.
- 6 Table 1 below outlines the Council's actual revenue and expenses for the year ended 30 June 2020, including the full year budget for 2019/20.

Table 1	Full Year to 30 June 2020		
	Actual \$000	Budget \$000	Variance \$000
Rates	67,570	67,498	72
Fees and Charges	8,891	9,771	(880)
Grants and Subsidies	5,332	4,606	726
Development and Financial Contributions Revenue	3,574	2,124	1,450
Other Operating Revenue	21,374	905	20,469
Interest Income	1,624	1,848	(224)
<b>Total Income</b>	<b>108,365</b>	<b>86,752</b>	<b>21,613</b>
Personnel, maintenance & operations	59,311	56,418	(2,893)
Depreciation and Amortisation	21,382	21,183	(199)
Finance Expense	8,857	9,493	636
<b>Total Expenditure</b>	<b>89,550</b>	<b>87,094</b>	<b>(2,456)</b>
<b>Operating (Deficit) / Surplus</b>	<b>18,815</b>	<b>(342)</b>	<b>19,157</b>
<b>Unrealised gains/(losses)</b>			
Unrealised gain/(loss) on revaluation of financial derivatives	(6,984)	-	(6,984)
<b>Total Comprehensive Revenue and Expense</b>	<b>11,831</b>	<b>(342)</b>	<b>12,173</b>

### Financial Performance Summary

- 7 Due to exceptional (one-off) revenue and expenditure items in the fourth quarter, the Council's operating surplus is \$19.2 million favourable to budget for the year ended 30 June 2020. The Council's total revenue is \$21.6 million favourable to budget, mainly due to \$20.5 million of assets vested to the Council. Total operating expenditure is \$2.5 million unfavourable to budget, mainly due to a \$3 million impairment loss, (i.e. the book value/carrying amount of the asset was reduced to nil), with regards to the Otaihangā landfill after-care asset.
- 8 Typically, Councils' across New Zealand use financial derivatives to "fix" their interest rates rather than relying on floating interest rates, to provide more certainty over cash flows and to provide protection against adverse movements in market rates.
- 9 The unrealised loss on revaluation of financial derivatives of approximately \$7 million reflects continued softening of market interest rates since 30 June 2019, compared to the Council's committed financial derivatives. This revaluation loss needs to be shown in the Council's financial statements but it is not a real loss, as there is no intention to prematurely terminate these financial derivative commitments.

**Revenue Commentary****10 Fees and charges**

Description	Fees and charges includes all non-rates revenue earned by the Council for providing services to the community. This also includes fines and penalties charged.
Full Year Variance:	<p>\$880,000 unfavourable to budget mainly due to:</p> <ul style="list-style-type: none"> <li>Resource and building consents fees were \$536,000 unfavourable to budget due to less applications received and less inspections undertaken than planned due to COVID-19.</li> <li>We estimate that approximately \$367,000 of fees and charges was “lost” due to Council facility closures from the 23 March 2020 to the 13 May 2020, due to COVID-19.</li> </ul>

**11 Grants and subsidies**

Description	Includes grants received by the Council for operating and capital spending. The majority of grants revenue is received from the New Zealand Transport Agency (NZTA) for their share of our roading maintenance and capital investment costs.
Full Year Variance:	<p>\$726,000 favourable to budget mainly due to additional NZTA funding received for the completion of the Mazengarb &amp; Tasman road shared path projects (Stride N Ride) &amp; for advancing Ratanui roundabout.</p> <p>Additional subsidies were also received from NZTA for Kāpiti Road/scheme assessments (now eligible for subsidy).</p>

**12 Development and financial contributions**

Description	<p>Development contributions are levied under the Local Government Act 2002 and cover all key activities except reserves and are also levied on developers at the time of subdivision. Developers’ contributions to the Council works are treated as revenue.</p> <p>Financial contributions are levied under the Resource Management Act and cover reserves contributions levied on developers at the time of subdivision.</p>
Full Year Variance:	<p>\$1.5 million favourable to budget mainly due to the following major subdivisions or developments:</p> <ul style="list-style-type: none"> <li>Manu Heights Stage 1 developments \$890,000</li> <li>Huia street subdivision \$830,000</li> <li>Hudson Place developments \$310,000</li> <li>Kohe-Kohe developments \$521,000</li> <li>Other subdivisions or developments totalling \$1 million</li> </ul> <p>Offsetting this is a credit of \$300,000 following Council approval to accept the development and provision of a pocket park in the Ngarara Waimeha Development in lieu of reserve contributions as originally planned.</p>

13 **Other operating revenue**

Description	Includes assets vested to the Council, local government petrol tax, donations and/or sponsorship and realised gains on asset disposals. Note also, that the value of land vested to the Council as part of subdivision activity in any year is recorded as revenue in that year.
Full Year Variance:	<p>\$20.5 million favourable to budget mainly due to unbudgeted vested assets of \$14 million pertaining to the local link roads as a result of the new M2PP Expressway project, and a further \$6.5 million from subdivisions upon Council issuing “s224 certificates”.</p> <p>Old State Highway 1 revocation from Mackays Crossing to Peka Peka is budgeted in 2021/22, and old State Highway 1 revocation from Peka Peka to Ōtaki is budgeted in 2024/25. Additional local link roads will also be vested to the Council with the PP2O Expressway project.</p> <p>Local roads become Council’s responsibility after the defects liability period. A defects liability period is a set period of time after a construction project has been completed during which a contractor has the right to return to the site to remedy defects. A typical defects liability period lasts for 12 months.</p> <p>Due to the complexity of the timing and the requirements of the Expressway projects, the local link roads were not included in the original assets schedules.</p>

14 **Interest income**

Description	Interest income represents the Council’s earnings on its term deposits, overnight cash deposits and borrower notes held by the Local Government Funding Agency.
Full Year Variance:	\$224,000 unfavourable to budget mainly due to market interest rates being lower than planned.

**Expenditure performance - commentary**15 **Personnel, maintenance and operations**

Description	Includes personnel expenses, maintenance, business-as-usual Council operating expenses, internal recoveries, grants and other sundry expenses.
Full Year Variance:	<p>\$2.9 million unfavourable to budget mainly due to a \$3 million impairment loss of the Otaihanga Landfill after-care asset.</p> <p>1. In June 2020, as part of the 2019/20 Annual Report preparation, Officers’ reviewed the current useful life and future benefit/service potential of the Otaihanga landfill after-care asset.</p> <p>Given the capping of the landfill has progressed faster than expected, the final closure date of the landfill has been brought forward by four years from the resource consent closure date of June 2026 to June 2022.</p>

	<p>While the landfill will be in-use for another 2 years, it has been determined that the future income generated from accepting clean-fill is negligible. As a result, the full value of this asset was written off (i.e. reduced to nil) and recognised as a one-off expense in accordance with the relevant accounting and financial reporting standards.</p> <p>2. Personnel costs were \$994,000 unfavourable to budget at year end, however, this overspend was entirely offset by an underspend of \$1 million across Maintenance and Operations for the year.</p> <p>3. Personnel overspends was mainly due to additional unbudgeted resources, (including recruitment costs), required for the Asset Management Improvement Programme and a high annual leave liability as at 30 June 2020 due to COVID-19 preventing staff from taking annual leave.</p> <p>4. Underspends in Maintenance &amp; Operations was mainly due to the following:</p> <ul style="list-style-type: none"> <li>• Refunds totalling \$555,000 for incorrect premium allocations within Council's insurance syndicate for the past two financial years.</li> <li>• An underspend of \$267,000 for District Plan review appeal costs. Hearing costs for variation 2 were deferred and will now occur in 2020/21. The Environment Court may seek further information relating to the remaining outstanding consent order, which the costs would now occur in 2020/21.</li> <li>• \$153,000 largely in the Council ceremonies/functions that did not happen, and other governance related costs that did not incur due to COVID-19.</li> </ul>
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#### 16 Depreciation and amortisation

Description	Depreciation and amortisation reflects the use of our property, plant and equipment and intangible assets currently owned by the Council.
Full Year Variance:	<p>\$199,000 unfavourable to budget mainly due to the following:</p> <ul style="list-style-type: none"> <li>• Unbudgeted link roads required by the M2PP Expressway were vested to the Council. Due to the complexity of the timing and the requirements of the Expressway projects, the local link roads were not included in the original assets schedules.</li> <li>• The final revaluation of roading assets as at 30 June 2019 was higher than planned, resulting in higher depreciation.</li> </ul>

#### 17 Finance expense

Description	Interest is incurred on borrowings.
Full Year Variance:	\$636,000 favourable to budget mainly because the Council had less net debt as at 1 July 2020 than planned and the Council's weighted average cost of borrowings is lower than planned.

## 18 Unrealised gain / (loss) on revaluation of derivatives

Description:	The Council recognises its interest rate swaps at fair value on a monthly basis. The change in fair value between 30 June 2019 and 30 June 2020 is treated as either an unrealised gain (fair value has decreased) or an unrealised loss (fair value has increased).
Full Year Variance:	\$7 million unfavourable to budget mainly due to softening of market interest rates since 1 July 2019 compared to the Council's committed financial derivatives. This evaluation needs to be shown in our financial statements but it is not a real loss as there is no intention to prematurely terminate these commitments.

## Part B: Statement of Financial Position

- 19 The Council's financial position as at 30 June 2020 and the full year budget are set out in Table 2, followed by a summary of the key variances.

Table 2	YTD actual	2019/20 Full year budget	Variance
	\$000	\$000	\$000
<b>Assets</b>			
Cash and cash equivalents	5,944	200	5,744
Trade and other receivables	9,797	8,569	1,228
Inventories	152	127	25
Non-current assets held for sale	55	-	55
Property, plant and equipment	1,671,903	1,760,240	(88,337)
Forestry assets	57	114	(57)
Intangible assets	2,388	2,625	(237)
Other financial assets	48,495	48,496	(1)
Loans	419	453	(34)
<b>Total assets</b>	<b>1,739,210</b>	<b>1,820,824</b>	<b>(81,614)</b>
<b>Liabilities</b>			
Trade and other payables	11,335	20,092	8,757
Employee benefit liabilities	2,700	2,681	(19)
Deposits	1,181	1,237	56
Borrowings	210,000	210,000	-
Provisions	3,775	3,724	(51)
Derivative financial instruments	28,469	12,887	(15,582)
<b>Total liabilities</b>	<b>257,460</b>	<b>250,621</b>	<b>(6,839)</b>
<b>Public equity</b>			
Accumulated funds	575,696	580,408	4,712
Reserves and special funds	5,938	6,404	466
Revaluation reserve	900,116	983,391	83,275
<b>Total equity</b>	<b>1,481,750</b>	<b>1,570,203</b>	<b>88,453</b>
<b>Total liabilities and equity</b>	<b>1,739,210</b>	<b>1,820,824</b>	<b>81,614</b>

### Full year Asset Summary

- 20 The Council's Total Assets are \$81.6 million unfavourable to budget. This is mainly due to Property, plant and equipment being \$88.3 million unfavourable. This variance was caused by:
- Council's actual revaluation movement for the year was a \$19.03 million reduction in asset value, compared to a budgeted revaluation uplift of \$72.89 million (see Part I: Asset Revaluation); and
  - lower capital spending of \$11.5 million for the 2019/20 year (see part F: Capital spending programme).

**Full year Liability Summary**

- 21 The Council's Total Liabilities are \$6.8 million unfavourable to budget. This is mainly due to:
- the Council's committed derivative financial instruments being valued \$15.6 million unfavourable at year end due to the significant softening of interest rates since 1 July 2019, and;
  - Trade and other payables being \$8.6 million favourable against budget as a result of Council's COVID-19 support package that was announced during April 2020. The support package included the rapid payment of supplier invoices within seven to ten working days, (compared to Council's normal payment terms of the 20<sup>th</sup> of the month following the date on the invoice).

**Full year Equity Summary**

- 22 The Council's Total Equity is \$88.5 million unfavourable to budget. This is due to the revaluation reserve being \$83.3 million unfavourable as a direct result of the asset revaluation being significantly lower than expected (see Part I: Asset Revaluation)

## Part C: Statement of Cash Flows

- 23 The Council's cash flow for the year ended 30 June 2020 and the full year budget are set out in Table 3, followed by a summary of key variances.

Table 3	2019/20		
	YTD Actual \$000	Full year budget \$000	YTD Variance \$000
<b>Cash flows from operating activities</b>			
<i>Cash was provided from:</i>			
Kapiti Coast District Council rates	66,909	67,498	(589)
Greater Wellington Regional Council Rates	13,017	-	13,017
Grants and subsidies - operating	2,203	1,942	261
Interest received	2,015	1,811	204
Charges and fees	12,132	12,800	(668)
GST (net)	(173)	(70)	(103)
	<b>96,103</b>	<b>83,981</b>	<b>12,122</b>
<i>Cash was applied to:</i>			
Payments to employees and suppliers	62,353	52,616	9,737
Rates paid to Greater Wellington Regional Council	13,017	-	13,017
	<b>75,370</b>	<b>52,616</b>	<b>22,754</b>
<b>Net cash flows from operating activities</b>	<b>20,733</b>	<b>31,365</b>	<b>(10,632)</b>
<b>Cash flows from investing activities</b>			
<i>Cash was provided from:</i>			
Loan repayment/Term deposit maturities	50,782	45,720	5,062
Proceeds from sale of property, plant and equipment	268	-	268
Proceeds from capital grants	3,129	2,664	465
	<b>54,179</b>	<b>48,384</b>	<b>5,795</b>
<i>Cash was applied to:</i>			
Construction and purchase of property, plant and equipment and intangibles	23,263	30,446	(7,183)
Purchase of investments	40,719	39,280	1,439
	<b>63,982</b>	<b>69,726</b>	<b>(5,744)</b>
<b>Net cash flows from investing activities</b>	<b>(9,803)</b>	<b>(21,342)</b>	<b>11,539</b>
<b>Cash flows from financing activities</b>			
<i>Cash was provided from:</i>			
Short-term borrowings	30,900	-	30,900
Long-term borrowings	45,000	44,280	720
	<b>75,900</b>	<b>44,280</b>	<b>31,620</b>
<i>Cash was applied to:</i>			
Interest on borrowings	9,072	9,303	(231)
Short-term borrowings	30,900	-	30,900
Long-term borrowings	45,000	45,000	-
	<b>84,972</b>	<b>54,303</b>	<b>30,669</b>
<b>Net cash flows from financing activities</b>	<b>(9,072)</b>	<b>(10,023)</b>	<b>951</b>
Net increase/(decrease) in cash and cash equivalents	1,858	-	1,858
Add total cash and cash equivalents at 1 July 2019	4,086	200	3,886
<b>Total cash and cash equivalents</b>	<b>5,944</b>	<b>200</b>	<b>5,744</b>

Full year Summary

- 24 The Council cash on hand as at 30 June 2020 was \$5.94 million. This is \$5.7 million more cash than planned, and it is mainly due to:
- Receipt of NZTA grant of \$650,000 during the last week of June;
  - \$3.3 million was kept on call for year-end supplier payments falling due in early July 2020.
- 25 Payments to employees and suppliers are \$9.7 million unfavourable from budget. This increase in the outflow of operating cash demonstrates the Council's commitment in helping the district withstand the economic and social challenges from COVID-19 by paying our suppliers within seven to ten working days, compared to our previous payment terms of the 20<sup>th</sup> of the month following the date on the invoice
- 26 The other material changes to Council's cash flow management for the year ending 30 June 2020 were:
- \$45 million of long term debt matured during the year (\$20 million during September 2019 and \$25 million during April 2020)
  - \$45 million of new debt was issued during the year. \$40 million was placed on term deposit towards prefunding the April 2020, October 2020, May 2021 and October 2021 debt maturities and \$5 million was used for the current year capital works programme.
  - \$50 million of term deposits matured (\$45 million was prefunded for the repayment of the September 2019 and April 2020 debt maturities and \$5 million of surplus cash that was placed on fixed deposit for final payment of the 2018/19 capital works programme).
  - \$23.3 million was paid towards the Council's capital expenditure programme.

## Part D: Summary of Rates Funding

- 27 The summary of rates funding covers the Council's revenue and expenses that are funded by rates. It is a sub-set of the statement of comprehensive revenue and expense on page 2 which covers all of the Council's operating revenue and expenses.
- 28 Table 4 below details the actual rates funding deficit for the year ending 30 June 2020:

Table 4	Full Year to 30 June 2020		
	Actual \$000	Budget \$000	Variance \$000
<b>Operating (deficit)/surplus</b>	<b>18,815</b>	<b>(342)</b>	<b>19,157</b>
<b>Adjusted by income and expenditure not funded by rates:</b>			
<i>Add:</i> Expenditure funded by reserves and special funds	215	286	71
<i>Add:</i> Unfunded Depreciation	3,145	3,145	(0)
<i>Add:</i> Revaluation of Forestry Asset movement	22	-	(22)
<i>Less:</i> (Gain)/Loss on Sale of Assets	(191)	-	191
<i>Less:</i> Capital subsidies	(1,540)	(866)	674
<i>Less:</i> Development and Financial Contributions	(3,574)	(2,124)	1,451
<i>Less:</i> Vested Assets	(20,552)	-	20,552
<i>Less:</i> Other operating income not funded by rates	(20)	-	20
<b>Underlying net rates surplus/(deficit)</b>	<b>(3,681)</b>	<b>100</b>	<b>(3,781)</b>
Represented by:			
Net underspend/(overspend) across the organisation	(4,319)	(258)	(4,061)
Water account surplus/(deficit)	638	357	281
<b>Rates surplus / (deficit)</b>	<b>(3,681)</b>	<b>100</b>	<b>(3,781)</b>

- 29 The full year actual rates deficit of \$3.7 million is mainly due to:
- \$3 million unbudgeted impairment loss of the Otaihanga landfill after-care asset.
  - Fees and charges were \$880,000 unfavourable to budget due to COVID-19, as discussed above.

30

## Part E: Water Account Statement

- 31 Since water meters were introduced in 2014, the total operational cost of supplying potable water, which includes reticulation and treatment, and the rates we have received, has been tracked as part of the water account. The water account is a closed account. This means that any surpluses will be held within the account to fund future costs of providing water. Conversely, any deficits need to be recovered from future water charges.
- 32 Water usage has taken a number of years to normalise since districtwide water meter charging for all residential properties commenced from July 2014. Therefore, the Council has carefully monitored usage trends to best determine what charges are necessary to fully recover the total costs of providing a treated water supply over a rolling 5-year period.
- 33 The Council's water revenue is \$30,000 ahead of budget for the full year ended 30 June 2020.



- 34 The table below outlines the water account position. As shown, we achieved \$0.6 million annual surplus in 2019/20 which brings the overall water account balance from \$0.5 million deficit in 2018/19 to \$0.1 million surplus at the end of this financial year. This surplus position is three years earlier than originally expected.

Table 5	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Budget
	\$m								
Cost of providing water	8.1	8.0	8.6	8.3	8.0	8.5	8.9	9.3	9.9
Water rates revenue	7.6	7.6	7.8	8.6	8.9	9.1	9.0	9.5	9.7
Annual surplus/(deficit)	(0.5)	(0.4)	(0.8)	0.3	0.9	0.6	0.1	0.2	(0.2)
Balance of water account	(0.5)	(0.9)	(1.7)	(1.4)	(0.5)	0.1	0.2	0.4	0.2
Variable price (Including GST)	\$0.95	\$0.99	\$1.04	\$1.09	\$1.14	\$1.19	\$1.19	\$1.23	\$1.25
Fixed price (Including GST)	\$189	\$190	\$199	\$207	\$215	\$222	\$222	\$224	\$227
Fixed portion	54%	55%	57%	54%	53%	55%	56%	54%	54%

## Part F: Capital Spending Programme

- 35 A summary of our capital spending programme for 2019/20 is shown by activity against the full year budget in Table 6 below.

Table 6	Full Year to 30 June 2020					
	Actual	Budget	Variance to Budget	Draft Proposed Carryovers to 2020/21	Draft Proposed Carryovers to future years	Variance after Carryovers
	\$000	\$000	\$000	\$000	\$000	\$000
Access and Transport	5,907	7,998	2,091	497	421	1,173
Coastal Management	501	671	170	141	-	29
Community Facilities and Community Support	2,884	3,890	1,006	410	121	475
Corporate	775	1,260	485	575	-	(90)
Economic Development	4,093	2,562	(1,531)	-	-	(1,531)
Governance and Tangata Whenua	448	445	(3)	-	-	(3)
Parks and Open Spaces	805	1,427	622	108	-	514
Recreation and Leisure	778	1,245	467	159	245	64
Regulatory Services	496	238	(258)	-	-	(258)
Solid Waste	43	181	138	124	-	14
Stormwater Management	4,214	3,655	(559)	-	-	(559)
Wastewater Management	909	1,697	788	782	-	6
Water Management	1,616	10,092	8,476	-	7,934	542
<b>Totals</b>	<b>23,469</b>	<b>35,361</b>	<b>11,892</b>	<b>2,796</b>	<b>8,720</b>	<b>376</b>

- 36 For the twelve months to 30 June 2020, the Council has completed \$23.5 million of capital works to either renew or upgrade the Council's assets. This is \$11.9 million less than originally planned. The proposed carry-forwards from 2019/20 into 2020/21 and future years is \$11.5 million. More information on carry-forwards is outlined in the next table.
- 37 \$3.3 million carry-forwards from 2019/20 to 2020/21, and \$9 million carry-forwards from 2019/20 to future years was reported in Quarter 3. This is now revised down to \$2.8 million for 2020/21 and \$8.7 million for future years as a result of more spending in 2019/20 than planned.
- 38 In the Access and Transport activity, the underspending is due to the spending actually occurring under the Economic development activity. This spending relates to work on Kāpiti Road for the completion of the shared path and widening of the road which has received additional funding from NZTA.
- 39 In the Regulatory activity, the additional spending relates to renewal of the animal management shelter to bring it up to a modern day standard in line with Ministry of Primary Industries guidelines.
- 40 In the Stormwater activity, the overspending relates to the advancement of critical projects and investing on unbudgeted projects such as Stormwater Inputs for Kapiti Gateway and Town Centre projects.
- 41 The majority of the underspending in the Water activity is due to the intention to move \$6.5 million of the funding for the drinking water safety and resilience project (DWSRP) to future years. This was due to delays in the establishment of the Water Professional Services Panel in 2018/19 to allow for a strategic procurement review. Those delays held back the awarding of the contract for the DWSRP and although the design work is progressing well the construction work is now planned to start in 2020/21.
- 42 The Council will complete a review of the capital budget during the first quarter of 2020/21 as agreed and this will be presented to the Strategy and Operations Committee for consideration as part of the Quarter 1 2020/21 Finance Report.
- 43 The Activity Reports 1 January – 30 June 2020 contains more detailed information about the spending variations at the activity level.

44 Proposed carry-forwards from 2019/20 is listed in the table below.

Activity	Project	Amount \$ to 20/21	Amount \$ to 21/22	Comments
<b>Carryovers requests from 2019/20</b>				
<b>Access and Transport</b>	Bridges/Culverts	497,045		Delayed due to awaiting Iwi sign off for resource consent approval. Both the mana whenua report and ecological report are now received.
<b>Access and Transport</b>	SH1 Revocation		421,000	Carried over to align with NZTA revocation delivery plan
<b>Community Facilities and Community Support</b>	Districtwide Access Control System		120,650	Lack of resources to carry out this project
<b>Community Facilities and Community Support</b>	EQP building remediation	23,657		The earthquake remediation costs are significant and cannot be considered in isolation. This is an LTP issue for the Council to consider. This carry-forward fund is being re-purposed to contribute to the Otaki Theatre roof replacement (as part of the earthquake strengthening programme).
<b>Community Facilities and Community Support</b>	Otaki Theatre roof/Otaki Museum	131,207		A more detailed report on the condition of the Theatre is underway following completion of the initial survey. The extent of renewal / remediation will be determined at that point and is expected to be spent in Q1 2020/21. This budget will be needed in its entirety for the Theatre.
<b>Community Facilities and Community Support</b>	Paraparaumu College Sports Hall roof replacement	255,250		Conversation with the College on deferring roof replacement has started. \$500k funds originally budgeted in 2020/21 is being moved to 2021/22.
<b>Corporate</b>	Health & Safety	65,561		Unspent Health & Safety funds to carry over for future health & safety initiatives in 2020/21
<b>Corporate</b>	Self-insurance Fund	509,504		0% risk factor accessed for 2019/20 and unspent funds to be carried over.
<b>Recreation and Leisure</b>	CAC – Changing room	48,000		To be completed under temporary closure in 2021
<b>Recreation and Leisure</b>	Mahara Gallery council fund		244,605	To align with trust funded Mahara Gallery funding
<b>Solid Waste</b>	Landfill	124,000		Due to weather delays in the capping exercise. Work to complete the landfill is programmed for 2020/21.
<b>Wastewater Management</b>	Paraparaumu WWTP consent	635,649		Delay due to prolonged engagement process
<b>Wastewater Management</b>	Reticulation Upgrades	146,064		Potential upgrades have been deferred pending the completion of the wastewater management strategy that is currently underway. This strategy will inform investment in the 2021 Long term plan for wastewater.
<b>Water Management</b>	Drinking water safety and resilience program		5,870,296	Delays in the establishment of the Water Professional Services Panel in 2018/19 held back the awarding of the contract for the DWSRP and although the design work is progressing well the construction work is now planned to start in 2020/21.
<b>Water Management</b>	Network Upgrades		1,398,983	The detailed design is now complete after a deferred start to the project pending the completion of the wider strategic review of Otaki and Hautere water supplies.
<b>Water Management</b>	Otaki Upgrades		664,574	Delays in the establishment of the Water Professional Services Panel in 2018/19 held back the awarding of the contract for the DWSRP and although the design work is progressing well the construction work is now planned to start in 2020/21.
<b>Total Carryovers requests from 2019/20</b>		<b>2,453,937</b>	<b>8,720,108</b>	

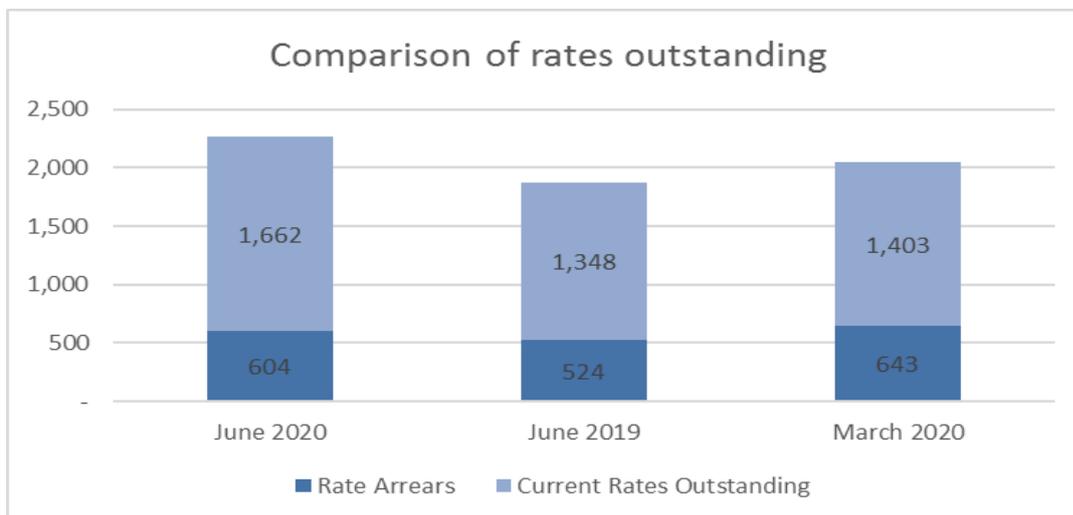
Activity	Project	Amount \$ to 20/21	Amount \$ to 21/22	Comments
<b>Carryovers requests from 2019/20 (due to Covid-19)</b>				
<b>Coastal Management</b>	Beach Accessways	41,314		Project delayed due to COVID-19
<b>Coastal Management</b>	Coastal Renewals	100,000		Project delayed due to COVID-19
<b>Parks and Open Spaces</b>	Mazengarb Reserve	10,000		This is committed spending but delayed due to COVID-19.
<b>Parks and Open Spaces</b>	Paraparaumu /Raumati Playgrounds	85,000		Marere Avenue carried over – work already committed but did not happen in June due to COVID-19.
<b>Parks and Open Spaces</b>	Tasman Lakes	13,322		Work committed.
<b>Recreation and Leisure</b>	CAC - Cylinder Replacement moveable floor	38,000		Delays due to COVID-19 where technicians are unable to travel from the Netherlands.
<b>Recreation and Leisure</b>	CAC - 1 x New Pump, UV Ballast	6,800		Parts sourced overseas
<b>Recreation and Leisure</b>	CAC - Sauna Seat	6,200		Parts sourced overseas - Sauna contractor not available
<b>Recreation and Leisure</b>	CAC - ramp refurbishment	5,000		5 yearly refurbishment due, delayed due to closure of pool
<b>Recreation and Leisure</b>	Maclean Park art installation	25,206		Art installation is planned to be completed by June 2020 but delayed due to COVID-19 lockdown. Project management contract is with Mills Albert.
<b>Recreation and Leisure</b>	Waikanae Pool - Hydroslide water treatment	10,000		Water quality in slide does not meet recommended guidelines. This puts public safety at risk. Solution not identified until March resulting in insufficient time to complete.
<b>Recreation and Leisure</b>	Waikanae Pool - Complete planned refurbishment	17,000		Originally planned for May - June but delayed due to COVID-19 lockdown
<b>Recreation and Leisure</b>	Waikanae Pool - Slurry Tank replace	2,500		Originally planned for May - June but delayed due to COVID-19 lockdown
<b>Total Carryovers requests from 2019/20 (due to Covid-19)</b>		<b>360,342</b>	<b>-</b>	
<b>Total Carryovers requests from 2019/20</b>		<b>2,796,279</b>	<b>8,720,108</b>	

## Part G: Outstanding Rates Debt as at 30 June 2020

- 45 As part of the wider strategy of continuing to reduce the Council's debt, we need to ensure that everyone is paying their property and water rates.
- 46 Like a number of other councils around the country, we have been using the services of a local government shared services agency, Debt Management Central (DMC), to assist our team with collecting rates debt owed from previous rating years.
- 47 This framework for recovery of rates owed from previous rating years is set out in the Local Government (Rating) Act 2002. DMC works within the provisions of section 62 of the Local Government (Rating) Act 2002 and follows our internal debt collection processes.
- 48 Due to COVID-19, collection of rates owed from previous rating years was put on hold at the end of March 2020.

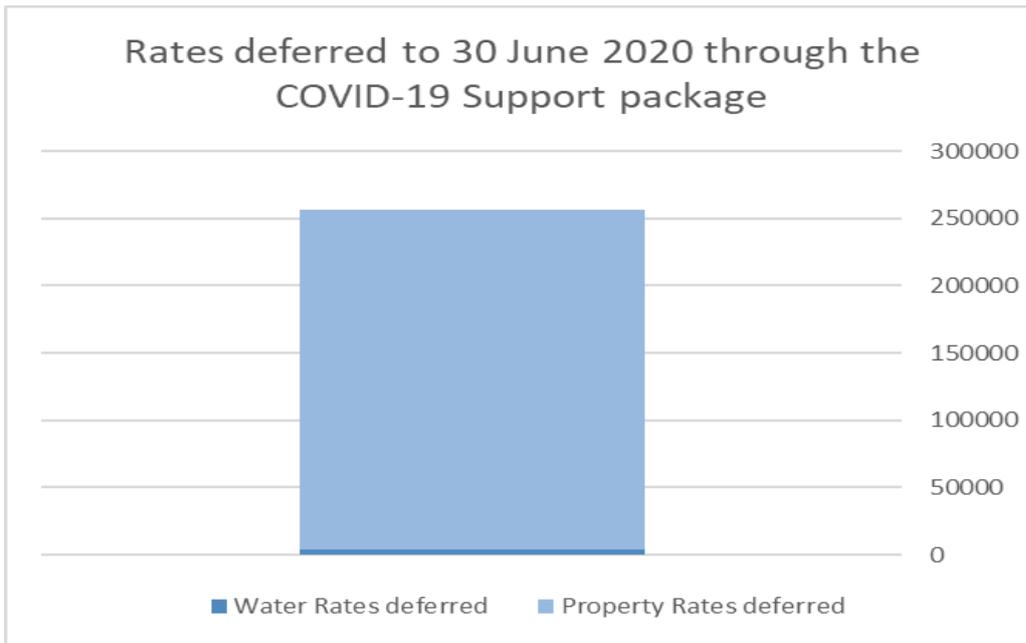
### Collection of outstanding property rates

- 49 The total property rates outstanding as at 30 June 2020 was \$2.26 million, which was an increase of 21.0% from this time last year (30 June 2019: \$1.87 million). This can be attributed to COVID-19 halting active collection and mortgagee notifications between 25 March and June 2020.

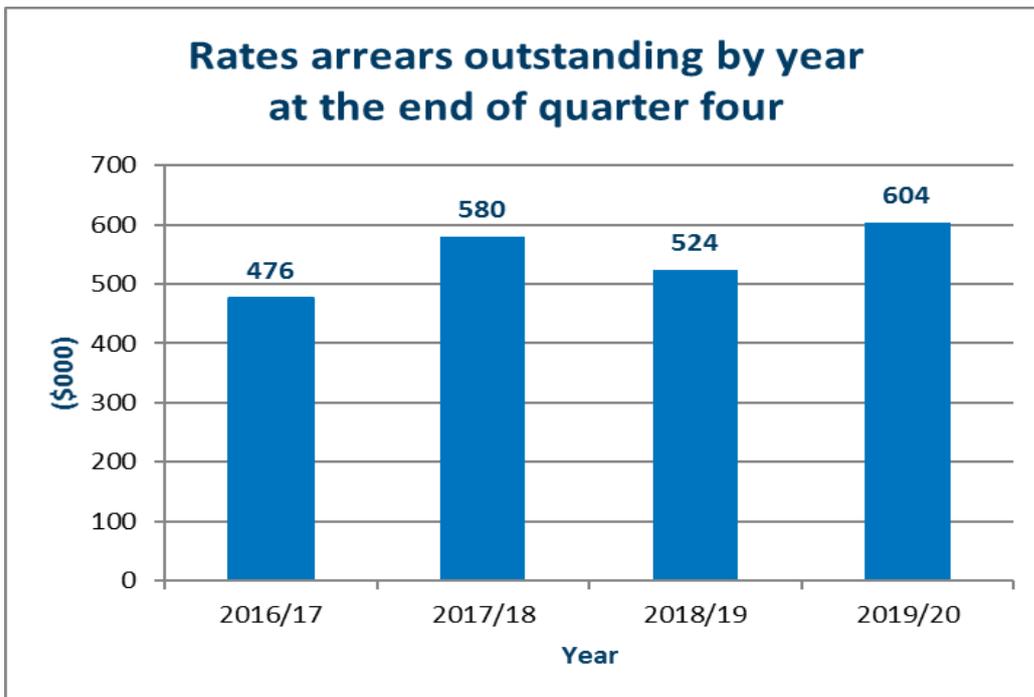


- 50 The COVID-19 Support Package announced by the Council in April 2020 allows for property and water rates penalties incurred between 1 March 2020 and 30 June to be reversed, and rates for the same period to be deferred for up to six months, through an agreed payment plan.

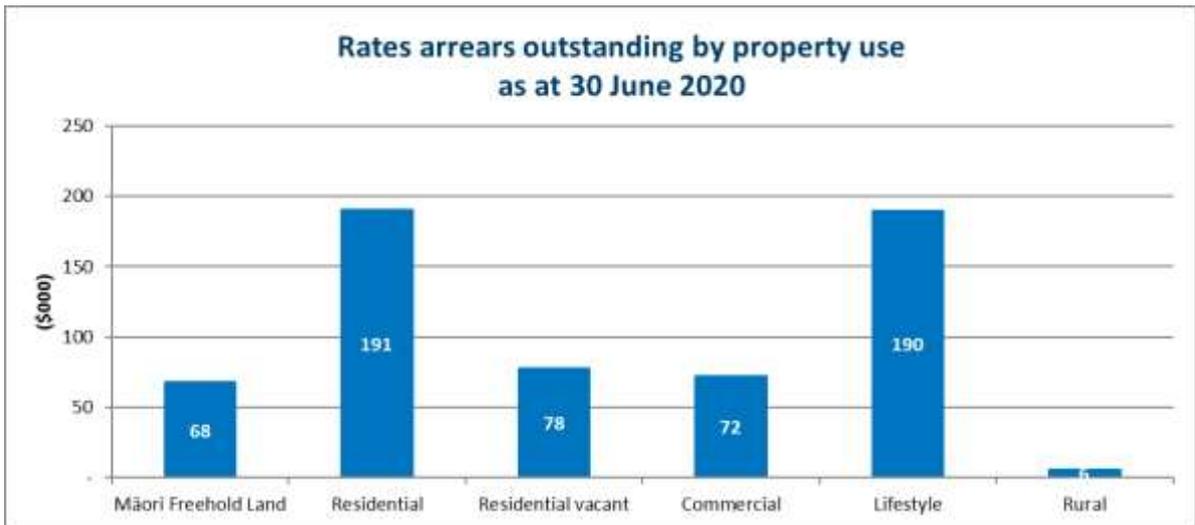
- 51 Applications close for the support package on 31 August 2020. Total property and water rates payments deferred so far are \$256,840 over 104 agreed payment plans.



- 52 The Council’s debt collection staff will continue to work with ratepayers to set up workable payment arrangements.
- 53 Where a payment arrangement has not been agreed, and provided the property is subject to a mortgage, from July each year the Council can follow the collection process set out in the Local Government (Rating) Act 2002.
- 54 In light of COVID-19, the usual collection process will be considered very carefully and updates will be provided to the Council over the coming months.
- 55 The graph below shows a comparison of the \$604,000 of rate arrears outstanding as at 30 June 2020 and for the previous three years.



56 The graph below details the rates arrears of \$604,000 by property use/type. The majority of the total rate arrears are from residential and lifestyle properties.



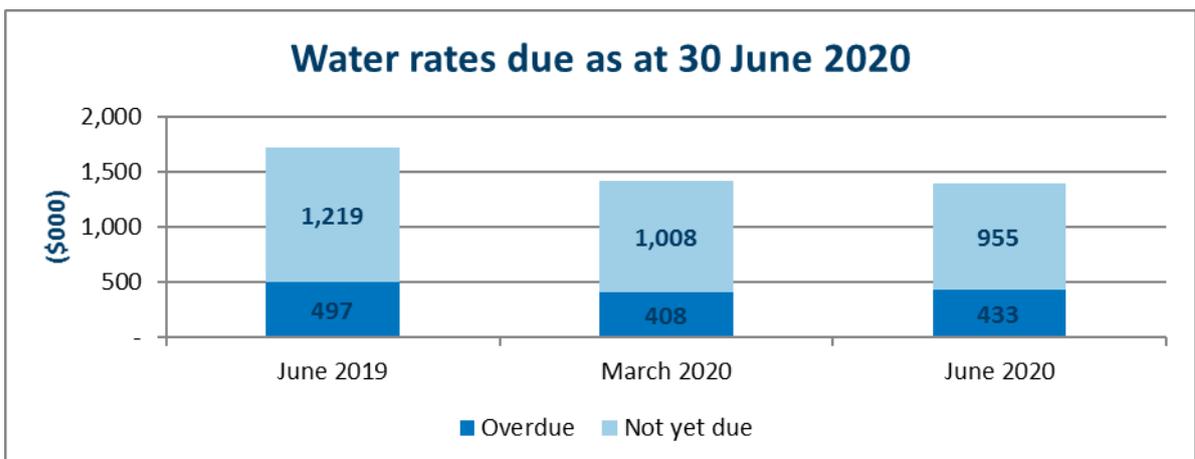
57 The rate arrears from Māori freehold land are rates owed to the Greater Wellington Regional Council.

58 There are a small number of properties with significant outstanding arrears over a number of years. There are processes prescribed in the Local Government (Rating) Act 2002 for collection of this long outstanding debt. In light of COVID-19, this will be considered very carefully and updates will be provided to the Council over the coming months.

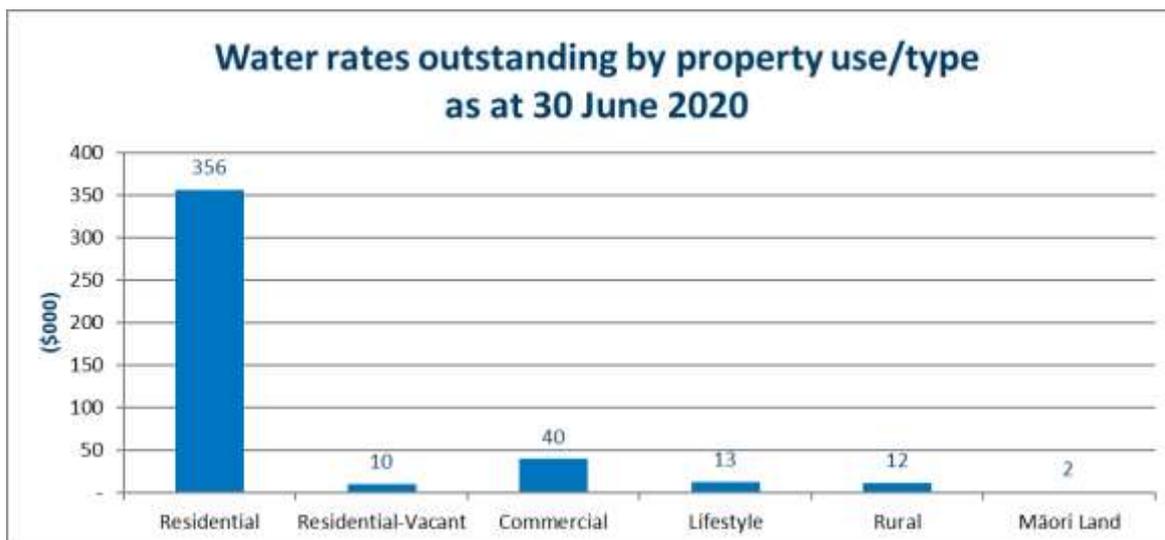
**Collection of outstanding water rates**

59 A total of \$433,000 of water rates is overdue as at 30 June 2020, which is a 13% reduction from the same time last year (\$497,000 as at 30 June 2019). This significant reduction is due to the focus on collection by the Council over the last two years in partnership with DMC.

60 Water rates payments received are first applied to water rate arrears. The chart below reflects the overdue and not-yet-due water rates as at 30 June 2020, 31 March 2020 and 30 June 2019.



- 61 The graph below details the total water rates outstanding by property use/type. The majority of the outstanding water rates are from residential properties.



- 62 \$248,646 or 57% of outstanding water rates relate to individual debtor balances of less than \$500.
- 63 Table 7 below details the total rate remissions approved to 30 June 2020 against the full year budget. Applications for rates assistance were sent to eligible property owners in December 2019, with applications open until 30 June 2020, or until the allocated budget is fully subscribed.
- 64 Rates assistance remissions are funded by rates and are a unique level of additional support provided by our Council to assist households in need. Further detail on the eligibility criteria can be found in the Council's rates remission policy.

Table 7	Actual	Forecast	Budget	Variance
	\$000	\$000	\$000	\$000
Community properties (Council and private ownership), sporting, recreational and other community organisations	82	200	200	35
Residential rating units containing two separately habitable units	82			
Rates assistance including ongoing financial assistance, temporary financial assistance and water rates remission for vulnerable households	204	204	204	(0)
<b>Total</b>	<b>369</b>	<b>404</b>	<b>404</b>	<b>35</b>

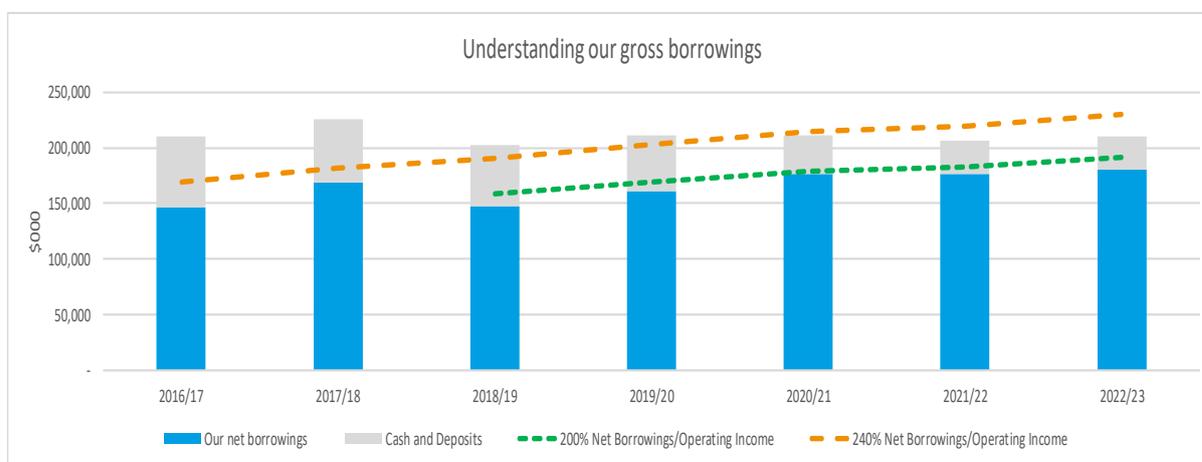
- 65 Year to date, central government rates rebates have been granted for 2,367 Kāpiti properties totalling \$1.43 million. The Council provides the approved rates rebate (up to \$640 per rateable property or Licence to Occupy agreement for retirement village residents) to the successful applicants and recovers the costs directly from the Department of Internal Affairs (DIA).

- 66 The Council promotes the Government rates rebate and remissions on radio, Facebook and through advertisements in the local papers and has worked with Grey Power and the Older Persons' Council to promote remissions and rebates more widely.
- 67 The Rates Rebate (Statutory Declarations) Amendment Bill has just passed its third reading in Parliament on 22 July 2020. The objectives of the bill are to make it easier for eligible applicants to apply for a rates rebate by replacing the current requirement to make a statutory declaration which must be witnessed, with a requirement to verify the application. The Council submitted in support generally noting that there would need to be an alternative way to verify income information provided if the statutory declaration was removed.

## Part H: Treasury Management

### SUMMARY

- 68 We talk about our borrowings as gross and net. Gross is the total and net is what we owe less our financial assets – essentially the cash and term deposits we hold to repay borrowings. To make sure we can always cover repayments when they are due, we start to build up funds in advance of the due date and put those funds into term deposits. Our net borrowings therefore reflect the true position of what we owe.
- 69 The graph below shows how our total borrowings break down into gross and net. It also shows our strategy to keep below 200% of operating income – represented by the green line. Borrowings were 184.8% of our operating income at the end of June. Looking at borrowing against income shows how well an organisation (or even an individual) is placed to handle and repay borrowings in the future.



- 70 It is one of the key measures used by Standard & Poor's when they assess our credit rating. While we could borrow more (up to 240% as outlined in our treasury management policy and shown by the orange dotted line), we chose to limit our borrowings to 200% of operating income and that becomes our 'green line'. This approach is so we can afford to replace significant water and wastewater infrastructure in the future.
- 71 The table below shows the Council's net debt position as at 30 June 2020 against full year budget and the prior year closing balance.

Table 8	June YTD Actual \$'000	Full Year Budget \$'000	Full Year 2018/19 \$'000
External Debt	210,000	210,000	210,000
/less: borrower notes	(3,360)	(3,360)	(3,360)
/less: cash and cash equivalents	(50,944)	(45,200)	(59,086)
<b>Net Debt</b>	<b>155,696</b>	<b>161,440</b>	<b>147,554</b>

- 72 \$45 million of long term borrowings matured during the year. (\$20 million in September 2019 and \$25 million in April 2020). This was refinanced using a term deposit that had been built up over the last 18 months in advance of the maturity. This ensures there is adequate funding available when borrowings mature. We call this prefunding and it is a key tool used by the Council to manage our liquidity risk or risk that we may not have access to funding when we need it.
- 73 The Council issued \$45 million of new debt. \$40 million was towards prefunding the April 2020, October 2020, May 2021 and Oct 2021 debt maturities and \$5 million towards part funding the current year capital spending programme.
- 74 The table below shows (a) the movement in the Council's external debt balance and (b) the movement in the Council's pre-funding programme by debt maturity, for the year ended 30 June 2020.

Table 9	Gross borrowings	Explained by:					19/20 Capex programme
		Pre-funding borrowings					
		TD Sept 2019	TD April 2020	TD Oct 2020	TD May 2021	TD Oct 2021	
	\$000	\$000	\$000	\$000	\$000	\$000	
Opening balance 1 July	210,000	20,000	20,000	10,000			
New Long term debt issued YTD	45,000		5,000	10,000	15,000	10,000	5,000
Matured Long term debt	(45,000)	(20,000)	(25,000)				
<b>Total</b>	<b>210,000</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>15,000</b>	<b>10,000</b>	<b>5,000</b>

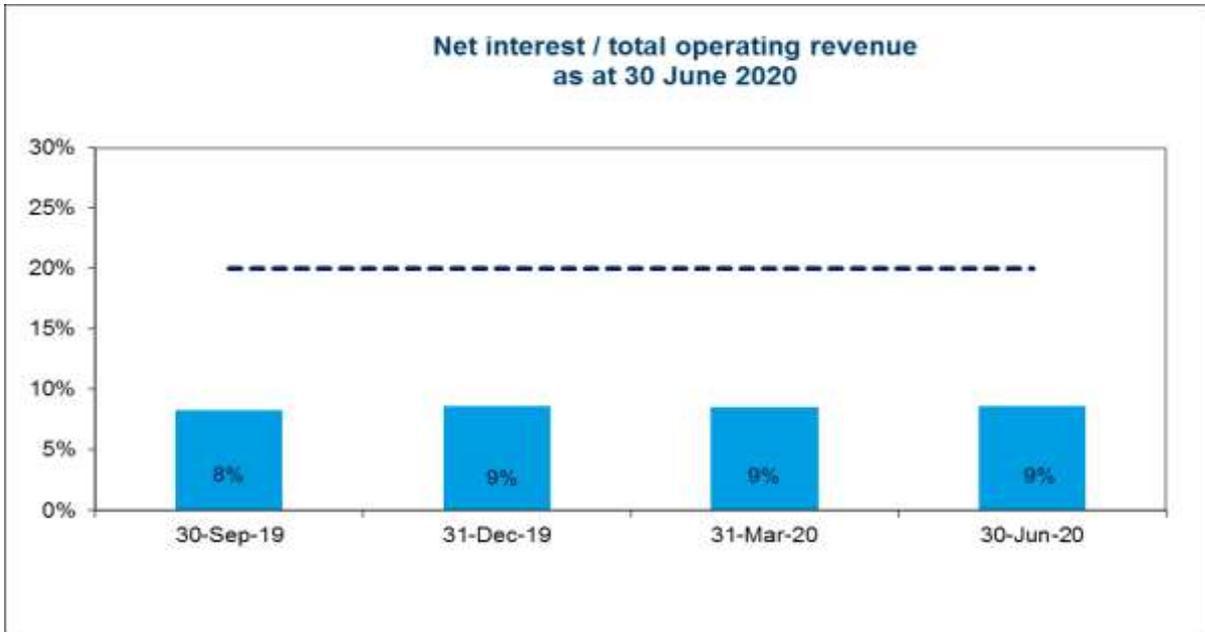
- 75 As at 30 June 2020, the Council had \$54.3 million of cash, term deposits and borrower notes on hand. This is broken down as follows:

Table 10	Term deposits to prefund borrowings	Prefunding capex	Borrower notes	Cash	Total cash, term deposits and borrower notes
	\$000	\$000	\$000	\$000	\$000
LGFA debt maturing Oct 2020	20,000	-	-	-	20,000
LGFA debt maturing May 2021	15,000	-	-	-	15,000
LGFA debt maturing Oct 2021	10,000				10,000
Surplus cash	-	-	-	5,944	5,944
Borrower notes held	-	-	3,360	-	3,360
<b>Total</b>	<b>45,000</b>	<b>-</b>	<b>3,360</b>	<b>5,944</b>	<b>54,304</b>

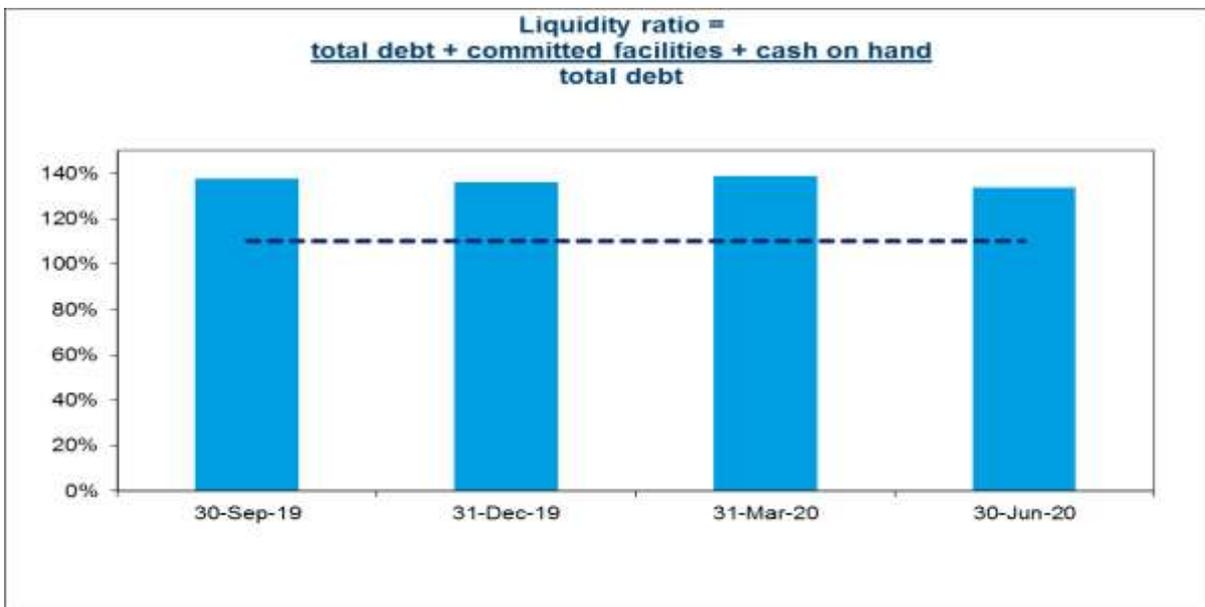
- 76 During March 2020, the Reserve Bank of New Zealand reduced the official cash rate (OCR) by 0.75%, from 1.0% to 0.25%, this rate has been unchanged since then.
- 77 The Council's weighted average cost of borrowing for the year ended 30 June 2020 was 4.15% compared to the budget of 4.8%.

**Treasury policy limits**

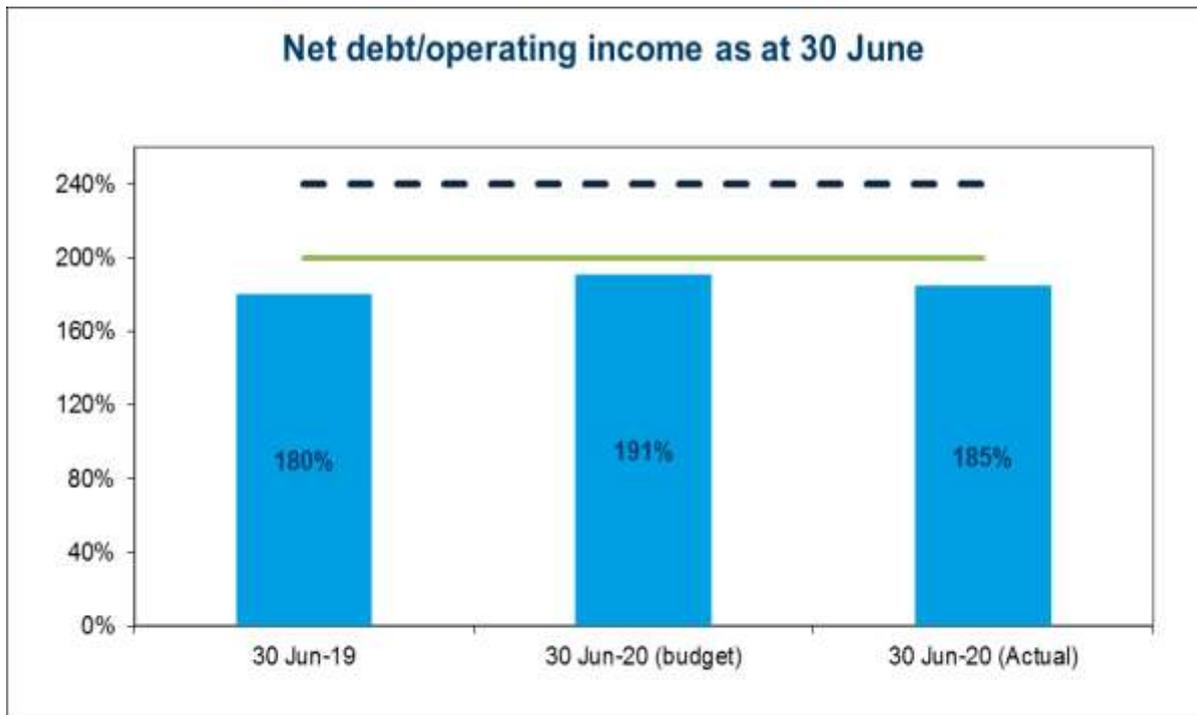
- 78 The treasury management policy (Policy) contains three financial ratios with either a maximum or minimum policy limit.
- 79 The Policy sets the maximum limit for the ratio of net interest expense to total operating revenue of 20%. The following chart shows actual limits achieved for each quarter.



- 80 The Policy sets the minimum limit for the liquidity ratio of 110%. This is a measure of the Council's available financial facilities compared to its current debt levels. The chart below shows actual limits achieved for each quarter.



- 81 The policy sets the maximum limit for net debt to operating income of 240%. This is a measure of the Council's ability to repay its debt from the operating revenue it receives during a given financial year. The Council's preference is to be less than 200%.



## Part I: Asset Revaluation

- 82 The Council's asset valuations are performed with sufficient regularity to ensure the carrying amounts are maintained at fair value. All valuations are performed by independent qualified valuers.
- 83 By maintaining asset values at fair value, the Council ensures that it best achieves intergenerational equity whereby ratepayers pay their fair share, and only their fair share, of the assets they use and benefit from.
- 84 From 1 July 2015, the Council transitioned to an annual rolling asset revaluation programme as set out below. We have completed asset revaluations as at 30 June each year and planned to transition to a 31 March 2020 revaluation date this year, to facilitate more budget certainty regarding the 2020/21 Annual Plan.
- 85 However, we have maintained the 30 June 2020 revaluation date to best ensure that our assets values have included any effect of COVID-19 which may impact on future years' depreciation charges and rates revenue requirements.

Asset classification	Revaluation date	Subsequent revaluation
Land and buildings (including land under roads revaluations)	30 Jun 2020	Every (March) three years' thereafter
Parks and reserves structures	30 Jun 2020	Every (March) three years' thereafter
Water, wastewater and stormwater (including seawalls and river control)	30 Jun 2020	Every (March) three years' thereafter
Roading and bridges, (excluding land under roads)	31 Mar 2023	Every three years' thereafter

- 86 For the 2019/20 revaluation programme we engaged WSP New Zealand Ltd (formerly Opus) to complete the 3 waters revaluation. Aon NZ Ltd were engaged for the revaluation of the Council's land, buildings, parks and land under road assets.
- 87 The summary of changes from the 2019/20 financial revaluation are shown below:

Asset Class	Carrying Value 30/6/20	ODRC 30/06/20	%	Revaluation Reserve	Budget Revaluation Reserve	Variance	Depreciation 20/21	Depreciation Budget 20/21	Variance	%
	\$000	\$000		\$000			\$000	\$000		
Land Under Roads	802,569	767,536	-4%	-35,033	47,158	82,192	0	0	0	
Operational Land	92,596	94,918	3%	2,322	3,252	930	0	0	0	
Park Improvements and Bridges	14,792	15,563	5%	771	795	24	1,467	1,527	60	-4%
Operational Buildings	66,697	73,041	10%	6,343	4,248	-2,095	3,018	2,876	-142	5%
Sub Total	976,654	951,058	-3%	-25,597	55,453	81,050	4,485	4,404	-82	2%
Water	115,660	121,202	5%	5,543	5,934	391	3,272	3,130	-142	5%
Wastewater	135,540	136,031	0%	491	6,947	6,456	3,757	3,702	-56	2%
RC	1,075	1,148	7%	73		55	19	19	0	0%
Stormwater	67,291	66,818	-1%	-473	3,547	4,020	1,014	1,019	5	-1%
Seawalls	5,274	6,208	18%	933	240	-693	420	594	174	-29%
Sub Total	324,840	331,406	2%	6,567	16,723	10,156	8,483	8,464	-18	0%
<b>Total</b>	<b>1,301,494</b>	<b>1,282,464</b>	<b>-1%</b>	<b>-19,030</b>	<b>72,176</b>	<b>91,206</b>	<b>12,968</b>	<b>12,868</b>	<b>-100</b>	<b>1%</b>

### Three Waters Financial Valuation

- 88 Infrastructure assets have been valued on a replacement cost basis where the quantities of assets are multiplied by the unit costs plus an allowance for on costs (professional fees and council cost).
- 89 The replacement cost is then adjusted for factors such as age, condition and our network being fully optimised which then provides the optimised depreciated replacement cost. The revaluation of the three water assets has resulted in an overall increase in optimised depreciated replacement cost of \$6.6 million or 2%.
- 90 The major change that contributed to the increase since the previous valuation in 2017/18 was an increase in the construction cost of 6.8% increasing the unit costs for replacement and a decrease in the pipes residual value from 15% to 5%, due to valuers changing their valuation methodology regards pipe relining.
- 91 COVID-19 was also fully considered. If there were any impacts from COVID-19 it would most likely be on
- the market prices driving the cost of construction up, thereby increasing the unit costs of replacement and,
  - Network demand, which determines the optimised quantum of infrastructure to be valued.
- 92 It is too early to be definitive about the impacts of COVID-19 on the costs of construction, however they are more likely to be subject short-term increases. For valuation purposes the replacement costs used should reflect typical and sustainable market conditions not short term fluctuations.
- 93 Also COVID-19 is unlikely to lead to any reduction in the demand for the council assets. Therefore, no adjustment was made to demand for COVID-19.

### Land, Buildings and Improvements Valuation

- 94 The revaluation of the land and building assets has resulted in an overall decrease in fair value of \$25.6 million or 3% due to Land Under Roads.
- 95 Land under Roads is valued using an “across the fence” approach and an allowance made for the restrictive use, typically up to 50%. The valuation has remained consistent with its previous valuation, however a correction was required to the number of hectares, therefore resulting in a decrease in value of \$35.03 million or 4%.
- 96 Operational Land and buildings are recognised at fair value. In terms of property valuations two main categories of property are considered.
- Non- specialised assets are valued at their “current market price” based on comparative market evidence.
  - Specialised property assets are valued on the basis of Depreciated Replacement Cost.
- 97 In determining commercial and industrial “current market price” for the Council’s buildings and land, market evidence of recent sales and leases were used. If Council’s land is restrictive in use, such as a reserve status, a discount would also apply due to the little development potential or changing the reserve status.

## Part J: Phase 1 – Sustained Community Support Costs

- 98 On 9 April 2020 the Council announced a phased approach support package to help the district withstand the economic and social challenges expected from COVID-19. The Council's focus is on the short- and long-term wellbeing of the district and this plan provides help where it is most needed.
- 99 Phase 1 – Sustain Community Support Package is the first step in what will be a multi-staged approach to social and economic recovery for our district. Further work is under way to look at how we support the community and district to recover. The support package is available up until 31 August 2020.
- 100 Phase 1 – Sustain Community Support Package includes the following support to Kāpiti residents, ratepayers and businesses who have been financially impacted by COVID-19.
- a. Support available on application:
    - removal or reversal of rates late payment penalties;
    - six month deferral of payments for water and property rates;
    - 90-day credit terms for invoices; and
    - refund consent deposits and fees if applicants request to withdraw their application.
  - b. Support being applied automatically to those who are eligible for it:
    - rent payments waived for three months for Council's major commercial tenants;
    - rapid payments to the Council's suppliers;
    - refund 25% of fees for food, alcohol, outdoor dining, hairdressing, trade waste, and campground licences paid in the 2019/20 financial year; and
    - increased weighting for local businesses in procurement processes.
  - c. The Council also agreed the following support:
    - allowing Community Boards to repurpose unallocated discretionary grants for 2019/20 to COVID-19 response initiatives;
    - flexibility to repurpose remaining social investment grants in 2019/20 as appropriate; and
    - extended existing library book loans by six weeks.
- 101 The table below shows a summary of the costs incurred or revenue lost/deferred, and applications received related to Phase 1 – Sustain Community Support Package as at 30 June 2020.

Table 11	Amount (\$)	Full year 2019/20 Total number of queries (via Council online form)	Total number of applications
<b>Actual Costs</b>			
Allowing Community Boards to repurpose unallocated discretionary grants for 2019/20 to COVID-19 response initiatives	19,299	1	14

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Repurpose IWI work plan budget	90,000	-	3
Other costs associated with setting up Council Support package (e.g. consultants, legal costs)	30,891	-	NA
<b>Total costs</b>	<b>140,190</b>	<b>1</b>	<b>17</b>

Table 11 (continued)	Amount (\$)	Full year 2019/20	
		Total number of queries (via Council online form)	Total number of applications
<b><u>Lost/deferred revenue</u></b>			
Refund consent deposits and fees if applicants request to withdraw their application	6,000	-	2
Rent payments waived for three months for Council's major commercial tenants	38,332	2	7
Refund 25% of fees for food, alcohol, outdoor dining, hairdressing, trade waste, and campground licences paid in the 2019/20 financial year	47,155	12	548
Removal or reversal of rates late payment penalties	34,307	140	117
Deferral of payments for water and property rates	256,840		
<b>Total lost/deferred revenue</b>	<b>382,634</b>	<b>154</b>	<b>674</b>
<b><u>Other</u></b>			
Increased weighting for local businesses in procurement processes	-	3	-
90-day credit terms for invoices		Unquantifiable	
Rapid payments to the Council's suppliers		Unquantifiable	
Flexibility to repurpose remaining social investment grants in 2019/20 as appropriate		Not utilised	
Extended existing library book loans by six weeks		Unquantifiable	
<b>Grand Total</b>	<b>522,824</b>	<b>158</b>	<b>691</b>

- 102 Approximately 60 staff were re-deployed to the Emergency Operations Centre (EOC) in response to COVID-19. The Council's response costs in relation to the Emergency Operations Centre are mainly related to welfare support, iwi liaison, sourcing equipment and supplies, and public information management. This totalled to \$111,000 for 2019/20.
- 103 In accordance with the Guide to the National Civil Defence Emergency Management Plan 2015, the Council lodged a reimbursement claim to the National Crisis Management Centre (NCMC) on 29 May 2020 to recover the Council's eligible response costs in relation to the EOC. The claim of approximately \$16,250 covered costs incurred by the Council to meet the welfare needs of our community as a result of COVID-19. These people and households have not had access to other sources of support.
- 104 The claim lodged in May was revised down to approximately \$15,500 after further clarifications received from the NCMC. A further smaller claim (value to be determined) will be made in August 2020.

**Part K: Requests for bad debts write off**

- 105 Debt management has been in place to monitor the Council's rating (including Water) debts and other non-rating (i.e. sundry) debts. This is done actively to ensure possible collections issues are identified and addressed.
- 106 The Chief Executive may write-off sundry debts (excluding rating debts) up to the value of \$1,000 under the delegated authority from the Council (under the Local Government Act 2002). Debts over \$1,000 in value must obtain approval from the Council before they can be written off.
- 107 The following sundry debts (over \$1,000 each) have been identified as being un-collectable and are submitted to the Council for approval to be written off.
- a) **Silaca Crushers Ltd total \$8,101.77 (incl. GST)**  
This debt has been outstanding since May 2015 and relates to rates and rent for the Otaki Resource Recovery Facility. The lease expired on 1/12/2018. The owner passed away on 28/03/2019. The company was removed from the company register on 26/06/2019. Finance continued to send monthly statements until we became aware of the owners passing.
  - b) **RKJP Services Ltd total \$1,050 (incl. GST)**  
This debt relates to a food premises verification and non-attendance charges on 12/12/2017 and 11/01/2018. Finance continued to email monthly statements to the owner. The company was removed from the company register on 20/05/2019.
  - c) **GECKO Belly Ltd total \$1,183 (incl. GST)**  
This debt is for a hairdresser licence and has been outstanding since July 2013. The company was removed from the company register on 03/02/2015.
  - d) **Civil X Ltd total \$2,005.79 (incl. GST)**  
The company went into liquidation on 08/03/2019. Finance filed a claim against the company in December 2019. The final report from the liquidator was received on 05/06/2020 and the Council did not receive any funds.

**CONSIDERATIONS****Policy considerations**

- 108 There are no policy implications from this report.

**Legal considerations**

- 109 There are no legal considerations arising from this report.

**Financial considerations**

- 110 The financial information as detailed in Parts A to K of this report is unaudited. Best endeavours have been made by all Council Officers' to ensure the accuracy, completeness and robustness of the financial information contained herein as at the time of issuance of this report.

**Tāngata whenua considerations**

- 111 There are no specific tāngata whenua considerations arising from this report.

**SIGNIFICANCE AND ENGAGEMENT****Significance policy**

112 This matter has a low level of significance under the Council Policy.

**Publicity**

113 There are no publicity considerations arising from this report.

**RECOMMENDATIONS**

114 That the Strategy and Operations Committee receives this report.

115 That the Strategy and Operations Committee notes the actual financial performance and position of the Council for the year ended 30 June 2020.

116 That the Strategy and Operations Committee approves the capital carry forwards indicated in Part F – Capital Spending Programme, subject to a review of the capital budget during the first quarter of 2020/21.

117 That the Strategy and Operations Committee approves the Chief Executive to write-off all of the bad debts indicated in paragraph 107 of this report.

**APPENDICES**

Nil

## 8.2 CONTRACTS UNDER DELEGATED AUTHORITY

**Author:** Anelise Horn, Manager Financial Accounting

**Authoriser:** Sean Mallon, Group Manager Infrastructure Services

### PURPOSE OF REPORT

- 1 This report provides an update on any contracts over \$250,000 accepted under delegated authority for the period 1 April to 30 June 2020.

### DELEGATION

- 2 The Strategy and Operations Committee has delegated authority to consider this report under the following delegation in the Governance Structure, Section B.2.

*This Committee will deal with monitoring and decision-making on all broader financial management matters, including approval of contracts and contract variations outside the Chief Executive's delegations*

### CONTRACTS

#### 2019/C320 – Flood Hazard Study and Modec Rebuild

- 3 Eight tenders were received ranging between \$356,210 to \$686,800.
- 4 The Contract was awarded to AWA Consultants (Wellington based) for the sum of \$386,920 based on the weighted attribute method.
- 5 Due to the specialised work, there were no contracts received from local contractors.

### CONSIDERATIONS

- 6 There are no legal, consultation and publicity considerations arising from this report.

### SIGNIFICANCE AND ENGAGEMENT

#### Significance policy

- 7 The Council's significance policy is not triggered.

### RECOMMENDATIONS

- 8 That the Strategy and Operations Committee notes there was one contract accepted under delegated authority over \$250,000 for the period 1 April to 30 June 2020.

### APPENDICES

1. Contracts Under Delegated Authority for the 2019/20 year. [↓](#)

<b>Strategy and Operations Committee meeting</b>	<b>Contract</b>
5 December 2019 (covering the period 1 July to 31 September 2019)	Contract 2018/C210 – Stormwater Asset Renewals in Paraparaumu Catchment 7. The Contract was awarded to Interflow New Zealand Limited for the sum of \$640,227.
	Contract 2019/C247 – Kapiti Coast East West Connection Business Case. The Contract was awarded to Jacobs New Zealand Limited for the sum of \$268,726.
	Contract 2019/C250 – K9 Kapiti Road Shared Path Project. The Contract was awarded to Brian Perry Civil for the sum of \$1,156,919.
	Contract 2019/C278 – Traffic Counting Services 2019-2022. The Contract was awarded to Quik-Shot trading as AES Limited for the sum of \$265,486.
	Contract – Youth Development Centre (and satellite services). Zeal Education Trust continues the nine-year term contract (currently in year five). Three-year renewal at \$281,000 per annum.
5 March 2020 (covering the period 1 October to 31 December 2019)	Contract 2019/C313 – 2019/20 Minor Stormwater Capital Works in various locations. The Contract was awarded to Tatana Contracting Limited for the sum of \$367,300.
	Contract 2019/C314 – Districtwide Stormwater quality Monitoring (48 months' contract). The Contract was awarded to Cardno New Zealand Limited for the sum of \$591,448.
	Contract – Animal Management Centre Renewal. The Contract was awarded to Focus Projects Limited for the sum of \$390,440.
28 May 2020 (Council) (covering the period 1 January to 31 March 2020)	No Contracts

### 8.3 QUARTERLY ACTIVITY REPORT: Q3/Q4

**Author:** Marece Wenhold, Senior Advisor

**Authoriser:** Mark de Haast, Group Manager Corporate Services

#### PURPOSE OF REPORT

- 1 This report provides the Strategy and Operations Committee with a quarterly performance overview for the third and fourth quarters of the 2019/20 financial year for each activity, as set out in the 2018-38 Long Term Plan.

#### DELEGATION

- 2 The Strategy and Operations Committee has delegated authority to consider this report under the responsibilities delegated in Section B.1 of *Governance Structure and Delegations*. In particular, the Committee's key responsibilities include:
  - *Overviewing strategic programmes;*
  - *Financial management, including risk mitigation.*

#### BACKGROUND

- 3 This report is a summary of work programme and activity reports. Further and more detailed information is included in Appendix A to this report.
- 4 Appendix A contains a detailed discussion of each Activity, which includes an overview of performance across a range of projects and work programmes, recent developments and actual performance against key performance measures as published in the 2018–38 long term plan.
- 5 Section 1 of this report gives an overview of progress on projects and results for key performance indicators (KPIs) across the Council as a whole.
- 6 Section 2 of this report provides summarised the 'Across Council Work Programmes'.
- 7 Sections 3 to 6 of this report, provides a discussion on the activity cluster groupings. These sections report on the status of projects (with a brief explanation where projects are not on target), present other key development highlights and provide more detail on KPI performance.
- 8 The dashboard graphic on the following page gives a snapshot of performance across all Council activities and is intended to highlight at a glance where there might be issues that need attention.

Activity overview dashboard for the third and fourth quarter 2019/20

Activity	KPIs			Projects		Capital Spend (\$M)	Operating Spend (\$M)	Income (\$M)
	Achieved On target Not on target	Not yet due Not achieved		On target Not on target On hold		Favourable On budget Unfavourable		
INFRASTRUCTURE	Access & Transport	4	5		4	\$5.91	\$13.77	\$6.09
	Coastal Management	2			1	\$0.50	\$1.14	
	Solid Waste	4			1	\$0.04	\$1.09	\$0.54
	Stormwater	7			2	\$4.21	\$3.65	\$0.32
	Wastewater	5			2	\$0.91	\$7.90	\$0.22
	Water	8	3		1	\$1.62	\$7.34	\$1.14
PLACE & SPACE	Parks & Open Space	11			1	\$0.80	\$4.44	\$1.47
	Recreation & Leisure	3	2	5		\$0.78	\$8.14	\$1.52
	Community Facilities & Community Support	13	1		1	\$2.88	\$3.94	\$1.73
	Economic Development	2			2	\$4.15	\$1.95	\$0.21
PLANNING & REGULATORY	Districtwide Planning	2			1		\$1.61	\$0.02
	Regulatory Services	3	2	2		\$0.50	\$5.15	\$3.99
GOVERNANCE & TĀNGATA WHENUA	Governance & Tāngata Whenua	3	3			\$0.45	\$2.65	\$0.74
	Corporate					\$0.78	\$26.77	\$91.24
						\$23.48	\$89.55	\$109.21

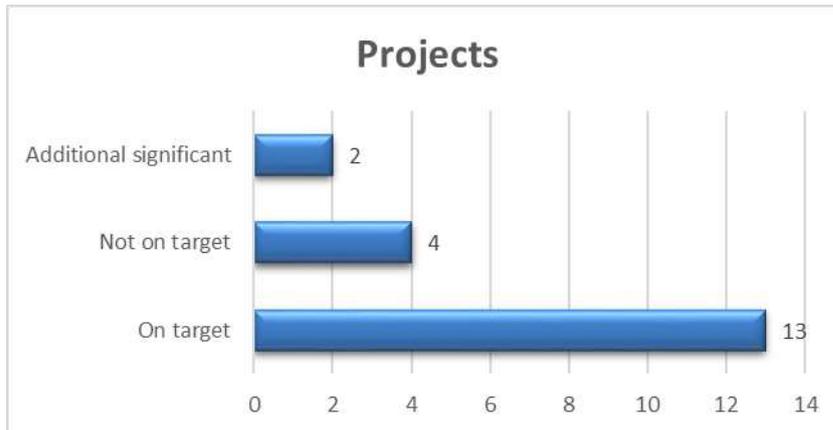
**CONSIDERATIONS**

**Section 1: Overview of KPIs and Projects**

**Summary of significant projects**

9 There are 19 significant projects being undertaken by Council in the activities reported below (compared to 29 last year). Of these, 17 are capital expenditure projects with a value of \$250,000 and above and two are additional significant projects.<sup>1</sup>

**Figure 1: Status summary of significant projects**  
as at 30 June 2020



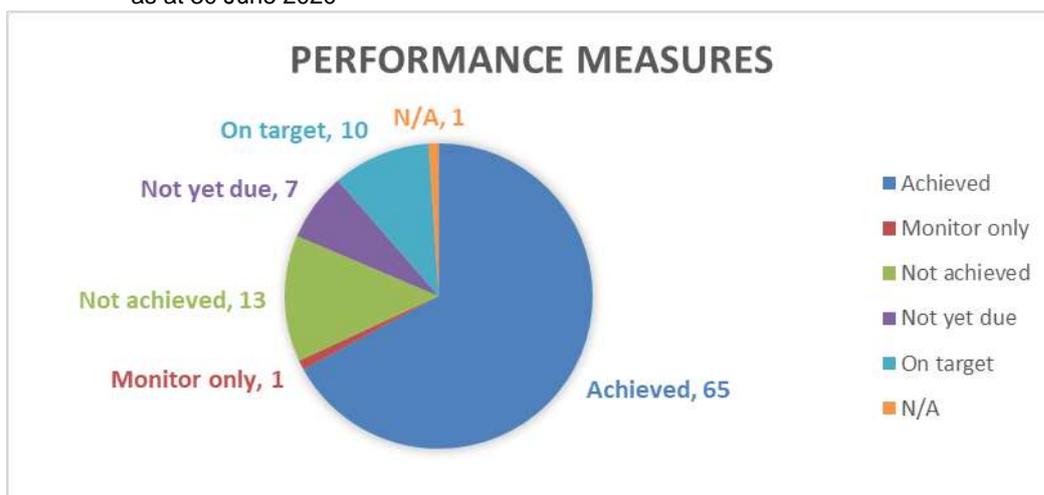
10 Thirteen projects were on target as at 30 June 2020.

11 Four projects were not on target for a range of reasons. These are reported on in the activity chapters in Appendix A to this report.

**Summary of key performance indicators**

12 There are 95 KPIs which have targets this year. Figure 2 below reports on KPI results against their targets.

**Figure 2: Key Performance Indicators**  
as at 30 June 2020



Sixty-five KPIs were achieved at the end of 2019/20. Of the remainder, 7 were not yet due and 10 were on target. These are reported in more detail in the activity chapters in Appendix A to this report.

<sup>1</sup> Note that there are other work programmes and projects reported in the ‘Across Council Work Programmes’ section of this report (and in that chapter in Appendix A) that are not included in Figure 1.

## Section 2: Across Council Work Programmes

13 There are several programmes of work that carry across a number of activities. These are outlined below, and their progress is discussed in more detail in the 'Across Council Work Programmes' chapter in Appendix A to this report.

- **Provincial Growth Fund.** Supporting the development and implementation of Provincial Growth Fund applications for the Council and the Kāpiti community.
- **Housing work programme.** Defining an implementation strategy for Council to progress housing supply across the District including physical assets and advocacy work streams on behalf of the local community.
- **Coastal adaptation work programme.** Developing a regional approach to community-led coastal adaptation under the umbrella of the Wellington Region Climate Change Working Group's coastal adaptation sub-group.
- **Corporate IT projects.** The hardware programme includes servers, desktops, laptops, mobile phones, internal network, digital radio network across the district and the CCTV network.
- **Carbon and energy management.** Adopted in 2012, the Council's Carbon and Energy Management Plan sets a target of an 80% reduction in greenhouse gas emissions from the organisation by 2021/22 compared to 2009/10, through energy conservation, renewable energy, reducing fossil fuel use and changing how waste is disposed of. The Council has its annual emissions inventory (carbon footprint) independently audited to gain 'CEMARS' accreditation to the ISO-14064 standard.



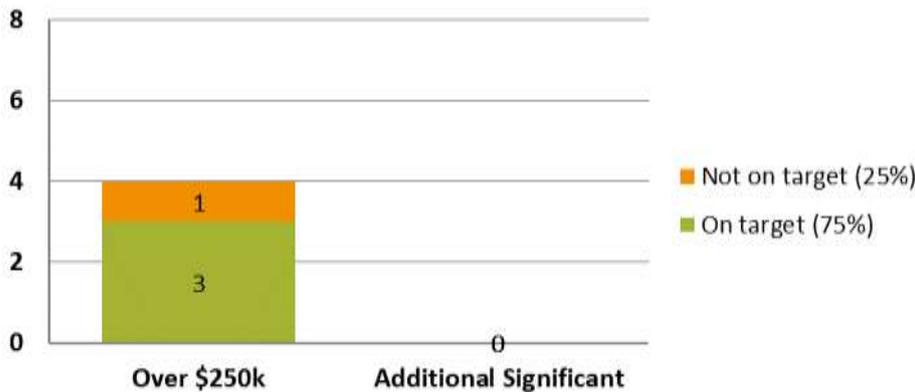
Section 3: Place & Space

Significant projects

- 14 There are four Place and Space projects, all of which are capital expenditure over \$250,000 projects.

Figure 3: Place & Space – significant projects

as at 30 June 2020

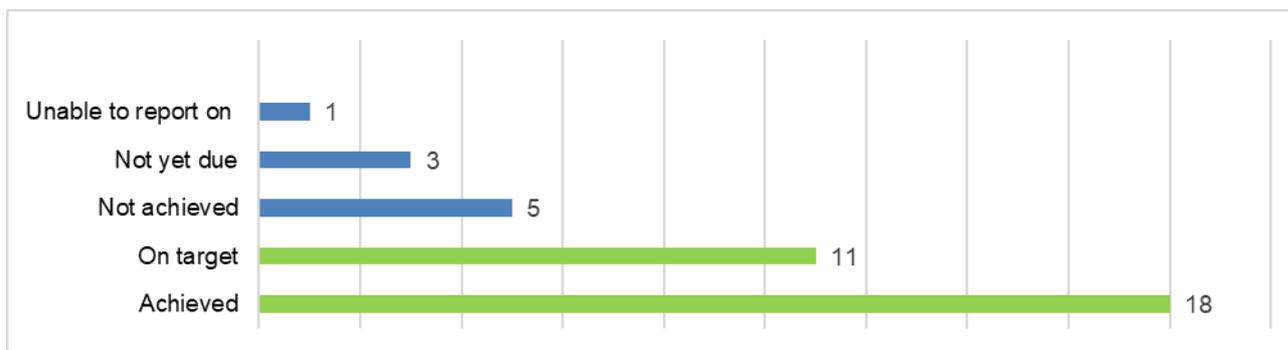


- 15 Three projects were on target as at 30 June 2020.
- 16 The Districtwide Parks and Playgrounds work programme is a capex (over \$250k) project and is on target.
- 17 The Housing for Older Person’s renewals project is forecast to overspend the initial budget, largely as a result of urgent remediation needed to the Wipata Flats in Paekākāriki and as a consequence of the previous Council giving direction to renew units when they became vacant.
- 18 There are two economic development projects reported in this activity report. The Strategic Land/Property Purchase Fund and the Town Centres project are the two main projects in this area. Both are capex over \$250,000 projects. Both projects are regarded as on target from a Council perspective.

**Key performance indicators**

19 In this cluster there are 38 KPIs.

**Figure 4: Place & Space KPIs**



- Eighteen KPIs were achieved at the end of 2019/20.
- Eleven KPIs were on target (details in Appendix A).
- Five KPIs were not achieved (details in Appendix A).
- Three KPIs were not yet due (details in Appendix A).
- One KPI unable to report on (details in Appendix A).

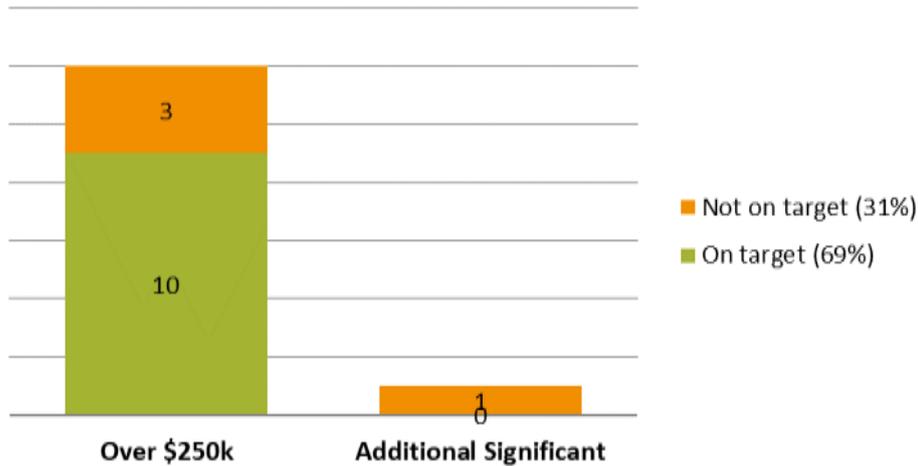


Section 4: Infrastructure

**Significant projects**

20 There are 13 Infrastructure projects, 12 of which are capital expenditure over \$250,000 projects.

**Figure 5: Infrastructure Projects**



21 Ten projects were on target as at 30 June 2020.

22 There are four significant projects in the Access & Transport activity and all four are on target.

23 For Stormwater, both projects (Major and Minor stormwater programmes) are on target despite some consenting delays with individual projects within those programmes.

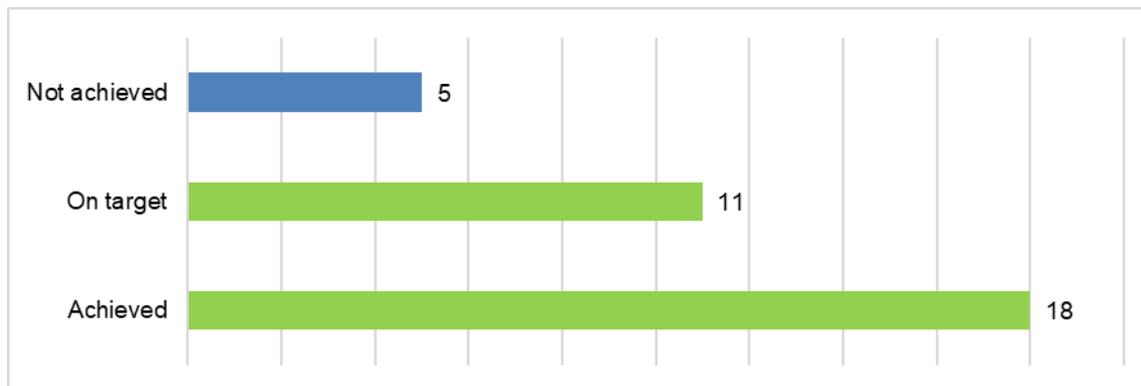
24 For Wastewater, there are three significant projects. One on target and two not on target. Additional Paraparaumu WWTP renewals works required above originally planned works following the clarifier failure. Ōtaki WWTP upgrade project is forecasting an overspend.

25 There are two water management projects. Both are over \$250,000 capex projects. The Drinking Water Safety and Resilience Programme is not on target – design work will be completed this year but construction works are now planned for 2020/21.

**Key performance indicators**

26 In this cluster there are 36 KPIs with assigned targets to report against this year.

**Figure 6: Infrastructure KPIs**



- Eighteen KPIs were achieved at the end of 2019/20 (details in Appendix A).
- Eleven KPIs were on target at the end of 2019/20 (details in Appendix A).
- Five KPIs were not achieved at the end of 2019/20 (details in Appendix A).
- Two KPIs were not on target (details in Appendix A).



## Section 5: Planning & Regulatory

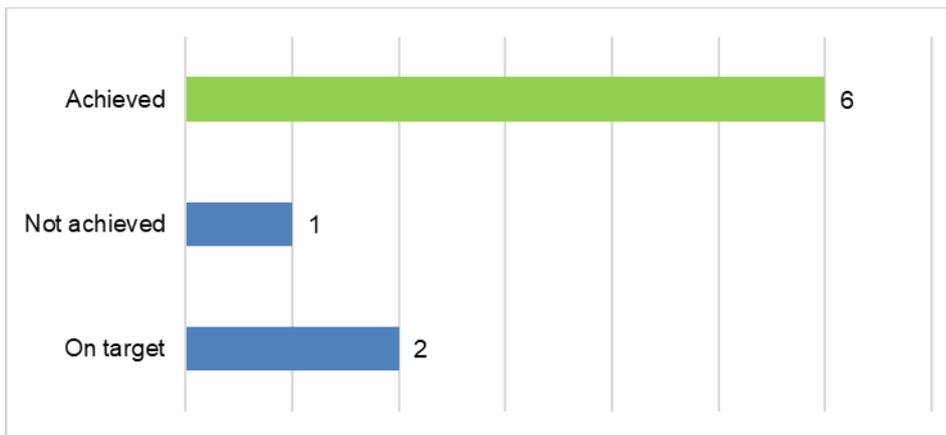
### Significant projects

- 27 In this cluster there are 2 major projects, one is on target and one is not.
- 28 There is one significant Regulatory Services project, the Animal Management Centre renewal. It is forecast to cost more than initially budgeted as investigation found some hidden issues with the building.
- 29 The District Plan Review is the only significant Districtwide Planning project and is on track for year end.

### Key performance indicators

- 30 In this cluster there are nine KPIs.

**Figure 7: Regulatory Services KPIs**



- Six KPIs were achieved at the end of 2019/20 and two were on target.
- One KPI was not on achieved: 9,855 of 10,411 service requests received were responded to within time. That comes to 94.68% with a target of 95%.



## Section 6: Governance and Tāngata Whenua

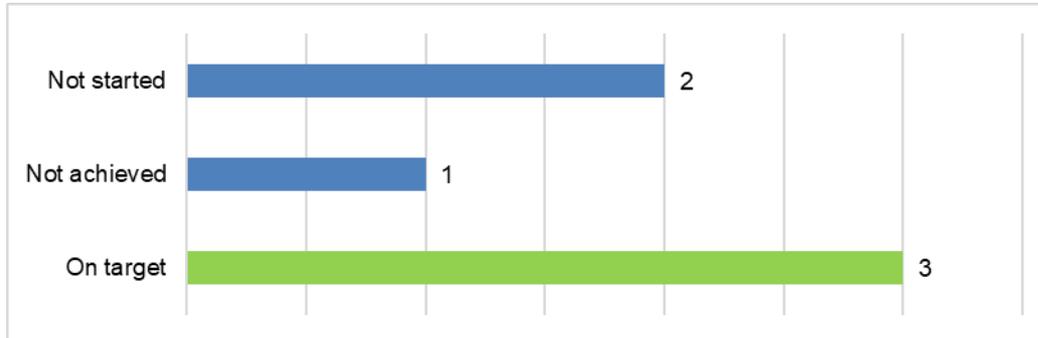
### Significant projects

31 There are no significant projects in this activity in 2019/20.

### Key performance indicators

32 There are six KPIs in this stand-alone activity.

**Figure 8: Governance & Tāngata Whenua KPIs**



- Three KPIs were on target.
- Two KPIs have not yet started.
- One KPI is not achieved.

### Policy considerations

33 There are no policy issues to consider.

### Legal considerations

34 Under the Local Government Act 2002, the Council has a legislative responsibility to monitor and report on the Council's organisational performance.

### Financial considerations

35 A summary of budget details for each activity (as at 30 June 2020) is provided in the activity chapters attached as Appendix A to this report.

### Tāngata whenua considerations

36 There are no tāngata whenua issues to consider in regard to this report.

37 There is reporting on issues of interest to iwi and tāngata whenua throughout this report, not just limited to the Governance and tāngata whenua section of this report or the activity chapter contained in Appendix A to this report.

38 However, this report is for information about recent developments only and is not calling for any decision.

### Strategic considerations

39 There are no specific strategic considerations in this report. The developments outlined in this report, including Appendix A to this report, contribute towards achieving Council's ten-year outcomes.

## SIGNIFICANCE AND ENGAGEMENT

### Significance policy

40 This matter has a low level of significance under Council's Significance and Engagement Policy.

**Consultation already undertaken**

41 This is a report for information only – no consultation is required.

**Publicity**

42 Many of the developments referred to in this report have already been communicated through the Council's regular communications channels.

43 Performance outcomes for the year will be published in the Council's 2019/20 Annual Report.

**RECOMMENDATIONS**

44 That the Strategy and Operations Committee receives this report, including Appendix A to this report.

45 That the Strategy and Operations Committee notes the Council's performance for the third and fourth quarters of the 2019/0 financial year, for each activity included in its 2018-38 Long Term Plan.

**APPENDICES**

1. Appendix A [↓](#)

# Agenda of Strategy and Operations Committee Meeting - 20 00 2020

- **Across Council Work  
Programmes**
- **Place and Space cluster**
- **Infrastructure cluster**
- **Regulatory Services cluster**
- **Governance and Tāngata  
Whenua**

Appendix A – Across Council Work Programmes Chapter (1 January 2020 to 30 June 2020)

# Across Council Work Programmes

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There are several programmes of work that extend across two or more activity areas. To present the reporting on these programmes of work more cohesively, they will be reported on in this 'Across Council Work Programmes' section rather than in separate activity reports.

These programmes of work are:

- Provincial Growth Fund
- Housing Work Programme
- Coastal Adaptation Work Programme
- Council-wide Corporate Information Technology Projects
- Carbon and Energy Management.

Appendix A – Across Council Work Programmes Chapter (1 January 2020 to 30 June 2020)

<b>Provincial Growth Fund work programme</b>	
<b>Description</b>	This work programme supports the development and implementation of Provincial Growth Fund applications for the Council and the Kāpiti community.
<b>Lead</b>	Senior Leadership Team
<b>Key developments from 1 January to 30 June 2020</b>	
<ol style="list-style-type: none"> <li>1. <b>Principal Advisor Growth and Development (PGF part-funded role)</b> Commenced work in mid-January, part of the Economic Development team. Role is focussed on supporting the progress of economic development and provincial growth fund projects in Kāpiti.</li> <li>2. <b>Kāpiti Gateway project</b> Project has been progressed to resource consent stage (consent applications submitted) in order to meet criteria for PGF funding. An application has now been submitted to PGF and we are awaiting a response. If the PGF application is successful, a paper will be brought to Council to confirm next steps.</li> <li>3. <b>Otaki Rangitahi Initiative</b> An Otaki based rangitahi (youth) initiative has been developed in consultation with local stakeholders and an application submitted to the He Poutama Rangatahi Fund – a youth-specific fund that sits within the PGF and focusses on wellbeing outcomes as a priority for rangitahi. We are currently awaiting a response.</li> <li>4. <b>Renovation Fund</b> A separate \$70m fund within the PGF has been established to assist Council's and local Marae with renovation projects that are able to commence quickly within the community and provide local employment. Council has submitted four projects for consideration (two council owned buildings and two community owned buildings on reserve land) and is currently awaiting a response. TPK is working with local Marae on making applications to the fund also.</li> <li>5. <b>Wairoua Lodge (Kāpiti Island), Nga Manu Sanctuary</b> Both Wairoua Lodge and Nga Manu have submitted applications to the PGF with Council support, for lodge upgrade and visitor centre respectively. Neither are shovel-ready projects.</li> <li>6. <b>One Billion Trees Fund</b> An application to afforest Council land at Maungakotukutuku, Raumati Escarpment, Te Awa Tapu cemetery and the Waikanae water treatment plant is still awaiting a funding decision from 1BT. There are other opportunities (involving 1BT, private land owners, DOC and GWRC projects/funds, carbon sequestration, volunteers and training organisations) but there is a gap in required resourcing to coordinate and/or manage the projects to leverage them.</li> </ol>	
<b>Risks (to programme, cost, quality, other)</b>	
<ol style="list-style-type: none"> <li>1. <b>Fund closure for election</b> PGF is in its final year and is due to close at the end of July for the election. It is not known if it will exist beyond the election.</li> <li>2. <b>Post-COVID-19 response</b> The PGF fund criteria have changed as part of the Government's response to post-COVID-19, with at least \$600m being used to support regional economies as they recover from</li> </ol>	

COVID-19. Now, projects must be able to start building within 2-3 months ('shovel-ready'), creating immediate and sustainable jobs, and be visible in the community to improve confidence.

**Issues (for elected member attention)**

**Kāpiti Gateway community engagement**

Due to the speed with which the project has progressed at (in order to meet the pre-election deadline), and the need to be 'shovel-ready' (resource consented), and the COVID-19 lockdown, not all of the planned additional community engagement was able to occur as proposed. Unfortunately, there is now misinformation in the community which is a risk to the outcome of the project.

Appendix A – Across Council Work Programmes Chapter (1 January 2020 to 30 June 2020)

<b>Housing work programme</b>	
<b>Description</b>	This work programme defines the implementation strategy for Council to progress housing supply across the District including physical assets and advocacy work streams on behalf of the local community.
<b>Lead</b>	People and Partnerships Group
<b>Key developments from 1 January to 30 June 2020</b>	
<ul style="list-style-type: none"> <li>a) Finalised the Housing Programme Assessment Report.</li> <li>b) Submitted Housing Development application to the Crown Infrastructure Fund.</li> <li>c) Council endorsed the Housing Programme Assessment Report and agreed priority actions while a detailed housing work programme is developed.</li> </ul>	
<b>Risks (to programme, cost, quality, other)</b>	
<ul style="list-style-type: none"> <li>1. Council's role in the housing sector is not consistently understood.</li> <li>2. The Council's reputation is eroded by the perceived lack of action on addressing housing issues in the district.</li> </ul>	
<b>Issues (for elected member attention)</b>	
None to report	

Appendix A – Across Council Work Programmes Chapter (1 January 2020 to 30 June 2020)

<b>Coastal adaptation work programme</b>	
<b>Description</b>	This work programme comprises the development of a regional approach to community-led coastal adaptation under the umbrella of the Wellington Region Climate Change Working Group's coastal adaptation sub-group.
<b>Lead</b>	Regulatory Services Group
<b>Key developments from 1 January to 30 June 2020</b>	
<ul style="list-style-type: none"> <li>a) Takutai Kāpiti: Climate Change and Our Coast held on 8 March 2020.</li> <li>b) Tangata Whenua partnership on the project secure through the establishment of ART (Te Ātiawa ki Whakarongotai, Ngāti Raukawa ki te tonga and Ngāti Toa Rangatira) Coastal Advisory Group (ARTCAG).</li> <li>c) Co-design Working Group membership finalised with representation from Greater Wellington Regional Council (GWRC), ARTCAG, Coastal Ratepayers United (CRU), North Otaki Beach Resident Group (NOBRG), Waikanae Estuary Care Group, Friends of Ōtaki River and Friends of Queen Elizabeth Park.</li> <li>d) Councillor Nash and Councillor Handford appointed as Working Group observers along with Community Board representatives.</li> <li>e) The Working Group met on 21 Feb, 17 April, 8 May, and 15 May. Discussions focused upon the number of Community Assessment Panels for the project, governance structure and alignment with GWRC.</li> <li>f) Terms of Reference for the Working Group finalised.</li> <li>g) Request for Proposal for Coastal Science and Engineering Provider advertised on GETS (closing date 15 July).</li> <li>h) Workshop with Tangata Whenua, GWRC, Department of Conservation, Manaaki Whenua 17 June to discuss ways of working in partnership and explore ways to align similar projects.</li> </ul>	
<b>Risks (to programme, cost, quality, other)</b>	
<ul style="list-style-type: none"> <li>a) Due to the high degree of importance and significance to iwi, interested parties, and the wider community, it is important that iwi and the community has ample opportunity to provide input into the coastal adaptation process. If effective consultation, engagement and collaboration is not achieved; the aim of the project to be community-led and meet best practice recommendations from Ministry for the Environment will not be achieved</li> <li>b) In addition, it may result in breach of undertakings made to involve the community in the coastal hazard work.</li> <li>c) Delay to timeframes and risk of disengagement from ARTCAG and Working Group (and wider community), pending decisions on budget and revised project design, to deliver the project in 2020/21 (see below).</li> </ul>	
<b>Issues (for elected member attention)</b>	
<ul style="list-style-type: none"> <li>• As reported in Q2 (Risk 3), the community-led process, Tangata Whenua and community expectation from the Working Group and ARTCAG has expanded.</li> <li>• Greater Wellington Regional Council is unable to contribute financially and there is likely to not be sufficient budget to complete the community-assessment panel process in 2020/21 financial year.</li> </ul>	

## Appendix A – Across Council Work Programmes Chapter (1 January 2020 to 30 June 2020)

<b>Corporate IT work programme</b>	
<b>Description</b>	The hardware programme includes servers, desktops, laptops, mobile phones, internal network, digital radio network across the district and the CCTV network.
<b>Lead</b>	Corporate Services
<b>Key developments from 1 January to 30 June 2020</b>	
<ul style="list-style-type: none"> <li>a) The upgrade of Magiq software (financials and regulatory) to v4.26 was completed in January.</li> <li>b) In early March the move of Exchange mailboxes from Council's on site data centre to Exchange Online was completed.</li> <li>c) Microsoft Teams was rolled out to all staff in March to support online collaboration, particularly vital throughout the COVID-19 lock down period.</li> <li>d) A huge effort was undertaken in March to get staff set up so they could work from home during the COVID-19 lockdown period. Ongoing support to staff took up a lot of IT resource during this period. Additional monitors, laptops and cables were purchased and delivered.</li> <li>e) The migration of 31 production servers from Council's on site data centre to a commercial data centre was completed in April.</li> <li>f) A new fibre network has been implemented that has seen fibre installed at Otaki Library/Service Centre, Waikanae Service Centre, Waikanae Water Treatment Plant and Coastlands Aquatic Centre. Moving from the old digital radio network has improved stability and end user experience for both staff and customers.</li> <li>g) The accounts payable automation project began in March and continued during lockdown which added some complications with everyone working remotely, however, good progress was achieved. The project is due to go live on August.</li> <li>h) Provided assistance for the community assistance package through developing the online application form that went up on the Council's website.</li> <li>i) The replacement printer programme was recommenced in June and was completed in the first week of July.</li> </ul>	
<b>Risks (to programme, cost, quality, other)</b>	
There are no risks to the current programme.	
<b>Issues (for elected member attention)</b>	
COVID-19 necessitated \$115,000 of critical IT expenditure planned for 2020/21 to be brought forward to March 2020 in order to fully support staff during the COVID-19 lockdown. Included in the 2020/21 Annual Plan is budget necessary for the Council to continue to upgrade its IT applications and strengthen its resilience and mobile/remote working capabilities.	

Appendix A – Across Council Work Programmes Chapter (1 January 2020 to 30 June 2020)

<b>Policy Work Programme</b>	
<b>Description</b>	The Policy Work Programme identifies policy work to develop, review and update strategies, policies and bylaws across the 2018-2021 period to help achieve Council's outcomes and meet its statutory requirements. The programme was agreed on 31/01/2019 with updates and changes regularly reported to the Strategy and Operations Committee.
<b>Lead</b>	Corporate Services
<b>Key developments from 1 January to 30 June 2020</b>	
<p><b>Programme items completed over this period include:</b></p> <ul style="list-style-type: none"> <li>• CEMARS Audit</li> <li>• 2020/21 Annual Plan</li> <li>• National Policy Statement on Urban Development Capacity Quarter 3 Monitoring Report March 2020</li> </ul> <p><b>Council made 10 submissions over the last six months on a range of changes to Government legislation and policy including:</b></p> <ul style="list-style-type: none"> <li>• Ministry of Transport's New Zealand Draft Rail Plan</li> <li>• Ministry of Transport's Government Policy Statement on Land Transport 2021 – 11</li> <li>• Ministry for the Environment's National Policy Statement on Indigenous Biodiversity</li> <li>• The Infrastructure Funding and Financing Bill</li> <li>• The Urban Development Bill</li> <li>• Fire and Emergency New Zealand Funding Review</li> <li>• Ministry for the Environment's Transforming the resource management system: opportunities for change</li> <li>• Proposed Changes to the Solid Waste Levy notified Ministry for the Environment's Reducing Waste: A more effective landfill levy</li> <li>• The Public Service Legislation Bill</li> </ul>	
<b>Risks (to programme, cost, quality, other)</b>	
<p>a) The Programme is subject to change and includes regular updates to the Strategy and Operations Committee.</p> <p>b) A Policy Work Programme update was reported to the Strategy and Operation Committee on 16 July 2020. The update identified a number of projects that are now on hold or have experienced delays due to COVID-19 (limited ability to engage and consult during this period, or resource shortages as key staff were diverted to support emergency and recovery activities).</p> <p>c) The Strategy and operations Committee approved proposed timeframe changes to several delayed projects and noted the reasons why some projects were on hold at present.</p>	
<b>Issues (for elected member attention)</b>	
<p>Due to COVID-19 delays, the 2009 Beach Bylaw review is now targeted to be completed by March 2021 (legislative deadline is June 2021). Phase 1 – pre-consultation engagement, will recommence and consultation of a draft 2021 Beach Bylaw is planned for October to November 2020. Beach uses, key stakeholder jurisdictions and compliance will be key components of the consultation.</p>	

Appendix A – Across Council Work Programmes Chapter (1 January 2020 to 30 June 2020)

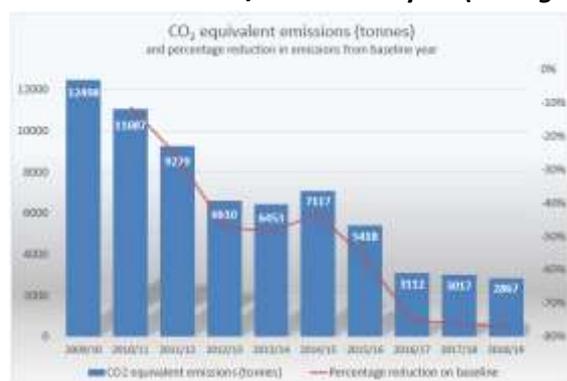
### Carbon and energy management work programme

<b>Description</b>	The Council has, since 2012, had a target of an 80% reduction in greenhouse gas (GHG) emissions from the organisation by 2021/22, compared to 2009/10. That target was augmented and extended in May 2019 when Council decided to aim for carbon neutrality by 2025.  The Council has its annual emissions inventory independently audited to gain GHG emissions reduction <sup>2</sup> accreditation to the ISO-14064 standard.
<b>Lead</b>	Sustainability and Resilience team, Infrastructure Group

#### Key developments from 1 January to 30 June 2020

##### Verified emissions result for 2018/19

- The annual carbon emissions audit for 2018/19 was completed in late January 2020 and the *provisional* result reported to the Strategy and Operations Committee on 5 March.
- The *verified* emissions result was confirmed by Toitū Envirocare, our auditors, in mid-March 2020. That result reported total greenhouse gas (GHG) emissions of 2,867 tonnes CO<sub>2</sub>e (tCO<sub>2</sub>e), down 2 tCO<sub>2</sub>e from the provisional result reported in March, and down 150 tCO<sub>2</sub>e from the 2017/18 result.
- This confirms the previously reported 77% reduction in our GHG emissions compared to the 2009/10 baseline year (*see right-hand axis below*).



##### Other developments

- Initial assessment visits for the installation of EV charging stations at the Civic building were undertaken over January to March 2020. This project came to a halt with the shutdown in March, but resumed following the return to Level 1. The new EV chargers at the Civic building are expected to be installed by mid-August 2020.
- Fleet review and decarbonisation proposals were sought from two recommended providers over March and April 2020. We decided to accept the proposal from Fleetwise to undertake this work. The Fleet review incorporates a fleet utilisation study, vehicle fit-for-purpose assessments and fleet optimisation recommendations. The decarbonisation plan will provide us with a roadmap for transitioning our fleet to lower emission alternatives (including EVs, Plug-in Hybrid EVs and standard hybrid vehicles).

<sup>2</sup> Previously known as the CEMARS (Carbon Emissions Measurement and Reporting Scheme) this scheme has been renamed the 'Carbon Reduce' scheme to align with the better known 'Carbon Zero' scheme administered by the same organisation - Toitū Envirocare (previously known as Enviro-Mark Solutions Ltd, a wholly owned subsidiary of the Government research organisation Manaaki Whenua - Landcare Research).

- c) The Energise Ōtaki (EO) proposal to install a modest Solar PV array at the Ōtaki wastewater treatment plant made significant progress over this period. EO contracted Infratec, a specialist Solar PV installer, to be their installer and project manager. The lease agreement with Council has been signed and the power supply agreement is due to be signed before the end of July 2020. Site preparation work has started and installation of the Solar array should be underway by early August.
- d) An initial feasibility study was commissioned by the Aquatics team manager, into the costs and outcomes that could be expected from transitioning the Ōtaki Pool away from its current gas water heating boiler to a lower emissions alternative. The results of that study suggest that it would cost in the range of \$600,000-\$750,000 for that transition. There is currently \$405,000 in year four (2021/22) of the current Long Term Plan (LTP) for this work. We will work with the Aquatics team manager to review the feasibility study and explore whether we can make a viable business case for inclusion of additional funds for this work in year one of the 2021-41 LTP.
- e) A range of other projects were initiated over the past six months but are very much in the initial exploratory stages. Any significant advances or developments in regard to those will be reported back to Councillors either in future quarterly reports or through occasional briefings.

**Risks (to programme, cost, quality, other)**

The most significant risk to the current projects under development is the risk that the quotes that come back from the EV charging installers, and the costs of any move to transition the fleet to lower emissions vehicles, impinge too heavily on the Plant and Vehicle budget.

**Issues (for elected member attention)**

There are no issues at present.

# Place and Space

- Parks and open space
- Recreation and leisure
- Community facilities and community support
- Economic development



# Parks and open space

Ngā papa rēhia me ngā waahi māhorahora

## Third/fourth quarter activity report – 1 January to 30 June 2020

<b>Purpose</b>	To manage a wide range of parks, reserves and open space to benefit the whole of our community. To facilitate barrier-free access to our network of cycleways, walkways and bridleways.
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Financial key: ● within 10% of budget ● 10% or more favourable to budget ● 10% or more unfavourable to budget

**Operating expenditure**  
The costs to operate council’s activities  
(Excluding Overhead Allocation)

F/Y Outlook

**\$4.44m (FY)**  
\$4.44m budget (FY)

Minor variance.

**Operating income**  
What we earn – fees, charges, grants etc  
(Excluding Rates)

F/Y Outlook

**\$1.47m (FY)**  
\$1.29m budget (FY)

Operating Income of \$1.47 million is \$180,000 favourable to budget mainly due to higher than planned financial reserve contributions revenue.

**Capital expenditure**  
Costs for our capital projects

F/Y Outlook

**\$0.80m (FY)**  
\$1.43m budget (FY)

Capital expenditure of \$0.80 million is \$622,000 underspent mainly due to 1) Paraparaumu Escarpment project which will be considered during the 2021 Long term plan and 2) the Otaki Beach Development project, which will be considered during the 2021 Long term plan, currently deferred to 2022/23.

**Projects**

Over 250k

There is only one parks and open space ‘project’ this year - the Districtwide Parks and Playgrounds work programme. It is a capex over \$250k project and is achieved.

**Performance measures (KPI)**

All 11 KPIs were achieved for this financial year.

## Summary of projects

The parks and open space significant project is on target and summarised below.

1. Districtwide Parks and Playgrounds					
<p><u>Projects completed:</u></p> <p>Waimeha Domain Playground renewal</p> <p>Pharazyn Avenue Playground renewal</p> <p>Campbell Park Playground renewal</p> <p>Mazengarb Park Playground renewal</p> <p>Coastal Restoration</p> <p>Tohorā Artwork at Maclean Park – delivered on behalf of Arts and Heritage.</p> <p><u>Key issues and risks:</u></p> <p>COVID-19 has resulted in delayed consultation for the 2020/21 playgrounds that need to be renewed. Marere Avenue Playground Renewal was deferred as the factory was closed during lockdown and the upgrade will be completed in July.</p> <p>The Weka Park bridge upgrade contract was delayed going out to tender due to COVID-19. A partial payment towards this has occurred, and the rest of the project will be paid out of the 2020/21 Cycleway, Walkway and Bridleway budget.</p>					
Project	FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
Waikanae Playground Equipment Renewals	216	279	63	Complete	Both Waimeha Domain and Pharazyn Avenue Playgrounds were completed. Underspend offset by reassignment of funds needed in other Parks budgets.
Paraparaumu / Raumati Playgrounds Renewals	165	327	162	Complete / With one on hold	Campbell Park and Mazengarb upgrades completed. Marere Avenue renewal works (\$85,000) carried over to the next financial year due to COVID-19 delay and will be completed by August. Other underspends offset by reassignment of funds needed in other parks budgets.
2. Other projects					
Project	FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
Districtwide beams and seating	54	55	1	Complete	Completion of the next sets of beams and plinths in Otaki, Waikanae and Awa Tapu Cemeteries.

Paraparaumu/Raumati Escarpment	0	201	201	On hold	To be considered in the 2021 LTP as no solution has been proposed by Kiwirail. On-going maintenance/management in place in the interim.
Otaki Beach development	0	333	333	On hold	Deferred to 2022/23 as the road stopping process needs to be finalised before the Reserve management / development plan can be progressed.

Project status key									
Complete		On target		Not on target		On hold		High risk	
Ahead	 ▲	Laaaina	 ▼	Underspend	 ⬇	Overspend	 ⬆		

**Other key developments**

- A total of 2,443 people attended the summer series events and Parks Week.
- The very successful inaugural movies in the park at Waikanae Park had 1,400 people attend.
- The inaugural super schools event was held at Waikanae Park as part of the Primary School Sports annual calendar of events. The event was play based, targeting children who wouldn't normally participate in a sporting event. A total of 800 year 7 & 8s attended. The event was extremely successful and will continue on an annual basis.
- A districtwide pandemic cemeteries plan was completed at the start of Level 4 lockdown
- The Recreation Facilities co-ordinator worked closely with various sports groups and organisations to ensure sport could recommence as soon as possible in Level 1
- The Waikanae Community Market licence to occupy was publically notified and no objections were received. All other requirements for the market to operate at Waikanae Park were completed. The re-opening of the market took place on 4 July. A total of 69 stallholders were registered.

*Waikanae ki Uta ki Tai*

- Council officers continue working with the Department of Conservation, Greater Wellington Regional Council, iwi and community representatives on the establishment of a Waikanae River Mountains to the Sea catchment restoration programme, named 'Waikanae ki Uta ki Tai'.
- The steering committee has been confirmed with community members appointed, alongside iwi pou and the first meeting was held in June.

### Performance measures

There are 11 key performance indicators (KPI) in the parks and open space activity.

Performance measures	Target	Result	Comment
<b>Achieved</b>			
Residential dwellings in urban areas are within 400 metres of a publicly owned open space	85%	Achieved (99.4%)	103ha out of 18,452ha (0.6%) of the total District Plan residential area are not within 400m of a publicly owned open space.
At least a 10 year burial capacity is maintained across the district	Achieve	Achieved (54 years)	There is a total of 54 years' capacity across the three cemeteries.
Sports grounds are open when scheduled	85%	Achieved	Sports grounds were open 98% of the time in the third and fourth quarter.
All available records will be on Council's website within four weeks of interment	100%	Achieved	
Residents(%) who are satisfied with the current availability of facilities	85%	Achieved	91% are satisfied with Council facilities
Residents (%) who are satisfied with the quality of Council parks and open space	85%	Achieved	94% are satisfied with the quality
Residents (%) who are satisfied with the quality and range of recreation and sporting facilities in the district	85%	Achieved	85% are satisfied
Residents (%) that are satisfied with Council playgrounds	85%	Achieved	95% of residents are satisfied.
Users who are satisfied with the cemeteries appearance and accessibility	85%	Achieved	100% of residents are satisfied
Users who are satisfied with Council walkways, cycleways and bridleways	85%	Achieved	92% satisfaction in Q4 (92% for the full year)
Residents (%) who are satisfied with access points to beaches	85%	Achieved	88% satisfaction in Q3 (89% for the full year)



# Recreation and leisure

## 1. Hākinakina

### Third/fourth quarter activity report – 1 January to 30 June 2020

<b>Purpose</b>	To provide affordable and safe aquatic facilities, services and programmes for the health and wellbeing of our community. This activity also provides a districtwide library service and arts and museums services for the Kāpiti community.
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Financial key: ● within 10% of budget ● 10% or more favourable to budget ● 10% or more unfavourable to budget

#### Operating expenditure

The costs to operate council's activities  
(Excluding Overhead Allocation)

**\$8.14m (FY)**  
\$8.48m budget (FY)

F/Y Outlook



Operating Expenditure of \$8.14 million is \$339,000 favourable to budget mainly due to savings in maintenance and facility operations relating to COVID-19 lockdown closure of swimming pools and libraries.

#### Operating income

What we earn – fees, charges, grants etc  
(Excluding Rates)

**\$1.52m (FY)**  
\$1.85m budget (FY)

F/Y Outlook



Operating Income of \$1.52 million is \$339,000 unfavourable to budget mainly in swimming pools revenue as a result of COVID-19 lockdown closure.

#### Capital expenditure

Costs for our capital projects

**\$0.78m (FY)**  
\$1.24m budget (FY)

F/Y Outlook



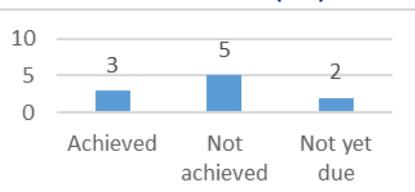
Capital expenditure of \$0.78 million is \$464,000 underspent mainly due to Mahara Gallery project on hold and swimming pool projects reliant on overseas contractors and suppliers with availability being constrained as a result of COVID-19. These projects are identified as carry forwards to 2020-21.

#### Projects

There are no significant council projects in this activity for 2019/20.

There are a number of minor projects summarised in the table on the next page.

#### Performance measures (KPI)



Of the ten KPIs from the Recreation and Leisure activity three were achieved, 5 not achieved and 2 not yet due.

### Summary of projects

There are a number of minor projects underway this year, they are summarised in the table below:

Minor projects					
Project	FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
Otaki Theatre	14	116	102	On hold	The underspend reflects roof replacement project delayed due to COVID-19 and obtaining further Condition survey data. Funding carried forward to 2020/21.
Public Art	129	154	25	On target	Underspend reflects smaller art installations completed due to COVID-19
Pool - Waikanae	119	204	85	On target	Works scheduled for Q4 unable to be completed due to COVID-19 (hydro slide water treatment solution and chemical slurry tank)
Pool - CAC	64	112	48	On target	Works carried forward to scheduled closure in 2020/21 to reduce the inconvenience to customers (Hydraulic Cylinder replacement).
Library - Books	217	211	(6)	On target	Slight overspend reflects timing between when books are ordered and when they arrive from overseas
Mahara Gallery	25	270	245	On hold	The underspend is due to the project going on hold pending the Mahara Gallery Trust securing its share of funding. \$245,000 is carried forward to 2021/22.

Project status key									
Complete		On target		Not on target		On hold		High risk	
Ahead		Lagging		Underspend		Overspend			

### Other key developments

#### Aquatics

There were 95,717 pool visits in the third quarter, continuing the trend of being the highest attendance since the opening of the Coastlands Aquatic Centre. These numbers are due to higher programme attendance, an updated marketing approach and several major events which were held during the quarter. This high number is especially positive due to the early closure of Coastlands Aquatic Centre and Otaki Pool on Monday 23 March due to COVID-19 level 3.

The 19/20 fourth quarter has been strongly affected by the COVID-19 alert levels. The pools reopened Friday, 15 May after an eight-week period of closure to lower attendance. There were 24,558 visits in the fourth quarter – 19,404 for Coastlands Aquatic Centre and 5,154 for Otaki Pool. Waikanae Pool is closed for the winter.

A total of 641 people were registered for swimming lessons during the school term in the third quarter – 443 at Coastlands Aquatic Centre, 133 at the Ōtaki Pool and 65 at Waikanae Pool. 96 children completed the holiday swimming programme during the third quarter and 181 attended private lessons.

SwimKāpiti had a 5-week term in the fourth quarter with 155 people registered for swimming lessons – 115 at Coastlands Aquatic Centre and 40 at Otaki Pool. Limited classes were available due to instruction required to be from the pool deck due to distancing requirements. There were 71 private lessons across the 5 weeks.

There were 543 school children who participated in schools swimming lessons delivered by council instructors in the third quarter. There were no school based lessons in the fourth quarter.

The summer events programme included events such as Kids' Aquafit, Back to School Water fight and Sunday Sounds at Waikanae Pool, and Fun Inflatable Day at Coastlands Aquatic Centre.

The fourth quarter has had a focus on supporting and enabling our regular lane hirers to transition back into full capacity, with a strong focus on contact tracing and increasing the use of membership cards for customers.

### *Libraries*

Kāpiti library branches closed Wednesday 25 March 2020 - and remained closed throughout COVID-19 Alert Levels 4 & 3. Libraries reopened to the public on Thursday 14 May after the country moved to Alert Level 2 with health and safety practices as top priority in keeping community and staff safe.

The 19/20 fourth quarter was strongly affected by the COVID-19 alert levels. There were a total of 31,158 visits in the fourth quarter – 14,711 for Paraparaumu Library, 5,573 for Waikanae, 8,040 for Otaki and 259 for Paekakariki Library This compares to a total 59,628 library visits for the third quarter.

Onsite programming was suspended during lockdown and the initial phase of Level Two. A total of 961 people attended library programmes and events in the third quarter. In the fourth quarter 196 people attended library events.

Online services continued during the lockdown period including story times, book groups and web-based reservations. This saw both online content and engagement increase – with over 30 videos shared on Facebook. Particularly popular were the online Tamariki Times which contributed to over 20,000 video views in the fourth quarter compared to 590 views in the previous quarter. An increase of over 3400%.

Library users borrowed ebooks at unprecedented rates during the COVID-19 lockdown. A total of 8,289 ebooks were issued in the fourth quarter. This compares to 4,800 in the previous quarter – and reflects the increased popularity of online offerings in the absence of the physical services.

A total of 762 new ebook users were registered in the third and fourth quarter - with 1,840 active users at the end of June.

### *Arts*

Two significant art installations were completed in Quarter 4.

- *The art work Tohorā* was commissioned by the Public Arts Panel and completed by internationally renowned artist, Kereama Taepa. The multi-media work is integrated into the recently refreshed Te Uruhi/Maclean Park.
- A *temporary* mural was completed on the exterior of the old Waikanae Library building which reflects the connect the area has with the artist Frances Hodgkins.

### Performance measures summary

There are ten key performance indicators (KPI) in the recreation and leisure activity.

The five KPIs not on target are discussed below:

- i) Visits to swimming pools in the district are below target of 290,000 at 244,259. Attendance has been strongly affected by the closure of the facilities in level 3 and 4 and limited capacity during level 2.
- ii) *Learn to swim registrations* are below target of 3,200 annual registrations within a year to date total of 1,973. Registrations have been severely impacted by COVID-19. Systems are in place to welcome students from term 1 back for term 3 and a revised holiday programme is being offered in Q1 2020/21 to increase attendance.
- iii) Library visits and items issued were affected by the closure of libraries from end of March to early May. Numbers have gradually returned to pre-coivd levels once customers became comfortable again with using public buildings.
- iv) The reduction in collections budget for 2019/20 impacted significantly on the number of new items that were purchased. The budget has been fully reinstated for 2020/21 so this KPI will return to On Target.

Performance measures	Target	Result	Comment
<b>On target</b>			
Council will maintain PoolSafe accreditation	Achieve	Achieved	PoolSafe accreditation was achieved in Q3 2019/20 (2018/19 result was 'Achieved').
Users who are satisfied with the pools services and facilities	85%	Achieved	94% of customers surveyed rated the staff and facilities good or excellent (2018/19 result was 96%).
Total value of applications received relative to the total amount of funding in each allocation round	Ratio is > 1	Achieved	Creative Communities Grant Q4 Allocation Ratio: 1.35 Total grants requested: \$31,282 Funding available: \$23,067
<b>Not achieved</b>			
Visits to swimming pools in the district	At or above 290,000 annual admissions	Not achieved	244,259 combined swims in the year to date at the end of Q3. On target. 268,817 combined swims in the year to date at the end of Q4. Target not achieved due to COVID-19 closure (2018/19 result was 293,638).
Learn to swim registrations	At or above 3,200 annual registrations	Not achieved	1,973 registrations for the year to date include 641 registrations for the third quarter and 151 in the fourth quarter.  (2018/19 result was 3,344).
Total visits to libraries	At or above 300,000 annually	Not achieved	226,342 combined visits in 2019/20. The COVID-19 library closures and ongoing reduction of services at Waikanae are the

			main contributing factors to this not being achieved. (2018/19 result was 253,978).
Collections are refreshed in accordance with New Zealand public library standards	Maintain 350 new items (incl renewals) per 1,000 ( <i>where population is 52,762</i> )	Not achieved	Target for 2019/20 is 18,445 Actual - 13,585 items added. This reflects the 50% reduction in collections budget for 2019/20.
Number of items borrowed per annum (including renewals)	650,000	Not achieved	Total 462,615 items borrowed at the end of Q4. COVID-19 library closures had significant impact 2018/19 result was 613,190 items.
<b>Not yet due</b>			
Users who are satisfied with the library services	85%	NYD	Annual library survey not conducted in May 2020 due to other COVID-19 priorities. Survey is being undertaken in Q1 2020/21.
Users who are satisfied with library spaces and physical environments	85%	NYD	Annual library survey not conducted in May due to COVID-19 priorities. Survey is being undertaken in late July Q1 2020/21.



# Community facilities and support

## 2. Whakaurunga hapori me ngā hāpai hapori

### Third/fourth quarter activity report – 1 January to 30 June 2020

<b>Purpose</b>	To manage and maintain Council’s building and property assets and provide resources to the community for capacity building and service provision.
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Financial key: ● within 10% of budget ● 10% or more favourable to budget ● 10% or more unfavourable to budget

**Operating expenditure**  
The costs to operate council’s activities  
(Excluding Overhead Allocation)

**\$3.94m (FY)** F/Y Outlook

\$4.36mm budget (FY) ●

Operating Expenditure of \$3.94 million is \$415,000 favourable to budget mainly due to lower costs and general savings in part due to COVID-19 made across the Community Facilities portfolio.

**Operating income**  
What we earn – fees, charges, grants etc  
(Excluding Rates)

**\$1.73m (FY)** F/Y Outlook

\$1.57m budget (FY) ●

Operating Income of \$1.73 million is \$165,000 favourable to budget mainly due to higher than expected development contributions for Community Infrastructure following a few major developments in Waikanae.

**Capital expenditure**  
Costs for our capital projects

**\$2.88m (FY)** F/Y Outlook

\$3.89m budget (FY) ●

Capital expenditure of \$2.88 million is \$1 million underspent in the year primarily due to Paraparaumu Memorial Hall, the districtwide access control system not proceeding and a reduced scope of work for Raumati Waterfront Building. Funds totalling \$775,000 have been carried forward, for these and other projects.

**Projects**

Not on target

1

Over 250k

There is one significant Community Facilities and Community Support projects. The Housing for Older Person’s renewals project is forecast to overspend the initial budget, largely as a result of urgent remediation needed to the Wipata Flats in Paekākāriki and as a consequence of the previous Council giving direction to renew units when they became vacant.

**Performance measures (KPI)**

Achieved	13
Not yet due	1
Monitor only	1

Of the 15 KPIs only 14 of these have targets as one is for recording and monitoring purposes.

Summary of projects

Older person’s housing renewals				
<p><u>Work completed in this period:</u></p> <p>Council completed full interior renewal on three Housing for Older Persons units during Q3 and Q4 bringing the total for the year up to 11. This means the overall the total number of units that have received full interior renewals is now 39.</p> <p>The units were identified for renewal by either becoming vacant and requiring significant renewal, or were prioritised through SPM building condition surveys (September 2019).</p> <p>Three partial interior renewals were completed. They included new carpet and painting throughout. These units will be relet.</p> <p>*Renewal of two further units in Paraparumu commenced post-COVID-19that are 75% completed as at 30 June.</p> <p><u>Key issues and risks:</u></p> <ul style="list-style-type: none"> <li>▪ COVID-19 lockdown supply and delivery impacts.</li> <li>▪ Contractor availability interrupted by COVID-19lockdown and tenants being in high risk group.</li> <li>▪ Four units became available in Q3 and Q4.</li> <li>▪ Dux Quest plumbing failures escalates renewal in some instances.</li> </ul>				
FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
772	592	(180)	\$U	Variance to budget in line with Council directive to refurbish units when they become vacant.

Project status key									
Complete		On target		Not on target		On hold		High risk	
Ahead		Lagging		Underspend		Overspend			

Other projects					
Project	FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
Halls - Waikanae	103	102	(1)		Complete
EQP	99	123	24	\$0	Detailed Seismic Assessments for Otaki Theatre and Museum
Civic Access Control System	18	139	121		Project deferred to 2021/22 due to COVID-19 related issues (\$121,000)
Halls - Paraparaumu/ Raumati	37	144	107	\$0	Temporary remediation works at the Te Newhanga Community Centre to allow further time for decisions of future Community Centre requirements
Paraparaumu College Gymnasium	0	255	255		Project deferred until 2020/21 due to delays in obtaining Ministry of Education approvals (\$255,000)
Memorial Hall renewals (Paraparaumu)	16	327	311		No change from last quarter. Project on hold pending determination of Hall user demand
Waterfront building	101	505	404	\$0	Completion of roof project and minor renewal of some other building elements
Performing Arts Centre	1,600	1,600	0		Complete
Animal Management Centre	496	238	(258)	\$0	Complete. Variance due to decision to undertake a higher scope of work in line with MPI Guidelines

## Other key developments – Community Facilities

### *Animal Management Shelter renewal project*

- The renewal of the Animal Management Shelter commenced in January 2020 and was completed in June 2020. The renewal project brought former shelter up to a modern day standard in line with MPI guidelines. The scope included renewal of the existing asset, new crush cages, non-scalable perimeter fencing and covered exercise areas. It also includes a new veterinary area and a secure drive in kennel space.

### *Te Newhanga Kāpiti Community Centre*

- Maintenance work was undertaken to ensure the Centre can operate safely for at least another 18+ months (or until LTP funding becomes available) as a Community Centre, and also an emergency hub facility in the event of an emergency. This ensures any risks are contained and/or minimised, and gives staff and community certainty. Longer term solution will be considered as part of the next LTP.

### *Housing for Older Persons*

- As at 30 June 2020, 39 Units have had interior renewals completed along with 3 partial unit renewals. The applicant register is currently 57 with majority of applicants wishing to reside South of Otaki. As at 30 June there were eight units vacant, six of which are being held for decanting and renewal purposes. New tenants have been identified for the remaining two units.

*Waikanae Library replacement*

- A Project Advisory Group has been established and two workshops held to review the optimum location of the library for the benefit of Waikanae Town centre. The project team has been established with three main focus areas identified, Libraries, Customer Services and Building options, be it renovation or new build.

*Asset Management Improvement Program*

- As at 30 June 2020 condition surveys for the entire Community Facilities portfolio have been completed. The condition surveys have confirmed that it is an aging portfolio, with several key themes including the presence of Dux- Quest plumbing, dated building elements, historic leak and moisture evidence. Staff are in the process of quality assuring the survey data and will develop plans for implementation as part of the Long Term Plan from 2021 onwards.

**Performance measures summary**

- There are 15 KPIs in the Community facilities and community support activity. Only 14 of these have targets as one is for recording and monitoring purposes.

Performance measures	Target	Result	Comment
<b>Community facilities</b>			
Achieved			
Occupancy rate of available <sup>3</sup> housing for older persons units	97%	Achieved 98.8%	Q3 and Q4 result
Percentage of council-owned buildings that have a current building warrant of fitness (where required)	100%	Achieved 100%	Full year result
Residents (%) who are satisfied that public toilets are clean, well-maintained and safe	75%	Achieved 88%	Residents' Opinion Survey result for 2019/20
Urgent requests in regard to public toilet facilities that are responded to within four hours	98%	100%	Q4 result
Users who are satisfied with halls	80%	92%	Q4 Result
Housing for older persons tenants (%) who rate services and facilities as good value for money	85%	96.1%	Annual survey result

<sup>3</sup> Where 'available' units exclude those flats that are unavailable due to renewals or maintenance work being carried out.

Housing for older persons tenants (%) who are satisfied with services and facilities	85%	96.8%	Annual survey result
Not yet due			
Users (%) who are satisfied with the standard of the library building facilities	85%	Next quarter	Due to Lockdown this KPI has been delayed and will be reported in Quarter 1 2020/21

Performance measures	Target	Result	Comment
<b>Community support</b>			
On target			
Council's social investment programme enables services to deliver on community priorities	Achieve	Achieved	<p>Funding clinics were co-hosted by key community funders and council. One clinic was held in March in Ōtaki. Over 40 people representing community organisations attended. The second clinic was cancelled due to COVID-19.</p> <p>The social sector collaboration project with Kāpiti Impact Trust and Volunteer Kāpiti presented their first sector snapshot to the community. The snap shot is designed to create an understanding of our social and community sector and was developed with the sector. This work is funded through the Council's Social investment programme.</p> <p>Additional support has been offered to social investment contract holders due to the demand in services post COVID-19. Reporting and Year 3 deliverables are being re-visited to ensure that service delivery supports social recovery.</p>
Residents (%) who are satisfied with the Council's community support services	85%	Achieved 89%	Residents' Opinion Survey result for 2019/20.
Community connectedness and diversity projects and initiatives planned for year are progressed or completed	Achieve	Achieved	<p>The annual Community Gardens activity had 10 events lined up for March to April. This initiative contributes to community resilience through food security activities and community learning opportunities. Unfortunately, only one event was held due to lockdown restrictions. This was held at the Otaki Library community garden and included a seed swap event.</p> <p>Council is working with Regional Public Health and a collective of local community organisations to facilitate a community peer support project to support the prevention of suicide in men living in Kāpiti.</p> <p>Council worked with City Mission and FunZone After School Care to launch the Kāpiti Sports Bank project. A project aimed at eliminating sport poverty and enabling young people to get involved with local sports.</p> <p>The Multicultural Council has recently changed its structure to become an independent group for Kāpiti. Council continues to support this group through administration and partnering on community events. Due to COVID-19 events scheduled were cancelled.</p> <p>Council continues to support the New Comers network which is a collective of social services that work with ethnic communities.</p> <p>Age Friendly workshops and engagement events in partnership with Grey Power were only partially achieved due to COVID-19. Kāpiti Greypower have commenced a community survey to support the engagement phase of the Age Friendly project.</p> <p>Neighbours day events were not held this year due to COVID-19 but early registrations had indicated that number would exceed last year celebrations.</p>

Youth Development Centre opens and Youth development programme deliverables are achieved	Achieve	Achieved	<p>Zeal Kāpiti commenced two new courses. A photography and a design course. Both of these courses continued during Lockdown through online digital platforms.</p> <p>Zeal partnered with Age Concern and the Youth Council to bring together the human library initiative.</p> <p>A full report back on their yearly contract will be presented to Council in August 2020.</p>
Participants from the social and community sector are satisfied with the learning opportunities and workshops provided by Council	85%	Achieved	<p>Council hosted a Tiriti o Waitangi workshop to support sector capability to better understanding the local iwi context and legislation under the Tiriti of Waitangi to work with iwi and provide equitable services for Maori. 30 people from 15 organisations attended the workshop</p> <p>The planned workshop called Equity in Action, was cancelled due to COVID-19 but will be rescheduled for later in the year. It will show working examples of initiatives that put equitable outcomes at the centre of their work.</p> <p>Council supports the social sector network meeting every month. These network meetings will resume in July.</p>
The youth council, older person's council and accessibility advisory group are satisfied or very satisfied with opportunities provided to influence the content of council strategies, policies and project planning	Satisfied	Achieved	<p>The Older Persons' Council presented to Elected members in February. A brief history of the group and past events were showcased.</p> <p>The Youth Council presented the revised 2020 Youth Action plan to elected members. Followed by a presentation to Elected Members in June to highlight their findings during a recent youth engagement project for Youth Week 2020.</p>
<b>Monitor only</b>			
Estimated attendance at council-supported events	There is no target as we will use this for monitoring.	Monitor only	<p>In July 2019, Over 300 participants attended No.8 Wire week, with some sessions in Te reo Māori for the first time. In June 2020, Over 400 people attended the first No.8 Wire week event. This project is a series of community events that builds community resilience through resourcefulness and showcases environmental sustainability practices</p> <p>Over 500 people attended the Kāpiti Age on the Go expo in Waikanae which was held in September 2019.</p> <p>80 people representing the not-for-profit sector attended two funders' forums.</p> <p>60 people attended the end of year social sector activity acknowledging the not-for-profit sector held in December 2019.</p> <p>100 young people attended a Youth event hosted by the Youth Council and Zeal</p> <p>The Youth Council held a stall at Takutai Kāpiti Climate Summit in March to engage young people about climate change and our local environment.</p> <p>During Youth week in May, the council supported the Youth Council to work with Zeal and Kāpiti Youth Support to hold a digital campaign to ask young people of Kāpiti about Kāpiti. They reached over 100 young people who shared their views. The findings were later presented to elected members.</p> <p>The Youth Council with the support of Council created an activity called chalk walk, a competition to get young people illustrating designs on pavements during Lockdown. The online competition reached over 7,000 people.</p>



# Economic development

## 4. Whakawhanake umanga

### Third/fourth quarter activity report – 1 January to 30 June 2020

<b>Purpose</b>	This activity is aimed at generating greater growth, employment and prosperity in the Kāpiti region
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Financial key: ● within 10% of budget ● 10% or more favourable to budget ● 10% or more unfavourable to budget

**Operating expenditure**  
The costs to operate council’s activities  
(Excluding Overhead Allocation)

**\$1.95m (FY)**  
\$2.01m budget (FY)

F/Y Outlook



Operating Expenditure of \$1.95 million is \$60,000 favourable to budget mainly due to timing of interest and depreciation relating to capital works on Town centres.

**Operating income**  
What we earn – fees, charges, grants etc  
(Excluding Rates)

**\$0.21m (FY)**  
\$0.03m budget (FY)

F/Y Outlook



Operating Income of \$0.21 million is \$175,000 favourable to budget mainly due to unbudgeted revenue received from Provincial Growth Fund and NZTA PP20. This is fully offset by expenses incurred during the year.

**Capital expenditure**  
Costs for our capital projects

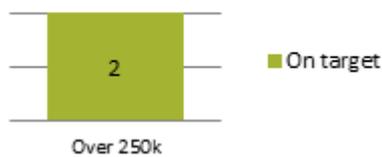
**\$4.15m (FY)**  
\$2.56m budget (FY)

F/Y Outlook



Capital expenditure of \$4.15m is \$1.59m overspent mainly due to Town centres \$1.1m (Kāpiti Road project budgeted in Roading activity).

#### Projects



The Strategic Land/Property Purchase Fund and the Town Centres project are the two main projects in this area.

Both are capex over \$250,000 projects. Both projects are regarded as on target from a Council perspective.

#### Performance measures (KPI)



Of the 3 KPIs two were on target as at the end of the fourth quarter 2019/20 and the third is unable to be reported on.

## Summary of projects

There are two economic development projects reported in this activity report (the Strategic Land Purchase Fund and the Town Centres project). We have reported on the Elevate Ōtaki project developments on the next page. This is not included as a Council project in the chart on the previous page as Council is providing resource and funding support for the project but is not managing it.

Town Centres project				
<u>Work completed in this period:</u>				
Project team continue to build designs for the SH1 Revocation related projects in Waikanae and Paraparaumu Town Centres.				
Planting has been completed on Kāpiti Road.				
<u>Key issues and risks:</u>				
SH1 Revocation works do not align with Town Centres projects leading to re-prioritisation and re-scheduling.				
FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
2,232	1,135	(1,097)	\$ⓘ	The overspend is funded from the revocation budget in Access and transport. The additional spend was to help complete the road widening of Kāpiti Road, taking advantage of additional NZTA funding

1. Strategic Land Purchase Fund				
<u>Work completed in this period:</u>				
No settlements occurred during this period.				
<u>Key issues and risks:</u>				
There is no timeline set for this fund as it is dependent on when strategic parcels of land come up for sale. No risks have been identified.				
FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
1,634	1,428	(207)	\$ⓘ	

Project status key									
Complete		On target		Not on target		On hold		High risk	
Ahead		Laaqina		Underspend		Overspend			

## Elevate Ōtaki

Work completed in this period:

- The Identity Rollout Programme project being delivered by Talk Creative has been delayed due to COVID-19. The identity is expected to be officially released in the first quarter of the new financial year.
- The business promotion social media opportunity that is available to all Ōtaki businesses was extended from February 2020 through to July 2020. This extension was largely driven by the delay in the identity release (due to COVID-19). Over 25 business have been promoted so far.
- Elevate Ōtaki, supported Ōtaki Yard to commission Theo Arraj to paint an 18m x 5m mural on the Ōtaki Yard site. The mural incorporated an element of the Ōtaki Identity work and received national television coverage and was completed in early June 2020. Elevate Ōtaki also ran a competition at the opening encouraging shoppers to buy local.
- The group are preparing a draft strategy for the next 12-18 months. This is currently on hold until the outcome of the Business Recovery plan is confirmed.

COVID-19activities:

- Elevate Ōtaki is a participating member of the “In it together, Practical support for Kāpiti businesses” initiative coordinated by Council.
- Posts were shared via Elevate Ōtaki Facebook page promoting webinars, links to support etc to assist local businesses.
- Pastoral phone calls were made to local businesses during lockdown. Any assistance identified in calls were supported where possible.
- Local businesses who needed digital support in response to COVID-19were connected with relevant suppliers to assist with their digital needs.
- Elevate Ōtaki are contributing to the Business Recovery Plan being coordinated by the ED Team.

Key issues and risks:

Ōtaki Identity project perception by the community. High potential for varied views on the topic by old and new residents and various sectors or groups. Works do not align with Town Centres projects leading to re-prioritisation and re-scheduling. (Ongoing).

FY Actuals ( \$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
84	63	(21)	🔴	As highlighted in the previous quarterly report, activities planned for the current year that have exceeded the budget, will utilise unused budget from previous years.

**Other key developments***Economic Development Strategy Refresh*

- ✓ The refresh of the Economic Development Strategy continued during quarters 3 and 4, with the draft strategy presented to Council on 25 June 2020. Council approved the draft plan, with feedback now being sought from the community. The final draft strategy is due to be presented to Council on 30 July, subject to a review of feedback received.

- ✓ Progress on the strategy was impacted by the COVID-19 pandemic, which did cause a delay in the draft being finalised and engagement with some partners. The strategy was reviewed and updated to reflect the known potential impacts of the COVID-19 pandemic and the need to develop a recovery plan.

### Filming Requests

- ✓ Filming of the feature film “Poppy” commenced during quarter three and tells the story of a young girl with Down’s Syndrome and how she overcomes barriers to realise her dreams to become a mechanic. The film is written and directed by local resident, Linda Niccol and supported by the New Zealand Film Commission’s 125 Fund set up to celebrate 125 years of womens suffrage, TVNZ and NZ on Air. Coastlands and other local businesses have been very supportive of the production, providing locations and office space while production was occurring.
- ✓ Production commenced prior to the COVID-19 pandemic, with filming in its final week when lockdown occurred in March 2020. As a result production was on hold during levels 3 and 4. The film was the first feature film in NZ to recommence filming after restrictions were reduced under level 2, with new protocols established with ScreenSafe and WorkSafe.



- ✓ Discussions will occur about holding a premier screening of the film when complete. This was scheduled to occur in late 2020, however timelines might be impacted by COVID-19 and will be dependent on distribution rights for the film.

### Work Ready Kāpiti

- ✓ Funding for Work Ready Kāpiti (WRK) has been extended for a further 12-month period.
- ✓ Their work programmes were significantly impacted by COVID-19, with schools closing and moving to a virtual environment during lockdown. WRK were unable to deliver the Work Ready Passports during this period (which were delayed at the printers due to COVID-19) and were unable to set up the Employer Meets or work experience activities.
- ✓ Following the change in lockdown restrictions Ōtaki College, Paraparaumu College and Kāpiti College all have students now engaged in starting their Work Ready Passports.
- ✓ Te Rito College is now also a participant in all three programmes. They are also translating the Work Ready Passport to Te Reo Maori.
- ✓ Students are now registering for the Employer Meets that will be occurring in September/October 2020.

### Pop Up Business School

- ✓ The Kāpiti Coast Pop Up Business School programme was delivered from 22 June – 3 July 2020. This is the third time that the programme has been delivered in Kāpiti.
- ✓ Because of the COVID-19 Pandemic, the programme was structured to run as a mixture of interactive online and venue based sessions. This included a trade show hosted by Coastlands Shopping Centre.
- ✓ There were over 50 participants in the 10 day course, with participants comprising of a mixture of new and existing business owners.
- ✓ A number of the businesses have already established websites and facebook pages as part of the programme, with the following webpage providing links to some of the businesses from the course <https://www.Kapiticoastnz.com/business/pop-up-business-school-class-of-2020/>



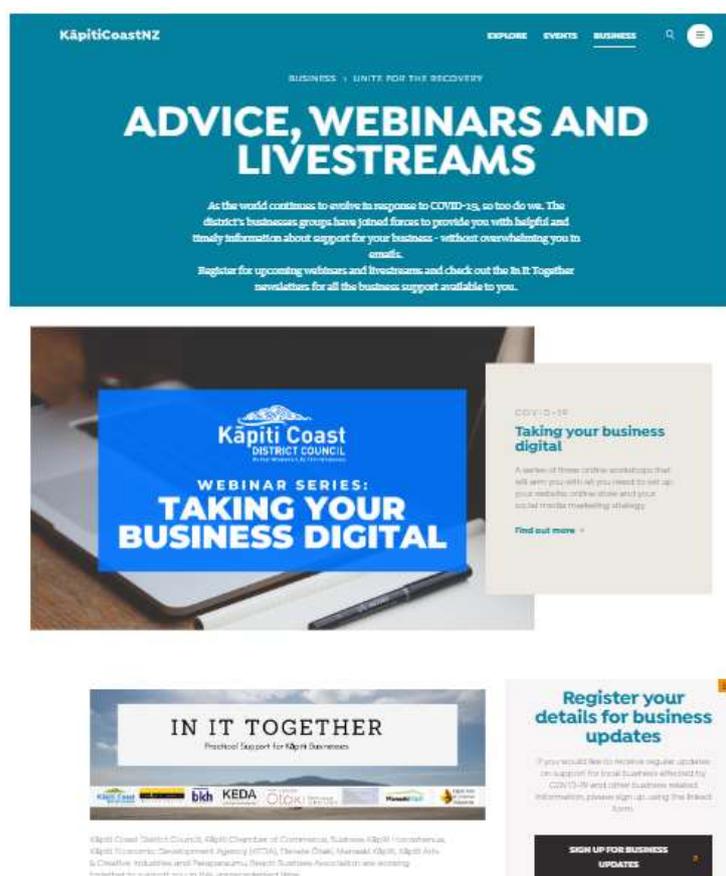
### Marketing and Business Communications – COVID-19

In response to the COVID-19 pandemic, a number of specific marketing and business communication activities were undertaken. This included:

**Establishment of a local business services group** - to ensure there was good coordination between the various local business support groups. Activity included delivery of regular communications to the business community, delivery of business focused webinars, creation and delivery of a series of three online workshops on how to take a business digital including how to set up a website, online store and a social media marketing strategy. This series of workshops remains available online.

**Creation of a new COVID-19 support for business section** on both the Council and KāpitiCoastNZ websites - 7 of the 10 most popular pages on the website during Q4 were the COVID-19 specific information pages.

The KāpitiCoastNZ.com pages provided information to businesses about support available and included areas such as: Unite for the recovery, Understanding our economy, Advice, webinars and livestreams, Taking your business digital, Support for hospitality sector.



**Creation of a dedicated #LoveLocal website section** on KāpitiCoastNZ.com - This included information on: Businesses open in the Kāpiti Coast, Get moving and get active – online, Find local groups, Cancelled & postponed events, Stay entertained at home

**Creation of online searchable map of open local businesses** - The map had over 2,000 unique views and showcased over 215 local businesses.

**Creation of #LoveLocal facebook group** to profile and promote local businesses – currently 2,277 members.

**#LoveLocal campaign** - involving competitions to attract members and grow community involvement within the #LoveLocal group

**#LoveLocal video series** - to promote and profile local businesses. This video series has been hugely popular in profiling businesses within the community and has helped share stories about the COVID-19 impacts on businesses in the community and how they have adapted. The video series has also grown the audience of the KCDC Facebook page with engagement data outlined below:

Business	Engagement on KCDC page	Engagement on Love Local page and public shares
NZ Proud (1 June 2020)	<b>Reach: 5.5k</b> Engagements 383	Reactions: 58 Comments: 7 Shares: 2
Figgy and Co (8 June 2020)	<b>Reach 3.6k</b> Engagements: 261	Reactions: 226 Comments: 23 Shares: 43
Precise Print (15 June 2020)	<b>Reach: 3.8k</b> Engagements: 173	Reactions: 217 Comments: 47 Shares: 24
Paekakariki Pops (22 June 2020)	<b>Reach: 8.6k</b> Engagements: 591	Reactions: 98 Comments: 19 Shares: 7
Hipsta (29 June 2020)	<b>Reach: 13.9k</b> Engagements: 1460	Reactions: 226 Comments: 32 Shares: 10
Heritage Barbers (6 July 2020)	<b>Reach: 6.2k</b> Engagements: 583	Reactions: Comments: Shares:
EnSoul (13 July 2020)	<b>Reach: 5.2k</b> Engagements: 516	Reactions Comments: Shares:
As at 15/07/2020	<b>Total reach: 46,800 people</b>	

### Marketing Activity

#### Social media

10% growth in followers of the KāpitiCoastNZ Facebook page occurred in Q4. Followers were also increasingly engaged (up 28%) and posts reached more unique Facebook users (up 26%).

- Q4 – posts reached 240,779 unique users (increase of 26%) and engagement was with 14,884 (increase of 28%) unique users.

29 events were actively promoted in the quarter through post sharing and native posts as well as event listing in the events section. Posts reached 57,600 unique users and gathered 2,400 event responses.

Destination marketing remained a core focus with 8 targeted posts and a series of advertisements targeting key markets of the wider Wellington region, Manawatu and Auckland – two ad sets were created, one targeting families and one targeting couples or groups looking for an active and relaxing escape.



Website – [www.Kāpiticoastnz.com](http://www.Kāpiticoastnz.com)

The “Business” section of Kāpiticoastnz.com went live during the period – 7 core pages that showcase economic data, business associations, available support, pathways for youth, business events and nationwide initiatives to support business.

Growth of users and sessions quarter on quarter by 35%.

We continue to attract new users each quarter while retaining a portion of loyal returning visitors. This is line with the core destination marketing approach to continue to grow our audience and reach.



In addition to COVID-19 specific activity, other activity included:

- Planning and execution of photoshoot to supplement and improve existing photographic library.

- Upload and promotion of new articles to the explore and business sections.
- Refresh of event pages profiling what is on offer in the district – Winter Events; Local Music Scene; School Holiday Activities; Theatre, film and dance; and Art and Exhibitions.
- Profile of local events such as Light the Night Steam Train and Market and Māoriland Film Festival.

Participation in WellingtonNZ marketing activity for region focused profile raising

- Visa Wellington on a Plate Greatest Hits, Explore Wellington special deals, and There's a Wellington for Everyone campaign.

### *Major Events*

The following events supported by the Major Events Fund were held in this period:

**Tootsuite Music Festival (1 Feb)** – This new 'boutique' music event was delivered on the grounds of Southward Car Museum. Inclement weather on the day and limited time for effective marketing meant that organisers didn't achieve the attendee numbers they had been hoping for. Feedback shows that those who did attend really enjoyed the day, however market penetration was below expectations.

**Xterra Race (1 Feb)** – Delivered under the internationally recognised Xterra event brand, the Wellington Festival event was the first Xterra off road triathlon, duathlon and trail running event held in Kāpiti. Of the 1997 attendees more than 80% were from outside of Kāpiti and there were nearly 2 supporters for every entrant. The event was so popular that entries are already open for 2021.

**Takutai Kāpiti (8 Feb)** – The event was held at Ngā Purapura in Ōtaki. Climate experts presented at the Summit in the morning, while the community event afternoon allowed for informal opportunities to learn more about climate change in Kāpiti.

**Ōtaki Kite Festival (15 & 16 Feb)** – Otaki Promotions Group delivered a well-attended event. COVID-19 concerns meant that some international kite fliers could not attend and a blustery, cold Saturday reduced attendee numbers that day. Sunday was spectacular weather however and attendance reflected this.

The 7<sup>th</sup> annual **Maoriland Film Festival** was due to be held in Otaki on 18-22 March. Prior to the event starting initial restrictions on travel meant that international visitors were stopped from entering New Zealand. On 16 March, Government announced that indoor and outdoor gatherings of 500 people or more should be cancelled. In order to enable some activity to continue assistance was provided to move screenings to smaller venues allow for reduced numbers however the decision was made on Tuesday 17 March to cancel the event.

Organisers were able to host a number of activities online during the lockdown period. Organisers are also hosting a "remount" event from 24 – 27 September, which will incorporate a number of the screenings originally proposed for the March event.

### Performance measures

There are three key performance indicators (KPI) in the economic activity.

Performance measures	Target	Result	Comment
On target			
The economic development strategy implementation plan deliverables are achieved	Achieve	Achieved	In addition to continuing to delivery Economic Development activities, Council has facilitated the refresh of the economic development strategy. The final draft is to be presented to Council on 30 July 2020 following the review of community feedback
Representatives of the business leadership forum are satisfied that the economic development strategy implementation plan deliverables are being achieved	85%	N/A	The business leadership forum was dissolved in the previous triennium. A new governance structure is proposed as part of the refreshed Economic Development Strategy.
The Māori Economic Development Strategy implementation plan deliverables are achieved	Achieve	Achieved	As part of the refresh of the Economic Development Strategy discussions have been held with members of TWoK and Iwi representatives about the development of the strategy in partnership. This has been supported by representatives and will be reviewed upon completion of the refresh. Deliverables under the existing plan were adjusted to take into considerations COVID-19 impacts.

# Infrastructure

- Access and transport
- Coastal management
- Solid waste
- Stormwater
- Wastewater
- Water management



# Access and Transport

## 5. Putanga me to ikiiki

**Third/fourth quarter activity report – 1 January to 30 June 2020**

<b>Purpose</b>	To maintain, protect and improve our roading network and strongly encourage and support sustainable transport options.
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Financial key: ● within 10% of budget ● 10% or more favourable to budget ● 10% or more unfavourable to budget

**Operating expenditure**  
The costs to operate council’s activities  
(Excluding Overhead Allocation) F/Y Outlook

**\$13.77m**

(FY) ●

\$13.37m budget (FY)

Operating Expenditure of \$13.77m is \$400,000 unfavourable to budget mainly due to additional maintenance on the roading network . This is fully funded by NZTA.

**Operating income**  
What we earn – fees, charges, grants etc  
(Excluding Rates)

**\$6.09m (FY)** F/Y Outlook

\$5.25m budget (FY) ●

Operating Income of \$6.09 is \$840,000 favourable to budget mainly due to additional NZTA funding for Capital works, and new funding for previously unsubsidised work (Kāpiti Road/scheme assessments).

**Capital expenditure**  
Costs for our capital projects

**\$5.91m (FY)** F/Y Outlook

\$8.00m budget (FY) ●

Capital expenditure of \$5.91m was \$2.09m underspent due to spending occurring under the Economic development activity (Town centres) on Kāpiti Road. Carry forwards have been identified of \$497,000 for drainage and culverts due to delays in the Resource consenting process and \$421,000 SH1 revocation.

**Projects**

Projects completed	4
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The four significant projects in this activity are on target and completed.

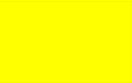
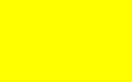
**Performance measures (KPI)**

Achieved	On target	Not on target	Not achieved
6	1	1	2

Of the ten KPIs, 6 were achieved, 1 was on target, 1 was not on target and 2 not achieved.

## Summary of projects

The four significant Access and Transport projects are summarised below.

Project status key				
Complete		On target		Not on target
				
				
				
Ahead		Lagging		Underspend
				
				
<b>Sealed road resurfacing</b>				
<u>Work completed in this period:</u>				
Resurfacing of chipseal and asphalt sites has been completed. A total of 18.0 km of chipsealing and asphalt resurfacing was undertaken.				
<u>Key issues and risks:</u>				
No key issues or risks.				
FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
1,282	1,270	(12)		Work programmed is complete. Additional spend is funded by NZTA
<b>Footpath renewals and upgrades</b>				
Footpath work (renewals and new footpaths) has been completed. A total of 3,512 m of renewals have been completed. This is an area of 7,390 m <sup>2</sup> (note that with the first year of increased budget in 2018/19 we completed 6,700 m <sup>2</sup> , after completing 3,147 m <sup>2</sup> in the previous year).				
FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
1,008	930	(78)		Work programmed is complete. Additional spend is funded by NZTA.
<b>2. SH1 revocation</b>				
M2PP Revocation of old SH1 is under way on the Raumati Straights. The installation of new storm water infrastructure comprises the initial works, with little to see above ground at this time apart from a lot of traffic control, however work is progressing well. Following the storm water works will come new footpaths, kerb and channel and a Roundabout at Raumati Rd intersection. Works will start soon with a change to the road lay out in Paraparaumu for a cycle by-pass linking Kāpiti Rd, Hinemoa and Amohia Streets. Works on the Kāpiti road widening was completed to take advantage of additional NZTA subsidy.				
<u>Key risks/issues:</u>				
Works within the town centres of Waikanae and Paraparaumu has now been postponed to 2021 due to the effect on the local businesses post COVID-19 downturn. There will be further updates on timing and a program for this in due course. Draft carry forward of \$421,000 has been identified.				
FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
330	1,848	1,517		Revised work programmed is complete. Works on the Kāpiti road widening was completed to take advantage of additional NZTA subsidy. Carry forward of \$421,000 has been identified.

Minor Improvements programme				
→ Safety audit and road marking upgrade Ranguru Rd/Marine Pde completed December 2019				
→ Raumati Town Centre and Te Monana Road corridor design processes continue				
→ Preparing preliminary work for potential 21-24 NZTA funded Safety Improvement Programme				
FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
1,578	1,491	(87)		Work programmed is complete. Additional spend is funded by NZTA .

Other projects					
Project	FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
Cycleways Walkways and Bridleways	93	159	66		The Waimea boardwalk was completed. The Weka Park Footbridge was designed, consented and the tender awarded although construction is delayed due to COVID-19. Jim Cooke Park cycleway was completed with 750m of 2.5m wide compacted gravel shared path.
Annual Reseal – incl carparks	186	187	1		Work programme is complete.
Street Lighting	180	240	59		Work programme is complete.
Drainage renewals – incl kerb and channel replacements	142	296	154		Carry forward of \$497,000 to complete works next year has been identified for Drainage renewals and bridge repairs. \$51,000 of the \$497,000 carry forward is funded from other minor project.
Bridge repairs	34	326	292		
Traffic services renewals	465	423	(42)		Work programme is complete. Additional spend is funded by NZTA.
Targeted roading projects – incl east-west connectors	241	650	408		NZTA business case process continues.

## Other key developments

### Network Planning

In addition to providing advice on resource consents received in the previous quarter 23 new resource consents were received by access and transport in quarter 3, and 28 in quarter 4. This brings the total for this year to 114. Advice has been provided at a number of pre-application, business start-up meetings and in response to 23 temporary events

The Draft Sustainable Transport Strategy was released for consultation in June 2020, and is on track to be finalised in October 2020.

### Expressways

Physical works continue on PP20 and Fletcher Construction is liaising with Council and residents to enable the works. Travel planning and safety initiatives. There have been a range of safety initiatives including:

- ✓ Education and child restraints advice given to the Plunket new parents group.
- ✓ Parkwood village, Waikanae ran two mobility scooter safety courses for seventeen residents.
- ✓ 120 residents at Summerset Village on Guildford attended a forum regarding road safety
- ✓ Motorcyclists annual Shiny Side Up Bike Fest, sponsored by ACC and NZTA, with 2,618 motorcyclists attending the event that involved a mixture of safety demonstrations
- ✓ Two Motorcyclist Suspension Rides with 14 riders attending, and 28 riders which covered practical motorcycle set up skills
- ✓ Bicycle skills training at Otaki Primary school with Pedal Ready from GWRC for 54 students.
- ✓ Twenty Child Restraint installations for local parents and grandparents during this period.
- ✓ This year's Movin' March organised by GWRC was cut short by the COVID-19 lockdown. Despite this record numbers of multi-modal active trips were recorded by the eleven Kāpiti schools involved. Paraparaumu Beach school won three Regional Art competition prizes and two students won \$400 My Ride bicycle vouchers from Raumati Beach and Kapakapanui schools.

### Performance measures

There are ten key performance indicators (KPI) in the Access and Transport activity.

Performance measures	Target	Result	Comment
<b>Achieved</b>			
Residents (%) who are satisfied with the condition of footpaths	65%	Achieved (66%)	The cumulative result for all four quarters provides a score of 66%.
Number of serious and fatal crashes on district roads is falling (DIA mandatory measure)	5-year rolling average reduces each year	Achieved	There were 4 serious injury or fatal crashes in the third and fourth quarter, giving a five year rolling average of 9.6 (was previously 9.8).
Roads that meet smooth roads standards. (DIA mandatory measure)	Overall Smooth Travel Exposure is above 85%	Achieved	The Smooth Travel Exposure for 2019/20 is 90%.
Average cost of local roading per kilometre is comparable with similar councils in New Zealand	Achieve	Achieved	The average cost of roading is comparable with similar Councils.

Performance measures	Target	Result	Comment
Percentage of footpaths that fall within the service standard for the condition of footpaths as set out in the activity management plan.  (DIA mandatory measure)	50% for 2019/20 (increases to 60% for 2020/21)	Achieved	2019/20 result was that, of the 20% of the network surveyed, 96% was in good or better condition.
<b>Not achieved</b>			
Residents (%) who are satisfied with street lighting	85%	Not achieved (83.5%)	The cumulative result for all four quarters provides a score of 83.5%.
Percentage of the sealed local road network that is resurfaced <i>(DIA mandatory measure)</i>	5% (expressed as kilometres)	Not Achieved	18.0 km of surfacing was completed for 2019/20, which is 4.32%.
Percentage of service requests relating to roads and footpaths responded to within 3-5 hrs (urgent), 15 days (non-urgent). <i>(DIA mandatory measure)</i>	Roads 85% Footpaths 85%	Not Achieved	The result at the end of Q was not achieved with 74%.  (2018/19 result was 'Not achieved')



# Coastal management

## 6. Whakahaere takutai

**Third/fourth quarter activity report – 1 January to 30 June 2020**

<b>Purpose</b>	To assist in achieving the sustainable management of the coastal environment and to protect publicly-owned assets.
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Financial key: ● within 10% of budget ● 10% or more favourable to budget ● 10% or more unfavourable to budget

**Operating expenditure**  
The costs to operate council’s activities  
(Excluding Overhead Allocation)

F/Y Outlook

**\$1.14m (FY)**

\$1.17m budget (FY)

●

Minor variance.

**Operating income**  
What we earn – fees, charges, grants etc  
(Excluding Rates)

F/Y Outlook

**\$0.00m (FY)**

\$0.00m budget (FY)

●

**Capital expenditure**  
Costs for our capital projects

F/Y Outlook

**\$0.50m (FY)**

\$0.67m budget (FY)

●

Capital expenditure of \$500,000 was \$170,000 underspent in the year due to COVID-19. Carryovers for Coastal renewals of \$100,000 and beach accessways \$41,000 were identified.

**Projects**

1

Over 250k

■ On target

The coastal renewals project is on target.

**Performance measures (KPI)**  
Graph to be inserted by Marece.

2

■ On target

Both KPIs were on target at the end of the fourth quarter 2019/20.

## Summary of projects

Significant Coastal management projects this year are summarised below.

### Coastal renewals

#### Work Completed:

- Coastal assets renewals and replacements at Raumati Beach launching Ramp, Willow Grove and Rosetta Road – Expected completion for all 3 locations was on 30 June 2020, but due to COVID-19 work completed only at Rosetta Road and Willow Grove locations. Raumati Beach launching ramp will be completed in August 2020.
- Replacement of the retaining wall situated on the left bank at the mouth of Wharemauku Stream – Designs completed. Regarding the Resource Consent, commenced discussions with Iwi and Gretaer Wellington Regional Council.
- The Wharemauku blockwall Long Term Solution – Option report completed and the original plan was to present the options to affected residents in March 2020. But due to COVID-19, it was not possible to have the discussions with community. As part of the Resource Consent conditions, KCDC need to prepare and submit a “Structure Removal and Replacement Plan” to Greater Wellington Regional Council by December 2020 for certification. Revised work plan at this stage is to complete the following tasks by December 2020:
  - Prepare and submit “Structure Removal and Replacement Plan”
  - Prepare Community consultation materials
  - Initial consultation with the affected residents
- Raumati Seawall – Gathering information on Council responsibilities/ liabilities related to the Raumati Seawall is completed. According to the findings KCDC is responsible for replacement/ renewal of this 3km long seawall. Next step is to present to Councillors to obtain guidance on replacement options and include this project in the 2021 Long Term Plan.

#### Work Planned for 2020/21

- Raumati Beach launching ramp - Completion of physical works.
- Retaining wall situated on the left bank at the mouth of Wharemauku stream - Gaining GWRC Resource Consent for replacement.
- Wharemauku Block Wall long term solution - Completion of consultation, completion of preliminary designs of the preferred option and lodgement of Resource Consent Application.
- Raumati Seawall - Obtain legal advice and present to Council to discuss the next steps.
- Paekakariki Seawall – Procurement of physical works and tender award. Finalisation of urban design component.
- Asset renewals –Renewal of coastal assets (physical works) in following critical locations
  - Beach Road, Paekakariki
  - Several locations in Raumati

Key issues and risks:

There was no budget for the Paekakariki Seawall in 2019/20 and internal charges (KCDC) for processing the Building Consent (\$74,000) was to be funded by the Coastal renewal budget. As a result, the carry over budget (\$100,000) was lesser than the estimated (\$171,775) and now left with a \$211,000 Capex budget allocation for Coastal assets in 2020/21 financial year (111,000 from Annual Plan and \$100,000 carry over). There is a substantial difference between the budget and the estimated cost of the volume of work planned to be completed.

FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
\$342	\$493	\$151	Not on target	Carry forward of \$100,000 was identified. Project is not on target mainly due to Raumati Beach launching Ramp, Williw Grove and Rosetta Road asset renewals were put "on hold" due to COVID-19.

Project status key									
Complete		On target		Not on target		On hold		High risk	
Ahead		Lagging		Underspend		Overspend			

**Other key developments**

Paekakariki Seawall is ready for construction (all the designs are completed, Resource and Building Consents granted) for when budget is available in the 2021/22 financial year. In April 2020, Council submitted an application to Government for consideration under the "Shovel Ready" project category. The project has been short listed for consideration and awaiting the decision on funding.

Old Coach Route – Resolving the ownership issue is still in progress. Initial information gathering is now completed and the next step is to gain legal advice before presenting to Council to decide on the proposed way forward.

Critical assets needing attention- Identification of critical assets (district-wide) needing attention is in progress. The plan is to complete this by October 2020 and renew/ replace assets need urgent attention in 2020/21 and add the remaining assets as a work programme in 2021 Long Term Plan.

**Performance measures**

There are two key performance indicators (KPIs) in the coastal management activity.

Performance measures	Target	Result (ytd)	Comment
On target			
Respond within 48 hours to urgent requests to repair seawalls or rock revetments	90%	Achieved (100%)	There were 27 requests to date. Three of them were urgent and were responded to within 24 hours.
Stormwater beach outlets are kept clear	80%	Achieved (100%)	All beach outlets cleaned and kept clear.



# Solid waste

## 7. Para ūtonga

### Third/fourth quarter activity report – 1 January to 30 June 2020

#### Purpose

To provide accessible, effective and efficient waste management options, encourage waste minimisation, and provide landfill management.

#### Financial key:



within 10% of budget



10% or more favourable to budget



10% or more unfavourable to budget

#### Operating expenditure

The costs to operate council's activities  
(Excluding Overhead Allocation)

**\$1.09m (FY)**  
\$1.21m budget (FY)

F/Y Outlook



Operating Expenditure of \$1.09m is \$120,000 favourable to budget mainly due COVID-19 delays to landfill maintenance.

#### Operating income

What we earn – fees, charges, grants etc  
(Excluding Rates)

**\$0.54m (FY)**  
\$ 0.58m budget (FY)

F/Y Outlook



Operating Income of \$540,000 is \$40,000 unfavourable to budget mainly due to waste minimisation MFE reduction.

#### Capital expenditure

Costs for our capital projects

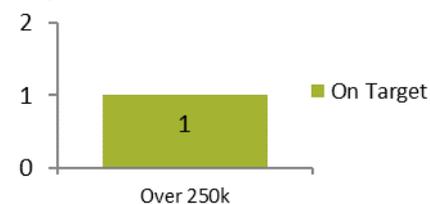
**\$0.04m (FY)**  
\$0.18m budget (FY)

F/Y Outlook



Capital expenditure was \$137,000 underspent mainly due to COVID-19 lockdown when no physical works were possible. Bad weather caused further delays to the final capping of the landfill. Carry forward of \$124,000 has been identified for landfill capping.

#### Projects



The Otaihanga Landfill Capping project is a multi-year capex over \$250,000 project (although it is coming to the end of its life and will be under \$250,000 capex in the current year spend). It is on target.

#### Performance measures (KPI)



One of five KPI is not on target. The KPI regarding resident satisfaction with the waste minimisation education, information and advice available reported a satisfaction result of 63%, against a target of 75% for the year. Council is currently recruiting for additional waste minimisation resources to improve our services in this area.

### Summary of projects

There is one solid waste significant project, the Otaihanga Landfill Capping project.

Landfill Capping				
Initial capping works and stormwater control works started end February/early March at the South end of the Otaihanga landfill but were stopped during the COVID-19 lock down period as these works are not considered essential. The remaining are to be capped at 30 June is 7625m <sup>2</sup> .				
Wet weather has prevented these works from resuming in June and works will restart in spring when the weather is drier, likely in September/October. The aim is to finish these works over the summer period.				
<u>Key issues and risks:</u>				
There is no financial risk, these works are part of the landfill provision budget which is a multi-year budget set up specifically for the capping project.				
FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
43	167	124		Carry forward has been identified of \$124,000.

1.

Other projects					
Project	FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Commentary
Minor projects	0	13	13		Planned upgrade works were not carried out as a result of COVID-19 lock down.

Project status key									
Complete		On target		Not on target		On hold		High risk	
Ahead	 ▲	Lagging	 ▼	Underspend	 U	Overspend	 O		

### Other key developments

#### Two new team members joined the Sustainability & Resilience team mid-January:

- ✓ A Waste Minimisation Advisor (full time).
- ✓ A Project support Officer (full time, providing administrative support to the Sustainability and Resilience, Water and Wastewater Assets, and Stormwater and Coastal Assets teams).

A public education campaign on changes in plastic recycling was planned and rolled out, including new signage at transfer stations and advertising via various channels. From 1 July 2020, only plastics 1,2 and 5 are accepted in kerbside recycling and at the three drop off stations.

In February, the Council was briefed on the regionally developed Draft Solid Waste Bylaw and through the Council meeting on 27 February Council provided feedback on the draft Bylaw to the Joint Committee for the Wellington Region Waste Management and Minimisation Plan. A statement of proposal to start public consultation on the draft Bylaw will be presented to Council on 30 July.

Pre-lockdown and during lock down the team worked together with the communications team, collectors and facility operations to streamline messaging about kerbside recycling and facilities being closed to the public.

***Waste minimisation activities included:***

Installation and promotion of one set of public place recycling bins at Maclean Park.

Organisation and management of waste minimisation at three Council-run events (Waitangi Day, Movies in the Park, Takutai Kāpiti Summit).

Two Waste Audits (one for a local community organisation and at Ōtaki Library), followed by installation of a worm farm at Ōtaki Library.

Delivery of a composting workshop at Ōtaki Library.

Delivery of the Zero Waste Education programme to all eight classes at Te Horo School.

Delivery of talks to two community groups: Salvation Army Home Corp and Tui Women's Institute.

Recommendations for 2019/20 New Technology and Seed Funding Waste Levy Grants were presented to Council on 19 March, resulting in \$49,880 of waste levy funding being allocated to three projects addressing foodwaste and E-Waste.

A Waste Free Parenting workshop was run as an online workshop (due to COVID-19).

### Performance measures

There are five key performance indicators (KPIs) in the solid waste activity.

Performance measures	Target	Result (ytd)	Comment
<b>On target</b>			
Residents (%) who are satisfied with the standard of kerbside collections	85%	88.5%	This is the annual average score for 19/20. The score for Q3 was 89%, for Q4 86%.
Number of days disposal facilities are open	357 days per year	Achieved	Disposal facilities have remained open during COVID-19lock down to commercial collectors to provide essential services.
Licensed collectors are compliant with licence requirements	Achieve	Achieved	Regular collection monitoring has been carried out and found overall good compliance.
Illegally dumped waste is removed within two working days	85%	93%	This reflects the annual response rate for the year 19/20. Rates for Q3 and Q4: Q3: 94% - there were 70 requests, of which 66 were responded to within 2 days. Q4: 98% - there were 45 requests, of which 44 were responded to within 2 days.  Note: Both Q3 and Q4 coincided with COVID-19 lockdowns Level 4 and Level 3.
<b>Not achieved</b>			
Residents (%) who are satisfied with the waste minimisation education, information and advice available	75%	65.8%	This is the average score for the 19/20 year. Q3 score was 60%, Q4 score was 74%. It is proposed to consider amending the question through 2021 LTP as often verbatim information of the survey shows that residents provide feedback on waste services in general and often do not focus on waste minimisation education/information that has been delivered.



# Stormwater

## 8. Whakahaere wai araha

### Third/fourth quarter activity report – 1 January to 30 June 2020

<b>Purpose</b>	To provide a stormwater system to manage surface-water run-off from urban catchments while protecting the receiving environment, ensuring water quality and reducing risks to human life and health from flooding.
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Financial key: ● within 10% of budget ● 10% or more favourable to budget ● 10% or more unfavourable to budget

**Operating expenditure**  
The costs to operate council’s activities  
(Excluding Overhead Allocation)

**\$3.65m (FY)**  
\$3.83m budget (FY)

F/Y Outlook

Operating Expenditure of \$3.65m is \$180,000 favourable to budget mainly due to weighted average cost of borrowings lower than planned.

**Operating income**  
What we earn – fees, charges, grants etc  
(Excluding Rates)

**\$0.32m (FY)**  
\$0.17m budget (FY)

F/Y Outlook

Operating Income of \$320,000 is \$150,000 favourable to budget mainly monies received from M2PP. They have agreed to pay Council in lieu of undertaking lining works on several stormwater pipes they installed as part of the overall project. This has been allocated to help fund the organisation review.

**Capital expenditure**  
Costs for our capital projects

**\$4.21m (FY)**  
\$3.66m budget (FY)

F/Y Outlook

Capital expenditure of \$4.21m is \$555,000 overspent due to the advancement of critical projects and investing on unbudgeted projects such as Stormwater Inputs for Kāpiti Gateway and Town Centre projects.

**Projects**

2

Over 250k

■ On target

Two major projects on target by the end of the 2019/20 financial year.

**Performance measures (KPI)**

6

Six KPIs were all achieved by the end of the 2019/20 financial year.

## Summary of projects

Stormwater projects have been organised into Major and Minor stormwater programmes, with each group treated for reporting purposes as a single project. Both programmes are capital expenditure \$250,000 and above and are summarised below.

### 1. Major stormwater projects

The major stormwater projects cover the design and construction of major drainage systems to accommodate run off from less frequent storms (1 in 50 year or 1 in 100 year events). These projects include upgrading under capacity networks, network extensions, stream works, pumping systems etc. and the main purpose of major stormwater projects is to eliminate the risk of loss of life and damage to property due to flooding. The projects covered under this category in 2019/20 are mainly focused on alleviation of habitable floor flooding.

#### Physical works completed :

- Asset renewals in Paraparaumu 7 Catchment (Kena Kena)
- Asset renewals in Paraparaumu 8 Catchment (11- 267 Manly Street)
- Asset upgrades in William Street
- Asset upgrades in Margaret Road Stage 1

#### Designs completed :

- Moa Road flood wall
- Paraparaumu 1 Catchment Asset Renewals
- Paraparaumu 2 Catchment Asset Renewals
- Asset upgrades in Raumati Road Area 1
- Asset upgrades in Moana Road , Otaki - Stage 2
- Asset upgrades in Sunshine Avenue
- Asset upgrades in Titoki Street / Simpson Crescent/ Rewa Road
- Asset upgrades in Riwai Road
- Asset upgrades in Amohia Street (93-97)
- Stormwater inputs for the Kāpiti Gateway project
- Town Centre modelling work Phase1
- Stormwater inputs for Manly street culverts project

#### Designs in progress :

- Asset upgrades in Kena Kena catchment
- Asset upgrades in Charnwood Grove
- Alexander Bridge upgrade
- Karaka Grove flood wall
- Kakariki streamworks
- Amohia catchment diversion
- Asset upgrades in Richmond Avenue
- Asset upgrades in Tennis Court Road/ Forest Avenue
- Asset upgrades in Tilley Road
- Asset upgrades in Park Avenue/ Kohekohe
- Asset Renewals in Paraparaumu 3 Catchment

- Asset upgrades Manly Steert/ Marine Parade
- Town Centre modelling work Phase 2

Work Planned for 2020/21 :

- Construction of design ready projects .
- Completion of designs in progress.
- Commence new design projects in priority areas as identified in the 2018 Long Term Plan.

Key issues and risks:

- District’s flood risk is getting higher. Nearly one third of the properties are in a flood zone. More than 50% of the stormwater infrastructure is under capacity for a 1 in 10 year event. Growth is heavily impacted by stormwater issues in the district. But the budget available for delivering major projects even in 2020/21 financial year is only \$4.26m (physical works and designs) and this amount is not sufficient at all to complete the work planned for 2020/21.
- With sea level rise and elevated ground water levels the “Hydraulic Neutrality” is becoming less effective and as a result catchment\_ wide holistic solutions are needed to implement in order to address stormwater issues in new developments . These solutions are costly.
- Addressing stormwater issues in the district will creat more land “flood free” which will promote growth in the district. However if the issues are not dealt in a timely manner , there is a risk of Kāpiti district not been attractive for future developments.
- Flooding in the district has been an on going problem and if not delat in a timely manner, Council will continue to operate at a lower than desirable level in terms of asset management and service delivery.

FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
3,551	3,100	(418)	Complete	Overspent due to the advancement of critical projects to respond to flooding and investing on unbudgeted projects such as Stormwater Inputs for Kāpiti Gateway and Town Centre projects.

**Project status key**

Complete 	On target 	Not on target 	On hold 	High risk 
Ahead 	Lagging 	Underspend 	Overspend 	

### Minor stormwater projects

The minor stormwater projects include the design and construction of minor drainage systems to accommodate run off from more frequent storms (1 in 5 year or 1 in 10 year events). These projects include repairs to existing assets, construction of overland flow paths, minor stormwater upgrades and extensions including upgrading inlet control devices such as stormwater sumps (cost of each project is in the order of \$10,000 to \$100,000).

#### Physical works completed :

- Final 2 locations of 2018/19 , 14 location minor stormwater capex contract
- 2019/20 minor stormwater capex contract
- Margaret Road Stage 2 stormwater upgrades
- Upgrading street sumps to “super sumps” in selected critical locations in the district

#### Designs completed :

- Awanui Drive stormwater upgrades
- Kauri Crescent stormwater upgrades

#### Designs in progress :

- Matene Place stormwater upgrades

#### Work Planned for 2020/21 :

- Construction of design ready projects .
- Completion of designs in progress.
- Commence new design projects in priority areas as identified in the 2018 Long Term Plan.
- 2020/21 minor stormwater capex contract
- Continuation of district-wide sump upgrade programme to assist with street flooding.

#### Key issues and risks:

- Budget available for delivering minor projects in 2020/21 financial year is only \$51,000 (physical works and designs) and this amount is not sufficient at all to complete the work planned for 2020/21.

FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
662	522	(140)	Complete	Overspent due to the advancement of critical projects to respond to flooding and upgrading street sumps in critical locations.

### Other key developments

- In April 2020, submitted an application to Government requesting funds to deliver Stormwater projects ready for for construction under “Shovel Ready” project category. Project has been short listed for consideration and awaiting the descion on funding.
- In 2019/20 financial year there were 344 complaints compared to 332 in previous financial year.
- District-wide asset investigations : Stormwater survey 90% completed. CCTV and Manhole condition assesments completed in 17 catchments . There are 34 stormwater catchments in the district and 17 more to be investigated.
- District-wide water quality monitoring tender was awarded in December 2019 (for 4 years).
- District-wide flood hazard modelling tender was awarded in May 2020 (for 2 years).
- Completed 14.1km of open drain/stream cleaning (gravel extraction, machine cleaning and hand cleaning).
- Stormwater strategy and By Law, Hydraulic Neutarlity effectiveness and Global drain maintenance consent projects progressing well.

### Performance measures

There are seven key performance indicators in the Stormwater Management activity.

Performance measures	Target	Result	Comment
<b>On target</b>			
Median response time to attend a flooding event from notification to attendance on site  <i>(DIA mandatory measure)</i>	Urgent = less than or equal to 24 hours	Achieved (median response time was less than 24 hours)	Year to date, there were 439 service requests and 344 were flooding related complaints. Of those 344 complaints, 84 were urgent and the median response time was 0 days (less than 24 hours). 2018/19 result was less than 24 hours.
	Non-urgent = less than or equal to 5 days	Achieved (median response time was 3 days)	The median response time was 1 day for the 260 non-urgent flooding related complaints. (2018/19 result was 3 days)
Percentage of all buildings that have been inundated due to minor flooding are visited within four weeks	90%	Achieved (100%)	Year-to-date there were 5 building related flooding requests (2 dwellings and 3 garages). Visited within 4 days. (2018/19 result was 3 days)
Number of complaints received about the performance of the district's stormwater system  <i>(DIA mandatory measure)</i>	Less than 30 per 1000 properties connected to the council's stormwater system	Achieved (15.31 per 1000)	The 344 flooding related complaints in the year to date translate to 15.31 per 1000 connections (estimated 22,464 connections).  (2018/19 result was 15.15)
Number of buildings (habitable floors) reported to be flooded as a result of a less than 1-in-50-year rain event  <i>(DIA mandatory measure)</i>	Less than 3 per 1000 properties connected to the council's stormwater system	Achieved (0.089 per 1000)	There were 2 habitable floors affected by flooding events. This translates to 0.089 per 1000 connections. (2018/19 result was 0.00 as habitable floors were not affected by flooding in 2018/19)
Measure compliance with council's resource consents for discharge from its stormwater system, by the number of: a) abatement notices; b) infringement notices; c) enforcement orders; and d) successful prosecutions, received by the council in relation those resource consents.  <i>(DIA mandatory measure)</i>	None	Achieved (None)	There has been no non-compliance with Council's resource consents for discharge from its stormwater system in 2019/20.  (2018/19 result was 'Achieved').
Major flood protection and control works are maintained, repaired and renewed to the key standards as defined in the council's activity management plan  <i>(DIA mandatory measure)</i>	Achieve	Achieved	Following major projects were completed <ul style="list-style-type: none"> <li>- Asset renewals in Paraparamu 7 catchment</li> <li>- Asset renewals in Paraparamu 8 catchment</li> <li>- Asset upgrades in William street</li> <li>- Asset upgrades in Margaret Road Stage 1</li> </ul>

			All these projects were completed following the key standards as defined in the Council's Activity Management plan. (2018/19 result was "Achieved")
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# Wastewater management

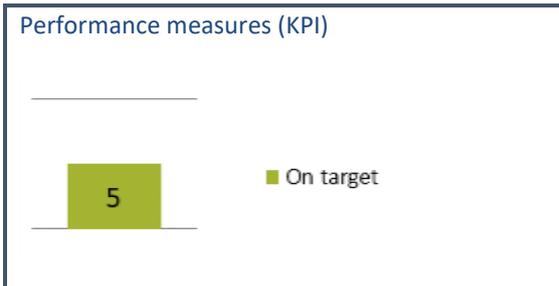
## 9. Whakahaere wai para

### Third/fourth quarter activity report – 1 January to 30 June 2020

Purpose	To provide wastewater (sewerage) infrastructure that protects public health and the natural environment and provides continuity of service for the Kāpiti community.
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Financial key: ● within 10% of budget ● 10% or more favourable to budget ● 10% or more unfavourable to budget

<p>Operating expenditure The costs to operate council's activities (Excluding Overhead Allocation)</p> <p><b>\$7.90m (FY)</b> \$7.97m budget (FY)</p> <p style="text-align: right;">F/Y Outlook</p> <p style="text-align: right;"><span style="color: green;">●</span></p>	<p>Minor variance.</p>									
<p>Operating income What we earn – fees, charges, grants etc (Excluding Rates)</p> <p><b>\$0.22m (FY)</b> \$0.30m budget (FY)</p> <p style="text-align: right;">F/Y Outlook</p> <p style="text-align: right;"><span style="color: orange;">●</span></p>	<p>Minor variance.</p>									
<p>Capital expenditure Costs for our capital projects</p> <p><b>\$0.91m (FY)</b> \$1.70m budget (FY)</p> <p style="text-align: right;">F/Y Outlook</p> <p style="text-align: right;"><span style="color: purple;">●</span></p>	<p>Capital expenditure of \$910,000 was \$790,000 underspent due to the Wastewater treatment plant (WWTP) consent \$635,000 and reticulation upgrades \$146,000. Both projects were identified as carry forwards.</p>									
<p>Projects</p> <table border="1"> <thead> <tr> <th>Project Category</th> <th>On target</th> <th>Not on target</th> </tr> </thead> <tbody> <tr> <td>Over 250k</td> <td>1</td> <td>1</td> </tr> <tr> <td>Additional Significant</td> <td>0</td> <td>1</td> </tr> </tbody> </table>	Project Category	On target	Not on target	Over 250k	1	1	Additional Significant	0	1	<p>There are three significant projects. Additional Paraparaumu WWTP renewals works required above originally planned works following the clarifier failure. Ōtaki WWTP upgrade project is forecasting an overspend.</p>
Project Category	On target	Not on target								
Over 250k	1	1								
Additional Significant	0	1								



All five KPIs were on target at the end of at the end of the fourth quarter 2019/20.

## Summary of projects

There are three significant wastewater management projects, all of which are capex projects of \$250,000 and above, these are summarised in the first three tables below. There are a further three under \$250,000 capex summarised briefly in table 4 below.

Paraparaumu wastewater treatment plant (WWTP) renewals				
<p><u>Work completed in this period:</u></p> <ul style="list-style-type: none"> <li>Returned activated sludge pumping station - preliminary design and procurement optioneering was completed.</li> <li>Design for Clarifier No1 renewals was advanced.</li> <li>Sludge dewatering centrifuges interim renewals – The rotating assembly in the larger centrifuge was replaced this quarter. This has allowed the existing assembly to be refurbished and stored as a spare unit. During this shut down the smaller centrifuge was also inspected and interim works undertaken. The findings of these inspections confirm that the timing of proposed replacements in the LTP is still viable.</li> </ul> <p><u>Key issues and risks:</u></p> <ul style="list-style-type: none"> <li>The interim replacement of two of the three existing core treatment blowers, in advance of the major upgrades planned for FY2022/23, has been successful. The premature failure of one unit and the withdrawal of support by the current agent of this make of blower means advanced procurement of non-stock equipment under the planned 2021/22 upgrades is being considered.</li> <li>The disruption to the national construction industry and global equipment supplies by COVID-19 has meant constraints on the availability and movement of skilled overseas personnel and internationally sourced equipment. Careful consideration of procurement timing is required before certainty on forward works programmes can be attained.</li> <li>Delivery of long lead mechanical/ electrical equipment will be impacted this year by ongoing COVID-19 issues in Europe and Asia, affecting both manufacturing and shipping and so outside of Council control.</li> </ul>				
FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
294	283	(11)	\$🕒	

## Paraparaumu WWTP – resource consent

The renewal of exiting resource consents for Paraparaumu WWTP. All current consents expire in 2022.

- The project is now on a critical path to develop an application and the next phase of development of the full list of future treatment options.
- Meaningful engagement with mana whenua in the re-consenting process is still sought. All our iwi have been invited to participate and to identify how this could be best achieved.
- The draft project governance arrangements, vision and objectives, and engagement and communications strategy have been provided and continuing progress updates will be given as the work develops.

Key risks/issues

Additional work is required to complete an interim consent application for the discharges from the treatment plant. Delays in engagement and consultation on options has meant a full process can not be completed before the discharge consents expire, thus Council has commenced the development of an application for interim extension to the existing consents, in parrallel with development of options under the main application.

FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
219	695	476	\$0	Carry forward has been identified of \$635,000 across the activity.

## Ōtaki WWTP upgrades

Land Discharge Treatment Area Upgrades (Discharge Consent Compliance)

The upgrade programme is focused on effluent treatment (Land Discharge Treatment Area). Design is complete for upgrades, and procurement was planned for Quarter 3/4. Contract documents are under review.

Whilst COVID-19 has affected the construction market and iwi liaison, extensive in-house work has been undertaken to refurbish grounds and distribution equipment in the fields. The planting for grounds maintenance is now planned to be undertaken in the winter 2020 planting season, and thus costs will spread into FY2020/21 budgets.

FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Commentary
76	157	81	\$U	Carry forward has been identified of \$635,000 across the activity.

## Other projects

Project	FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
Other projects	319	560	241		Carry forward has been identified of \$635,000 across the activity along with \$146,000 of upgrades
Total	909	1,697	787		

**Project status key**

Complete



On target



Not on target



On hold



High risk



Ahead



Lagging



Underspend



Overspend



### Other key developments

- A condition and capacity study of the Otaki Wastewater treatment plant has now been completed. This will be used to inform the required growth and renewal programme for the plant in the development of the 2021 LTP. In addition, a specialised treatment pond depth/sludge study was carried out in Quarter 3, using new remote scanning technology. This has highlighted further removal of sludge from the ponds is required to maintain the performance of this treatment process. Desludging and optimisation funding will be loaded into the AMP and LTP for future years.
- Following the adoption of the Tradewaste bylaw in 2019 the desktop study of tradewaste discharges in Kāpiti has now been completed. This identifies tradewaste discharges and a strategy to manage their risk to the safe operation of the wastewater treatment plants and compliance with discharge consents. This information will be used to review tradewaste consents and improve tradewaste management and reporting practices.
- The condition study of the wastewater pumping stations has been completed. This has provided best practice inspection protocols, an improved understanding of the condition of critical pumping stations and a renewals profile for all pumping stations that will inform the 2021 LTP.
- Significant work has been completed on developing the modals and flow scenerios to examine the performance of our wastewater networks. Using these the cost benefits of upgrades and renewals can be analysed against a standard for the containment of wastewater in the network. This will inform investment decisions in the 2021 LTP.

**Performance measures summary**

There are five key performance indicators (KPIs) in the wastewater management activity. All five were on target at the end of the second quarter of FY2019/20.

Performance measures	Target	Result (ytd)	Comment
<b>On target</b>			
Median response times to sewage overflows resulting from a blockage or other fault measured by attendance time (from the time council receives notification to the time that staff are on-site) <i>(DIA mandatory measure)</i>	Less than or equal to 1 hour	Achieved	Median attendance time was 25 minutes, for 88 blockages or faults attended in this year.  (2018/19 result was 20 minutes)
Median response times to sewage overflows resulting from a blockage or other fault measured by resolution time (from the time that council receives notification to the time that staff confirm resolution) <i>(DIA mandatory measure)</i>	Less than or equal to 5 hours	Achieved	Median resolution time was 1 hour and 38 minutes, for 88 blockages or faults resolved in this year.  (2018/19 result was 2 hrs and 29 mins)
Number of complaints received by council about any of the following: a) sewage odour; b) sewerage system faults; c) sewerage system blockages, and d) council's response to issues with the sewerage system. <i>(DIA mandatory measure)</i>	Less than 7.2 complaints per 1,000 connections to Council's sewerage system.	Achieved  (5.67 complaints per 1,000 connections)	115 complaints were received at the close of the year (from a total of 20,292 connections).  (2018/19 result was 4.8 per 1,000)
Number of dry weather sewerage overflows  <i>(DIA mandatory measure)</i>	At or below 2 per 1000 connections to Council's sewerage system	Achieved  (1.97 overflows per 1,000 connections)	There were 40 dry weather overflows this year; however, there were only two GWRC-Notifiable events this year (out of a total of 20,292 connections).  (2018/19 result was 2.56 per 1,000)
Compliance with council's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices; b) infringement notices; c) enforcement orders; and d) convictions, received by council in relation to those resource consents. <i>(DIA mandatory measure)</i>	None	On target	No non-compliance actions in the first two quarters.



# Water management

## 10. Whakahaere wai

**Third/fourth quarter activity report – 1 January to 30 June 2020**

<b>Purpose</b>	The key goal for the water management activity is ensuring a safe, affordable and sustainable long-term water supply solution for our district.
----------------	---

● within 10% of budget    
 ● 10% or more favourable to budget    
 ● 10% or more unfavourable to budget

**Operating expenditure**  
The costs to operate council’s activities  
(Excluding Overhead Allocation)

**\$7.34(FY)**

\$7.64m budget (FY)

F/Y Outlook

Minor variance.

**Operating income**  
What we earn – fees, charges, grants etc  
(Excluding Rates)

**\$1.14m (FY)**

\$0.24m budget (FY)

F/Y Outlook

Operating Income of \$1.14m is \$900,000 favourable to budget mainly due to higher than expected development contributions revenue mainly in Waikanae.

**Capital expenditure**  
Costs for our capital projects

**\$1.62m (FY)**

\$10.09m budget (FY)

F/Y Outlook

Capital expenditure of \$1.62m is \$8.38m underspent mainly due to delays on the Drinking water and safety resillance program(DWRSP) of \$5.8m and network upgrade of \$2m. Both projects were identified as carry forwards.

**Projects**

On target	1
Not on target	1

There are two water management projects. Both are over \$250,000 capex projects. The DWRSP is not on target – design work will be completed this year but construction works are now planned for next year.

**Performance measures (KPI)**

Achieved	8
Not yet due	2
Not achieved	1

Eight KPIs are achieved, two are not yet due and 1 is not achieved.

## Summary of projects

The two significant water management projects this year are summarised below.

### Drinking water safety and resilience project

The project was originally delayed to allow for a 3 waters procurement strategy to be undertaken and a consultancy panel to be developed and awarded. Since award in December 2019 the WSRP project has progressed well with some further delays occurring throughout quarter 3/4. This has been mainly due to the following reasons:

- A change of KCDC Project Management in February 2020.
- The completion of a concept design value engineering study that has optimised the detailed design scope of the project. This identified scope changes that will achieve the best value for money resilience improvements for the plant.
- COVID-19-1919 – Design continued at a slower pace during this time, however some design items were put on hold due to not being able to complete various site investigations & testing.
- The undertaking of a strategic review of water supply options for Ōtaki and Hautere schemes to confirm the best value for money investment for the future. This confirmed the current scheme should be progressed.

Completed at the end of Quarter 3/4 of FY2019/20 are:

#### Waikanae WTP Stage 2 –

- As at end of June 2020, detailed design is at approximately 37% complete.
- Value engineering study completed and a decision to construct a new resilient rapid mix tank in conjunction with the new clarifier.
- Implementation into the detailed design of various scope changes resulting in the outcome of the Safety in Design and HAZOP workshops.
- Deferring the modifications to the sludge process and upgrading of the existing clarifier to Stage 3.

#### Ōtaki & Hautere –

- Completion of optioneering design basis for Hautere, Tasman and Rangiuru WTPs.

The activities planned for Quarter 1 of FY2020/21 are:

#### Waikanae WTP stage 2 –

- Completion of detailed design to approximately 80% including various on site investigations and testing.
- Pricing of scope changes and reviewing of the construction costs.
- Finalisation of procurement strategy
- Implementation of the communications plan

#### Ōtaki & Hautere –

- Completion of costs estimates and options report for Hautere, Tasman and Rangiuru WTPs. To also include KCDC review and decision on options to proceed to preliminary design.

Key issues and risks:

- With delays in the completion of design and taking into account the tender and award period, construction is now programmed to commence around May 2021.
- In order to bring forward the construction programme, an alternative procurement strategy is being reviewed. This is required due to the risk of the availability of a tier 1 contractor due to other 3-waters work commencing in the region at the same time.

FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
1,011	8,090	7,077	   	<p>The delay in the detailed design has caused underspend with Beca’s design contract compared to our forecast.</p> <p>The costs presented in the preliminary design report has indicated the design &amp; construction costs for Waikanae Stage 2 Upgrade being approximately \$3.8M over budget. With further value engineering, scope changes and the introduction of a new rapid mix tank the overall costs end up as \$6.45M over budget.</p> <p>The existing clarifier &amp; sludge upgrades will be deferred to Waikanae WTP Stage 3 resulting in Waikanae WTP Stage 2 being \$3.52M over budget. Carryover of \$6.5m has been identified.</p>

Network renewals and upgrades

The consultancy for the design for the Tasman Road water supply main (to the Ōtaki CBD) was awarded under the water services panel following the delay pending the completion of the Ōtaki and Hautere water supply strategic review.

Work on reactive lateral replacements is ongoing.

The new Zone Meter for Ngaio Road installed in 2018/19 is now fully operational following connection to the mains power supply and SCADA monitoring.

Completed at the end of Quarter 3/4 of FY2019/20 are;

The design of the Tasman Road water supply main has been completed and tender documentation is being prepared for issue in quarter 1. The works will be undertaken in 2020/21.

FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
176	1575	1398	   	Carryover of \$1.4m has been identified

Project status key

Complete 	On target 	Not on target 	On hold 	High risk 
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Ahead  	Lagging  	Underspend  	Overspend  
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Other projects					
Project	FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
Network unplanned renewals	227	210	(17)		Delivered as planned
Minor projects	199	216	16		Delivered as planned

### Other key developments

- The release of a new drinking water safety planning framework and guidance material by the Ministry of Health in May 2019 has required a significant shift in the national drinking water safety risk approach. A series of 12 workshops on drinking water safety planning were completed in this quarter. This follows the completion of the water safety gap analysis and roadmap at the end of 2019. The Kāpiti study has resulted in a risk assessment that identifies an extensive schedule of improvements to the existing system and processes. This will inform the development of the drinking water safety improvement programme in the 2021 LTP. Significant water treatment upgrades and renewals are also already underway under the water safety and resilience capital programme.
- The desktop study of water contamination risk from private properties backflowing into the water supply network has been completed. Kāpiti is well positioned because all the districts small water meter connections have in built backflow prevention and significant improvements were made to larger connections during the water metering project. The study identifies areas of risk and a draft policy to resolve these areas has been drafted. Further field work is required to verify individual installation requirements and inform the policy rollout in the LTP.
- Following the assessment of the security of Council's drinking water supply bores in 2019 the designs for the improvements are now well advanced. These improvements will further protect our precious ground water resource for the risk of contamination.
- A detailed assessment of the condition of the Paekākāriki Water treatment plant has been completed and a planned renewals programme developed to maintain the operational performance of this critical lifeline asset for the Paekākāriki community. This work will be used to refresh the 2021 LTP treatment plant renewals budgets.

## Performance measures

Performance measures	Target	Result	Comment
<b>Achieved</b>			
Median response times to a fault or unplanned interruption to our water network measured by attendance time (from the time council receives notification to the time that staff are on-site) <i>(DIA mandatory measure)</i>	Urgent = less than or equal to 1 hour	Achieved	Median attendance time was 13.5 minutes for 84 urgent water interruptions. (2018/19 result was 15 minutes)
	Non-urgent = less than or equal to 3 days	Achieved	Median attendance time was 3 hours for 577 non-urgent water faults. (2018/19 result was 3hrs, 27 min)
Median response times to a fault or unplanned interruption to our water network measured by resolution time (from the time that council receives notification to the time that staff confirm resolution) <i>(DIA mandatory measure)</i>	Urgent = less than or equal to 5 hours	Achieved	Median resolution time was 48.5 minutes for 84 urgent water interruptions. (2018/19 result was 1 hr, 38 min)
	Non-urgent = less than or equal to 4 days	Achieved	Median resolution time was 22 hours and 21 minutes for 577 non-urgent water faults. (2018/19 result was 25 hrs, 2 min)
Residents who are satisfied with the quality of council's water supply (taste, odour, clarity)	80%	Achieved (86%)	The average result for the full year Resident Opinion Survey was 86%.
Peak water consumption in litres per person per day (l/p/d)	At or below 490 l/p/d	Achieved	Peak day water use for the year to date was 414l/p/d. (2018/19 result was 399 l/p/d)
Average water consumption in litres per person per day <i>(DIA mandatory measure)</i>	At or below 325 l/p/d	Achieved	Average use for year to date was 312 l/p/d. (2018/19 result was 301 l/p/d)

Performance measures	Target	Result	Comment
Percentage of real water loss from the Council's networked reticulation system. <i>(DIA mandatory measure)</i>	At or below 23.6%	Achieved (21.3% loss)	2018/19 result was 18%
<b>Not yet available</b>			
Measure the extent to which the district's drinking water supply complies with: a) part 4 of the drinking-water standards (bacteria compliance criteria); and b) part 5 of the drinking-water standards (protozoal compliance criteria) <i>(DIA mandatory measure)</i>	a) Achieve 100%	Not yet due	Confirmed compliance results are not due until later in 2020 from the Drinking Water Assessors (DWAs). The result for 2018/19 was 'Not achieved' because of a corrupt data block causing a loss of compliance data on 1 September 2018. A programme of remedial measures is underway to avoid a similar data corruption reoccurrence. The work planned over 2019-22 through the LTP will resolve any issues with turbidity spikes causing non-compliance. (2018/19 result was 'Not achieved')
	b) Achieve 100%	Not yet due	Note that the Ōtaki and Hautere supplies will not be 100% compliant until upgrade work is undertaken which is programmed in the 2018 LTP for 2019-2022. (2018/19 result was 'Not achieved')
<b>Not achieved</b>			
Measure the total number of complaints received by council, per 1000 connections, to council's networked reticulation system, about any of the following: a) drinking water clarity; b) drinking water taste; c) drinking water odour; d) drinking water pressure or flow; e) continuity of supply; and f) council's response to any of these issues. <i>(DIA mandatory measure)</i>	At or below 6.2 complaints per 1,000 connections	Not Achieved 6.34 complaints per 1,000 connections	A total of 155 'complaints' were logged this year (31 water quality [taste/odour], 93 service requests for no water supply, & 31 low pressure enquiries). However, of the above 93 service requests for no water supply, only 84 were legitimately related to Council activity (as counted above). Thus, with a total of 23,020 connections, and a corrected total of 146 complaints, this translates to 6.34 complaints per 1,000 connections.  (2018/19 result was 5.56 per 1,000)

# Planning and Regulatory Services

- Districtwide planning
- Regulatory services



# Districtwide planning

## 11. Ngā kaupapa takiwa

### Third/fourth quarter activity report – 1 January to 30 June 2020

<b>Purpose</b>	To establish the development framework for the sustainable management of the district's natural and physical resources.
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Financial key: ● within 10% of budget ● 10% or more favourable to budget ● 10% or more unfavourable to budget

<p><b>Operating expenditure</b> The costs to operate council's activities (Excluding Overhead Allocation)</p> <p><b>\$1.61m (FY)</b> <span style="float: right;">F/Y Outlook</span> \$2.10m budget (FY)</p> <p style="text-align: right;"><span style="color: purple;">●</span></p>
<p><b>Operating income</b> What we earn – fees, charges, grants etc. (Excluding Rates)</p> <p><b>\$0.02m (FY)</b> <span style="float: right;">F/Y Outlook</span> \$0.00m budget (FY)</p> <p style="text-align: right;"><span style="color: purple;">●</span></p>
<p><b>Capital expenditure</b> Costs for our capital projects</p> <p><b>\$0.00m (FY)</b> <span style="float: right;">F/Y Outlook</span> \$0.00m budget (FY)</p> <p style="text-align: right;"><span style="color: green;">●</span></p>
<p><b>Projects</b></p> <p style="text-align: center;"> </p> <p style="text-align: center;">Additional significant</p>
<p><b>Performance measures (KPI)</b></p> <p style="text-align: center;"> </p>

Operating Expenditure of \$1.61m is \$490,000 favourable to budget mainly due to reduced appeal costs. Hearing costs for variation 2 were deferred and will now occur in 2020/21. The Environment Court may seek further information relating to the remaining outstanding consent order, which the costs would now occur in 2020/21.

Operating income of \$20,000 favourably is due to a contribution from the Greater Wellington Regional Council towards forecasting costs.

The District Plan Review is the only significant Districtwide Planning project and is on target.

Both Districtwide Planning KPIs were on target as at the end of the fourth quarter 2019/20.

**Summary of projects**

There is one significant project in this activity, the District Plan Review. It is an additional significant project that has greater than \$250,000 but it's all operational expenditure.

District Plan Review				
→ Two appeals (Maypole, Hedger) fully resolved.				
→ Two draft consent orders covering the last three appeals lodged with the Court (postscript - one consent order has since been issued by the Court; if the final consent order is approved by the Court this will complete resolution of all appeals).				
→ Council makes decisions on two of the three District Plan variations in process, being Variation 3 (County Road, Ōtaki), and Variations 4(A) – 4(H) (Miscellaneous Changes and Corrections). The period for appeals has now closed with no appeals lodged; this means Variations 3 and 4 are completed, leaving Variation 2 – Waikanae Beach and Beach Character Set Back Margin as the only remaining variation still in process.				
→ Hearings panel appointed for Variation 2 to the Proposed District Plan.				
<u>Key risks/issues:</u> <ul style="list-style-type: none"> <li>▪ Environment Court may seek further information from Council relating to remaining consent order. This would incur unanticipated costs on District Plan 2020/21 budget and may delay making District Plan operative.</li> <li>▪ Appeals may be lodged on one or more of the remaining variations. This would incur unanticipated costs on District Plan 2020/21 budget and may delay making District Plan operative.</li> <li>▪ Council faces significant district planning costs in future years, largely as a result of central government amending legislation and issuing new national policy statements which require Council to review the District Plan. The existing LTP budget for District Planning does not provide for the costs of meeting these obligations.</li> </ul>				
FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
292	559	267		

**Project status key**

Complete 	On target 	Not on target 	On hold 	High risk 
Ahead 	Lagging 	Underspend 	Overspend 	

**Performance measures**

There are two key performance indicators (KPI) in the districtwide planning activity.

Performance measures	Target	Result (ytd)	Comment
On target			
Residents (%) who agree that the district is developing in a way that takes into account its unique character and natural environment	75%	75%	The average result for quarters three and four is 75%.
Develop and monitor a strategic policy framework and research programme to underpin the district plan and long term plan	Achieve	Achieved	The 2018-21 policy work programme was adopted by Council on 24 January 2019. The Strategy and Operations Committee received an update on the policy work programme on 5 December 2019. The review of the Regional Land Transport Strategy and Library Strategy were both added to the work programme alongside a number of updates to project timeframes.



# Regulatory services

## 12. Ratonga whakaritenga

### Third/fourth quarter activity report – 1 January to 30 June 2020

Purpose	To manage a range of public health, safety and design needs associated with building control, resource consents, environmental health, food safety, animal control, noise management, alcohol licencing, designations and compliance.
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Financial key: ● within 10% of budget ● 10% or more favourable to budget ● 10% or more unfavourable to budget

Operating expenditure  
The costs to operate this activity  
(excluding overheads)

**\$5.15m (FY)**  
\$5.71m budget (FY)

F/Y Outlook



Operating Expenditure of \$1.61m is \$490,000 favourable to budget mainly due to savings in Environmental Protection costs, EQP Building Assessment costs that were less than planned and personnel vacancies.

Operating income  
What we earn – fees, charges, grants etc.  
(excluding rates)

**\$3.99m (FY)**  
\$4.45m budget (FY)

F/Y Outlook



Operating Income of \$3.98m is \$466,000 unfavourable to budget mainly due to the lower number of building and resource consents applications compared to planned.

Capital expenditure  
Costs for our capital projects

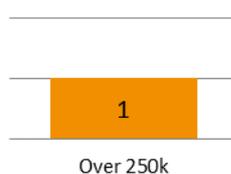
**\$0.50m (FY)**  
\$0.24m budget (FY)

F/Y Outlook



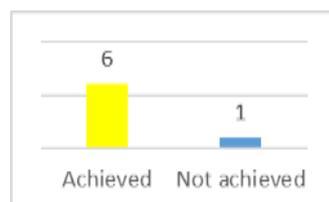
Capital Expenditure of \$496,000 is \$258,000 overspent to budget due to the animal management centre. Additional funds were required for the renewal of the shelter to bring it up to a modern day standard in line with MPI guidelines.

Projects



There is one significant Regulatory Services project, the Animal Management Centre renewal.

Performance measures (KPI)



At the end of the 2019/20 financial year, six of the seven KPIs were achieved and one not achieved.

## Significant projects

There is one significant Regulatory Services project summarised below.

Animal Management Centre renewal				
<p>On 1 October 2018 requirements for the management of companion animals in temporary housing facilities like an Animal Management Shelter came in to effect. The rules are contained within a code called Code of Welfare of Temporary Housing of Companion Animals (the Code). The Code explicitly outlines standards required for facilities that provide temporary housing.</p> <p>As a result of this new code, and the need to improve the working environment for the Animal Management Team, the Shelter underwent necessary upgrades and refurbishment. The upgrade started at the end of the third quarter and completed on 10 June 2020.</p> <p>The project was delivered within budget and almost on time. COVID-19 did delay the project but only by four weeks.</p> <p>The results from this upgrade will ensure the highest standard of care for animals in our Council facility while ensuring our staff are working in a safer and healthier environment.</p>				
FY Actuals (\$'000)	FY Budget (\$'000)	FY Variance (\$'000)	Status	Financial Commentary
496	238	258		The renewal of the Animal Management Shelter commenced in January 2020 and was completed in June 2020. The renewal project brought former shelter up to a modern day standard in line with MPI guidelines.

## Other key developments

### *Regulatory Services*

Throughout the COVID-19 alert levels public enquiries have been responded to by telephone and email. Application processing was able to continue remotely. It was however necessary to 'park' enquiries that required inspection during alert level 4 and a backlog developed. The offices were closed to the public until alert level 2 and it was not possible to provide face to face public interactions until distancing requirements were lifted under alert level 1. Face to face meetings are again possible by booking an appointment. Response via telephone and email remains the primary method for answering enquiries.

The Environmental Standards Team provided a number of essential services during alert level 4 and 3. The Public Spaces Animal Management staff responded to dog attack and threatening complaints, wandering and found dogs, and wandering stock. The staff monitored freedom camping sites, provided information to Police and also responded to complaints general freedom camping complaints. They assisted the Environmental Health Team in monitoring noise control complaints. This team had a very collaborative working relationship with Police throughout levels 4 and 3.

- Regulatory Services received a total of 2,859 service requests in the third quarter of 2019/20. Of those 2,714 (94.93 %) were responded to within required times.
- Regulatory Services received a total of 2,510 service requests in the fourth quarter of 2019/20. Of those 2,379 (95.08 %) were responded to within required times. Despite being in alert level 4 and 3 during this time, these numbers are only slightly lower than normal.

- Regulatory Services received 6 complaints and 20 compliments about service received in the third quarter, and 2 complaints and 14 compliments in the fourth quarter. This brings our annual totals to 14 complaints and 65 compliments.
- In the third quarter, 191 Land Information Memoranda (LIM) were issued, compared with 216 the previous year, with an average of seven days to issue.
- In the fourth quarter, 113 Land Information Memoranda (LIM) were issued compared with 161 the previous year, with an average of six days to issue. LIMs were issued remotely during COVID-19lockdown. Demand effectively dried up until real estate viewings were again possible. There was an initial surge as the market opened back up which has since settled.
- For the 2019/20 year 666 Land Information Memoranda (LIM) were issued with an average of 6 days to issue. All LIMs were issued within the statutory timeframes. Volume for the year was impacted by COVID-19lockdown effect on the real estate market and is 14% less than last year.

### *Building*

The core work of the Building Team continued throughout alert levels 4, 3 and 2 except for inspections under alert level 4. Some other activities of the team were affected to varying degrees.

Staff all worked remotely under alert levels 3 and 4, one returned to work at the office under level 2, and all have returned under alert level 1.

**Building consents processing:** Our staff relocated to their homes with most of their equipment in response to COVID-19 lockdown. There was a forward workload already received which staff continued to work on remotely. The Simpli portal provided a mechanism for applicants to submit new applications and some applicants also used email for smaller consents. Workarounds had to be devised to substitute for office procedures, especially at the hand over points between teams.

- In the third quarter, 211 building consents were processed compared with 223 for the same quarter last year.
- In the fourth quarter, 222 building consents were processed (258 for the same quarter last year).
- For the 2019/20 year 1,022 building consents were processed compared with 1,040 last year. The average days to issue was 10 days. There has been only a marginal impact on consent volume to date as a result of COVID-19.

**Building inspections:** Only three inspections were undertaken under level 4 as construction sites were not operating, save an essential service project and a self-build project. Inspectors were given other tasks to undertake remotely. There was immediate demand when we moved to level 3 with 545 inspections undertaken in the period April 28 – June 2 (the period also included four short weeks with statutory holidays).

- 1,012 building consent inspections were undertaken in the third quarter, (1,127 for the same quarter last year).
- 860 building consent inspections were undertaken in the fourth quarter which included the alert level 4 lockdown when Building sites were closed, (1,293 for the same quarter last year).
- 4,561 building consent inspections were undertaken in the 2019/20 year, (5,460 last year). A lighter inspection load generally for the year and also impacted by COVID-19.

**Code Compliance certificates:** 26 CCCs were issued in the COVID-19 period, once inspections could resume under level 3 and limited staff were allowed back in the building under level 2. There was a backlog of CCCs to issue. Many of these have not been possible to issue within statutory timeframes. MBIE has advised that there is an expectation that not all statutory timeframes would be able to be met over this period.

- 151 code compliance certificates issued in the third quarter (191 for the same quarter last year)
- 127 code compliance certificates issued in the fourth quarter (202 for the same quarter last year)
- 671 code compliance certificates issued in 2019/20 (892 last year)

**BWoF audits:** No inspections were possible under alert level 4. Many businesses were not open during alert levels 2 and 3. These inspections have lead in time as they are arranged in advance and in practical terms audits have only re-commenced under alert level 1. Consequently, our audit targets cannot be met this year. IQP and owner inspections could also not occur during this period, and owners will not be able to issue BWoFs for the next year. Considerable work has been done, with MBIE providing advice as to a work around, whilst owners have not been able to comply with legislative requirements. 114 audit inspections were completed for the year against a target of 164.

**Certification notifications:** LINZ will only receive notifications in original hard copy form. Without access to printing, photocopying and scanning facilities when working remotely, there was a backlog when we returned to the office to work.

#### *Resource Consents*

The core work of the Resource Consents and Compliance team continued throughout alert levels 4, 3 and 2 except for subdivision and RMA compliance inspections under alert level 4.

Staff all worked remotely under alert levels 3 and 4, 1 returned to work at the office under level 2, and all have returned under alert level 1.

**Resource consents processing:** The Resource Consents and Compliance team were all working from home remotely during the period from 27 March to 2 June. The majority of resource consent applications are received electronically and the team has electronic processes in place which allowed processes to continue.

Site visits for resource consent applications were not undertaken during level 4 however through use of aerial photos, photos and application documentation and working proactively with applicants on site conditions, work could continue. For applications that officers considered a site visit necessary these were undertaken during level 3 which did not result in any significant delays to processing times.

Applications continued to be received during alert level 3 and 4 with **50 new resource consent applications** and **9 deemed permitted boundary activity applications** received during this time. Compared to the same period last year this was a reduction in approximately 20% of applications received. **33 resource consent decisions** were issued and 7 deemed permitted boundary activities were issued during this period.

- The Resource Consents team issued 49 consents in the third quarter (compared to 48 resource consents in the same quarter last year).
- The Resource Consents team issued 41 consents in the fourth quarter (compared to 60 resource consents in the same quarter last year).
- The Resource Consents team issued 243 consents in 2019/20 (compared to 232 resource consents last year).
- This year all resource consents except one were processed non-notified and 75 had time extensions under section 37 of the Resource Management Act. For consents that did not have their statutory timeframes extended, the average processing time was 17 working days against a target of 17 working days.
- This year the Resource Consents team processed 45 permitted boundary activities, three certificate of compliance and four outline plan approvals or waivers. The average processing time for permitted boundary activities was seven days against a statutory timeframe of 10 working days.

**Subdivision certifications approvals:** certifications continued to be processed and issued during the period. Workarounds were put in place to ensure that officers who had Landonline (LINZ) access could continue to sign certifications. **Six s223 certifications** were issued all within the statutory timeframes and **ten s224 certifications** creating approximately 60 new lots were completed.

- The Resource Consents team has processed 13 certifications for subdivisions in the third quarter (six in the same quarter last year).
- The Resource Consents team has processed 10 certifications for subdivisions in the fourth quarter (13 in the same quarter last year).
- The Resource Consents team has processed 55 certifications for subdivisions in 2019/20 (44 last year). These certifications related to a total of 345 new allotments (103 last year).

**Subdivision and RMA inspections:** No inspections were undertaken under level 4 as construction sites were not operating. Officers continued to work on documentation and resolving enquires remotely.

There was immediate demand when we moved to level 3 with subdivision sites opening and work on the expressways commencing. 100 inspections were undertaken which related to 50 resource consents during the period April 28 – June 2 (the period also included 4 short weeks with statutory holidays).

**Public enquires and pre-application meetings:** Throughout this period public enquiries have been responded to by telephone and email. During level 4 RMA compliance enquires were also investigated to remotely. During this period there was a higher than usual demand for this service and on some weeks the team had to put some extra resourcing into this area to ensure that our internal KPI of responding to enquires within 24 hours was achieved.

The offices were closed to the public until alert level 2 and it was not possible to provide face to face public interactions until distancing requirements were lifted under alert level 1. Face to face meetings are again possible by booking an appointment. Response via telephone and email remains the primary method for answering enquiries.

Pre-application advice was provided remotely as well. The majority of advice provided was via email. The pre-application meeting process is very structured and can be conducted electronically with the team being able to coordinate and collate information which was sent out to applicants. Where applicants requested pre-application meetings these were held via Microsoft Teams or Zoom. During this period pre-application advice was provided on 10 proposals.

**LIMs and District planning checks:** LIMs were issued remotely over the period but the demand effectively dried up until real estate viewings were again possible. There was an initial surge as the market opened back up which has since settled at a lower than normal rate.

District Planning checks were also processed remotely. Prior to lockdown district planning checks were undertaken on a paper based system however within the first couple of weeks a new electronic system was implemented which allowed the district planning checks to be completed entirely electronically. These checks are now allocated to officers and strict internal timeframes have applied to ensure these are processed efficiently. The team now aims to complete these checks within a week and the backlog has been significantly reduced which has assisted the building team with their timeframes and efficiency when completing building consents.

**Recruitment:** The Resource Consents team inducted two new members remotely in April. The resource consents team have comprehensive induction material which assisted with the successful inductions of the new officers. Training was provided via Microsoft Teams and the Team Leader met daily with new staff to support them with their workload and introduction to the team. The benefits of this and the thorough induction was clear when staff returned to the office.

#### *Environmental Health, Licensing and Compliance*

- In the third quarter, 40 of the 199 currently registered food businesses which operate under a template food control plan were verified by the team. In addition, eight support, follow-up or investigative visits were undertaken.
- In the fourth quarter, 24 of the 199 currently registered food businesses which operate under a template food control plan were verified by the team. In addition, six support, follow-up or investigative visits were undertaken.

- In 2019/20, 178 of the 199 currently registered food businesses which operate under a template food control plan were verified by the team. In addition, 46 support, follow-up or investigative visits were undertaken during the year.
- 34 health licensed premises (hairdressers and miscellaneous premises) were inspected in the third quarter and 25 in the fourth quarter.
- A total of 68 of the 72 health licensed premises were inspected in 2019/20.
- In the third quarter inspections were carried out of all 10 premises for which an alcohol licence was granted or renewed. 22 additional inspections of licensed premises were conducted. 16 special licences were issued, and 44 managers' certificates were issued or renewed.
- In the fourth quarter inspections were carried out of all four premises for which an alcohol licence was granted or renewed. Seven special licences were issued, and 25 managers' certificates were issued or renewed.
- In 2019/20 inspections were carried out of all 43 premises for which an alcohol licence was granted or renewed. 114 special licences were issued, and 217 managers' certificates were issued or renewed, compared with 116 special licences and 199 managers' certificates last year.
- Compliance Officers carried out 54 inspections in the third quarter and 20 inspections in the fourth quarter of swimming pool barriers, including taking follow-up action where the barrier was found to be non-compliant. This brings the annual total to 255.

#### *Public Spaces and Animal Management*

- The Public Spaces and Animal Management team received one urgent service request for 'dog attacks' in the third quarter, and one in the fourth quarter. All were on people. The team received no urgent service requests in the third quarter and no urgent service requests in the fourth quarter relating to 'dog threatening'. All urgent requests were responded to within the required one hour.
- For the 2019/20 year the Public Spaces and Animal Management team received nine urgent service requests for 'dog attacks', six were on people and two were on other animals. The team received three urgent service requests for 'dog threatening', one was in relation to a person and the other two were in relation to other animals.

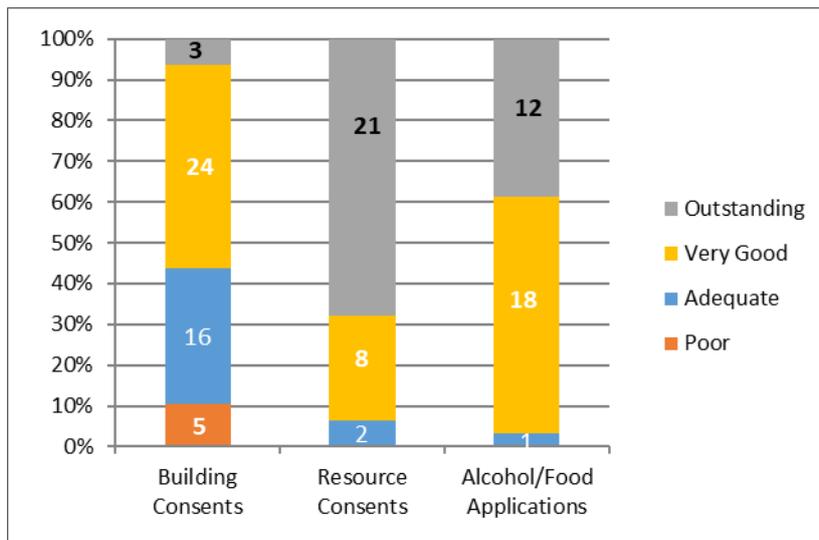
**Performance measures**

There are seven key performance indicators (KPIs) in the regulatory services activity.

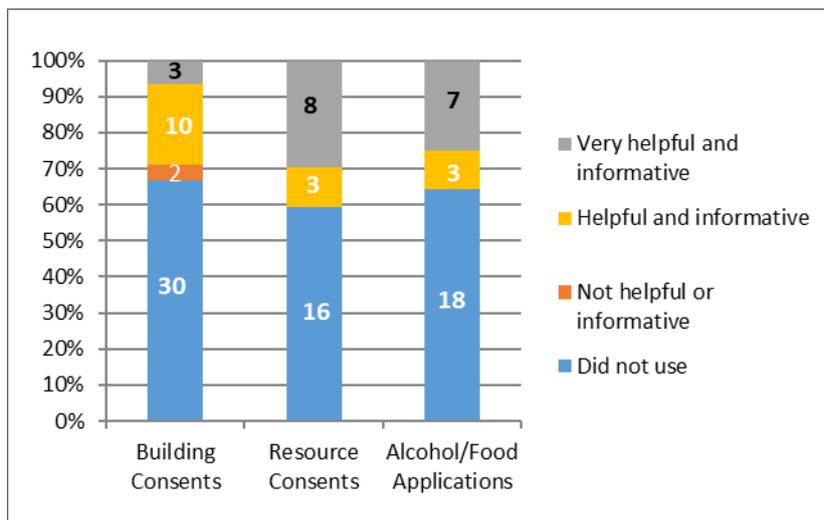
Performance measures	Target	Result	Comment
<b>On target</b>			
Average working days to process building consents will not exceed 17 days	Achieve	Achieved (10 days)	222 BC's were issued in the fourth quarter. All were completed within 20 working days. In the full year 1,022 BC's were issued with an average processing time of 10 days.
Average working days to process non-notified resource consents will not exceed 17 days	Achieve	Achieved (17 days)	For the fourth quarter the average processing time excluding consents deferred under s.37 was 17 working days. For the year the average processing time was 17 days.
All dog attack and threatening behaviour requests for service (classified as urgent) are responded to within 1 hour of notification	100%	Achieved 100%	There were 12 service requests for urgent dog attacks or threatening dogs for the year. (one in the third quarter and one in the fourth quarter). All were responded to within time.
Ratio of compliments to complaints greater than 3:1	Achieve	Achieved 4.64:1	Received 20 compliments and six complaints in the third quarter. Received 14 compliments and two complaints in the fourth quarter. For the year, 65 compliments and 14 complaints were received. (2018/19 result was 4.3:1)
Building Consent Authority (BCA) accreditation is retained	Achieve	Achieved	IANZ accreditation confirmed
Percentage of survey respondents that agree that the regulatory events are good or very good	93%	Achieved 100%	One stakeholder event was undertaken in the third quarter (All four attendees rated the event as excellent). No events were undertaken in the fourth quarter. Events scheduled in the fourth quarter were not progressed due to the COVID-19 restrictions. (2018/19 result was 97.7%)
<b>Not on target</b>			
Percentage of service requests that are responded to within corporate standards are responded to in time	95%	Not achieved 94.68%	9,855 of 10,411 service requests received were responded to within time. (2018/19 result was 95%)

Management KPIs	Target	Result	Comment
Percentage of alcohol, food, resource consent, and building consent application survey respondents agree that they have received good or better service.	75%	Achieved 79%	For breakdown of survey results see Chart 1. (2018/19 result was 94%)
Percentage of users / respondents agree that pre-application processes are useful and informative.	75%	Achieved 94%	For breakdown of survey results see Chart 1. (2018/19 result was 96%)

**Chart 1:** Application survey respondent’s results



**Chart 2:** Rating of pre-application services



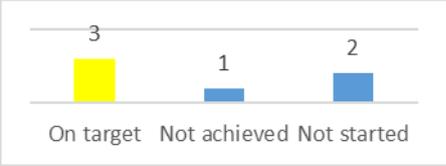
# Governance and Tāngata Whenua



# Governance and tāngata whenua

## 13. Kāwanatanga me ngā tāngata whenua

### Third/fourth quarter activity report – 1 January to 30 June 2020

<b>Purpose</b>	To manage our democratic processes, provide administrative support, facilitate community input to decision-making and provide information to our community in support of that. Responsibility for liaising with iwi to ensure that, through Te Whakaminenga o Kāpiti, they can contribute to council policy and practise.
<b>Financial key:</b> ● within 10% of budget ● 10% or more favourable to budget ● 10% or more unfavourable to budget	
<b>Operating expenditure</b> The costs to operate council's activities (Excluding Overhead Allocation)  <b>\$2.65m (FY)</b> F/Y Outlook \$2.67m budget (FY) ●	Minor variance.
<b>Operating income</b> What we earn – fees, charges, grants etc (Excluding Rates)  <b>\$0.74m (FY)</b> F/Y Outlook \$0.71m budget (FY) ●	Minor variance.
<b>Capital expenditure</b> Costs for our capital projects  <b>\$0.45m (FY)</b> F/Y Outlook \$0.44m budget (FY) ●	Minor variance.
<b>Projects</b> No significant projects.	There are no significant projects in this activity this year. There are some projects that aren't regarded as significant reported in the 'Other projects' table overleaf.
<b>Performance measures (KPI)</b> 	At the end of 2019/20, three KPIs were on target, one not achieved and two not started.

Other projects					
Project	FY Actuals (\$000)	FY Budget (\$000)	FY Variance (\$000)	Status	Comment
Civil Defence	-	13	13		
EOC building renewal	-	3	3		
Hardware	33	36	4	\$0	
Plant & vehicle renewals	415	393	21	\$0	

### Other key developments

#### Governance

- Council adopted the Governance Statement for the 2019-2022 Triennium.
- Council approved the Triennial Agreement for the Wellington Region (2019-2022 Triennium).
- Following Parliament’s passing of an Urgent COVID-19 Response Act, Council noted the temporary removal of the requirement that councillors meet “in person” in order to satisfy a quorum and agreed arrangements to enable members to attend Council meetings remotely. The Strategy and Operations Committee, with a reduced quorum of two members, was given all the delegated powers, duties and functions of the Council, except those specified in the Local Government Act, in order for the Strategy and Operations Committee to meet in the event that Council was unable to meet quorum requirements. Meetings of Council’s other committees and other decision making bodies (including Community Boards) were suspended and decisions that otherwise would have been considered by those decision making bodies would be referred to the Council or Strategy and Operations Committee for decision.
- Council adopted and amended set of Standing Orders for Meetings of Council.
- Council approved the Elected Members Remuneration, Expenses and Allowances Policy.
- Council approved the draft Kāpiti Coast Economic Development Strategy and Implementation Plan 2020-23 for public feedback.
- Council resolved to exercise its right to vote in the Electra Trust election 2020.
- There was one citizenship ceremony on 29 January which conferred citizenship upon 32 applicants. Their countries of origin included Iran, Britain, Samoa, China, Germany, France, Guinea, South Africa, and Holland.
- The Council received 89 requests under the Official Information Act in the third and fourth quarter. This compares to 119 in the third and fourth quarters last year.
- There were 8 Council Meetings, 2 Committee Meetings and 4 Subcommittee meeting in the fourth quarter. There were 27 briefings and 2 workshops.

#### Tāngata whenua

- Te Whakaminenga o Kāpiti (TWOK) met twice, on 4 February and 30 June 2020.

- A Waitangi Day event was held at Campbell Park, Paekākāriki. This event was developed in partnership between Ngāti Haumia ki Paekākāriki, Te Whakamimenga o Kāpiti and the Council.
- Provided financial assistance to support Iwi with their response to COVID-19. The financial assistance of \$90,000 (\$30,000 to each of our three iwi) was funded from the existing iwi liaison budget in the current financial year.
- Iwi Representatives for Te Whakaminenga o Kāpiti were confirmed from Ngāti Toa Rangatira and Ngā Hapu o Ōtaki.
- Te Ātiawa ki Whakarongotai confirmed their withdrawal from Te Whakaminenga o Kāpiti.
- Planning for the Maramataka 2020/21 is underway, and is being led by Ngāti Toa Rangatira with support provided by the Iwi Partnerships Team. The launch is to take place on 10 July 2020 at Takapūwāhia Marae.
- Ongoing support was provided to iwi partners to engage within council activities.
- Ongoing support was provided to other internal Council activities to facilitate iwi engagement. This work continues to inform council on the critical values and aspirations that are significant to iwi and works towards meeting the legislative requirements on council in regards to iwi participation.

**Performance measures**

There are six key performance indicators (KPI) in the Governance and tāngata whenua activity.

Performance measures	Target	Result	Comment
<b>On target</b>			
Council meeting agendas are available in hard copy in council service centres and/or district libraries within two working days prior to the meeting	100%	96%	The March Grants Allocation Sub Committee Waste Levy Agenda missed this deadline by 1 hour.
Māori have representation on standing committees of Council and tāngata whenua working parties contribute to significant Council work programmes	Achieve	In Progress	Te Whakaminenga o Kāpiti gave in-principle approval to the appointment of a Māori representative to the Council's Strategy and Operations Committee, and agreed to convene a recruitment panel to manage the initial phase of the recruitment process. Te Whakaminenga o Kāpiti noted the opportunities for iwi nominations for decision-making bodies in this Triennium.
Number of households that have an emergency plan and kit sufficient for three days following an emergency event	70%	Achieved 80%	Residents' Opinion Survey result for 2019/20 was 80% (2018/19 result was 70.5%)
<b>Not achieved</b>			
Percentage of official information requests responded to within 20 working days	100%	99%	A single request breached the 20 working day target by one day due to a technical issue.
<b>Not yet due</b>			
The memorandum of partnership is renewed each triennium	Not started	In progress	Members of Te Whakaminenga o Kāpiti discussed a piece of work to review the Memorandum of Partnership and the Terms of Reference and Meeting Protocol Document needed to be considered and undertaken in the context of wider conversations and other work that was already in progress including the recommendations of the Independent Organisational Review.
Te Whakaminenga o Kāpiti is satisfied or very satisfied with the partnership	Achieve	In progress	In progress

1. Unless a time extension is notified under LGOIMA (1987) Section 14 (1).

## 8.4 TREASURY MANAGEMENT POLICY REVIEW

**Author:** Ian Clements, Strategy Advisor

**Authoriser:** Mark de Haast, Group Manager Corporate Services

### PURPOSE OF REPORT

- 1 This report seeks the approval of the Strategy and Operations Committee to proposed changes to the Council's Treasury Management Policy, attached as Appendix 1 to this report.

### DELEGATION

The Strategy and Operations Committee has the delegation to consider this matter. The current Governance Structure and Delegations for the 2019-22 triennium states that the Strategy and Operations Committee has been delegated the responsibility for the Council's financial policies.

### BACKGROUND

- 2 The Treasury Management Policy sets out a framework for the Council to manage its borrowing and investment activities in accordance with Council objectives, and incorporates legislative requirements.
- 3 The current Policy was last reviewed in June 2018, in time for the 2018-38 Long Term Plan. A clause in this Policy required the Council to review the Policy within three years.
- 4 In order to ensure that there is an up-to-date and fit-for-purpose policy in place for the adoption of the 2021-41 Long Term Plan, the Policy is being reviewed now.

### ISSUES AND OPTIONS

#### Discussion

- 1 Mainly, the proposed changes to the Council's Treasury Management Policy are in response to the recent changes made by the Local Government Funding Agency (LGFA), to its borrowing programme documentation and its foundation policy financial covenants. These changes to the LGFA were approved by the Council at its meetings on 14 May and 11 June this year.
- 2 A small number of minor changes to policy definitions and reporting committees have also been proposed.
- 3 A summary of the main changes to the Policy are discussed below. The updated Policy with tracked changes is attached as Appendix 1 to this report.

#### Changes to the LGFA foundation policy financial covenant

- 4 The shareholders of the LGFA approved amendments to the net debt / total revenue covenant that applies to local authority borrowers with a long-term credit rating of 'A' equivalent or higher. Such borrowers are now required to maintain their net debt / total revenue ratio as follows:
  - 4.1 for the financial year ending 30 June 2020 - no more than 250%;
  - 4.2 for the financial years ending 30 June 2021 and 2022 - no more than 300%; and
  - 4.3 for each of the next four financial years, a decrease of 5% year on year until a limit of 280%, that will apply for the financial year ending 30 June 2026.

**Amendments to the LGFA borrowing programme documentation**

- 5 Earlier in 2020, shareholders in the LGFA approved the following changes:
- 5.1 to allow a local authority to apply to the LGFA to be tested at the group level rather than at the parent level for compliance with LGFA covenants; and
  - 5.2 to enable approved council-controlled organisations (CCOs) to borrow directly through the LGFA borrowing programme (on the basis of a guarantee from and/or sufficient uncalled share capital issued to the parent local authority).

**CONSIDERATIONS****Policy considerations**

- 6 The policy review period has not changed and the Treasury Management Policy is required to be reviewed at least every three years.

**Legal considerations**

- 7 It is a requirement of the Local Government Act 2002 (the Act) for a local authority to have policies in respect of investments and the management of both borrowings and liabilities. Kāpiti Coast District Council, like many councils, has chosen to combine these two required policies in a single Treasury Management Policy.

**Financial considerations**

- 8 The financial implications of the updated Treasury Management Policy are discussed in the body of this report and are consistent with the Local Government Amendment Act 2012 requirement for a local authority to “demonstrate prudent management of its revenues, expenses, assets, liabilities, investments, or general financial dealings.”

**Tāngata whenua considerations**

- 9 There are no issues requiring specific consideration by Tāngata whenua.

**Strategic considerations**

- 10 The prudent management of the Council’s investment and borrowing requirements contributes to the key 10-year outcome of improved financial position against financial constraints.

**SIGNIFICANCE AND ENGAGEMENT****Significance policy**

- 11 This matter has a low level of significance under Council’s Significance and Engagement Policy.

**Consultation already undertaken**

- 12 No external consultation has been undertaken during the development of the updated Treasury Management Policy. A copy of the approved Policy will be given to the Council’s auditors.

**Engagement planning**

- 13 An engagement plan is not needed to implement this decision.

**Publicity**

- 14 There are no publicity considerations.

**RECOMMENDATIONS**

- 15 That the Strategy and Operations Committee approve the updated Treasury Management Policy, attached as Appendix 1 to this report.

**APPENDICES**

1. Updated Treasury Management Policy [↓](#)

Appendix 1



# TREASURY MANAGEMENT POLICY

August 2020 ~~June 2018~~

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<i>First adopted</i>	September 2017
Revision dates / version:	Version 1. <a href="#">2</a> <sup>1</sup>
Next review date:	<a href="#">August 2023</a>
Document number:	
Associated documents:	
<b>Policy Owner:</b>	Finance

3

## Introduction

1. The Kāpiti Coast District Council's Treasury Management Policy comprises a liability management policy and an investment policy, as required by the Local Government Act 2002 (the Act).
2. Part 6, section 104 of the Act states that the liability policy must state the local authority's policies in respect of the management of both borrowing and other liabilities, including interest rate exposure, liquidity, credit exposure and debt repayment.
3. Part 6, section 105 of the Act states that the investment policy must state the local authority's policies in respect of investments, including the mix of investments, the acquisition of new investments, procedures for managing and reporting investments and assessment and management of risks.

## Purpose

4. The Treasury Management Policy provides the framework for all of the Council's treasury management activities and defines key responsibilities and the operating parameters within which treasury activity is to be carried out.

## General Policy Objectives

5. This document identifies the policy of Council in respect of investment and liability management activities. The Policy has not been prepared to cover other aspects of Council's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures cover these matters.
6. The objective of the Policy is to control and manage borrowing costs, investment returns, liquidity requirements and risks associated with treasury management activity.
7. Council is governed by the following relevant legislation:
  - Local Government Act 2002, in particular Part 6 including sections 101, 102, 104 and 105;
  - Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4; and
  - Trustee Act 1956.
8. The Council is a risk averse entity, and wishes to minimise risk from its treasury management activities. Interest rate risk, liquidity risk, funding risk and credit risk are risks the Council seeks to manage, not capitalise on. Accordingly, any activity that may be construed as speculative in nature is expressly forbidden.

## Governance

9. The Council has ultimate responsibility for ensuring that there is an effective policy for the management of its treasury risks. In this respect the Council decides the level and nature of risks that are acceptable. The Council is responsible for approving this Treasury Management Policy and any changes to it required from time to time.
10. The authority to make or change the Policy has been delegated to the [Operations and Finance Strategy and Operations](#) Committee. The Policy can be reviewed by other persons, and changes recommended but the authority to make or change the policy rests with the [Operations and Finance Strategy and Operations](#) Committee.
11. The Council may delegate its responsibilities under this Policy to its committees, subcommittees and officers in accordance with its Governance Structure and Delegations.
12. The full list of delegated authorities as they relate to the Treasury Management Policy is attached as Appendix 2.
13. Treasury risk is minimised for the treasury activities by ensuring that there is adequate segregation of duties among the core functions of deal execution, confirmation, settling and accounting / reporting.

## Liability Management Policy

### Objectives

14. The Council's liability management objectives in relation to borrowings are to:
- minimise borrowing costs within approved risk parameters;
  - prudently manage the Council's exposure to interest rate changes;
  - ensure sufficient levels of liquidity to meet planned and unforeseen cash requirements;
  - prudently manage the Council's credit exposure;
  - monitor and report on the risk and the performance of debt portfolios against predetermined limits and benchmarks;
  - maintain a credit rating of at least A- from Standard & Poor's.

### General Policy

15. The Council's liabilities comprise borrowings (internal / external) and various other liabilities. The Council raises borrowings for the following primary purposes:
- General debt to fund the Council's balance sheet, including working capital requirements;
  - Specific debt associated with 'one-off' projects and capital expenditure;
  - To fund assets where their useful lives extend over several generations of ratepayers;
  - To invest in the Kāpiti Resilience Fund and the Kāpiti Growth Fund.
16. Any new borrowings or roll-over of existing borrowing needs to be budgeted for as part of Council's approved Long Term Plan or Annual Plan, or be subject to Council approval. Debt will be repaid as it falls due in accordance with the applicable loan agreement.
17. Any debt with a maturity beyond 12 years must be reported to the [Operations and Finance Strategy and Operations](#) Committee at its next meeting.

### Specific Borrowing Limits

18. In managing debt, the Council will adhere to the following targets and limits:

Item <sup>1</sup>	Borrowing Target	Borrowing Limit
Net interest expense over total operating income	< 10%	< 20%
Net external debt over total operating income	< 200%	< 240% <a href="#">see para 26</a>
Liquidity	> 110%	> 110%

<sup>1</sup> Definitions of these and other terms are given in the glossary of terms attached as Appendix 1.

## Security

19. Council's external borrowings and interest rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government Rating Act. The security offered by Council ranks equally with other lenders.
20. From time to time, and with Council approval, security may be offered by providing a charge over one or more of Councils assets.

## Borrowing Mechanisms

21. The Council is able to borrow through a variety of market mechanisms including issuing stock / debentures and commercial paper, direct bank borrowing, the Local Government Funding Agency (LGFA) or accessing the short and long-term debt capital markets directly or indirectly. In evaluating strategies for new borrowing, consideration should be given to the following:
  - available rates and terms from lenders;
  - the Council's overall debt maturity profile;
  - the outlook on future interest rate movements;
  - consideration of counterparty credit risk by spreading borrowings across a number of counterparties to avoid concentrations of credit exposure.
22. The Council's ability to readily attract cost-effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with its investors, the LGFA and financial institutions / brokers.

## Debt Repayment

23. The Council repays borrowings from refinancing or surplus general funds. Borrowings may be refinanced by further borrowings with a ~~30-year~~30-year maximum term.
24. Debt will be repaid as it falls due in accordance with the applicable borrowing arrangement. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

## The LGFA

25. The Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) in accordance with its shareholding agreement with them. In connection with that borrowing, the Council may enter into the following related transactions to the extent that it considers necessary or desirable:
  - contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA, for example Borrower Notes<sup>2</sup>;
  - provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
  - commit to contributing additional equity (or subordinated debt) to the LGFA if required;

<sup>2</sup> Note that the rate for Borrowers Notes increased from 1.6% to 2.5% with effect from June 2020

- secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue; and
- subscribe for shares and uncalled capital in the LGFA.

26. In 2020, the LGFA made a number of changes to its borrowing documents, and these are now reflected in the updated Treasury Management Policy as follows:

- As a local authority, the Council may now apply to the LGFA to be tested at the group level rather than at the parent level for compliance with LGFA covenants.
- Council-controlled organisations (CCOs) can borrow directly through the LGFA borrowing programme (on the basis of a guarantee from and / or sufficient uncalled share capital issued to the parent local authority).
- In response to the uncertainty arising from the Covid-19 pandemic, the LGFA shareholders approved changes to increase the foundation policy financial covenant net debt / total revenue from the current 250% to 280% for local authorities with a long-term credit rating of 'A' equivalent or higher.
- Until 2025/26, local authorities with a long-term credit rating of 'A' equivalent or higher must comply with the "Alternative Net Debt / total Revenue covenant" as below

<b>Alternative Net Debt / Total Revenue Covenant</b>	
<b>Financial Year (Test Date)</b>	<b>Net Debt / Total Revenue</b>
<u>30 June 2020</u>	<u>&lt;250%</u>
<u>30 June 2021</u>	<u>&lt;300%</u>
<u>30 June 2022</u>	<u>&lt;300%</u>
<u>30 June 2023</u>	<u>&lt;295%</u>
<u>30 June 2024</u>	<u>&lt;290%</u>
<u>30 June 2025</u>	<u>&lt;285%</u>

26-27. Notes 1 The amended foundation policy financial covenant of 280% will apply in the 2025/26 financial year and annually thereafter.

### **Internal Borrowing**

27-28. The internal borrowing relates to Council borrowing from its reserves, special funds and equity that the Council would otherwise have in cash. Council has borrowed these funds to fund capital works which would otherwise be funded from external borrowers.

28-29. Any internal borrowing of reserve and special funds used must be reimbursed for interest revenue lost. Except where a specific rate has been approved for particular circumstances, interest is charged annually in arrears on all internal loans using the Council's current cost of borrowings.

**Guarantees / contingent liabilities and other financial arrangements**

~~29~~30. The Council, from time to time, provides financial guarantees to local organisations, groups or bodies for recreational and community purposes. Council is not allowed to guarantee loans to Council Controlled Trading Organisations under Section 62 of the Local Government Act.

~~30~~31. The total value of guarantees at any one time, excluding LGFA guarantees, will not exceed 3% of the total annual rates levied during that year. Total loan guarantees held at any time shall be taken into account when calculating the Council's maximum borrowing limit.

~~31~~32. Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed.

## Investment Policy

### General Policy

- [32-33.](#) Council may hold financial, property and equity investments if there are strategic, economic or other valid reasons for doing so, for example, where it is the most appropriate way to administer a Council function.
- [33-34.](#) With the exception of financial investments, the acquisition of a new investment or disposal of an existing investment needs to be budgeted for as part of Council's approved Long Term Plan or Annual Plan, or be approved through a Council resolution.
- [34-35.](#) The authority to acquire and dispose of financial investments is delegated to the Group Manager, Corporate Services.

### Investment Mix

### Equity Investments

- [35-36.](#) The Council currently maintains equity investments in Civic Financial Services Limited (formerly the New Zealand Local Government Insurance Corporation Limited). These shares were acquired by virtue of the Council insuring its past activities through these companies. They are held as they are not readily transferable, and the amount involved is immaterial, relative to the Council's total investment holdings.
- [36-37.](#) New equity investments may be acquired if an opportunity arises and approval is given by Council, based on advice and recommendations from Council officers. Before approving any new investment, Council gives due consideration to the contribution the investment will make in fulfilling Council's strategic objectives, and the financial risks of owning the investment.

### Property Investments

- [37-38.](#) Strategic Land Purchase - the Council has adopted a strategy of purchasing land when the opportunity arises, where this has been identified as progressing the community's and Council's vision for the future.
- [38-39.](#) Each individual property purchase is subject to consideration and / or approval by the [Operations and Finance Strategy and Operations](#) Committee.

### Loan Advances

- [39-40.](#) The Council will only advance loans to external organisations in exceptional circumstances. Where loan advances are secured against the assets of the borrower, those assets would revert to the Council in the event of loan default. New loan advances are by Council resolution only.
- [40-41.](#) All loan advances are monitored to ensure that interest and principal repayments comply with the terms of the loan agreement. All loans in excess of \$25,000 are reported on a quarterly basis to the [Operations and Finance Strategy and Operations](#) Committee.

## Development and Financial Contributions

41.42. In order to make it easier for developers to finance large-scale developments, the Council may allow payment of development and financial contributions on some residential developments to be deferred for a period. Payment arrangements, for example, bank bonds can be used as security against the assets of the developer so that those assets would revert to the Council in the event of default of the payment of development / financial contributions.

## Financial Investments

42.43. Council's primary objective when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties. Counterparties and limits can only be approved on the basis of long-term Standard & Poor's, credit ratings (or equivalent Fitch or Moody's rating) being A+ and above and / or short term rating of A-1 or above.

43.44. With the exception of cash investments that are sourced from pre-funding, all other cash investments must be restricted to a term of no more than 181 days to ensure that future cash flow requirements and capital expenditure projections are met. Cash investments from pre-funding can be invested for up to a maximum of 18 months.

44.45. Special Funds and Funding Reserves - liquid assets will not be required to be held against special funds. Instead the Council will internally utilise these funds.

## Managed funds

45.46. The Council may invest in shares and other financial instruments, and may borrow to fund that investment.

### Kāpiti Resilience Fund

46.47. The main objective in establishing the Kāpiti Resilience Fund is to achieve a minimum return over the medium to long-term, net of all fees and charges attributable to the fund that is at least the equivalent to the Council's net borrowing costs plus the rate of inflation, over the same period.

47.48. The surpluses will be used to fund a contribution towards resilience-focussed projects, for example increased insurance costs and Civil Defence costs.

48.49. The following additional requirements for the Kāpiti Resilience Fund portfolio are specified:

- a) An appropriate level of investment risk for the fund is determined and accepted by the Council.
- b) The fund will be managed in a way that balances optimal returns with safeguarding Council's capital.
- c) The fund performance will be regularly monitored.
- d) The fund risks will be managed in a prudent manner.
- e) All aspects of the investment process and functions will be reviewed regularly.

### **Kāpiti Growth Fund**

49:50. The main objective in establishing the Kāpiti Growth Fund is to achieve a minimum return over the medium to long-term, net of all fees and charges attributable to the fund that is at least the equivalent to the Council's net borrowing costs plus the rate of inflation, over the same period.

50:51. A key requirement of the Kāpiti Growth Fund will be the ability to withdraw capital from it in order to fund strategic purchases.

51:52. The surpluses will be used to contribute towards specific growth-focussed projects that encourage / incentivise businesses and recreational / visitor attractions to establish an operating presence in the Kāpiti District.

52:53. The following additional requirements for the Kāpiti Growth Fund are specified:

- a) An appropriate level of investment risk for the fund is determined and accepted by the Council.
- b) The fund will be managed in a way that balances optimal returns with safeguarding Council's capital.
- c) The fund performance will be regularly monitored.
- d) The fund risks will be managed in a prudent manner.
- e) All aspects of the investment process and functions will be reviewed regularly.

### **The LGFA**

53:54. The Council may invest in shares and other financial instruments of the LGFA, and may borrow to fund that investment. The Council's objective in making any such investment will be to:

- Obtain a return on the investment; and
- Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for the Council.

54:55. Because of these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

55:56. If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

## Treasury Risk Management

56-57. Borrowing exposes the Council to three principal risks:

### *Liquidity / Funding Risk*

57-58. Liquidity risk is the risk that the Council does not have the ability to access committed funding at a future time as required. Funding risk centres on the ability to re-finance or raise new debt at acceptable pricing and maturity terms.

### *Interest Rate Risk*

58-59. Interest rate risk is the risk that the Council will be exposed to changes in market conditions, particularly wholesale interest rates, prevailing at any time. It is important to consider this on a forward looking basis when issuing new debt and refinancing existing debt on an on-going basis. It may impact on the maturity profile of issued debt and the process of re-financing.

### *Credit Risk*

59-60. Credit risk is the risk that a party to a transaction, such as a counterparty or a financial intermediary / institution, may not settle or provide committed funding as and when required. This risk is applicable where the Council is both a borrower and an investor, with the more significant risk arising when the Council is an investor.

60-61. Other risks include legal risk, operational risk, foreign exchange risk, concentration risk, volatility risk and carbon credit risk.

## Liquidity / Funding Risk

61-62. A key factor in the management of liquidity risk is to spread and control the risk to reduce the concentration of risk at any point so that the overall borrowing cost is not increased unnecessarily and / or the desired maturity profile compromised due to market conditions.

62-63. The following control limits apply to Council's management of liquidity risk:

- a. The Council will ensure that it has sufficient funds available to:
  - fund all roll-over debt, and
  - pay all financing costs.
- b. External debt plus committed loan facilities ~~External term loans and committed debt facilities~~ together with available liquid investments<sup>3</sup> must be maintained at an amount of 110% over existing external debt.
- c. Council has the ability to pre-fund up to 18 months forecast debt requirements including re-financings.
- d. The Chief Executive has delegated to the Group Manager Corporate Services the discretionary authority to re-package existing debt on more favourable

<sup>3</sup> liquid investments specifically exclude the Kāpiti Resilience Fund and the Kāpiti Growth Fund.

terms. Such action is to be ratified and approved by the [Operations and Finance Strategy and Operations](#) Committee at its next scheduled meeting.

- e. The Council can borrow for a maximum term of 30 years. Any debt issued for longer than 10 years will be reported to the [Operations and Finance Strategy and Operations](#) Committee at the next quarterly reporting period.
- f. The maturity profile of the total committed funding with respect to all external loans / debt and committed facilities, calculated monthly on a rolling basis is to be within the following limits:

#### Liquidity control limitsBorrowing maturities

Period	Minimum	Maximum
0 to 3 years	10%	70%
3 to 5 years	10%	60%
5 to 10 years	10%	50%
10 years plus	0%	20%

*A maturity schedule that is outside the above limits, but self-corrects within 90 days is not in breach of this Policy. However, maintaining a maturity profile outside the above limits for a period beyond 90 days requires specific approval by the [Operations and Finance Strategy and Operations](#) Committee at its next not later than the next available meeting.*

### Interest Rate Risk

- [63-64](#). Interest rate risk is the risk that funding costs (due to movements in market interest rates) will materially exceed adopted Annual Plan and Long Term Plan interest cost projections, so as to adversely impact cost control, capital investment decisions, returns and feasibility.
- [64-65](#). The primary objective of interest rate risk management is to reduce uncertainty of interest rate movements through fixing of wholesale market interest costs. Certainty around interest costs is to be achieved through the active management of underlying interest rate exposures.
- [65-66](#). Dealing in interest rate products must be limited to financial instruments approved by the Council as per an internally updated schedule. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.
- [66-67](#). A list of the current approved interest rate instruments is attached as Appendix 3.
- [67-68](#). All bank deposits, registered certificates of deposits, treasury bills and commercial paper investments are limited to a term no greater than 181 days unless linked to a pre-funding strategy.
- [68-69](#). All unsecured investment securities must be senior in ranking. The following types of investment instruments are expressly excluded:
- structured debt where issuing entities are not a primary borrower / issuer;
  - subordinated debt, junior debt, perpetual notes and debt / equity hybrid notes such as convertibles.

~~69.70.~~ Any other financial instrument not on the approved list must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved.

### Interest Rate Risk Control Limits

~~70.71.~~ Major control limit – at any point in time the amount of all current interest rate risk management instruments must not exceed the total amount of gross debt.

~~72.~~ Hedging of Council's external debt / borrowings must be within the following fixed / floating interest rate risk control limit:

#### Risk control limitsHedging Limit

##### Master Fixed / Floating Risk Control Limit

Minimum Fixed Rate = 55%      Maximum Fixed Rate = 100%

*The percentages are calculated on the projected external debt levels in the Council's approved financial statements (Long Term Plan or Annual Plan). The forecast debt level is subject to approval by the Group Manager, Corporate Services as being a fair and reasonable forecast.*

- a. External debt is the total amount of gross debt. This allows for pre-hedging in advance of projected physical drawdowns of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to comply with the Treasury Management Policy minimums and maximums.
- b. Floating rate debt may be spread over any maturity up to 12 months. Bank advances may be for a maximum term of 12 months.
- c. The Council can hedge up to 15 years; any hedge longer than 10 years will be reported to the Operations and FinanceStrategy and Operations Committee at the next quarterly reporting period.

~~73.~~ The fixed rate amount at any point in time must be within the following maturity bands:

#### Swaps Maturity Profile

Fixed Rate Maturity Profile Limit (% of External debt)		
Period	Minimum Cover	Maximum Cover
1 to 3 years	15%	60%
3 to 5 years	15%	60%
5 to 10 years	15%	60%*
10 years plus	0%	20%**

*\*Maximum cover in the five to ten year period may be extended up to 70% during periods of historical low long term interest rates subject to approval by the Chief Executive and reported to the Operations and FinanceStrategy and Operations Committee at its next meeting.*

*\*\*Maximum cover in the over ten year period may be extended up to 30% during periods of historical low long term interest rates subject to approval by the Chief Executive and reported to the [Operations and Finance Strategy and Operations Committee](#) at its next meeting. The definition of 'historical low long term interest rate' is where the 10-year swap rate is more than 15% below its rolling ten year average.*

- a. A fixed rate maturity profile that is outside the above limits, but self-corrects within 90 days is not in breach of this Policy. However, maintaining a maturity profile outside the above limits beyond 90 days requires specific approval by the Strategy and Operations Committee Council at the next available meeting.
- b. Any interest rate swaps with a maturity beyond 12 years must be approved by the Operations and Finance Strategy and Operations Committee at its next meeting.

74. For individual types of interest rate risk management instruments Council must adhere to the following control limits at all times:

- a. Forward rate agreements outstanding at any one time must not exceed 75% of the total floating rate debt.
- b. With the exception of 1:1 collar option structures, interest rate options must not be sold outright because of the speculative nature of doing this.
- c. Borrower swaptions held by Council must mature within 12 months.
- d. Interest rate options with a maturity date beyond 12 months that have a strike rate higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.
- e. The forward start period on swap / collar strategies to be no more than 24 months.

### Counterparty Credit Risk

71-75. Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into.

72-76. Counterparties and limits can only be approved on the basis of a minimum long term credit rating (Standard & Poor's or Moody's Investor Services) being A+ and a minimum short term rating of A-1.

73-77. Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure. The approval process to allow the use of individual financial instruments must take into account the liquidity of the market the instrument is traded in and repriced from.

74.78. The following table shows the gross counterparty limits:

Counterparty/ Issuer	Minimum Standard and Poor's long term / short term credit rating	Investments maximum per counterparty	Risk management instruments maximum per counterparty	Borrowing maximum per counterparty
NZ Government	N/A	Unlimited	None	Unlimited
LGFA	AA- / A-1	\$20.m0	None	Unlimited
NZ Registered Bank	A+ / A-1	60% of total investments or \$25m; whichever is greater.	50% of total instruments or \$80m; whichever is greater.	\$50m

~~75. In determining the usage of the above gross limits, the following product weightings will be used:~~

- ~~a. Money Market (e.g. Bank Deposits) – Transaction Notional x Weighting 100%.~~
- ~~b. Interest Rate Risk Management (e.g. swaps, FRA's) – Transaction Notional x Maturity (years) x 3%.~~
- ~~Foreign Exchange – Transactional face value amount x the square root of the Maturity (years) x 15%.~~

76.79. A counterparty profile that is outside the above limits, but self-corrects within 90-days is not in breach of this Policy. Any departures from the above limits will be reported to the [Operations and Finance Strategy and Operations](#) Committee at its next meeting.

## Legal Risk

77.80. Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction, usually because of prohibitions contained in legislation.

78.81. This risk is minimised by standing dealing and settlement instructions being sent to counterparties, matching of third party confirmations and the immediate follow-up of anomalies.

79.82. Financial instruments can only be entered into with banks that have in place an executed International Swaps and Derivatives Association (ISDA) Master Agreement with the Council.

### **Operational Risk**

80-83. This is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls. Operational risk, particularly relevant to dealing with financial instruments, is minimised through appropriate segregation of duties, recording and reporting procedures and system controls.

### **Foreign Exchange Risk**

81-84. Council has limited Foreign exchange risk through the occasional purchase of foreign exchange denominated plant and equipment. Larger amounts may be hedged using foreign exchange contracts and smaller payments are converted at the spot exchange rate on the date of payment. The Council does not borrow or enter into incidental arrangements within or outside New Zealand in any foreign currency other than New Zealand dollars.

### **Concentration Risk**

82-85. This is the risk of a loss arising as a result of a heavily lopsided exposure to one or more counterparties. The risk is managed through adherence to the gross counterparty limits.

### **Volatility Risk**

83-86. This is the risk of a change of price of a portfolio as a result of changes in the volatility of a risk factor. The risk is managed through ensuring that the asset allocation is continuously reviewed to ensure that it stays diversified over the long term.

### **Carbon Credit Risk**

84-87. The Council needs to minimise the financial impact of movements in the carbon credit prices by balancing the need for price stability with the benefit of realising market opportunities to reduce costs as they arise.

### **Treasury Performance**

85-88. In order to assess the effectiveness of Council's treasury management activities, benchmarks and performance measures have been prescribed to assess operational performance and the management of debt and interest rate risk. The Council undertakes regular reporting which includes the following four major information/reporting objectives:

- a. Cash / Debt Position.
- b. Risk Exposure Position.
- c. Risk Management Performance.
- d. Treasury Management Policy Compliance.

~~86-89.~~ The table below summarises the key reporting outputs in relation to treasury management:

Report type	Audience	Frequency	Format
Management	Senior Leadership Team	Quarterly	Report compliance with all limits and thresholds
Governance	Audit and Risk <del>Subc</del> Committee	Quarterly	Overview of quarterly performance
Annual Report	<del>Operations and Finance</del> Strategy and Operations Committee	Annually	Review of Annual performance and of the Policy and policy limits to ensure they are fit for purpose

### Policy review

~~87-90.~~ The Policy is to be formally reviewed on at least a triennial basis by the ~~Operations and Finance~~Strategy and Operations Committee. The Group Manager, Corporate Services will manage the review process and the final report will be presented by to the ~~Operations and Finance~~Strategy and Operations Committee for its consideration.

~~88-91.~~ In addition, any Policy changes arising from the annual report to the ~~Operations and Finance~~Strategy and Operations Committee provided by the Group Manager, Corporate Services or other sources may be considered by the Audit and Risk ~~Subc~~Committee as required, but the delegation rests with the ~~Operations and Finance~~Strategy and Operations Committee.

## Appendix 1: Glossary of terms

**Annual rates income:** the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002.

**Borrower swaption:** gives the holder of the swaption the right to enter into a swap where they pay interest on a notional loan amount at a fixed rate of interest and receive payments at a floating rate;

**Call option:** a financial instrument that gives the buyer the right, but not an obligation, to buy a set quantity of a security at a set strike price at some time on or before expiration.

**Closing out:** the cancellation / termination of a financial instrument or contract before its maturity date, resulting in a realised gain / loss if the current market rate differs from the contract rate.

**Derivatives:** investment vehicles whose price is dependent on an underlying asset. The most common forms of derivatives include stock options, futures & swaps.

**Fixed rate:** an interest rate repricing date beyond 12 months forward on a continuous rolling basis;

**Floating rate:** an interest rate repricing within 12 months;

**Forward rate agreement:** an agreement between two counterparties locking in an interest rate today, for money that one counterparty intends to borrow in the future. The counterparties agree to pay each other the interest difference between the agreed-upon rate (the "forward rate") and the actual interest rate on the future date (the "floating rate").

**Forward start interest rate swap:** a fixed-for-floating interest rate swap whereby the swap coupon is set at the contract date but the swap doesn't start on that date, that is it is delayed to some future date. This provides certainty as to interest rate cost on an agreed principal amount for an agreed period, commencing at a future point in time.

**Futures contract:** a financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price.

**In the money options:** options which have intrinsic value of the security built into them. Call options are in the money when the strike price is lower than the price of the underlying stock, allowing one to buy the stock at a price lower than the market price. Put options are in the money when the strike price is higher than the price of the underlying stock, allowing one to sell the stock at a price higher than the market price.

**Interest rate cap (ceiling):** an interest rate derivative contract which has a maximum value (cap) – on a floating rate of interest on a specified notional principal amount for a specific term.

**Interest rate collar:** a security which simultaneously combines the purchase of an interest rate cap and the sale of an interest rate floor to specify a range in which an interest rate will fluctuate. The security insulates the buyer against the risk of a significant rise in a floating rate, but limits the benefits of a drop in that floating rate.

**Interest rate floor:** an interest rate derivative contract which has a minimum value (floor) – on a floating rate of interest on a specified notional principal amount for a specific term.

**Interest rate option:** a specific financial derivative contract whose value is based on interest rates and its value is tied to an underlying interest rate. Interest rate options give buyers the

right, but not the obligation, to synthetically pay (in the case of a cap) or receive (in the case of a floor) a predetermined interest rate (the strike price) over an agreed period.

**Interest rate swap:** a financial derivative instrument in which two parties agree to exchange interest rate cash flows, based on a specified notional amount from a fixed rate to a floating rate (or vice versa) or from one floating rate to another;

**Liquidity:** external debt plus committed loan facilities plus liquid investments divided by external debt

~~external term loans plus committed debt facilities plus available cash / cash equivalents divided by external debt.~~

**Net external debt:** total external debt less cash / cash equivalent investments.

**Net interest expense:** the amount equal to all interest and financing costs less interest income for the relevant period.

**Operating income:** earnings from rates, government grants and subsidies, user charges, interest and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).

**Options:** contracts that give the holder the right but not the obligation to buy or sell a specific security at a pre-determined price on a pre-determined date. The two kinds of options are call and put options.

**Options on a swap (Swaption):** the option to enter into an interest rate swap. In exchange for an option premium, the buyer gains the right but not the obligation to enter into a specified swap agreement with the issuer on a specified future date.

**Out of the money options:** have no intrinsic value built into them. Call options are out of the money when the strike price is higher than the price of the underlying stock. Put options are out of the money when the strike price is lower than the price of the underlying stock.

**Put option:** a financial instrument that conveys the buyer the right, but not the obligation, to sell a specified quantity of a security at a set strike price on or before an agreed upon expiration date.

**Spot price:** the current market price of a product, usually a commodity, currency or rate, for the immediate delivery of said product.

**Strike price:** the price at which a derivatives contract can be exercised - the strike price is independent of the spot price and is agreed upon by the parties entering the contract.

**Swap:** a derivative in which two counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument. The benefits in question depend on the type of financial instruments involved.

## Appendix 2: Delegated Authorities

	Activity	Delegated Authority	*Limit
1	Approving and changing Treasury Management Policy	<a href="#">Operations and Finance Strategy and Operations Committee</a>	Unlimited
2	New annual borrowing as set out in the Annual Plan/Long Term Plan	<a href="#">Operations and Finance Strategy and Operations Committee</a>	Within the prescribed limits set out in the Financial Strategy
3	Approval for charging assets as security over borrowing	<a href="#">Operations and Finance Strategy and Operations Committee</a>	Subject to the requirements of Debenture Trust Deed
4	Acquisition and disposition of investments other than financial investments	Council	Unlimited
5	Approving transactions outside Treasury Management Policy	Council	Unlimited
6	Re-financing existing debt	Chief Executive	Subject to Policy
7	Negotiate bank facilities	Chief Executive (or) Group Manager, Corporate Services	Subject to Policy
8	Manage cash / liquidity requirements	Chief Executive (or) Group Manager, Corporate Services	Per risk control limits
9	Approving counterparty credit limits	Chief Executive	Within the prescribed limits set out in the Treasury Management Policy
10	Adjust interest rate risk profile	Chief Executive delegated to the Group Manager, Corporate Services; each adjustment individually signed off by the Chief Executive	Fixed rate debt ratio as per risk control limits; Fixed rate maturity profile limit as per risk control limits
11	Managing funding and investment maturities in accordance with the Council's approved facilities	Chief Executive Group Manager, Corporate Services	Per risk control limits
12	Maximum daily transaction amount (borrowing, investing and interest rate risk management) excludes roll-	Council Chief Executive Group Manager, Corporate Services	Unlimited \$30 million \$15 million

	Activity	Delegated Authority	*Limit
	overs on existing debt and interest rate swaps	CFO (delegated)	\$5 million
13	Authorising lists of signatories	Chief Executive Group Manager, Corporate Services	Unlimited
14	Opening/closing bank accounts	Chief Executive Group Manager, Corporate Services	Unlimited
15	At least triennial review of Treasury Management Policy	Group Manager, Corporate Services	N/A
16	Ensuring compliance with Treasury Management Policy	Group Manager, Corporate Services	N/A

*\*All activity limits in the above table are subject to the limits contained in the Council approved Long Term Plan / Annual Plan. The Council can approve changes to the limits.*

**Appendix 3: Current approved interest rate instruments**

Category	Instrument
Cash management and borrowing	<ol style="list-style-type: none"> <li>1. Bank overdraft</li> <li>2. Committed cash advance and bank accepted bill facilities (short term and long term loan facilities)</li> <li>3. Uncommitted money market facilities</li> <li>4. Retail and Wholesale Bond and Floating Rate Note (FRN) issuance</li> <li>5. Commercial paper (CP) / Promissory Notes</li> <li>6. NZD denominated Private Placements</li> </ol>
Investments	<ol style="list-style-type: none"> <li>1. Call and short term bank deposits</li> <li>2. Bank bills</li> <li>3. Bank registered certificates of deposit (RCDs)</li> <li>4. Treasury bills</li> <li>5. LGFA borrower notes / CP / bills / bonds/ FRNs</li> <li>6. LGFA Redeemable Preference Shares (RPS)</li> </ol>
Interest rate risk management	<ol style="list-style-type: none"> <li>1. Forward rate agreements ("FRAs") on: <ul style="list-style-type: none"> <li>• bank bills</li> </ul> </li> <li>2. Interest rate swaps including: <ul style="list-style-type: none"> <li>• forward start swaps</li> <li>• amortising swaps (whereby notional principal amount reduces)</li> <li>• swap extensions and shortenings</li> </ul> </li> <li>3. Interest rate options on: <ul style="list-style-type: none"> <li>• bank bills (purchased caps and one for one collars)</li> <li>• interest rate swaptions (purchased only)</li> </ul> </li> </ol>
Foreign exchange management	<ol style="list-style-type: none"> <li>1. Spot foreign exchange</li> <li>2. Forward exchange contracts</li> </ol>

**8.5 LOCAL GOVERNMENT NEW ZEALAND ANNUAL GENERAL MEETING****Author:** Morag Taimalietane, Principal Advisor**Authoriser:** Janice McDougall, Group Manager People and Partnerships**PURPOSE OF REPORT**

- 1 This report seeks a decision from the Strategy and Operations Committee on whether it supports the Local Government New Zealand (LGNZ) 2020 remits which are to be considered at the LGNZ Annual General Meeting (AGM) on 21 August 2020.
- 2 The report also discusses two other items which the Strategy and Operations Committee may wish to form a view on prior to the LGNZ AGM:
  - a. A proposed rule change which would reduce the term limit on the office of the LGNZ President from three terms to two terms (nine years to six years).
  - b. Preferred nominees for the election of the LGNZ President and Vice President positions.

**DELEGATION**

- 3 The Committee has the delegation to consider this matter under Section B.1 of the Governance Structure and Delegations:

*'This Committee will deal with all decision-making that is not the responsibility of the Council. Key responsibilities will include:*

- *Signing off any submission to an external agency or body'*

**BACKGROUND**

- 4 Each year, LGNZ member local authorities submit remits for consideration at the LGNZ AGM. Proposed remits are intended to have a national focus articulating a major interest or concern at the political level.
- 5 Remits must have formal support from at least one zone or sector group meeting, or five councils prior to being submitted.
- 6 At the AGM, councils vote on each remit in accordance with their subscription level. Kāpiti Coast District Council is entitled to three votes at the AGM, to be made by the nominated delegate.
- 7 For previous AGMs the Council has nominated the Mayor as the Presiding Delegate. Officers have been advised that the Mayor has corresponded with Elected Members about the LGNZ AGM, and that the Presiding Delegate for this 2020 LGNZ AGM will be the Mayor, with the Deputy Mayor being the Alternate Delegate.
- 8 In addition to the remits, voting will also take place at the AGM on a proposed LGNZ rule change and for the election of the LGNZ President and Vice President.
- 9 A decision by the Strategy and Operations Committee on whether it supports the Remits and the rule amendment will give public indication of how the Council intends to vote at the AGM.

*Remits proposed by Kāpiti Coast*

- 10 Kāpiti Coast District Council proposed two Remits to LGNZ for consideration, neither of which were accepted. A summary of each of the proposed remits and the LGNZ response is shown below.
- 11 That LGNZ requests the Government review the Gambling Act 2003 to provide greater powers to local authorities when the number of Class 4 gaming machines and venues exceeds the limit, particularly in relation to areas of high deprivation.

- 11.1 Though this Remit gained enough formal support, the decision was made to hold it back so that a nationwide response could be developed. With full support from the sector, LGNZ will arrange for a direct discussion with the Minister.
- 12 That LGNZ requests the Government review the Local Government Act 2002 to provide greater powers of enforcement to local authorities for breaches of bylaws.
- 12.1 LGNZ recognised that this is a significant issue, with work being undertaken on this topic for the last 15 years. As LGNZ are already working on this issue, a Remit is not required and as such the council can work directly with LGNZ to support this work.

## ISSUES AND OPTIONS

### LGNZ Remits

- 13 There are 11 Remits submitted for consideration at this year's AGM. Background information for each Remit is attached as Appendix One to this report.
- 14 Officers recommend that the Strategy and Operations Committee support all of the 11 Remits proposed by LGNZ in 2020.
- 15 LGNZ have confirmed that feedback on each of the Remits may be provided prior to the AGM, or during the AGM by the Councils nominated delegate.
- 16 Officers recommend that feedback is provided on Remit One and Remit Eight, specifically:
- 16.1 Remit One (Public Transport Support): That other transport proposals and work programmes are not impacted by the Government maintaining this financial support.
- 16.2 Remit Eight (Quorum when attending local authority meetings): That the Remit provides a stronger statement with regards to the dominant means of meeting remaining 'in person'.

### Proposed Rule Amendment

- 17 A rule change proposal has been included in the LGNZ AGM 2020 which would reduce the term limit on the office of the LGNZ President from three terms to two terms (nine years to six years).
- 18 The term limit was last altered at the Special General Meeting in early 2014 when the term was increased to three terms from two terms.
- 19 A two-thirds majority of members voting at the AGM is required to pass a rule change proposal.
- 20 Because of the nature of this agenda item, it would not be appropriate for Council Officers to provide a recommendation, however the Strategy and Operations Committee may wish to form a view on this item prior to the LGNZ AGM.
- 21 Background information on this item was provided to the Office of the Mayor on 11 August 2020 to support any discussion that Elected Members may have had prior to this meeting. This information is included in Appendix Two.

### Election of LGNZ President and Vice President

- 22 An election for the positions of President and Vice President will be conducted at the LGNZ AGM on Friday 21 August 2020.
- 23 Two valid nominations were received for the position of LGNZ President. The nominated candidates are:
- 23.1 Councillor Stuart Crosby, Bay of Plenty Regional Council; and
- 23.2 Mayor Alex Walker, Central Hawke's Bay District Council.
- 24 Two valid nominations were received for the position of LGNZ Vice-President. The nominated candidates are:

- 24.1 Mayor Gary Kircher, Waitaki District Council; and  
24.2 Mayor Hamish McDouall, Whanganui District Council.
- 25 Because of the nature of this agenda item, it would not be appropriate for Council Officers to provide a recommendation, however the Strategy and Operations Committee may wish to form a view on this item prior to the LGNZ AGM.
- 26 Background information on this item was provided to the Office of the Mayor on 11 August 2020 to support any discussion that Elected Members may have had prior to this meeting. This information is included in Appendix Two.

## **CONSIDERATIONS**

### **Policy considerations**

- 27 There are no policy considerations arising from this report.

### **Legal considerations**

- 28 There are no legal considerations arising from this report.

### **Financial considerations**

- 29 There are no financial considerations arising from this report.

### **Tāngata whenua considerations**

- 30 Information regarding the 11 Remits submitted for consideration at this year's LGNZ AGM (as attached as Appendix One) was provided to each of the three Iwi, explaining the process that was to take place with regards to voting for the remits, and asking for any feedback they may have on the proposed Remits.
- 31 Ngāti Toa responded confirming their support for Remit Two (Housing Affordability), Remit Seven (Water Bottling) and Remit 10 (Rates rebates for low income Property Owners).
- 32 Ngāti Toa questioned whether Remit 9 (Use of macrons by local authorities) also included the removal of macrons.

## **SIGNIFICANCE AND ENGAGEMENT**

### **Significance policy**

- 33 This matter has a low level of significance under Council's Significance and Engagement Policy.

### **Consultation already undertaken**

- 34 No consultation has been undertaken in relation to this report.

### **Engagement planning**

- 35 No engagement plan is proposed in relation to this report.

### **Publicity**

- 36 No publicity is proposed in relation to this report.

**RECOMMENDATIONS**

- 37 That the Committee agree to support Remit 1 (Public Transport Support) at the Local Government New Zealand 2020 Annual General Meeting.
- 38 That the Committee agree that feedback is provided on Remit 1 (Public Transport Support), specifically, that other transport proposals and work programmes are not impacted by the Government maintaining this financial support.
- 39 That the Committee agree to support Remit 2 (Housing Affordability) at the Local Government New Zealand 2020 Annual General Meeting.
- 40 That the Committee agree to support Remit 3 (Returning GST on rates for councils to spend on infrastructure) at the Local Government New Zealand 2020 Annual General Meeting.
- 41 That the Committee agree to support Remit 4 (Natural hazards and climate change adaptation) at the Local Government New Zealand 2020 Annual General Meeting.
- 42 That the Committee agree to support Remit 5 (Annual regional balance of transfers) at the Local Government New Zealand 2020 Annual General Meeting.
- 43 That the Committee agree to support Remit 6 (Local government electoral cycle) at the Local Government New Zealand 2020 Annual General Meeting.
- 44 That the Committee agree to support Remit 7 (Water bottling) at the Local Government New Zealand 2020 Annual General Meeting.
- 45 That the Committee agree to support Remit 8 (Quorum when attending local authority meetings) at the Local Government New Zealand 2020 Annual General Meeting.
- 46 That the Committee agree that feedback is provided on Remit 8 (Quorum when attending local authority meetings), specifically, that the Remit provides a stronger statement with regards to the dominant means of meeting remaining 'in person'.
- 47 That the Committee agree to support Remit 9 (Use of macrons by local authorities) at the Local Government New Zealand 2020 Annual General Meeting.
- 48 That the Committee agree to support Remit 10 (Rates rebates for low income Property owners) at the Local Government New Zealand 2020 Annual General Meeting.
- 49 That the Committee agree to support Remit 11 (Local Government's CO2 emissions) at the Local Government New Zealand 2020 Annual General Meeting.
- 50 That the Committee note that the Mayor, as the Presiding Delegate, and Deputy Mayor, as the Alternate Delegate, will represent the Kāpiti Coast District Council at the Local Government New Zealand 2020 Annual General Meeting.
- 51 That the Committee provide the Presiding Delegate with a view on the rule change proposal to be voted on at the Local Government New Zealand 2020 Annual General Meeting which would reduce the term limit on the office of the LGNZ President from three terms to two terms (nine years to six years).
- 52 That the Committee provide the Presiding Delegate with a view on the election for the positions of President and Vice President which will be conducted at the Local Government New Zealand 2020 Annual General Meeting.

**APPENDICES**

1. Appendix One - LGNZ AGM 2020 Remits [↓](#)
2. Appendix Two - LGNZ AGM 2020 - Additional Information [↓](#)

Who's  
putting local  
issues on  
the national  
agenda?

**We are.  
LGNZ.**  
Te Kāhui Kaunihera o Aotearoa.

# 2020 Annual General Meeting

## Remits

# 1

## Public transport support

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- Remit:** That LGNZ:
- Acknowledges the Government for its recognition during COVID-19 of public transport as an essential service;
  - Acknowledges the strong financial support provided by the Government through Waka Kotahi NZTA during the COVID-19 Alert Levels, that enabled councils to continue to provide public transport for people providing essential services and transport for the public to receive essential services up to 30 June 2020;
  - Recognises that councils will continue to be under significant financial pressure to maintain the viability of public transport under current FAR rate settings for many months during the recovery phase from COVID-19; and
  - Calls on the Government to work with councils to maintain the financial viability of public transport during the recovery phase of COVID-19.
- Proposed by:** Greater Wellington Regional Council
- Supported by:** LGNZ Regional Sector

### Background information and research

#### 1. Nature of the issue

The Remit is important as an acknowledgement to the Government from the Local Government sector for the strong support for public transport during the response to the COVID-19 pandemic emergency, and to reinforce the need for ongoing support during recovery from COVID-19 to ensure the financial viability of public transport in councils across New Zealand.

The Remit meets the tests for acceptance of a proposed Remit to the LGNZ AGM in that it addresses a major strategic “issue of the moment”, and it has a national focus articulating a major interest and concern at the national political level.



## 2. Background to its being raised

This Remit gives deserved acknowledgement to the Government for its strong support of public transport during the response phase to the COVID-19 pandemic emergency. We know from experience in China that recovery of patronage on public transport has been slow following the passing of the worst of COVID-19. The recovery phase from COVID-19 in New Zealand may take many months, and even years, based on current projections.

The Government through Waka Kotahi NZ Transport Agency (NZTA) required and funded the delivery of public transport (as an essential service) throughout the Alert Levels.

NZTA has also funded:

- The shortfall in revenue for bus, ferry and train operations;
- The additional costs that resulted from COVID-19 such as cleaning, stickers and advertising collateral; and
- The Total Mobility Service receiving a full subsidy for a taxi service up to \$80 /trip until the end of June.

As at 11 June, we do not know what financial support will be available from the Government through NZTA for public transport beyond financial year 2020/2021. This Remit is calling for the Government to continue to work in partnership with councils to ensure the ongoing viability of public transport in the regions, cities, towns and communities across New Zealand.

## 3. New or confirming existing policy

This issue is not currently covered by existing LGNZ policy.

It is new policy, in so far as it relates to COVID-19 and the associated ongoing financial viability of public transport. One possible tool could be an increase in the appropriate Financial Assistance Rate (FAR) during the Recovery Phase from COVID-19.

## 4. How the issue relates to objectives in the current Work Programme

The issue directly relates to Issue "1. Infrastructure and Funding" of LGNZ's "The six big issues for New Zealand councils, Our work, Our policy priorities":

<https://www.lgnz.co.nz/our-work/ourpolicy-priorities/the-six-big-issues/>

This also indirectly relates to LGNZ's social priorities, as it is vital that public transport continues to be available to those in our communities who rely on it.



**5. What work or action on the issue has been done and what was the outcome**

Because of the speed by which the pandemic has become an issue, no work has been undertaken on this issue by either LGNZ or the proposer. Current government support has primarily been concerned with the need to sustain public transport through the immediate response or emergency phase. This Remit is concerned with the sustainability of public transport during the recovery and rebuild phase's post-COVID-19.

**6. Any existing relevant legislation, policy or practice**

- Land Transport Management Act 2003 , no 118 (as at 22 October 2019):  
<http://www.legislation.govt.nz/act/public/2003/0118/77.0/DLM226230.html>
- Draft Government Policy Statement on Land Transport, 2021/22 – 30/31 including Outcome “Inclusive Access” (which includes “access to work, education and healthcare”), and Outcome “Resilience and security” (which includes “recovering effectively from disruptive events”):  
<https://www.transport.govt.nz/multimodal/keystrategiesandplans/gpsonlandtransportfunding/gps-2021/>
- National Action Plan 3 “Unite Against COVID-19”, as of 23 April 2020, National Crisis Management Centre:  
<https://uniteforrecovery.govt.nz/assets/resources/legislation-and-key-documents/COVID19-National-Action-Plan-3-as-of-22-April-extended.pdf>

**7. Outcome of any prior discussion at a Zone or Sector meeting**

Zone and Sector Meetings have not been held during COVID-19 Alert Levels.

**8. Suggested course of action envisaged**

That the President of LGNZ write to the Minister of Transport and the Minister of Local Government, to convey the Remit and seek a meeting with the Ministers to discuss a joint work programme between the Government and councils (through LGNZ) on policy to maintain the financial viability of public transport during the recovery phase of COVID-19.

# 2

## Housing affordability

- Remit:** *That Local Government New Zealand (LGNZ):*
- *Calls on the Government to introduce legislation that would fully enable councils to address housing affordability in their communities through a range of value uplift and capture tools, one such tool being 'inclusionary zoning';*
  - *Seeks to establish a working group on affordable housing, comprising of relevant/affected councils, central government (MHUD, Kāinga Ora, MSD), iwi, and the community housing sector; and*
  - *Advocates to central government for an affordable housing National Policy Statement to be developed.*
- Proposed by:** Hamilton City Council and Christchurch City Council
- Supported by:** Tauranga City Council; Tasman District Council; Waipa District Council; South Waikato District Council; and Waitomo District Council

### Background information and research

#### 1. Nature of the issue

Many towns and cities in New Zealand are grappling with how to provide more affordable housing – dwellings that are affordable to buy or rent for households on low to median incomes with secure tenure.

A more joined-up response is necessary. This remit therefore calls for:

- A working group on affordable housing be established, comprising of relevant/affected councils, LGNZ, central government (MHUD, Kāinga Ora, MSD), iwi and the community housing sector; and
- LGNZ to advocate to central government for an affordable housing National Policy Statement to be developed.

The remit also covers one specific proposal: inclusionary zoning.

Councils need more tools to enable them to respond to housing needs in their communities. One such tool is inclusionary zoning that seeks land or financial contributions from developers being vested to nominated housing land trusts.



While this is not commonplace in New Zealand currently, it is widespread in other major housing hotspots around the world including in parts of the United Kingdom, Australia and the United States.

The term inclusionary zoning refers to district plan rules that require a portion of new land development to be retained as affordable housing for people on low-to-moderate incomes. The theory of inclusionary zoning is that when land is up-zoned (for example, from rural to residential), it creates a significant uplift in value, and the community should share in the benefit of that uplift. This value uplift is enabled through council planning processes, including but not limited to private plan changes, granting of resource consents or council-initiated district plan rezoning under the Resource Management Act (RMA) process.

As an example of inclusionary zoning, a council's district plan could require that land developers provide 5 per cent of titled sections from up-zoned land or on a specific unit threshold of consented residential development, or the equivalent monetary value, to a community housing trust. This land would then be retained on behalf of the community in perpetuity and used for affordable housing.

It is critical that government reinstate the ability to secure financial contributions as one of the options for local government funding for securing and providing a basis for a monetary contribution. This remit supports the Resource Legislation Amendment Act 2017 (RLAA) and its proposal to repeal the current provisions which stop the ability to secure contributions after April 2022.

An early form of inclusionary zoning was central to the early success of the Queenstown Lakes Community Housing Trust (QLCHT), enabling it to grow its housing stock significantly since it was established in 2007. Inclusionary zoning was a key tool for the Queenstown Lakes District Council (QLDC), utilised primarily for the period from 2006 through to 2013, ensuring that the Council could negotiate the inclusion of affordable housing through the planning process.

Although QLDC's first inclusionary zoning plan change was settled in July 2013, Queenstown was subject to legal challenges in the Environment Court, High Court and Court of Appeal by some land developers during the period 2009-2013 on its plan change to add a set of objectives, policies and rules into its district plan. The settlement forced the Council to make its inclusionary zoning provisions a matter of assessment, rather than rule-based and mandatory, reducing the effectiveness of these provisions in addressing the District's severe housing affordability issues. Today these provisions represent an inclusionary zoning opportunity that was not completely realised, having achieved only piecemeal and limited further contributions, facilitated through non-mandatory schemes and with limited certainty going forward.

Because of continuing acute housing affordability issues, the QLDC intends notifying new inclusionary zoning provisions in the next stage of its district plan review and is anticipating the same legal challenges and likely lengthy and costly appeals process.



The housing affordability challenge is wide ranging and complex. Inclusionary zoning is not the sole answer. However, it is a vital tool in enabling councils to secure a longer-term supply of land or funds in partnership with registered housing trusts and that legislation is needed to ensure inclusionary zoning can be applied consistently across the regions and minimise the risk of legal challenge.

For the avoidance of doubt, this remit proposes that councils have the clear legal opportunity in legislation to pursue inclusionary zoning. It would not be mandatory.

## **2. Background to its being raised**

### The Queenstown Lakes Community Housing Trust

In 2007, QLDC recognised a serious lack of affordable housing in its district and acted by forming the QLCHT. The trust is an independent, not-for-profit, community-owned organisation that maintains a strong relationship with the Council, with a shared goal of creating decent, secure housing for the community. The consensus to establish the QLCHT and develop planning tools to deliver affordable housing were two of 34 action items set out in the 2005 'Housing Our People in our Environment' strategy, a significant milestone of council commitment to address its housing issues with local leadership, and central government participation and investment.

The Trust operates across the housing continuum. As at June 2019, it had assisted 130 households into their assisted ownership programmes, ten into rent-to-buy schemes and 34 into affordable rental properties. The Trust has over 600 households on its waiting list and has set the goal of providing 1,000 homes over the next ten years. This goal was reaffirmed through the October 2017 Mayoral Housing Affordability Task Force report.

QLDC negotiated its first inclusionary zoning agreement with a developer over 15 years ago. This resulted in a cash payment of over \$5 million, which enabled the trust to buy a large piece of land and build its first development in an affordable subdivision of Queenstown. Since then, subsequent agreements with developers have delivered residential land valued at over \$12 million to the Trust, with some further cash contributions.

This remit suggests that the approach taken by QLDC has been one of the few effective approaches in the country in capturing and retaining value uplift for delivery as affordable housing.

### Proposed National Policy Statement on Urban Development 2019 (NPS-UD)

Although the proposed NPS-UD looks at providing for intensification and a range of housing typologies, density and variety to support housing capacity assessments, the policies are not generally focused on housing affordability, despite this being an essential part of providing for peoples wellbeing in the proposed Objective O2 of this NPS.



#### Establishment of the Waikato Community Lands Trust

A housing stocktake, carried out by the Waikato Regional Housing Initiative in 2018, found that Hamilton was the third least affordable house market in New Zealand, with a median house price of 6.8 times the average household income. Three times the median income is considered affordable.

In 2019, Hamilton City Council approved the establishment of the Waikato Community Lands Trust to help address housing affordability – a community owned trust with the purpose of holding land in perpetuity to provide access to affordable housing for the benefit of the community (like the QLCHT model). Hamilton City Council also committed an initial \$2 million to the Trust as a seed funding for purchasing land. However, for the trust to grow its capacity and build a sustainable, long-term model going forward, inclusionary zoning provisions will be needed.

#### Other councils

While we understand that other councils are interested in exploring the use of inclusionary zoning, few have the appetite for the risks of legal challenge through the Environment Court, High Court, and Court of Appeal that QLDC faced. However, if there were an acceptable pathway that councils could follow to enable their implementation of a local housing strategy, founded on a robust needs assessment, which allowed inclusionary zoning as one of their tools, many are likely to consider such a path. The lack of enablement to local government was raised as the primary barrier to wider uptake at the 25 February LGNZ Housing Symposium.

#### Challenges to implementing inclusionary zoning

At present, councils that introduce inclusionary zoning provisions into their district plan open themselves up to legal challenge. The risk of lengthy and expensive legal challenges is a key barrier to councils adopting inclusionary zoning as a housing affordability lever.

The risk of legal challenge can be seen from the Queenstown example. In 2010, the QLDC inclusionary zoning requirements were challenged in the Environment Court. The outcome of the initial legal challenge was favourable for the Council and housing trust. The Court decided that the inclusionary zoning provisions were allowed under the RMA because they were a way for the Council to 'mitigate' the impacts of its policy to protect the area's unique landscape by constraining land use (which is critical for tourism and economic development in the area but puts pressure on land prices).

Appeals to the High Court and Court of Appeal by a small set of developer appellants during the period 2009-2013 on its plan change to add a set of objectives, policies and rules into its district plan were focused only on whether affordable housing was an RMA matter. The successive rulings in council's favour affirmed that in the specific case of QLDC's tourism-based economy focused on protecting the outstanding natural landscapes of the district, housing affordability was in fact a matter within scope of resource management, and therefore, application of district plan provisions. However, the substantive case of whether the specific rules and implementation provisions were correct was never heard by any Court.



Therefore, a cloud remains as to whether the specific mandatory tools designed by QLDC for implementation through a local housing trust would comply with the RMA. The settlement forced the Council to make its inclusionary zoning provisions a matter of assessment, rather than rule-based and mandatory, reducing the effectiveness of these provisions in addressing the District's severe housing affordability issues.

QLDC is currently considering further provisions for delivery of affordable housing through its District Plan Review. Clear legal authority from central government to enable councils to address affordable housing would assist both QLDC, Hamilton City Council, and likely any Council around New Zealand which has the local mandate to develop and implement its local housing plan.

**3. New or confirming existing policy**

This is a new policy.

**4. How the issue relates to objectives in the current Work Programme**

Affordable and healthy housing are key ingredients to promoting wellbeing in local communities. LGNZ has recognised housing affordability as a key issue and its National Council agreed that housing should be a 2018 priority topic. As part of its Housing 2030 Project workstream, LGNZ currently has two separate working groups – the Supply Working Group and Social and Community Housing Working Group.

**5. What work or action on the issue has been done and what was the outcome**

Community Housing Aotearoa (CHA) has outlined in its submissions to central government on the Urban Development Bill the need for councils to have clear enabling authority to implement tools locally such as inclusionary zoning. The reason CHA supports this approach is that it supports local strategies between councils and community housing providers across the country to combine local land value uplift with investment through philanthropic channels, blended with central government investment (such as the Income Related Rent Subsidy for social housing or Progressive Homeownership fund) to deliver locally-relevant housing solutions. CHA will continue to work with councils and Local Government New Zealand on the enabling approach to see this tool work for councils that choose to utilise it.



**6. Any existing relevant legislation, policy or practice**

The RMA enables district plans to explore inclusionary zoning policies to a limited degree but only if councils retain the ability to seek and secure financial contributions. However, without a legislated mandate for affordable housing and in the absence of legislation like the Housing Accord and Special Housing Areas Act (2013) (HASHAA) which is now rescinded, this still comes with uncertainty and relies on individual councils making a strong demonstrable evidence-based case for its own housing need and has a risk of legal challenge.

**7. Outcome of any prior discussion at a Zone/Sector meeting**

Not possible in the revised timeframes.

**8. Suggested course of action envisaged**

We assume that, by August's LGNZ AGM, it will be too late to alter the proposed NPS-UD, although it may be possible to make changes at the time of any subsequent amendment. Instead, the remit calls for LGNZ to advocate for there to be a National Policy Statement specifically focused on affordable housing.

This remit also encourages a working group be formed, comprising of relevant/affected Councils, central Government (MHUD, Kāinga Ora, MSD), iwi, and the community housing sector. The group would work on the inclusionary zoning proposals set out in this remit, and work in partnership on other means of addressing the affordable housing challenge, leading to the delivery of the proposed National Policy Statement.

# 3

## Returning GST on rates for councils to spend on infrastructure

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<b>Remit:</b>	That Local Government New Zealand (LGNZ) request that the Government use the appropriate mechanisms to enable the 15 per cent Goods and Services Tax (GST) charged on rates be returned to councils to spend on local or regional infrastructure projects.
<b>Proposed by:</b>	Hamilton City Council and New Plymouth District Council
<b>Supported by:</b>	Auckland Council; Christchurch City Council; Tauranga City Council; Nelson City Council; Tasman District Council; Gisborne District Council; Waipa District Council; Waikato District Council; and South Waikato District Council

### Background information and research

#### 1. Nature of the issue

Whereas GST is not applied on the vast majority of other taxes, it is applied on rates. This causes hundreds of millions of dollars per year to leave the area in which they were generated and go to central government, whilst driving up rates.

One option, of course, would be not to levy this 'tax on a tax'. The option proposed in this remit is that LGNZ negotiate with central Government for this sum to be returned to councils for them to spend directly on local or regional infrastructure. This option has been proposed by – amongst others – respected economist Shamubeel Eaqub.

As well as, we believe, being a fairer and more rational system, this would provide much needed support to councils, whilst ensuring the money is ringfenced to be spent on infrastructure projects of local, regional and national benefit, thus helping to address New Zealand's longstanding infrastructure challenge.

#### 2. Background to its being raised

In 2017, a remit from Gisborne District Council proposing that a proportion of all GST be returned to the region in which it was generated, for councils to use on servicing visitor infrastructure was supported at LGNZ's Annual Conference, although subsequent discussions with the Government did not prove fruitful.



Three years on, with pressure on local government greater than ever following the COVID-19 outbreak, we think the time is right to raise a similar issue. This remit has also been developed noting that the need for investment in New Zealand's infrastructure, particularly in its three waters infrastructure, is ever clearer.

**3. New or confirming existing policy**

The proposed remit would be consistent with LGNZ's position, as voted through at Annual Conference in 2017, that some GST should be returned to the local or regional level. However, the exact focus of this remit is different.

The issue around GST was also raised by LGNZ in its February 2015 Funding Review discussion paper, as well as in their submission to the New Zealand Productivity Commission's Local Government Funding and Financing Inquiry that commenced in July 2018.

Hamilton City Council also raised the issue of investigating use of various financing tools that are linked to the growth and development in a council's administrative area in its submission to the Productivity Commission's Local Government Funding and Financing Inquiry. The submission noted that "this could involve councils receiving a set portion of the Government's GST 'take' from their administrative area, or alternatively, a set amount of the total 'spend' in a council's administrative area that is captured as an additional levy to the current GST component, potentially in the form of an increase to the GST rate. Such funding streams should be dedicated to core infrastructure maintenance and enhancement".

**4. How the issue relates to objectives in the current Work Programme**

The remit is broadly consistent with existing LGNZ policy, but with a slightly different focus.

**5. What work or action on the issue has been done and what was the outcome**

No formal work undertaken.

**6. Outcome of any prior discussion at a Zone or Sector meeting**

Not possible in the revised timeframes.

# 4

## Natural hazards and climate change adaptation

<b>Remit:</b>	That central government undertakes, in collaboration with all of local government, a comprehensive review of the current law relating to natural hazards and climate change adaptation along New Zealand's coastlines, and coordinates the development of a coastline strategy for the whole of New Zealand which would cover: the roles and responsibilities of territorial authorities, regional councils and central government; greater direction on an integrated approach; and development of principles for "who pays".
<b>Proposed by:</b>	Hauraki District Council
<b>Supported by:</b>	Hawke's Bay Regional Council, Thames-Coromandel District Council; Napier City Council; Hastings District Council; and Northland Regional Council.

### Background information and research

#### 1. Nature of the issue

Central government has provided guidance to local government on how to apply a risk-based adaptive approach to planning for climate change in coastal communities. Many councils are now following this guidance and working with their communities using adaptive planning approaches. As these councils look ahead to how adaptive approaches can be implemented, they are encountering limitations in existing legislation and a lack of guidance from central government on the legalities and practicalities of doing so.

Councils report difficulty in determining their respective roles (territorial and regional) and who should do what in the area of managing the risks of natural hazards arising from climate change. Furthermore, they note that there is a lack of direction over who pays for what and who owns/maintains/is liable for any assets that may be required.

Councils also have many unanswered questions around how a managed retreat option should be implemented. For example, where managed retreat is identified as a preferred adaptation option, how should this be undertaken, by who, where should costs fall, whether compensation is payable and if so by whom?

Furthermore, councils see difficulties in how adaptive approaches can be implemented through statutory documents such as District and Long Term Plans, especially as councils are being asked to plan at least 100 years into the future using adaptive approaches which may require rapid implementation (eg in response to a 'trigger' event). This combination of long timeframes, deep uncertainty, and potentially rapid action is not well provided for by these documents.



**2. Background to its being raised**

Beginning in 2014, Hawke's Bay councils (Napier City Council; Hastings District Council; and Hawke's Bay Regional Council) and tangata whenua partnered to develop a Coastal Hazards Strategy that was ultimately the first project of its type to follow the approaches set out in the Ministry for the Environment's coastal hazards guidance (the Guidance). The councils and tangata whenua are now working on the implementation phase of the strategy.

Hauraki District Council are working with Waikato Regional Council, Waikato District Council and Iwi to prepare a community plan (Wharekawa Coast 2120) for the western Firth of Thames area, using a similar approach to the Hawke's Bay Coastal Strategy, and following the Guidance. Hauraki District Council is aware of other work of this nature being undertaken in the Waikato region by Thames-Coromandel and Waikato District Councils, in the Wellington region, and scoping is underway for work in the Northland region.

All of these projects recognise the importance of regional and territorial authorities working collaboratively with their communities to respond to increasing natural hazard risks in coastal areas, due to climate change. These projects are at different stages of development, but eventually will all be facing the same implementation issues.

**3. New or confirming existing policy**

This remit is a new policy.

**4. How the issue relates to objectives in the current Work Programme**

This remit raises issues around how local government can practically implement approaches and responses to natural hazards risks in coastal areas developed under the Guidance. These issues are related to LGNZ's policy priorities: Climate Change and Environment (Natural Hazards). In particular, the topics of community resilience and climate future fit, as well as LGNZ's climate change project.

**5. What work or action on the issue has been done and what was the outcome**

The Ministry for the Environment recently published a case study on challenges with implementing the Hawke's Bay Coastal Strategy. This case study highlights many of the issues identified by this remit and provides more detailed analysis.

The Wharekawa Coast 2120 Joint Working Party (comprising elected members and iwi representatives) recently considered a paper on project implementation funding issues. Discussions regarding this information, and other papers reviewing Deep South Science Challenge research, prompted the preparation of this remit.



Also of relevance to the issues raised by this remit is the Productivity Commission's recent local government funding and financing inquiry.

**6. Any existing relevant legislation, policy or practice**

The following legislation is considered relevant to the remit: Resource Management Act 1991 and New Zealand Coastal Policy Statement 2010, Local Government Act 2002, Public Works Act 1981, and Building Act 2004.

**7. Outcome of any prior discussion at a Zone/Sector meeting**

This has not been discussed at zone or sector meetings to date.

**8. Suggested course of action envisaged**

LGNZ works with central government to prepare a nationwide coastal strategy that provides further direction on an integrated approach to climate change adaptation issues including:

- a. The roles and responsibilities of territorial and regional councils;
- b. How managed retreat should be implemented including funding arrangements and whether compensation is payable and if so by whom;
- c. A protocol for considering how costs for adaptation actions should be allocated both between local government itself (territorial and regional councils), between local and central government, and between public and private beneficiaries;
- d. How adaptive planning approaches should be implemented, for example by providing better linkages between LGA and RMA processes or by potentially new natural hazard risk management and climate change adaptation-specific legislation; and
- e. How councils could be supported to implement appropriate restrictive zoning behind defensive measures to respond to 'moral hazard' issues.

# 5

## Annual regional balance of transfers

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<b>Remit:</b>	That LGNZ work with Treasury, Statistics New Zealand and other government agencies to develop an annual regional balance of transfers to show how much each region contributes in taxes and how much each region receives in government funding.
<b>Proposed by:</b>	New Plymouth District Council
<b>Supported by:</b>	Thames-Coromandel District Council; South Taranaki District Council; Hastings District Council; Rangitikei District Council; and Rotorua Lakes Council.

### Background information and research

#### 1. Nature of the issue

Regional New Zealand often questions whether the government returns more or less to the region than it receives in tax and other revenue sources. This remit proposes that LGNZ work with relevant government agencies – particularly Treasury and Statistics New Zealand – to develop an annual publication of a regional balance of transfers outlining the inwards and outwards flow of money between the region and the government.

As with many regions, Taranaki has perceived that it has received low investment from government compared to the amount of tax paid by the region. Various attempts have been made to provide an estimate of the gap, however obtaining regional financial information from government agencies has proved difficult. Many agencies cannot provide breakdowns of expenditure and collection of revenue is difficult to obtain at a regional level.

A regional balance of transfers would provide transparency for all of New Zealand and promote more open democracy where inclusiveness and accountability is strengthened. It would enable better performance measurement and the assessment of outputs in a community against that of other regions and New Zealand.

#### 2. Background to its being raised

Attempts to get a clear picture of a regional balance of transfers – identifying what is paid to and received from central government – have been unsuccessful. There is great inconsistency in reporting and data collection between government agencies and a general unwillingness to be open and transparent in what is spent in regions.



Official Information Act requests often generate responses such as “our information is not structured in such a way that would enable the questions to be answered”.

It is recognised that a full set of actual data may not be able to be provided and assumptions will need to be made in some situations, such as when making “overhead allocations” to the regions for national costs of government.

In recent years there has been a greater focus on measuring the performance of local authorities but not of the performance of central government. A regional balance of transfers would be one factor to help measure equity and the performance of government.

A balance of transfers would also go a long way to build trust in government through transparency and accountability of where public money is spent and where it has come from and in decision-making. This data would also be able to be used by government ministers to help monitor the performance and of their portfolios in an open and consistent manner.

According to Treasury, an objective of the Government “is to continually improve public confidence in the tax system and Inland Revenue. The system should help people meet their obligations, be fair, and inspire confidence. The Government is committed to raising revenue in ways that meet these objectives”. It is believed that the gathering and reporting of a regional balance of transfers would greatly assist government in this aim.

### **3. How the issue relates to objectives in the current Work Programme**

This remit is related to the LGNZ and New Zealand Initiative work on localism whereby this data would help ensure that power and authority flows up from citizens and communities, not down from the government.

LGNZ has led the way in the assessment of council performance through the successful CouncilMARK™ programme that provides qualitative assessment of council performance across a wide range of facets. This remit would help LGNZ to do the same for our communities when considering central government performance and equity.

This remit would also contribute to LGNZs six big issues for New Zealand councils – particularly infrastructure and funding, social and economic.

### **4. What work or action on the issue has been done and what was the outcome**

Attempts have been made to gather the required information from government agencies to create a regional balance of transfers. This has been unsuccessful as the data is apparently not gathered.



**5. Any existing relevant legislation, policy or practice**

The remit seeks LGNZ to work with Treasury, Statistics New Zealand and other government agencies to develop a regional balance of transfers to show how much each region contributes in taxes and how much each region receives in government funding. To be successful, this would require directives to all government agencies to gather data and give it to either Treasury or Statistics New Zealand to compile and report on.

**6. Suggested course of action envisaged**

This remit suggests that LGNZ work with Treasury, Statistics New Zealand and other government agencies to develop an annual regional balance of transfers that show how much each region contributes in taxes and how much each region receives in government funding. This is likely to require government Ministers to give such a directive.

# 6

## Local Government electoral cycle

<b>Remit:</b>	That the local government electoral cycle be extended from three to four years.
<b>Proposed by:</b>	Northland Regional Council; Rotorua Lakes Council; Whanganui District Council; and Hamilton City Council.
<b>Supported by:</b>	Hastings District Council; Palmerston North City Council; Napier City Council; Manawatū District Council, South Taranaki District Council, Rangitīkei District Council

### Background information and research

#### 1. Nature of the issue

The election cycle, or term of office, refers to the number of years an elected representative serves between local government elections. In New Zealand, the length of the term of office of a local government elected representative is three years. At a meeting of Northland Regional Council on 18 February 2020, it was agreed to seek formal support for this remit from Zone One as a pre-requisite for proposing at the LGNZ 2020 AGM.

#### 2. Background to its being raised

##### Northland Regional Council's remit background

Advocates for extending the election cycle to four years would say that a longer electoral term:

- Promotes longer term thinking and decision-making by councillors. An example of this would be a longer electoral cycle would encourage councillors to lengthen their investment horizon when making financial investment decisions;
- Allows for more time to implement a local government vision by extending the productive working time of a council and reducing councillor turnover;
- Gives more time for new councillors to learn and conduct their duties thereby increasing councils' overall productivity as councillors spend more time governing and less time campaigning;
- Reduces voter fatigue and in turn may result in increased voter turnout;
- Reduces the administration costs of setting up and inducting a new council thereby increasing operational efficiency – particularly of governance staff;



- Provides more opportunity to direct energy and provide certainty for longer term planning and more significant activities such as large capital projects;
- More stable decision-making framework for council through greater opportunity for long term planning;
- Enables implementation of longer term council policies within a single term of office;
- Less pressure on new councillors to get up to speed;
- Longer terms have the potential to be more conducive to stable governance; and
- Provides cost savings by reducing the number of elections. The cost of the last election was approximately \$180,000 – a four year cycle would save this complete amount each third electoral cycle.

Opponents would say that:

- A longer electoral term is a barrier to participation as potential councillors must make a longer commitment to their term in office;
- There is additional expense to educate the public of the change as New Zealanders are very accustomed to three year electoral cycles for both local and national government;
- The shorter term enforces more accountability on elected representatives who face getting voted out if they don't perform as expected;
- Elected representatives must engage more frequently with constituents as they seek to stay top of mind for the next election;
- A longer term may be seen by some as reducing accountability as the community must wait a year longer to judge their council's performance through the voting process; and
- A longer time between elections gives voters less opportunity to express their opinions on the performance of their elected officials.

Extending the local government electoral cycle from three to four years would result in local government and central government elections being held in the same year once every three years. If this was considered to be an issue, then the central government electoral cycle could also be extended to four years. Similar advantages and disadvantages to the change would apply.

#### Rotorua Lakes Council remit background

By international standards, New Zealand's three- year electoral cycle is short. Far more jurisdictions have a four-year term for central government and in most cases, the length of term of office of local government will be the same as that of their central government.

Madden (2013, July 16) notes that "New Zealand is the only liberal democratic country with a unicameral system and a three-year term. Other unicameral democracies with proportional electoral systems – such as Israel, Sweden, Norway, Denmark and Finland, have four year terms."



Boston et al. (2019) state “For decades, numerous politicians, civic leaders and academics have supported extending the term of Parliament to four years. It has been argued that a modest extension of this nature would enhance the capacity for governments to undertake thoroughgoing policy reforms in a more careful, considered, evidence-informed manner...”

The members of the Constitutional Advisory Panel (2013, November) found that while a reasonable proportion of people supported a longer term, others felt that “elections are the best means for voters to hold government to account and should not be made less frequent.”

Those in favour of a four-year term provided the following reasons for their support:

- The ability to take more time to develop and implement policy could result in the public having better information about the intention of policy, to weigh the pros and cons and see results.
- The three-year term was seen as reducing certainty as policies are perceived to change every three years.
- Conversations regularly highlighted that any extension to the term of Parliament would need to be counter-balanced by mechanisms to improve law-making and accountability.

An Australian report (Bennett, 2000) promoting four-year terms for the House of Representatives provided a list of benefits that supporters for a four-year term claim.

Those of relevance to New Zealand Central and Local government include:

- Longer terms would encourage governments to introduce policies that were long-term rather than merely politically expedient.
- Longer terms would enhance business confidence.
- Over time money would be saved by having fewer elections.
- Australians dislike the frequency they are required to vote.
- Longer periods between elections would raise the standard of political debate.

Boston et al. (2019) note that any reforms to the electoral cycle would require public endorsement via a referendum and that the main political challenge would be convincing the public of the desirability of change. They also point to the two referenda held in New Zealand in 1967 and 1990 on increasing the parliamentary term, which were both heavily defeated. The Constitutional Advisory Panel (2013, November).

While achieving public support for change would be a challenge, another commentator (Singh, S., 2019) notes that the composition of New Zealand has changed dramatically since the two referenda. He points out that New Zealand’s migrant population has significantly increased and that “to many...who have lived overseas and seen a five-year parliamentary term, the idea of a three-year cycle, is an intriguing deviation from an experience they have understood as normal.”



While the case for changing the electoral cycle for central government may be stronger, discussion by elected members in local government in New Zealand supports a change to a four-year term for local government also. Their comment is included below.

- The new norm is that there is an expectation that central and local government will work together in partnership. The current three-year electoral cycle is unbalanced. In addition, generally seven out of every ten years is an election year for either local or central government. This is disruptive and short-term political decision-making results.
- In local government, a longer electoral cycle would enable new councillors to be better educated and informed on long term, infrastructure and financial planning. Currently the importance of the Long Term Plan window (ten years) is not well understood in the sector.
- Short-term political decision-making by local government results in uncertainty and a lack of investor confidence. This is also detrimental to the new partnership approach that councils are seeking to develop with their local investors and stakeholders.

Dr Mike Reid notes that for a four-year term for local government to be acceptable to New Zealand citizens, there must be an adequate accountability framework to protect communities. He notes that if local government was to move to a four-year term, there must be a way for citizens to call a new election should the governing body become inoperable. An accountability framework could include a recall provision which would, on the basis of a petition signed by a sufficient number of residents, force a new election, as argued for in the LGNZ manifesto in 2017.

# 7

## Water bottling

<b>Remit:</b>	That LGNZ works with the Government to: <ol style="list-style-type: none"> <li>1. Place a moratorium on applications to take and/or use water for water bottling or bulk export;</li> <li>2. Require and enable regional councils to review inactive water bottling consents, with a view to withdrawal of the consent and discourage consent 'banking';</li> <li>3. Undertake an holistic assessment of the potential effects of the current industry, its future growth and the legislative settings that enable Councils to effectively manage those effects; and</li> <li>4. Initiate a comprehensive nationwide discussion on the issue of water bottling and implement any changes to legislation and policy settings as required.</li> </ol>
<b>Proposed by:</b>	Queenstown-Lakes District Council
<b>Supported by:</b>	Greater Wellington Regional Council; Tauranga City Council; Thames-Coromandel District Council; Upper Hutt City Council; and Waitaki District Council.

### Background information and research

#### 1. Nature of the issue

The water-bottling industry in New Zealand is young and relatively unregulated. A comprehensive review of legislation and policy needs to be developed in order to fully understand and address its potential effects on community wellbeing and resilience.

The sustainability of water bottling and its associated implications for global plastic waste, local property rights and Māori freshwater rights need to be considered. The effects of climate change on groundwater systems are not yet well understood. Further research is required.

The implications of 'banking' water-bottling consents needs to be fully explored. The amount of water bottled reaches 157.8 million litres annually (as at January 2018), however there are consents available to extract 71.575 million litres of water per day for both bottled water and for mixed uses. The consequences of rapid uptake and growth in the industry are unknown, but could artificially raise land values and make access to water unaffordable.



Therefore, where water is unlikely to be bottled, consents should be available to be reviewed, or in the case of mixed-use consents, water bottling removed as a purpose of the water take.

It is timely to reconsider legislation and policy, given many catchments are nearing their allocation limits and the National Policy Statement for Freshwater Management is under development.

It is important to note that the intent of this remit is not to impact existing water-bottling operations, nor to make judgements on the merits or otherwise of the industry. The focus of this remit is on obtaining a comprehensive understanding of the industry, its potential for growth, the range of externalities such growth may cause and the policy and legislative settings required to address this.

## **2. Background to its being raised**

### The Industry

Large-scale water bottling is a relatively new industry in New Zealand. As a result, there is no clear policy governing the use of water for bottling, and the industry is not specifically regulated. Managing the effects of the industry requires the alignment of a range of interdependent policies and legislative tools that determine who can access water, for what purpose and under what conditions. A review is required to understand how best to co-ordinate these tools.

The value proposition of water bottling has resulted in the 'banking' and sale of water bottling consents, raising the value of land and effectively creating an unregulated market for water. This can lead to confusion between these outcomes and s122(1) RMA which states that a resource consent is neither real nor personal property. This issue is exacerbated by increasing demand for water, the fact that many catchments are at or approaching full allocation, and the extent to which some regional plans enable existing water consents to be varied to enable water bottling. As the future utilisation of water will become increasingly competed for, understanding what our communities' priorities for this resource are must be fully debated and understood.

Any review needs to also consider the value and reliance placed on consents by owners and operators, and the impact on established property rights, which will need to be addressed.

### Overseas Interests

Since 2013, New Zealand Trade & Enterprise (NZTE) has invested in eight water bottling companies through its Focus 700 Group programme, to support the growth of water exports. Although NZTE no longer encourages the sale of NZ's water, it does facilitate the sale of land for the holders of water permits. It is worth noting that certain provisions of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) make it unclear whether NZ drinking water suppliers can be prioritised to ensure NZ communities will always have access to affordable clean drinking water.



Under the OIA foreign investment in NZ's water cannot be managed effectively as water is not defined as a 'sensitive' asset. Treasury has confirmed that our existing free trade agreements do not allow the creation of new classes of sensitive assets.

Therefore, foreign investment in water bottling can only be limited where the water is to be extracted from sensitive land and only if the 'good character' or 'benefit to NZ' tests are not met.

In 2018 Land Information New Zealand (LINZ) Minister Eugenie Sage was unable to decline Cresswell NZ's application to purchase of sensitive land for a water bottling plant. She stated that the provisions of the Overseas Investment Act prevented her declining the application. Subsequently, the government has proposed amendments to the OIA6 that (if enacted) will allow applications involving the extraction of water for bottling to be declined if they are likely to result in a negative impact on water quality or sustainability.

#### Community Sentiment and Maori Cultural Values

New Zealand has demonstrated community concern in relation to water bottling in recent years, presenting petitions and participating in protests on a number of occasions.

On the matter of water export and Maori cultural values, Ngati Awa has appealed the Environment Court Decision arguing that the application is "for too much water to be sold too far away" (at [35]). Their position is that in these circumstances te mauri o te wai and their tangata whenua right to act as kaitiaki of the water are lost.

#### Waste and Plastic

On the matter of plastic production, it is unclear under which vehicle this can be managed. In the Minority Judgement of the Environment Court against Cresswell NZ (10 December 2019), Commissioner David Kernohan found (at [346]) that "the pollution created from the production and specifically end use disposal of plastic water bottles does not meet the objectives and policies of the RMA". However, the Majority of the Court found that the end uses of the water which involved putting the water in plastic bottles were found to be "ancillary activities which are not controlled under the Regional Plan" and that there had been "no suggestion that control of such activities comes within the ambit of the functions of the regional council under s30RMA" (at[64]).

#### Impact on Local Government

The effects of the water bottling industry on local councils, as water suppliers and as the owners of transport networks, may be significant and there are a number of examples of this being the case. However, their ability to submit and appeal may be limited by notification provisions.

There are currently three appeals before the High Court. These challenge applications for consent in Belfast and Otakiri and deal with questions related to the allocation of water for water bottling including the ability to consider the effects of plastic bottle production as an end-use of water, the effects of water export on te mauri o te wai and kaitiaki rights under Te Tiriti and the correct process for changing the purpose of a water take.



A levy on water bottling is a response to perceived issues of fairness but this policy could itself have unintended consequences if implemented in isolation and without an assessment of the kind proposed by this remit.

QLDC is therefore proposing comprehensive policy and legislation based on consultation with councils and the community.

### 3. New or confirming existing policy

This Remit represents a new policy position for LGNZ and for central government.

### 4. How the issue relates to objectives in the current Work Programme

This remit could accelerate the debate on water allocation and highlight any issues within the RMA and/or the NPS-FM. This could significantly influence the existing LGNZ programme of work in relation to strategic and policy advice to Central Government.

The results may feed into Stage 2 of the reform of the RMA as well as LGNZ's Water 2050 project which could lead to changes that ensure communities are resilient in the face of climatic changes that will impact productive land and water bodies, including sources of drinking water.

The following matters may be raised in delivery of the current work programme in relation to this remit:

#### Resource Management Act

- Adding consideration of the effects of plastic production to the RMA as a Part 2 matter of national importance.
- Adding effects on Climate Change to the RMA as a Part 2 matter of national importance.
- Greater use of regional councils' powers under s30 RMA to allocate water amongst competing activities with a view to:
  - Zoning water and controlling its use in the same way land use is controlled.
  - Using water allocation as a tool to incentivise resilience and sustainable outcomes.
  - Protecting our deep, clean aquifer water for domestic and community supply.
- Reviewing the provisions governing the variation and transferability of water permits and the effects of those on consent holders' rights as well as the possibility for unregulated water markets.



National Policy Statement on Freshwater Management Development

- Redefining 'efficient allocation' in the draft NPS-FM and regional plans so that when councils are deciding "how to improve and maximise the efficient allocation of water" and identifying in "methods to encourage the efficient use of water"<sup>12</sup> within regional plans, it is clear they are seeking to not only maximise jobs and minimise 'waste', but also to maximise the wider economic, social, cultural, environmental and health benefits of water allocation.
- Re-wording Policy 4 of the draft NPS-FM and the policies for implementing integrated management of land and freshwater (at 3.4 (1) to (4))<sup>13</sup>. The proposed approach is one directional, considering only the effects of land use on fresh water. Rewording these policies may lead to more efficient and sustainable allocation of water.

**5. What work or action on the issue has been done and what was the outcome**

QLDC wrote to Minister Parker in February requesting a moratorium on new and existing water bottling consents. This was written in support of an initial proposal by Upper Hutt City Council.

**6. Any existing relevant legislation, policy or practice**

Existing legislation, policy and practice reflects a complex landscape where far greater alignment is required if effective regulation and understanding is to be achieved.

There is some concern that a levy implemented in isolation may not address the issues that communities and local councils will be faced with if the industry grows. Concerns have also been raised that a levy may incentivise or prioritise the grant of water bottling consents as a result of the revenue stream that would be created.

Section 30 RMA 14 provides regional councils with the power to add rules to their plans to allocate water amongst competing activities, in much the same way as district councils can zone land and prioritise, discourage, prohibit or otherwise control different land uses. This power has not been exercised to any great extent to date. Regional Councils have preferred to allocate water on a 'first complete application, first assessed' basis in line with case law, and to grant consent as long as the water 'take' is sustainable and the purpose reflects efficient use. However, in theory, regional councils could undertake a broader assessment of the effects of using water for bottling, and then either prioritise, discourage or prohibit water bottling (across whole catchments or for specified water bodies or depths).

Christchurch's ground water zones are by and large fully allocated and new applications to take water are prohibited. Consent holders have been applying to Environment Canterbury to vary existing industrial and irrigation consents to enable water bottling. There is no ability to use s127 due to the activity being outside the scope of the original applications.



The process being used to vary the consents involves the grant of a new 'use' consent. Whether this process is lawful under the RMA and the Canterbury Land and Water Regional Plan, will be determined by the Court. This highlights the difficulty for planners implementing resource management provisions that are unclear and inadequate in terms of managing the allocation of water in fully allocated catchments. Three consents have been varied in this way and a fourth is being processed.

Plan changes of this nature would come at significant cost to the ratepayer and could not be implemented quickly. Signalling such a plan change might trigger a wave of applications. Therefore, and given that this is an issue that will affect all councils (albeit in different ways), the best way forward is likely to be a moratorium on new consents followed by a review or discussion covering the matters set out below. Any significant policy changes could be required to be implemented via Schedule 1 and an amendment to the NPS-FM, but only if a clear problem is identified and only after consultation with LGNZ and Councils.

The Overseas Investment Amendment Bill (No 3) also references water bottling and this is now with the Select Committee Finance and Expenditure (submissions closing 31 August 2020). Currently the Amendment Bill reads that if overseas investment in sensitive land involves the extraction of water for bottling or other extraction in bulk for human consumption, then an additional factor of the benefit to NZ test would be whether the overseas investment is likely to result in a negative impact on water quality or sustainability. If enacted this would not apply to all investments in water bottling plants by overseas interests.

**7. Outcome of any prior discussion at a Zone/Sector meeting**

Not considered by a Zone or sector meeting.

**8. Suggested course of action envisaged**

That LGNZ works with the Government to:

- Place a moratorium on applications to take and/or use water for water bottling or bulk export;
- Require and enable regional councils to review inactive water bottling consents, with a view to withdrawal of the consent and discourage consent 'banking';
- Undertake a holistic assessment of the potential effects of the current industry, its future growth and the legislative settings that enable Councils to effectively manage those effects.
- Initiate a comprehensive nationwide discussion on the issue of water bottling and implement any changes to legislation and policy settings as required.

# 8

## Quorum when attending local authority meetings

<b>Remit:</b>	That LGNZ requests central government amend legislation to enable elected or appointed members, connecting remotely to a public council meeting, be included in the quorum. This would provide an option for local authority meetings to be held completely remotely, if required.
<b>Proposed by:</b>	Waikato District Council
<b>Supported by:</b>	Hamilton City Council; Hauraki District Council; Thames-Coromandel District Council; Taupō District Council; Ōtorohanga District Council; South Waikato District Council; Waipa District Council; and Waitomo District Council.

### Background information and research

#### 1. Nature of the issue

Prior to the COVID-19 pandemic, legislation required that members had to be physically present at a meeting to be included in the quorum. Under the LGNZ template Standing Orders, members attending by audio or audio-visual means can participate and vote on matters presented at meetings.

To enable public meetings to continue during COVID-19, the COVID-19 Response (Urgent Management Measures) Legislation Act 2020 (the COVID-19 Act) amended sections of the Local Government Act 2002 (LGA) and Local Government Official Information and Meetings Act 1987.

These amendments included:

- Local authority or committee members who join a meeting by audio or audio-visual means were counted for the purpose of a quorum.
- Open public meetings to be livestreams, where reasonably practicable to do so.
- Provide either an audio or video recording, or written summary, of the open public meetings on the local authority's website as soon as practicable after the meeting.

For many councils, this has provided an opportunity to adopt an innovative approach to hold public meetings, resulting in benefits for local government democratic processes, financial and resource efficiencies and environmental improvements (detailed further below).

This remit requests that the legislative amendments introduced for COVID-19 are retained (beyond the term of the Epidemic Preparedness (COVID-19) Notice 2020) as an option for local authorities to adopt via their Standing Orders.

For clarity, the remit:

- Contemplates that:
  - Members attending meetings by audio or audio-visual link are still entitled to participate and vote on agenda items; and
  - Requests to attend a meeting by audio or audio visual link should still be made to the Chairperson, for his/her approval, prior to the meeting, as detailed in the LGNZ template Standing Orders;
- Does not propose that meetings where a quorum (or more) of members attends remotely become the only or dominant means to hold local authority meetings; simply that this is retained as an option for each council to consider using via its Standing Orders; and
- Supports the retention of the COVID-19 LGOIMA amendments to protect transparency and public access to local authority meetings.

## 2. Background to its being raised

The LGA was amended in 2014 to enable members to join a meeting by audio or audio-visual link, subject to certain procedural requirements being met and the local authority's Standing Orders permitting such remote attendance. However, only members physically present are to be counted toward the meeting's quorum. For council meetings, this requires:

- Half of the members to be physically present (if the number of members, including vacancies, is even); or
- A majority of members to be physically present if the number of members (including vacancies) is odd.

The COVID-19 Act was enacted in response to the restrictions imposed on the New Zealand population, including travel prohibition and social distancing. The COVID-19 Act's amendments to the LGA and LGOIMA (noted above) meant public meetings could be undertaken entirely by remote means (ie audio or audio-visual), subject to certain requirements to protect public access and transparency of local authority meetings. In particular, all members of a local authority or committee could attend remotely and be included in the quorum for a meeting (rather than having to be physically present at a specified meeting venue). These legislative amendments will be repealed on the expiry or revocation of the Epidemic Preparedness (COVID-19) Notice 20201.

The remit's proposal is made in a climate of uncertainty about the long-term impacts of the global pandemic, including financially for communities and councils alike, as well as the opportunities and flexibility that the legislative amendments have brought for local authorities and their respective communities in relation to public meetings.



### 3. New or confirming existing policy

This remit supports LGNZ's existing policy framework around local democracy and the environment, in particular. No new policy work is required.

### 4. How the issue relates to objectives in the current Work Programme

The remit supports some of LGNZ's key policy priorities:

#### Local democracy

- Remote meetings help with LGNZ's goals of reinvigorating local democracy and modernising local government legislation.
- Wider public access to local authority and committee meetings, with potential of a significant increase in members of the public able to view livestreamed coverage compared to travelling to attend a meeting. This is a particular benefit for local authorities with large geographic boundaries or that have a significant rural resident population.
- The wider reach of livestreamed meetings also enhances community engagement and understanding of local government, which may have a positive effect on voter participation at local authority elections.
- The public still being able to participate in open public meetings, if required, via audio-visual tools available.
- Supporting more diversity in representation as this would facilitate people who are unable to travel or be present in person because of workload, family commitments, disability or other factors.

#### Climate change

- Enabling members and communities to adapt towards a low carbon economy through reduction in travel.

### 5. What work or action on the issue has been done and what was the outcome

With the advance of COVID-19 Act changes, local authorities have been required to implement, and benefitted from, innovative ways to continue holding public meetings while maintaining the public's access to local government decision-making. This has been able to be achieved at minimal cost to local authorities, which may not otherwise be in a position to put in place more high-tech options for live-streaming of meetings from council offices. As a result, for some councils, returning to a requirement for a quorum to be physically present at all meetings will be a 'step backwards'.



In addition to the advantages already canvassed, providing an option for local authorities to have a quorum (or more) of members attending meetings remotely has resulted in:

- More efficient use of members' time (eg reduction in travel required) for their other roles and responsibilities; and
- Reduced operating costs associated with holding public meetings at council premises.

**6. Any existing relevant legislation, policy or practice**

The current, temporary legislative framework that has enabled greater utilisation of remote meetings has been noted above. The remit proposes that the legislative amendments to the LGA and LGOIMA are embedded permanently, with each council having the option of incorporating this framework in its Standing Orders (similar to that contemplated under clause 25A(1)(a), Schedule 7, LGA).

**7. Outcome of any prior discussion at a Zone/Sector meeting**

The issues in this remit have been discussed at the Waikato Mayoral Forum.

**8. Suggested course of action envisaged**

LGNZ is to:

- Work with central government and relevant stakeholders to advocate for legislative changes to the LGA and LGOIMA, enabling a quorum (or more) of members to attend a public local authority meeting remotely; and
- Update the Standing Orders template to reflect the proposed legislative changes, which each local authority can adopt as an alternative option to holding 'in person' meetings.

# 9

## Use of macrons by local authorities

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<b>Remit:</b>	That LGNZ work with central government to put in place a simplified process for the addition of macrons to council names if requested by that council or its community.
<b>Proposed by:</b>	Waipa District Council
<b>Supported by:</b>	Zone Two

### Background information and research

#### 1. Nature of the issue

Waipā is proposing that LGNZ work with central government to address the issue of the use of macrons by local authorities through legislative or other reform. Local authorities are corporate bodies created by statute under the Local Government Act 2002 (LGA), the legal names are listed in Schedule 2 of the LGA which can only be changed through rather complex legislative processes. Councils are not able to have trading names in the way that companies do, but some councils use a 'trading name' for the name or brand that the council prefers to operate under, which is different from the legal name in the LGA.

This is not uncommon, for instance, Kapiti Coast District Council trades as the Kāpiti Coast District Council, the Rotorua District Council trades as the Rotorua Lakes Council and the Manawatū-Whanganui Regional Council trades as the Horizons Regional Council.

There are some particular situations where Council needs to use its legal names (eg legal proceedings, contracts, invoices, etc) but other than that, it can use a trading name, for example for branding and signage.

#### 2. Background to its being raised

To date, changes to local authority names to include macrons have resulted from applications to the New Zealand Geographic Board, which can alter the name of a district if the local authority consents to (third parties can apply), or requests the alteration. There is no fee for the request but a council will incur costs in preparing an application by undertaking research and preparing evidence to support the application (such as evidence of consultation with local Iwi).



Consideration of applications can take one to two years and involve the Geographic Board undertaking consultation on the matter. Any opposition is referred to the Minister for Land Information for decision. If the application is successful, then there will be a formal change in name for the district and the Government is obligated to instigate an Order in Council process to change the name in Schedule 2 of the LGA.

There are three councils which have gone through this process in the last two-three years. The Manawatū-Whanganui Regional Council applied to change its own name (to include the macron and adding an 'h' in to "Whanganui"). The two other changes for Ōpōtiki and Ōtorohanga District Councils resulted from applications by the Office of Treaty Settlements as part of settlement agreements with local iwi.

Other councils, including Waipā use macrons but for which there is no macron in the legal name, as follows:

- Kaikōura District Council;
- Kāpiti Coast District Council;
- Rangātīkei District Council;
- Taupō District Council; and
- Whakatāne District Council.

There are other councils which could include macrons but which do not currently use them and for which there is no macron in their legal name. For this reason, Waipā District Council considers that this matter has implications for the local government sector as a whole and that it would not be efficient or cost effective for councils to individually go through the legislative processes to change a name. Perhaps the use of a macron could be managed at a national level through a change for example to the LGA.

### **3. Suggested course of action envisaged**

Based on legal advice from Simpson Grierson, there are five potential options for addressing this issue at a national level as follows:

- Option 1: New Zealand Geographic Board could proactively change the names of districts and regions.
- Option 2: The Minister of Local Government could recommend local authority name changes that involve the addition of the macron (no legislative reform required for either of these options).
- Option 3: Parliament could amend Schedule 2 of the LGA to change all local authority names that should include macrons.
- Option 4: Parliament could amend Schedule 2 of the LGA to change the names of self-elected local authorities who wish to include macrons in their names.
- Option 5: Parliament could insert a new section in the LGA to provide that use of a local authority name, or a district or region name, with the addition of a macron, is lawful and will not invalidate any action.



There are a number of advantages and disadvantages associated with each of these options. It is more appropriate that LGNZ assess the options and any other possible options and explore them further with central government. Waipā District Council passed the following resolution at its meeting on 31 March 2020 in relation to using a macron and in particular to a proposed LGNZ Remit:

That –

- a) The 'Use of Macron in Local Authorities Names' report (document number 10374311) of Jennie McFarlane, Legal Counsel be received;
- b) Council adopt a trading name of "Waipā District Council" incorporating the use of a macron to reflect correct pronunciation, which may be used in all circumstances other than when the legal name of Council under the Local Government Act 2002 and other local government legislation is required to be used;
- c) Council approve taking a remit to the next Annual General Meeting of Local Government New Zealand (LGNZ), whenever that is held, requesting that LGNZ work with central government to address the use of macrons and changes to the names of local authorities, through legislative or other reform, in the interests of the local government sector and the wider community, in accordance with the process required by LGNZ for remits;
- d) Council to approve seeking support at the next Zone Two meeting or directly, from other local authorities in New Zealand for the proposed remit as required by the LGNZ remit process; and
- e) Council undertake further consultation with Waikato Tainui.

# 10

## Rates rebates for low income property owners

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**Remit:** That the Government lift the level of rates rebates available for low and fixed income property owners – with yearly increases taking into account the cost for inputs into local government services.

**Proposed by:** Whanganui District Council

**Supported by:** Palmerston North City Council; Napier City Council; Manawatū District Council; South Taranaki District Council; and Rangitikei District Council.

### Background information and research

#### 1. Nature of the issue

The following issues have been identified:

- (a) The level of rates rebates for low and fixed income property owners as a proportion of rates has gradually reduced for those on low and fixed incomes.
- (b) This level of support has not kept pace with the cost of living and provides significant financial hardship for some members of the community.
- (c) This level of support has not kept pace with the benchmark for council costs and provides significant financial hardship for some members of the community.

#### 2. Background to its being raised

The rates rebate scheme is a partial refund for people who pay rates to their council, providing financial relief for low income residents who own their own home. This is funded by central government through the Department of Internal Affairs. A person who directly pays local authority rates, and meets the household income criteria, is currently eligible for a rates rebate of up to \$640.

In 2006 the rates rebate was significantly increased and over the last decade there have been incremental yearly adjustments, however, these have lagged behind CPI increases. A further small boost to the scheme was introduced in 2019 – lifting the rate from \$630 to \$640 and the income abatement threshold from \$25,180 to \$25,660.



As local authority costs have increased above that of inflation, this has resulted in local authorities either needing to increase rates or reduce existing levels of service. The effect of this is that, over time, the level of rates rebates as a proportion of the total local authority rates has significantly decreased.

This issue is of particular concern for low and fixed income property owners who may be experiencing housing stress, notwithstanding the fact that they may own their own family home mortgage-free (eg superannuitants).

As at 2 March 2020 the Department of Internal Affairs had approved payments for 103,367 applications – a total of \$60,201,285 (GST inclusive).<sup>1</sup>

**Table 1: Increase in rates rebate, CPI and local authority costs from 2010 to 2020**

Year	Max Rebate	% Change	CPI (Stats NZ)	Difference between CPI and Max Rebate increases	Benchmark for local authority costs (Berl)	Difference between local authority costs and Max Rebate increases
2010/11	\$ 570	3.64%	5.35%	-1.72%	2.28%	1.36%
2011/12	\$ 580	1.75%	9.51%	-7.76%	3.05%	-1.30%
2012/13	\$ 590	1.72%	7.23%	-5.51%	1.94%	-0.21%
2013/14	\$ 595	0.85%	1.64%	-0.79%	1.68%	-0.83%
2014/15	\$ 605	1.68%	3.80%	-2.12%	2.09%	-0.41%
2015/16	\$ 610	0.83%	4.28%	-3.45%	1.29%	-0.47%
2016/17	\$ 610	0.00%	1.74%	-1.74%	1.49%	-1.49%
2017/18	\$ 620	1.64%	1.48%	0.16%	1.88%	-0.25%
2018/19	\$ 630	1.61%	1.67%	-0.05%	2.77%	-1.16%
2019/20	\$ 640	1.58%				

### 3. New or confirming existing policy

This remit would build on existing policy and would require the level of rates rebate to increase, with yearly adjustments taking into account the cost increases for inputs into local government services.

<sup>1</sup> <https://www.stuff.co.nz/national/119883361/productivity-commission-recommends-scrapping-rates-rebate-scheme>  
Retrieved 12 March 2020.



The Productivity Commission suggests that: “the rates rebate scheme is poorly targeted and unfair”. It recommends that it be replaced with a national rates postponement programme, or that the scheme at least shift to being online. Local Government Minister Nanaia Mahuta has indicated that the government is carefully considering the recommendations.

**4. How the issue relates to objectives in the current Work Programme**

‘Social’ is one of LGNZ’s five policy priorities. This focuses on disparity, housing issues and ageing communities:

“Social: Working alongside central government and iwi to address social issues and needs in our communities, including an aging population, disparity between social groups, housing (including social housing) supply and quality, and community safety.”

**5. What work or action on the issue has been done and what was the outcome**

This remit was originally prepared in 2018 and submitted for consideration. The LGNZ Remits Committee reviewed this and referred it instead to officials to raise with the Productivity Commission as part of the review of local government funding.

The Productivity Commission has since recommended that the government remove the rates rebate system and replace it with a national scheme for postponing rates. The Commission considered that central government is in the best position to tackle pressures on low-income households facing high housing pressures and the current scheme is inequitable, as well as administratively ‘cumbersome’ and modest in its approach (amounting to little over \$12 a week).

This has not found favour with many groups – particularly those who advocate for older New Zealanders. For example, the national president of Grey Power has stated that the organisation “absolutely disagreed” with abolishing the scheme. In addition, a local association (Tauranga and Western Bay of Plenty) submission to the Commission recommended a resetting of the maximum rebate to restore it to previous levels and to align this with cost of living increases. This suggested a maximum rebate of \$1,000 – indexed each year by the average rate increase across the country.



**6. Any existing relevant legislation, policy or practice**

Rates Rebate Act 1973

- Provides for a rates rebate on local council rates by a specified amount each year, dependant on income.
- Since 2008 the specified amount has been adjusted each year through Orders in Council.
- 2019/20 – Maximum rebate - \$640.

Accommodation Supplement

- Available for very low incomes.

**7. Outcome of any prior discussion at a Zone/Sector meeting**

With the relevant Zone meeting postponed, support was sought from councils directly. The following councils endorse this remit:

- Palmerston North City Council;
- Napier City Council;
- Manawatū District Council;
- South Taranaki District Council; and
- Rangitikei District Council.

**8. Suggested course of action envisaged**

That LGNZ pursue an increase in the rates rebate for low income property owners and that this should match ongoing cost increases for local government.

**9. Discussion and conclusion**

The affordability of rates is not just a question of the quantum of rates and charges but also the ratio of rates and charges relative to income. The rates rebate scheme was introduced in 1974 and was designed to provide assistance to low income residential ratepayers. Over the longer term the quantum of the rates rebate has generally matched CPI, however, this ignores the fact that local authority core inputs are rising well above those of core inflation. Furthermore, over time the Act has not kept pace with the changing nature of tenure or technology. It is requested that the Government lift the level of rates rebates available for low and fixed income property owners.

# 11

## Local Government's CO2 emissions

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<b>Remit:</b>	That the Government implement an independent scheme, based on the United Kingdom model operated by the Department of Business, Energy and Industrial Strategy, to measure and report on carbon emissions at a district level.
<b>Proposed by:</b>	Whanganui District Council
<b>Supported by:</b>	Palmerston North City Council; Napier City Council; South Taranaki District Council; Hastings City Council; and Horizons Regional Council.

### Background information and research

#### 1. Nature of the issue

The following issues with the current system have been identified:

- There is no national standard for reporting on carbon emissions at a district or regional level.
- The system lacks incentives, structures and information sharing mechanisms that would enable and encourage local government authorities, regional economic development agencies and individual businesses to:
  - Identify best practice in similar regions; and
  - Undertake targeted work that prioritises the reduction of their CO2 emissions.
- The proposal that large energy users publish Corporate Energy Transition plans as outlined in MBIE's Discussion Document: *Accelerating Renewable Energy and Energy Efficiency*, will only address these concerns to a limited degree.

#### 2. Background to its being raised

New Zealand is committed to both domestic and international climate change progress. As a party to the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol, progress towards meeting our commitments is documented in New Zealand's National Communication and Biennial Reports.



These summarise New Zealand's domestic greenhouse gas emissions profile, climate change policies and measures, our support for developing countries, and progress on implementing our obligations under the UNFCCC. At present, New Zealand is not meeting its international targets and further actions need to be taken.

A feature of our national psyche is the pride New Zealanders place on performing above our weight in the sporting arena. There is significant, untapped potential for the nation's competitive streak to be harnessed in pursuit of fulfilling our climate change mitigation ambitions. Developing and reporting on an externally administered measure of each district's progress in reducing its climate impact in terms of CO2 outputs is one such way of doing this.

**3. New or confirming existing policy**

The remit may require minor amendment to the Local Government Act to ensure that information that is needed for calculations to be made is required to be produced at specified intervals.

**4. How the issue relates to objectives in the current Work Programme**

This remit directly aligns with LGNZ's 'Environment' policy priority. In particular, it supports the Climate Change Project and is related to Outcome three: "A local government view on emission reduction targets for New Zealand, and how to achieve these."

It assists with the following project deliverable: "Support councils to take action to mitigate the impacts of climate change, and encourage greater action by their communities on contributing to the reduction of greenhouse gas emissions."

**5. What work or action on the issue has been done and what was the outcome**

No work has been undertaken specifically on this. However, the proposed model recommends use of the United Kingdom's approach, which is administered by the Department of Business, Energy and Industrial Strategy:

<https://www.gov.uk/government/statistics/uk-local-authority-and-regional-carbon-dioxide-emissions-national-statistics-2005-to-2017>

The United Kingdom Greenhouse Gas inventory (GHGI) is compiled annually and reported on an end-user basis using international best practice guidance, drawing on a variety of National Statistics and sector specific data sources.

This is a technically complex statistical analysis which individual local authorities would be unable to replicate, but provides consistent inventories and emissions projections of greenhouse gases and air quality pollutants.



The credibility of the report allows the results to be reported each year to the UNFCCC and the European Monitoring Mechanism Regulation (MMR). It is also used to assess compliance with the United Kingdom's domestic and international emissions.

The model has been used since 2005 and provides: "an important body of information [for] local authorities (LAs) and other relevant organisations to help identify high emitting sources of CO2 and energy intensive sectors, monitor changes in CO2 emissions over time and to help design carbon reduction strategies." (Local and Regional Carbon Dioxide Emissions Estimates for 2005–2017 for the UK Technical Report:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/812146/Local authority CO2 technical report 2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/812146/Local_authority_CO2_technical_report_2017.pdf)

Over the period for which this model has been used, and where figures are currently available (2005-17), emissions have decreased in all regions of, and for all 391 local authorities, in the United Kingdom. A scan of local authorities suggests that performing well on these measures is a key ambition that drives decision-making for many of these bodies.

**6. Any existing relevant legislation, policy or practice**

- Local Government Act 2002.
- Climate Change Response Act 2002.
- Climate Change Response (Zero Carbon) Amendment Act 2019.

**7. Outcome of any prior discussion at a Zone/Sector meeting**

With the relevant Zone meeting postponed, support was sought from councils directly. The following councils endorse this remit:

- Palmerston North City Council;
- Napier City Council;
- South Taranaki District Council;
- Hastings District Council; and
- Horizons Regional Council.



#### 8. Suggested course of action envisaged

That a suitable government department be tasked with:

- (a) Analysing and publishing each district's carbon emissions, in order to provide the most reliable and consistent possible breakdown of CO2 emissions across the country; and
- (b) Publishing interactive local authority level emissions maps that allow users to zoom in to any district and see the emissions for the area, as well as identify the significant point sources. Such maps should be possible to filter by different sectors, to view how emissions have changed across the time series so that areas of best practice can be identified.

This system would provide incentives, structures and low cost information sharing mechanisms that would enable and encourage local government authorities, regional economic development agencies and individual businesses to identify best practice in similar regions or businesses. It would also encourage them to undertake targeted work to reduce their CO2 emissions.

#### 9. Discussion and conclusion

This proposal aligns with New Zealand's international commitments, our national direction and LGNZ's work programme in terms of the mitigation of climate change. It is a system that has been shown to have positive benefits in the United Kingdom and leverages existing characteristics of New Zealanders to achieve these collective goals.



## Remits not going to AGM

The Remit Screening Committee's role is to ensure that remits referred to the AGM are relevant, significant in nature and require agreement from the membership. In general, proposed remits that are already LGNZ policy, are already on the LGNZ work programme or technical in nature will be referred directly to the National Council for their action. Remits that fail to meet criteria will be declined.

### 1. Chief Executive remuneration

- Remit:** That LGNZ works with central government to investigate the potential of a centralised and independent organisation (such as the State Services Commission or the Remuneration Authority) to establish recommended remuneration levels/packages of local government chief executives.
- Proposed by:** Hamilton City Council
- Supported by:** Tauranga City Council; Waipa District Council; Tasman District Council; and Napier City Council.
- Recommendation:** That the remit is referred to the National Council for consideration.

### 2. Loans for low cost housing

- Remit:** That the Government provide interest-free loans to support the delivery of new low cost housing by relevant agencies, including councils, and that central government consider any additional mechanisms that would support councils and other relevant community agencies to respond to the housing crisis.
- Proposed by:** Whanganui District Council
- Supported by:** Palmerston North City Council; Napier City Council; Manawatū District Council; South Taranaki District Council; and Hastings District Council.
- Recommendation:** That the remit is declined on the basis that it is largely the same as the social housing remit adopted in 2019.

## Rule change

A rule change proposal will be included in the AGM papers that are due for distribution in early August.

At the National Council meeting in July 2020 a resolution was passed proposing a change to LGNZ rules for consideration by the members at the upcoming AGM on 21 August 2020. Rule K1 confers on the National Council the right to propose a rule change. Pursuant to Rule K4(b), a two-thirds majority of members voting at the AGM is required to pass a rule change proposal.

### The Proposal

The proposed rule change would reduce the term limit on the office of the President from three terms to two terms (nine years to six years).

The term limit was last altered at the Special General Meeting in early 2014 when the term was increased to three terms from two terms.

The proposed rule change and reads as follows:

Proposal – Change the maximum number of consecutive terms of office of the President from 3 to 2:

1. Rule F15: Delete the word 'three' from the first sentence and replace with the word 'two' so that the Rule F15 then reads:

'F15 No person may hold office as President for more than two consecutive terms, provided that any person who holds office as President by virtue of an appointment in accordance with Rules F27 to F32 is eligible for re-election at the end of the expired term of office of that person's predecessor. For the avoidance of doubt, a term under this Rule does not include any period of office held by a President by virtue of an appointment in accordance with Rules F27 to F32.'

### **Related Motion**

That the Council supports/ does not support the change to the wording of Rule F15:

No person may hold office as President for more than two consecutive terms, provided that any person who holds office as President by virtue of an appointment in accordance with Rules F27 to F32 is eligible for re-election at the end of the expired term of office of that person's predecessor. For the avoidance of doubt, a term under this Rule does not include any period of office held by a President by virtue of an appointment in accordance with Rules F27 to F32.

## Election of LGNZ President and Vice President

Nominations for the positions of LGNZ President and Vice-President for the 2020-2023 term were called for on 14 April 2020. An election for each position will be conducted at the LGNZ Annual General Meeting on Friday 21 August 2020.

Two valid nominations were received for the position of LGNZ President. The nominated candidates are:

1. Councillor Stuart Crosby, Bay of Plenty Regional Council; and
2. Mayor Alex Walker, Central Hawke's Bay District Council.

Two valid nominations were received for the position of LGNZ Vice-President. The nominated candidates are:

1. Mayor Gary Kircher, Waitaki District Council; and
2. Mayor Hamish McDouall, Whanganui District Council.

### Related Motions

That the Council supports the election of ..... as LGNZ President for the 2020-2023 term.

That the Council supports the election of ..... as Vice-President for the 2020-2023 term.

**9 CONFIRMATION OF MINUTES****9.1 CONFIRMATION OF MINUTES**

**Author:** Tanicka Mason, Democracy Services Advisor

**Authoriser:** Leyanne Belcher, Democracy Services Manager

**RECOMMENDATIONS**

That the minutes of the Strategy & Operations meeting on 5 March 2020 be accepted as a true and accurate record of the meeting.

**APPENDICES**

1. Minutes of the Strategy & Operation Committee Meeting held 5 March 2020 [↓](#)

**MINUTES OF KAPITI COAST DISTRICT COUNCIL  
STRATEGY AND OPERATIONS COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, GROUND FLOOR, 175 RIMU ROAD, PARAPARAUMU  
ON THURSDAY, 5 MARCH 2020 AT 9.30AM**

**PRESENT:** Cr James Cootes, Cr Gwynn Compton, Deputy Mayor Janet Holborow, Cr Angela Buswell, Cr Jackie Elliott, Cr Martin Halliday, Cr Sophie Handford, Cr Jocelyn Prvanov, Cr Bernie Randall, Cr Robert McCann

**IN ATTENDANCE:** Mr James Jefferson, Mr Sean Mallon, Mrs Janice McDougall, Ms Natasha Tod, Mr Grayson Rowse, Ms Jacinta Straker, Mr Darryn Grant, Mrs Samara Shaw, Mr Terry Crichton

**APOLOGIES:** Mayor K Gurunathan

**LEAVE OF ABSENCE:** Nil

**1 WELCOME**

**2 COUNCIL BLESSING**

Cr Cootes welcomed everyone to the meeting and read the Council blessing.

**3 APOLOGIES**

**COMMITTEE RESOLUTION 2020/5**

Moved: Cr Gwynn Compton

Seconder: Deputy Mayor Janet Holborow

That apologies from Mayor K Gurunathan be received and accepted.

**CARRIED**

**4 DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA**

Nil

**5 PUBLIC SPEAKING TIME FOR ITEMS RELATING TO THE AGENDA**

Trevor Daniels spoke to item 8.2 on the agenda and answered questions from members.

**6 MEMBERS' BUSINESS**

(a) Public Speaking Time Responses

Sean Mallon responded - no plan for extended Corona virus reposnes except for maintianing council services. Central government responsible for wider public response. Cr Halliday spoke of information relayed to Kapiti Health Advisory Group

- (b) Leave of Absence
- (c) Matters of an Urgent Nature (advise to be provided to the Chair prior to the commencement of the meeting)

## 7 UPDATES

Nil

## 8 REPORTS

### 8.1 KĀPITI COAST YOUTH COUNCIL UPDATE 2020

Tania Parata and Ella Kirby presented a video and spoke to the report and answered questions from members. Cr Handford, portfolio lead for youth, commented on the presentation.

#### COMMITTEE RESOLUTION 2020/6

Moved: Cr Sophie Handford

Seconder: Cr Jocelyn Prvanov

That the Strategy and Policy Committee endorses the Kāpiti Coast Youth Action Plan 2020/21.

That the Committee take the opportunity to thank the Kāpiti Coast Youth Council for their contribution and ongoing work within the District.

**CARRIED**

### 8.2 KAPITI COAST OLDER PERSONS' COUNCIL UPDATE 2020

Beverley Chappell presented to the meeting on the history and development of the Older Persons Council. Cr Halliday, portfolio lead for older persons, spoke to the presentation. The Chair thanked Ms Chappell for her presented

*Cr Jackie Elliott entered the meeting at 10:11 am.*

Tania Parata and Claire Rewi spoke to the report and answered questions from members.

#### COMMITTEE RESOLUTION 2020/7

Moved: Cr Martin Halliday

Seconder: Cr Bernie Randall

That the Strategy and Policy Committee endorses the Kāpiti Coast Older Persons' Council's work programme for 2020. Attached as Appendix 2 of this report.

That the Committee takes this opportunity to thank the Kāpiti Coast Older Persons' Council, and council staff, for their valuable and ongoing work within the District.

**CARRIED**

### 8.3 CYCLEWAYS WALKWAYS AND BRIDLEWAYS ADVISORY GROUP - TERMS OF REFERENCE REVIEW

Alison Law and Stuart Kilmister presented report and answered questions from members

Committee Resolution 2020/8

Moved: Cr Angela Buswell

Seconder: Cr Jackie Elliott

That the Kāpiti Coast District Council adopts the Cycleways Walkways and Bridleways Advisory Group Draft Terms of Reference, 2019-2022 as attached in Appendix One of this report.

**CARRIED**

#### 8.4 FINANCE REPORT AS AT 31 DECEMBER 2019

Jacinta Straker spoke to the report and answered questions. The committee noted work by officers, through the Long Term Plan process, to improve and clarify definitions of activities. The committee thanks officers for their work in preparing this report.

*Cr Bernie Randall left the meeting at 10:24 am.*

*Cr Bernie Randall returned to the meeting at 10:25 am.*

#### COMMITTEE RESOLUTION 2020/9

Moved: Cr Jackie Elliott

Seconder: Cr Bernie Randall

That the Strategy and Operations Committee notes the actual financial performance and position of the Council for the quarter ended 31 December 2019.

**CARRIED**

Meeting adjourned at 10.37 am and resumed at 10.47am

#### 8.5 QUARTERLY ACTIVITY REPORT

Chris Pearce presented report, officers provided additional information during the presentation, and answered questions from members.

Councillors noted the work officers were planning to clarify activities and their definitions as part of the forthcoming annual plan process.

Councillors noted messaging around Takutai Coastal Summit may have lead to confusion in the public because it did not explicitly include climate change in the messaging, even though it was intended to encompass climate change.

*Cr Jackie Elliott left the meeting at 11:15 am.*

*Cr Jackie Elliott returned to the meeting at 11:16 am.*

*Cr Angela Buswell left the meeting at 11:38 am.*

*Cr Angela Buswell returned to the meeting at 11:41 am.*

*Cr Bernie Randall left the meeting at 11:41 am.*

*Cr Bernie Randall returned to the meeting at 11:42 am.*

*Deputy Mayor Janet Holborow left the meeting at 12:08 pm.*

*Deputy Mayor Janet Holborow returned to the meeting at 12:09 pm.*

*Deputy Mayor Janet Holborow left the meeting at 12:11 pm.*

*Deputy Mayor Janet Holborow returned to the meeting at 12:13 pm.*

#### COMMITTEE RESOLUTION 2020/10

Moved: Cr Jackie Elliott

Seconder: Cr Bernie Randall

That the Strategy and Operations Committee notes the content of this Activity Report for the second quarter of 2019/20 and the further work programme and project performance, other key developments and KPI results contained in the activity chapters attached as Appendix A to this report.

**CARRIED**

Meeting adjourned at 12.35pm, and resumed at 12.55pm

#### **8.6 CONTRACTS UNDER DELEGATED AUTHORITY**

*Cr Jackie Elliott left the meeting at 12:55 pm.*

Jacinta Straker presented the report which was taken as read

#### **COMMITTEE RESOLUTION 2020/11**

Moved: Cr Gwynn Compton

Seconder: Cr Angela Buswell

That the Strategy and Operations Committee notes there were three contracts accepted under delegated authority over \$250,000 for the period 1 October to 31 December 2019.

**CARRIED**

#### **8.7 FOOD STALL APPROVALS AT MARKETS, EVENTS AND OTHER SITES POLICY**

*Cr Jackie Elliott returned to the meeting at 1:00 pm.*

Leeza Boyd presented report and answered members' questions

#### **COMMITTEE RESOLUTION 2020/12**

Moved: Cr Angela Buswell

Seconder: Deputy Mayor Janet Holborow

That the Strategy and Operations Committee note this report and revoke the Council's policy on *Food Stall Approvals at Markets, Events and other sites*, previously adopted on 1 October 2009.

**CARRIED**

#### **8.8 SUBMISSION ON DRAFT NATIONAL POLICY STATEMENT ON INDIGENOUS BIODIVERSITY**

The committee noted with thanks the detail provided in the submission

#### **COMMITTEE RESOLUTION 2020/13**

Moved: Deputy Mayor Janet Holborow

Seconder: Cr Sophie Handford

That the Strategy and Operations Committee approves the draft submission to the Ministry for the Environment on *He Kura Koiora i hokia: A discussion document on a proposed National Policy Statement for Indigenous Biodiversity*, as attached as Annex 1 to this report.

**CARRIED**

**8.9 KĀPITI ECONOMIC DEVELOPMENT STRATEGY: 2020/21 MAJOR EVENTS FUND PROCESS**

Darryn Grant and Jaime Bigwood presented report and answered members' questions.

The Chair explained options for selecting an elected member representative.

*Cr Bernie Randall left the meeting at 1:12 pm.*

*Cr Bernie Randall returned to the meeting at 1:14 pm.*

**COMMITTEE RESOLUTION 2020/14**

Moved: Cr Gwynn Compton

Seconder: Cr Angela Buswell

The Strategy and Operations Committee notes the proposed timeline and process for the 2020/21 Major Event funding round.

**CARRIED**

**COMMITTEE RESOLUTION 2020/15**

Moved: Cr Angela Buswell

Seconder: Cr Gwynn Compton

The Strategy and Operations Committee nominates and approves Cr Rob McCann, with Cr Halliday as an alternative, to be a member of the 2020/21 Major Events Fund Assessment Panel.

**CARRIED**

**9 PUBLIC SPEAKING TIME**

- For items not on the agenda - nil

**The Strategy and Operations Committee meeting closed at 1.29pm.**

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**CHAIRPERSON**

**10 PUBLIC SPEAKING TIME**

- For items not on the agenda

**11 CONFIRMATION OF PUBLIC EXCLUDED MINUTES**

Nil