

Report No.	19-71
<b>Decision Required</b>	

## **ADOPTION OF THE 2019-20 ANNUAL PLAN, RATE SETTING, AND ADMINISTRATIVE CHARGES CONFIRMATION FOR 2019-20**

### **1. PURPOSE**

- 1.1. This report outlines the procedures for the approval and adoption of the 2019-20 Annual Plan, the consequential setting of the 2019-20 rates, and the confirmation of the 2019-20 administrative charges.

### **2. EXECUTIVE SUMMARY**

- 2.1. The annual plan process commenced in October 2018, with a number of workshops held for Council.
- 2.2. The submission period commenced 25 February 2019 and closed 25 March 2019. Council received 57 submissions, including two late submissions.
- 2.3. The Council invited nine submitters to speak to their submissions, on 26 March, 9 and 30 April 2019.
- 2.4. Council held their deliberations on 30 April 2019. As a result of the submissions and deliberations process, the 2019-20 Annual Plan has been prepared and is now ready for adoption by Council.
- 2.5. The 2019-20 Annual Plan, if adopted, will see an average rate increase across the Region of 5.05% for the 2019-20 year (LTP year 2 proposed 4.72%). The average common rate is 4.01% and the average individual rate is 7.03%. Total rates collected for the region is \$47,026,512.

### 3. RECOMMENDATION

It is recommended that Council:

- a. receives the information contained in Report No. 19-71 and Annexes;
- b. acknowledges the submissions and deliberations process;
- c. acknowledges the amendments to the proposed 2019-20 Annual Plan budget recommended at the Strategy and Policy Committee Deliberations meeting on 30 April 2019, and approved, along with any additional amendments, at the Regional Council meeting, on 28 May 2019, together with typographical, arithmetical and presentation amendments, have been incorporated in the Annual Plan document;
- d. adopts the 2019-20 Annual Plan;
- e. requests the Chief Executive to prepare the final 2019-20 Annual Plan for publication;
- f. requests the Chief Executive to formally advise submitters of its decisions, addressing the individual items raised by submitters in their written submissions;

It is recommended, for setting of rates, that the Council:

- g. acknowledges that the rates, the subject of this report, relate to the financial year 1 July 2019 to 30 June 2020, and are all GST inclusive;
- h. resolves pursuant to the Local Government (Rating) Act 2002 (the Act) to set the rates for the financial year 1 July 2019 to 30 June 2020 with a due date of 27 September 2019, as follows:
  - i. to set under section 15(1)(a) of the Act, a Uniform Annual General Charge of \$45.04 per separately used or inhabited part of a rating unit, and as detailed in Annex A of this report;
  - ii. to set under sections 16(3)(a) and 4(b), 17 and 18 of the Act, a Biosecurity rate on the capital value of the rating unit, on a differential basis depending on where the land is situated, as detailed in Annex A of this report;
  - iii. to set under sections 16(3)(a) and 4(b), 17 and 18 of the Act, an Emergency Management rate on the capital value of the rating unit, on a differential basis depending on where the land is situated, as detailed in Annex A of this report;
  - iv. to set under sections 16(3)(a) and 4(b), 17 and 18 of the Act, an Information rate on the capital value of the rating unit, on a differential basis depending on where the land is situated, as detailed in Annex A of this report;
  - v. to set under sections 16(3)(a) and 4(b), 17 and 18 of the Act, a Resource & Consent Monitoring rate on the capital value of the rating unit, on a differential basis depending on where the land is situated, as detailed in Annex A of this report;
  - vi. to set under sections 16(3)(a) and 4(b), 17 and 18 of the Act, a River and Drainage rate on the capital value of the rating unit, on a differential basis depending on where the land is situated, as detailed in Annex A of this report;
  - vii. to set under sections 16(3)(a) and 4(b), 17 and 18 of the Act, a Strategic Management rate on the capital value of the rating unit, on a differential basis depending on where the land is situated, as detailed in Annex A of this report;

- viii. to set under sections 16(3)(a) and 4(b), 17 and 18 of the Act, a Water Quality and Quantity rate on the capital value of the rating unit, on a differential basis depending on where the land is situated, as detailed in Annex A of this report;
- ix. to set under sections 16(3)(a) and 4(b), 17 and 18 of the Act, a Regional Transport Planning and Road Safety rate on the capital value of the rating unit, on a differential basis depending on where the land is situated, as detailed in Annex A of this report;
- x. to set under sections 16(3)(b) and (4)(b), 17 and 18 of the Act, a Transport Passenger Services (including Total Mobility) rate made on every rating unit within the specified district, on the capital value of the rating unit and on a differential basis depending on where the land is situated, as detailed in Annex A to this report;
- xi. to set under section 16(3)(a), (4)(a), 17 and 18 of the Act, a Drinking Water Monitoring & Research rate of \$1.0538446 per separately used or inhabited part of a rating unit, and as detailed in Annex A of this report;
- xii. to set under sections 16(3)(b) and 4(b), 17 and 18 of the Act, an Infrastructure Insurance rate made on every rating unit with a capital value up to and including per separately used or inhabited part of a rating unit (SUIP), and as detailed in Annex A (Detailed Rates Information) of this report (as per the table below);

Property Type	Annual Charge dollars per SUIP
Up to and including \$250,000 Capital Value	2.19
Greater than \$250,000 and up to and incl \$500,000 Capital Value	4.37
Greater than \$500,000 and up to and incl \$1,000,000 Capital Value	6.56
Greater than \$1,000,000 Capital Value	28.42

- xiii. to set under sections 16(3)(a) and 4(a), 17 and 18 of the Act, a Sustainable Land Use Initiative rate of \$38.94 per separately used or inhabited part of a rating unit, and as detailed in Annex A of this report;
- xiv. to set under sections 16(3)(a) and 4(a), 17 and 18 of the Act, an Environmental Initiatives rate of \$22.15 per separately used or inhabited part of a rating unit, and as detailed in Annex A of this report;
- xv. to set under sections 16(3)(b) and 4(a), 17 and 18 of the Act, a Production Pest Animal Management rate made on every rating unit which is four hectares and over, of an amount of \$0.8723225 per hectare as detailed in Annex A of this report;
- xvi. to set under section 16(3)(b) and 4(a), 17 and 18 of the Act, a Lake Horowhenua Restoration rate made on every rating unit within the Horowhenua District, of an amount of \$11.22 per separately used or inhabited part of a rating unit and as detailed in Annex A of this report;
- xvii. to set under sections 16(3) (b) and 4(a), 17 and 18 of the Act, a Production Pest Rook Management rate made on every rating unit which is four hectares and over, of an amount of \$0.082455 per hectare, and as detailed in Annex A of this report;

- xviii. to set under sections 16(3)(b) and 4(b), 17 and 18 of the Act, a Production Pest Plant Management rate made on every rating unit which is four hectares and over, of an amount of \$0.02 per hectare, and on every rating unit under four hectares, of an amount of \$1.7726764 per separately used or inhabited part of a rating unit, and as detailed in Annex A of this report;
- xix. to set under sections 16(3)(b) and 4(b), 17 and 18 of the Act, a Rangitikei Old Man's Beard Eradication rate made on every rating unit four hectares and over within the Rangitikei District, of an amount of \$9.1980636 per separately used or inhabited part of a rating unit (SUIP), and on every rating unit under four hectares within the Rangitikei District of an amount of \$34.18 per separately used or inhabited part of a rating unit, and as detailed in Annex A of this report;
- xx. to set under sections 16(3)(b) and 4(a), 17 and 18 of the Act, a Regional Park rate made on every rating unit within the district of Manawatū or Palmerston North City of an amount of \$4.33 per separately used or inhabited part of a rating unit and as detailed in Annex A of this report;
- xxi. to set under sections 16(3)(b) and 4(a), 17 and 18 of the Act, a Manawatū River Water Quality Improvement rate made on every rating unit within the Manawatū Catchment (as defined by role number) of an amount of \$8.16 per separately used or inhabited part of a rating unit as detailed in Annex A of this report;
- xxii. to set under sections 16(3)(b) and 4(a), 17 and 18 of the Act, a Waitarere Beach Community Biodiversity Project rate made on every rating unit within the Waitarere Beach Community (as defined by Waitarere Beach Community Role number 14780) of an amount of \$9.36 per separately used or inhabited part of a rating unit as detailed in Annex A of this report;
- xxiii. to set under sections 16(3)(b) and (4)(b), 17, 18, and 146 of the Act, the River and Drainage Scheme Rates, made on each rating unit contained within each Scheme, according to their respective classification systems or differential rating bases, and as detailed in Annex A of this report. Any rate shown as "\$ per SUIP" is applied uniformly per separately used or inhabited part of a rating unit;
- i. resolves that pursuant to sections 24, 57 and 58 of the Local Government (Rating) Act 2002 (the Act), that all rates for the 2019/20 rating year must be paid on or before 27 September 2019, with a penalty of 10% to be added on 25 October 2019 on all such rates remaining unpaid on that date. Further penalties, each of 10%, shall also be added, as follows:
  - i. on any rates (including penalties) assessed or added in any previous year which remain unpaid on 1 July 2019, to be added on 12 July 2019;
  - ii. on any rates (including penalties) assessed or added in any previous year which remain unpaid on 13 January 2020, to be added on 25 January 2020;
- j. sets under its Prompt Payment Policy as adopted under section 55 of the Rating Act, a 3% prompt payment discount for ratepayers who pay all their rates for the financial year in full on or before the due date of 27 September 2019; and

It is recommended, for the setting of Annual Administration Charges, that the Council:

- k. adopts the administrative charges for 2019-20 as set in Annex B pursuant to section 36 of the Resource Management Act 1991.

#### 4. FINANCIAL IMPACT

- 4.1. The financial impact of adopting this plan and amendments are significant as it determines the operational and capital expenditure for the 2019-20 year and how these are funded from rates, activity revenues and loans.
- 4.2. The 2019-20 Annual Plan budgets a rate increase of 5.05% when compared to the rates set in the 2018-19 financial year.

#### 5. COMMUNITY ENGAGEMENT

- 5.1. Horizons has engaged the community through the statutory consultation process and will now communicate back to submitters, and the community in general, the decisions Council made after considering the submissions.

#### 6. BACKGROUND

- 6.1. Council went out to the public with a Consultation Document in February 2019. In total, 57 submissions were received from the community, including two late submissions. Those submissions made 115 submission points on the Consultation Document. Submissions on the Consultation Document were heard on 26 March, 9 and 30 April 2019, with nine submitters taking the opportunity to be heard by Council. On 30 April 2019 Council considered the submissions and made the following changes to the 2019-20 Annual Plan budget in response to comments made by submitters:

- approves the Upper Manawatū-Lower Mangahao Scheme rates for the 2019-20 financial year remain unchanged from that set with the 2018-19 financial year;
- approves the South-East Ruahine Scheme rates for the 2019-20 financial year remain unchanged from that set with the 2018-19 financial year;
- approves the Whangaehu-Mangawhero Scheme rates for the 2019-20 financial year remain unchanged from that set with the 2018-19 financial year;
- asks that the staff meet with the Turakina and Whangaehu-Mangawhero scheme liaison committees to discuss the future of those schemes;
- approves the targeted rate increase for the Porewa Scheme be set at 5%;
- approves the funding model for the Foxton East Drainage Scheme be changed from a urban/ contributor/ regional rate split of 60/20/20 respectively to 65/15/20;
- approves the Foxton East Drainage Scheme contributor rate area be set as proposed with further staff verification to be undertaken during adverse weather events;
- approves an increase in the passenger services activity budget by \$71,000 (0.16% rate increase), specifically the following amounts:
  - \$20,500 for the Horowhenua District, for the Total Mobility Activity and the Levin to PN off-peak services;
  - \$37,500 for the Palmerston North District, for the Total Mobility Activity, the Levin to PN off-peak services, and the additional Late Nights services expenditure;
  - \$10,000 for the Whanganui District, for the Total Mobility Activity;

– \$3,000 for the Manawatū District for the Levin to PN off-peak services;

- approves an increases the passenger services budget by \$258 for the Ruapehu and Whanganui Districts, for the Waimarino Shuttle;
- approves an additional \$75,000 is added to the Regional Freshwater Grants programme;
- approves an advisory group with representation from Horowhenua GreyPower, Horowhenua District Council and Horizons Regional Council be established to monitor and promote public transport services in the Horowhenua district; and
- acknowledges that there is still interest for a regional facilities rate but defers any further consideration of this until the next Long-term Plan.

6.2. The Annual Plan documentation has been sent to an external proof reader to review and the final 2019-20 Annual Plan document will be tabled at the 28 May 2019 Council meeting for Council's consideration.

## 7. DISCUSSION

7.1. Council now needs to adopt the Annual Plan for 2019-20 and set the rates and administrative charges.

## 8. CONSULTATION

8.1. Council consulted with the public during February and March 2019 using the statutory consultation process. Further consultation is unnecessary.

## 9. TIMELINE / NEXT STEPS

9.1. Once this Annual Plan has been adopted it will be printed and distributed within a month, along with the response letters to submitters.

9.2. Rates will be struck on our rating system and invoices will start being issued to ratepayers from late August 2019.

## 10. SIGNIFICANCE

10.1. The decision to adopt this report is significant as adoption will approve the 2019-20 Annual Plan; the consequential setting of the 2019-20 rates, and the confirmation of the 2019-20 administration charges. Council has carried out the necessary consultation to be able to make this significant decision.

Leanne Macdonald  
**CHIEF FINANCIAL OFFICER**

Craig Grant  
**GROUP MANAGER CORPORATE & GOVERNANCE**

## ANNEXES

A Rates Tables

B Annual Administrative Charges