



WHANGANUI
DISTRICT COUNCIL
Te Kaunihera a Rohe o Whanganui

CONSULTATION DOCUMENT

2020/21 ANNUAL PLAN

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SUPPORTING DOCUMENTS

The following documents are can be viewed on www.whanganui.govt.nz/annualplan or obtained by emailing annualplan2020@whanganui.govt.nz

2020/21 Annual Plan Supporting Information

Long Term Plan 2018-2028

Funding Impact Statement – Rates Information

Leading Edge Strategy

Significance and Engagement Policy

A MESSAGE FROM THE MAYOR



Kia Ora Koutou

As we prepare this document we are faced with a level of uncertainty around the global impact of COVID-19. We are actively monitoring the situation and continue to follow the advice and directions of the Ministry of Health. As we are in the middle of this lockdown situation it's difficult to assess exactly what the impacts on our community and our economy will be. We are conscious that Council is a key part of any economic recovery and we want to respond to the needs of our community. We know that by undertaking our work programme the Council will continue to provide jobs and economic stimulus in the district.

Alongside this we have reviewed our proposed rates increase. While preparing this draft document, our pre COVID-19 projected average rates increase was 3.9%, however we have reduced this to 2.3%, and will continue to look for further savings. It is essential for Council to continue to provide essential services and jobs within our community to assist with the district's economic recovery. To enable this Council will reduce its loan repayments for 2020/21 in order to provide this lower rates increase.

It is too early to determine the financial impact on households and businesses as a result of COVID-19. We will continue to look at other opportunities to support our community including reducing the penalties for late rates payments from 10% to 5%, and reviewing our rates remission and postponement policies.

The latest Quotable Value New Zealand (QV) valuations for Whanganui District reflect significant increases in Whanganui's property market since the last valuation three years ago. Land values have increased 61% and capital values 41%. Our growing population and lifestyle appeal means that Whanganui properties are in high demand. The rates for each individual property will vary, particularly in a revaluation year where some larger changes will occur due to relative valuation adjustments.

Overall, our plan for the year has not differed significantly from the Long-Term Plan 2018-28, but there are some key changes we want to let you know about, including how we are planning to respond to the impact of COVID-19

We are proposing to allocate additional funding for three important issues facing our district - climate change, housing, and digital connectivity. We need to support the development and implementation of these key strategies, the importance of which has become more apparent with the current situation of having households and businesses locked down.

Council also proposes to allocate funding to support the Whanganui Resource Recovery Centre Trust. Due to global market saturation and constraints the cost of recycling fibre (paper and cardboard) is no longer sustainable. We will continue to investigate viable options for the future.

I encourage you to read through this document, understand the issues and have your say by visiting www.whanganui.govt.nz/annualplan

A handwritten signature in blue ink, which appears to read "Hamish McDouall". The signature is fluid and cursive.

Hamish McDouall
Mayor



A MESSAGE FROM THE CHIEF EXECUTIVE

Tēnā koe

Since we prepared our budget for 2020/21 the seriousness of Covid-19 has become increasingly evident. While it may take some time to know the true impact this has on our community, you can be assured that we will continue to reassess all of our operating expenses to identify opportunities for more affordable ways of delivering our service.

Some key focus areas will be seeking rationalisation of our organisation's expenses around travel, recruitment and professional development; as well as identifying ways to conduct our business in a smarter, more creative way.

The organisation will look for further opportunities to defer maintenance and will have constructive discussions with our union delegates to explore solutions around the annual remuneration review.

Any potential savings will be identified prior to adopting the final budget in June.

Ngā mihi

Kym Fell
Chief Executive





CHANGES FROM THE LONG TERM PLAN 2018-2028



We are proposing a few changes from the Long Term Plan 2018-2028 for the 2020/21 Annual Plan. Details of these changes can be found on the following pages.

We also have some key project updates which have come up since our Long Term Plan 2018-2028 was adopted.

We believe it is paramount to our community's economic recovery to continue with our planned work programme. However we are mindful of the potential impact from COVID-19 on households and businesses which is why we are reducing the proposed rates increase and reducing our loan repayments in order to enable this.

That information can also be found in this document and in our supporting documents. We have used our Significance and Engagement Policy as a guide to assess the significance of these changes.

You can have your say on these changes by completing a submission form or by filling in an online form.

Please visit www.whanganui.govt.nz/annualplan for a submission form and supporting documents.



2019 property revaluation

All properties in the Whanganui District were revalued by Quotable Value New Zealand (QV) as at 1 September 2019. The new valuations have reflected the significant increases in Whanganui's property market since the last valuation three years ago. Across the district, land valuations have increased by 61 percent and capital valuations¹ have increased by 41 percent over this period. There has been considerably more variation in valuation changes across the district in this valuation compared to previous valuations.

Valuation increases are specific to each property and are affected by property type, location, price bracket and many other factors. This valuation has seen significant percentage increases in the valuation of lower valued residential properties, industrial properties and pastoral farms. However higher valued residential properties, retail properties and dairy farms saw lower percentage increases in valuation.

¹ Land plus improvements

A summary of the average valuation movements by property type is below:

Sector	Capital Value % Change	Land Value % Change
Farming	25	28
Crop & Specialist	35	32
Forestry	34	35
Lifestyle	38	48
Residential	57	93
Commercial	16	40
Industrial	39	92
Other	12	68
TOTAL	41	61

From a residential perspective, there have been some significant valuation increases in suburbs such as Aramoho and Castlecliff which traditionally had lower values (particularly land values).

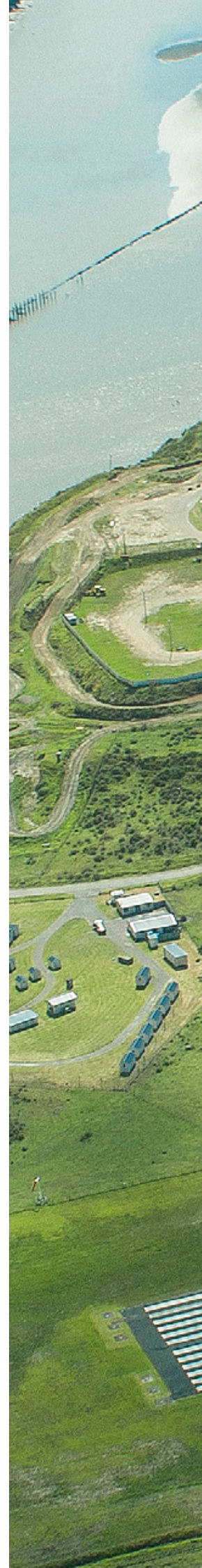
The 2019 average land and capital values and the percentage changes from the last valuation in 2016 are as follows:


Suburb	Average Capital Value \$	% Change	Average Land Value \$	% Change
Castlecliff	238,053	75	92,423	108
Gonville	279,320	70	106,421	110
Springvale	390,577	45	164,217	83
St Johns/Otamatea	475,011	38	185,592	56
Aramoho	267,848	66	95,068	164
Whanganui Central	295,436	61	112,331	98
Whanganui East	287,435	65	106,217	125
Bastia Hill/ Durie Hill/Putiki	374,581	57	138,099	83
Whanganui Rural	419,763	47	153,386	70

While the average rates rise across all properties is proposed to be 2.3 percent, those properties that have experienced a larger than average increase in valuation are likely to have a rates rise higher than 2.3 percent. In some cases these rates rises may be substantially higher (just as they may be significantly lower if the property experienced a lower than average increase or a decrease in valuation).

The main reason for a higher than average rates rise is due to a number of our rates being valuation based rates i.e. allocated to properties based on land or capital value.

In order to mitigate the unusually large range of rates increases, it is proposed to reduce the Uniform Annual General Change (UAGC) from \$831 to \$700 for 2020/21. This will have the impact of reducing the variation in rates increases across properties.



An aerial photograph of the Whanganui Airport. The runway is a long, dark asphalt strip running diagonally across the lower half of the image. To the left of the runway, there is a large, light-colored grassy area. In the upper left, a body of water is visible, with a sandy beach and some structures. In the center, there is a large, light-colored building with a white roof, surrounded by a parking lot with several cars. The background shows a mix of green fields, trees, and a road. The overall scene is a mix of natural and developed areas.

Airport runway

The number of aircraft movements at Whanganui Airport is growing steadily. Since the establishment of the New Zealand International Commercial Pilot Academy (NZICPA) at the airport, aircraft movements have increased from 1500-2000 per month to a peak of 5800 movements in November and December 2019. Annual aircraft movements have doubled over the three years 2016 - 2019. This trend is expected to continue with the growth of the NZICPA.

The significant increase in aircraft movements is creating a potential safety issue relating to aircraft backtracking on the sealed runway and is also placing additional stress on the existing grass runways and taxiways.

An application is being prepared to present to the Provincial Growth Fund (PGF) for financial assistance to develop a sealed parallel taxiway which will significantly mitigate the backtracking issue and also alleviate the wear-and-tear on the grass taxiways. The estimated total project cost of a sealed parallel taxiway is \$4M. We are anticipating that Council will loan fund \$1M of this (0.17% rates increase), with the remainder funded by the Provincial Growth Fund and the Crown as Council's joint venture partner in the airport.

Climate change

While the current COVID-19 situation has seen a global decrease in emissions we know that this is temporary and there will be continuing climate change concerns for our community. We plan to spend \$140,000 (0.23% rates increase) to facilitate the ongoing development and implementation of the Climate Change Strategy, coordinate our regional and organisational responses, support community initiatives, and keep abreast of the significant central government work programme. This will ensure Whanganui is well-positioned to respond, both in an advocacy sense and as a community, and to secure funding that may be made available through various streams.

Included in this funding is \$40,000 to be available for initial minor reactive work such as work arising from the Regional Vulnerability Assessment when completed, undertaking our emissions inventory or some quick-wins from our own strategy when completed. Further funding for initiatives arising from the strategy will be considered through the Long-Term Plan 2021-2031.



Digital Strategy

More than ever it has become evident during this current time how reliant our community is on digital connectivity. We are allocating \$90,000 (0.15% rates increase) to implement the Digital Strategy: Digital by Design and drive digital innovation and opportunity in Whanganui in partnership with the community. This funding will enable initial work to begin on the Strategy's delivery. Any further project or funding requirements identified in conjunction with key stakeholders could then be considered through the Long Term Plan 2021-2031.



Waste minimisation

The Council has been advised by the Whanganui Resource Recovery Centre Trust that the price to receive, manage and recycle fibre (cardboard, paper and mixed paper) at the Resource Recovery Centre has recently escalated due to market saturation and constraints. The recycling of fibre is a national/global issue with no quick fix solutions.

The escalation in costs is not sustainable for the Whanganui Resource Recovery Centre Trust. It has resulted in the Trust having to pay around \$140,000 - \$160,000 per annum to recycle its fibre when it used to receive around \$40,000 - \$60,000 per annum, a net swing of around \$180,000 per annum. In addition, baling Whanganui's plastics is set to increase by \$30,000 per annum. As a result the Trust is expected to have a loss of \$244,000 for 2020/21.

The Council proposes to fund the Trust an additional \$144,000 (0.24% rates increase) in 2020/21 to underwrite the loss, with the additional \$100,000 to come from the Council's Waste Minimisation Fund which is derived through the Ministry for the Environment via a levy on all waste fills in New Zealand. Further investigations will be undertaken to identify viable options for the future.

Whanganui Regional Museum

Funding for the Whanganui Regional Museum is increased by \$75,000 (0.13% rates increase) in 2020/21 to take account of inflation, help the museum meet increased operating costs resulting from the building refurbishment and upgrade - in particular the costs of environmental control in key areas of the galleries and collection store and to ensure the museum is able to provide a sufficient level of curatorial expertise in and oversight of its significant collection.



Housing Strategy

In 2019 the Council adopted its Housing Strategy following public consultation. The Strategy sets out how housing is to be planned for Whanganui's long term future, as well as ways of addressing the current housing shortage. The guiding principles of the Strategy are to demonstrate leadership, working in partnership, supporting good housing for everyone, and future-proofing the needs of our people and district. The Council has budgeted \$200,000 (0.25% rates increase) in its 2020/21 budget to support the delivery of the Housing Strategy. This may include a possible infill housing project.

Reducing rates penalties

We are proposing to reduce the penalty on late payment of rates from 10% down to 5% in response to the current COVID-19 situation. It is hoped that the reduction will reduce the burden on those who are unable to pay on their rates time. In addition to this we will also be reviewing our rates remission and postponement policies with changes to be consulted on at a later date.

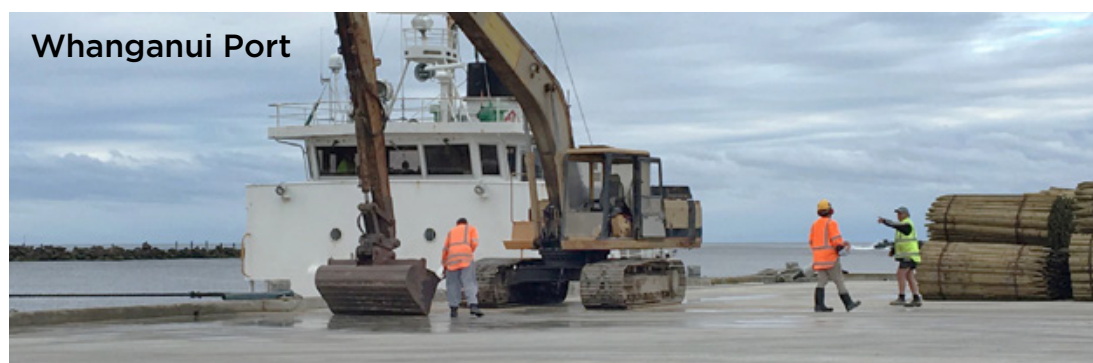


KEY PROJECT UPDATES



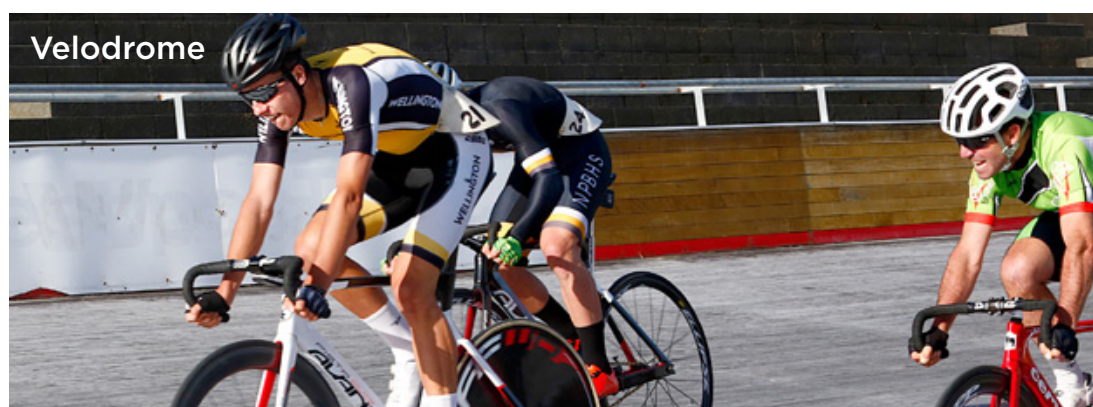
Sarjeant Gallery

The Sarjeant Gallery Redevelopment Project for earthquake strengthening, restoration and construction of an extension wing is committed and a contract awarded. In March 2020 the Archaeological Authority was granted, that being the pivotal consenting element needed to move forward with any excavation work on the historic site of Pukenua Queen's Park. The contractor was expected to start work in April and take approximately 24 months to complete both buildings, ready for commissioning and installation of the collection. This has been delayed due to the COVID-19 situation. The capital cost of the project is being funded externally for 2020/21 and there are no operational cost implications for 2020/21.



Whanganui Port

The Council has submitted an application to the Provincial Growth Fund for the Port Revitalisation Project, alongside a number of other Port related applications. Indications from the Provincial Development Unit have been positive and a project development programme is being established in anticipation of a favourable response.



Velodrome

In 2017/18 the Council committed \$1M to the Velodrome Roof Project. These funds remain unspent. The Council has appointed an independent experienced consultant to review the project and provide recommendations to Council.



IMPACT ON RATES

The average rates increase proposed for 2020/21 is 2.3 percent.

The 2018/28 Long Term Plan projected the average rates increase for 2020/21 to be 3.6 percent. Pre COVID-19 this Annual Plan projected this up to 3.9 percent. The main reasons for this increase include the decision made in 2019/20 to bring funding forward for work on the Whanganui Port Revitalisation Project (1.1 percent), additional funding for the new strategies and projects outlined in this Consultation Document (Climate Change, Digital and Housing Strategies, the airport runway, and Whanganui Regional Museum and waste minimisation additional funding) (1.2 percent), and business as usual increases (2.4 percent). These increases have been partially offset by savings in interest costs (-0.7 percent). As a result of COVID-19, we have reduced the overall rates increase to be in line with local government inflation of 2.3%. The reduction has been achieved through lower loan repayments totalling \$1M.

The following table provides indicative rates increases for the average residential, commercial, lifestyle and farming properties.

	Residential	Farming	Lifestyle	Commercial	Overall
Average rate increase 2020/21 (%)	3.4%	3.2%	1.4%	-1.7%	2.3%
Average rate increase 2020/21 (\$)	\$93	\$140	\$31	-\$202	\$76
Capital value of average property 2019/20	\$216,000	\$1,134,000	\$368,000	\$1,060,000	
Capital value of average property 2020/21	\$336,000	\$1,452,000	\$516,000	\$1,234,000	
Average rate 2019/20	\$2,762	\$4,410	\$2,200	\$11,562	\$3,340
Average rate 2020/21	\$2,855	\$4,550	\$2,231	\$11,360	\$3,416

An individual property rate increase could significantly vary from these averages as there are a number of factors that influence rates. This year the most significant factor affecting rates movements is the property revaluation. Properties that have higher than average valuation increases will generally have higher than average rates increases, and vice versa.

We have more than 50 different rates - each of these rates have increased/decreased by differing amounts and will reflect different movements in land and capital values from the latest revaluation, and not all properties pay the same rates. For example, properties not connected to the city waste water system do not pay the City Waste Water rate.

Residential rates increases have been influenced by the significant increase in valuations, particularly land valuations which affect the general rate. Commercial properties have a lower average rates increase as the increase in valuations in this sector is lower on average compared to residential properties, however it should be noted that there are significant variations in valuation changes and therefore rates changes within this sector. Industrial properties have had significant valuation increases, while some CBD retail properties have had much lower valuation increases or even decreases.

Fees and charges

We are proposing some changes to our fees and charges. The fees that are changing are outlined below.

Environmental health

FOOD ACT LICENSING			
CURRENT FEES		PROPOSED FEES	
Food Control Plan- Register	\$200*	Food Control Plan - Register	\$200*
Food Control Plan- Renewal	\$150	Food Control Plan - Renewal	\$200
Food Control Plan- Verification	\$150/hr	Food Control Plan - Verification	\$200
National Programme- Register	\$200*	National Programme - Register	\$200*
National Programme- Renewal	\$150	National Programme - Renewal	\$200
National Programme- Verification	\$150	National Programme - Verification	\$200
Amendment to food registration (not currently listed in our F&C list)	\$57.50	Amendment to food registration (30 minutes administration charge)	\$57.50
<i>*Subject to a \$25 accreditation levy not included in the above fees and charges.</i>			

HEALTH ACT LICENSING			
CURRENT FEES		PROPOSED FEES	
Hairdresser – Register and Inspect	\$200	Hairdresser, Camping ground, Funeral Director and Offensive Trade	
Camping Ground – Register and Inspect	\$200	Register and Inspection	\$200
Funeral Director – Register and Inspect	\$150.63	Renewal and Inspection	\$200
Offensive Trade – Register and Inspect	\$180.75	Amendment to registration (30 minutes administration charge)	\$57.50

NOISE CONTROL CHARGES			
CURRENT FEES		PROPOSED FEES	
Equipment seizure return	\$160	Equipment seizure return	\$160
Breach of Abatement notice (infringement)	\$750	Breach of Abatement notice (infringement)	\$750
Disconnection of alarms under Resource Management Act - Recovery of actual cost incurred by Council including contractor costs.		Disconnection of alarms under Resource Management Act - Recovery of actual cost incurred by Council, including staff time and contractor costs.	

COUNCIL OFFICER CHARGES			
CURRENT FEES		PROPOSED FEES	
Title:	Rate per hour:	Title:	Rate per hour:
Team Leader	\$170.00	Team Leader	\$180.00
Senior Environmental Health Officer	\$160.00	Senior Environmental Health Officer	\$170.00
Environmental Health Officer	\$150.00	Environmental Health Officer	\$150.00
Administration Officer	\$115.00	Administration Officer	\$115.00



CHANGES TO DEBT

In 2020/21 we are expecting to borrow \$6.0M, with scheduled loan repayments of \$8.3M. This means that overall we are repaying debt of \$2.3M (compared to \$1.3M forecast in Year 3 of the Long Term Plan 2018-2028).

Closing debt at 30 June 2021 is now projected to be \$122.3M compared to \$120.3M forecast in the Long Term Plan 2018-2028, an increase of \$2.0M. The increased debt forecast for 2020/21 compared to Year 3 of the Long Term Plan is primarily due to the Port Revitalisation Project being brought forward last year.

The lower interest rate environment that Council is currently borrowing in is forecast to decrease interest costs by \$400,000 in 2020/21, saving 0.7 percent on rates.



TELL US WHAT YOU THINK...

How to make a submission

We value our community's input and invite you to make a submission on the proposed 2020/21 Annual Plan.

The submission period closes at 4.00pm on Friday 15 May 2020. To make a submission please complete the submission form or fill in an online form at www.whanganui.govt.nz/annualplan

You can also email your thoughts to annualplan2020@whanganui.govt.nz or phone us on 349 0001 and we can note down your submission points.

Due to the current COVID-19 situation we do not expect to be able to hold public hearings, however we will continue to monitor the situation and if it changes we may be in a position to hold hearings. Your written submission will be made available to Councillors, Council staff and the public as part of the consultation process. Your submission will be considered by the Council, but may not necessarily result in any of the changes you request being made.

Supporting information for our proposed 2020/21 Annual Plan can be viewed on our website www.whanganui.govt.nz/annualplan or you can request a copy by phoning 06 349 0001 or emailing annualplan2020@whanganui.govt.nz

Submissions close at 4.00pm on Friday, 15 May 2020.



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