

# Ashburton District Council

## AGENDA

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### **Notice of Meeting:**

A meeting of the Ashburton District Council will be held on:

**Date:** Thursday 17 December 2020

**Time:** 1.00pm

**Venue:** Council Chamber

### **Membership**

Mayor	Neil Brown
Deputy Mayor	Liz McMillan
Members	Leen Braam
	Carolyn Cameron
	John Falloon
	Rodger Letham
	Lynette Lovett
	Angus McKay
	Diane Rawlinson
	Stuart Wilson

## Meeting Timetable

Time	Item
1pm	<b>Meeting commences</b>
2pm	Experience Mid Canterbury quarterly report - <i>EMC Board Chair, James Urquhart</i> - <i>ChChNZ GM Destination &amp; Attractions, Loren Heaphy, and Marketing Manager (Mid Canterbury) Bruce Moffat</i>
2.50pm	Welcome to new staff
3pm	Introduction to HEB Construction team

### 1 Apologies

### 2 Extraordinary Business

### 3 Declarations of Interest

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

## Minutes

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5	Council (Extraordinary) – 17/11/20	10
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7	Infrastructure Services Committee – 17/11/20 - <i>Recommendation – Entrances into new subdivisions</i> - <i>Recommendation – Canterbury Regional Landfill Joint Committee – Agreement</i> - <i>Recommendation – Closure of stockwater race – Fairton township</i> - <i>Recommendation – Ashburton Car Club road closure</i>	15
8	Audit, Risk & Finance Committee – 26/11/20	17
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## **Business Transacted with the Public Excluded**

<b>28</b>	Council – 29/10/20		<b>PE 1</b>
	<ul style="list-style-type: none"> <li>• Plan Change 4 – Commissioner's recommendations</li> <li>• Ashburton Relief sewer contract</li> <li>• Sale of land</li> <li>• Land purchase</li> <li>• EA Networks Ltd</li> <li>• CE Performance Agreement 2020-21</li> </ul>	<ul style="list-style-type: none"> <li>Section 7(2)(h) Commercial activities</li> <li>Section 7(2)(h) Commercial activities</li> <li>Section 7(2)(h) Commercial activities</li> <li>Section 7(2)(h) Commercial activities</li> <li>Section 7(2)(h) Commercial activities</li> <li>Section 7(2)(a) Protection of privacy of natural persons</li> </ul>	
	[Now in open meeting]		
	• CCTV contract		
<b>29</b>	Council (extraordinary) – 17/11/20		<b>PE 3</b>
	<ul style="list-style-type: none"> <li>• Library &amp; Civic Centre PCG – 5/10/20</li> <li>• Geoff Geering Drive</li> </ul>	<ul style="list-style-type: none"> <li>Section 7(2)(h) Commercial activities</li> <li>Section 7(2)(h) Commercial activities</li> </ul>	
	[Now in open meeting]		
	<ul style="list-style-type: none"> <li>• Library &amp; Civic Centre – site hoarding contract</li> <li>• Ashburton relief sewer contract</li> </ul>		
<b>30</b>	Community Services Committee – 17/11/20		<b>PE 5</b>
	<ul style="list-style-type: none"> <li>• C-19 Economic Recovery Advisory Group</li> <li>• Caring for Communities Group</li> </ul>	<ul style="list-style-type: none"> <li>Section 7(2)(h) Commercial activities</li> <li>Section 7(2)(a) Protection privacy natural persons</li> </ul>	
<b>31</b>	Audit, Risk & Finance Committee – 26/11/20		<b>PE 6</b>
	<ul style="list-style-type: none"> <li>• Health &amp; Safety report</li> <li>• 2019-2020 Audit</li> </ul>	<ul style="list-style-type: none"> <li>Section 7(2)(a) Protection privacy natural persons</li> <li>Section 7(2)(h) Commercial activities</li> </ul>	
<b>32</b>	Buildings on leased land	Section 7(2)(h) Commercial activities	<b>PE 7</b>
<b>33</b>	Museum operations	Section 7(2)(a) Protection of privacy of natural persons	<b>PE 15</b>

## **4. Council minutes – 29 October 2020**

Minutes of the Council meeting held on Thursday 29 October 2020, commencing at 1.00pm, in the Council Chamber, 137 Havelock Street, Ashburton.

### **Present**

His Worship the Mayor, Neil Brown; Councillors Leen Braam, Carolyn Cameron, John Falloon, Lynette Lovett, Angus McKay, Liz McMillan, Diane Rawlinson and Stuart Wilson.

### **In attendance**

Hamish Riach (Chief Executive), Paul Brake (GM Business Support), Steve Fabish (GM Community Services), Neil McCann (GM Infrastructure Services), Sarah Mosley (Manager People & Capability), Jane Donaldson (GM Strategy & Compliance), Toni Durham (Strategy & Policy Manager) and Phillipa Clark (Governance Team Leader).

Staff present for the duration of their reports: Brian Fauth (Roading Manager), Colin Windleborn (Commercial Manager), Ian Hyde (Planning Manager), Richard Mabon (Senior Policy Advisor) and Mel Neumann (Policy Advisor).

### **Presentations**

- Zoe Clulee – Outward Bound (2.30pm – 2.52pm)
- EA Networks (4.25pm – 5.00pm)

### **1 Apologies**

Cr Rodger Letham

Sustained

### **2 Extraordinary Business**

- Public forum withdrawn from the agenda, due to unavailability of the speakers.
- A recommendation to include a Zone Water Management Committee matter as part of the Mayor's report was later withdrawn. An update on Zone Committee activities will be reported to Council in December.

### **3 Declarations of Interest**

Item 28: Cr McKay gave notice he will withdraw from debate and decision.

### **4 Confirmation of Minutes – 24/09/20**

**That** the minutes of the Council meeting held on 24 September 2020, be taken as read and confirmed.

Rawlinson/McMillan

Carried

### **5 Confirmation of Minutes – 8/10/20**

**That** the minutes of the Extraordinary Council meeting held on 8 October 2020, be taken as read and confirmed.

McMillan/Cameron

Carried

### **6 Community Services Committee – 8/10/20**

**That** the minutes of the Community Services Committee meeting held on 8 October 2020, be received.

McKay/Cameron

Carried



## 7 Infrastructure Services Committee – 8/10/20

**That** the minutes of the Infrastructure Services Committee meeting held on 8 October 2020, be received.

Wilson/Lovett

Carried

- **Pressure Sewer Systems Policy**

**That** Council adopts the Pressure Sewer Systems Policy 2020.

Lovett/Braam

Carried

- **Walking & Cycling Strategy**

The draft Strategy was updated to include reference to Waka Kotahi (NZTA) being the primary funder for the development of improved walking and cycling network investment, through road user charges and fuel taxes.

Additional maps were tabled showing the Tinwald connection and legend for the proposed projects.

A suggestion that the strategy be amended to bring forward work on the Racecourse Rd shared pathway was not fully supported. The project remains in the draft strategy as low priority for completion in the medium term.

**That** Council approves the draft Ashburton Walking and Cycling Strategy to proceed to public consultation.

Braam/Rawlinson

Carried

## 8 Audit, Risk & Finance Committee – 13/10/20

**That** the minutes of the Audit, Risk & Finance Committee meeting held on 13 October 2020, be received.

Braam/Falloon

Carried

- **Ng King Bros Chinese Market Garden Settlement – additional funding**

**That** Council approves an additional budget of \$15,000 from the property reserve to make up the shortfall in the funds required to complete the restoration of the Ng King Bros Chinese Market Garden Settlement buildings.

Braam/McMillan

Carried

## 9 Methven Community Board

Council received the minutes of the Methven Community Board meeting held on 28 September 2020.

**That** Dan McLaughlin, Methven Community Board Chair be given speaking rights.

Cameron/McMillan

Carried

The Chair commented on the Board's progress and the importance of having terms of reference that better define their activities. While there is more work to be done in this area, he considers that the Board is going in the right direction.

- **MCB Delegations**

1. **That** the Methven Community Board delegations report be received.

2. **That** the Methven Community Board terms of reference be approved and included in Council's Delegations Manual.

McMillan/Braam

Carried

- **Amendment to Methven Community Board Rating Map**

**That** Council approves the proposed minor amendment to the Methven Community Board rating map, as attached in Appendix 1, and directs officers to send this to the Local Government Commission for the final determination.

McMillan/Lovett

Carried

## **10 Ashburton Domain Development Plan**

### **1. That** Council adopts the Ashburton Domain Development Plan.

McKay/Rawlinson

Carried

Cr Braam recorded his vote against the motion.

### **2. That** improvement projects will be price checked prior to inclusion and consideration in the LTP 2021-31 process, and the public be encouraged to submit their priorities through the LTP process.

McKay/Rawlinson

Carried

### **3. That** this year's ( 2020/21) funding for Ashburton Domain related projects be re-prioritised for the following projects:

- Project 5 - New entry and access road;
- Project 8 - waterway enhancement; and
- Project 7 – Walnut Ave promenade.

McKay/Braam

Carried

## **11 Baring Square East rejuvenation consultation**

### **1. That** Council approves the final design brief for Baring Square East, taking into account the following:

- 1.1 Three concrete arbours are removed from the site with the remaining retained as a key vertical feature of the square.
- 1.2 The John Grigg statue and Llew Summers 'Love' sculpture are retained within Baring Square East.
- 1.3 Retaining the Legion of Frontiersmen and Boer War memorials in the current locations on Baring Square East.
- 1.4 Continue with lifting the water feature pavers, the basalt paving and seating as per the concept plan, and include shaded areas for some seats.
- 1.5 Continue with the concept plan proposal for a one-way traffic flow along Baring Square East, with entry from Cameron Street and exit onto Havelock Street.  
The final design must include 45° angle parking and an allowance for bollards at the Baring Square East and Cameron Street / Havelock Street intersections.
- 1.6 The final design retains the current layout of Baring Square East and uses the existing established exotic plants for structure and natives in the lower-lying plant form to reflect the district well and simplify the design.
- 1.7 The final design reflects the concept plan for the civic plaza and allows for future use with power and lighting in relevant locations.
- 1.8 The final design reflects the concept plan for the civic plaza and allows for future use with input sought from Council's Events team and the Ashburton Trust Event Centre team on power and lighting needs.

### **2. That** Council officers undertake a condition assessment of the John Grigg statue and incorporate remedial work, if required, into future budgets.

- 3. That** Council brings forward the review of the Mobile Shops and Hawkers Bylaw to 2022.

Braam/Lovett

Carried

**12 Notification of Proposed Plan Change 4 to Ashburton District Plan – CBD Revitalisation**

**That** Council notifies proposed Plan Change 4 to the Ashburton District Plan relating to amendments and alterations to the Business and Definitions Sections of the District Plan as proposed in the document accompanying this report, in accordance with the requirements of Schedule 1 of the Resource Management Act 1991.

Rawlinson/Braam

Carried

**13 Millibrook Place Trees**

The Group Manager Strategy & Compliance reported that officers are developing a code of practice for subdivisions as well as a tree and vegetation management policy. Council supported this approach to ensure appropriate planting of street trees.

**That** Council approves the removal of the six oak trees on Council's road reserve at the entrance to Millibrook Place and the replacement of these trees with ten flowering dogwoods.

Braam/Cameron

Carried

**14 Naming of Road – 54 West Town Belt, Rakaia**

**That** the road to vest in Council under Subdivision Consent SUB20/0003 at 54 West Town Belt be named Eliza Way.

Mayor/McMillan

Carried

**15 Hinds Reserve Board – leases and licences to occupy**

**That** Council approves the granting of leases under section 54(1) of the Reserves Act 1977 to the Hinds Bowling Club Incorporated, the Hinds Rifle Club and the Southern Rugby Club (Mid-Canterbury) Incorporated for part of the Hinds Domain (as contained within Rural Section 41165) for a term of up to 33 years.

Wilson/Lovett

Carried

**16 Rakaia Reserve Board – leases and licences to occupy**

**That** Council approves the granting of leases under section 54(1) of the Reserves Act 1977 to the Rakaia Bowling Club Incorporated, the Rakaia Pony Club the Rakaia Squash Club and the Rakaia Rugby Club Incorporated for part of the Rakaia Domain (as contained within Rural Section 41165) for a term of up to 33 years.

Brown/McMillan

Carried

**17 Mt Somers Hall – earthquake strengthening**

It was noted that the loan will be funded from the commercial property account in the first year; in the following year the loan and interest costs will be repaid from the rural amenity rate, in accordance with Council's Revenue & Financing Policy.

- 1. That** Council approves funding of \$85,000 including GST for earthquake strengthening and redecoration of the Mt Somers Memorial Hall in the 2020-2021 financial year to enable provincial growth funded repair and redecoration work to run concurrently; and
- 2. That** funding for the repairs be loan funded.

McMillan/Braam

Carried

## **18 South Rakaia Bach Owners Association – emergency siren funding**

Councillors speaking against the proposal commented that, reportedly, the Association has sufficient funding to purchase a siren without Council's assistance. Those speaking in support noted that the discretionary grant policy doesn't require detailed financial information from applicants.

Officers suggested that the discretionary grant policy, which was recently amended, include a form that will request financial detail to be submitted. This will be progressed at officer level.

**That** Council approves funding of \$5,000 from the discretionary grant fund for the South Rakaia Bach owners to replace the emergency siren.

Lovett/McMillan

Carried

A show of hands gave 5 for and 4 against and motion was carried.

## **Outward Bound Scholarship**

The Mayor welcomed Zoe Clulee, recipient of the Mayor's Taskforce for Jobs Outward Bound Scholarship.

Zoe spoke positively of her experience on the "Mind, Body & Soul" course and the mental and physical challenges it presented. Learnings that she has taken away include working within a team, setting goals and being able to share personal experiences with new friends.

Zoe expressed her gratitude and appreciation of the sponsors who gave her the opportunity to attend Outward Bound.

## **Welcome to new and long-serving staff (2.52pm)**

The Manager People & Capability introduced new staff – Lauretta Artz (Accountant), Hanna Ashby-Coysh (GIS Officer), Moe Dahlan (Projects & Operations Engineer), Dambar Yadav (Utilities Contract Engineer) and Kate Fowler (Sports Facilities Manager).

Council adjourned for afternoon tea from 2.54pm until 3.15pm.

## **19 Services provided over Christmas and New Year 2020-21**

**That** Council receives the report.

McMillan/Rawlinson

Carried

## **20 Mayor's Report**

### **• Canterbury water management strategy regional committee**

Cr McKay spoke in support of discharging the committee, a view that wasn't fully supported at the regional committee meeting.

The Mayor will have the opportunity to discuss this further at the Mayoral Forum in December.

### **• Canterbury water management strategy regional committee**

The Mayor reported that the first of the Chorus sponsored artworks has been completed with a painting by Nick Lowrie on a Chorus box in the Business Estate. This is one of five artworks selected by the Mayor to be painted onto Chorus boxes throughout Ashburton.

**That** Council receives the Mayor's report.

Mayor/Lovett

Carried

### Business transacted with the public excluded – 3.27pm

That the public be excluded from the following parts of the proceedings of this meeting, namely – the general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No	General subject of each matter to be considered:	In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:	
21	Council 24/09/20	Sections 7(2)(h) & (a)	Commercial activities & protection of privacy of natural persons
22	Extraordinary Council 8/10/20	Section 7(2)(h)	Commercial activities
23	Community Services Committee 8/10/20	Sections 7(2)(h) & (a)	Commercial activities & protection of privacy of natural persons
24	Audit, Risk & Finance Committee 13/10/20	Sections 7(2)(h) & (a)	Commercial activities & protection of privacy of natural persons
25	Ashburton Relief Sewer – tender process	Section 7(2)(h)	Commercial activities
26	Land purchase	Section 7(2)(h)	Commercial activities
27	Land purchase	Section 7(2)(h)	Commercial activities
28	Proposed Plan Change 3 to Ashburton District Plan	Section 7(2)(g)	Maintain legal professional privilege
29	EA Networks	Section 7(2)(h)	Commercial activities
30	Executive Committee 2/09/20 – CE Performance Review	Section 7(2)(a)	Protection of privacy natural persons

Mayor/McMillan

Carried

### Business transacted with the public excluded now in open meeting

- **CCTV contract**

**That** Council renews the existing CCTV contract with Masterguard Security Cameras from 18 December 2020 for three years with the option of a further one year.

McKay/Braam

Carried

The meeting concluded at 5.11pm.

Confirmed 17 December 2020

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MAYOR

### ***5. Extraordinary Council minutes – 17/11/20***

Minutes of the Extraordinary Council meeting held on Tuesday 17 November 2020, commencing at 1.00pm, in the Council Chamber, 137 Havelock Street, Ashburton.

#### **Present**

His Worship the Mayor, Neil Brown; Councillors Leen Braam, Carolyn Cameron, John Falloon, Rodger Letham, Lynette Lovett, Angus McKay, Liz McMillan, Diane Rawlinson and Stuart Wilson.

#### **In attendance**

Hamish Riach (Chief Executive), Paul Brake (GM Business Support), Steve Fabish (GM Community Services), Neil McCann (GM Infrastructure Services), Jane Donaldson (GM Strategy & Compliance), Sarah Mosley (Manager People & Capability), and Phillipa Clark (Governance Team Leader).

Officers present for the duration of their reports: Colin Windleborn (Commercial Manager) and Clare Harden (Community Administration Officer).

#### **1 Apologies**

Nil.

#### **2 Extraordinary Business**

Nil.

#### **3 Declarations of Interest**

Nil.

#### **4 Governance Structure and 2021 meeting schedule**

Council unanimously supported the proposed changes to the governance structure. It was agreed that the experience of weekly meetings of the Covid-19 Committee, with all elected members present and voting, resulted in more inclusive and efficient decision-making.

Council acknowledged that further work will now be undertaken on the portfolio-lead concept.

The Mayor thanked the Committee Chairs for their work over the past 12 months, and for supporting the change.

1. **That** Council discharges the Audit, Risk & Finance, Bylaw & Policy, Community Services, Environmental Services and Infrastructure Services Committees, effective 1 January 2021.
2. **That** the Audit, Risk & Finance Committee be reconstituted as the Audit & Risk Committee and the Committee's terms of reference be amended accordingly.
3. **That** Council advises the Remuneration Authority of the proposal and requests that the positions of additional responsibility for the Standing Committee Chairs be removed in an amended determination.
4. **That** Council notes that elected members' remuneration will be adjusted when the Remuneration Authority's amended determination commences.
5. **That** the Executive Committee membership of the Mayor, Deputy Mayor and Councillors Braam, McKay and Wilson be retained.
6. **That** Council amends the Schedule of Appointments 2019-2022.

7. **That** Council adopts the 2021 schedule of meetings.

Falloon/Lovett

Carried

## 5 Citizens Advice Bureau – interim legal structure

**That** Council approves the interim legal structure and funding for CAB Mid-Canterbury to move from Community House Mid-Canterbury to Citizens Advice Bureau New Zealand.

McMillan/Cameron

Carried

### Business transacted with the public excluded – 1.20pm

That the public be excluded from the following parts of the proceedings of this meeting, namely – the general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No	General subject of each matter to be considered:	In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:	
6	Ashburton Library & Civic Centre PCG 5/11/20	Section 7(2)(h)	Commercial activities
7	Ashburton Relief Sewer Contract	Section 7(2)(h)	Commercial activities
8	Sale of sections	Section 7(2)(h)	Commercial activities

Cameron/Braam

Carried

### Business transacted with the public excluded now in open meeting

- **Library & Civic Centre – site hoardings**

**That** Council approves the letting of the contract for the erection of hoardings to Joseph Builders Ltd for \$41,651.80 plus GST.

McMillan/Braam

Carried

- **Ashburton Relief Sewer contract**

1. **That** Council awards Part 1 of the Ashburton Relief Sewer Contract to Ashburton Contracting Ltd for \$5,108,971.57; and
2. **That** Council awards Part 2 of the Ashburton Relief Sewer Contract to Seipp Construction Ltd for \$4,040,073.02.

Wilson/Braam

Carried

The meeting concluded at 2.12pm.

Confirmed 17 December 2020

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MAYOR

### **6. Community Services Committee minutes**

Minutes of the Community Services Committee meeting held on Tuesday 17 November 2020, commencing at 9.31am, in the Council Chamber, 137 Havelock Street, Ashburton.

#### **Present**

His Worship the Mayor, Neil Brown; Councillors Angus McKay (Chair), Carolyn Cameron, Leen Braam, Lynette Lovett and Diane Rawlinson.

#### **Also present:**

Councillors Liz McMillan, Stuart Wilson.

#### **In attendance:**

Hamish Riach (Chief Executive), Steve Fabish (GM Community Services), Jane Donaldson (GM Strategy & Compliance), Bert Hofmans (Open Spaces Planner) and Aisling O'Reilly (Governance Officer).

#### **1 Apologies**

Nil.

#### **2 Extraordinary Business**

Nil.

#### **3 Declarations of Interest**

Nil.

#### **4 Confirmation of Minutes**

**That** the minutes of the Community Services Committee meeting held on 8 October 2020, be taken as read and confirmed.

Lovett/Rawlinson

Carried

#### **5 Ashburton Youth Council**

**That** the minutes of the Ashburton Youth Council meeting held on 7 October 2020, be received.

Rawlinson/Lovett

Carried

Cr Braam arrived at the meeting at 9:34am

#### **6 Biodiversity Advisory Group**

**That** the minutes of the Biodiversity Advisory Group meeting held on 6 October 2020, be received.

Lovett/Rawlinson

Carried

#### **7 Ashburton Domain Aviary**

##### **Recommendation to Council**

- |  |               |
|--|---------------|
| 1. <b>That</b> the Ashburton Domain aviary be closed at the end of the current contract term, being 29 March 2021. | <i>Cont'd</i> |
|--|---------------|



2. **That** staff work with the Aviary contractor to begin a programme of reducing and rehoming bird stocks in accordance with the guidance provided by the SPCA and with priority given to placing birds at other Council aviaries.
3. **That** the site is redeveloped in accordance with the Ashburton Domain Development Plan.

Rawlinson/Cameron

Carried

## 8 Cemetery Fees and Charges

It was requested that comparisons of fees with neighbouring councils be included when this report is brought to Council.

It was discussed that the cemetery fees and charges should be discussed in an LTP workshop and that officers find out what fee and charges would be if Council were to go to full cost recovery.

### Recommendation to Council

**That** Council adopts the cemetery charges and fees proposed in *Table 1* below.

*Table 1*

Fee/charge to be changed	New or existing charge	Proposed fee	Reason for change
Burial plot with concrete beam i.e. 'conventional plot'	Existing	Purchase of plot fee increased from \$1,421 to \$1,657	Change to the service. The fee increase reflects the increased conventional plot widths.
Natural burial - Adult	New	Purchase of plot \$1,657	New service within the Ashburton Cemetery extension area. This is the same fee as a conventional burial plot. Natural burial plots don't require a concrete beam but are considerably larger than a conventional plot.
Natural burial - Child	New	Purchase of plot \$414	New service within the Ashburton Cemetery extension area. Natural burial plots for children are approximately a quarter of the size of adult plots.
Muslim burial - Adult	New	Purchase of plot \$1775 Interment fee \$1,981 (including fee for Muslim board)	New service within the Ashburton Cemetery extension area. Fees are higher than those for conventional burial plots and interments. This is because Muslim plots are wider than conventional plots and also require a concrete beam. Interment is also more complicated than a conventional plot.
Muslim burial - Child	New	Purchase of plot \$887 Interment fee \$1,981 (including fee for Muslim board)	New service within the New service within the Ashburton Cemetery extension area. The plot area required for children is approximately half of that required for an adult. Interment is also more complicated than conventional interments.

Cameron/Braam

Carried

**Post meeting note:** The 2020 Revenue and Finance Policy review (which Council has adopted to take effect from 1 July 2021) signals that the cemetery activity opex will be funded fees and charges 60-80%, general rate 20-40%.

Councillors will recall the hearing of submissions on 18-19 August 2020 followed by adoption of the policy on 24 September 2020. A Council workshop to consider funding from a full cost recovery perspective is effectively a conversation around amending the R&F Policy, which would likely trigger Council's Significance and Engagement Policy and require full consultation.

Council will get the opportunity to review the fees and charges through a budget workshop in the New Year, but this will be primarily to see fees and charges changes and to ensure that Council is giving effect to the new R&F Policy.

The Committee asked for fee comparisons with other councils (shown below). All figures quoted are for single depth burials.

	Ashburton	Timaru	Selwyn	Southland	Waimakariri	Manawatu	Matamata Piako	Hurunui
Plot Purchase (average =\$1,026)	<b>Current (\$1,421)</b>  <b>Proposed (\$1,657)</b>	\$1,445	\$1,370	\$138	\$518	\$1,634	\$1,525	\$650
Interment (average =\$1,242)	<b>Current (\$1,257)</b> <b>Proposed (\$1,257)</b> <b>and (\$1,981 including fee for Muslim burial)</b>	\$1,195	\$1,231	\$1,940	\$672	\$1,225	\$1,130	\$1,300

#### Business transacted with the public excluded – 9:54am

That the public be excluded from the following parts of the proceedings of this meeting, namely – the general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No	General subject of each matter to be considered:	In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:	
9	Minutes 8/10/20	Section 7(2)(h)	Commercial activities
10	Covid-19 Economic Recovery Advisory Group 14/10/20	Section 7(2)(h)	Commercial activities
11	Caring for Communities Welfare Recovery Group 6/10/20	Section 7(2)(a)	Protection of privacy of natural persons
12	Caring for Communities Welfare Recovery Group 3/11/20	Section 7(2)(a)	Protection of privacy of natural persons

Brown/Cameron

Carried

The meeting concluded at 10:24am.

### ***7. Infrastructure Services Committee minutes***

Minutes of the Infrastructure Services Committee meeting held on Tuesday 17 November 2020, commencing at 10.40am, in the Council Chamber, 137 Havelock Street, Ashburton.

#### **Present**

His Worship the Mayor, Neil Brown; Councillors Stuart Wilson (Chair), Leen Braam, Rodger Letham, Lynette Lovett and Diane Rawlinson.

#### **Also present:**

Councillors Carolyn Cameron, Angus McKay and Liz McMillan.

#### **In attendance**

Hamish Riach (Chief Executive), Neil McCann (GM Service Delivery), Jane Donaldson (GM Strategy & Compliance), Brian Fauth (Contracts Manager), Craig Goodwin (Waste Recovery Manager), Chris Stanley (3 Waters Engineer), Euan Cox (Compliance Coordinator) and Carol McAtamney (Governance Officer).

#### **1 Apologies**

Nil.

#### **2 Extraordinary Business**

Nil.

#### **3 Declarations of Interest**

Nil.

#### **4 Confirmation of Minutes**

**That** the minutes of the Infrastructure Services Committee meeting held on 8 October 2020, be taken as read and confirmed.

Braam/Rawlinson

Carried

#### **5 Entranceways into new Subdivisions**

##### **Recommendation to Council**

**That** the current practice of disallowing structures, signage and other features associated with new subdivisions on Council land be endorsed, and a further report be prepared on possible mechanisms to ensure ongoing maintenance of such structures on private land.

Letham/Lovett

Carried

#### **6 Canterbury Regional Landfill Joint Committee – Review of the Constituting Agreement of the Committee**

##### **Recommendation to Council**

**That** Council supports amending the Constituting Agreement of the Canterbury Regional Landfill Joint Committee to permit attendance at meetings by audio or video links.

Braam/Lovett

Carried

**7 Closure of Stockwater Race – Chertsey Road**

The recommendation to close the Stockwater race was not fully supported and the Committee agreed that further information be requested.

**That** Council decline the application to close the Stockwater race starting at a junction on PN: 2332 (Wards Road), passing through three properties before ending in a soak hole on PN: 2431 (Chertsey Road).

Letham/Braam

Carried

A show of hands gave 3 for and 3 against  
The Chairman used his casting vote and the motion was lost

**8 Closure of Stockwater Race – Fairton Township**

**Recommendation to Council**

**That** Council approves the closure of the Stockwater race starting at a junction on PN: 17091 (1 Fairfield Road), passing through seventeen properties before ending at a junction on PN: 3084 (43 Fairfield Road), a total distance of 719.4 metres

Braam/Rawlinson

Carried

**9 Ashburton Car Club – Road Closures**

**Recommendation to Council**

**That** Council permit the following roads to be closed from 8.30am, Saturday 28 November 2020 until 5.30pm the same day to allow the Gravel Bent Sprint meeting to be held:-

**LE BRETONS ROAD**, from Christys Road intersection

**LE BRETONS ROAD**, from Denshires Road South intersection

**CHERTSEY ROAD**, from Le Bretons Road intersection for 2 kilometres

Braam/Lovett

Carried

**10 Annual Report on Drinking Water Standards and Health Act Compliance – 2019/20**

**That** the Committee receives the report.

Lovett/Braam

Carried

The meeting concluded at 11.35am.

### **8. *Audit Risk & Finance Committee minutes***

Minutes of the Audit, Risk & Finance Committee meeting held on Thursday 26 November 2020, commencing at 1.30pm, in the Council Chamber, 137 Havelock Street, Ashburton.

#### **Present**

Mayor Neil Brown; Councillors John Falloon (Chair), Carolyn Cameron, John Falloon, Liz McMillan and Stuart Wilson; Murray Harrington (via Zoom).

#### **Also present:**

Councillors Angus McKay, Lynette Lovett and Diane Rawlinson.

#### **In attendance**

Hamish Riach (Chief Executive), Paul Brake (GM Business Support), Jane Donaldson (GM Strategy & Compliance), Neil McCann (GM Infrastructure Services), Sarah Mosely (Manager People & Capability), Steve Fabish (GM Community Services), Rachel Sparks (Finance Manager) and Phillipa Clark (Governance Team Leader).

#### **1 Apologies**

Cr Leen Braam (lateness)

Sustained

#### **2 Extraordinary Business**

Nil.

#### **3 Declarations of Interest**

Nil.

#### **4 Confirmation of Minutes 3/09/20**

**That** the minutes of the Audit, Risk & Finance Committee meeting held on 13 October 2020, be taken as read and confirmed.

Harrington/Wilson

Carried

#### **5 Ashburton Airport Authority Subcommittee**

**That** the minutes of the Airport Authority Subcommittee meeting held on 19 October 2020, be received.

Cameron/Mayor

Carried

#### **6 Financial Variance Report**

The October 2020 report was received for discussion.

- Receivables summary (replacement page 21) tabled showing the correct debtors graphs.
- External debt – transfer of internal debt to external to fund ongoing capital. Loans will be raised throughout the year instead of year end.
- The Committee noted that the longest of Council's borrowings is to April 2027, compared to the Bancorp report showing low rates going out to 2037. The Group Manager Business Support will take advice on whether Council should be fixing debt for 17 years at the percentages shown.

**That** the Audit, Risk & Finance Committee receives the Financial Variance Report – October 2020.

Cameron/McMillan

Carried

## **7 Treasury Report**

**That** the Audit, Risk & Finance Committee receives the Bancorp Treasury Report – September 2020.

Rawlinson/Wilson

Carried

### **Business transacted with the public excluded – 1.52pm**

That the public be excluded from the following parts of the proceedings of this meeting, namely – the general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<b>Item No</b>	<b>General subject of each matter to be considered:</b>	<b>In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:</b>	
8	Minutes 13/10/20	Sections 7(2)(h) & 7(2)(a)	Commercial activities Protection of privacy of natural persons
9	Health & Safety	Section 7(2)(a)	Protection of privacy of natural persons
10	2019-2020 Audit	Sections 7(2)(h)	Commercial activities

Brown/Wilson

Carried

The Committee resumed in open meeting and concluded at 3.00pm.

## Road Safety Co-ordinating Committee

10 November 2020



### 9. Road Safety Co-ordinating Committee minutes

Minutes of the Road Safety Co-ordinating Committee meeting held on Tuesday 10 November 2020, commencing at 9.30am, in the Council Chamber, 137 Havelock Street, Ashburton.

#### 1 Welcome and Apologies

**That** apologies for absence be received on behalf of Shane Cochrane (NZ Police – Commercial Vehicle), Steve Bergerhout (NZ Police – State Highway), Wendy Stewart (ACC), Daniel Naude (South Canterbury Road Safety) – Mayor leaving early

McMillan/Keenan

Carried

#### Present:

Lynette Lovett (Chair)	ADC Councillor		
Liz McMillan	ADC Councillor	Andrae Gold	ACADS
Diane Rawlinson	ADC Councillor	Lesley Symington	Safer Mid Canterbury
Neil Brown	Mayor	John Skevington	AA
John Keenan	NZTA/Waka Kotahi	Bevan Findlay	FENZ
Simon Bird	NZTA/Waka Kotahi		
David Scarlett	NZTA/Waka Kotahi		

#### In attendance:

Martin Lo	Graduate Engineer – Roading	Carol McAtamney	Governance Support Officer
Brian Fauth	Contracts Manager		

#### 2 Notification of Extraordinary Business

Nil.

#### 3 Confirmation of Minutes

**That** the minutes of the Ashburton District Road Safety Coordinating Committee meeting held on 4 August 2020, be taken as read and confirmed.

Rawlinson/Skevington

Carried

#### 4 Reports

##### 4.1 ACADS

- Summer campaign is to be launched 26 November.

##### 4.3 NZ Transport Agency (NZTA)

John Keenan [Post meeting information has been circulated and included in Appendix 1]

##### Grahams Road/Archibald Street Intersection

It was noted that part of the proposed improvements to this intersection had been undertaken and that the safety and traffic flow at this intersection has been greatly improved.

##### Further information and updates were requested on the following:

- SH1 Walnut Avenue Signalisation Project

Concerns regarding traffic flow from SH77 (Moore Street) turning onto SH1

- SH1 Archibald Street/South Street – Right Turn Signal (northbound)

Concerns regarding the short amount of time that the turn signal allows for traffic turning into South Street

- Ashburton River Bridge

Lights have been out on the bridge for approximately 3-4 months. It was advised that EA Networks are aware of the outages but will not work on the poles until they are replaced as they are not safe.

- Location of the proposed Weigh Station in Rakaia
- Rakaia to Ashburton Road Safety Improvements
- Rakaia Speed Limit Review

NZTA to follow up on these issues – **see Appendix 1**

#### **Reporting Issues:**

- NZTA - 0800 4 highways. This number is monitored 24/7
- ADC – use the Snap Send Solve app for any issues. The call centre will send notification to the relevant agency/contractor to attend to the issue.

#### **4.4 Ashburton District Road Safety**

Martin Lo – report circulated

- 17 students took part in the first AA Licensing Mobile unit drivers licence test at Mt Hutt College which resulted in a pass rate of 78%.
- Since the active stop ahead signs were installed at the intersection of Thompsons Track and Somerton Road, in July 2019, there have not been any serious or fatal crashes reported.

#### **ACC Update**

- Currently undertaking a stocktake of community driver programmes within the Canterbury region
- Toolkits are available for Ashburton College and Mt Hutt College upon request

#### **4.7 Automobile Association**

- Need for a mandatory standard for 20km p/hr signage and flashing lights on rear of school buses
- Mayor to raise topic with Regional Transport Committee

#### **5 Safer Mid Canterbury**

- Community Transport for rural residents

Looking to start a two day a week trial in December where a community van, which is owned by Community House will travel to the country areas to transport people to town

- Mt Somers and Methven areas
- Rakaia, Chertsey, Marae, Hinds

Looking for volunteers

Environment Canterbury is providing support through funding

#### **7 2021 Meeting Dates**

The next meeting date is Tuesday 2 February 2021.

Meeting dates scheduled for 2021 are:

- Tuesday 4 May
- Tuesday 3 August
- Tuesday 2 November

Meeting closed at 10.28am.



## Appendix 1

*Supplementary information provided after the meeting by John Keenan, NZTA.*

- **SH1 Archibald Street/South Street – Right Turn Signal (northbound)**

The objectives of signal phasing design are to provide safety and efficiency. As those objectives often conflict, compromises must be considered carefully. Right-turn arrows can be used for partial or full control of that movement. For South Street it is partial control, the green light provides the other option for a non-filter turn.

Right-turn arrows also allows for right-turning traffic to definitely turn and, with the use of sensors in the road, means that the turn signal arrow only needs to be activated when there are vehicles waiting if there is a dedicated right-turn lane or bay.

A right turn filter is where right turn vehicles select gaps in the opposing vehicle flow when the green light is on. A filter right turn may be used where a right turn bay exists or can be provided, or in a shared lane where the right turn does not cause excessive delays to other vehicles and the flows are low enough to allow filtering without compromising safety or causing excessive delays. The flow rate of the filter right turn is affected by:

- The rate of the opposing flow
- The speed of the opposing flow
- The number of lanes (or width of road) that right turn vehicles must cross
- The length of phase during which the filter may take place.

### **Response from Christchurch Transport Operations Centre**

The right turn movement off SH1 is a lag movement – it runs if demanded by traffic not able to make a filter turn.

A vehicle must be on the detector for 4 seconds to call the turning arrow phase. I have checked the phase times for yesterday (10/11), which shows Scats adjusting the amount of phase time. The average phase time (green - variable, yellow – 4 seconds fixed and red – 1 second fixed) is 11 seconds. Yesterday B phase (the right turn movement) ran 92 times, the minimum time was 10 seconds and the maximum time was 27 seconds. The camera onsite is dead. I have emailed WTOC to see if a replacement can be installed. We do not see any congestion alerts from Scats or Traffic Watcher.

If we increase phase time to this movement, we will increase delay for the southbound SH through movement and local South St. I cannot find any problems with the intersection phasing / timing.

- **Ashburton River Bridge – Street Lamps**

Following contact by NZTA EA Network have agreed to undertake repairs on the streetlamps that are not working.

- **Is there update on the location of the proposed Weigh Station in Rakaia?**

This project is currently on hold and other potential locations are now being investigated. One potential site being investigated is on Old South Road/Heslerton Road opposite Synlait. We are evaluating further safety enhancements based on the feedback received.

- **Rakaia to Ashburton Road Safety Improvements update**

This project is also currently on hold. To date a “Proof of Concept Design Report” has been completed. It is planned to proceed in two stages

- Stage 1: Bankside SH1 Heslerton Road to North Rakaia Road – to the North of the Bridge and Overdale SH1 Rakaia, 70 km/h speed limit change south of Rakaia to Pendarves Rakaia Road/Hatfield – to the south

A price level adjustment application is in progress in order to seek the required funding to undertake the Stage 1 works.

Nothing is happening in the short-term as a consequence of a funding shortfall

- **Rakaia Speed Limit Review**

Waka Kotahi NZ Transport Agency is currently identifying roads where reviewing speed limits could make a big difference in preventing deaths and serious injuries, and where communities are calling for change.

There are no speed limit review plans at present for Rakaia, however the Safety Engineers have been alerted to this issue so it can be placed on our priority list.

Our local team will monitor the Safe Network Project infrastructure programme and align ourselves with the design process for the Rakaia to Ashburton safety improvements so that we can advocate that the speed limit change would come into play at the same time the median barrier works are completed.

A number of the speed limit changes completed to date have been pushed to completion via community action, e.g. Winchester, Glenavy & Burkes Pass. Council and the Rakaia community could consider making further formal written representations to NZTA and also utilise media to get attention focused on the Rakaia issues. The Mayoral Forum of Regional Transport Plan committee could be other options to promote a change of speed limit. (Rakaia would likely go from 70 to 60 under the new guidelines)

### ***10. Biodiversity Advisory Group minutes***

Minutes of the Biodiversity Advisory Group held on Tuesday 8 December 2020, commencing at 1.00pm at the Council Chamber, 137 Havelock Street, Ashburton.

**Present:** Councillors Lynette Lovett (Chair), Bert Hofmans (ADC); Steve Fabish (GM Community Services); Val Clemens (Forest & Bird and ACCT), Jane Riach (Kānuka Trust), Edith Smith (Forest & Bird and ACCT), Jayde Couper (Fish & Game); Gen de Spa ((Foothills Landcare Group); Mike Salvesen (Federated Farmers); and Barry Austin (Mt Somers Walkway Soc. & Lake Heron Conservation Soc.); Dave Moore (Water Zone Committee).

**In attendance:** Carol McAtamney (Governance Support - minutes); Peter Garde and Mack McElwain (Methven Lions Club), Michael Edmondson and Nick Vernon (Synlait)

#### **1 Apologies**

Cr Diane Rawlinson, Ian Fraser, Mary Ralston, Donna Field, Marcelo Wibmer, Bill Thomas and Mike Salvesen (lateness, 1.14pm)

Clemens/ Smith

Carried

#### **2 Extraordinary Business**

**District Planning Process** – Ian Hyde (ADC District Planning Manager)

The current District Plan was adopted in August 2014 and a review was due to be undertaken in 2023/24.

The Government commissioned Tony Randerson to undertake an assessment and appraisal of the current Resource Management Act and its recommendations are currently being reviewed by the Government. It is expected that the Government will be aggressive in implementing new legislation which will have a greater acknowledgement for biodiversity and environmental awareness. The impact means that the timeline for the anticipated review of the ADC district plan, previously expected to start in 2023/24, is uncertain at this point.

#### **3 Declarations of Interest**

Nil.

#### **4 Confirmation of Minutes – 6/10/20**

**That** the minutes of the Biodiversity Advisory Group meeting held on 6 October 2020 be taken as read and confirmed.

Smith/Riach

Carried

#### **5 Reports and Presentations**

##### **5.1 Native Tree Planting (Methven Lions) – Peter Garde and Mack McElreigh presented:**

- Currently undertaking a project to create a walking/cycling loop around the Methven township with a surface that people from all walks of life regardless of age and ability can use at any time.
- Have received approximately 1,000 grasses from Ecan to plant at Mt Harding Creek to help improve fish life and the health of the creek.
- RDR have assisted with gates, bollards and cattle-stops etc along the RDR.

- Methven Community Board had contributed with funding towards building structures.
- Are currently in need of materials, native grasses and shrubs and working bees and asked for suggestions from the group as to who they could approach for assistance.
- Synlait representatives advised that as part of their 'Environmental Initiatives' programme they will have approximately 80,000 plants available for planting in 2021 and would be willing to undertake discussions with Methven Lions.
- Forest and Bird offered to provide assistance/guidance as to what species would be best suited to planting in the area.

### 5.3 Synlait Environmental Initiatives – Michael Edmondson and Nick Vernon presented:

#### **Four key components:**

##### **Lead with Pride**

- Launched 2013.
- Based on standards covering broad range farming practices and maintains a focus on care of the Environment, Animals, Food safety and the people who work on and manage farms.

##### **Whakapuāwai**

- Launched 2019.
- Synlait's commitment to restoring and regenerating native ecosystems, waterways and wetlands, flora and fauna – benefiting Mahinga Kai values.
- 80,000 trees to be planted on farms next year, this number is likely to increase over time.
- Synlait offered all staff one day a year to plant trees on farms.
- 15 ha of grazing land behind the Dunsandel factory will be planted in native trees and shrubs in a development to include walking tracks and wetlands.

##### **Soil Health Partnership**

- Partnered with AgResearch to assess soil health across Synlait's pastoral dairy farms, to understand how it can be improved over time.
- Aim is to confirm the link between soil health and farm profitability.

##### **Greenhouse Gas Management (GHG)**

- Since 2017 Synlait has been reporting GHG emissions for each farm (through Overseer) and educating farm suppliers on farm specific sources of GHG's

## 6 General Matters

### **Insurance Reserves – Bert Hofmans (ADC Open Spaces Planner)**

- A report was commissioned from Mike Harding – Ecologist to survey roadsides to identify sites that insurance reserves could be located.
- Five sites were recommended – Ashton Beach - site 1684, Moorehouse Road (west of Mayfield) – site 404, Harris Reserve – site 294, Plantation Road – site 363 and Ferrimans Road – site 281.
- Sites are deteriorating or disappearing due to irrigation, accidental spraying, fencing, stock movement etc.
- Roadside vegetation is more vulnerable than when it is a fenced area. It was suggested that areas that are semi-controlled would be more suitable.
- A request is to be made that an area in the Domain be made available for the establishment of an Insurance Reserve – Bert to follow up.

### **ADC Biodiversity Officer Role**

- A submission is to be prepared by the Advisory Group to the LTP supporting the appointment of a Biodiversity Officer including suggestions of specifics that the role should entail.
- It was also recommended that each of the Advisory Group members prepare individual submissions from their organisation.

## **7 Agency Updates**

### **Kānuka Trust**

- Kānuka Balancing Biodiversity, Beneficial Bugs Field Day
  - 29 Attendees
  - Fascinating insights from:
    - Crop & Food - which natives attract which beneficials
    - FAR – monitoring the effect of beneficials and adapting farming practice as a result.
    - Stephen Brailsford - practical planting advice for success, right plant right place, ground preparation, plant protectors and maintenance.
  - Farmers - using native plantings as farm assets.
- Participated in the Ashton Beach planting day.
- Have employed an educator who will work with schools in 2021.

### **Ashburton District Council**

#### **Lake Camp**

- Another round of weed control undertaken at Lake Camp by contractor 20 November.
- Planting areas mulched and fenced 20 November 2020.
- Another round of pest control undertaken 15 October 2020– 3 possums, 8 hares and 27 rabbits.

#### **Ashton Beach**

- Weed control work undertaken 26 November on biodiversity site by contractors.
- Consultant has been engaged to prepare Lizard Management Plan and Wildlife Permit application.

#### **Wakanui Beach Restoration project**

- Volunteer weeding ½ day on 8 Dec 2020.
- Weed spraying to occur before Xmas.

### **Barry Austin, Lake Heron Conservation**

- Replacing single traps with double traps.
- Had enlarged the hole on the bigger traps to enable the capture of cats which was very successful. Due to change in policy large hole entry traps can no longer be used on DOC land. Traps are being returned to standard size.
- Wasp control on private land around Staveley area has commenced.

### **Gen de Spa, Foothills Landcare Group**

- Two species of mistletoe have been discovered in the Staveley forest.
- Wasp control has commenced.
- Local and Christchurch school children have been undertaking weed control in the forest.
- A request has been received for trapping to be undertaken on the Methven bicycle route.

### **Val Clemens, ACCT**

- Craspedia - Landcare are continuing to undertake DNA testing on plants at Wakanui to see if they have been pollinated.
- Tests are also being carried out using frozen pollen transported to Wakanui from Lincoln.

### **Mike Salvesen, Federated Farmers**

- Members of the Ecan Biosecurity group recently undertook a field trip to the Herbarium located in Lincoln.

### **Jayde Couper, Fish & Game**

- Electric fishing has been undertaken on Lake Hood.
- Juvenile brown trout were found above a culvert.

#### **Dave Moore – Zone Committee**

- Committee members, John Waugh and Karl Russell, tendered their resignations effective 24 November 2020.
- Currently working with Ecan, ADC and Runanga to establish an action plan/priorities for the next two years.
- A workshop was held regarding the next steps for the Ashburton River and tributaries including Carters Creek, Ashburton Lakes, Wakanui lagoon and the possibility of getting water returning to Wakanui Creek.

#### **Edith Smith, Forest and Bird**

- Participated in the annual bird survey for the Ashburton River.
- Recently walked along the Ashburton River (Valetta bridge to the river mouth). Very disappointed in the state of the river – the amount of slime and large stones was disturbing, walking through lupin, viewed over 5,000 black-backed gulls over a long stretch of the river.
- Black fronted terns nesting just before Walkham Road.

#### **Dryland Biodiversity - Field Trip**

A field trip to see the significant progress being made in regard to dryland biodiversity is to be scheduled, areas to visit to include:

- Plantation Road
- Harris Reserve
- Swamp Road
- Ferrimans Road
- Ocean Farm
- Carrs Farm

**The Chair requested** written reports for agency updates to be sent in advance of agendas going out.

### **8 Next Meeting**

Tuesday 2 February 2021 at 1.00pm

#### **2021 Dates:**

Tuesday 6 April

Tuesday 8 June

Tuesday 3 August

Tuesday 2 November

### **9 Terms of Reference**

A copy of the updated terms of reference were circulated with the agenda.

The meeting concluded at 2.50pm.

## Methven Community Board

9 November 2020



### ***11. Methven Community Board minutes***

Minutes of the Methven Community Board meeting held on Monday 9 November 2020, commencing at 10.30am, in the Mt Hutt Memorial Hall Boardroom, 160 Main Street, Methven.

#### **Present**

Dan McLaughlin (Chairman), Kelvin Holmes, Ron Smith, Richie Owen and Sonia McAlpine; Crs Liz McMillan and Rodger Letham.

#### **In attendance**

Mayor Neil Brown, Jane Donaldson (Group Manager Strategy & Compliance) and Clare Harden (Community Administration Officer).

#### **1 Apologies**

**That** apologies for absence be received from Sonia McAlpine.

Smith/Holmes

Carried

#### **3 Declarations of Interest**

Kelvin Holmes and Liz McMillan declared an interest in the discretionary fund grant application for the Mt Hutt Memorial Hall and gave notice they will refrain from discussion and voting.

#### **4 Confirmation of Minutes**

**That** the minutes of the Methven Community Board meeting held on 28 September 2020, be taken as read and confirmed.

Liz/Holmes

Carried

#### **5 Activity Reports**

**That** the reports be received.

Smith/Owen

Carried

#### **• 2021 Meeting Calendar**

#### **Recommendation to Council** [Ratified by Council on 17/11/20]

**That** the Methven Community Board meetings be included on the Ashburton District Council 2021 meeting Calendar as follows:

(Mondays) 1 February, 15 March, 3 May, 14 June, 26 July, 6 September, 18 October and 29 November.

Smith/Holmes

Carried

- **Discretionary Grants**

***Mt Hutt Memorial Hall***

Kelvin Holmes and Liz McMillan withdrew from debate.

The recommendation to approve funding of \$10,000 to replace old seating in the upstairs area of the Mt Hutt Memorial Hall theatre was not supported.

***Methven Primary Schools – prizegiving vouchers***

Although not an item on the agenda, the Board gave consideration to the annual provision of vouchers for both the Methven Primary School and Our Lady of the Snows Primary School prizegivings.

**That** the Methven Primary School and Our Lady of the Snows Primary School be gifted two \$50 vouchers each for the schools’ annual prizegiving, with the total cost of \$200 to be funded from the Board’s discretionary grant fund.

McLaughlin/McMillan

Carried

**Next meeting**

The next meeting of the Methven Community Board will be held on Monday 1 February 2021, commencing at 10.30am in the Mt Hutt Memorial Hall.

The meeting concluded at 11.45pm.

9 November 2020

\_\_\_\_\_ **Chairman**



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## ***12. Adoption of the Annual Report***

**Report withdrawn from Agenda 11/12/20 and will instead be included in the Extraordinary Council agenda on 23 December.**

### ***13. Economic Impact of Land and Water Management in Ashburton District***

Author	<i>Richard Fitzgerald, Agriculture Portfolio Advisor</i>
Activity Manager	<i>Bevan Rickerby, Economic Development Manager</i>
GM Responsible	<i>Steve Fabish, Group Manager Community Services</i>

#### **Summary**

- The purpose of this report is to introduce research on the likely economic impact of land and water legislation in the Ashburton District. The new rules will affect all types of farming, with a greater impact on more intensive land uses such as those in the Ashburton District.

#### **Recommendation**

1. **That** Council receives the report and refers it to the Canterbury Mayoral Forum and other relevant stakeholders (both political and industry organisations) for consideration and comment.

#### **Attachments**

- **Infometrics review report – Land and Water reforms and economic impact**
- **Land and Water reforms and economic impact\_Ashburton District**

## Background

1. New land and water management regulations have been introduced by the Government. The National Policy Statement on Freshwater Management and associated legislation is intended to address issues associated with freshwater quality and land management, particularly in relation to the role that primary production plays with the environment. The regulations are significant and likely to lead to system changes and land use changes.
2. The attached report was requested by the Council to assess the possible economic impact of the new legislation at both farm and community level in the Ashburton District.
3. Infometrics was engaged to review the methodology applied in the report for calculating on-farm impact, farm expenditure changes and the effect on employment. A copy of the peer review is attached.

## Legal/policy implications

4. The National Policy Statement for Fresh Water Management, the National Environmental Standards for Fresh Water Regulations and Stock Exclusion Regulations were adopted in August 2020 and must be complied with.

## Financial implications

5. There are no financial implications arising from receipt of this report.

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	Yes
Level of significance	High significance
Level of <i>engagement</i> selected	1. Inform – one way communication
Rationale for selecting level of engagement	While the report itself is not significant, the implementation of the NPS Freshwater Management is a significant issue for our community and is inextricably linked to this report. Level one engagement has been selected due to the purpose of this report being solely an introduction of information, rather than a proposal or decision for Council.
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager

## Appendix one: Significance and engagement assessment tool

*To be attached to reports that have triggered 'high' significance. Otherwise, delete.*

Criteria	Explanation		Assessment Rating (L, M or H)
<b>1. Strategic asset?</b>	LOW	No	L
	MEDIUM	No	
	HIGH	Yes	
<b>2. Number of people affected</b>	LOW	Less than 100	H
	MEDIUM	Less than 500	
	HIGH	Greater than 500	
<b>3. Level of impact on people affected</b>	<p>Criteria 3-9 require qualitative assessment. Refer to 'Suggested thresholds for determining significance' (Appendix 2).</p> <p>Remember:</p> <ul style="list-style-type: none"> <li>- Front page newspaper test</li> <li>- Impact on individuals and group</li> <li>- Potential benefits versus risks</li> <li>- Financial cost of the outcome</li> <li>- Potential precedent set</li> <li>- Related to land or water?</li> <li>- Of political interest?</li> </ul>		H
<b>4. Level of current community interest</b>			H
<b>5. Level of potential community interest</b>			H
<b>6. Of political interest to Te Runanga o Arowhenua as mana whenua?</b>			H
<b>7. Cost of proposal</b>			L
<b>8. Impact on rates</b>			L
<b>9. Impact on levels of service</b>			L
<b>10. Overall assessment of risk</b>	Risk level to be determined by Risk Management Policy as L, M or H		L
<b>11. Overall assessment of health and safety considerations</b>	Assessment to be determined by considering health and safety implications		L
<b>TOTAL</b>	LOW		6
	MEDIUM		0
	HIGH		5
<b>Significant issue?</b>	If the score for 'HIGH' is one or more then the issue is 'significant'		Yes
<b>Level of significance</b>	LOW	Score of 33% or below	70% - High
	MEDIUM	Score between 34% and 67%	
	HIGH	Score of 68% or above	

## Appendix 1: Significance and engagement assessment tool

*To be attached to reports that have triggered 'high' significance. Otherwise, delete.*

Criteria	Explanation		Assessment Rating (L, M or H)
1. Strategic asset?	LOW	No	L
	MEDIUM	No	
	HIGH	Yes	
2. Number of people affected	LOW	Less than 100	H
	MEDIUM	Less than 500	
	HIGH	Greater than 500	
3. Level of impact on people affected	<p>Criteria 3-9 require qualitative assessment. Refer to 'Suggested thresholds for determining significance' (Appendix 2).</p> <p>Remember:</p> <ul style="list-style-type: none"> <li>- Front page newspaper test</li> <li>- Impact on individuals and group</li> <li>- Potential benefits versus risks</li> <li>- Financial cost of the outcome</li> <li>- Potential precedent set</li> <li>- Related to land or water?</li> <li>- Of political interest?</li> </ul>		H
4. Level of current community interest			H
5. Level of potential community interest			H
6. Of political interest to Te Runanga o Arowhenua as mana whenua?			H
7. Cost of proposal			L
8. Impact on rates			L
9. Impact on levels of service			L
10. Overall assessment of risk	Risk level to be determined by Risk Management Policy as L, M or H		L
11. Overall assessment of health and safety considerations	Assessment to be determined by considering health and safety implications		L
TOTAL	LOW		6
	MEDIUM		0
	HIGH		5
Significant issue?	If the score for 'HIGH' is one or more then the issue is 'significant'		Yes
Level of significance	LOW	Score of 33% or below	70% - High
	MEDIUM	Score between 34% and 67%	
	HIGH	Score of 68% or above	

# Land and Water Management in Ashburton District – Economic Impact Report

## Executive Summary

The National Policy Statement for Freshwater Management and associated legislation has reframed the approach for land and water management in New Zealand. These are intended to address a range of issues associated with freshwater quality and land management, particularly in relation to the role that primary production plays with the environment. The regulations are significant. They are likely to change the way a number of farm systems are structured and how they operate.

This report was requested by the Ashburton District Council to assess the possible economic impact of the National Policy Statement for Freshwater Management and the associated legislation. It aims to provide an understanding of the implications of, and estimate the potential economic impact of the regulations at both farm and community level in the Ashburton District.

Existing economic and farm practice change modelling data was used as the basis for calculations. This modelling was previously undertaken to identify the impact of 'Plan Change Two' of the Canterbury Land and Water Regional Plan on the Hinds Plains Catchment, and it has been used to provide a very conservative indication of the economic impact of the new regulations. The modelling data was extrapolated across the wider Ashburton District.

The impact assessment identified a significant change in land use as farm businesses responded to regulations and the requirement to reduce nutrient losses. Typically, the businesses moved away from intensive, high input systems to less intensive, lower input farm systems. Complete system changes and land use changes are predicted to occur as the mitigation and nutrient loss requirements became more stringent.

The most stringent mitigation under Plan Change Two was used as a proxy for calculating the economic impact of the new regulations. Under these conditions, dairy farming land-use decreased from approximately one third of land area to one fifth of land area. This is replaced by a large increase in sheep and beef land-use and a slight increase in arable farming.

Coinciding with the change in land-use, all land uses also see a reduction in profitability. In the case of dairy farming, which shows the greatest impact of the regulations, profitability declines by 83%, with other farm types also showing reduced profitability. The remaining low level of profitability may pose a significant challenge for meeting principal repayment obligations in the future, and potentially call into question the economic sustainability of some farm businesses.

Under the National Policy Statement for Freshwater Management and the associated legislation, conservative estimates show that farm profitability will decline by -\$57.9M or -83%, and farm expenditure will decline by -\$139.9M or -23% across the district. This will flow through to affect 653 employees. These figures do not take into account the effects of Plan Change Two on farms in the Hinds Plains Catchment.

The regulations will challenge existing farming systems with a number of established farm practices needing to change, and new technology and innovation adoption will be required. This will come at a cost and will push farm businesses beyond their comfort zone. Many businesses will be faced with significant profit reductions, farm spending will reduce affecting jobs on-farm and in the Ashburton community.

These will be significant issues to navigate and this report makes two recommendations to continue moving forward:

1. The Ashburton District Council receives the report.
2. That the report be referred to the Canterbury Mayoral Forum and other relevant stakeholders (both political and industry organisations) for consideration and comment.

# Land and Water Management in Ashburton District – Economic Impact

Author – Richard Fitzgerald

## Problem Definition

New land and water management regulations have been implemented by the New Zealand Government, however, there has been limited assessment of the economic impact of these rules. Understanding the quantum and the way these regulations may affect businesses is important for managing the negative effects.

## Introduction

Land and Water are important natural resources which underpin the economic development of Ashburton District. The sustainable use of these resources is critical so that opportunities for future generations are not restricted by the activities of today. This requires a careful balancing act between current and future needs.

After a period of community consultation and submissions on the ‘Essential Freshwater’ reforms late last year, several pieces of legislation were passed into law in early August 2020 – the National Policy Statement for Fresh Water Management (NPS-FWM), the National Environmental Standards for Fresh Water Regulations and Stock Exclusion Regulations. These are intended to address a range of issues associated with freshwater quality and land management, particularly in relation to the role that primary production plays with the environment.

The rules will affect all types of farming with a greater impact on more intensive land uses. Ashburton District is recognised as having intensive agricultural land uses, except for high-country farming.

## Economic Impact

Initial work was undertaken by primary industry levy funded bodies during the ‘Essential Freshwater Policy’ submission period in October 2019 (Doole, 2019; MFE, 2019; Stroombergen, 2019; SENSE Partners, 2019; Beetham & Garland, 2019). These reports identify a likely decline in farm productivity and profitability as farms change their management in response to the regulations. Five areas of likely impact are highlighted in the reports, and are summarised as:

1. Reduced productivity – Limits on Nitrogen input leading to lower stocking rates, restrictions on key farm management practices, loss of productive land through mitigation measures.
2. Increased operating costs – Additional compliance and audit costs, additional borrowing.
3. Increased capital spending – Upfront spend on mitigation actions such as fencing, stock handling facilities, infrastructure etc.
4. Reduced opportunities for diversification – Land use changes may require a consent; low producing farms have restrictions on their ability to lift productivity.
5. Reduction in capital value of land – Uncertainty and complexity of the regulation will undermine business confidence and is likely to lead to a reduction in land values.



### The approach for assessing economic impact

A 'desk-top' approach was considered an appropriate and cost-effective way to determine the quantum and way in which the district may be affected. Two possible approaches were identified.

One approach was to use the modelling and case study data developed for the Essential Freshwater Policy submission phase. These reports were developed by the agricultural peak bodies and they explored the impact at a regional and national level with focus on each respective sector.

An alternative approach was to utilise the Hinds Plains Catchment modelling reports (Everest, 2013) which were initially completed in 2013 and updated in 2018. This work was commissioned by ECAN and explored the economic impact of Plan Change Two (PC2) of the Canterbury Land and Water Regional Plan on the Hinds Plains Catchment.

The first approach using Essential Freshwater submissions was dismissed as the reports were considered too broad, and significant areas of judgement were required to identify suitable datasets relevant to the Ashburton District.

The Hinds Plains Catchment modelling approach was identified as the preferred basis for assessing the economic impact of the regulations. This approach was chosen for several reasons:

1. A large proportion of the Ashburton District is evaluated in the reports. The Hinds Plains Catchment represents nearly half (47%) of all the plains area of the Ashburton District, and is one third of the entire agricultural land-use, including the high country.
2. The natural resources, geography and community infrastructure are similar for businesses in the Hinds Plains Catchment as other farms on the plains.
3. The Hinds Plains Catchment reports were commissioned by the regional regulator, assessed using a recognised farm management modelling tool, Farmax, and were updated and peer reviewed.

### Rationale and limitations of using the Hinds Plains Catchment data

It is important to note that using Hinds Plains Catchment data will provide a broad indication of the economic impact rather than an exact impact figure.

There are two reasons for this. Firstly, the natural resources (soils, rainfall, topography etc) in Hinds Plains Catchment are broadly similar but not exactly the same as the rest of the district. The variation within the catchment is reasonably representative of the variation across the remaining plains area of the district. Everest (2013) highlighted that on-farm practices play a more important role in mitigation rather than the natural resources per-se. On this basis, the Hinds Plains Catchment Farmax modelled data was considered to be a valid data set which can be applied to the remaining land area of the plains of the Ashburton District.

Secondly, the requirements for the new land and water regulations are similar but different from PC2. Both aim to reduce nutrient loss and changes to farm practices through infrastructure investment and reduced farm inputs. However, they both tackle these issues slightly differently. It is considered that the new land and water regulations are more stringent than the existing PC2 requirements, with central government intervention in the day to day management of specific farm practices and a change to the priorities with the use of water (Bennett, 2020). This is evidenced by a range of attributes that must now be given effect through the regulations. Of particular significance are the

freshwater Nitrate – Nitrogen attribute levels for rivers. Under PC2, 6.9mg nitrogen per litre (mgN/L) or less was required, whereas the new regulations require the level to be 2.4mgN/L per litre or less.

When considering the validity of using the Hinds Plains Catchment modelling on a district wide basis, it is considered that both the land use, and the natural resources are similar. The environmental outcomes sought by PC2 and the new regulations are aligned, though the new regulations require a higher standard of water quality. On balance, it is considered that using the Hinds Plains Catchment modelling as a reasonable starting point for estimating a district wide economic impact.

## Method

The Ashburton district-wide economic impact was determined by calculating the effects on each type of land use and by how large of an area that land use accounted for in the district. This was undertaken in six steps:

1. *Determine the area of each land use in the Ashburton district* - The 'footprint' of each land use was calculated using a land-use map created in 2012 (LandcareResearch, 2012). This map used GIS data to determine the acreage of each type of land-use in the district.
  - a. The current-day area of dairy farming was updated using 2020 data (Infometrics, 2020). Judgement was applied to estimate the land-use change in the intervening period for arable, mixed system, sheep and beef, deer and horticulture in 2020.
  - b. Estimates were made for irrigation use based on an interview with an irrigation company, Irrigo. This identified 220,000 hectares (79%) of the plains being under irrigation (J. Wright, personal communication, August 20, 2020).
  - c. Figures show that dairy support land use accounts for 25% of the land currently used under dairy farming (Englebrecht & Everest, 2018).
2. *Determine the predicted economic impact for each land use* - The economic impact calculations for land use on the Ashburton District plains (as distinct from the high country) are detailed in the 'MAR Economic Review report – 2018'. This report identifies economic impact values for dairying, irrigated and dryland dairy support, irrigated and dryland arable, irrigated and dryland sheep, beef and deer (Englebrecht & Everest, 2018).
  - a. The new regulations are more stringent than PC2, therefore the highest level of mitigation, '48 % reduction' figures are used (Englebrecht & Everest, 2018, p.17).
  - b. Figure 5 from Englebrecht and Everest (2018, p. 16) is used to identify the application of the appropriate mitigation and corresponding economic impact figure.
  - c. Figure 7 from Englebrecht and Everest (2018, p. 17) is used to calculate the economic impact on each respective land use.

The horticultural economic impact calculation is based on the irrigated arable figures.

- a. Outdoor vegetable production (potatoes, onions and squash) makes the greatest GDP contribution to the horticultural land use in the Ashburton District (Infometrics, 2020). For this report, the farm management response to achieving the environmental requirements is considered to be consistent with arable land-use changes. However, it is recognised that horticulture is a more intensive land use than irrigated arable.

The high-country economic impact was calculated based on the case study work of Beetham and Garland (2019).

- a. Several sheep and beef case studies were prepared in the report and the case study which most closely reflected a high-country operation was selected.
- b. Case study Farm B was used for the basis of the calculation from Beetham and Garland (2019, p.39-44, p.68-71)

- c. B+LNZ Economic Service dataset (Beef and Lamb NZ, 2020)- Land class 1 classified as 'South Island high country – all regions' was used to cross-reference high country farm production, stocking rates, product mix, effective area and other farm performance data.
  - d. Expert judgment in consultation with existing high-country farmers, was used to identify the possible implications of the regulations on farm performance and economic impact e.g. fencing, riparian planting, fertiliser use (K. Harmer, personal communication, September 28, 2020).
3. *Establish the projected land-use change for the Ashburton district* – Using the current area of land in each land-use as identified in Step one of the methods approach of this report, the predicted changes in the land-use is calculated using figures presented in Englebrecht and Everest (2018). Englebrecht and Everest (2018) also discuss that the changes in land use and associated economic impact will create significant opportunity costs. These are accounted for as follows:
  - a. Using Figure 6 (from Englebrecht & Everest, 2018, p. 17), the current land use areas are recalculated using the percentage change of the Hinds Plains Catchment from '2018 Estimate' to 'land use change for 48%'. The percentage change is applied to the current land use areas calculated in Step one.
4. *Calculate the economic impact on agriculture in the Ashburton District* - The different types of land-uses across the district for both dryland and irrigated are multiplied by the economic impact as identified in Step two.
  - a.  $\text{Impact} = (\text{dairy hectares} \times \text{Net Profit After Tax (NPAT)}^1) + (\text{irrigated dairy support hectares} \times (\text{NPAT}) + (\text{irrigated arable hectares} \times (\text{NPAT}) \text{ etc...}$
  - b. All the land uses calculations are added together to get a district wide economic impact assessment for agriculture.
5. *Account for changes in farm expenditure and their flow on affect into the district* – The changes in farm expenditure are detailed in the 'MAR Economic Review report – 2018'. This report identifies changes to expenditure for dairying, irrigated and dryland dairy support, irrigated and dryland arable, irrigated and dryland sheep, beef and deer (Englebrecht & Everest, 2018).
  - a. Using Figure 6 (from Englebrecht & Everest, 2018, p.17), the expense figures relating to each farm type for Good Management Practice (GMP) and '48% reduction' figures are used,
  - b. The difference between these figures for each land use are calculated and multiplied by the respective land use area.
  - c. The Infometrics Regional multiplier model is applied to the change in farm expenditure to establish the effect of reduced farm expenditure on employment.
6. *Peer review* – Infometrics was engaged to review the methodology applied in this report for calculating the on-farm impact, farm expenditure changes and the effect on employment. The approaches undertaken in developing this report were considered reasonable.

## Results

Total agricultural land in the Ashburton District equates to 395,658 hectares, with 114,153 hectares located in the high country and 281,505 hectares on the plains. The Hinds Plains Catchment covers 131,411 hectares of land on the plains of Ashburton District.

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<sup>1</sup> NPAT – is 'Net Profit after Tax', which excludes principal payment and capital expenditure

To draw a comparison between the well documented Hinds Plains Catchment, with the wider Ashburton District, table one is created. Table one establishes the projected land-use change for the Ashburton District if it is subjected to the restrictions proposed under Englebrecht and Everest's '48 % reduction and change land use'. The results show a significant change in many types of land-use.

Currently, land used for dairy farming equates to 25.5% of the district with a further 6.4% devoted to dairy support giving a total dairy footprint of 31.9% of the district's agricultural land. Arable farming covers 20.6% of land, with sheep, beef and deer using a further 45.6%. This includes high country farming which makes up two thirds of that area. Under the conditions of '48% reduction and land-use change', the dairy farming footprint declines to 20.7% of land area. The figures project a significant increase in sheep and beef farming to 55% of total land use with that increase occurring on the plains, mostly as irrigated sheep and beef farming. Arable shows a five percent increase in land use.

*Table 1: Land-use from current to 48% reduction in nutrient loss and land use change in Ashburton District*

	Hinds Plains Catchment '48 % reduction and change land use' (%)	**Current Ashburton District land use (ha)	Estimated irrigation/ dryland land use spilt (ha)	Ashburton District - '48 % reduction and change land use' (ha)
Dairy 3	-33%	101,278	101,278	<b>68,292</b>
Dairy Support –irrigated	-33%	25,335	20,403	<b>13,671</b>
Dairy Support - dryland	-33%		4,932	<b>3,304</b>
Arable – irrigated (ave 1,2,&3)	+38%	81,760	73,648	<b>74,440</b>
Arable (4) - dryland	0%		8,111	<b>11,082</b>
Horticulture and other	0%	6,936	6,936	<b>6,936</b>
Sheep, Beef & Deer - irrigated	+52%	66197	36,242	<b>72,213</b>
Sheep, Beef & Deer- dryland	+0%		29,955	<b>31,567</b>
High country - sheep and beef	0	114,153	114,153	<b>114,153</b>
TOTAL		395,659	395,658	<b>395,658</b>
	Derived from (Englebrecht & Everest, 2018)	Extrapolated from Landcare land use map	(based on 79% land being irrigated)	

The results of table one show that land-use change will occur to meet the environmental standards. Significantly, the land-use will shift from more intensive to less intensive practices i.e. from dairy farming to sheep and beef. These findings are consistent with other research undertaken (Doole, 2019; Higgins & Lefroy, 2020).

The assessment in table two shows an economic impact at a district level of -\$113,017,097. This is largely driven by the negative impact on dairy farming performance which accounts for 62% of the district's reduction. This decline grows to 68% when changes to dairy support land-use is included.

Most farm types demonstrate a reduced level of profitability once the mitigation measures are put in place. Dairy farming is forecast to change from an NPAT of \$783 per hectare, under GMP to an NPAT of \$131 per hectare, after the recommended mitigations have been implemented. This change equates to a decline in profit by 83%.

After the appropriate mitigations, dryland dairy support is forecast to make an operating loss, and irrigated dairy support, while still making a surplus, is forecast to decline in profit by 91%. Irrigated arable is forecast to decline by 71% in profitability (\$404/ha under GMP to \$118/ha after mitigation). Lower input land uses show a variable response. Dryland arable will produce a net loss, as does dryland sheep, beef and deer, while irrigated sheep, beef, and deer show a modest improvement in overall farm profitability through changed farm practices.

*Table 2: Summary of the estimated on-farm economic impact of '48 % reduction in nutrient loss plus land use change' in the Ashburton District*

Land use type	2020 Land use area (ha)	GMP* NPAT* (\$/ha)	Total profit with Good Management Practices (\$)	Land use change (ha)	AM2** NPAT (\$/ha)	AM3** NPAT (\$/ha)	Total profit with 48% reduction + land use change (\$)
Dairy 3	101,278	783	79,300,674	68,292	640	131	8,946,252
Dairy Support – irrigated	20,403	336	6,855,408	13,671	113	30	410,130
Dairy Support - dryland	4,932	500	2,466,000	3,304	326	-45	-148,680
Arable irrigated (average 1,2,&3)	73,648	404	29,753,792	74,440	219	118	8,784,156
Horticulture and other	6,936	404	2,802,144	6,936	219	118	818,448
Arable (4) - dryland	8,111	170	1,378,870	11,082	-4	32	-44,328
Sheep, Beef & Deer - irrigated	36,242	19	688,598	72,213	78	20	1,444,260
Sheep, Beef & Deer- dryland	29,955	171	5,122,305	31,567	76	39	2,399,092
High country - sheep & beef	114,153		9,931,311	114,153			2,672,675
TOTAL Profit For Ashburton District	395,658		138,299,102	395,658			25,282,005
Change in TOTAL Profit							-\$113,017,097
	Refer Table 1	(Englebrecht & Everest, 2018)		Refer Table 1	(from Figure 7 Englebrecht & Everest, 2018, p.17)		
*GMP – Good Management Practice; NPAT – Net Profit After Tax; **AM2/3 - Advanced Mitigation 2/3 + shaded box denotes the NPAT figure used in the profit calculation							

The change in expenditure on farm is demonstrated in table three where current land use under GMP is recalculated for '48% reduction and change of land use'. The on-farm expenditure figures are reported by Englebrecht & Everest, (2018, p.17) and extrapolated across the Ashburton District. The results for the Ashburton District show farm expenditure is projected to decrease by -\$263,427,980 or -22%.

	Good Management Practice (GMP)			48% reduction and changed land use			
	Current Land Use (ha)	Expenses (\$/ha)	Total Expenses (\$)	Changed Land Use (ha)	Expenses (\$/ha)	Total expenses (\$)	Total expense change (\$)
Dairy	101,278	7,131	722,213,418	68,292	5,760	393,360,134	-328,853,284
Dairy suppt - Irrig	20,403	2,187	44,622,105	13,671	2,293	31,346,566	-13,275,538
Dairy suppt - Dry	4,932	2,074	10,228,263	3,304	2,054	6,786,790	-3,441,473
Arable – Irrig	73,648	3,731	274,779,793	74,442	3,763	280,123,365	5,343,572
Arable – Dry	8,111	1,724	13,983,778	11,082	1,887	20,912,401	6,928,623
Sheep, Beef & Deer - irrigated	36,242	1,417	51,354,914	72,213	1,558	112,507,854	61,152,940
Sheep, Beef & Deer - dryland	29,955	1,119	33,519,645	31,567	1,331	42,015,677	8,496,032
Hortic & other	6,936	3,731	25,878,216	6,936	3,763	26,100,168	221,952
SnB H Country	114,153	123	14,040,819	114,153	123	14,040,819	0
			<b>1,190,620,951</b>			<b>927,192,898</b>	<b>-263,427,176</b>
Hinds Plains Catchment is 47% of land area. The remaining district covers 53% of the land area				(0.53 x -\$263,427,176) = <b>-\$139,616,404</b> is the effect of the NPS-FWM on farm expenditure			

Table 3. Changes in on-farm expenditure from GMP to '48% reduction plus changed in land use'.

Table 3 shows that farm expenditure will decline by 22% through farm practice and land use change with -\$263M less being spent by farm businesses with their suppliers and service providers. Dairy farming shows the biggest change with a projected 50% decrease from GMP levels. This is partially offset by substitution of land use to sheep, beef and deer, as well as arable land uses who show increases in spending. These farm systems operate with a lower cost structure with less inputs, and as a result do not fully replace the decline in expenditure from dairy farming but contribute toward achieving the required reduction in nutrient loss.

To estimate the employment effect of a change in farm expenditure, the Infometrics Regional multiplier model has been used. The multiplier model is based on inter-industry relationships within an economy, understanding how shocks in one industry flow onto other industries and ultimately households. The employment effect of a change in farm expenditure includes indirect affects (changes relating to farm suppliers) and induced effects (changes in household expenditure).

The change in farm expenditure and its potential impact on the Ashburton District can be represented by their effect on employment. Table four shows that 1,233 less people will be employed because of the decreases in farm expenditure. Employment associated with the dairy industry will undergo greater change (1,624 people decrease) which is offset with an increase in employment associated with other land uses. The nett effect is that 1,233 fewer roles will result from the changes in on-farm expenditure.

*Table 4. The impact of changes to on-farm expenditure on employment*

	District wide employment effect
Dairy	-1,624
Dairy support - Irrig	-66
Dairy support - Dry	-17
Arable - Irrig	30
Arable - Dry	55
S,B & D - Irrig	341
S, B & D - Dry	47
Hortic & other	1
SnB High Country	0
<b>TOTAL</b>	<b>-1,233</b>
Hinds Plains Catchment is 47% of land area. The remaining district covers 53% of the land area	$(0.53 \times -1,233) = -653$ employees is the effect of the NPS-FWM on employment

## Discussion

In order to achieve a 48% reduction in nutrient loss, all farm businesses will need to significantly change their production systems. This will involve reducing inputs, investment into new infrastructure, changes away from the current use of land and generally operating a lower input farm system.

The Hinds Plains Catchment is a reasonable representation of the wider Ashburton District with similar types of farming, biophysical resources, and community infrastructure. Several reports which were drafted for Plan Change 2 provide an in-depth study of that area and a Farmax model that identifies likely on-farm management responses and investments in technology required to achieve the regulations (Everest, 2013; Daigneault, Samarasinghe, & Lilburne, 2013; Englebrecht & Everest, 2018). These reports provide a useful starting point for calculating the district wide impact of implementing environmental practices.

## On-farm economic impact

The modelling for the Hinds catchment, extrapolated across the Ashburton District details the economic impact of meeting the conditions of PC2. The PC2 goals are a reasonable representation of what is currently required district wide. Assessed, the economic impact of meeting the PC2



regulations is estimated at -\$113,017,097 in district-wide farm profit for implementing a '48% reduction in nutrient loss plus changed land use' to a lower intensity of farming. These rules aim to reduce nutrient loss to 6.9mg N/L.

When considering the impact of the NPS-FWM, it is important to account for the impact of existing regulations which farmers are already working towards. Farm businesses within the Hinds Plains Catchment are already on their way to achieve PC2 and so the impact of those regulations should be considered separately since they have been in place since 2018. This report is considering the marginal cost of implementing the NPS-FWM, without the existing cost of achieving PC2.

The effect of the PC2 regulations on the Hinds Plains Catchment was previously calculated at a cost of -\$55,134,128 NPAT (Englebrecht & Everest, 2018, p. 20). In table two, the district wide impact is calculated at -\$113,017,097 NPAT. Therefore, the effect of the NPS-FWM is the difference between these figures which is -\$57,882,973 NPAT per annum.

Dairy farming is currently the most profitable and highest input land use assessed by Englebrecht & Everest, (2018) for the Ashburton District. The figures demonstrate that the greatest effect occurs in dairy farming with a reduction in profitability by 83%, and a reduction in acreage by 33%. Changes to dairy farming profitability and turn over will have the greatest impact on the Ashburton District. Once again, the NPS-FWN and associated legislation contains new regulations such as a nitrogen cap and winter grazing conditions that are not included within PC2 regulations. These are not accounted for in the calculations.

High country sheep and beef farming has few land-change options so no change in land use has been forecast. However, profitability of high-country farming is impacted with the profit reducing by 73%. Under the NPS-FWM and the associated regulations, the profit impact primarily occurs through the low slope and stock exclusion rules. These rules introduce a high capital cost for fencing with negligible economic benefit, while nutrient loss and water quality requirements are a lesser issue.

While PC2 estimates a significant economic impact, it is important to note that the NPS-FWM require a fresh water nitrogen level of 2.4mg N/L or less; this is approximately one third lower than the level targeted in PC2 (6.9mg N/L). This means that an economic assessment based on PC2 requirements will be very conservative compared to on-farm actions and land use change which will be necessary to achieve NPS-FWM. It is difficult to assess the cost of achieving a soluble nitrate level of 2.4 mg/L as there is very limited information or impact modelling on which to derive an assessment.

Given the likelihood that the easily implemented practice change and the logical land use changes are modelled in the PC2 calculations (Everest, 2013; Englebrecht & Everest, 2018), working towards the lower freshwater nitrate level will become increasingly more costly, relative to nutrient reductions achieved. The concept of diminishing returns is supported by the modelling work of Englebrecht & Everest, (2018) where they showed that the cost of mitigation becomes increasingly more expensive as lower soluble nitrogen freshwater levels are achieved.

#### Farm value

The NPAT figures in table 2 include all business expenditure other than principal repayments and capital expenditure. A sustainable business should generate sufficient profit to reduce debt over time and to replace plant and equipment. The profits shown in the assessment are low and without the ability to cover these costs, the sustainability of the business is questionable.

Furthermore, the reduced levels of profitability may also have an impact on the capital values of land. Englebrecht & Everest, (2018) proposed that land values may reduce by \$11,800 per hectare. This equates to an approximate 25% decline in value. If this decrease in value materialises, it will expose



some businesses to debt and equity issues. Doole, (2019) discussed this risk in relation to the dairy industry and calculated that nationwide, the number of insolvent dairy farms is likely to rise from the current level of 2% to 11% under the 'Essential Freshwater' package.

#### Farm expenditure and employment

The decline in farm profitability results from a decline in expenditure. The reduction in profit is caused by lower inputs such as Nitrogen and reduced stocking rates, which generally increase profit. This is projected to result in a reduction of on-farm expenditure of \$263M per annum.

Applying the same approach previously used with the NPAT calculation which takes into account the existing PC2 impact, the Hinds Plains Catchment accounts for 47% of the farm expenditure reduction. This means that 53% of the expense reduction is associated with the NPS-FWM. Table three shows the effect of the NPS-FWM to be -\$139,616,404. This figure corresponds to an effect on employment of -653 employees either on-farm, or in the service and supply companies in the Ashburton District.

#### Implementation timeframe

The PC2 regulations require farms to be mitigating their nutrient losses (48% reduction) by 2035. While challenging, there is commitment from the Hinds Plains Catchment farming community to achieve the targets with support from the Mayfield, Hinds Valetta Irrigation Company, which is working closely with farmers to help them achieve the targeted outcomes. The agreed timeframe will enable farm businesses to refine their farm systems to accommodate the changes required to minimise the potential negative economic impact where possible.

As yet, the new regulations provide little clarity regarding timeframes. Several parts of the new regulations have timeframes identified where they relate to specific on-farm practices, such as sowing dates, fencing and winter grazing. However, achieving freshwater nitrogen levels of 2.4mgN/L, which is considered one of the most challenging aspects of the new regulations, does not currently have a timeframe for implementation specified by central government.

A transition with a short timeframe will exacerbate the risks and enforce a step-change in farm practices. A step-change will limit farmers' ability to de-risk new approaches and adoption of alternative systems. A measured approach, as evidenced by the community approach of the Hinds Plains Catchment, introduced ambitious levels of practice change which are generally acknowledged as achievable though challenging. That timeframe of implementation is enabling farmers to evolve their systems to meet the requirements while learning and evolving their systems to the regulations, and integration of new and emerging technologies.

## Conclusion

The impact of the land and water reforms will be significant for the environment, rural communities and farm businesses. Transitioning agriculture to be both environmentally and economically sustainable is critical, and will require a carefully considered approach by all stakeholders. Achieving the land and water outcomes while managing the negative impacts on business will be important for the economic and social wellbeing of the Ashburton District.

The impact of the NPS-FWM will be significant. The decline in profitability of farms in the Ashburton District is conservatively estimated at \$57.9M. This level of profit may impact on the financial sustainability of a number of farm businesses, and is likely to accompany a decline in the capital value of farm land across the district. The decline in profit is a result of reduced spending on the drivers of farm productivity such as Nitrogen fertiliser and stocking rates. Farm expenditure is forecast to reduce

by \$139M leading to the loss of -653 employee from farms, service and support businesses in the Ashburton District.

Achieving the NPS-FWM outcomes will provide a number of challenges for farmers and for the Ashburton District. In moving forward, further energy should be invested to continue to make progress. By building on well-proven approaches for practice change and filling in gaps in knowledge, the prospects of meeting the requirements of the NPS-FWM will improve, and farm businesses will achieve the balance of environmental and economic sustainability.

## Recommendations

There are two recommendations from this report:

1. This report was requested by the Ashburton District Council to understand the potential impact of the NPS-FWM at a farm level and the flow on effects to the Ashburton District. It shows the projected impact on farm profitability, farm expenditure and the effects on employment. This report will help inform the Council of changes to the district associated with the NPS-FWM.

**Recommendation: That the Ashburton District Council receive the report.**

2. The report highlights a number of challenges that will arise from the Essential Freshwater reforms. The reach and impact of these reforms will be significant and will change the way businesses will operate, it will change the people who own and work within these businesses, and it will change the communities that support them. These challenges are not unique to Ashburton District. The findings of this report, in principle, can be applied to other territorial authorities to help them understand the emerging challenges and potential opportunities of the NPS-FWM.

Co-ordinating with other territorial authorities will enable more effective engagement with central government to achieve better outcomes both environmentally and economically. This will be achieved through an aligned voice, a deeper and more consistent understanding of the issues and opportunities, alignment of resources, and greater reach and influence for positive change.

**Recommendation: That the report be referred to the Canterbury Mayoral Forum and other relevant stakeholders (both political and industry organisations) for consideration and comment.**

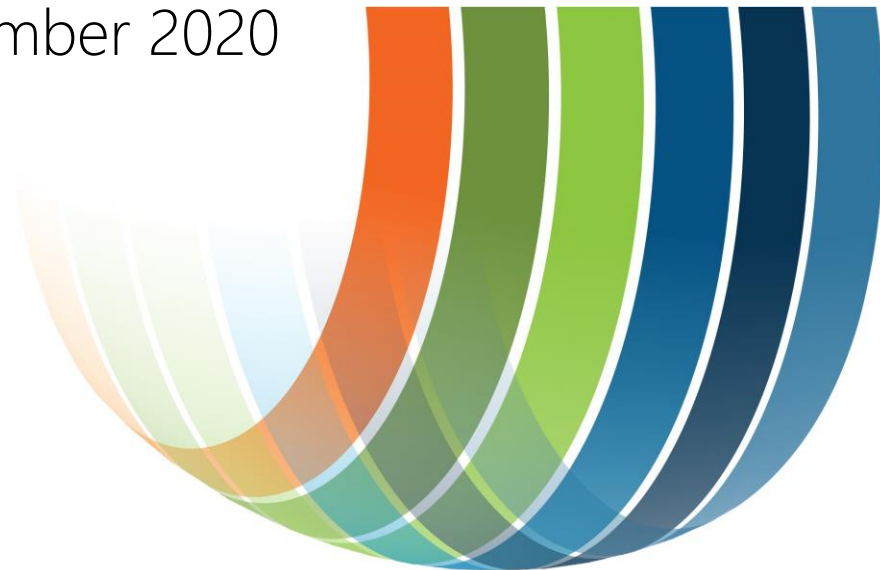
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# Review of land and water management economic impact modelling

**For Ashburton District Council**

November 2020



**Infometrics**

Economics put simply

## Reviewing ADC's economic analysis

Ashburton District Council (ADC) modelled the economic impact of new land and water management regulations (*Essential Freshwater*) on the district's economy in the report *Land and Water Management in Ashburton District – Economic Impact*. Ashburton District is expected to be relatively sensitive to these regulations as the economy is heavily reliant on intensive agriculture, both directly through farming activities, and indirectly through support services for the agricultural sector. The purpose of ADC's modelling is to understand the quantum of potential negative effects from Essential Freshwater regulations. ADC asked Infometrics to review their report to provide confidence in using the conclusions from the report publicly.

### Review approach

Essentially, this review is asking "does the economic impact report reflect the reasonable and likely impact of new land and water management regulation?"

Infometrics has assessed ADC's overall modelling method, including consideration of the sensitivity of its conclusions to the assumptions made. We have examined ADC's key assumptions and modelling decisions, and assessed if we consider them to be reasonable. We have verified that the conclusions have come from ADC's model, and have checked some parts of the model, but have not audited the model in its entirety.

## Methodology

### Establishing footprint of each land use

Establishing the existing footprint of each agricultural land use is an important step as it defines the sensitivity of the District to the Essential Freshwater regulation. ADC used detailed mapping from 2012 as a basis for this, updated with more recent information on the prevalence of irrigation and the extent of dairy farming (based on Dairy NZ herd information via Infometrics). Given a general lack of up-to-date and high-resolution land-use mapping, this approach is a reasonable one. Should the extent of higher-intensity land uses such as arable and dairying be overestimated, it would lead to an overestimate of the effect of Essential Freshwater regulations on the District.

### Using Hinds Plains Catchment modelling as basis for modelling

ADC considered two approaches to modelling the effects of Essential Freshwater – application of national modelling of Essential Freshwater with subjective adjustments for local conditions, or an extrapolation of previous modelling of similar environmental regulation on the Hinds catchment in Ashburton District. ADC found the results of both approaches to be comparable. ADC chose to base its work on the extrapolation of the Hinds catchment modelling, as it was considered more robust due to the lack of subjective adjustments. This approach provides a greater level of accuracy around the agricultural practices and environmental conditions in the District, but less accuracy around the specifics of the Essential Freshwater regulation. Overall, we agree with this approach.

The Hinds catchment differs from the rest of the District in that it only covers plains, not hill country, and could have different proportions of land use types to other plains areas in the District. ADC have attempted to account for this by using national modelling on

the effect of Essential Freshwater on hill country farming, and land use data to adjust for the relative prevalence of different land uses. Given data limitations, we think this approach is a reasonable one.

The outputs from this approach are somewhat sensitive to the process of adjusting land uses for the prevalence of different land uses between Hinds and other plains in the District.

### Land use changes

ADC has modelled land use changes based on the assumption that Good Management Practice (GMP) is currently in use, and that land use will change to meet the most strict requirements of Plan Change 2 (PC2) modelled for the Hinds catchment. The limits for dissolved nitrogen are substantially tighter under Essential Freshwater than PC2, meaning that the economic impact assessment is likely to understate the economic impact of Essential Freshwater.

The approach of applying nationally modelled effects for extensive (or hill country) sheep and beef farming is less specific and is therefore likely to be less accurate than other land uses. However, extensive sheep and beef farming makes a relatively small economic contribution to the District and is therefore a very small component of the overall economic impact of Essential Freshwater.

In modelling how agricultural activities will change in response to Essential Freshwater, ADC has assumed both a reduction in production levels and a change in farm systems. There is an implicit assumption that for each farm, the current land use represents the highest return for that farm, and therefore any change in land use will be to a land use with a lesser return. This assumption is broadly reasonable, although it should be noted the large-scale land use change prompted by these regulations may enable new land uses to be developed with sufficient scale.

### Impact on farm profitability

Essential Freshwater will have an economic effect on the district through two mechanisms.

- Changes in land use towards lower intensity and lower profitability land uses
- A reduction in the intensity of farming activity within intensive land uses, leading to lower profitability

Infometrics advised ADC that it would be time-consuming to develop and apply multipliers to account for the flow-on effect of a change in profit, so ADC has reported a decrease in profit (net profit after tax – NPAT) of \$113m without multiplier analysis. ADC removed the effect of changes (both land use and intensity) being made to meet existing regional regulations (PC2), indicating that the Essential Freshwater package would have the effect of reducing Ashburton farm profitability by \$57.9m. Overall, this is a reasonable and conservative approach.

### Flow-on effect of change in farm expenditure

ADC used the change in farm expenditure for each farm type, and the change in area of land under each farm type, to estimate how farm expenditure would change as a result of essential freshwater. Englebrecht and Everest (2018) indicate that the mix of farm inputs was unlikely to substantially change, and that where it did so, the use of standard economic multipliers, which assume a steady mix of inputs, was appropriate. Infometrics provided a basic multiplier analysis (including indirect and induced effects), which

indicated that the \$139.9m decrease in farm expenditure would translate to a net loss of 653 jobs in the district. This reduction amounts to approximately 3% of the District's filled jobs, which seems reasonable given the importance of agriculture to the District's economy – the agriculture industry directly accounts for 24% of employment in Ashburton, with further jobs indirectly supported by the industry.

Due to conservatism in the previous calculation steps, this figure of 653 jobs is likely to be an underestimate. Furthermore, the large impact on farm profitability is also likely to lead to further job losses, although this effect was not quantified.

## Comparison with other modelling

Although there is no comparable modelling available on the effect of Essential Freshwater on Ashburton, we can look at national and regional modelling as a form of cross-check. ADC's work will differ to national work because:

- ADC used Englebrecht and Everest's (2018) agronomic modelling, which was based on a detailed understanding of the Hinds catchment in the District. Other work is based on more generalised regional and national modelling.
- Englebrecht and Everest (2018) is designed to model Plan Change 2, not Essential Freshwater. The comparison work is specifically designed to model Essential Freshwater.
- NZIER uses a Computable General Equilibrium (CGE) modelling approach, which accounts for the response of the entire economy to the "shock" of Essential Freshwater. ADC's approach only accounts for the initial economic effect of a reorganisation of the agriculture industry and the reduction in production. The CGE-based approach takes the analysis one step further, by including the positive effect of resources (such as workers) being reallocated from the agricultural industry to enable growth in other industries. The CGE-based approach is likely to be a better indicator of the long-term net effect of the regulations.

Sense Partners<sup>1</sup> estimated that dairy cattle farming employment would fall by 17% nationally. Given that 24% of Ashburton's employment is in the dairy cattle farming industry, this result would suggest an overall drop in the District's employment of 4% due to the fall in dairy farming employment alone. This result does not account for flow-on effects on employment in other industries, nor the slight increase in employment associated with other land uses as a result of Essential Freshwater. This comparison suggests that ADC's estimate of a 3% decline in employment is conservative.

Dairy NZ<sup>1</sup> estimated that Essential Freshwater would lead to a 50% decrease in dairy farm profit across Canterbury Region, compared to a 41% reduction suggested in ADC's work. Sapere<sup>2</sup> estimated that Canterbury would struggle to meet the nitrogen limits in freshwater, even using all available mitigations through farm practices. Implementing the available mitigations would lead to a decrease in farm profit of 38.4%, without meeting nitrogen reduction targets.

<sup>1</sup> <https://www.mfe.govt.nz/sites/default/files/media/Fresh%20water/2183C%20Dairy%20NZ.pdf>

<sup>2</sup> <https://www.mfe.govt.nz/sites/default/files/media/Fresh%20water/essential-freshwater-regulations-industry-impact-analysis.pdf>



NZIER<sup>3</sup> estimates starkly different economic effects to the other consulting reports, due to different agronomic modelling and a CGE modelling approach. Its agronomic approach differs from ADC and Englebrecht and Everest (2018) – assuming an increase in arable land use (away from dairying) and no increase in sheep and beef. This assumption means that NZIER estimates a smaller decrease in farm profit of only \$88m across Canterbury. The CGE approach, which accounts for long-term adjustments across the economy, suggests an overall decrease in employment of 0.7% in Canterbury.

## Discussion

The conservative modelling approach employed by ADC means that the economic effect stated is unlikely to be an overestimate, but is instead quite likely to be an underestimate of the actual effect of Essential Freshwater on the District. The land use change assumptions used in ADC's modelling achieve a far less stringent dissolved nitrogen level than required under Essential Freshwater. In our view, the effect on farm profit is likely to be greater than stated. The effect on employment is also likely an underestimate in several respects – as it neither accounts for the effect on employment resulting from a decrease in profitability, nor the negative effect of achieving a further reduction in dissolved nitrogen beyond PC2 requirements.

We agree that the loss of farm profitability will flow through to farm land values, while also reducing the ability of existing farm operators to make capital repayments on farm borrowings. This outcome raises significant concerns about the viability of many of the district's farms. From a purely economic point of view, the sale of farms at a loss to new operators provides an opportunity for farms to adjust their intensity to meet the Essential Freshwater requirements, but this process is a deeply disruptive process to individuals, businesses, and the broader economy.

There results are sensitive to several assumptions. However, given the overall conservatism taken in the modelling, we consider it very unlikely that the modelling has overestimated the effect of Essential Freshwater regulation. The results are broadly consistent with national modelling by Sense Partners, DairyNZ, and Sapere.

In interpreting the results of this modelling, it is important to consider timeframes and the ability of economies to adapt. The effect of these changes will vary over time – there could be a positive economic effect at first, as investment in farms is made to meet the regulations. This outcome could be followed by a negative effect, as farms reduce output and, therefore, employment and expenditure. Over time, the District's economy will adjust in response to changes in relative prices (for example, land values and wage rates) and other existing industries will grow, or new industries develop. NZIER's national modelling, using a CGE approach that suggests a 0.7% decrease in employment across Canterbury, should be considered as indicative of the long-term effect of the regulation. Furthermore, the District will benefit from improvements in water quality – for example, through amenity value.

The District currently has a significant dairy cattle farming industry with an established supply chain. The disruption to this industry and supply chain expected under Essential Freshwater may be an opportunity for dairy industry resources to shift en masse to some

<sup>3</sup> <https://www.mfe.govt.nz/sites/default/files/media/Fresh%20water/economic-effects-of-water-quality-proposals-modelling-scenarios.pdf>



other industry, enabling it to achieve a scale that wouldn't have been possible otherwise – for example, growing and processing particular crops.

## Conclusion

There is considerable uncertainty in understanding how Essential Freshwater will affect national and regional economies. The stated purpose of ADC's modelling is to assess the quantum of the impacts from Essential Freshwater regulations on the District. We have assessed ADC's report and modelling, and believe that it meets the stated purpose. We believe that the modelling follows a reasonable approach and produces reasonable outputs which represent the likely quantum of impacts resulting from Essential Freshwater.

We have only been asked to review the economics of ADC's report and modelling, so do not express an opinion on ADC's policy recommendations based on the modelling.

## **14. BERL Local Government Cost Adjustor Forecasts**

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Activity manager	<i>Toni Durham; Strategy &amp; Policy Manager</i>
Group manager	<i>Paul Brake; GM Business Support</i> <i>Jane Donaldson; GM Strategy &amp; Compliance</i>

### **Summary**

- The purpose of this report is for Council to adopt the mid-range forecast adjustors as contained in the BERL document attached as appendix one.
- These adjustors will underpin the development of the Long-Term Plan 2021-31 and form a key part of the draft significant forecasting assumptions.
- The final Significant Forecasting Assumptions will be adopted by Council on 30 June 2021 when Council adopts the Long Term Plan 2021-31.

### **Recommendation**

- 1. That** Council adopts the mid-range scenario of the Local Government Cost Adjustor Forecasts as contained in the BERL report for the development of the Long-Term Plan 2021-31.

### **Attachment**

**Appendix 1** Berl Local Government Cost Adjustor Forecasts

## Background

### The current situation

1. The Society of Local Government Managers (SOLGM) commission Business and Economic Research Limited (BERL) annually to produce a set of Local Government Cost Adjustors.
2. The forecast this year has been produced with three scenarios, to reflect the different impact that Covid-19 has had on communities (and in turn councils) around New Zealand.
3. A core part of developing the Long-Term Plan (LTP) is the preparation and consideration of significant forecasting assumptions and risks underlying the financial estimates.
4. Within these forecasting assumptions, Council uses the Local Government Cost Index (LGCI) for the purposes of inflation.
5. The presentation of three scenarios presents Council with a choice as to which we should apply for our LTP.

### The three scenarios

Scenario 1 – Stalled rebuild	Scenario 2 – Mid-scenario	Scenario 3 – Faster rebuild
Where GDP and employment grow more slowly	Likely outcome relevant to most regions in New Zealand	Where GDP and employment grow more rapidly
Applicable to councils with: <ul style="list-style-type: none"><li>• an economy reliant on tourism and/or retail trade</li><li>• relatively sound infrastructure, or unsound infrastructure with no appetite to upgrade</li><li>• slowly growing or shrinking population</li><li>• high proportion of employment in local and central govt</li><li>• high proportion of population in knowledge employment.</li></ul>	Applicable to councils with: <ul style="list-style-type: none"><li>• a diverse economy without an overreliance on tourism and retail trade</li><li>• relatively sound infrastructure</li><li>• growing young population</li><li>• high proportion of employment in local and central govt</li><li>• high proportion of population in knowledge employment.</li></ul>	Applicable to councils with: <ul style="list-style-type: none"><li>• a diverse economy without an overreliance on tourism and retail trade</li><li>• relatively sound infrastructure and plan significant upgrades</li><li>• growing young population</li><li>• high proportion of employment in local and central govt</li><li>• high proportion of population employed in agriculture</li><li>• high proportion of population in knowledge employment.</li></ul>

## Options analysis

### Option one – Council adopts Scenario One (stalled rebuild) as the Local Government Cost Index for the LTP 2021-31

6. This option would see Council adopt scenario one (stalled rebuild) for the LGCI for the LTP 2021-31. This is not the recommended option.

Advantages	Disadvantages
<ul style="list-style-type: none"><li>Conservative LGCI applied to the LTP budgets</li></ul>	<ul style="list-style-type: none"><li>Does not reflect the current economic impact of Covid-19 on the local economy</li></ul>
<b>Risks</b> Could mean a budget shortfall in future years due to an inflation rate that is out of step with reality.	

### Option two – Council adopts Scenario Two (mid-scenario) as the Local Government Cost Index for the LTP 2021-31

7. This option would see Council adopt scenario two (mid-scenario) for the LGCI for the LTP 2021-31. This is the recommended option.

Advantages	Disadvantages
<ul style="list-style-type: none"><li>Realistic LGCI for our district based on current economic indicators</li></ul>	<ul style="list-style-type: none"><li>Could be a conservative LGCI given the local economy's reliance on the agriculture sector</li></ul>
<b>Risks</b> Could still be a conservative LGCI for our district.	

### Option three – Council adopts Scenario Three (faster rebuild) as the Local Government Cost Index for the LTP 2021-31

8. This option would see Council adopt scenario three (faster rebuild) for the LGCI for the LTP 2021-31. This is not the recommended option.

Advantages	Disadvantages
<ul style="list-style-type: none"><li>Higher LGCI for our district than option 1 or 2</li><li>May reflect our district's growth given the reliance on the agriculture sector and planned infrastructure development</li></ul>	<ul style="list-style-type: none"><li>Could be too optimistic for our local economy</li></ul>
<b>Risks</b> Unknown implications of the NPS – Freshwater Management on the local economy, predictions signal that this could be significant and have considerable ripples.	

## Legal/policy implications

### Local Government Act, 2002

9. Schedule 10 of the LGA outlines the information to be included into long-term plans. Significant Forecasting Assumptions are specifically included in this [schedule](#). LGCI forms a part of the Significant Forecasting Assumptions.

## Financial implications

Requirement	Explanation
What is the cost?	Nil
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	Strategy & Policy Cost Centre
Are there any future budget implications?	No
Reviewed by Finance	No

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Medium – not significant
Level of engagement selected	2 - Comment
Rationale for selecting level of engagement	Through the consultation on the long-term plan in mid-March 2021, the community will be able to provide feedback on the draft significant forecasting assumptions, and in turn the LGCI.
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager





berl

# Local Government Cost Adjustor Forecasts Three scenarios

Mahuru 2020

**Authors: Konrad Hurren, Dr Ganesh Nana**

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## *Making sense of the numbers*

Measures to contain COVID-19 in New Zealand have resulted in a severe economic downturn. Levels of activity and employment have declined, with income and spending consequently uncertain. These economic indicators will recover over time, but it is going to require bold moves and planning to minimise the harm caused over the interim. A continued focus on the kaupapa of intergenerational wellbeing will be required to ensure connections within and between communities are retained during the period of heightened stress.

To support this Business and Economic Research limited (BERL) have prepared scenarios for cost adjustors to be used by councils in their planning and project activities. These cost adjustors are projected under three scenarios, which are consistent with economic forecasts published by the Reserve Bank of New Zealand, the New Zealand Treasury and BERL.

- BERL mid-scenario – considered to be a likely outcome relevant to most regions of New Zealand
- Stalled rebuild scenario – where GDP and employment grow more slowly
- Faster rebuild scenario – where GDP and employment grow more rapidly.

Councils in areas with a higher reliance on tourism and retail or shrinking, aged, population might use the *stalled rebuild scenario*. Areas with higher public sector employment and a growing, young, population might use the *BERL mid-scenario* adjustors. Finally, areas with a higher proportion of knowledge and agricultural employment would likely use the *faster rebuild scenario*.

Broadly in line with the Reserve Bank of New Zealand assumptions, the underlying assumptions about COVID-19 are:

- New Zealand avoids a widespread outbreak of COVID-19 and is at Alert Level 1 through 2021
- Stringent border restrictions remain in place until the end of 2021
- From the September quarter 2020, New Zealand's economy gradually recovers. Demand from our trading-partner economies also recovers only gradually.

Again in line with the Reserve Bank of New Zealand's assessment, there are considerable downside risks to our outlook. In particular, there are the rises of:

- Recurrent resurgence of the virus in New Zealand
- Global stagnation as confidence sags
- A domestic recovery hindered by skilled labour constraints in critical sectors.

Should these risks eventuate, the economic outlook would shift more towards the *stalled rebuild scenario*.

Population, the Māori economy, the future of life, leisure, and work are challenges for councils over the next decade. The role of local government, and local government funding are significant issues councils have to come to terms with in order to meet these challenges. We argue that bold moves and exploration of new funding methods are in order. The kaupapa of intergenerational wellbeing is of foremost importance.



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# 1 Introduction

The impact of the containment measures of COVID-19 is likely to be one of the biggest challenges many of us will face. The Reserve Bank of New Zealand (RBNZ) has described this economic crisis as the worst in a century. It will require local governments to reconsider the assumptions, forecasts, and data that will be used to prepare long term and annual plans.

Maintaining an environment that saves lives and a health system that meets the demands placed on it is of the upmost importance during the response to the virus. The containment measures of COVID-19 will have long-term impacts on the wellbeing of communities up and down Aotearoa and will require a long-term response. This will impact all four of the wellbeings; economic, social, cultural and environmental.

The uncertainty surrounding the effects of the containment measures of COVID-19 on the New Zealand economy makes planning for the future more challenging. The purpose of this report is to provide the Society of Local Government Managers (SOLGM) a set of adjustors to use in cost forecasting. The information in this report is intended to inform and guide local councils as they prepare to develop planning documents to outline the response to support community wellbeing over the 10-year planning horizon.

We begin this report by summarising the results of our modelling of the immediate economic effects of the containment measures of COVID-19. Economics is about people and how they sustain themselves in pursuit of the things they value. That is why the focus of our economic analysis is employment, rather than the more typical GDP.

We then summarise three scenarios for the economic outlook over the coming 10 years in Aotearoa. These scenarios are drawn from work completed by the Reserve Bank of New Zealand, The New Zealand Treasury, and BERL. Each scenario illustrates a modest recovery in economic activity that is more or less rapid depending on the assumptions of the scenarios. These scenarios are used to inform our forecasts of the cost adjustors.

We produce our forecasts of costs adjustors under three scenarios:

- Stalled rebuild scenario – where GDP and employment grow more slowly
- BERL mid-scenario – considered to be a likely outcome relevant to most regions of New Zealand
- Faster rebuild scenario – where GDP and employment row more rapidly.

Each of these scenarios is described in some detail and guidance is given to councils to help them decide which scenario of cost adjustors is suitable to use depending on the specific details of their local economy.

We also provide some considerations of the challenges and opportunities ahead, including: population, the role of local government, funding local government, the Māori economy, and the future of life (leisure, work, and ways of living). This narrative is intended to give further context to the new world and new business model.

We conclude with a brief and non-technical description of our methodology intended to give councils confidence in our adjustors.

## 2 The immediate impact of the containment measures

### Alert levels

The containment measures of COVID-19 are categorised into four “alert levels” with varying degrees of restriction on activity. It is useful to briefly summarise the relevant specifics of each alert level. For a full description please see the COVID-19 website.<sup>1</sup>

- Alert level 4 is the most restrictive with severely limited travel only allowed for essential activities. As well as closures of all non-essential businesses
- Alert level 3 is slightly less restrictive with an instruction (but not enforcement) of essential-only travel and an allowance of gatherings up to 10 people. Non-essential businesses are effectively closed, aside from deliveries
- Alert level 2 is still less restrictive with businesses being allowed to open to the public, under a set of strict guidelines of physical distancing and gatherings of 100 people permitted
- Alert level 1 is the least restrictive. For all intents and purposes it is a return to “normal” with a suggestion to continue sanitation practises. The key aspect of this policy in terms of the economic effect is that the international border is closed to entry.

### Immediate impact

At time of writing New Zealand is officially at alert level 2, having spent some weeks under each of alert levels 4, 3, and then 1. There was recently a new cluster identified in Auckland and the decision was made to place Auckland at alert level 3 and the rest of the country at level 2.

To get some idea of how each alert level impacts the economy we use estimates produced by the Reserve Bank of New Zealand (RBNZ) and the New Zealand Treasury (The Treasury). We summarise our results in Table 2.1

We found that the greatest effect on employment is under alert level 4, the most restrictive. Under this alert level there is an associated 21 percent immediate decrease in employment in New Zealand. The most strongly impacted industries are accommodation and food services, construction, and arts and recreation services. These industries exhibit a drop in employment of 39, 36, and 36 percent, respectively.

The largest decrease numerically is in construction, with 86,950 jobs lost during alert level 4.

Looking at alert level 2 (the current alert level) we calculate that most industries are expected to recover somewhat (netting zero, or relatively few, lost jobs). The largest exceptions to this are accommodation and food services and arts and recreation services. These industries make up almost the entirety of the tourism sector. With the international border closed and other alert level 2 measures in place employment in these industries at alert level 2 will be some 31 percent lower than pre-COVID.

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<sup>1</sup> <https://uniteforrecovery.govt.nz/covid-19/covid-19-alert-system/alert-system-overview/>

Table 2.1 Immediate employment impact of COVID-19 containment measures

Industry	Indicative employment loss at each COVID-19 alert level			
	Level 4	Level 3	Level 2	Level 1
Accommodation and food services	-64,890	-58,400	-51,910	-42,180
Administrative and support services	-40,260	-37,750	-12,580	-2,520
Agriculture, forestry, and fishing	-9,690	-4,310	-2,150	0
Arts and recreation services	-17,730	-17,730	-14,770	-10,340
Construction	-86,950	-15,050	-5,020	0
Education and training	-7,740	-7,740	-7,740	-4,650
Electricity, gas, water and waste services	-2,220	-950	-320	0
Financial and insurance services	-6,370	-3,190	-1,590	-530
Health care and social assistance	-10,650	-10,650	-5,320	-5,320
Information media and telecommunications	-5,240	-1,310	0	0
Manufacturing	-54,090	-10,820	-5,410	0
Mining	-2,640	-270	0	0
Other services	-35,620	-23,750	-16,630	-4,750
Professional scientific and technical services	-52,080	-44,060	-9,350	-1,340
Public administration and safety	-5,760	-5,760	-2,880	0
Rental hiring and real estate services	-1,770	-1,770	-890	-300
Retail trade	-63,980	-44,780	-17,060	-6,400
Transport, postal and warehousing	-22,370	-12,780	-2,130	-1,070
Wholesale trade	-27,120	-4,240	-1,700	-850
<b>Total</b>	<b>-517,125</b>	<b>-305,270</b>	<b>-157,430</b>	<b>-80,220</b>

We have repeated this analysis focussing on the Māori economy specifically. The results of this analysis are consistent with those of the analysis of the whole economy. These are summarised in Table 2.2

Table 2.2 Immediate impact of COVID-19 on the Māori economy

Industry	Indicative Māori employment loss at each COVID-19 alert level			
	Level 4	Level 3	Level 2	Level 1
Accommodation and food services	-9,310	-8,380	-7,450	-6,050
Administrative and support services	-7,020	-6,580	-2,200	-440
Agriculture, forestry, and fishing	-1,550	-690	-350	0
Arts and recreation services	-2,620	-2,620	-2,180	-1,530
Construction	-13,830	-2,400	-800	0
Education and training	-1,130	-1,130	-1,130	-680
Electricity, gas, water and waste services	-360	-160	-50	0
Financial and insurance services	-530	-270	-130	-50
Health care and social assistance	-1,380	-1,380	-690	-690
Information media and telecommunications	-480	-120	0	0
Manufacturing	-8,760	-1,750	-880	0
Mining	-440	-50	0	0
Other services	-4,410	-2,940	-2,060	-590
Professional scientific and technical services	-4,140	-3,500	-750	-110
Public administration and safety	-860	-860	-430	0
Rental hiring and real estate services	-170	-170	-90	-30
Retail trade	-8,030	-5,620	-2,140	-810
Transport, postal and warehousing	-3,810	-2,180	-360	-180
Wholesale trade	-2,840	-450	-180	-90
<b>Total</b>	<b>-71,670</b>	<b>-41,250</b>	<b>-21,870</b>	<b>-11,250</b>

The impacts summarised here feed into our analysis of what the future holds.

### 3 Looking forward: RBNZ, The Treasury, and BERL

We have so far looked at the initial shock to the New Zealand economy as a result of the alert level containment measures of COVID-19. This section describes forecasts for the next five years from the Reserve Bank of New Zealand (RBNZ) and the Treasury. We then include BERL's view of what the next ten years might look like.

The global response to the COVID-19 pandemic has resulted in likely the worst economic crisis in generations. We are in the middle of this crisis and now is the time to be thinking about how the recovery happens. It is important for local government to understand the things they can affect which will facilitate recovery and resilience.

Both the RBNZ and the Treasury forecast a roughly similar shaped recovery. With unemployment increasing sharply and then recovering relatively fast. These forecasts take into account the spending already in place by central government. We summarise these recovery paths in Figure 3.1

Treasury's forecast (May Budget Economic Fiscal Update) assumes New Zealand remains at alert level 1 or 2 into 2021. There is a spike up to above eight percent unemployment in 2020 followed by a relatively swift recovery back to around five percent unemployment by 2024. This is an optimistic view of the recovery that assumes a relatively strong rebound for New Zealand's trading partners and a strong effect due to the Monetary Policy response.

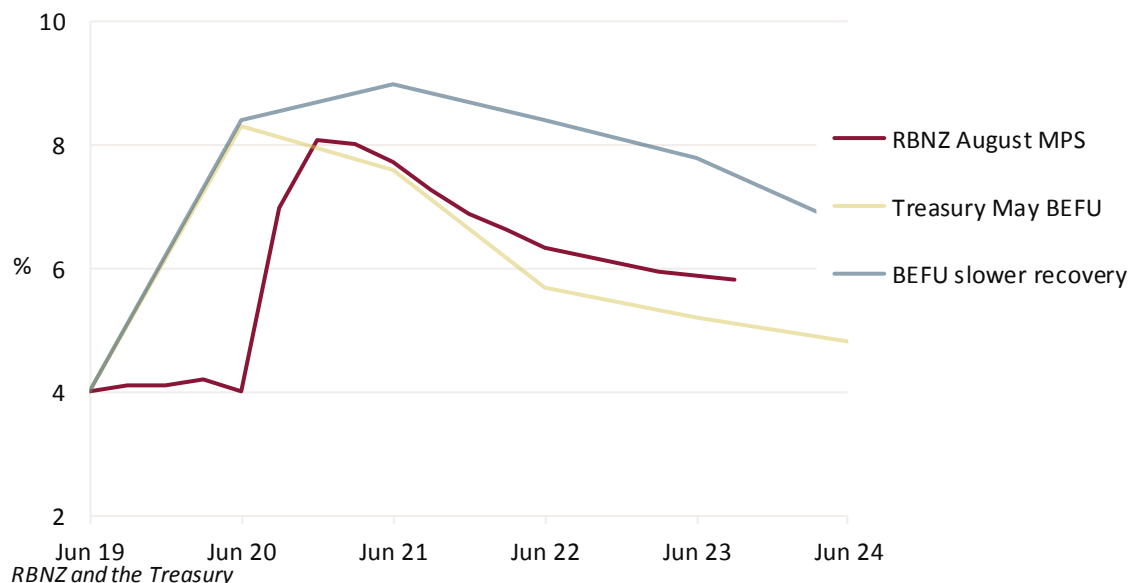
The Treasury in their Budget and Economic Fiscal Update (BEFU) included an additional scenario of a slower recovery. Treasury state that this slower recovery path includes \$90 billion less in production (GDP) over the five year horizon. This scenario is calculated under similar assumptions as the Treasury's May BEFU but with more realistic (and pessimistic) assumptions around the speed of recovery.

The RBNZ in their August Monetary Policy Statement (MPS) have accounted for the wage subsidy package which explains the flat section of the unemployment chart up to June 2020. As this support package expires in September 2020 unemployment will increase sharply. Their forecast also takes account of the significant fiscal response of \$62 billion in additional spending, representing 20 percent of GDP.

Additionally, the RBNZ explicitly assumes the following about COVID-19:

- New Zealand avoids a widespread outbreak of COVID-19 and is at Alert Level 1 or lower from early June 2020
- Stringent border restrictions remain in place until the end of 2021
- From the September quarter 2020, New Zealand's economy gradually recovers, reaching pre-COVID-19 levels of activity by early 2022. Demand from our trading-partner economies also recovers only gradually.

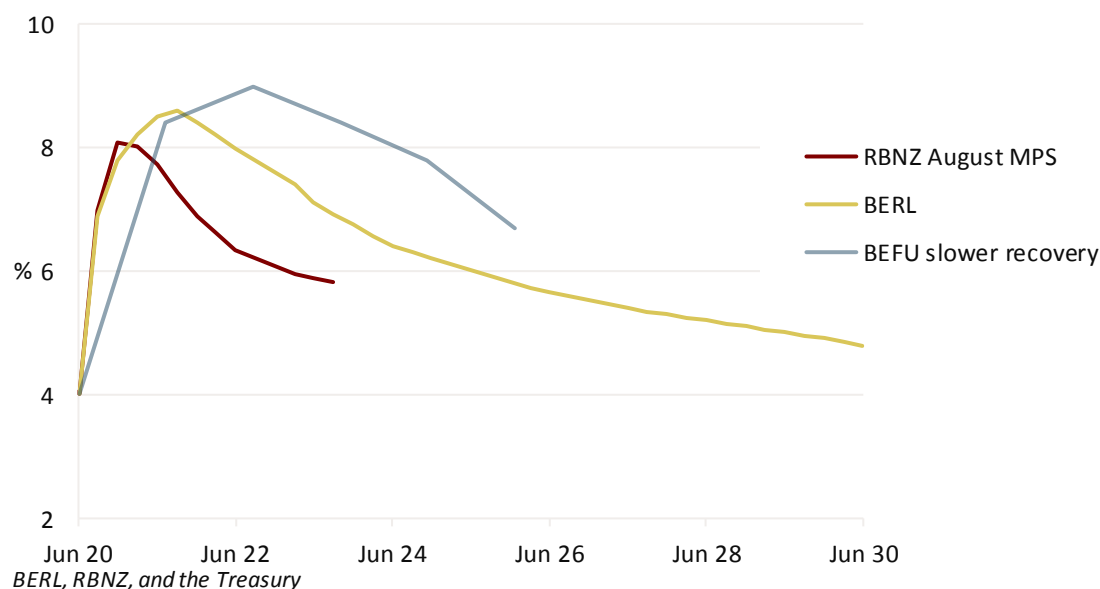
Figure 3.1 New Zealand economic recovery scenarios, unemployment



Next, in Figure 3.2 we reproduce the Treasury's slower recovery scenario as well as the RBNZ scenario. We emphasise the severity of this economic crisis and note that, historically, unemployment has always taken around ten years to fully recover after a crisis in New Zealand. We therefore include on this graph our own BERL forecast of the path the recovery might take over a more realistic next ten years.

We forecast unemployment slowly recovering to near five percent by around 2030. This outlook assumes the COVID-19 eradication strategy is successful and a vaccine is developed sometime in 2021 allowing the border to reopen and life to return to somewhat normal. However we assume a pessimistic slow recovery out to 2030. This pessimism is justified by the historical record of recoveries in New Zealand taking around ten years to play out, as well as BERL's understanding of the microstructures of the New Zealand economy.

Figure 3.2 New Zealand economic recovery scenarios, unemployment out to 2030





These forecasts create the backdrop against which councils will need to make investment and spending decisions over the next decade. To assist in this task BERL has conducted extensive econometric research into how local government price indices evolve in tandem with macroeconomic variables. We have built RBNZ, the Treasury, and our own forecasts into the forecasts of the price indices.

In line with the Reserve Bank of New Zealand's assessment, there are considerable downside risks to our outlook. In particular, there are the rises of:

- Recurrent resurgence of the virus in New Zealand
- Global stagnation as confidence sags
- A domestic recovery hindered by skilled labour constraints in critical sectors.

Should these risks eventuate, the economic outlook would shift from the *BERL mid scenario* towards the *stalled rebuild scenario* described in the following section.

## 4 Cost adjustors

In this section we describe our scenarios and publish adjustors for local government costs out to June 2031. We also provide guidance to councils on which scenario might be most applicable to their local area based on general economic facts.

### Scenarios

We have designed three scenarios consistent with the RBNZ and the Treasury forecasts of New Zealand's economic recovery following the containment response to COVID-19. These scenarios are:

- 1) Stalled rebuild scenario
- 2) BERL mid-scenario
- 3) Faster rebuild scenario.

These scenarios are forward looking and show what we expect to be the path the economy should take over the medium term. Each scenario includes a strong period of upward economic pressure in the June 2021 quarter. This reflects a period when we expect COVID-19 to be largely contained and business starts to return to normal. During this initial period, much of the pent up demand and postponed investment decisions are filled.

We also accept that, after the containment measures of 2020 COVID-19 could return in a second or third wave pandemic. We have not attempted to explicitly model this situation but our *Stalled rebuild scenario* captures the downside risk to the economy and can be used to describe a second or third wave of COVID-19.

Each of these scenarios paints a different picture of how GDP and employment might recover over the period from 2020 to 2031. The local government price indices we identified in previous research have been modelled to respond to changes in employment and GDP. In this way we are able to create three scenarios of local government costs over the next decade which will be more or less applicable to different regions depending on the specific structure of local economies.

Next, we publish the cost adjustor forecasts under our three scenarios and provide justification for which scenario councils might use, depending on the structure of the local economy.

### Indices that make up the cost adjustors

In the next section we detail our assumptions and provide the cost adjustors and Local Government Cost Indices (LGCI) for each scenario.

The local government cost adjustors are indices of adjustors built from eight price indices which BERL has determined to drive local government costs. These are detailed in our methodology section.

The LGCI are a set of three indices that are a combination of the five local government cost adjustors.

The OPEX (operating expenditure) index is more heavily weighted towards planning and administration and water. This index is mainly driven by costs of wages and salaries at the local government level as well as other administration costs and water and environment. This is driven by population increases and general economic activity (requiring council consents, input, or oversight).

The CAPEX (capital expenditure) index is more heavily weighted toward water and environment and roading. This index is driven by changes in the need for capital expenditure. As New Zealand rebuilds after the initial containment efforts of COVID-19 we expect this index to rise driven by the administration of “shovel ready” projects and other civil construction.

The TOTAL index captures how the five cost adjustor indices are weighted over the entirety of local government spending (OPEX plus CAPEX)

## 4.1 BERL mid-scenario

The *BERL mid-scenario* might be thought of as a likely scenario. In line with the RBNZ scenario, the risks to this scenario are mostly on the downside. It is more likely that growth and employment is lower than higher than in this scenario. The assumptions are consistent with Treasury and RBNZ forecasts and include BERL’s adjustment for the historic record of time taken to recover from previous economic crises.

This scenario is likely to be applicable to most councils, and especially for those in areas that:

- a) Have a diverse economy without an overreliance on the worst affected industries of tourism and retail trade
- b) Have relatively sound infrastructure and do not expect to engage in significant infrastructure upgrades in the next decade<sup>2</sup>
- c) Have a growing young population
- d) Have a high proportion of employment in local and central government
- e) Have a high proportion of employment in knowledge work generally.

We expect that areas of New Zealand whose economies fit this description are likely to experience a prolonged but generally healthy recovery. This assumes continued support from local and central government.

Some examples might include each of the local bodies comprising an area around Wellington City, as well as those comprising an area around Christchurch City and Hamilton City.

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<sup>2</sup> We have in mind projects such as the Transmission Gully or a new light rail system as *significant* upgrades

## Cost adjustors

Table 4.1 Local government cost adjustors, BERL mid-scenario, June 2020 base

	BERL mid-scenario				
	Planning & Regulation	Roading	Transport	Community	Water & Environment
2019	983	981	982	983	976
2020	1000	1000	1000	1000	1000
2021	1005	1008	1007	998	962
2022	1032	1042	1036	1030	1019
2023	1058	1075	1063	1058	1055
2024	1082	1107	1089	1084	1082
2025	1106	1139	1115	1111	1112
2026	1131	1172	1141	1138	1144
2027	1156	1206	1169	1165	1176
2028	1182	1241	1197	1194	1213
2029	1208	1277	1226	1225	1254
2030	1235	1315	1255	1257	1297
2031	1263	1353	1286	1287	1337

Table 4.2 Local government cost index LGCI, BERL mid-scenario

	BERL mid-scenario		
	OPEX	CAPEX	TOTAL
2019	981	980	981
2020	1000	1000	1000
2021	994	991	993
2022	1030	1030	1030
2023	1059	1061	1060
2024	1086	1089	1087
2025	1113	1117	1114
2026	1141	1147	1143
2027	1169	1177	1172
2028	1199	1209	1202
2029	1231	1244	1235
2030	1264	1279	1269
2031	1297	1314	1302

Table 4.3 Local government cost adjustors, BERL mid-scenario, % change on year earlier

	BERL mid-scenario				
	Planning & Regulation	Roading	Transport	Community	Water & Environment
2019	3.2	2.3	2.8	2.0	3.8
2020	1.7	1.9	1.8	1.7	2.5
2021	0.5	0.8	0.7	-0.2	-3.8
2022	2.7	3.3	2.9	3.2	6.0
2023	2.5	3.1	2.6	2.7	3.5
2024	2.3	3.0	2.4	2.5	2.6
2025	2.2	2.9	2.4	2.4	2.7
2026	2.2	2.9	2.4	2.5	2.9
2027	2.2	2.9	2.4	2.4	2.8
2028	2.2	2.9	2.4	2.5	3.2
2029	2.2	2.9	2.4	2.6	3.3
2030	2.2	2.9	2.4	2.6	3.4
2031	2.2	2.9	2.4	2.4	3.1
20 year average %pa	2.0	2.5	2.2	2.1	2.5

Table 4.4 Local government cost index LGCI, BERL mid-scenario, % change on year earlier

	BERL mid-scenario		
	OPEX	CAPEX	TOTAL
2019	3.0	2.9	3.0
2020	1.9	2.0	2.0
2021	-0.6	-0.9	-0.7
2022	3.6	4.0	3.7
2023	2.9	3.0	2.9
2024	2.5	2.6	2.5
2025	2.5	2.6	2.5
2026	2.5	2.7	2.6
2027	2.5	2.6	2.5
2028	2.6	2.8	2.6
2029	2.7	2.8	2.7
2030	2.7	2.9	2.7
2031	2.6	2.7	2.6
20 year average %pa	2.2	2.3	2.2

The pattern of recent information and data series is infected by the Level 3 and 4 lockdown over the March to September 2020 period. This results in a significant amount of ‘noise’ in the data and further hinders model projection equations.

Our advice is to ignore, as much as is possible, the short-term noise when applying the above projections. The negative (or low) value projected for some cost adjustors for the 2021 year fall into this ‘noise’ category. Consequently, if appropriate, we advise replacing 2021 and 2022 with the arithmetic average of the two years. For example, for the TOTAL overall cost adjustor rather than applying -0.7 percent for 2021 and 3.7 percent for 2022, we advise using 1.5 percent for both 2021 and 2022. However, the profile of a larger lift in costs post-2023 should also be applied.

These comments are also applicable to the other scenario projections presented below.

Table 4.5 local government cost adjustors, BERL mid-scenario, cumulative % change

	BERL mid-scenario				
	Planning & Regulation	Roading	Transport	Community	Water & Environment
2021	0.5	0.8	0.7	-0.2	-3.8
2022	3.2	4.2	3.6	3.0	1.9
2023	5.8	7.5	6.3	5.8	5.5
2024	8.2	10.7	8.9	8.4	8.2
2025	10.6	13.9	11.5	11.1	11.2
2026	13.1	17.2	14.1	13.8	14.4
2027	15.6	20.6	16.9	16.5	17.6
2028	18.2	24.1	19.7	19.4	21.3
2029	20.8	27.7	22.6	22.5	25.4
2030	23.5	31.5	25.5	25.7	29.7
2031	26.3	35.3	28.6	28.7	33.7

Table 4.6 Local government cost index LGCI, BERL mid-scenario, cumulative % change

	BERL mid-scenario		
	OPEX	CAPEX	TOTAL
2021	-0.6	-0.9	-0.7
2022	3.0	3.0	3.0
2023	5.9	6.1	6.0
2024	8.6	8.9	8.7
2025	11.3	11.7	11.4
2026	14.1	14.7	14.3
2027	16.9	17.7	17.2
2028	19.9	20.9	20.2
2029	23.1	24.4	23.5
2030	26.4	27.9	26.9
2031	29.7	31.4	30.2

## 4.2 Stalled rebuild scenario

The *Stalled rebuild scenario* is a scenario that assumes that the economic recovery is somewhat stalled due to a combination of structural inertia, and other microeconomic drivers.

The forecast itself is built off historic growth rates and a path consistent with RBNZ and the Treasury forecasts with a significant “skewing” of the recovery to the negative side. Under this scenario unemployment remains higher and GDP grows more slowly out to 2031.

This forecast is applicable to councils in areas that:

- Have an economy with greater reliance on industries hardest hit by the response to COVID-19 such as tourism and retail
- Have relatively sound infrastructure and do not expect to engage in significant infrastructure upgrades in the next decade.<sup>3</sup> Alternatively, they have unsound infrastructure in need of upgrading but no appetite to do so
- Have a slowly growing, or shrinking, more aged population
- Have a low proportion of employment in local and central government

<sup>3</sup> We have in mind projects such as the Transmission Gully or a new light rail system as *significant* upgrades

e) Have a low proportion of employment in agriculture.

We expect that areas of New Zealand that fit this description economically will enjoy an economic recovery in employment and GDP. But this recovery will be slower and more subdued than the BERL forecast. The drivers of this relatively reluctant growth are structural inertia within the local economy and other microeconomic forces. This inertia can be the result of a raft of different things, from incumbent firms who have no need to innovate, to a confluence of multiple errors by multiple people.

We don't think any areas of New Zealand fit all of these criteria at once but some areas (not all) on the West Coast might reasonably be described by the criteria. Councils around the country have a better idea of specific local geographies that fit these criteria.

### Cost adjustors

Table 4.7 Local government cost adjustors, Stalled rebuild scenario, June 2020 base

Stalled rebuild scenario					
	Planning & Regulation	Roading	Transport	Community	Water & Environment
2019	983	981	982	983	976
2020	1000	1000	1000	1000	1000
2021	1011	1013	1012	1005	971
2022	1032	1042	1035	1029	997
2023	1054	1072	1058	1053	1020
2024	1075	1102	1081	1076	1041
2025	1097	1132	1105	1099	1062
2026	1119	1164	1130	1124	1086
2027	1142	1195	1154	1148	1107
2028	1164	1228	1179	1173	1131
2029	1187	1261	1205	1199	1156
2030	1210	1296	1231	1227	1184
2031	1234	1331	1257	1253	1207

Table 4.8 Local government cost index LGCI, Stalled rebuild scenario, June 2020 base

Stalled rebuild scenario			
	OPEX	CAPEX	TOTAL
2019	981	980	981
2020	1000	1000	1000
2021	1001	998	1000
2022	1025	1023	1024
2023	1048	1047	1048
2024	1070	1071	1070
2025	1094	1095	1094
2026	1118	1120	1119
2027	1141	1145	1142
2028	1166	1171	1167
2029	1191	1198	1193
2030	1218	1226	1220
2031	1243	1253	1246

Table 4.9 Local government cost adjustors, Stalled rebuild scenario, % change on year earlier

	Stalled rebuild scenario				
	Planning & Regulation	Roading	Transport	Community	Water & Environment
2019	3.2	2.3	2.8	2.0	3.8
2020	1.7	1.9	1.8	1.7	2.5
2021	1.1	1.3	1.2	0.5	-2.9
2022	2.1	2.8	2.2	2.4	2.7
2023	2.1	2.8	2.3	2.3	2.3
2024	2.0	2.8	2.2	2.2	2.0
2025	2.0	2.8	2.2	2.2	2.1
2026	2.0	2.8	2.2	2.2	2.2
2027	2.0	2.7	2.2	2.1	1.9
2028	2.0	2.7	2.2	2.2	2.2
2029	2.0	2.7	2.1	2.2	2.3
2030	2.0	2.7	2.2	2.3	2.4
2031	2.0	2.7	2.2	2.1	2.0
20 year average %pa	1.9	2.4	2.1	2.0	2.0

Table 4.10 Local government cost index LGCI, Stalled rebuild scenario, % change on year earlier

	Stalled rebuild scenario		
	OPEX	CAPEX	TOTAL
2019	3.0	2.9	3.0
2020	1.9	2.0	2.0
2021	0.1	-0.2	0.0
2022	2.4	2.5	2.4
2023	2.3	2.4	2.3
2024	2.1	2.2	2.2
2025	2.2	2.3	2.2
2026	2.2	2.3	2.3
2027	2.1	2.2	2.1
2028	2.2	2.3	2.2
2029	2.2	2.3	2.2
2030	2.2	2.4	2.3
2031	2.1	2.2	2.1
20 year average %pa	2.0	2.1	2.0

Table 4.11 Local government cost adjustors, Stalled rebuild scenario, cumulative % change

	Stalled rebuild scenario				
	Planning & Regulation	Roading	Transport	Community	Water & Environment
2021	1.1	1.3	1.2	0.5	-2.9
2022	3.2	4.2	3.5	2.9	-0.3
2023	5.4	7.2	5.8	5.3	2.0
2024	7.5	10.2	8.1	7.6	4.1
2025	9.7	13.2	10.5	9.9	6.2
2026	11.9	16.4	13.0	12.4	8.6
2027	14.2	19.5	15.4	14.8	10.7
2028	16.4	22.8	17.9	17.3	13.1
2029	18.7	26.1	20.5	19.9	15.6
2030	21.0	29.6	23.1	22.7	18.4
2031	23.4	33.1	25.7	25.3	20.7



Table 4.12 Local government cost index LGCI, Stalled rebuild scenario, cumulative % change

Stalled rebuild scenario			
	OPEX	CAPEX	TOTAL
2021	0.1	-0.2	0.0
2022	2.5	2.3	2.4
2023	4.8	4.7	4.8
2024	7.0	7.1	7.0
2025	9.4	9.5	9.4
2026	11.8	12.0	11.9
2027	14.1	14.5	14.2
2028	16.6	17.1	16.7
2029	19.1	19.8	19.3
2030	21.8	22.6	22.0
2031	24.3	25.3	24.6

### 4.3 Faster rebuild scenario

Similarly, the *Faster rebuild scenario* is also relatively unlikely to unfold. This scenario assumes that the economic recovery from the containment measures of COVID-19 evolves faster and more vigorously than the BERL forecast. The drivers of this fast recovery are good planning, a strong local government response, a responsive productive sector, and a little bit of historical good luck.

The forecast is again built off those by RBNZ and the Treasury with a significant “skewing” toward the positive side. Under this scenario unemployment falls more quickly and GDP growth picks up more quickly in the decade until 2031.

This forecast is applicable to councils in areas that:

- Have an economy with lower reliance on industries hardest hit by the response to COVID-19 such as tourism and retail
- Have relatively sound infrastructure but also expect to engage in *significant* infrastructure upgrades in the next decade<sup>4</sup>
- Have a growing, young population
- Have a high proportion of employment in local and central government
- Have a high proportion of employment in agriculture
- Have a high proportion of employment in knowledge work generally, especially technology and science.

Similar to the worst case scenario, no area of the country will fit all of these criteria. However, areas that fit most of these criteria might be places like the Manawatū-Whanganui Region which has a high proportion of employment agriculture, knowledge work/science, and central/local government. This area has been cited by the Central Economic Development Agency to have already outperformed the national economy.

<sup>4</sup> We have in mind projects such as the Transmission Gully or a new light rail system as *significant* upgrades

Other examples might be Auckland Central and Wellington City. Both of these areas have low employment in agriculture (effectively none) but a highly productive technology and knowledge sector.

Areas with a strong (but not excessive) agriculture sector will experience stronger growth as the demand for New Zealand food products will remain high in the near future. New Zealand produces good quality food and even if the exchange rate is not the most favourable exports are still a significant source of growth.

Additionally, an area with more knowledge workers and science workers will experience a quicker recovery as employment in these lines of work can be performed remotely. On top of this, the spill over effects of the high productivity of this work drives the local economy.

### Cost adjustors

Table 4.13 Local government cost adjustors, Faster rebuild scenario, June 2020 base

Faster rebuild scenario					
	Planning & Regulation	Roading	Transport	Community	Water & Environment
2019	983	981	982	983	976
2020	1000	1000	1000	1000	1000
2021	1014	1015	1014	1007	978
2022	1040	1048	1041	1038	1019
2023	1066	1082	1069	1067	1053
2024	1094	1116	1098	1097	1089
2025	1121	1151	1127	1127	1127
2026	1149	1187	1157	1159	1167
2027	1178	1224	1187	1189	1202
2028	1207	1261	1218	1222	1243
2029	1237	1300	1249	1256	1285
2030	1267	1340	1281	1291	1328
2031	1297	1381	1314	1325	1369

Table 4.14 Local government cost index LGCI, Faster rebuild scenario, June 2020 base

Faster rebuild scenario			
	OPEX	CAPEX	TOTAL
2019	981	980	981
2020	1000	1000	1000
2021	1004	1001	1003
2022	1035	1035	1035
2023	1065	1066	1065
2024	1096	1098	1097
2025	1127	1132	1129
2026	1160	1166	1162
2027	1191	1199	1194
2028	1225	1235	1228
2029	1260	1272	1263
2030	1295	1309	1299
2031	1330	1346	1335

Table 4.15 Local government cost adjustors, Faster rebuild scenario, % change on year earlier

	Faster rebuild scenario				
	Planning & Regulation	Roading	Transport	Community	Water & Environment
2019	3.2	2.3	2.8	2.0	3.8
2020	1.7	1.9	1.8	1.7	2.5
2021	1.4	1.5	1.4	0.7	-2.2
2022	2.6	3.3	2.7	3.1	4.1
2023	2.6	3.2	2.7	2.8	3.4
2024	2.5	3.2	2.7	2.8	3.4
2025	2.5	3.2	2.7	2.8	3.5
2026	2.5	3.1	2.6	2.8	3.5
2027	2.5	3.1	2.6	2.6	3.0
2028	2.5	3.1	2.6	2.8	3.4
2029	2.4	3.1	2.6	2.8	3.4
2030	2.4	3.1	2.6	2.8	3.4
2031	2.4	3.0	2.6	2.6	3.0
20 year average %pa	2.2	2.6	2.3	2.2	2.6

Table 4.16 Local government cost index LGCI, Faster rebuild scenario, % change on year earlier

	Faster rebuild scenario		
	OPEX	CAPEX	TOTAL
2019	3.0	2.9	3.0
2020	1.9	2.0	2.0
2021	0.4	0.1	0.3
2022	3.1	3.3	3.2
2023	2.9	3.0	2.9
2024	2.9	3.0	2.9
2025	2.9	3.0	2.9
2026	2.9	3.0	2.9
2027	2.7	2.8	2.8
2028	2.8	3.0	2.9
2029	2.8	3.0	2.9
2030	2.8	3.0	2.9
2031	2.7	2.8	2.7
20 year average %pa	2.3	2.4	2.4

Table 4.17 Local government cost adjustors, Faster rebuild scenario, cumulative % change

	Faster rebuild scenario				
	Planning & Regulation	Roading	Transport	Community	Water & Environment
2021	1.4	1.5	1.4	0.7	-2.2
2022	4.0	4.8	4.1	3.8	1.9
2023	6.6	8.2	6.9	6.7	5.3
2024	9.4	11.6	9.8	9.7	8.9
2025	12.1	15.1	12.7	12.7	12.7
2026	14.9	18.7	15.7	15.9	16.7
2027	17.8	22.4	18.7	18.9	20.2
2028	20.7	26.1	21.8	22.2	24.3
2029	23.7	30.0	24.9	25.6	28.5
2030	26.7	34.0	28.1	29.1	32.8
2031	29.7	38.1	31.4	32.5	36.9

Table 4.18 Local government cost index LGCI, Faster rebuild scenario, cumulative % change

Faster rebuild scenario			
	OPEX	CAPEX	TOTAL
2021	0.4	0.1	0.3
2022	3.5	3.5	3.5
2023	6.5	6.6	6.5
2024	9.6	9.8	9.7
2025	12.7	13.2	12.9
2026	16.0	16.6	16.2
2027	19.1	19.9	19.4
2028	22.5	23.5	22.8
2029	26.0	27.2	26.3
2030	29.5	30.9	29.9
2031	33.0	34.6	33.5

In section 6 we briefly describe our methodology to give councils some confidence in the cost adjustors produced.

## 5 Challenges (and opportunities) ahead

### 5.1 Population

We provide here an estimate of how New Zealand's population could change over the next decade. This estimate is informed partly by the economic effects of the containment measures of COVID-19.

Our estimate is based on Statistics New Zealand population projections (75<sup>th</sup> percentile). We have included assumptions on net external migration to account for how the containment measures of COVID-19 might affect population.

In general, we observe a growing population, we expect around 200,000 to 300,000 extra New Zealanders by 2030. What this means is that the requirement for the basic local government operations such as the three waters, local roads, and community infrastructure will face growing demand.

This slowly falling working age population is a well-known artefact of New Zealand's generally aging population. The coming decade will see the number of people of working age drop relative to those younger and older than working age. This has implications for the plans of local government. The needs of older people and younger people are different from those in the working age. More emphasis on "third places" and community infrastructure will be important to help keep older, recently retired people, engaged in their community. Areas for parents to bring children to play will also continue to be important, including the wealth of parks and facilities dotting Aotearoa.

Table 5.1 Population projections to 2030 under three scenarios

	2020	2021	2022	2023	2024	2025	2030
Child - up to 15 years	962,850	973,480	970,330	972,580	971,450	972,120	992,620
Young adult - 15 to 24 years	672,090	670,380	659,290	652,060	651,570	652,290	660,230
Adult - 25 to 64 years	2,582,190	2,620,400	2,621,420	2,636,820	2,631,640	2,631,350	2,670,770
Older adult - 65 years and over	802,830	831,550	848,250	869,280	894,350	920,730	1,055,810
<b>Total</b>	<b>5,019,960</b>	<b>5,095,810</b>	<b>5,099,290</b>	<b>5,130,740</b>	<b>5,149,010</b>	<b>5,176,490</b>	<b>5,379,430</b>

### 5.2 Local government funding

We are aware of pressures across councils for zero rates increases. This approach could jeopardise the delivery of future services. This will act directly against the kaupapa of ensuring the wellbeing (across all four dimensions) of current and future generations. However, we understand the need to work around this zero rate increase pressure.

As at 1 May 2020 the RBNZ began to include Local Government Funding Agency bonds in its Reserve Bank's Bond Lending Facility. This is an important source of funding for local governments planning for the next ten years. The interest payable on these loans is the current Official Cash Rate (OCR) less 50 basis points. At time of writing this implies an interest rate payable of -0.25 percent (currently the OCR is 0.25). The RBNZ remains committed to supporting the recovery using monetary policy. We suggest that interest rates will not rise significantly any time soon. This should give local governments confidence in debt financing.

Additionally, the RBNZ has extended the Large Scale Asset Purchases Programme which seeks to purchase \$100 billion of New Zealand Government Bonds, Local Government Funding Agency (LGFA) Bonds and New Zealand Government Inflation-Indexed Bonds in the secondary market by June 2022.

Local governments can access this funding to ensure community infrastructure projects are able to be pursued consistent with the kaupapa of wellbeing (across all four dimensions).

With the kaupapa of intergenerational wellbeing in mind and acknowledging local governments' role in pursuing it we suggest local councils explore how a revision of the debt-ceiling constraint could be achieved. Central government has signalled they are willing to support local government more and the economic crisis brought about by the containment measures of COVID-19 provides an opportunity to rethink.

Other options for funding include deferred payment schemes. Further, alternative funding mechanisms from central government should be actively pursued (together with LGNZ).

An untowardly narrow perspective on protecting council finances will be reflected in deficits across other wellbeing domains – as has been experienced in recent years.

### 5.3 The role of local government

The containment measures of COVID-19 have caused incredible disruption to supply chains by forcing people to cease production of non-essential goods and services. This fact is what makes the current economic crisis a supply side crisis.

The unemployment associated with this supply side crisis and the uncertainty associated with the potential of returning to lockdown will continue to subdue the demand side of the equation.

We will recover from this economic depression but how fast we do so depends on central and local government.

In this view of the world local government has two roles: to be the last spender in line to maintain the demand side; as well as to continue investment in economic and community infrastructure to maintain confidence generally.

Front and centre for local government must remain the four wellbeings. In pursuit of this kaupapa from the demand side local government could look to bring forward OPEX such as park and garden maintenance work to prop up the demand side in the very short term.

On the supply side local government should be leveraging their close levels of engagement and relationships with local business to instil confidence in local investment going forward. Social and community networks were shown to be more vital than ever during the COVID-19 lockdowns, local government underpins these networks.

In planning for the future local government will need a portfolio of local projects built on the kaupapa of intergenerational wellbeing. Local government must play a significant role in promoting these local projects to central government. To show that these projects are ready to proceed it will be important to have business cases to support investment. Local political support along with completion of initial design work would assist in the case to central government.

Finally, local government should consider who is in the room, or at the table when decisions about the community are made. Are all voices being heard in an effective way? Part of the next ten year plan for local governments should include planning for community engagement and new ways of ensuring all sectors of the community are represented in council decisions.

## 5.4 The Māori economy

Māori have been adversely impacted by every previous economic shock, the containment measures of COVID-19 will also disproportionately impact upon Māori. However, a successful response to COVID-19 could insulate against being adversely impacted in future shocks.

Immediate consequences on the Māori economy will centre on the negative impact on several tourism operators, with employment loss in the accommodation and food services industry. In addition, Māori will be impacted by the large and ongoing shock to forestry caused by slower demand from China. This slowing demand was exacerbated in China by that country's containment measures of COVID-19. The shock to these sectors is summarised in Table 2.2.

Māori have historically been overrepresented in industries such as agriculture, forestry and tourism. However, a 2018 report for Greater Wellington Regional Council found Māori business thriving, with a strong presence in film, technology and business services.<sup>5</sup> Further, Māori owned entities play a key role in commercial property, housing and social developments. However, Māori did earn significantly less than the regional average. Notably lower home ownership rates constrained their ability to enter into self-employed or SME business enterprise. This regional study serves as a case study in the Māori economy in New Zealand generally. The Māori economy is diversifying and expanding into areas beyond extraction through agriculture and tourism.

Longer term the impact on Māori will be acutely felt by their currently young population. In particular, decisions to defer infrastructure spending (whether on social networks, community facilities, or physical and natural capital) will impact disproportionately more on Māori. Especially Māori rangatahi who will bear more of the load of restoring infrastructure in the future, should it be neglected now.

## 5.5 The future of life

In this section we highlight some high level changes to the structure of the New Zealand economy. These observations should guide councils in understanding where to prioritise spending.

### Leisure

Local outdoor recreation facilities are likely to see increased demand from residents. Regional and national parks are likely to see higher demand as international tourism is reduced. An increase in patronage at these locations could require additional investment from councils to ensure natural capital is maintained and kept safe.

Our (BERL) scenarios as well as RBNZ and the Treasury note that the tourism industry in New Zealand will likely never be the same, the business model has to change. Ten year plans for revitalisation or an overreliance on this industry in the local economy should be critically evaluated.

A key lesson many people learned during the containment measures of COVID-19 is the value of green spaces and natural local areas. These areas promote wellbeing by offering a place to exercise as well as an opportunity to be closer to nature. The latter has been shown to reduce anxiety.

Local governments to date have by and large been successful in providing quality green spaces for recreation. Our advice is to continue to build these areas into plans over the next ten years.

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<sup>5</sup> Māori economy in the Greater Wellington Region, BERL report #5885, March 2018

Including, where possible, making flood protection infrastructure such as levees into walk or cycle trails.

## Work

During alert levels 3 and 4 most knowledge workers in New Zealand were able to complete their work tasks from the comfort of their own home. The infrastructure that makes this possible (the internet, as well as ubiquitous computer ownership, and the existence of knowledge work in general) has been in place for some time. However, the containment measures of COVID-19 forced the social infrastructure (attitudes and norms) to change.

We expect employers in New Zealand to increasingly use remote work options to attract and retain staff. For local government this implies a shift in the way people use services. More people might move out of city centres. Plans going forward should account for the changing way in which people can work.

## Ways of living

At the nexus of work and leisure, the way we live has changed due to the upheaval caused by the containment measures of COVID-19. Connectedness will continue to be important for communities across Aotearoa. This includes digital connectedness of communities with health service providers. During alert levels 3 and 4 health centres across the country delivered services by phone or online only to reduce the spread of COVID-19. The disparity in access to isolated communities became clearer. Local governments with significant isolated communities should consider what their role is in getting these communities connected digitally. This includes advocacy to central government about the importance of digital literacy.

We reiterate the importance of “third places”. If work and home are first and second places then communal areas such as parks, libraries, cafes can be thought of as third places. These are areas people gather informally to connect to the local community.

If more people are working from home then the importance of third places increases as the old first place (the office) might no longer be physical. People will seek community connections. Local governments can provide third places themselves by building covered areas. They can also work with local businesses to understand how spaces are being used as third places. Anecdotally, McDonald’s restaurants are a common third place people go to gather informally.

After setting the scene and describing some future challenges we now turn to publishing our cost adjustors and providing guidance on which scenario councils should apply based on general facts of their local area.



## 6 Cost adjustor forecasts methodology

In this section we briefly describe our methodology with the intent of giving councils some confidence in our adjustor forecasts. The description is targeted at non-technical audiences. Any technical questions are best forwarded to BERL.

### Data

Statistics New Zealand publishes eight price indices that BERL considers to comprise the costs of local governments. These are:

- Producer price index input prices – local government administration
- Producer price index input prices – arts and recreation
- Producer price index input prices – water, sewer, drainage, and waste services
- Capital Goods price Index – earthmoving and site work
- Capital Goods price Index – pipelines
- Capital Goods price Index – reclamation and River Control
- Labour Cost index All salary and wage rates – local government sector
- Labour Cost Index All Salary and Wage Rates – private Sector.

We conducted repeated trials using a number of macroeconomic series to figure out which ones drove the movement of these eight indices. The relevant variables we found are:

- Non-residential investment – from the expenditure GDP account
- Residential building consents – number
- The price of oil – WTI crude
- Consumer Price index
- GDP
- Employment.

### Models

Each of the price indices was subjected to a regime of experimentation to determine which of the variables could “explain” movement over time. This was done using a standard econometric model which looks at the variable in the current period and also at the variable in a previous period. We then used a standard statistical test to determine which variables were “statistically significant” and so would be retained.

We then used repeated trials to build models of the eight indices as functions of the relevant variables over time. These models were required to decrease the difference between the calculated value and the actual value of the indices.

In order to forecast these indices out to 2031 we needed forecasts of the relevant variables. Briefly:

- Non-residential investment – model that evolves over time depending on historic levels (technical name is Autoregressive Integrated Moving Average)

- Residential consents – model that evolves over time depending on historic levels (technical name is Autoregressive Integrated Moving Average)
- The price of oil – due to recent and historical oil price shocks this data was modelled as a recovery toward historic average values followed by a fluctuation around historic average values
- Consumer price index – we modelled this as a trend over time that resulted in an average of two percent growth. This is consistent with the Reserve Bank Act
- GDP – we modelled this as a trend over time which included a random component drawn from a distribution skewed either up or down depending which scenario was required
- Employment – we modelled this as a trend over time which included a random component drawn from a distribution skewed either up or down depending which scenario was required

Each price index was then forecast out to June 2031 using a combination of these variables.

### Weighting the price indices

Previous BERL research conducted in 2015 used a sample of financial statements from local governments around New Zealand to calculate how the eight price indices could be aggregated into five cost adjustors. And three Local Government Cost Indices.

We have used the same weightings as this research in the current model.

### Outputs

This process has resulted in forecasts for five cost adjustors and three Local Government Cost Indices. These are calculated under three scenarios depending on the settings for GDP and employment.

## 7 Conclusions

This report provides councils with the economic backdrop of the immediate impacts of the containment measures of COVID-19. These are felt most severely in the tourism sector. We then provide councils with a summary of how quickly RBNZ, the Treasury, and BERL believe the recovery will unfold. These scenarios inform our forecasts of the cost adjustors which are the ultimate subject of this report.

We provide councils with further economic and social backdrop on what opportunities and risks there are over the next decade. This narrative should assist councils in thinking about how best to invest and spend in accordance with the four wellbeings.

We have reproduced a forecast of New Zealand's population used in our analysis. This shows a growing population out to 2031. It also shows a shrinking proportion of the population accounted for by those of working age. This implies local governments should start to consider how to plan to keep recently retired older people and young families engaged with the community.

Māori have already been disproportionately affected by the economic crisis brought about by the containment measures of COVID-19. We expect this to continue to play out over the ten year recovery period. However, plans and strategies that take this into account now have the opportunity to ensure that in the next crisis, Māori are not disproportionately affected.

The crisis brought about by the containment measures of COVID-19 highlighted the role of local government. This role is to prop up both the demand and supply side of the local economy through OPEX and community infrastructure projects. To this end local government should reconsider entrenched beliefs about zero rates increases as well as look for alternative funding sources. We note that the RBNZ is now open to purchasing local government bonds.

Connection is an ongoing theme highlighted by the crisis brought about by the containment measures of COVID-19. Connection here refers to physical connections through the three waters, social connections through recreation areas and third places, and digital connections through the internet and digital literacy. Local government has a role in ensuring this important aspect of wellbeing is available to all.

The cost adjustors are forecast under three scenarios informed by RBNZ, the Treasury, and BERL forecasts. Each scenario might be more or less likely for different councils around New Zealand. We provide some guidance on which scenario is appropriate based on the nature and structure of the economy in the local area.

Broadly we argue that areas with a higher reliance on tourism and retail or shrinking, aged, population might use the *Stalled rebuild scenario*. Areas with a higher public sector employment and a growing young population might use the *BERL mid-scenario*. Finally, areas with a higher proportion of knowledge and agricultural employment would likely use the *Faster rebuild scenario*.

We finish this report with a brief and non-technical description of our methodology to give councils confidence in our cost adjustors forecasts.

## Appendix A Price indices fitted, actual and forecast values

In this appendix we produce charts showing how our model fits and predicts the eight price indices that go into making the five cost adjustors and three local government cost indices. Some of the forecast indices have a noticeable dip after 2020. This reflects the severity of the current economic conditions and our estimates of the immediate effects of the containment response to COVID-19.

Figure 7.1 Local Government Administration

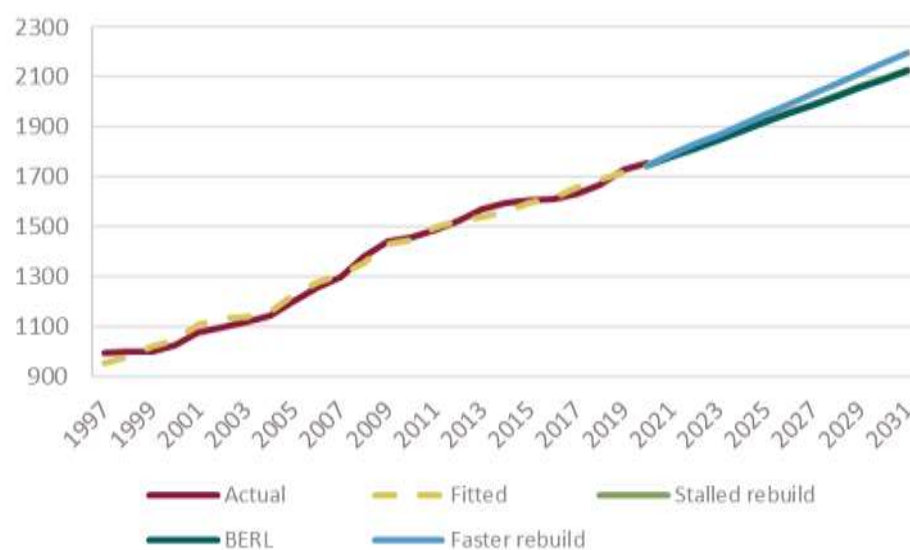


Figure 7.2 Arts and Recreation

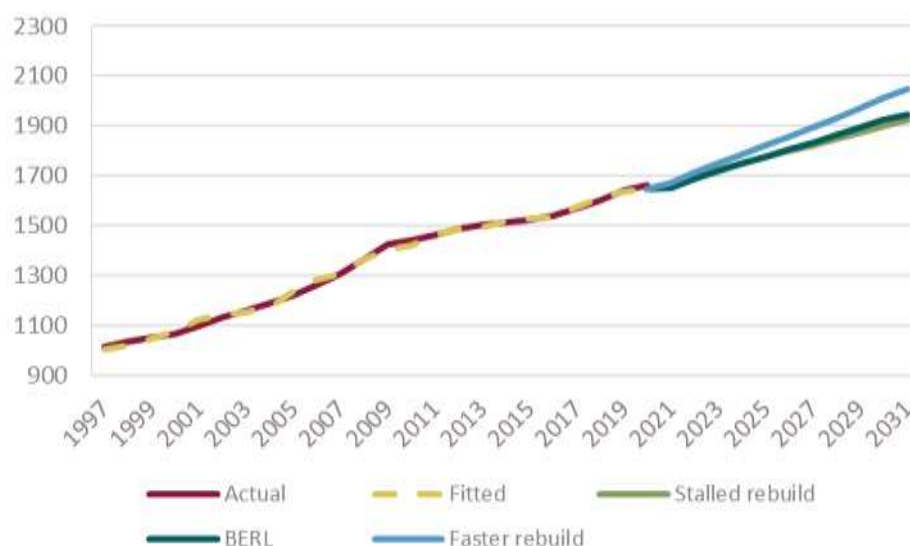


Figure 7.3 Water, sewer, drainage, and waste services

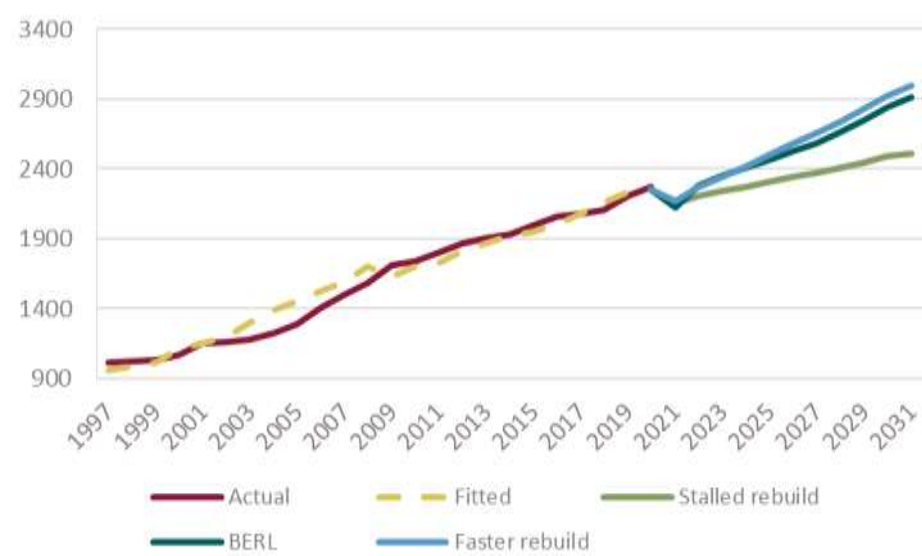


Figure 7.4 Earthmoving and site work

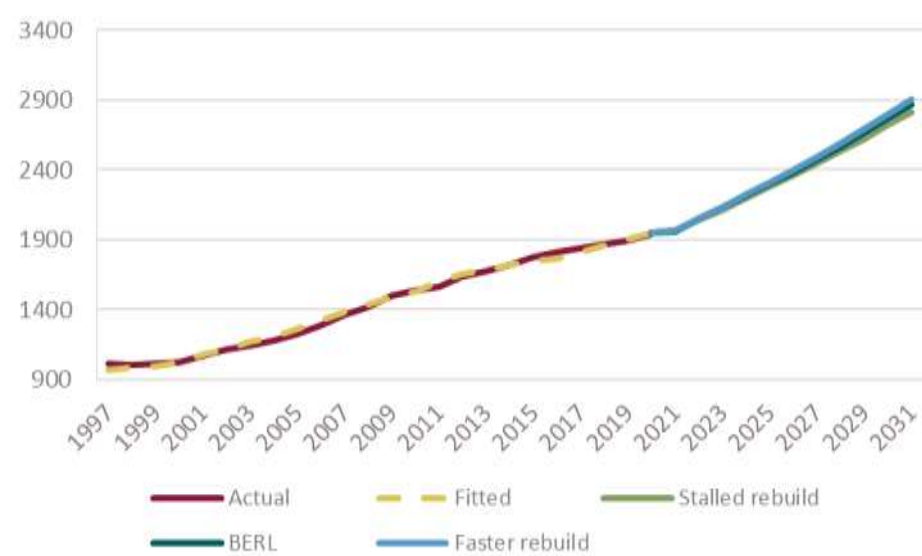


Figure 7.5 Pipelines

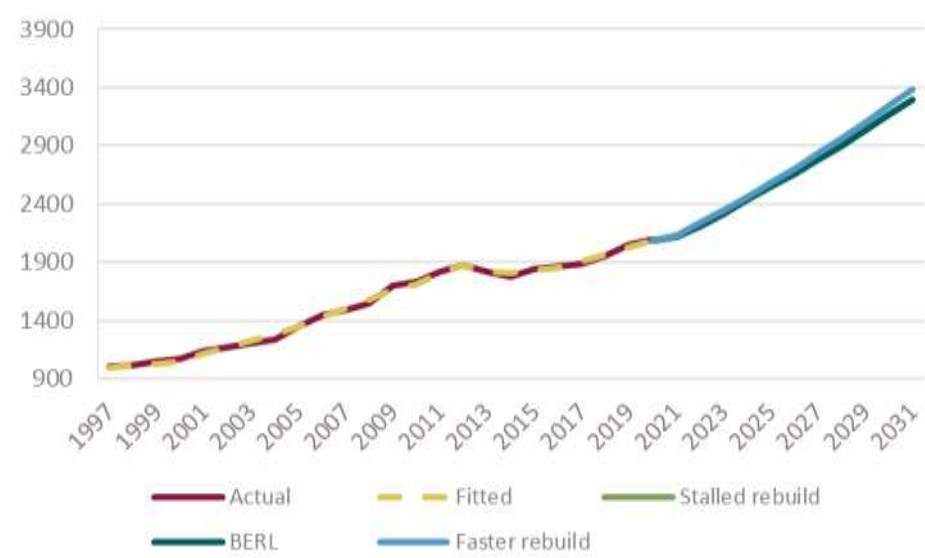


Figure 7.6 Reclamation and River Control

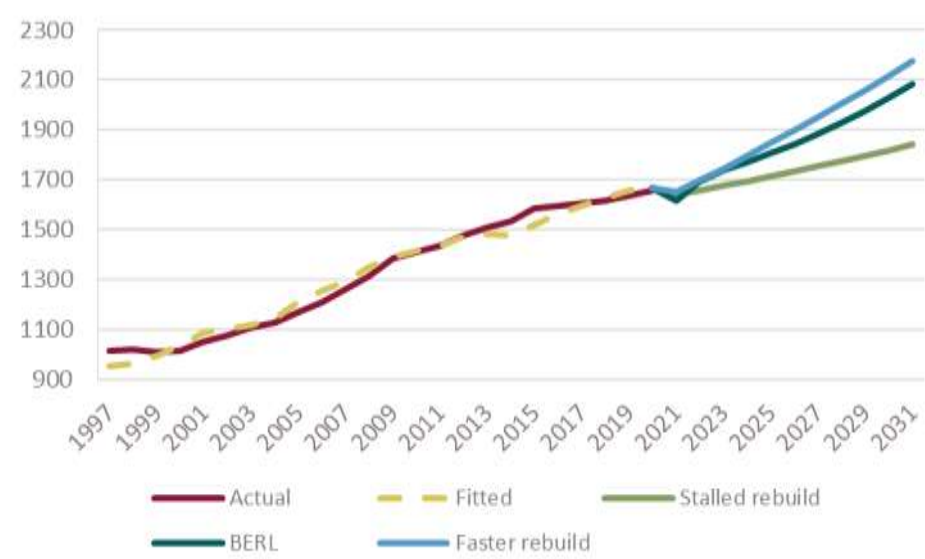


Figure 7.7 Local Government Salary

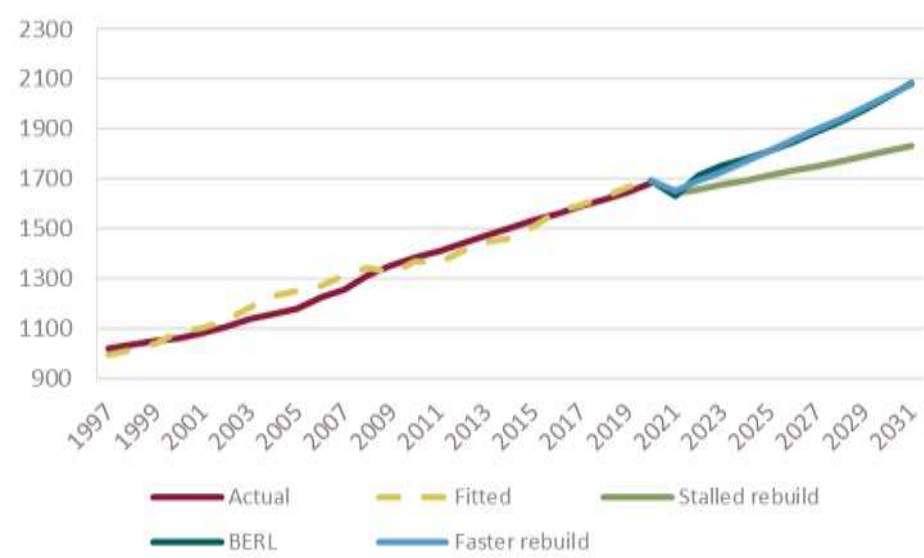
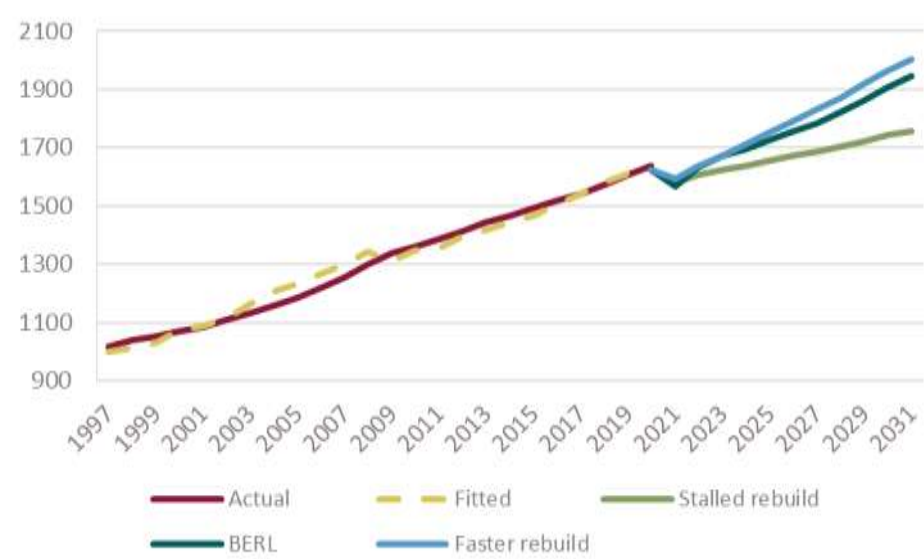


Figure 7.8 Private Sector Salary



## Appendix B Individual price index forecasts

In this appendix we provide tables showing our forecasts for the eight price indices which make up our five cost adjustors and three local government cost indices. These have been rebased to June 2020, consequently, the numbers will not exactly match those shown in the charts in Appendix A.

### BERL mid-scenario

Table 7.1 Local Government price Indices (June 2020 = 1000) BERL mid-scenario

BERL mid-scenario (June 2020 = 1000)								
	PPI inputs - Local government administration	PPI inputs - Arts and recreation services	PPI inputs - Water, sewer, drainage, and waste services	CGI - Earthmoving and site work	CGI - Pipelines	CGI-Reclamation and River Control	All salary and wage rates - Local govt sector	All Salary and Wage Rates - Private Sector
2009	822	858	753	773	812	836	805	817
2010	832	868	764	792	827	850	823	830
2011	848	881	791	809	867	864	839	845
2012	868	897	820	846	893	889	858	863
2013	894	904	837	864	869	908	876	879
2014	910	911	851	888	847	923	893	894
2015	914	916	876	917	881	955	911	911
2016	918	928	905	934	887	961	927	926
2017	931	944	915	951	899	968	944	941
2018	950	965	926	965	934	973	961	959
2019	985	987	971	979	978	987	978	979
2020	1000	1000	1000	1000	1000	1000	1000	1000
2021	1021	1004	946	1007	1015	970	966	965
2022	1038	1026	1014	1051	1062	1015	1012	1007
2023	1059	1045	1048	1094	1115	1042	1037	1030
2024	1080	1063	1070	1136	1169	1061	1053	1045
2025	1101	1080	1095	1179	1223	1081	1071	1062
2026	1121	1098	1123	1223	1279	1104	1092	1081
2027	1141	1114	1149	1270	1336	1129	1115	1099
2028	1161	1131	1184	1317	1395	1156	1141	1122
2029	1180	1150	1222	1367	1456	1184	1169	1147
2030	1200	1169	1263	1419	1519	1216	1199	1174
2031	1219	1183	1297	1473	1584	1249	1232	1198

Table 7.2 Local Government price Indices average annual growth rates BERL mid-scenario

BERL mid-scenario								
	PPI inputs - Local government administration	PPI inputs - Arts and recreation services	PPI inputs - Water, sewer, drainage, and waste services	CGI - Earthmoving and site work	CGI - Pipelines	CGI-Reclamation and River Control	All salary and wage rates - Local govt sector	All Salary and Wage Rates - Private Sector
2019	3.6	2.3	4.9	1.5	4.7	1.4	1.8	2.0
2020	1.6	1.3	2.9	2.1	2.2	1.3	2.2	2.2
2021	2.1	0.4	-5.4	0.7	1.5	-3.0	-3.4	-3.5
2022	1.7	2.2	7.2	4.4	4.7	4.6	4.8	4.3
2023	2.0	1.9	3.4	4.1	5.0	2.7	2.4	2.3
2024	2.0	1.7	2.1	3.8	4.9	1.8	1.5	1.5
2025	1.9	1.6	2.3	3.8	4.7	1.9	1.7	1.6
2026	1.8	1.6	2.6	3.8	4.6	2.1	2.0	1.8
2027	1.8	1.4	2.3	3.8	4.5	2.3	2.2	1.7
2028	1.7	1.6	3.0	3.8	4.4	2.4	2.3	2.1
2029	1.7	1.7	3.3	3.8	4.4	2.5	2.4	2.2
2030	1.7	1.6	3.3	3.8	4.3	2.6	2.6	2.3
2031	1.6	1.3	2.7	3.8	4.3	2.7	2.7	2.0
20 year average %pa	1.8	1.5	2.5	3.0	3.1	1.9	1.9	1.8



Table 7.3 Local Government price Indices cumulative growth rates BERL mid-scenario

Stalled rebuild scenario								
	PPI inputs - Local government administration	PPI inputs - Arts and recreation services	PPI inputs - Water, sewer, drainage, and waste services	CGI - Earthmoving and site work	CGI - Pipelines	CGI-Reclamation and River Control	All salary and wage rates - Local govt sector	All Salary and Wage Rates - Private Sector
2021	2.1	0.4	-5.4	0.7	1.5	-3.0	-3.4	-3.5
2022	3.8	2.6	1.4	5.1	6.2	1.5	1.2	0.7
2023	5.9	4.5	4.8	9.4	11.5	4.2	3.7	3.0
2024	8.0	6.3	7.0	13.6	16.9	6.1	5.3	4.5
2025	10.1	8.0	9.5	17.9	22.3	8.1	7.1	6.2
2026	12.1	9.8	12.3	22.3	27.9	10.4	9.2	8.1
2027	14.1	11.4	14.9	27.0	33.6	12.9	11.5	9.9
2028	16.1	13.1	18.4	31.7	39.5	15.6	14.1	12.2
2029	18.0	15.0	22.2	36.7	45.6	18.4	16.9	14.7
2030	20.0	16.9	26.3	41.9	51.9	21.6	19.9	17.4
2031	21.9	18.3	29.7	47.3	58.4	24.9	23.2	19.8

### Stalled rebuild scenario

Table 7.4 Local Government price Indices (June 2020 = 1000) Stalled rebuild scenario

Stalled rebuild scenario (June 2020 = 1000)								
	PPI inputs - Local government administration	PPI inputs - Arts and recreation services	PPI inputs - Water, sewer, drainage, and waste services	CGI - Earthmoving and site work	CGI - Pipelines	CGI-Reclamation and River Control	All salary and wage rates - Local govt sector	All Salary and Wage Rates - Private Sector
2009	822	858	753	773	812	836	805	817
2010	832	868	764	792	827	850	823	830
2011	848	881	791	809	867	864	839	845
2012	868	897	820	846	893	889	858	863
2013	894	904	837	864	869	908	876	879
2014	910	911	851	888	847	923	893	894
2015	914	916	876	917	881	955	911	911
2016	918	928	905	934	887	961	927	926
2017	931	944	915	951	899	968	944	941
2018	950	965	926	965	934	973	961	959
2019	985	987	971	979	978	987	978	979
2020	1000	1000	1000	1000	1000	1000	1000	1000
2021	1027	1014	958	1010	1021	983	971	975
2022	1047	1033	982	1048	1070	994	981	989
2023	1066	1048	999	1087	1121	1006	993	1000
2024	1085	1063	1012	1128	1173	1016	1002	1009
2025	1105	1078	1026	1169	1226	1027	1013	1018
2026	1124	1094	1043	1212	1282	1040	1025	1030
2027	1144	1107	1053	1255	1338	1052	1036	1038
2028	1164	1123	1069	1300	1397	1063	1047	1049
2029	1183	1139	1087	1347	1457	1075	1058	1060
2030	1203	1155	1107	1395	1520	1089	1071	1073
2031	1222	1168	1118	1446	1586	1103	1084	1082

Table 7.5 Local Government price Indices average annual growth rates Stalled rebuild scenario

Stalled rebuild scenario								
	PPI inputs - Local government administration	PPI inputs - Arts and recreation services	PPI inputs - Water, sewer, drainage, and waste services	CGI - Earthmoving and site work	CGI - Pipelines	CGI-Reclamation and River Control	All salary and wage rates - Local govt sector	All Salary and Wage Rates - Private Sector
2019	3.6	2.3	4.9	1.5	4.7	1.4	1.8	2.0
2020	1.6	1.3	2.9	2.1	2.2	1.3	2.2	2.2
2021	2.7	1.4	-4.2	1.0	2.1	-1.7	-2.9	-2.5
2022	1.9	1.9	2.5	3.7	4.8	1.1	1.0	1.5
2023	1.8	1.5	1.7	3.8	4.8	1.2	1.2	1.1
2024	1.8	1.4	1.3	3.7	4.7	1.0	1.0	0.9
2025	1.8	1.4	1.4	3.7	4.6	1.1	1.1	1.0
2026	1.8	1.4	1.6	3.7	4.5	1.2	1.2	1.1
2027	1.7	1.2	1.0	3.6	4.4	1.1	1.1	0.8
2028	1.7	1.4	1.5	3.6	4.4	1.1	1.1	1.0
2029	1.7	1.5	1.7	3.6	4.3	1.1	1.1	1.1
2030	1.6	1.4	1.8	3.6	4.3	1.3	1.3	1.2
2031	1.6	1.1	1.0	3.6	4.3	1.3	1.2	0.8
20 year average %pa	1.8	1.4	1.7	2.9	3.1	1.2	1.3	1.2

Table 7.6 Local Government price Indices cumulative growth rates Stalled rebuild scenario

Stalled rebuild scenario								
	PPI inputs - Local government administration	PPI inputs - Arts and recreation services	PPI inputs - Water, sewer, drainage, and waste services	CGI - Earthmoving and site work	CGI - Pipelines	CGI-Reclamation and River Control	All salary and wage rates - Local govt sector	All Salary and Wage Rates - Private Sector
2021	2.7	1.4	-4.2	1.0	2.1	-1.7	-2.9	-2.5
2022	4.7	3.3	-1.8	4.8	7.0	-0.6	-1.9	-1.1
2023	6.6	4.8	-0.1	8.7	12.1	0.6	-0.7	0.0
2024	8.5	6.3	1.2	12.8	17.3	1.6	0.2	0.9
2025	10.5	7.8	2.6	16.9	22.6	2.7	1.3	1.8
2026	12.4	9.4	4.3	21.2	28.2	4.0	2.5	3.0
2027	14.4	10.7	5.3	25.5	33.8	5.2	3.6	3.8
2028	16.4	12.3	6.9	30.0	39.7	6.3	4.7	4.9
2029	18.3	13.9	8.7	34.7	45.7	7.5	5.8	6.0
2030	20.3	15.5	10.7	39.5	52.0	8.9	7.1	7.3
2031	22.2	16.8	11.8	44.6	58.6	10.3	8.4	8.2

### Faster rebuild scenario

Table 7.7 Local Government price Indices (June 2020 = 1000) Faster rebuild scenario

Faster rebuild scenario (June 2020 = 1000)								
	PPI inputs - Local government administration	PPI inputs - Arts and recreation services	PPI inputs - Water, sewer, drainage, and waste services	CGI - Earthmoving and site work	CGI - Pipelines	CGI-Reclamation and River Control	All salary and wage rates - Local govt sector	All Salary and Wage Rates - Private Sector
2009	822	858	753	773	812	836	805	817
2010	832	868	764	792	827	850	823	830
2011	848	881	791	809	867	864	839	845
2012	868	897	820	846	893	889	858	863
2013	894	904	837	864	869	908	876	879
2014	910	911	851	888	847	923	893	894
2015	914	916	876	917	881	955	911	911
2016	918	928	905	934	887	961	927	926
2017	931	944	915	951	899	968	944	941
2018	950	965	926	965	934	973	961	959
2019	985	987	971	979	978	987	978	979
2020	1000	1000	1000	1000	1000	1000	1000	1000
2021	1028	1016	967	1012	1022	991	977	981
2022	1050	1041	1011	1053	1074	1019	1001	1008
2023	1073	1063	1043	1096	1128	1046	1022	1031
2024	1096	1084	1077	1141	1184	1075	1047	1054
2025	1119	1106	1112	1186	1241	1106	1072	1079
2026	1142	1129	1150	1233	1300	1138	1098	1105
2027	1165	1150	1180	1281	1361	1168	1122	1127
2028	1189	1173	1219	1330	1423	1201	1149	1154
2029	1213	1198	1258	1381	1488	1234	1174	1181
2030	1237	1222	1299	1434	1556	1267	1201	1209
2031	1261	1244	1333	1489	1626	1303	1230	1234

Table 7.8 Local Government price Indices average annual growth rates Faster rebuild scenario

Faster rebuild scenario								
	PPI inputs - Local government administration	PPI inputs - Arts and recreation services	PPI inputs - Water, sewer, drainage, and waste services	CGI - Earthmoving and site work	CGI - Pipelines	CGI-Reclamation and River Control	All salary and wage rates - Local govt sector	All Salary and Wage Rates - Private Sector
2019	3.6	2.3	4.9	1.5	4.7	1.4	1.8	2.0
2020	1.6	1.3	2.9	2.1	2.2	1.3	2.2	2.2
2021	2.8	1.6	-3.3	1.2	2.2	-0.9	-2.3	-1.9
2022	2.2	2.5	4.5	4.1	5.1	2.8	2.4	2.8
2023	2.2	2.1	3.2	4.1	5.1	2.6	2.2	2.2
2024	2.1	2.0	3.2	4.0	4.9	2.8	2.4	2.3
2025	2.1	2.0	3.3	4.0	4.8	2.9	2.4	2.3
2026	2.1	2.0	3.4	4.0	4.7	2.9	2.4	2.4
2027	2.1	1.9	2.6	3.9	4.7	2.7	2.2	2.0
2028	2.0	2.1	3.3	3.9	4.6	2.8	2.3	2.4
2029	2.0	2.1	3.3	3.8	4.6	2.7	2.2	2.4
2030	2.0	2.0	3.3	3.8	4.5	2.7	2.3	2.4
2031	1.9	1.7	2.6	3.8	4.5	2.8	2.4	2.1
20 year average %pa	2.0	1.7	2.6	3.1	3.2	2.1	1.9	1.9

Table 7.9 Local Government price Indices cumulative growth rates Faster rebuild scenario

	Stalled rebuild scenario							
	PPI inputs - Local government administration	PPI inputs - Arts and recreation services	PPI inputs - Water, sewer, drainage, and waste services	CGI - Earthmoving and site work	CGI - Pipelines	CGI-Reclamation and River Control	All salary and wage rates - Local govt sector	All Salary and Wage Rates - Private Sector
2021	2.8	1.6	-3.3	1.2	2.2	-0.9	-2.3	-1.9
2022	5.0	4.1	1.1	5.3	7.4	1.9	0.1	0.8
2023	7.3	6.3	4.3	9.6	12.8	4.6	2.2	3.1
2024	9.6	8.4	7.7	14.1	18.4	7.5	4.7	5.4
2025	11.9	10.6	11.2	18.6	24.1	10.6	7.2	7.9
2026	14.2	12.9	15.0	23.3	30.0	13.8	9.8	10.5
2027	16.5	15.0	18.0	28.1	36.1	16.8	12.2	12.7
2028	18.9	17.3	21.9	33.0	42.3	20.1	14.9	15.4
2029	21.3	19.8	25.8	38.1	48.8	23.4	17.4	18.1
2030	23.7	22.2	29.9	43.4	55.6	26.7	20.1	20.9
2031	26.1	24.4	33.3	48.9	62.6	30.3	23.0	23.4

## Appendix C Macroeconomic variables assumption

This appendix contains forecasts of the macroeconomic variables: Real GDP, unemployment, and the Consumer price Index (CPI) which measures economy-wide inflation. These data were fed into our models to calculate our cost adjustor and LGCI forecasts.

Table 7.10 Real GDP scenario assumptions

Year to June	Real GDP (\$m 2010 prices)			Real GDP growth (% per annum change)		
	BERL mid-scenario	Stalled rebuild	Faster rebuild	BERL mid-scenario	Stalled rebuild	Faster rebuild
2019						
2020	244,407	244,407	244,407			
2021	245,792	242,760	246,520	0.6	-0.7	0.9
2022	253,717	247,789	256,252	3.2	2.1	3.9
2023	259,683	252,227	263,740	2.4	1.8	2.9
2024	264,666	256,213	269,775	1.9	1.6	2.3
2025	270,166	260,598	276,461	2.1	1.7	2.5
2026	276,137	265,343	283,748	2.2	1.8	2.6
2027	282,559	270,426	291,618	2.3	1.9	2.8
2028	289,403	275,822	300,041	2.4	2.0	2.9
2029	296,689	281,542	309,050	2.5	2.1	3.0
2030	304,464	287,620	318,709	2.6	2.2	3.1
2031	312,785	294,095	329,097	2.7	2.3	3.3

Table 7.11 Unemployment scenario assumptions

June quarter	Unemployment (% of labour force)		
	BERL mid-scenario	Stalled rebuild	Faster rebuild
2019	4.0	4.0	4.0
2020	4.0	4.0	4.0
2021	8.5	9.5	7.7
2022	8.0	8.8	6.3
2023	7.1	7.8	5.9
2024	6.4	7.0	5.4
2025	6.0	6.6	5.0
2026	5.7	6.2	4.7
2027	5.4	5.9	4.5
2028	5.2	5.7	4.4
2029	5.0	5.5	4.2
2030	4.8	5.3	4.1
2031	4.6	5.1	4.0

Table 7.12 CPI assumptions – all scenarios

Consumer Price Index (CPI)		
Year to June	Index (June 2017=1000)	% per annum change
2019	1027	
2020	1046	1.8
2021	1063	1.6
2022	1081	1.7
2023	1099	1.7
2024	1117	1.7
2025	1135	1.6
2026	1156	1.9
2027	1179	2.0
2028	1204	2.2
2029	1231	2.3
2030	1259	2.3
2031	1287	2.3

We provide tables for each scenario for convenience.

Table 7.13 BERL mid-scenario assumptions

BERL mid-scenario					
Year to June	Real GDP (\$m, 2010 prices)	Real GDP (% per annum change)	Unemployment (June quarter, %)	CPI (June 2017=1000)	CPI (% per annum change)
2019	252,246		4.0	1027	
2020	244,407	-3.1	4.0	1046	1.8
2021	245,792	0.6	8.5	1063	1.6
2022	253,717	3.2	8.0	1081	1.7
2023	259,683	2.4	7.1	1099	1.7
2024	264,666	1.9	6.4	1117	1.7
2025	270,166	2.1	6.0	1135	1.6
2026	276,137	2.2	5.7	1156	1.9
2027	282,559	2.3	5.4	1179	2.0
2028	289,403	2.4	5.2	1204	2.2
2029	296,689	2.5	5.0	1231	2.3
2030	304,464	2.6	4.8	1259	2.3
2031	312,785	2.7	4.6	1287	2.3

Table 7.14 Stalled rebuild scenario assumptions

Stalled rebuild					
Year to June	Real GDP (\$m, 2010 prices)	Real GDP (% per annum change)	Unemployment (June quarter, %)	CPI (June 2017=1000)	CPI (% per annum change)
2019	252,246		4.0	1027	
2020	244,407	-3.1	4.0	1046	1.8
2021	242,760	-0.7	9.5	1063	1.6
2022	247,789	2.1	8.8	1081	1.7
2023	252,227	1.8	7.8	1099	1.7
2024	256,213	1.6	7.0	1117	1.7
2025	260,598	1.7	6.6	1135	1.6
2026	265,343	1.8	6.2	1156	1.9
2027	270,426	1.9	5.9	1179	2.0
2028	275,822	2.0	5.7	1204	2.2
2029	281,542	2.1	5.5	1231	2.3
2030	287,620	2.2	5.3	1259	2.3
2031	294,095	2.3	5.1	1287	2.3

Table 7.15 Faster rebuild scenario assumptions

Faster rebuild					
Year to June	Real GDP (\$m, 2010 prices)	Real GDP (% per annum change)	Unemployment (June quarter, %)	CPI (June 2017=1000)	CPI (% per annum change)
2019	252,246		4.0	1027	
2020	244,407	-3.1	4.0	1046	1.8
2021	246,520	0.9	7.7	1063	1.6
2022	256,252	3.9	6.3	1081	1.7
2023	263,740	2.9	5.9	1099	1.7
2024	269,775	2.3	5.4	1117	1.7
2025	276,461	2.5	5.0	1135	1.6
2026	283,748	2.6	4.7	1156	1.9
2027	291,618	2.8	4.5	1179	2.0
2028	300,041	2.9	4.4	1204	2.2
2029	309,050	3.0	4.2	1231	2.3
2030	318,709	3.1	4.1	1259	2.3
2031	329,097	3.3	4.0	1287	2.3

## ***15. Draft Significant Forecasting Assumptions***

Author	<i>Emily Reed; Corporate Planner</i>
Activity manager	<i>Toni Durham; Strategy &amp; Policy Manager</i>
Group manager	<i>Paul Brake; GM Business Support</i> <i>Jane Donaldson; GM Strategy &amp; Compliance</i>

### **Summary**

- The purpose of this report is for Council to adopt the draft Significant Forecasting Assumptions, as attached in Appendix One.
- These assumptions will underpin the development of the Long-Term Plan 2021-31.
- The final Significant Forecasting Assumptions will be adopted by Council on 30 June 2021 when Council adopts the Long-Term Plan.

### **Recommendation**

- 1. That** Council adopts the draft Significant Forecasting Assumptions to underpin the development of the Long-Term Plan 2021-31.

### **Attachment**

**Appendix 1**    Significant forecasting assumptions

## Background

### The current situation

1. Council is required to have a ten year Long-Term Plan (LTP) at all times.
2. A core part of developing the LTP is the preparation and consideration of significant forecasting assumptions and risks underlying the financial estimates.
3. The development of the draft Significant Forecasting Assumptions has used the last LTP assumptions as the basis, with the current situation reflected into these.
4. 2020 has seen many of our previous assumptions challenged. While adopting these draft assumptions now will help to form the basis for developing the rest of the LTP, officers fully expect that there will be amendments over the next six months as more is known and understood, particularly around the assumptions for the Covid-19 pandemic and three waters reform.
5. Audit New Zealand will test the draft Significant Forecasting Assumptions as a part of their audit for the LTP. They have actively released guidance notes over the past nine months indicating areas of forecasting assumption focus for the audit.
6. While Council hasn't typically adopted the draft Significant Forecasting Assumptions in the past, best practise is that we should. In doing so, we are setting a clear direction for the community about the assumptions we are making in preparing the LTP.
7. The draft assumptions were initially discussed with Council at the 28 April workshop.

## Options analysis

### **Option one – Council does not adopt the draft Significant Forecasting Assumptions to underpin the development of the Long-Term Plan 2021-31.**

8. This option would see Council not adopt the draft Significant Forecasting Assumptions as they currently stand. This is not the recommended option.



Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Simple to amend and change the assumptions over the next six months</li> </ul>	<ul style="list-style-type: none"> <li>Developing the LTP would be more challenging if the draft assumptions weren't adopted</li> <li>Audit NZ could challenge if Council agrees with the assumptions, given that they haven't been formally adopted</li> </ul>
<b>Risks</b> <ul style="list-style-type: none"> <li>The community and Audit NZ may not know, or understand, the assumptions.</li> <li>Reputational risk to Council in not being transparent about the SFA.</li> <li>Unknown challenges may present themselves over the next six months which will need to be incorporated into the Significant Forecasting Assumptions and wider LTP.</li> </ul>	

### **Option two – Council adopts the draft Significant Forecasting Assumptions to underpin the development of the Long-Term Plan 2021-31.**

9. This option would see Council adopt the draft Significant Forecasting Assumptions as they currently stand. This is the recommended option.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Clear and open with community about our assumptions</li> <li>Opportunity to listen and reflect broader views into the final assumptions when adopted as part of the LTP</li> </ul>	<ul style="list-style-type: none"> <li>Changes to our assumptions are possible (and in some cases likely) over the next six months</li> </ul>
<b>Risks</b> <ul style="list-style-type: none"> <li>Unknown challenges may present themselves over the next six months which will need to be incorporated in the Significant Forecasting Assumptions and wider LTP.</li> </ul>	

## **Legal/policy implications**

### **Local Government Act, 2002**

10. Schedule 10 of the LGA outlines the information to be included into Long-Term Plans. Significant Forecasting Assumptions are specifically included in this [schedule](#).

## Financial implications

Requirement	Explanation
What is the cost?	Nil
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	Strategy and Policy Cost Centre
Are there any future budget implications?	No
Reviewed by Finance	No

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Medium – not significant
Level of engagement selected	Comment
Rationale for selecting level of engagement	Through the consultation on the Long-Term Plan in mid-March 2020, the community will be able to provide feedback on the draft significant forecasting assumptions.
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager

## Significant Forecasting Assumptions

Our Long-Term Plan (LTP) and its supporting documents are based on assumptions for projected changes in our district. We are required to identify all of the significant forecasting assumptions, and the risks underlying the financial estimates (Schedule 10, LGA 2002).

All assumptions carry uncertainty. Where there is a high level of uncertainty, we must state why. An estimate of the potential effects on the financial assumptions must also be provided.

The level of uncertainty is determined by the likelihood of occurrence and the financial materiality. This means there will be a variation in the levels of reliability in the forecasting for the LTP.

We have made a number of significant assumptions in preparations of the financial forecasts. The assumptions are based on industry advice and best practice.

- Financial information has been prepared on best estimate assumptions regarding the potential for future events, economic shifts, and the domestic and global economic climate.
- Forecast cost indices have been prepared on advice from Business and Economic Research Limited (BERL) who forecast price level change indices adjustors for councils to use in LTPs. These are used for both operating and capital budgets, based on a medium term view.
- Other assumptions have considered information from Statistics New Zealand, .id, and Infometrics.

Our Significant Forecasting Assumptions ensure there is a consistent and justifiable basis for the preparation of the LTP.

### Summary of assumptions

Assumption		Confidence level	Risk level
<b>General Assumptions</b>			
1	Population change	Medium	Low
2	Household change	Medium	Low
3	Demographic change	Medium	Low
4	Three Waters Reform	High	Medium
5	Legislative and political changes	High	High
6	Natural hazards and Emergency events	Medium	Medium - high
7	Climate change	Medium - high	Medium
8	CCOs and shareholdings	Medium - high	Medium
9	Council-held resource consents	Medium	Low
10	Levels of service	Medium	Medium - high
11	Availability of contractors and materials	Medium	Medium - high
12	Strategic assets	High	Medium - high
13	Development contributions	High	Low
14	Economic environment	Medium	Medium
15	Capital expenditure	Medium	Medium - high
<b>Financial Assumptions</b>			
1	Price level changes / inflation	High	Low
2	Depreciation rates on planned asset acquisitions	High	Low
3	External borrowing	High	Low
4	New Zealand Transport Agency funding	Medium - high	Low - medium
5	Ashburton second urban bridge funding	Low	High
6	Interest rate variations	High	Medium
7	Useful life of infrastructure assets & funding	Medium	Medium
8	Income from investments	Medium	Medium

The level of confidence for each assumption refers to the difficulty of predicting outcomes because of limited or inexact knowledge. Council cannot control all of the variables that affect future outcomes, such as the wider economy and changes in legislation.

**Low** – Council has some of the information on the assumption but there is a high likelihood that variables outside of Council’s control will impact on the accuracy of the assumption.

**Medium** - Council has most of the information available on the assumption but variables outside of Council’s control may still affect the accuracy of the assumption.

**High** – Information available to Council point to a high likelihood of the assumption being accurate and/or most of the variables are under Council’s control.

The risk level of each assumption refers to the likelihood or magnitude of effect if the assumption is not correct.

**Low** – Council considers that the risk is unlikely to happen and that it would not cause a serious issue for Council activities or services.

**Medium** – Council considers that there is a likelihood that the risk were to happen and that it would have some effect on Council activities or services.

**High** - There is a high likelihood that the risk will happen and that it will effect Council activities or services.

## General assumptions

### 1. Population change

#### Assumption

Our projected population change is used to inform decision-making and planning, particularly for asset management. Due to the delay from Statistics New Zealand with the 2018 data, these projections developed by .id are based on the 2013 Census data. Information such as historical trends, resource consent numbers and factors that affect population change such as suburb life cycle were incorporated into the modelling for the projections.

Between 2013 and 2048, the population for our district is forecast to increase by 11,009 persons (33.9% growth), at an average annual change of 1.0%. The following table is based on the statistical areas used by Statistics New Zealand and does not necessarily align with our rating boundaries.

	Actual <sup>1</sup>		Forecast population figures					
	2013	2018	2021	2031	2041	2048	Total change from 2013	Avg. annual growth 2013-48
Ashburton District	32,440	33,423	35,779	38,620	41,423	43,449	+11,009	+1.0%
Ashburton (incl Lake Hood)	19,251	19,284	21,319	23,027	24,556	25,728	+6,477	+1.0%
Methven	1,753	1,779	1,941	2,101	2,290	2,411	+658	+1.1%
Rakaia	1,174	1,440 <sup>2</sup>	1,178	1,184	1,203	1,221	+47	+0.1%
Rural	10,262	10,923	11,341	12,308	13,373	14,089	+3,827	+1.1%

**Source:** .id demographic resources <https://forecast.idnz.co.nz/ashburton-nz/population-summary?WebID=160&thetype=ChangeY1Y3&CustomAgeFrom=0&CustomAgeTo=85>

#### Consequence of variation of assumption

Any significant or sustained decline in population growth will affect the ability to set rates at an affordable level. Conversely, any significant or sustained increase above the projections could impact our ability to provide our services at the levels expected by the community, such as through pressure on regulatory services to process resource and building consents and more demand for new infrastructure.

#### Risk

Population change across the district occurs at a higher or lower rate than expected. It is forecast that our population change will be mainly driven by births and deaths rather than migration as we have seen in the past. Therefore, there is only a low-risk that the Covid-19 pandemic will alter the projections.

#### Risk level

Low

#### Approach to mitigation of risk

We obtain robust data from .id demographic resources, Statistics NZ and Infometrics, and monitor population growth regularly, making adjustments to service delivery or rates through annual plans if necessary. Any additional infrastructure (or infrastructure capacity) due to growth can be funded through development contributions, but costs over these amounts would have to be funded by debt.

<sup>1</sup> The 2013 and 2018 figures are the usually resident population taken from the 2013 and 2018 Census's respectively. All other columns in the table are forecasts based off the 2013 data.

<sup>2</sup> The increase in population above the rate forecasted for Rakaia between 2013 and 2018 can be explained by a boundary change increasing the area defined as Rakaia.

## 2. Household change (including residential growth)

### Assumption

Analysing the future household structure in our district, especially in conjunction with age structure, provides insight into the housing market. Some areas, usually with separate housing stock, are dominated by families. Others, with more dense housing in urban locations have significant numbers of single-person households and couples without dependents.

id have modelled the projected change to households in our district, using data from the 2013 Census. It is forecast that the average household size will fall from a projected 2.50 in 2021 to 2.47 by 2031. Combined with the projected increase in population, it is forecast that the number of dwellings in our district will grow from 15,190 in 2021 to 16,520 in 2031.

### Confidence level

Medium

### Consequence of variation of assumption

A slower rate of household growth may mean some activities have overinvested in infrastructure (having too much capacity too soon).

### Risk

Household change across the district occurs at a higher or lower rate than expected.

### Risk level

Low

### Approach to mitigation of risk

Council will continue its monitoring of household change in the district. Existing infrastructure is being managed to address specific growth factors associated with an activity (i.e. traffic demand or wastewater connections) which may be generated from an increase in the number of households. Additional infrastructure (or infrastructure capacity) due to growth can be funded through development contributions.

## 3. Demographic change (including population age and cultural diversification)

### Assumption

Knowledge of how the age and ethnic structure of the population is changing is essential for planning age-based and culturally appropriate facilities and services, such as recreation spaces and places.

The age group projections are based on the current age of the population (adjusted for people aging each year, being born and dying) as well as the age of people migrating into and out of the area. This in turn is driven by location (urban, small town or rural) of the existing housing stock (separate dwellings, medium or high density), the amount and type of new residential development (same as existing stock, or diversifying) and where the area is in a cycle of change.

Our district is aging; 21.7% of our population is projected to be 65 years and over by 2048 – this equates to an additional 2832 persons in the 65+ age group, or a 43% increase from the forecasted figure for 2021.

The largest five-year age group in our district is the 5 to 9 year olds, accounting for 7.2% of the total population. In 2048, it is projected they will be the largest age group, although reducing to 6.8% of the total population, or 2950 people.

The ethnic diversity of our district continues to grow, with a 110% projected increase by 2038 for Māori (an additional 2,730 people), 139% for Asian (1,940 additional people) and 147% for Pasifika (an additional 1,700 people). Europeans will still be the largest ethnic group, but the percentage of total population will change from 89% in 2013 to 82% in 2038. This data is based on the 2013 Census as projections using the 2018 Census as the base are not expected to be released until later in 2021.

The biggest difference in the ethnic minorities is that the median age is much lower than Europeans. This means ethnic minorities are younger and will make up a larger percentage of the working age

### Confidence level

Medium

<p>population and have higher birth rates. Asian migrants make up the highest projected increase in population through migration, with European migration projected to fall into negative figures by 2038. We have also seen an increase in the number people attending citizenship ceremonies from 45 people in 2010 to 201 in 2019.</p>	
<p><b>Consequence of variation of assumption</b></p> <p>Customer needs and demands will exceed what we can deliver for information and service delivery. This could increase costs as we adapt to the different needs and priorities of a changing community.</p>	
<p><b>Risk</b></p> <p>Demographic changes across the district occur at a higher or lower rate than expected.</p>	<p><b>Risk level</b></p> <p>Low</p>
<p><b>Approach to mitigation of risk</b></p> <p>Forecast demographic changes for an aging population have been projected for Canterbury for a number of years. Our district's population is aging, but not at the same pace as the rest of Canterbury. The effects of the changing demographics will be accommodated for by adapting or redirecting activity provision to meet needs where possible within reasonable costs.</p>	

4. Three Waters Reform	
<p><b>Assumption</b></p> <p>Over the past three years, central and local government have been considering solutions to challenges facing the delivery of three waters services to communities. This builds on conversations that have been ongoing for many years, and has led to the creation of Taumata Arowai, the new Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.</p> <p>While addressing the regulatory issues, both central and local government acknowledge that there are broader challenges facing local government water services and infrastructure, and the communities that fund and rely on these services. There has been underinvestment in three waters infrastructure in parts of the country and persistent affordability issues, along with the need for additional investment to meet improvements in freshwater outcomes, increase resilience to climate change and natural hazards, and enhance community wellbeing. The view is that current service delivery arrangements are no longer fit for purpose and that reform is required.</p> <p>In July 2020, the Government announced a funding package of \$761 million to provide immediate post-COVID-19 stimulus to local authorities to maintain and improve three waters (drinking water, wastewater, stormwater) infrastructure, and to support reform of local government water services delivery arrangements. The Government has indicated that its starting intention is public multi-regional models for water service delivery to realise the benefits of scale for communities, and reflect neighbouring catchments and communities of interest. This infrastructure is owned by councils and there is a preference that entities will remain in shared ownership of local authorities.</p> <p>While we are anticipating that there will be change to the ownership and delivery of three waters in the next ten years, we are not able to say with certainty what those changes will be. It is unlikely that this will be known until mid –late 2021. This LTP has been developed on the basis that it is business as usual for the delivery of three waters but that change is very likely over the mid-term (3-5 years).</p>	<p><b>Confidence level</b></p> <p>High</p>
<p><b>Consequence of variation of assumption</b></p> <p>Changes are required to be implemented more quickly than anticipated, and/or changes are mandatory rather than voluntary.</p>	

<b>Risk</b> Legislation changes under urgency in Parliament that we must implement immediately	<b>Risk level</b> Medium
<b>Approach to mitigation of risk</b> Council is represented on the Water Reform Steering Committee.	

## 5. Legislative and political changes

<b>Assumption</b> We are operating in an increasingly uncertain geo-political and economic environment, coupled with rising demands from residents and ratepayers for more transparency and openness. This makes the work of local authorities increasingly challenging at a time when the pressure is on to keep rates affordable. <a href="#">Local Government NZ commissioned Simpson Grierson</a> to review the disparities between the RMA, LGA and LTMA. The overriding conclusion is councils have to work with outdated and ill-suited legislation and the recommendation was for more work to be done at central government level to address the disparities between these different Acts.  Shifting responsibility between central government and local government is expected to continue over the next ten years with significant reform in the resource management space signalled an example of this. Our Long-Term Plan has been prepared based on the assumption that during this ten year cycle, there are likely to be changes in the delivery of resource management functions, however without knowing the details of these changes, we are assuming business as usual for the delivery of this activities.	<b>Confidence level</b> High
<b>Consequence of variation of assumption</b> Most legislative changes are signalled with enough time for planning, if urgent legislation is passed then it could impact our ability to implement these changes and its service delivery.	
<b>Risk</b> Legislation changes under urgency in Parliament that we must implement immediately.	<b>Risk level</b> Medium
<b>Approach to mitigation of risk</b> Changes to any statute involving local government will have an impact on our functions and expenditure at different times. We will continue to monitor the nature of proposed change and degree of likely impact on our functions to inform any alteration needed.  We will submit on legislation where appropriate to encourage reduced or improved impacts on our operations and value for money for ratepayers. We will also continue to participate in the planning, development, revision, implementation, monitoring and reporting related to regional strategies and policies and to represent the district's interests and contribution to the region.  Where legislation requires review of our processes or staffing, we will seek to achieve the most efficient and cost effective way forward. Where legislation requires councils to provide additional services or increased levels of service, this may require cost recovery through increases to rates or user fees.  Any changes in political structure will occur via the representation review processes or through formal processes driven either by the community, Council or central government.	

## 6. Natural hazards and emergency events

<b>Assumption</b> Serious natural hazard (including flooding, erosion and drought) and civil defence emergencies such	<b>Confidence level</b> Medium
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<p>as the breach of the Alpine Fault or a pandemic, are events that can strike without warning. This long-term plan allows for the possibility of events affecting our district.</p> <p>GNS put the probability of the Alpine Fault rupturing in the next 50 years at around 30% and this is a key assumption of Council.</p> <p>We have assumed that the public health response to the Covid-19 pandemic will continue as an Elimination Strategy to stop chains of transmission and effectively contain imported cases from overseas at the border. We assume that a Covid-19 vaccine will be developed and distributed worldwide which will enable the opening of the borders within the next ten years.</p>	
<p><b>Consequence of variation of assumption</b></p> <p>Potentially natural hazard events (including flooding, erosion and drought) could, occur more frequently and more severely as a result of climate change than projected in the short term.</p> <p>If the government can no longer achieve its Elimination Strategy for Covid-19, it is likely that our services, such as recreation services, would be impacted by reduced hours, restrictions on users or closure.</p>	
<p><b>Risk</b></p> <p>Natural hazard events (including flooding, erosion and drought) will increase over time. Covid-19 vaccine takes longer than anticipated.</p>	<p><b>Risk level</b></p> <p>Medium-High</p>
<p><b>Approach to mitigation of risk</b></p> <p>Council will strive to protect communities through its asset management, civil defence emergency management (CDEM), and district planning activities. Council's infrastructure planning takes into account the need to sustain extreme weather events. The CDEM planning for community resilience is focusing on community response plans throughout the district. There are less risks to Council's assets due to sea level rise as few structures are located along the coast, and there are very small communities located in hut settlements with evacuation plans in case of flooding. The District Plan takes into account any increased coastal hazards and other location specific climate hazards and extremes. This includes changing some infrastructure mechanisms such as the size of culverts in flood-prone areas.</p> <p>Council is also monitoring the geological science updates provided by GNS, such as Project AF8, which is a risk scenario-based earthquake response planning project focused on the Alpine Fault.</p> <p>Council is a member of the Local Authority Protection Programme Disaster Fund Trust (LAPP) and has a variety of insurance cover which would cover emergency works. Council also has a Disaster Relief Fund for the replacement of infrastructural assets excluding roading in the event of a natural disaster. Central government has a role in recovery after an emergency event.</p> <p>Council is well connected to the local community through its support of community groups and organisations. The Covid-19 lockdown saw Council partner with others to form the Covid-19 Economic Advisory Group and the Caring for Communities Welfare Recovery Group.</p>	

7. Climate change	
<p><b>Assumption</b></p> <p>We adopted our <a href="#">Climate Change Policy</a> in 2019 which contains district-specific assumptions, in line with the IPCC scenario RCP 8.5. The greatest of these are those related to drought and the increased severity and frequency of extreme weather events. Extreme weather events represent a threat to people and property, including both public and private infrastructure. Flooding and storm damage is a major risk given the proximity of many urban settlements to rivers and waterways, and the risk that either the Rakaia or Rangitata River bridges are unable to be crossed, cutting off transportation links to other districts. Sea-level rise is less significant for Council-owned public infrastructure, as we have no assets in the area up to 1.5 metres above mean high water springs.</p> <p>There will be other public infrastructure, such as electricity supply infrastructure, in affected areas.</p>	<p><b>Confidence level</b></p> <p>Medium-high (for 30 years)</p> <p>Medium-low (for 100 years)</p>

Private infrastructure may also be affected, particularly the hut sites at Rangitata, Hakatere, and Rakaia.	
<b>Consequence of variation of assumption</b> The impacts of climate change could occur more frequently and more severely as a result of extreme weather events than projected in the short term. As time goes on, there is increasing uncertainty in IPCC scenarios.	
<b>Risk</b> Infrastructure is not suitably adapted and ready for climate events – especially if predictions change, given the long life cycle of assets. Facilities and assets are not designed to withstand higher temperatures.	<b>Risk level</b> Medium
<b>Approach to mitigation of risk</b> We will strive to protect communities through its asset management, civil defence emergency management, and district planning activities. Our infrastructure planning takes into account the need to sustain extreme weather events. The CDEM planning for community resilience is focusing on community response plans throughout the district. There are less risks to our assets due to sea level rise as few structures are located along the coast, and there are very small communities located in hut settlements with evacuation plans in case of flooding. The District Plan takes into account any increased coastal hazards and other location specific climate hazards and extremes. This includes changing some infrastructure mechanisms such as the size of culverts in flood-prone areas by maintaining and improving our stormwater network.. We are a member of the Local Authority Protection Programme Disaster Fund Trust (LAPP) and has a variety of insurance cover which would cover emergency works.	

8. CCOs and shareholdings	
<b>Assumption</b> We currently have one substantive Council Controlled Organisation (CCO), Ashburton Contracting Ltd. We are also a 3% shareholder in Transwaste Canterbury. We have shareholdings in a number of entities including (but not limited to) Ashburton Community Water Trust, Eastfields Investments Ltd, Electricity Ashburton, and the Rangitata Diversion Race Management Ltd. The assumption is that we will retain the majority of these CCOs and existing shareholdings, subject to its periodic assessment of returns to ensure they outweigh the risks inherent with investing in these activities in accordance with the LGA (specifically section 17A). There is the potential for new CCOs to be established during the course of the LTP based on the assumption that during this ten year cycle, water reform is likely.	<b>Confidence level</b> Medium - high
<b>Consequence of variation of assumption</b> The establishment of new CCOs to provide core services will impact us. There could be costs associated with setting these up as well as changes to the delegations of service provision, and changes to the organisational structure for those current internal teams providing the services.	
<b>Risk</b> New legislation may enable the government to establish CCOs or force councils to have joint ventures for some core services such as water and transportation. Early indications suggest that this is not likely, but it is still a possibility.	<b>Risk level</b> Medium
<b>Approach to mitigation of risk</b> We receive Board reports on a quarterly basis from the CCOs and annual reports from shareholding entities to monitor our investments. The Local Government Act 2002 requires Council to review our investment arrangements periodically under Section 14(fa)(i & ii).	

## 9. Council-held resource consents for operational activity

<p><b>Assumption</b></p> <p>New resource consents will be obtained with appropriate conditions, and expiring resource consents will be renewed with similar conditions during the period of the Long-Term Plan.</p> <p>Resource consents due for renewal can be found within the relevant Activity Management Plan for individual activities. For the purpose of this assumption, a significant consent is that which impacts at a scheme level. Two significant resource consent renewals fall within this LTP cycle, specifically the Hinds and Montalto water supply consents in 2030.</p>	<p><b>Confidence level</b></p> <p>Medium</p>
<p><b>Consequence of variation of assumption</b></p> <p>The non-granting or non-renewal of a major resource consent for one of our activities would have significant impacts on costs and the ability to provide that activity. A major non-renewal may mean an entirely new approach to the activity would be required. Non-granting of resource consents may delay project benefits.</p>	
<p><b>Risk</b></p> <p>A resource consent is not obtained or renewed, or conditions imposed are unacceptable.</p>	<p><b>Risk level</b></p> <p>Low</p>
<p><b>Approach to mitigation of risk</b></p> <p>Appropriate planning for resource consent applications/renewals should ensure that they are obtained. Existing monitoring of compliance with existing resource consent conditions will provide a record of compliance for future processes. The renewal of consents is dependent upon the legislative and environmental standards and expectations that exist at that time.</p>	

## 10. Levels of service

<p><b>Assumption</b></p> <p>Our assumption is that the level of service provided by our activities and services to our community do not significantly change. Demand for our services and customer expectations regarding business as usual levels of service will not change significantly and there will be not significant effect on asset requirements or operating expenditure beyond what is specifically planned and identified in the LTP.</p>	<p><b>Confidence level</b></p> <p>Medium</p>
<p><b>Consequence of variation of assumption</b></p> <p>Increased or improved service levels inevitably require additional cost and/or resources to provide them.</p>	
<p><b>Risk</b></p> <p>Significantly enhanced service levels are demanded by the community or imposed by the government on councils in one or more area of activity.</p>	<p><b>Risk level</b></p> <p>Medium - high</p>
<p><b>Approach to mitigation of risk</b></p> <p>We have well defined service levels for our planned activities which have been reviewed as part of the LTP process. Resident satisfaction surveys and other engagement strategies generally support the key assumptions made in the LTP and there are currently no known additional areas of our services that require significant modification. Minor changes may be made to service levels where budget, contracts and resources allow. These will generally occur within existing budgets. Major changes in service levels would be considered significant under our Significance &amp; Engagement Policy and would be discussed with the community via consultation.</p>	

## 11. Availability of contractors, adequate staffing, and other resources

### Assumption

The asset planning for this LTP is based on the assumption that contractors and materials will be available to undertake the work required to agreed standards and deadlines. There is likely to be increased pressure on engineering resources (people and plant) due to the government's enhanced infrastructure programmes, and the reduced availability of overseas assistance, which will likely result in rising costs.

Staff recruitment and retention to get the best candidates with suitable skills and qualifications will continue.

### Confidence level

Medium

### Consequence of variation of assumption

Might increase cost and/or delay projects

### Risk

Projects could be delayed if there is a shortage of contractors, Council staff, or resources. Additionally, if contractors do not deliver to agreed standards, cost and timeframes, project completion times could be extended and deadlines missed.

### Risk level

Medium – high

### Approach to mitigation of risk

Our Procurement Policy aims to protect Council when contracting for major projects through a robust tendering process. Where possible, we aim to spread projects amongst different providers and ensure robust contracts are in place.

Recruitment, retention and remuneration are core priorities for People & Capability to ensure we are well resourced to maintain the levels of service required to meet the needs of our community. Annual performance reviews and salary benchmarking through Strategic Pay ensures we remain competitive in the employment market to help retain staff.

## 12. Strategic assets

### Assumption

We have a number of strategic assets including land parcels, buildings, and infrastructure assets. These are listed in our Significance & Engagement Policy. It is assumed that we will remain involved in all activities involving strategic assets and continue to own and control all our strategic assets for the duration of the Long-Term Plan. The details of the water reform are not expected to be finalised before we adopt this ten year plan, therefore we have prepared for business as usual.

### Confidence level

High

### Consequence of variation of assumption

Changes in control or ownership of strategic assets will likely affect the level of service provided to our community.

### Risk

Changes in control or ownership of strategic assets are required.

### Risk level

Medium – high

### Approach to mitigation of risk

Changes in control or ownership of strategic assets must occur as part of an LTP development or amendment, with a full Special Consultative Procedure process required.

## 13. Development contributions

### Assumption

Development contributions have been budgeted based on the population growth projections indicated in section 1 of the Significant Forecasting Assumptions.

### Confidence level

High

<b>Consequence of variation of assumption</b> Higher growth rates could create the need for additional infrastructure or bringing capital projects forward. Lower growth rates could result in under-utilised facilities or the need to delay some capital projects.	
<b>Risk</b> Growth is higher or lower than projected.	<b>Risk level</b> Low
<b>Approach to mitigation of risk</b> Given past demand growth for infrastructure, it is considered the estimated revenue from development contributions is realistic. Most infrastructure projects are able to be adjusted in terms of scale and timing if required, as the percentage of project funding from DCs is relatively small.	

14. Economic Environment	
<b>Assumption</b> <p>The effects of the Covid-19 pandemic on the local economy have not been significant to date. Latest data from Infometrics<sup>3</sup> shows that the district's economy contracted slightly over the past year, with Infometrics provisional GDP estimates showing a decline of 1.7% (\$2,318 million – 2019 prices) in the year to September 2020, ahead of the national decline of 3.3% and the Canterbury region of 3.2%. House prices have appreciated by 6.6% over the past year, faster than Canterbury but behind New Zealand overall, however with a median house price of \$375,950 this is still notably lower than Canterbury and New Zealand as a whole.</p> <p>Covid-19 is having a substantial impact on the global economy with reduced trade and tourism around the world. With a rurally dominated community it is expected that our agriculture sector will be a source of strength for our local economy as we move through the Covid-19 recession. While the local economy is looking to remain reasonably stable, the increasing difficulty to import goods and skilled labourers into New Zealand may impact the delivery of services and therefore the local economy.</p> <p>The impact of the implementation of new or known changes to regulation on our local economy and community, such as the recently released National Policy Statements on Freshwater Management and Urban Development, are yet to be well understood.</p> <p>Technology changes will continue to advance and develop over the life of the LTP. Intrinsically linked with improving productivity output, skills, effectiveness, efficiency, and the financial bottom line, we won't achieve any of this without keeping pace with technological advancements.</p>	<b>Confidence level</b> Medium
<b>Consequence of variation of assumption</b> The economy is hit harder by the recession than what is currently expected. Internet connectivity for rural industry is not updated in line with technological advancements and services are not able to be carried out effectively.	
<b>Risk</b> Our rural economy is not able to withstand the pressures from the Covid-19 pandemic recession and/or the impacts of NPS are more significant than expected. This could impact on the ability of the community to withstand rate increases, in turn affecting the levels of service we can provide. Reliance on overseas markets is more substantial than assumed and this causes a major disruption in services and a significant impact on the economy.	<b>Risk level</b> Medium

<sup>3</sup> Infometrics Quarterly Economic Monitor 2020

**Approach to mitigation of risk**

Council is leading research into the impacts of the NPS – Freshwater Management and what comes next. This work is being considered by the Canterbury Mayoral Forum and will be used to advocate to government on behalf of the district. In 2020 Council resolved to ‘procure locally’ for at least 12 months in light of Covid-19 in order to boost the local economy.

**15. Capital Expenditure****Assumption**

Our capital works programme has been over-ambitious in the past therefore we need to focus on delivery for this Long-Term Plan. Council has carried forward significant capital expenditure from 2019/20 to the current year (\$15.4 million) and plans to expend a further \$43.3 million as part of the 2020/21 annual plan. This is a total of \$59 million of capital expenditure and renewals.

Council has also brought forward the Ashburton relief sewer project due to external funding from the Water Reform tranche 1 funding which is additional to the above.

Where practical, the timing of major projects will be coordinated across council’s activities to manage their impact on rates affordability. However, where there is an immediate need, or a regulatory deadline, this may not be possible. The strain on resources will require judicious decision-making when programming forward work.

**Confidence level**

Medium

**Consequence of variation of assumption**

Continued carry-forward of capital expenditure.

**Risk**

Infrastructure failure risk and expected services can’t meet demand, reputational risk for not delivering planned capital projects on time.

**Risk level**

Medium-high

**Approach to mitigation of risk**

Council is establishing more robust business case processes to prioritise projects. This in turn will help to create a realistic work programme with appropriate and realistic project timelines.

## Financial assumptions

### 1. Price level changes / inflation

#### Assumption

For the first year of the Long-Term Plan (2021/22), all financial statements have been prepared using 2021 dollars. Price level adjustments for inflation have been included in all financial statements for the following nine years.

Price level adjustments for the years 2022/23 onwards have been derived from forecasts prepared for Society of Local Government Managers (SOLGM) by Business and Economic Research Limited (BERL) and deal primarily with areas of expenditure that local authorities are exposed to through their business.

The capital inflation rate we use is a LGCI (Local Government Cost Index) capex category.

The operational inflation rates we use are a mixture of staff and LGCI (Local Government Cost Index) opex.

Inflation rates used in the prospective statement of financial position and cash flow are a mixture of GCI earthmoving and site, PPI inputs – water, sewer, drainage and waste, PPI inputs – arts and recreation.

Year ending June	LGCI Total	Capex LGCI	Opex LGCI	LG Salary & Wages	CGI – Earthmov. and Site	PPI – Arts and recreation	PPI – water, sewer, drainage and waste
2019	3.0	2.9	3.0	1.8	1.5	2.3	4.9
2020	2.0	2.0	1.9	2.2	2.1	1.3	2.9
2021	-0.7	-0.6	-0.6	-3.4	0.7	0.4	-5.4
2022	3.7	3.6	3.6	4.8	4.4	2.2	7.2
2023	2.9	2.9	2.9	2.4	4.1	1.9	3.4
2024	2.5	2.5	2.5	1.5	3.8	1.7	2.1
2025	2.5	2.5	2.5	1.7	3.8	1.6	2.3
2026	2.6	2.5	2.5	2.0	3.8	1.6	2.6
2027	2.5	2.5	2.5	2.2	3.8	1.4	2.3
2028	2.6	2.6	2.6	2.3	3.8	1.6	3.0
2029	2.7	2.7	2.7	2.4	3.8	1.7	3.3
2030	2.7	2.7	2.7	2.6	3.8	1.6	3.3
2031	2.6	2.6	2.6	2.7	3.8	1.3	2.7
Avge	2.2	2.2	2.2	1.9	3.0	1.5	2.5

SOURCE: BERL SOLGM mid-scenario adjustors 2020; %change on previous year

NOTE: For some expenditure types (where an activity includes significant components of more than one of the above descriptors) a combination of the above inflation rates in each year has been used.

#### Consequence of variation of assumption

If costs vary greatly from what is projected, a higher or lower rate requirement will be needed.

#### Risk

**Confidence level**  
High

**Risk level**  
Low

Costs may change significantly to the forecasted rate.	
<b>Approach to mitigation of risk</b> We rely on the BERL price indicators which is the standard for local government. BERL reviews the inflation indices annually.	

## 2. Depreciation rates on planned asset acquisitions

<b>Assumption</b> It has been assumed that the estimates for the useful lives and associated depreciation rates for the major classes of assets are correct. Please see the Statement of Accounting Policy for more information.	<b>Confidence level</b> High
<b>Consequence of variation of assumption</b> Asset condition deteriorates faster than expected or the capacity life of assets is utilised faster than expected. Either or both of these scenarios will result in us having to loan fund for cyclic renewals or asset replacement earlier than projected, which in turn may result in more debt incurred. If we opt not to loan fund the renewals or replacement, then rates could rise faster than forecast. Alternatively, if asset condition is better than expected or capacity life is longer than expected, the timing of asset renewal may be postponed and funding requirements deferred.	
<b>Risk</b> The estimates are incorrect and the assets useful life are longer or shorter than anticipated.	<b>Risk level</b> Low
<b>Approach to mitigation of risk</b> We will be required to replace or renew the asset earlier or later than anticipated. Replacement may incur costs earlier or later than budgeted. In addition asset values may need to be written off.	

## 3. External borrowing

<b>Assumption</b> We can renew our current borrowing and access additional funding in the future. Generally, loans are over a 25 year period.	<b>Confidence level</b> High
<b>Consequence of variation of assumption</b> If we cannot renew our borrowing, then funding may need to be increased or capital or renewals delayed. If we reach our debt limit and cannot borrow any additional funding, this may result in either project delays, reduced levels of service, or increased funding requirements – or all three of these outcomes.	
<b>Risk</b> We may not be able to borrow to meet our requirements.	<b>Risk level</b> Low
<b>Approach to mitigation of risk</b> We are well below our debt limit as we have had a policy of generally not borrowing for cyclic renewals or operating costs. We have achieved an AA + credit rating which allows us access to a wider range of lenders. We have bank loan facilities in place that are renewed two-yearly and are able to borrow through the wholesale market and the Local Government Funding Agency.	



#### 4. New Zealand Transport Agency funding

##### Assumption

The Financial Assistance Rate (FAR) received from the New Zealand Transport Agency for qualifying road works remains at 51% for the 2021-24 period. Future review will occur within the LTP cycle. We consider that it is extremely unlikely that a FAR increase would occur, but there is the unlikely possibility of a decrease within the next ten years.

NZTA have signalled to Council that there will be major funding constraints in the low cost, low risk (LCLR) and large capital space. The MOR requests for Canterbury Councils alone are over 30% higher for 2021-24 than they were in 2018-21. It is likely that there will be stricter rules for approval than in 2018-21 (based on GPS priorities in the main).

We will not know for certain the NZTA funding approved for our district until after the LTP is adopted due to the different timeframe for the NZTA budget process to the local government budgeting process.

##### Confidence level

Medium - high

##### Consequence of variation of assumption

A reduced FAR would require either a reduction in programmed work, or an increase in the Council funding share. Programme reduction would result in a lower level of service or deferred work programmes, which would likely contribute to deterioration of the district's roading and footpath network. Increased Council share could require additional loans or reduction in other budgets.

##### Risk

The NZTA FAR changes over the life of the Long-Term Plan 2021-31. An increased FAR would reduce Council share (if programmes remain the same) or allow an increased in programme scope/extent.  
LCLR

##### Risk level

Low-medium

##### Approach to mitigation of risk

There has been no indication the FAR will be reviewed in the coming 10 years. If it was, we could adjust the projected work programme to put in a lower level of service or delay projects. Given that roading continues to be an issue of focus for the community, it is unlikely that we will reduce our level of service, but may make rates adjustments to fund for higher levels of service.

#### 5. Ashburton Second Urban Bridge funding

##### Assumption

We have included the Second Urban Bridge in the LTP, based on the assumption that we will contribute 20% of the costs with the remaining 80% to be sourced from the New Zealand Transport Agency, whose current Financial Assistance Rate is projected at 51% for the 10 year LTP period, and the Provincial Growth Fund, administered by MBIE. If this funding does not eventuate, we will reconsider loan funding or rating to complete the project.

##### Confidence level

Low

##### Consequence of variation of assumption

NZTA may not provide the additional funding required to complete the work projected, or will reduce the FAR contribution level to be less than the 51% the LTP is based on, or we may be unsuccessful in our application to the Provincial Growth Fund. Either or both of these outcomes could result in a lower level of service or delay in the work programme, and may result in deterioration of the district's roading network.

##### Risk

NZTA do not approve funding anything over and above the current FAR rate of 51% towards the Second Urban Bridge and/or we are not successful in securing funding from the Provincial Growth Fund.

##### Risk level

High

**Approach to mitigation of risk**

There has been no indication from NZTA the FAR will differ for the Second Urban Bridge project than the standard 51% for roading and while early conversations indicate that the project could be eligible for the PGF this has not been approved at. If this funding is not achieved, we will need to reconsider funding options, including if the balance could be loan-funded from within its existing debt limits.

**6. Interest rates variations****Assumption**

We use internal and external loan funding to pay for most capital expenditure. The level of internal borrowing as a ratio of total borrowing, will depend on cash reserves available, and any risk management approaches considered prudent at the time of raising loans. The interest rate on all loans over the coming ten years has been assumed to be 2.5%, in the middle of the forecast range. The interest rate received on cash investments is assumed to be 0% over the ten years as our fixed rate investments mature and are reinvested.

**Confidence level**  
High

**Consequence of variation of assumption**

Increased rates will to some extent be offset by increased returns from interest-bearing investments. An additional 1% to interest rates for external borrowing would increase the cost of capital by \$10,000 per year, per \$1 million of loans. If our entire external debt was affected in this way it would add \$500 - \$600,000 in cost each year. Increased revenue from cash investments will help offset any increase in cost.

**Risk**

Interest rates may increase significantly which increase our costs and rate requirement.

**Risk level**  
Medium

**Approach to mitigation of risk**

Our Treasury Management Policy contains interest rate risk management tools that will minimise, as far as possible, any adverse interest rate movements.

**7. Useful life of infrastructure assets & funding****Assumption**

Our asset data is reliable and complete to support sound planning and decision-making and assets do not require replacement significantly before, or after, they are forecast. The annual revaluation is assumed to be that of the local government price index derived from the BERL local government price adjusters.

We have, over the term of the Long-Term Plan, set revenue levels sufficient to fully fund depreciation of our assets, unless stated otherwise. Funding the replacement of any individual asset will be from the following sources in order of priority:

- Current year's operating surplus, including any cash arising from the funding of depreciation.
- Prior year credit balances (for an activity funded from targeted rates this effectively represents unspent funds derived from funding depreciation – each account balance receives interest).
- Loan funding the balance of the expenditure, with the loan term being the shorter of either 25 years (as described above) or the expected life of the asset.

Depreciation is calculated based on the expected life of assets. This has been determined at the 'major' asset level rather than on a more detailed basis. For further information, please refer to the 'Statement of Accounting Policies' Revenue and Financing Policy, Financial Strategy and the 30 year

**Confidence level**  
Medium

Infrastructure Strategy.	
<b>Consequence of variation of assumption</b> The qualified asset valuers miscalculate the useful life of key assets, resulting in a need to renew or replace the asset faster than the depreciation funding allows for. We may have to increase our borrowings or rates to renew or replace the asset. Variations in depreciation funding available or BERL local government adjusters project a LGPI too low or too high.	
<b>Risk</b> Asset useful life assumptions are incorrect, leading to either asset failure or premature asset replacement. If asset values vary from the forecasts this will also impact budgets.	<b>Risk level</b> Medium
<b>Approach to mitigation of risk</b> Ongoing assessment of the quality of assets means this information is updated regularly and work programmes adjusted to minimise the chance of asset failure. Council has developed an Infrastructure Strategy detailing the level of investment needed to replace, renew or upgrade existing assets over the next 30 years.	

8. Income from investments	
<b>Assumption</b> We have a number of investments that return a dividend or cash contribution. This includes our investment in ACL, Transwaste, and commercial property, including the Ashburton Business Estate. Our expected return from these investments are budgeted in the LTP.	<b>Confidence level</b> Medium
<b>Consequence of variation of assumption</b> If income differs, this will affect the level of contribution able to offset the rate requirement.	
<b>Risk</b> Income from dividends may differ from what was projected due to performance of the investment.	<b>Risk level</b> Medium
<b>Approach to mitigation of risk</b> Any increase in the rate requirement due to reduced dividend levels is unlikely to be substantial, and if the shortfall is significant we would review our expenditure levels.	

## ***16. Customer Privacy Policy***

Author	<i>Mel Neumann; Graduate Policy Advisor</i>
Activity manager	<i>Toni Durham; Strategy and Policy Manager</i>
Group manager	<i>Jane Donaldson; Group Manager Strategy and Compliance</i>

### **Summary**

- The purpose of this report is to recommend Council adopts the amended Customer Privacy Policy in line with the Privacy Act 2020.

#### **Recommendation**

- 1. That** Council adopts the amended Customer Privacy Policy.

### **Attachment**

**Appendix 1**    Customer Privacy Policy

## Background

### Current situation

1. Central Government have released a new Privacy Act, which took effect 1 December 2020.
2. Council's Customer Privacy Policy has been amended to reflect the changes in the Privacy Act 2020.
3. Changes to the policy include additional sections about:
  - when Council cannot collect identifying information;
  - when Council can refuse a request for personal information;
  - what will happen to information if it is disclosed outside of New Zealand; and
  - what will happen in the event of a significant privacy breach.

## Options analysis

### Option one – adopt the policy (recommended)

4. This option would see Council adopting the amended policy. This is the recommended option as it would provide consistency between the Privacy Act 2020 and Council's policy.

### Option two – do not adopt the policy

5. This option is not recommended and would result in inconsistencies between legislation and Council documents.
6. If option two is preferred by Council, updates in line with the new Act can be made to the policy in December 2022 when the policy is due for review.

## Legal/policy implications

7. While there is no legal requirement for Council to adopt a Privacy Policy, having a policy provides an assurance to the community of what their private information will be used for, and what would happen in the event of a breach.

## Financial implications

Requirement	Explanation
What is the cost?	Adopting the amended policy has no cost
Is there budget available in LTP / AP?	None required
Where is the funding coming from?	None required
Are there any future budget implications?	No
Reviewed by Finance	Not required

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low
Level of engagement selected	1. Inform
Rationale for selecting level of engagement	The amendments to the policy are minor and these changes are in line with the Privacy Act 2020
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager

# Policy

## CUSTOMER PRIVACY

<b>TEAM:</b>	Executive Team
<b>RESPONSIBILITY:</b>	Group Manager Strategy & Compliance
<b>ADOPTED:</b>	XXX
<b>REVIEW:</b>	Every five years, or as required
<b>CONSULTATION:</b>	Not required.
<b>RELATED DOCUMENTS:</b>	Ashburton District Council CCTV Guidelines – Public Places, Local Government Act 2002, Ashburton District Council CCTV Policy 2017, Privacy Act 2020, Privacy and CCTV; A guide to the Privacy Act for business, agencies and organisations (Office of the Privacy Commissioner - 2009), Public Records Act 2005.

### Definitions

**Council** means Ashburton District Council.

**Privacy breach** means unauthorised or accidental access to, or disclosure, alteration, loss, or destruction of personal information.

**Notifiable** for the purposes of this policy means it is reasonable to believe that a privacy breach has caused serious harm to an affected individual or individuals or is likely to do so.

### Policy Objectives

- To outline how Ashburton District Council collects and uses personal information.
- To ensure the protection of privacy of individuals in accordance with the Privacy Act 2020.

### Policy Statement

#### 1. The kind of personal information collected by Council

1.1 The personal information collected by Council may include your:

- Name
- Date of birth
- Addresses
- Email address
- Telephone numbers
- Gender
- Information on your use of our services or facilities

- Any other information provided by you in connection with, or specifically related to your communications with Council.

## 2. Collecting your information

2.1 Council may collect personal information about you as set out below:

2.1.1 Personal information provided by you, or by someone acting on your behalf, provided to Council directly. For example:

- Applying for employment with Council
- Corresponding with Council, whether in person, by letter, phone, text, email, instant messages or other means of electronic communication
- Completing and submitting forms provided for applications for consents, licenses, approvals, permits, submissions, funding or other authorisations including for the use of any Council services or facilities (including signing up for online payment services)
- Preparing and submitting a written submission, request or other feedback in relation to applications for consents, licenses, approvals, permits, funding or authorisations, or in relation to any form of draft or proposed plan, policy, bylaw or other document
- Using any Council services or facilities
- Subscribing to any Council newsletter or update services
- Following or posting comments in response to our social media accounts.

2.2 Council may keep a record of any information that you acquire from Council.

2.3 Council may monitor and record incoming/outgoing phone calls for quality control or training purposes. You will be informed of this at the time of the call.

2.4 Council may collect personal information about you from other organisations, entities, or persons, such as:

- Organisations related to Council including Council Controlled Organisations
- Council suppliers or contractors, including but not limited to: Land Information New Zealand, QV and solicitors/conveyancers
- The New Zealand Police, credit reporting agencies and other organisations, entities and persons provided with express authorisation to supply Council with information.

2.5 When visiting one of Council's websites, technology solutions such as 'cookies' may be used to provide better access to tailored information and services. Council's internet service providers may also make a record of any visits to the websites and log information for statistical purposes. The information is only analysed on a bulk basis for broad demographic content. Individual use is not analysed.



- 2.6 Closed Circuit Television (CCTV) is used in particular areas around Ashburton District to monitor passenger and traffic movements, secure facilities, and public places to help reduce crime and anti-social behaviour, and promote community safety. For more information, see the [Ashburton District Council CCTV Policy](#).
- 2.7 If the lawful purpose for collection does not require the collection of your identifying information, Council cannot collect it.

### 3. Using your information

3.1 Any personal information collected may be used for any of the following purposes:

- 3.1.1 to provide services or facilities requested (including assisting Council Controlled Organisations and contractors to provide such services or facilities);
- 3.1.2 confirming individuals' identities in order to avoid the inappropriate release or use of personal information;
- 3.1.3 responding to correspondence or providing information that has been requested;
- 3.1.4 processing applications for any consent, licence, approval, permit or other authorisation applied for;
- 3.1.5 processing applications to use any Council services or facilities, including online services;
- 3.1.6 processing payments received or made by Council;
- 3.1.7 providing information about events, news, services or facilities;
- 3.1.8 complying with relevant laws and regulations;
- 3.1.9 carrying out activities with the running of business or operations such as personnel training, or testing and maintenance of computer systems;
- 3.1.10 general administrative and business purposes; or
- 3.1.11 any other specific purpose of which notification is provided when information is collected.

### 4. Sharing personal information

4.1 Council may disclose personal information to:

- 4.1.1 any person engaged by Council to provide products or services, where personal information is necessary for the provision of those products or services;
- 4.1.2 CCOs and contractors in order to assist with the functions and services they provide;
- 4.1.3 a third party, if required to do so under any laws or regulations, or in the course of legal proceedings or other investigations. Sharing of CCTV footage is covered under the [Ashburton District Council CCTV Policy](#);
- 4.1.4 any person requesting information that is held in a public register e.g. information held

on property files or the rating information database.

4.2 In the event of a disclosure of information outside of New Zealand, Council will ensure that the information be treated in line with this policy.

4.3 Council can refuse a request for personal information if that disclosure would be likely to:

- pose a serious threat to life, health or safety of any individual, or to public health or safety;
- create significant likelihood of serious harassment of an individual;
- concern a victim of an offence for whom the disclosure would cause significant distress;
- result in loss of dignity or injury to feelings.

## **5. Why it is important to provide personal information to Council**

5.1 If personal information requested by Council is not provided, Council may not be able to adequately respond to correspondence, process applications, provide requested services or facilities, process payments or otherwise deal with requests or enquiries submitted.

5.2 In some circumstances, failure to provide information when requested may be unlawful, and/or result in legal consequences.

## **6. Accessing or changing personal information**

6.1 Any person can request access to their personal information held by Council.

6.2 Any person can request changes are made to the information held by Council. If your personal information changes, Council would like to hear from you to ensure an accurate database is maintained.

6.3 Requests for information, or changes to be made to information, will be accepted: in person at Council reception, over the phone by contacting Customer Services on (03) 307 7700, by emailing [info@adc.govt.nz](mailto:info@adc.govt.nz) or in writing to Ashburton District Council, PO Box 94, Ashburton 7740.

## **7. Privacy breaches**

7.1 In an event of a notifiable privacy breach where significant harm may occur, Council will notify you and the Privacy Commissioner as soon as possible.

## 17. *Property Leases and Licences Policy*

Author *Richard Mabon, Senior Policy Advisor*  
Activity manager *Colin Windleborn, Property Manager*  
General manager *Paul Brake, Group Manager Business Support*

### Summary

- The purpose of this report is present options for community engagement on the Property Leases and Licences Policy.
- The aim of community engagement is to seek the views of affected and interested parties. This will show us issues needing further work and help build community support for the policy.
- Officers propose community engagement on the matters contained in the pre-draft policy (Appendix One). A pre-draft policy means a policy that has been drafted by officers but not approved by Council for public consultation.
- The engagement will focus on community leases and licences, with the aim to promote more consistency while having enough flexibility to meet the different needs of community groups.
- The engagement would also discuss discounted market rents for economic development reasons or to recognise the community wellbeing benefits from emergency services not-for-profit organisations. Council will also engage with Reserve Boards who have delegated authority for leasing and licensing decisions within the parameters of council policy.
- Other issues for further Council consideration may emerge from community responses to the pre-draft Policy.
- The report also discusses how we would approach the engagement on the pre-draft policy, to ensure we are talking about the right issues, with the right people, within the right timeframes.
- Officers will bring back the community views from pre-engagement to Council before any decision is made on the adoption of a draft Policy for formal engagement.

### Recommendation

1. **That** Council receive the papers attached as Appendices 1, 2 & 3 and direct officers to conduct community engagement on the pre-draft property leases and licences policy.

### Attachments

**Appendix 1** Property and Leases and Licences Policy  
**Appendix 2** What do other Councils do?  
**Appendix 3** Property Leases and Licences Policy – Project Plan

## Background

### What is the problem?

1. Current community leases and licences lack consistency in their rentals, terms and conditions, even for similar uses on land of common legal status in similar locations.
2. There is a need for more guidance around discounted market rentals that promote economic development aims, or recognise that emergency services non-profit organisations support community well-being.
3. Without policy guidance, there is no clear rationale for why some groups pay more or less than others. Decisions appear to lack transparency.
4. There are risks to be managed around private assets on Council land, where the asset owners may lack the long-term financial sustainability to maintain those assets.
5. There is a related issue around encouraging the greater utilisation of buildings on Council land.

### Is this a policy problem?

#### *Underlying causes*

6. We believe that there are several reasons that contribute to the issues in paragraphs 1 to 5:
  - The varying needs, capacity and resources of different community groups (“One size does not fit all”); and
  - A lack of guidance to officers on how to fairly and consistent address the previous bullet<sup>1</sup>; and
  - Existing agreements do not address all these issues, and existing agreements must be honoured until expiry. This is a legal constraint, and we have a duty to act within the law. Council can negotiate changes to agreements by mutual consent during the term of agreements, and all agreements expire at some point.
  - Systems to put guidance in place for new agreements, and to introduce new guidance into existing agreements upon expiry or through negotiation, are not fully developed. This is mainly an implementation issue, not a policy issue.

#### *Policy can make a difference*

7. Issues such as improving consistency, providing guidance and ensuring transparency can all be improved with better policy.

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<sup>1</sup> Council has a *Sports Fields and Domain Usage Policy* that guides leases and licences for some reserves, but no guidance on other leases and licences.

*Time and implementation are needed to maximise benefits*

8. Legal constraints will mean that some benefits from new policy will take longer to realise. Existing leases may differ from the policy and Council is bound to honour those agreements until they expire. Once expired, the not-for-profit nature of these groups, and limited resources, may be an obstacle to policy compliance for some groups depending on council's policy line.
9. Council has had policy in the past. This alone was not effective in enabling a more consistent and equitable approach. This reflects both the challenges of being consistent when dealing with the diversity of circumstances that exist, and the need for consistent implementation and evaluation.
10. The anticipated short-to-medium benefits of policy on these issues is summarised in table 1 below.
11. In the longer term, officers would expect to see more rentals align with the policy, so that benefits linked to consistency would move to medium and higher over time.

*Table 1 – Summary of short-to-medium term benefit*

<b>Benefit ↓</b>	<b>Short-to-medium term Impact (0-5 years)</b>				
Level of impact →	Low	Low to Medium	Medium	Medium To High	High
Decision transparency					
Fairness and consistency					
Discount transparency – market rentals					
Discount consistency – community rentals					
Private asset risk					
Maximising property use					

## What other Councils do

12. The variety of approaches taken by different councils in respect to the different policy issues is discussed throughout this paper and described in Appendix Two.

## Options analysis

### Option one – Status Quo

13. Under this option, Council would not pursue any further work on this policy.

### Option two – Adopt the pre-draft policy as a draft for consultation (either “as is’ or in an amended form)

14. Under this option, Council would approve the pre-draft policy as a draft for consultation. Council would then formally consult on the draft in a manner consistent with the overall significance of the matters in the draft policy.

### Option three – Receive the pre-draft policy and this report and direct officers to engage with affected parties on this material and report back before Council makes any decision on a draft for consultation

15. Under this option, Council would receive the pre-draft policy, this report and its appendices. This would enable officers to engage with interested and affected parties, present information, answer questions and hear their views on the different matters covered by the pre-draft policy.
16. Officers will then bring back the views expressed by affected and interested parties and enable council to consider those views before deciding on a draft policy for formal public consultation.

## Analysis

17. The risks, advantages and disadvantages of each option are described in the following tables:

Option one	Status quo
Risks	Does not address any of the issues listed in paragraphs 1 to 5. This is a low-to-moderate reputational risk (previous examples of issues include rental negotiations with sports clubs and not-for-profits where Council’s position was not supported by the community)and may reduce the social and cultural benefits of lease holder and licence holder activity.
Advantages	Strategy and Policy resources are no longer assigned to this task and may be redeployed to other work.
Disadvantages	Property Team resources still required to deal with applicants and existing tenants without a policy framework. Reputational and outcomes risks noted above still apply.
Conclusion	<b>LEAST PREFERRED OPTION – NOT RECOMMENDED</b>

<b>Option two</b>	<b>Adopt the pre-draft policy as a draft for consultation</b>
Risks	Discussed under Disadvantages below. Overall risk assessment LOW
Advantages	Requires least additional work to be able to take a document to public consultation. Consultation period allows for feedback that can adjust the final policy where it misses the mark. Business problems and opportunities addressed.
Disadvantages	Risk that going straight to consultation forces Council to choose a preferred policy option that attracts criticism, which might otherwise have been avoided. Risk that Council pursues an option that lacks community support and causes unnecessary upset/missed opportunity to build community support. Operational risk from too many different policies out for consultation at one time. Reputational and operational risk from sub-optimal decision. Risk mitigated by targeted public consultation.
Conclusion	<b>SECOND PREFERENCE – NOT RECOMMENDED</b>

<b>Option three</b>	<b>Receive the pre-draft policy and this report and direct officers to engage with affected parties on this material and report back</b>
Risks	Operational risk in longer process requiring more staff resources. Overall risk assessment VERY LOW
Advantages	Pre-consultation enables council to test preferred ideas before formal consultation. Less risky than going straight to consultation. Enables consultation to be conducted in timeframes that fit around the LTP process, making more efficient use of resources by spreading demand over a longer period of time..
Disadvantages	More operational time required. Governance disadvantages the same as option two.
Conclusion	<b>RECOMMENDED</b>

18. Option three is recommended as it makes the most efficient use of resources and enables Council to maximise community buy-in across a diverse range of groups. The Committee may prefer option three if it wishes to adopt the policy more quickly.

## Legal/policy implications

### Legal implications

#### *Delegations*

19. The draft policy will operate under existing delegations and statutes. The existing delegation is noted in the pre-draft Policy as a footnote to clause 37.

#### *Legal compliance*

20. The policy is also compliant with relevant statutes including the *Reserves Act 1977*. Under that Act, decisions on leases and licences are made by the administering body, which is the Council (not its officers). These decisions will not require ministerial approval or public consultation if they are “*in conformity with and contemplated by*” an approved reserves management plan.<sup>2</sup>

### Policy implications

#### *Principle, priorities and outcomes*

21. In terms of the principles of the Local Government Act 2002, the following principles seem most applicable. Council should:
  - Conduct its business in an open, transparent and democratically accountable manner; and
  - Give effect to its identified priorities and outcomes in an efficient and effective manner;
  - Undertake any commercial transactions in accordance with sound business practices;
  - Take into account the social, economic and cultural well-being of people and communities; and the need to maintain and enhance the quality of the environment; and the reasonably foreseeable needs of future generations.
22. Council’s community outcomes relevant to this report include:
  - Residents are included and have a voice; and
  - A district of great spaces and places; and
  - A prosperous economy based on innovation and opportunity
23. Council’s strategic priorities relevant to this report are to:
  - Plan and provide fit for purpose services; and
  - Work with the community and engage in meaningful conversations
  - Lead the community with clear and rational decision-making

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<sup>2</sup> Section 54, Reserves Act 1977.



### *Policy objectives*

The objectives set out in the pre-draft Policy support the Council's outcomes and priorities and the principles set out in the LGA 2002.

### *Policy trade-offs*

24. Like most policies, this policy involves trade-offs between different desirable principles and aims.
25. Council can choose to maximise its financial return from property, which supports the aim of affordable rating and fosters a prosperous economy by keeping money in the pocket of ratepayers.
26. For commercial property, or property which is used to generate a profit, this principle is clear and rationale.
27. There are other circumstances, such as where a discounted rental may attract a business to relocate to this district, or encourage an existing employer to remain in this district, where the economic benefits for the wider economy outweigh the financial benefits on Council's revenue and expenditure statements.
28. Many of the not-for-profit groups that hold leases and licences provide a well-being dividend by putting Council property to use in ways that create recreational or social opportunities for their members and other citizens, and in some cases providing assets and services open to the wider public. These Groups will in some cases maintain the land and defray some maintenance costs for council. Almost every one of these groups support volunteerism in some way.
29. Within that well-being dividend are some large not-for-profit emergency services organisations, such as St John's Ambulance and Fire and Emergency New Zealand, who provide essential services to protect life and property, while also fostering volunteerism.
30. A principle policy trade-off is where council draws the line between maximising return and acknowledging the well-being dividend through discounted rentals.
31. The second issue is that of fairness and equity, because as previously noted there are still variances between similar uses in similar locations. The other dimension to fairness is that there are some community and not-for-profit groups that provide a well-being dividend to the community but own their own property, and form part of the rating base that supports community leases and licences issued by Council.
32. A third policy challenge is to ensure greater consistency while, at the same time, enabling flexibility to account for the different circumstances of different groups. This is ultimately a matter of judgement, rather than any sort of science.
33. In keeping with the effectiveness and efficiency principle, Officers would prefer an approach to community rental setting that is efficient and simple, thus enabling more resource to be invested in commercial arrangements that contribute more non-rates funding to council activities.

## Financial implications

Requirement	Explanation
What is the cost?	No additional costs beyond consultation expenses already budgeted.
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	Funded under Democracy and Governance from 100% UAGC.
Are there any future budget implications?	Depending on the outcome of consultation, there may be implication for the revenue from community leases and licences. The largest net benefit from a successful policy will be reducing the time required to administer these agreements and the benefits of reinvesting that time into commercial transactions that provide a higher return.
Reviewed by Finance	Not required. No unbudgeted costs, no loan implications, no substantial revenue timing issues, no unbudgeted or sensitive expenditure, no use of reserve funds.

## Revenue implications

34. The purpose of the policy work is to enable a more consistent approach to leases and licences, including more consistency around rentals and charges.
35. Increased revenue from “not for profit” community groups is not a policy objective. Most property revenue comes from our 5% of commercial property leases.
36. Officers expect that the policy will affect different lease and licence holders differently. Those who we currently perceive to be paying a relatively high rental may see a decrease or a freeze. Those paying a relatively low rental are likely to see an increase.
37. Officers have differing views on the overall financial impact, although the normal expectation from rent reviews and new rentals is that they are likely to generate more revenue, even if the increases are modest for community leases and licences..

## Significance and engagement assessment

### Section 79 matters

38. This matter is prima facie significant under council's *Significance and Engagement Policy*. The starting point is that we would consult using a special consultative procedure, unless there are section 79 considerations that warrant a less intensive approach.

#### *Circumstances surrounding the decision*

39. Officers note that the policy sets a framework for new leases and licences and for the renewal of existing leases and the granting of new licences to existing licence holders.
40. Negotiations with existing leaseholders will be informed by this policy but cannot over-rule the terms of original lease documents unless those are expired.
41. When an agreement lapses, the original terms roll-over unless Council follows procedures to terminate or review the lease.
42. Council's ability to dramatically change the terms of existing non-commercial agreements will also be constrained by the financial position of existing lease and licence holders and the extent to which they can adjust their financial affairs to accommodate new terms. For some tenants, this may be a substantial constraint.
43. Future lease or licence negotiations with existing or future tenants are not appropriate for a public consultation, and should be addressed through normal negotiations.
44. For these reasons, Officers favour a slightly less formal targeted consultation under section 82 of the Local Government Act, focussed on agreement holders (through representative bodies where possible), with opportunity for written and oral submissions heard by Council.

#### *Communications approach*

45. Officers believe that communications should emphasise that:
- the policy is not a revenue-gathering exercise:
  - existing agreements will be honoured: and
  - Council is aiming for more consistent approaches while having regard to the unique circumstances of individual leaseholders and licence holders.

Requirement	Explanation
Is the matter considered significant?	Yes. Matter triggers a High response on number of people affected although level of impact on those people is expected to be Low.
Level of significance	Medium significance
Level of engagement selected	2. Consult – formal two-way communication
Rationale for selecting level of engagement	New policy; transparency, consistency across a diverse range of customers – all these factors underline need for consultation with affected parties. S 79 considerations support a S 82 consultation.
Reviewed by Strategy & Policy	Toni Durham

## Next steps

46. This depends on Council's preferred course of action. The table below summarises the key steps from Appendix Three attached, if the officer recommendation is approved. Appendix Three sets out timelines for both the recommended option and the second preference.

Date	Action / milestone	Comments
<b>17.12.20</b>	Pre-draft Policy considered by Council	
<b>19.12.20</b>	Draft issues and options papers sent to key stakeholders	Papers will include this report and attachments
<b>19.12.20 to 26.02.21</b>	Meetings with key stakeholders. Informal feedback invited.	Two month period recognises that many groups and individuals will not be available to meet in Dec/Jan  Aim is to make it as easy as possible for people to give feedback.
<b>10.03.21</b>	Feedback workshopped with Council.	
<b>07.04.21</b>	Report recommends draft policy for public consultation	Report and draft policy will reflect community feedback on pre-draft policy and Council feedback from workshop.
<b>09.04.21</b>	Consultation advertised in district media and ADC website. Supporting information on website and sent to key stakeholders and I&AP	Key stakeholders will include community leaseholders and Reserve boards
<b>09.04.21 to 12.05.21</b>	Formal feedback invited	

Date	Action / milestone	Comments
<b>16.06.21</b>	Opportunity to speak to submissions Deliberations on submissions by Council	Council to hear submissions.
<b>30.06.21</b>	Report recommends adoption of policy that takes feedback into account	
<b>30.06.21 &amp; by 14.07.21</b>	Decision made and communicated to submitters with reasons	
<b>From 01.07.21</b>	Policy implemented	

# Policy (Pre-Draft)

## PROPERTY LEASES AND LICENCES POLICY (as at 27 November 2020)

<b>TEAM:</b>	Property
<b>RESPONSIBILITY:</b>	Property Manager
<b>ADOPTED:</b>	To be decided
<b>EFFECTIVE:</b>	Date of adoption
<b>REVIEW:</b>	First review two years after adoption. Thereafter review every five years or as required.
<b>CONSULTATION:</b>	Consultation under S.82, Local Government Act 2002
<b>RELATED DOCUMENTS:</b>	<b>Legislation:</b> Land Transfer Act 2017 Local Government Act 1974 Local Government Act 2002 Public Bodies Leases Act 1969 Public Works Act 1981 Reserves Act 1977 Resource Management Act 1991 <b>Council Plans &amp; Policies:</b> Ashburton District Plan Ashburton District Open Spaces strategy 2016 Ashburton District Reserves Management Plans Council-owned or Managed Rural Reserves Policy Property Holdings Policy Sports Field and Domain Usage Policy

### Policy Objectives

The objectives of this Policy are to:

- set parameters for the consistent, effective and efficient management of new and existing leases and licences to occupy for Council -owned or managed property, having regard to the diversity of community needs and expectations associated with different locations and different land uses;
- provide guidance to enable Council officers to:
  - manage new and existing leases and licences fairly and consistently within those parameters,

- operate transparent processes and
  - have enough flexibility to respond to community needs and expectations
- maximise the use of Council-owned or managed property; and
- optimise the public benefit from new and existing leases and licences to occupy Council-owned and managed property.

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## Scope

### In scope

This policy applies to:

- all leases and licences to occupy Council-owned or managed property (other than those described as Out of Scope below);
- all lessees and licensees who have entered into, or seek to enter into, such a lease or licence to occupy Council-owned or managed property (other than those described as Out of Scope below); and
- all Council officers, contractors and consultants involved in the negotiation and preparation of such leases and licences regarding Council-owned or managed property.

Council will apply the provisions of this policy to new leases and licences, and to existing leases and licences by mutual agreement with the lessee or licensee.

### Out of scope

This policy does not apply to:

- Glasgow leases
- elderly person's housing (covered by the Elderly Persons' Housing Policy)
- residential tenancies (covered by the Residential Tenancies Act 1986)
- land owned by another party and administered on their behalf by Council (except where the authority to administer expressly authorises Council to enter into leases or licences to occupy.)
- temporary or casual use of Council-owned buildings.
- decisions to sell Council-owned or managed buildings (covered by Property Holdings Policy)
- leases or licences to occupy any unformed legal road (proposed to be addressed in a separate policy)

## Definitions

**Council** means Ashburton District Council, a territorial authority under the Local Government Act 2002.

**Commercial activity** means commercial activity, farming activity, forestry activity, industrial activity, retail activity, rural service activity, or service activity as defined in Section 17 of the Ashburton District Plan

**Community activity** means community activity, emergency services or recreational activity as defined in Section 17 of the Ashburton District Plan

**Community rental** means a rental for a community activity that is negotiated after taking into account the matters detailed in section 15 of this policy.

**Compliance schedule** means a compliance schedule required under section 100 of the Building Act 2004.

**Lease** means granting someone the right to use a Council-owned or managed property. A lease is usually a longer-term right than a licence to occupy and can give the lessee the exclusive use of the property. Lease documents typically refer to a lease rental and may contain rights of renewal.

**Licence to Occupy** means granting someone the right to use a Council-owned or managed property. A licence is usually a shorter-term right than a lease and does not give the licensee the exclusive use of the property. Licence documents are typically for a fixed term.

**Market rental** means the rental that a lessor or licensor might reasonably expect to receive and a lessee or licensee might reasonably expect to pay for the tenancy, taking into consideration the general level of rents for comparable tenancies of comparable property in the locality or similar localities.

**Public benefit** means the extent to which the use of a property promotes the social, economic, environmental, and cultural well-being of the general public in the Ashburton District in the present and for the future.

**Reserve** has the meaning set out in section 2 of the Reserves Act 1977.

**Significant Lease** has the meaning set out in the *Sport Field and Domain Usage Policy* 2018.

## Policy Statement

### Introduction

1. Council owns or manages many real properties (some of which include buildings) which are leased or licensed to a range of private individuals and businesses, community organisations and not-for-profit organisations.
2. Council provides rights of use to real property and associated buildings in a way that optimises the use of the asset and the benefit to the greater community.
3. This Policy sets out the overarching parameters for the management of leases and licences within the scope of this Policy.
4. This policy overlaps with the leasing and licensing provisions of the Sport Field and Domain Usage Policy 2018, and is consistent with that Policy.

### Authority to lease or licence

5. All Council-owned, administered or controlled property may be leased, or licenced under a licence to occupy, to optimise public benefit from the use of the public property.
6. All applications to lease or license a sport field or domain will be assessed against the criteria in clause 2.8 and part 6 of the Sport Field and Domain Usage Policy 2018.
7. All Council-owned, administered or controlled property leased or licenced under a licence to occupy before the commencement of the Policy may be varied only under the terms of the existing agreement or with the consent of the lessee or licensee.

8. All leases and licences for the use of reserves shall comply with the provisions of the Reserves Act 1977.

## **Setting rentals for leases and licences to occupy**

### *Market rental for commercial activity*

9. Where the lessee or licensee uses the property for commercial activity, Council will optimise public benefit by setting a market rental to provide the best commercial return from the property. Council will take into account the condition of the land and buildings before it sets the rental.

### *Community rental for community activity*

10. Where the lessee or licensee uses the property for community activity, Council will optimise public benefit by setting a community rental. The amount of the discount will reflect the environmental, social, and cultural value of the use of the property for community activity.

### *Mixed rental for mixed activity*

11. Where the lessee or licensee uses a property for a mix of commercial activity and community activity, Council will optimise public benefit by setting a community rental for the community activity and a market rental for the commercial activity.

### *Methods for determining rental*

12. Market or community rental for any property shall be determined in all cases by reference to a robust and cost-effective methodology.
13. For market rentals, the normal basis for rental setting will be by market valuation and negotiation.
14. Council will describe method(s) for determining the market or community rental for any property in a standard operating procedure for the leasing and licencing of Council property. Council will review the standard operating procedure alongside every review of this Policy to ensure the procedure remains consistent with Council's policy objectives.
15. The methodology will recognise that Council may discount market rental in recognition of
  - capital investment in the property by the lessee or licensee; or
  - economic development initiatives to attract or retain commercial activities and associated employment in the district; or
  - the contribution to community well-being by not-for-profit educational and emergency services
16. The methodology will recognise that Council will take into account the following factors in negotiating and reviewing community rentals:
  - The general level of rents for comparable community activities in the same or comparable locations
  - The rates to be paid by the community lessee or licensee

- The legal status and zoning of the land, and the extent to which that enhances the market value of the land
  - The extent and value of improvements to the land and buildings that the lessee has provided
  - The economic, environmental, social and cultural value of the community activity to the wider public, including but not limited to supporting volunteerism
  - The extent to which maintenance and upkeep of the property by the lessee or licensee contributes to the public good including whether it reduces the costs of property maintenance for Council;
  - The extent to which capital expenditure on buildings and infrastructure by the lessee or licensee contributes to the public good, including the extent to which public access is allowed to such buildings and infrastructure
  - The extent to which capital expenditure on buildings and infrastructure by Council provides benefit to the lessee or licensee, as opposed to the general public good
  - The financial strength of the lessee, including whether the lessee generates income from the use of the property
  - Any resolution or policy decision by Council prescribing rentals, or setting rental parameters
  - Any terms of the lease or license agreement, including but not limited to the length of the agreement, rights of renewal and the overall term of the agreement
17. The Chief Executive will review the standard operating procedure not less often than once every five years, to ensure that it remains an accurate description of relevant practice and to encourage continuous improvement.

#### *Rent reviews*

18. Rental may be reviewed at any agreed frequency not less than once every three years.

### **Term of leases and licences to occupy**

#### *Term of Leases*

19. The term of any lease agreement shall reflect sound business practices and the level of capital investment made by the lessee. The maximum term for any lease shall be thirty (30) years, comprising an initial term of ten (10) years and two subsequent rights of renewal for a further ten (10) years each.

#### **Explanatory Note**

The Sport Field and Domain Usage Policy (clause 3.3) provides that new leases/licences for sport fields or domain land will be granted for an initial period of one year (i.e. one season) or such other time as necessary if the use requires significant expenditure of capital by the lessee.

#### *Transfer of Leases*

20. Leases can be transferred to other parties approved by Council. Council must be informed of any transfers and grant consent prior to the transfer taking place. At the time of transfer, the transferee must be:

- A recognised legal person, such as an individual, a partnership, company, incorporated society or trust;
  - In a financial position to fulfil its lease obligations for the term of the lease.
21. In the case of community organisations, the organisation must also be sustainable in terms of membership and/or users of the service for the term of the lease.

#### *Term of Licences to Occupy*

22. The maximum term for any licence to occupy shall be ten years with no subsequent right of renewal.
23. The licensee is only allowed to use the licensed area for the activities specified in the licence.

#### **Standard documents**

24. Council will develop standard leases and licences to occupy that contain standard terms and conditions which are to be applied and reflect Council's requirements.
25. Standard documents developed under clause 21 must comply with this policy.

#### **Insurance disclosures**

26. Council will ensure new leases and licences granted after the commencement of this policy contain a clause that requires lessees and licensees occupying a Council building or land owned, managed or controlled by Council to:
- hold relevant insurance of the type and cover specified in the lease or licence;
  - supply Council with a copy of their insurance policy annually; and
  - ensure that Council is noted as an interested party on their policy.
27. Where a lessee owns a building that is on land owned, managed or controlled by Council, the lessee or licensee shall insure the building and shall:
- supply Council with a copy of their insurance policy annually; and
  - ensure that Council is noted as an interested party on their policy
28. Disclosures under clauses 23 and 24 are not required under leases and licenses granted prior to the commencement of this policy except
- where the disclosure is a condition of the lease or licence; or
  - with the consent of the lessee or licensee.

## **Buildings on Council land**

29. All parties to a lease or licence in respect of council owned or controlled property will comply with their obligations under the Building Act 2004. This applies to situations including, but not limited to:
- Building consents
  - Building work
  - Code compliance
  - Compliance with notices to fix
  - Compliance schedules and building warrants of fitness
  - Dangerous, insanitary or earthquake prone buildings
30. Duties under the Building Act 2004 can apply to:
- Privately-owned buildings on Council land
  - Council-owned buildings on private land
  - Council-owned buildings on Council land
31. Duties referred to in clauses 27 & 28 of this policy will also be observed in accordance with lease agreements, and related Council policies.

### **Explanatory Note**

Council has obligations under the Building Act 2004 in three different capacities. Council has a role as a building owner, a building consent authority and as a territorial authority.

The responsibilities of a building owner are outlined in Section 14B of the Act. An owner is responsible for:

- obtaining any necessary consents, approvals and certificates;
- ensuring that any building work they carry out complies with the building consent or, if there is no building consent, with the building code; and
- ensuring compliance with any notices to fix.

The responsibilities of a building consent authority are outlined in Section 14F of the Act. A building consent authority is responsible for:

- checking that an application for building consent complies with the building code;
- checking that building work has been carried out in accordance with the building consent for that work; and
- issuing building consents and certificates in accordance with the Act.

The responsibilities of a territorial authority are outlined in Section 12 of the Act, and include:

- performing the functions of a building consent authority
- issuing project information memoranda
- issuing and amending compliance schedules

- administering annual building warrants of fitness; and
- performing functions relating to any dangerous, insanitary or earthquake-prone buildings.

32. Council may permit the erection or replacement of buildings on Council land by a lessee subject to:
- the lessee being a legal person, such as an individual, partnership, company, incorporated society, trust or other form of legal entity acceptable to Council;
  - Council being satisfied that the lessee is financially viable;
  - compliance with all relevant legislation, including but not limited to, the Reserves Act 1977, the Resource Management Act 1991, and the Building Act 2004;
  - compliance with the District Plan and all relevant reserves management and/or development plans; and
  - compliance with all relevant Council policies.
33. Council will encourage the shared use of land and/or facilities between clubs and groups by facilitating co-operation between clubs and groups to utilise existing property before agreement is given for a new building upon a reserve.
34. Council will manage dangerous, affected or insanitary buildings on Council owned, controlled or administered land in accordance with the Building Act 2004 and Council's policy on dangerous, affected and insanitary buildings.

## **Rates, fees, charges and other outgoings**

### *General*

35. Lessees and licence holders are responsible for all rates, insurance and other outgoings applicable to their leased or licenced area, unless :
- their existing lease or license states otherwise; or
  - their property is 100% or 50% non-rateable under the Local Government (Rating) Act 2002; or
  - Council grants a remission of rates under its Rates Remissions Policy; or
  - Council grants a postponement of rates under its Rates Postponement Policy

### *Rates*

36. Council will set rates in accord with the Local Government (Rating) Act 2002, the Council's funding impact statement, rating policies and schedule of rates contained in the Annual Plan for the year in which the rates are to be collected.
37. Council will grant rate remissions under the Rates Remissions policy applying at the time that Council calculates the remissions.

## **Explanatory Note**

Under the Rates Remissions Policy applying in 2019/20, Council provides for the remission of rates payable by qualifying community organisations if the property is used exclusively to provide community services, facilities and recreational opportunities for the residents of the Ashburton District.

The maximum rate remission for qualifying community facilities will be 50% of total rates (including targeted rates such as water and sewerage, but excluding water by meter charges and stock water rates).

Council reviews the Rates Remission Policy every three years. The next scheduled review is in 2020/21.

## **Delegations**

38. Officer authority to approve leases and licenses is specified in the Council Delegations Register.
39. Council must approve significant leases of sport fields and domain land as set out in clauses 5.2 & 6 of the *Sport Field and Domain Usage Policy 2018*.

### **Explanatory Note**

Council has delegated authority to the Group Manager, Business Support and the Property Manager to negotiate, execute and register new leases or licences to occupy for Council properties (including unformed legal roads and the airspace above Council properties or road reserve) on the following basis:

1. that the length of the lease (including rights of renewal) be not more than ten years; or
2. that the capital value of the property be not more than \$200,000

Information on any other delegations related to property leases and licenses can be found in section 10.15 of the Council Delegations Register



## Appendix Two – What do other Councils do?

Council	General approach to commercial lease rentals (including administration fees)
<b>Rental Setting</b>	<p>Annual lease fee based on market for grazing leases, commercial activities, and emergency services Government agencies (e.g. FENZ). Document set-up fee of \$150 plus GST also applies. (Hauraki)</p> <p>Land rental for council property shall be based on market valuations with the following exemptions:</p> <ul style="list-style-type: none"> <li>• The land is subject to tender.</li> <li>• The Council, or their delegate, reduce the land rental on application. (Hurunui)</li> </ul> <p>Rental shall be revalued through a market valuation process. (Selwyn)</p> <p>Rental revaluation should be completed by a registered valuer where a CPI-based adjustment is not specified in the lease or licence. (Selwyn)</p> <p>Leases of recreational land for non-recreational use (e.g. commercial profit) will be negotiated on a commercial basis using market values or tender. (Waipa)</p> <p>All property rentals will reflect market/commercial rates with the difference between market/commercial rate and rent charged shown as a grant. (Waipa)</p>
<b>Rent reviews</b>	<p>A rent review shall be conducted either at the end of each term or at a lesser period as stipulated in the lease agreement. (Hurunui)</p> <p>Commercial rent review is every three years. (Rotorua)</p> <p>Rent review for leases and licences not exceeding five years shall occur at the time of renewal. (Selwyn)</p> <p>Rent reviews for leases and licences exceeding five (5) years shall be reviewed at least every three (3) years or as otherwise specified in the agreement. (Selwyn)</p>
<b>Administration fees</b>	<p>Property services fee minimum charge per half-hour, based on officer charge out rate to recover actual and reasonable costs of enquiries. No charge for first half hour. (Waipa)</p> <p>Renewal of commercial leases/agreements administration charge of \$150 plus reimbursement of Council legal expenses and disbursements (Waipa)</p>
<b>Rental holidays</b>	Rental holidays can be provided. (Selwyn)

Council	General approach to commercial lease terms
<b>Length of lease</b>	The standard term for land rental shall be three years with a right of renewal. (Hurunui)

Council	General approach to commercial lease terms
	<p>Standard term for a lease is ten (10) years. Longer term leases require council approval. (Rotorua)</p> <p>Term of a lease for freehold land shall be for a period agreed between Council and the lease holder. (Selwyn)</p> <p>Standard lease term is five (5) years with two five-year rights of renewal. Longer-term leases require council approval. (Waipa)</p>
<b>Rates and outgoings</b>	Full on-charging for services provided such as water, rates, electricity, etc for grazing leases, commercial activities, and emergency services delivered by a Government agency (FENZ). (Hauraki)
<b>Asset Insurance</b>	<p>Agreements specify ownership of assets for insurance and maintenance liability purposes. (Rotorua)</p> <p>All lessees are responsible for full replacement insurance of their assets. (Rotorua)</p>

Council	General approach to community lease rentals (including administration fees)
<b>Rental setting</b>	<p>Annual lease fee of \$200 plus annual CPI for a community group lease of Council land and buildings. Document set-up fee of \$150 plus GST also applies. (Hauraki).</p> <p>Annual lease fee of \$100 plus annual CPI for a community group lease of Council land. Document set-up fee of \$150 plus GST also applies. (Hauraki).</p> <p>Annual lease fee of \$300 plus annual CPI for a sports group lease of Council land and buildings. Document set-up fee of \$150 plus GST also applies. (Hauraki).</p> <p>Annual lease fee of \$150 plus annual CPI for a sports group lease of Council land. Document set-up fee of \$150 plus GST also applies. (Hauraki).</p> <p>Annual lease fee of \$nil for an emergency services charitable organisation (St John's Ambulance). Document set-up fee of \$150 plus GST also applies. (Hauraki)</p> <p>Annual lease fee to be determined on a case- by-case basis for a sports hub. Document set-up fee of \$150 plus GST also applies. (Hauraki)</p> <p>Land rental for council property shall be based on market valuations with the following exemptions:</p> <ul style="list-style-type: none"> <li>• The land is subject to tender.</li> <li>• The Council, or their delegate, reduce the land rental on application.</li> <li>• The occupiers are non-profit community groups who meet all outgoings associated with their activities on application to the Council or their delegate. (Hurunui)</li> </ul> <p>Leases to "not-for-profit" community organisations shall be charged a minimum base rental plus rates. (Rotorua)</p> <p>Rental shall be revalued through a market valuation process. (Selwyn)</p>

Council	General approach to community lease rentals (including administration fees)																
	<p>Rental revaluation should be completed by a registered valuer where a CPI-based adjustment is not specified in the lease or licence. (Selwyn)</p> <p>Rental holidays can be provided. (Selwyn)</p> <p>Land for permitted use of existing reserve land at minimal cost, provided use meets reserve management plan criteria. Council seeks equity between similar groups. (Waipa)</p> <p>Community leases with a semi-commercial nature may face increased rentals to reflect this. (Waipa)</p> <p>All property rentals will reflect market/commercial rates with the difference between market/commercial rate and rent charged shown as a grant. (Waipa)</p> <p>Rent is not charged, under certain circumstances, for an area occupied for use as an outdoor playing surface, regardless of cost of maintenance being met by leaseholder, council or shared. (Waipa)</p> <p>The rental for ground and premises leases will be calculated using a 'sliding scale' based on a square metre rate, as shown in the table below: (Wellington)</p> <table border="1" data-bbox="469 949 829 1402"> <thead> <tr> <th>Area (m<sup>2</sup>)</th><th>Rental rate/m<sup>2</sup></th></tr> </thead> <tbody> <tr> <td>&lt; 250</td><td>\$1.60</td></tr> <tr> <td>251 – 500</td><td>\$1.20</td></tr> <tr> <td>501 – 1000</td><td>\$0.60</td></tr> <tr> <td>1001 – 2500</td><td>\$0.48</td></tr> <tr> <td>2501 – 5000</td><td>\$0.40</td></tr> <tr> <td>5001 – 7500</td><td>\$0.32</td></tr> <tr> <td>&gt; 7500</td><td>\$0.20</td></tr> </tbody> </table> <p>Where existing lease provisions allow for the rental model to be adopted, rental increases greater than \$500 per annum will be phased in over a period of three years (ie a one third increase each year). (Wellington)</p> <p>A rental reduction may be considered where the leased area is open to the public for use when not in use by the lessee. (Wellington)</p> <p>A maintenance fee is applied to each premises lease to help cover Council costs relating to scheduled maintenance, reactive maintenance, and exterior renewals. (Wellington)</p>	Area (m <sup>2</sup> )	Rental rate/m <sup>2</sup>	< 250	\$1.60	251 – 500	\$1.20	501 – 1000	\$0.60	1001 – 2500	\$0.48	2501 – 5000	\$0.40	5001 – 7500	\$0.32	> 7500	\$0.20
Area (m <sup>2</sup> )	Rental rate/m <sup>2</sup>																
< 250	\$1.60																
251 – 500	\$1.20																
501 – 1000	\$0.60																
1001 – 2500	\$0.48																
2501 – 5000	\$0.40																
5001 – 7500	\$0.32																
> 7500	\$0.20																
<b>Rent reviews</b>	<p>A rent review shall be conducted either at the end of each term or at a lesser period as stipulated in the lease agreement. (Hurunui)</p> <p>"Not-for-profit" rent review is done every five years. (Rotorua)</p> <p>Rent review for leases and licences not exceeding five years shall occur at the time of renewal. (Selwyn)</p>																

Council	General approach to community lease rentals (including administration fees)
	<p>Rent reviews for leases and licences exceeding five (5) years shall be reviewed at least every three (3) years or as otherwise specified in the agreement. (Selwyn)</p> <p>Rent reviews will be applied to all new leases and existing leases where the lease provisions allow. (Wellington)</p> <p>Triennial rent reviews will be undertaken in accordance with the percentage change in the Consumer Price Index (CPI) and a market-based review will be undertaken every third review (ie every nine years) by an independent registered valuer. (Wellington)</p>
<b>Administration Fees</b>	Annual administration fee for community leases (Waipa)

Council	General approach to community lease terms
<b>Length of lease</b>	<p>Term of a reserve lease shall be consistent with the Reserves Act and the future use of the property. (Selwyn)</p> <p>Five (5) year lease – public sports fields with adjoining capital improvements owned by lessee (Timaru)</p> <p>Five (5) year lease with one right of renewal – Exclusive areas and building sites maintained by lessee (Timaru)</p> <p>Five (5) year lease with two rights of renewal – public hardcourt areas with 25% capital contribution by lessee (Timaru)</p> <p>Maximum lease thirty (30) years – exclusive major capital facilities where major capital improvements or facility is over \$250,000 of lessee improvements (Timaru)</p> <p>The standard tenure for leases relating to reserve or fee simple land is 10 years plus a 10-year right of renewal. (Wellington)</p> <p>A shorter tenure may be granted in the following instances:</p> <ul style="list-style-type: none"> <li>• declining trends in an activity</li> <li>• alternative use of the land and/or buildings is anticipated by the Council</li> <li>• life expectancy of the building is less than the standard tenure</li> <li>• applicable</li> <li>• the group does not have an existing relationship with the Council or is not a known entity to the Council</li> <li>• a shorter tenure is required by a management plan</li> <li>• the group requests a shorter tenure. (Wellington)</li> </ul> <p>A longer tenure may be granted if groups amalgamate, share facilities or where a significant investment has been or is going to be made which results in land and/or buildings being utilised to their fullest extent practicable. (Wellington)</p>

<b>Rates and outgoings</b>	<p>Full on-charging for services provided such as water, rates, electricity, etc for leases of land or land and buildings to community groups, sports groups and emergency services charitable organisations. (Hauraki)</p> <p>Buildings leased to community groups – tenants required to meet all outgoings including rates, insurance, water, ground and building maintenance – but only applicable where group is sole occupant. (Waipa)</p> <p>All rates for water and sewerage will be on the basis of a Uniform Annual Charge to each group with the exception of those that are extraordinary consumers or those licensed to sell liquor. Tenants who hold a liquor licence will be charged 50% of the sewerage charges per Council's fees and charges schedule. Other tenants will pay one UAC. (Waipa)</p>
<b>Asset Insurance</b>	<p>Agreements specify ownership of assets for insurance and maintenance liability purposes. (Rotorua)</p> <p>All lessees are responsible for full replacement insurance of their assets. (Rotorua)</p>

Council	General approach to licences
<b>Rental setting</b>	<p>Annual licence fee of \$nil for a licence to occupy land by a sports group. Document set-up fee of \$150 plus GST also applies, unless the sports group also has a lease for a building. (Hauraki)</p> <p>Rental shall be revalued through a market valuation process. (Selwyn)</p> <p>Rental revaluation should be completed by a registered valuer where a CPI-based adjustment is not specified in the lease or licence. (Selwyn)</p> <p>Rental holidays can be provided. (Selwyn)</p> <p>All property rentals will reflect market/commercial rates with the difference between market/commercial rate and rent charged shown as a grant. (Waipa)</p>
<b>Rent reviews</b>	<p>Rent review for licences not exceeding five years shall occur at the time of renewal. (Selwyn)</p> <p>Rent reviews for licences exceeding five (5) years shall be reviewed at least every three (3) years or as otherwise specified in the agreement. (Selwyn)</p>
<b>Administration Fees</b>	<p>Property services fee minimum charge per half-hour, based on officer charge out rate to recover actual and reasonable costs of enquiries. No charge for first half hour. (Waipa)</p>
<b>Length of licence</b>	<p>Standard term for a licence is one (1) year. (Rotorua)</p> <p>Term of a licence for freehold land shall be for a period agreed between Council and the licence holder. (Selwyn)</p>
<b>Rates and outgoings</b>	<p>Full on-charging for line markings only for sports groups with a licence to occupy land used for sports. (Hauraki)</p>

## ***Appendix 3 - Property Leases and Licences Policy - Project Plan – Version 3 03.11.20***

### **Key Dates & Actions**

Step	Date	Action	Who
1	By 06 Nov 2020	<u>Commencement</u> <sup>1</sup> Revise Project Plan (RM, CW, Property Team) Revise Communications Plan	Richard
2	Before 12 Nov 2020	<u>Conclude outstanding Investigation / Research</u> Confirm outstanding policy issues Compare existing local authority practice	Richard
3	12 Nov 2020	<u>Policy drafting</u> Pre-draft policy & consultation plan complete for despatch to councillors	Richard and internal stakeholders <sup>2</sup>
4	26 Nov 2020	<u>Council Workshop</u> Present pre-draft policy, consultation plan, and PowerPoint presentation with key questions for governance  Provide feedback	Richard & Colin  Council

<sup>1</sup> Policy need confirmed by request from Mayor and staff observations regarding inconsistency, inequity and lack of transparency around current approach as well as high existing workloads driving need for more efficient management of this activity.

<sup>2</sup> Internal stakeholders are – Commercial Property, GMBS, Open Spaces, Finance, IT, Communications, Governance, Strategy & Policy

Step	Date	Action	Who
5	27 Nov 2020 to 3 Dec 2020	<u>Pre-draft Policy re-drafting</u> Any changes or further work resulting from Workshop Consider need for any legal review	Richard /CW /Property
6	17 Dec 2020	<u>Pre-draft Policy considered by Council</u> Options: Received for pre-engagement Adopted as draft for public consultation No action	Council
7	18 Dec 2020 to 22 Apr 2021  19.12.2020  19.12.20 to 26.02.21 19.12.20 to 26.02.21 10.03.21 07.04.21  09.04.21    19.12.20 & 25.01.21  19.12.20  19.12.20 to 28.02.21 31.03.21 31.03.21 or later 21.04.21  21.04.21 & by 05.05.21  From 22.04.21	<u>Pre-Engagement or Public Consultation</u> As per the decision of 17 December 2020 and consultation plan. To include <u>either</u> : 7A - Pre-engagement Draft issues and options paper sent to key stakeholders Meetings with key stakeholders Informal feedback invited Feedback workshopped with council Report recommends draft policy for public consultation Consultation advertised in district media and ADC website  <u>Or</u> : 7B - Public consultation Public notice advertised in district media and ADC website Supporting information on website and sent to key stakeholders and I&AP Formal feedback invited Opportunity to speak to submissions Deliberations on submissions by Council Report recommends adoption of policy that takes feedback into account Decision made and communicated to submitters with reasons Policy implemented	Richard/ Mel/ Ellen

Step	Date	Action	Who
8	09 Apr 2021 to 14.07.21  09.04.21  09.04.21  09.04.21 to 12.05.21 16.06.21 16.06.21 30.06.21  30.06.21 & by 14.07.21  From 01.07.21	Public consultation (if pre-engagement chosen at Step 7)  Public notice advertised in district media and ADC website  Supporting information on website and sent to key stakeholders and I&AP  Formal feedback invited  Opportunity to speak to submissions  Deliberations on submissions by Council  Report recommends adoption of policy that takes feedback into account  Decision made and communicated to submitters with reasons  Policy implemented	Richard / S&PT
9	From public notice till all submissions entered  As submissions entered  After closing of period for submissions	<u>Submission Logistics (when public consultation undertaken)</u>  Submission entering    All letters acknowledging receipt of submission sent  Summary of submissions prepared and submission documents sent to Council	Richard / Mel / S&PT    Richard / Mel / S&PT  Richard / Mel / S&PT
11	By 14.04.21 or 23.06.21	<u>Final Policy Complete</u> Changes made as a result of submissions and deliberations. Policy recirculated to Council via agenda	Richard
12	21.04.21 or 30.06.21	<u>Final Policy to Council</u> Report to Council for adoption of final Policy	Richard
13	By 05.05.21 or By 14.07.21	<u>Post-Adoption Communication</u> Stakeholders and submitters advised of Policy adoption and response letters sent.	Richard



Step	Date	Action	Who
14	From 21.04.21 or From 30.06.21	<u>Post-Adoption Implementation</u> Apply policy to future rental reviews. Develop systems to fit new policy requirements.	Colin /Property Team

## Risk Assessment

Risk Type	Insignificant Risk	Low risk	Medium Risk
<b>Community safety</b>	Nil	Nil	Nil
<b>Operational</b>	Nil	<ul style="list-style-type: none"> <li>• Inappropriate release of personal or commercially sensitive information</li> <li>• Ineffective external communications and engagement</li> <li>• Poor standard of project delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Policy making processes do not meet community expectations</li> <li>• Policy implementation processes do not meet community expectations</li> </ul>
<b>Reputational</b>	All risk types affect reputation	All risk types affect reputation	All risk types affect reputation
<b>Financial</b>	Failure to achieve appropriate financial recoveries	Nil	Nil
<b>Environmental</b>	Nil	Nil	Nil
<b>Our people</b>	Nil	Nil	Nil
<b>Legal</b>	Nil	Nil	<ul style="list-style-type: none"> <li>• Policy making processes do not meet legal requirements</li> <li>• Policy implementation processes do not meet legal requirements</li> </ul>

No risks associated with this project were assessed as being either High Risk or Critical Risk

## 18. *Experience Mid Canterbury quarterly update*

### The COVID19 effect

Estimated annual tourism spend (MTRE) to October 2020 shows a deep decline in overall spend. MBIE is forecasting general visitor spend for the Ashburton District at \$152m vs \$165m as previously forecasted in July. This decline is an overall trend across Canterbury with only Hurunui and Kaikoura districts, showing a slight increase for the past quarter. This was expected as we moved into the shoulder session of the visitor calendar.

Overall Mid Canterbury is still performing well against other neighbouring districts ranking 5<sup>th</sup> of the ten districts in Canterbury.

Figure 1 – October 2020 – MRTE Forecast



These figures do not include, Airbnb or any booking type made online before visiting the district. This data is from direct transactions at the EFTPOS, ATMs within the community only.

Feedback from our business partners is positive for the summer high season period December to March, many reporting good forward bookings. We should see a solid increase in visitor spend over this period.

We have been actively engaging with the wider South Island, Auckland and Wellington via social media to drive summer visitation.

### Final Audit Opinion:

EMC completed its 2019 – 2020 annual audit in November and is awaiting the final audit opinion to be issued. Audit New Zealand issued a letter to ADC advising that they will be delayed in issuing the opinion due to staffing. We are still waiting on the 2018 – 2019 opinion to be finalised.

### Business support:

We have 11 tourism operators engaged in the NZTE Regional Business Partnership scheme, these operators are receiving one on one advice and training from specialist service providers, supporting their business growth and future.

As a direct consequence of EMC's agreement with ChristchurchNZ, we have been able to secure additional funding to create a series of capability training and support events for our business partners. We will commence these events in February 2021. The events will be held over 4 months and will focus on amplifying their brand, marketing content, storytelling, packaging of product, tourism distribution channels, ecommerce and social media. In April we will hold a one day mega-meet with tourism operators in Mid Canterbury & Selwyn providing an opportunity for more collaborative partnerships.

## **Marketing & Promotions:**

We are working on a concept to promote the district's visitor assets through the eyes of our business partners. We will shoot a series of welcome videos from our operators and will promote the campaign via youtube to New Zealand and international markets, we will start the shoot at the end of January.

We are preparing ahead for when the borders open (when?). We have been engaging with many of our key Australian wholesalers over the lockdown period; this has been challenging as many of our preferred product managers and skills agents have been made redundant from the industry. As a result we are formalising a process to re-train new and existing product managers. We will commence this program in January using zoom and key Mid Canterbury assets.

We have been running a social media campaign leading up to the summer period called "Forget the Bach! Come play & stay in our backyard this summer" we have been focusing on themes – Food, gardens, adventure and walking. We will continue the daily posts over the summer period to drive website visitors and physical visits.

## **#ExploreCHC Campaign**

Final post campaign results

### **Target Audience:**

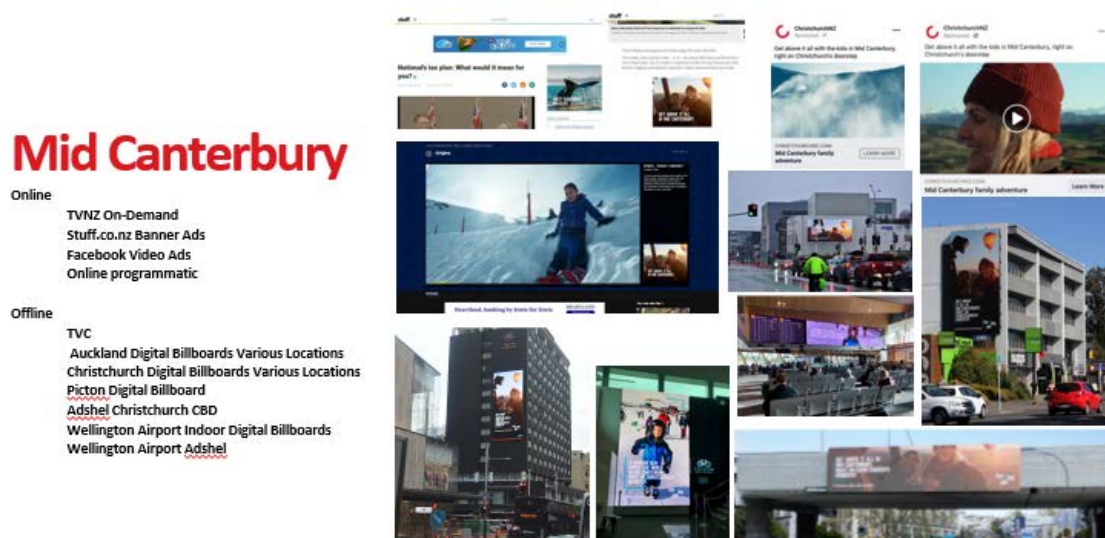
- Broad Reach Northland
- Broad Reach South Island
- Dinks – promoting romance and luxury to those with high disposable income
- Young Families – Showcasing the magic and convenience of travel for families
- Adventure Seekers – Highlighting truly unique experiences to those wanting the next thing

**18,937,077** impressions

### **21% intend to travel to Canterbury**

- TV One - 3,754,486 views – Mid Canterbury had a 30 sec and 15 sec ad.
- TV on demand – 169,050 impressions – Mid Canterbury had a 30 sec on demand campaign.
- Online direct to #ExploreCHC landing page – 2,452,348 impressions and 4,298 clicks
- Stuff Banners – 566,910 Impressions directly to the #ExploreCHC Landing page
- Outdoor 607, 734 views across the country
- Facebook North Island
  - 322,710 Impressions
  - 100,017 video views
  - 1375 clicks
- Facebook South Island
  - 599,883 Impressions
  - 178,537 video views
  - 11,181 clicks

- House of Travel Partnership
  - 90% increase in sales on month prior
  - 11,426 House of travel Website page views
  - \$987,393 total sales land and flight.



## Mid Canterbury Tourism Community Advisory Group:

The Mid Canterbury Tourism Community Advisory Group (MCTAG) met for the second time on 24 November in Methven.

We discussed:

- The event funding strategy and how to support ADC with the funding.
- Economic Recovery Strategy – Common themes were more signage, more events and collaborative packaging from business partners
- Marketing plans for Domestic and International markets – we have a scheduled plan in place pending border openings and markets.

## Ashburton Library Information Centre:

We continue to monitor the brochure stock weekly and answer tourism questions from the Ashburton Library staff.

Below is the matrix of visitors attending the library from the information centre's inception:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2017											23	75
2018	129	99	105	78	79	39	54	63	50	74	62	32
2019	53	62	91	68	60	20	49	35	26	29	41	90
2020	53	55	42	0	3	22	18	21	22	17	18	

## **19. Ashburton Business Estate – road naming**

Author	<i>Ian Hyde, District Planning Manager</i>
Activity manager	<i>Ian Hyde, District Planning Manager</i>
Group manager	<i>Jane Donaldson, Group Manager Strategy and Compliance</i>

### **Summary**

- The purpose of this report is to name several roads located in the Ashburton Business Estate (ABE) which have been developed through recent subdivisions (SUBA19/0002 and SUBA19/0008). Plans of the area are contained within a memo from Council's Commercial Property Team attached to this report.
- As the roads are to vest in Council, the memo referred to above contains options for names of the proposed roads. These have been provided and checked against the Council's adopted Naming Policy and the Australian/ New Zealand Addressing Standard.

### **Recommendation**

- 1. That** the roads to vest in Council as part of the development of the Ashburton Business Estate approved under Subdivisions SUBA19/0002 and SUBA19/0008 shall be named: Otley; Anstiss; Bisset and Sinclair Streets as indicated on the plan accompanying this decision;
- 2. That** Ashford Avenue and Lynn Street shall be continued as indicated on the plan accompanying this decision; and
- 3. That** Kemp Street be retained for consideration when future roads within the Ashburton Business Estate are proposed to be named.

### **Attachments**

**Appendix 1**    Application and site plans

## Background

### The current situation

1. The area in question forms part of the Ashburton Business Estate which is the subject of an outline development plan in the Ashburton District Plan and which is being implemented in stages. The area proposed is to the north of the estate area and includes extension to the existing Ashford Avenue and Lynn Streets.
2. The applicants (the Council's Commercial Property Team) have submitted a supporting statement noting that the names proposed were previously discussed by a working group of Councillors and staff and presented to Council in 2010.
3. It is noted that six names have been proposed, however four roads are required to be named at this time, therefore two names exist as a "backup" should one of the preferred options be considered to be unfavourable. Names are proposed as surnames only as this is considered to provide clarity and sufficient identification: The names proposed are:
  - Ede Street
  - Otley Street
  - Anstiss Street
  - Sinclair Street
  - Bisset Street
4. All of the proposed names, along with an explanation of their merit for listing, are attached in Appendix 1.
5. It is considered that all remaining names demonstrate a suitable relationship to the District and its history, as expected within the Council's naming policy.
6. The name Ede Street could conceivably be confused with the existing "East Street" and it is not recommended that this is adopted as a name.
7. All of the remaining names fit within the requirements of the Council's Naming Policy and the NZ standard for naming. A review of Council records has provided assurance that there is unlikely to be a risk of confusion or duplication with other roads in the District.

## Options analysis

### Option One - Do nothing

8. This is not a practical option as there is currently no adopted name for the roads proposed to be named.

## Option Two - Name the roads – (Preferred option)

9. While all names have historical merit for inclusion as names, it is recommended that the preferred options as shown on the accompanying plan (with the exception of Ede Street) be adopted, and the remaining name (Kemp) be reserved for a future road within the development.

## Legal/policy implications

### ***Legislation (Statutes & Regulations)***

10. The Local Government Act 1974 [Clause 319\(j\)](#) which relates to the powers of councils in respect to roads and includes naming responsibilities.
11. Accordingly, there are no statutory implications other than to inform LINZ and other affected stakeholders of the new name.

### ***Council Strategies, Plans, Policies, Bylaws***

12. Ashburton District Council has adopted a policy on road naming, the relevant sections of this policy can be found [here](#).

## Financial implications

Requirement	Explanation
What is the cost?	Costs incurred will be paid through the allocated project budget.
Is there budget available in LTP/AP?	No budget required.
Where is the funding coming from?	The developer
Are there any future budget implications?	No
Finance review required?	No – there are no financial implications for Council.



## Significance and engagement assessment

Requirement	Explanation
Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low
Level of engagement selected	Inform – 1-way communication
Rationale for selecting level of engagement	Because the proposal does not require changes to existing addressing details for any neighbour or other party who might be affected, further engagement is not considered to be required.

## Appendix 1: Application and site plans.

# Memorandum



**To:** Ian Hyde, Planning Manager

**From:** Colin Windleborn, Commercial Manager

**Date:** 19-11-2020

**Subject:** Naming of Streets at Ashburton Business Estate

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Ashburton District Council has now completed stage 2 and 3 of Business Estate road and now needs to name 4 newly created streets with 1 Street being a continuance of the existing Lynn Street.

The initial stage of the development of Ashburton Business Estate this process was the subject of considerable debate with a number of names put forward with advice from a committee of councillors and Michael Hanrahan (then Ashburton Museum Curator).

The names as below were those agreed between these Councillors and Mr Hanrahan and for which Streets and Walkways have been named.

The preferred names put forward from the meeting on 1 June meeting of 2010 for roads were -

- A. JB Cullen Drive
- B. Ashford Avenue
- A. Lynn Street
- B. Crum Street
- C. Sim Place

In addition to the above, the following names were recommended for pedestrian walkways within the estate -

- F. Arthur Cates Way
- G. Drummond and Etheridge Walk
- H. Gluyas Way
- I. Rainey Way

The following names were also considered at a previous meeting but were not adopted and are put forward for consideration:

- **Kemp**

HG (Pete) Kemp was the first secretary/engineer of the Ashburton Electric Power Board. He was also responsible for designing and building the electric tractor which attracted world-wide attention in the 1930's. Construction was halted by World War II.

- **Ede**

Benjamin Ede was a brick maker on the Lyttelton rail tunnel before going to Peel Forest to make bricks for the homestead there. He came to Ashburton in 1858 to make bricks for the Turton's accommodation house, settling in Ashburton in 1862, becoming the first farmer (as opposed to lease holder) on land near Digby's Bridge. He lived at Willowby, also carting wool and other goods to Christchurch by bullock dray. He also brought back the willows that gave Willowby its name.

- **Otley**

Dr Maurice Otley was a GP in Ashburton from 1948 to the early 1970's, and still lives in Christchurch. He was the first President of the Ashburton Lions, and also Chairman of Burnett's Transport. Photos for museum.

The following names are put forward in addition for consideration with the reasons:

- **Anstiss**

Russell was the founder of the Paper Plus franchise, promoter of local retail, stalwart of the Ashburton Hearing Association, founder of Ashburton's Boulevard Day, a Paul Harris Rotary Fellow, Ashburton Borough Councillor and member of countless community and sporting organisations, driving force behind the Ashburton Trust Event Centre's fundraising team. In 2010 Russell was awarded a Queen's Service Medal for community service.

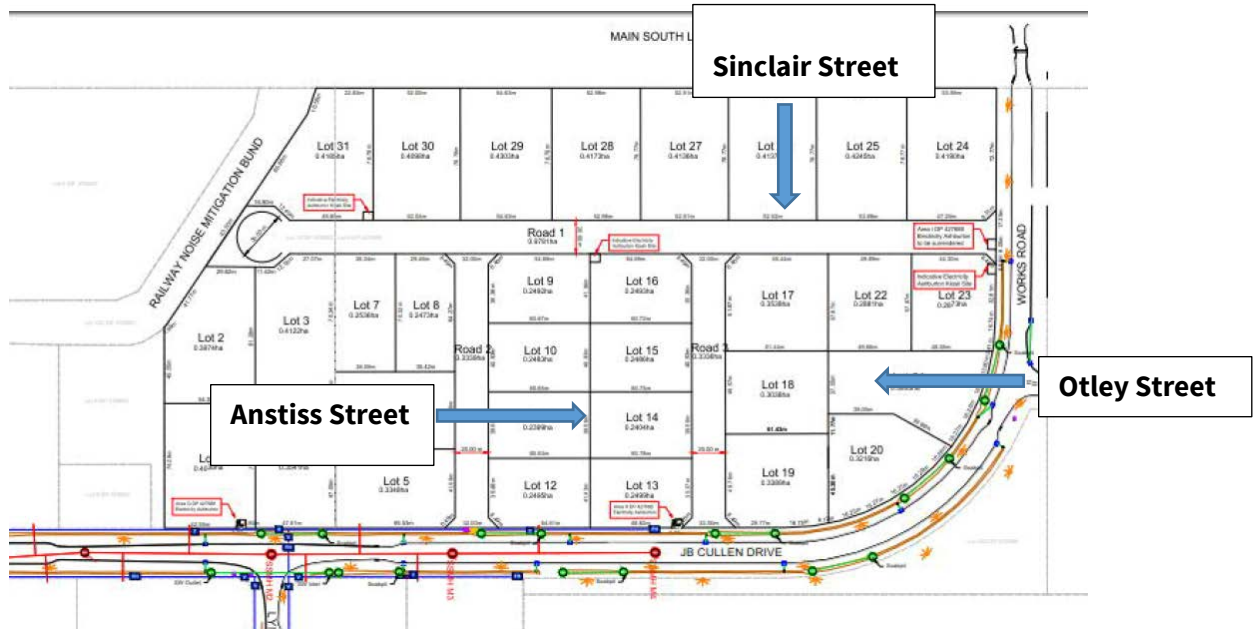
- **Sinclair**

Neil Sinclair arrived in Ashburton in the mid-1960s, involved in St Paul's Presbyterian Church, then moving to St David's Union Parish when it was formed in 1969. He was on the St David's Parish Council for most of the last 40 years, serving 20 years as chair. Since 1985, Neil was a Rotary member and held the positions of treasurer, president, and chaired various committees. He was awarded the Paul Harris Fellowship (Rotary's International Recognition of Achievement) for his work. Neil was a chartered accountant and together with Ron Gabites, founded Gabites Sinclair and Partners becoming the largest accounting and business advisory firm in Ashburton. Neil was awarded a Fellowship of the New Zealand Institute of Chartered Accountants. Neil founded the Advance Ashburton Community Foundation in 2003, with his wife Jeanette, Neil set up their own fund within Advance Ashburton and income from that fund has been used to establish the BOOST literacy programme for under-achieving 7 and 8 year old pupils in five schools in the Ashburton District. For his contribution to our community, Neil was honoured with a Queen's Service Medal in the 2015 New Year's honours.

- **Bisset**

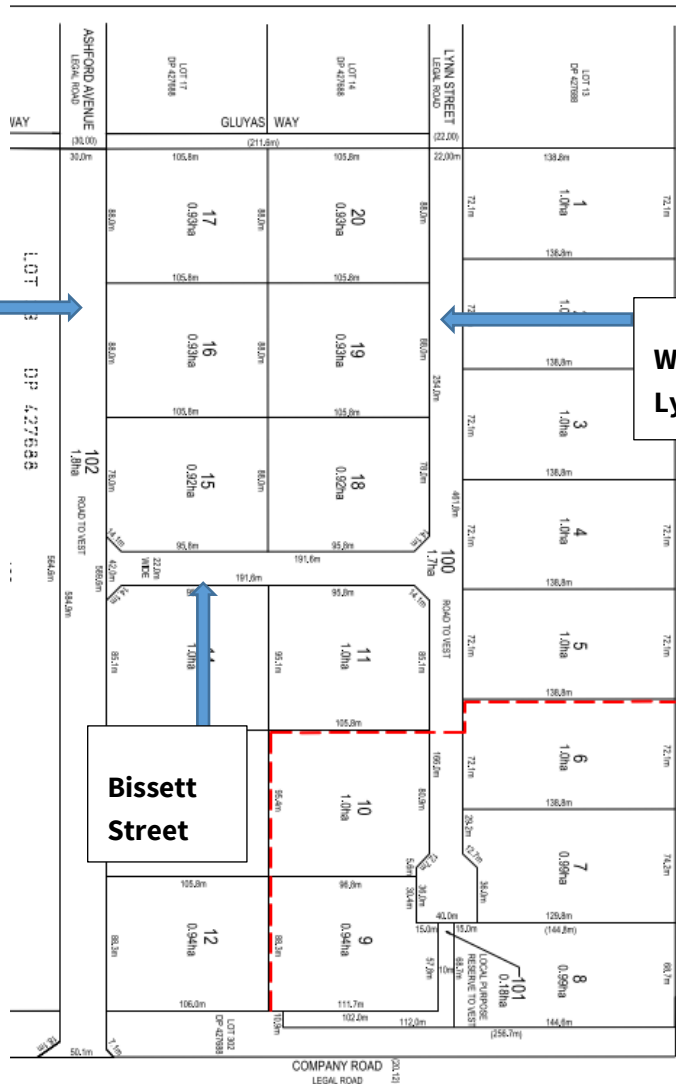
Dave was contracted by the Ministry of Works at Westerfield and lived in a caravan, opening up the water along the border dyke system. He had to keep waking up and tending to the system, opening up and closing when needed, and out of necessity (or need for a good night's sleep) he invented an automatic system for opening up the dykes. Dave was a pioneer in automatic irrigation. One of his inventions was a modified alarm clock imported from China which could open up gates at a set time, and he also modified them to be in 24-hour format, and sold these. His

business was greatly successful and on the side he had the first sandblasting service in the area. He was contracted by the Ministry of Works to blast and paint the steel along the pedestrian walkway on the Ashburton traffic bridge. He wasn't allowed to touch the steel with bare hands and had to paint it within 5 minutes of sandblasting it all by himself. His biggest success was his weed wipers that he invented which became world-class in the nineties. The wipers business is still up and running today.



Will Continue  
as Ashford  
Avenue

Will continue as  
Lynn Street



## **20. Heritage funding 2020/21**

Author *Clare Harden; Community Administration Officer*  
General Manager *Steve Fabish Group Manager - Community Services*

### **Summary**

- The purpose of this report is to allocate funding to Heritage grant applicants who have missed out on the second 2020/2021 round.
- All officer recommendations on the allocation of the grants have been made based on the application's eligibility and the funds available in each grant budget.

#### **Recommendation**

1. **That** Council allocates \$7,476 in Heritage grants and funding for 2020/21 as per the following category:
  - 1.1. Community Development – Heritage - \$7,476.

### **Attachment**

**Appendix 1** Analysis of grant applications

## Background

### Grant applications

1. A total of two applications were received across the grant and funding areas, seeking funding of \$7,839. The following table outlines for each of the grant areas the amount the applicants requested, and how much is available in each budget. When recommending grant amounts, staff have ensured that the total allocated is within the 2020/21 budget.
2. The Lions Club of Ashburton Pakeke are asking for extra funding that was short at the completion of the 2019/2020 Sexton's building repair. This is a Council asset located in the Ashburton Cemetery. When the door to the building was removed for repair it was found that the original estimate would not cover the cost of decay found.
3. The Billy Thomas heritage home application was missed in the last round of the Heritage funding. The inwards grants system has been updated to reduce this risk in the future.
4. For a full summary of each application, please see the appendices.

Area	# applications	Amount requested	2020/21 budget	Total recommended
<b>Community Development</b>				
<b>Heritage</b>	2	\$7,839	\$27,857	\$7,476
<b>Total</b>	<b>2</b>	<b>\$7,839</b>	<b>\$27,857</b>	<b>\$7,476</b>

## Options analysis

### Option one

5. To allocate the community grants and funding for 2020/21 as per the recommendations made above.

### Option two

6. Council may choose to allocate the funds differently to that recommended by officers.

## Legal/policy implications

7. Officers have assessed the grants against the Community Grants and Funding Policy and relevant criteria for each grant category. Commentary on the eligibility of each applicant is noted in the appended document.

## Financial implications

Requirement	Explanation
What is the cost?	See costs previously noted for each grant category.
Is there budget available in LTP / AP?	Yes, all grants are allocated within the budget available in the 2020/21 Annual Plan.
Where is the funding coming from?	UAGC and general rates
Are there any future budget implications?	No
Reviewed by Finance	Not required.

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low
Level of engagement selected	Inform – one way communication.
Rationale for selecting level of engagement	No changes are being made to the available budgets, and therefore, only communication with the applicants is required. The community will be notified through a press release of the successful applicants, once the applicants have been advised of Council's decision.
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager



## Appendix 1

0

Natural Built Environments - Heritage																				
Max funding per application = \$7,000. No more than 50% of the total project cost (applicant's share can include in kind work or materials).																				
Budget contains \$27,857 in accumulations (\$27,857 in total).																				
Organisation details		Eligibility			About the project						Financials		Council involvement		Officer involvement		Council recommendation			
Organisation	Previous funding requests + reporting	Located in Ash District	Preserve / restore	Specified maintenance	Privately owned land	Project details	Funding use	Evidence of need	What has been done before?	Measurable outputs	Other funders	Voluntary / donations	\$ requested	Project total	Effect of not funding	Reputational risk		Discrete / ongoing	Points to consider	Officer recommendation
Billy Thomas Heritage Home	None	Y	Preserve / restore	Y	Y	Re-roofing 116 Cameron Street	Supply and install of new roof	Rusting current iron and internal leak	Nothing with currant owners	Keeping this house in pristine condition and reducing the risk of future leaks	No	N/A	\$7,000	\$23,038.04	Reapply for funding next year	N	Discrete	This Application was missed in the original funding Round, this is eligible and recommend funding.	\$7,000.00	
Lions Club of Ashburton Pakeke Incorporated Charitable Trust	2019/2020 \$3715 Reporting complete	Y	Preserve / restore	Y	N	To repair and restore the Sextons Building located at Ashburton cemetery	Exterior of the building cleaned and repaired where required. Fit a door closer to keep birds out during the daytime opening hours.	Exterior cladding has deteriorated/rotted . Main door has decay.	A major restoration was undertaken in 1998. In 2011 general maintenance was undertaken.	The building is preserved in time for the planned upgrade of the cemetery plot maps.	The building is preserved in time for the planned upgrade of the cemtery plot maps.	\$726	\$839	\$9,108.90	This Job is now complete. So will not effect project.	N	Discrete	This application is for work completed. \$363 of this application is for Volunteer cost that is ineligible. Recommend funding total of \$476 as this is a council asset.	\$476	

## **21. Ashburton Museum & Historical Society – funding request**

Author *Clare Harden, Community Administration Officer*  
GM Responsible *Steve Fabish, Group Manager Community Services*

### **Summary**

- The purpose of this report is to consider the funding requested by Ashburton Museum & Historical Society (“the AMHS”) in order to develop the next chapter of history of the Ashburton District to be written from circa 1940 to 2020.

### **Recommendation**

- 1. That** Council declines the funding request from the Ashburton Museum & Historical Society for production of the next chapter of the history of the Ashburton District.
- 2. That** the Ashburton Museum & Historical Society be asked to work with Council staff to investigate funding options for this project.

## Background

### The current situation

1. There are many books written on specific aspects of Ashburton district history but two major books stand out. The first is John Brown's "*Ashburton: Its pioneers and history*", which was originally a serialised history published in the Ashburton Guardian and later (1940) published posthumously by A. H. & A. W. Reed and paid for by the Council as a centennial commemoration of the Borough and County Councils. The author was a local historian farming at Lowcliffe. The second book is Dr W H Scotter's "*Ashburton: A history of town and county*" and also published by the Ashburton Borough and County Council in 1972. Dr Scotter was the founding president of the Ashburton Historical Society.
2. In November 2019, the AMHS approached Council's Chief Executive expressing a desire of the AMHS for the production of the next chapter of the history of the Ashburton District to be written – from c1940 to 2020. This initial approach was received with positive fiscal and moral support but obviously contingent on more detail and budgeting to be provided. The Society have spent some time as best as possible, under Covid-19 restrictions and normal Society activities and issues, to begin to gather further information.
3. The AMHS remains committed as a major project to follow through with the required budget and information required to allow Council to make an informed decision on ability to assist in the funding of this needed and significant project.
4. Under the Local Government Act 2002, local government plays a key role in fostering and supporting culture and heritage as well as engaging and seamlessly integrating tangata whenua and iwi values in a district's history. It is intended and necessary that this proposed history project be inclusive of all cultural, sociological and heritage histories as preserved in archives, objects, people and events. A key aspect will be describing changes in the demographic, political, economic and social structure of the Ashburton District.

### Progress Report

5. Covid-19 socialisation restrictions have slowed progress somewhat and working through complex protocols and procedures required for contracts etc takes considerable time. Finding a suitable author is a difficulty as, unlike the first two books, there are no local historians with the necessary skills and experience readily available. Fortunately, the Society committee (and other Society members) does have published authors in its ranks and with some experience of the publishing world. This project may take 2-4 years depending on author commitments and contractual arrangements etc.

**Progress to date:**

6. A potential author has been approached and contacted and AMHS are working through the many and complex contractual requirements for a harmonious and transparent arrangement. There are also a number of other issues to be resolved such as production, printing, copyright, ownership etc.
7. Costs are impossible to say at this stage because there are too many unknown variables but it is likely to be in the range of \$40,000 to \$50,000.
8. A contractual commitment to an author and publisher can only really happen if there is a known financial commitment from Council. Furthermore, Council may well have expertise in some areas of this project that would be helpful to bring this project to completion.

**Conclusion**

9. Completion of this important project can only happen with a clear commitment from Council for financial support. AMHS is asking for an idea of the level of this support. They are also asking for any specific fiscal/budget details Council would need to commit to this project. Although only a small grant, it is unfortunate that the Heritage Grant criteria is written for heritage buildings alone rather than for the kind of project that is proposed.
10. The proposed project highlights the additive values of preserving social history to the social capital of the Ashburton district as well as adding to national history. AMHS note that 2026 would mark the 150<sup>th</sup> anniversary of the formation of the Ashburton County Council and suggest that this may be a good maximum completion/launch target for this history book project. The AMHS looks forward to Council's response and would be willing to have a 'face to face' meeting if Council considers that to be worthwhile, especially if any changes are needed to the annual and long-term plans.

**Options analysis****Option one – Support the request***Advantages:*

11. The public will benefit from the availability of the book which showcases the history of Ashburton.
12. In supporting the recommendation, Council would be within its mandate as set under the purpose of the Local Government Act 2002 (section 10(2b)) to 'promote the social, economic, environmental and cultural well-being of communities in the present and for the future'.

*Disadvantages:*

13. The current LTP has no budget for this request but there is funding available in the Museum budget. This, however, will restrict the activities of the Museum through the reduced funds.

**Option two – Decline the request (recommended)**

*Advantages:*

14. Funding currently allocated to the Museum will remain within the Museum budget. This is in line with what Council consulted the community on when preparing the LTP.

*Disadvantages:*

15. This would delay the ability of the AMHS to start this project until funding is found.
16. There could be reputational risk to Council if declining a project which would benefit this community.

**Option three – Recommend the AMHS submit to the Long-Term Plan 2021-31**

*Advantages:*

17. The AMHS would be able to present this submission to the Council. This would allow the Council to look at the merits of this project and against other suggestions which are put forward to the LTP, and allow deliberation on the best use of the money.
18. If successful through this process, specific budget would be allocated to the project rather than funds being redistributed from another activity.

*Disadvantages:*

19. This would delay the ability of the AMHS to start the project. There is also a risk that this will not be accepted through the Long Term Plan.

## **Legal/policy implications**

### **Legislation**

20. In supporting the recommendation, Council would be within its mandate as set under the purpose of the Local Government Act 2002 (section 10(2b)) to 'promote the social, economic, environmental and cultural well-being of communities in the present and for the future'.

## Financial implications

Requirement	Explanation
What is the cost?	N/A
Is there budget available in LTP / AP?	No
Where is the funding coming from?	If Council approved this funding, It will be added to the Museum Finance code.
Are there any future budget implications?	Yes, increase in Museum budget or decreased Museum activity to cover this cost
Reviewed by Finance	Yes

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low, not significant
Level of engagement selected	Inform – one-way communication.
Rationale for selecting level of engagement	Applicant to be informed of the Council decision
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager

## ***22. Maintenance of KiwiRail administered land***

Author *Paul Wilson, Xyst (external contractor)*  
Group manager *Steve Fabish, Group Manager Community Services*

### **Summary**

- The purpose of this report is consider the ongoing maintenance of certain land administered by KiwiRail. The main trunk line passes through the district and outside of the physical track infrastructure. There is a considerable area of land which is not maintained to the same standard as other similar open space in the District.
- It is recommended that the Council enters into a beautification licence with KiwiRail for the beautification and maintenance of the land to the standards set by the Council.
- While there is no financial consideration for the licence from either the licensee (Council) or the licensor (KiwiRail), a beautification licence provides authority for Council to maintain and work on KiwiRail land.

#### **Recommendation**

- 1. That** Council authorises the Chief Executive to enter into a beautification licence for the maintenance of portions of the Kiwirail land which have high amenity values.
- 2. That** Council considers the financial implications of adding any additional maintenance areas within the 2021/31 Long Term Plan process.

### **Attachment**

**Appendix 1** Map of proposed areas to be maintained

## Background

### The current situation

1. The Council has for many years, either knowingly or unknowingly, maintained portions of land administered by KiwiRail. Council has maintained this land to enhance the amenity of the Ashburton District. If Council does not maintain the land, it is likely to rapidly become unkempt as KiwiRail does not appear motivated to maintain its extensive landholdings to the standard desired by the community.
2. For the purposes of the Biosecurity Act (the Act), KiwiRail is treated separately to the Crown, and comes within the definition of an occupier of land under the Act. Accordingly, it has obligations and responsibilities for pest management on the land that it occupies, equal to those of other occupiers. Environment Canterbury therefore has some powers to require KiwiRail to control certain pest plants on the rail corridor under the Canterbury Regional Pest Management Plan. Even if ECan was successful in requiring KiwiRail to control pest species, it would not result in the land being presented to the standard desired by the community.
3. Detailed mapping of Council's existing maintenance activity against land tenure has identified the extent of the KiwiRail land currently maintained.
4. Attachment 1 shows the areas currently maintained by Open Spaces (shaded in green with the label TURFS) against the land administered by KiwiRail (black cross hatch). An additional area of land adjacent to 162 Melcombe Street, Tinwald has also been included in attachment 1. This portion of land is not currently maintained but has been identified by Councillors as being an area worthy of inclusion in Council's maintenance.

## Options analysis

### Option one – Withdraw maintenance

5. In this option the Council would cease all maintenance of KiwiRail land.
6. The likely outcome would be that the land will become unkempt and generate complaints from residents regarding the untidy state of the land, potential fire risk and weed infestations. These complaints would need to be directed back to KiwiRail.
7. In the author's opinion, these complaints are unlikely to be resolved satisfactorily given the extent of land that KiwiRail administers, its business priorities and the principle purpose of the rail corridor being for transport of goods rather than maintenance of amenity values.



### **Option two – status quo**

8. In this option the Council will continue to maintain the KiwiRail land it currently maintains but on an informal/ad-hoc basis.
9. The risk with this option is that:
  - Council has no legal authority to be on the land. In the event of an accident the Council may be more exposed to legal risk.
  - Council does not have a right over the occupation. While the proposed licence only provides a temporary right, it does open communication channels such that KiwiRail is more likely to communicate with Council if a change of use is proposed and KiwiRail will ensure that Council's health and safety plan is appropriate for the areas being maintained which should lead to safer outcomes for KiwiRail and Council staff.

### **Option three – formalise maintenance via a beautification licence**

10. In this option the Council will enter into a beautification licence with KiwiRail which will provide Council with authority to maintain the land under the terms of the licence.
11. Potentially there is no rental for the licence and conversely there is no payment from KiwiRail for Council to maintain the land.
12. The only benefit of entering into a licence is to formalise the existing activity and ensure Council has the proper authority to be on the land including the appropriate health and safety plans.

### **Legal/policy implications**

13. There are no legal/policy implications other than those identified above. Council's level of indemnity insurance may need to be adjusted.
14. The utilisation of the KiwiRail land within the District is a strategic issue for the Council. The Council is working on other matters with KiwiRail and maintaining a good working relationship is important for future negotiations which may benefit the district as a whole. Entering into this beautification lease is unlikely to have any impact on other projects Council is engaged with KiwiRail on.

## Financial implications

Requirement	Explanation
What is the cost?	The area of maintenance is estimated to be 6.3135 ha. Based on estimated mowing costs, the annual cost of maintaining KiwiRail land is expected to be \$11,500 p.a.
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	Rates Funded
Are there any future budget implications?	None, unless additional sites are added
Reviewed by Finance	Not required as no impact on existing budgets.

## Significance and engagement assessment

15. The matter is not considered significant.

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low
Level of engagement selected	1. Inform – Any changes to budget requirements will be considered as part of the 2021/31 Long Term Plan Consultation
Rationale for selecting level of engagement	The significance is low and Council is undertaking the activity currently.
Reviewed by Strategy & Policy	Toni Durham, Strategy and Policy Manager

Rakaia (Green -ADC Maintained Black Hatch Kiwirail)





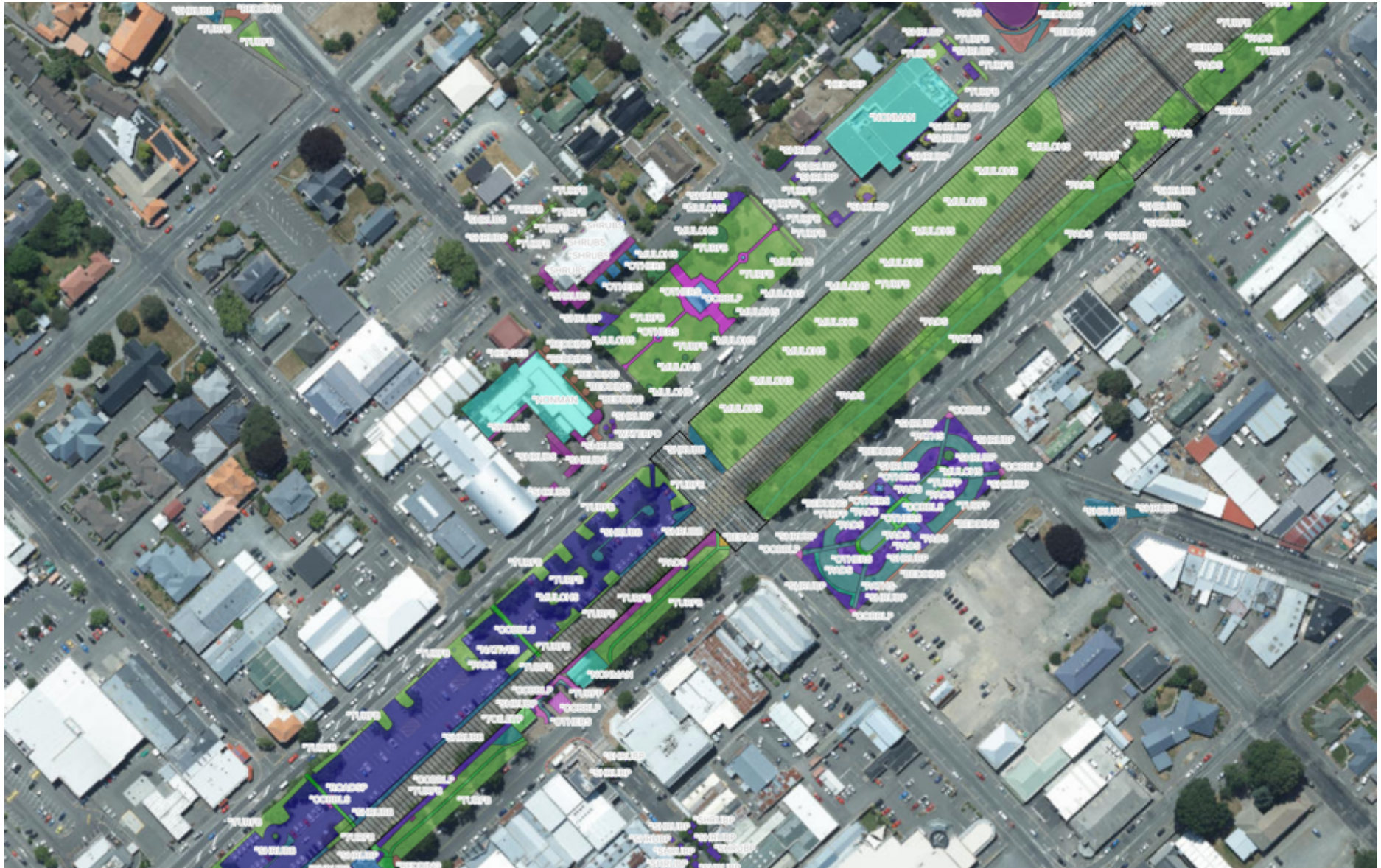
Ashburton

















Tinwald





## ***23. Appointment of CDEM Local Controller***

Author *Jane Donaldson; Group Manager Strategy and Compliance*  
Manager Responsible *Hamish Riach; Chief Executive*

### **Summary**

- The purpose of this report is to recommend the appointment of a local Civil Defence Emergency Management (CDEM) Controller.

### **Recommendation**

- 1. That** Council appoints Steven Fabish as a local controller.

## Background

1. Council currently has two CDEM local controllers, Jim Henderson and Terry O'Neill. Both have undergone relevant training and been formally appointed.
2. Council's recently appointed Group Manager Community Services, Steve Fabish, is also a qualified local controller and fulfilled this role during his previous employment with the Hauraki District Council. He was also deployed as an Incident Point Controller based in Waiau after the Kaikoura/Hurunui earthquakes and as a CDEM representative at a recovery centre following the second Christchurch earthquake.
3. With a large group to manage, the new Group Manager does not have the capacity to undertake a leading role in CDEM, however in the event of a prolonged event he is prepared to assist with shifts as a controller. Having a third controller to share shifts will give Council more capacity.

## Options analysis

### **Option 1 – appoint a local controller**

4. This is the preferred option. Steve Fabish has a wealth of CDEM experience and will strengthen our capacity during prolonged events.

### **Option 2 – do not appoint a local controller**

5. Council can continue with the two existing controllers, however there is a risk during a prolonged event that they will not receive sufficient breaks and controllers from other districts will be required.

## Legal/policy implications

6. In accordance with section 18 of the Civil Defence Emergency Management Act, the CDEM Group has delegated its authority for the appointment of local controllers to each member authority. Territorial Authorities must consult with the Group Controller when appointing local controllers. This consultation has been carried out.

## Financial implications

7. There are no financial implications.

## Significance and engagement assessment

8. This matter is not considered significant.

## 24. Standing Orders 2020

Author *Phillipa Clark, Governance Team Leader*  
GM Responsible *Hamish Riach; Chief Executive*

### Summary

- This report seeks Council's agreement to adopt a revised set of standing orders which have been updated to align with the Local Government NZ template.
- The standing orders contain some optional provisions which are proposed for inclusion.

#### Recommendation

1. **That** Council adopts the 2020 Standing Orders, as tabled, with the following provisions:
  - i) Attendance at meetings by audio or audio-visual link
  - ii) Casting vote for chairpersons
  - iii) Option B as the default for speaking and moving motions.

#### Appendix 1 ADC Standing Orders

[December 2020 revisions tracked – separate document]

## Background

1. Council is required to adopt standing orders for the conduct of its meetings and its subordinate committees. Council's standing orders have been in place since last term and were due for review earlier this year.
2. A full review of Council's standing orders has been delayed, however an amendment made in March 2020 enabled elected members to participate in meetings via audio-visual means. The earlier consideration of this review was prompted by the rapidly changing environment associated with Covid-19.
3. On 22 October, a workshop was held with elected members on chairing meetings and meeting practices. This was an opportunity for Council to look at an updated set of standing orders. Draft standing orders were presented with updates aligned to the LGNZ template which had been reviewed in 2019.
4. Council is looking to retain the following discretionary clauses in the standing orders:
  - Cl. 13.11-13.16 – Members' right to attend by audio or audio-visual link
  - Cl. 19.3 - Chairperson's casting vote
  - Cl. 22 – The choice of a default option for speaking and moving motions:
    - A – formal (cl 22.2)
    - B – medium (cl 22.3) – *this is Council's default option*
    - C – informal (Cl 22.4)
5. The provision for audio-visual attendance places key responsibility on the Chair to approve applications for members' attendance, to ensure that the technology functions throughout the meeting, and to ask the members present by that link to confirm that confidentiality is being maintained at their end. If technology fails the member is counted as not present and their voting would not be counted from that point.
6. It is important to note that while elected members who join a meeting electronically are able to take part in discussions and vote, they are not counted as part of a meeting's quorum. *Note*, if a member is excluded from the meeting room due to a financial conflict of interest they are no longer considered "present" for the purposes of the quorum.
7. The quorum for a Council meeting is 5 members, i.e. half of the (10) members physically present.
8. The provision for the Chair's casting vote has been in Council's standing orders for a number of years. It enables Council to conduct and conclude business without the risk that a vote might be tied (*despite some views to the contrary, a casting vote is not limited to supporting the status quo*). Council could choose to retain a 'limited casting vote' that would be limited to a prescribed set of decisions only such as statutory decisions where there's a risk of exceeding a statutory timeframe – e.g. adopting the annual plan and long term plan.

9. Council can also choose its preferred option for speaking and moving motions and amendments.
  - Option A is the most formal of the three and limits the number of times members can speak and move amendments.
  - Option B is less formal and, while limiting the ability of movers and seconders of motions to move amendments it allows any other members, regardless of whether they have spoken to the motion or substituted motion, to move or second an amendment.
  - Option C provides substantial flexibility by removing the limitations placed on movers and seconders by the other two options.
10. While Option B is recommended as Council's default option, Council may resolve to adopt either Option A or C at the start of a meeting for the meeting generally, or for any specified items on the agenda.
11. Unless specifically included in their terms of reference, these standing orders don't apply to Council's activity briefings or workshops, or meetings of working parties and advisory groups.
12. Revised standing orders will also be provided to the Methven Community Board for consideration and adoption in the new year.

## Options analysis

### **Option 1 – adopt revised Standing Orders**

13. Adopting the updated standing orders, as tabled, will ensure that Council is compliant with legislation and best practice in the conduct of its meetings. This is the preferred option.
14. Council has some discretion as to whether optional provisions are included, such as allowing audio-visual attendance, giving the Chair a casting vote, and deciding the level of formality around a motion.

### **Option 2 – retain existing or further amend the Standing Orders**

15. While it's not an option for Council to operate without standing orders, the current standing orders could be further amended, or the current version retained, provided that legislative changes are included.

## Legal/policy implications

16. The Local Government Act 2002, Schedule 7 (27) requires local authorities to adopt standing orders for the conduct of its meetings. Standing orders must not contravene

this Act, the Local Government Official Information and Meetings Act 1987, or any other Act.

17. Any statutory references in the standing orders apply throughout the period of a meeting, regardless of whether or not parts or all of the standing orders have been suspended. Reference to “must”, unless otherwise stated, identifies a mandatory legislative requirement.
18. Adopting or amending standing orders requires, in every case, a vote of not less than 75% of the members present.

## Financial implications

19. There are no financial implications in amending the standing orders.

Requirement	Explanation
What is the cost?	Officer resource in preparing information met from within existing operating budgets.
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	Democracy
Are there any future budget implications?	No
Finance review required?	No

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low- not significant.
Level of <i>engagement</i> selected	1. Inform
Rationale for selecting level of engagement	Procedural matter not requiring wider consultation.
Reviewed by Strategy & Policy	Toni Durham, Strategy & Policy Manager

## 25. *Audit and Risk Committee*

Author *Phillipa Clark, Governance Team Leader*  
GM Responsible *Hamish Riach, Chief Executive*

### Summary

- The Audit, Risk and Finance Committee was established at the start of the 2019 term of Council. A review of Council's governance structure has resulted in this standing committee being reconstituted as the Audit and Risk Committee.
- The purpose of this report is to confirm the Committee membership and terms of reference.

### Recommendation

1. **That** Council confirms the membership of the Audit and Risk Committee, being:  
Cr Leen Braam (Chair  
Cr John Falloon (Deputy Chair)  
Crs Carolyn Cameron, Liz McMillan and Stuart Wilson (members)  
External appointee
2. **That** Council adopts the Terms of Reference for the Audit and Risk Committee, as tabled.

### Attachment

**Appendix 1**    Audit and Risk Committee terms of reference

## Background

### Current situation

1. The Audit, Risk & Finance Committee has been reconstituted as the Audit and Risk Committee with finance matters to be generally reported directly to Council. The terms of reference for the Committee have been amended to reflect the changed responsibility.
2. The Audit and Risk Committee has no delegated authority to make decisions. Its role is to consider and review matters of strategy, policy or significance in its sphere of Council business.
3. In carrying out its oversight responsibilities the Audit and Risk Committee will have particular regard to monitoring:
  - progress of the Annual Plan, Annual Report and Long Term Plan audits
  - any other external party audits
  - Council controlled organisations (CCOs and CCTOs)
  - statutory and legal compliance
  - risk management practices
  - insurance arrangements
  - health and safety requirements
4. The Audit and Risk Committee will report to Council. The Ashburton Airport Authority Subcommittee, which reported to the former Audit, Risk & Finance Committee, will also report directly to Council.
5. Council's Delegations Manual will be updated to reflect these changes.
6. The Committee membership is comprised of seven elected members, including the Mayor ex officio, and one external appointee, Mr Murray Harrington who has been engaged as an independent advisor to the Audit & Risk Committee. This agreement is in place until the end of the current term of Council.
7. Meetings of this committee have been scheduled approximately six weekly, or otherwise as required.
8. The proposed Terms of Reference are set out in Appendix 1.

## Options analysis

### Option one – adopt the terms of reference and committee membership

9. Adopt the terms of reference and committee membership, as presented. The advantage of having terms of reference is that they identify parameters for the Committee to work within and enable effective meeting administration.



10. The established Committee membership is working well and with all elected members able to attend Committee meetings there appears to be no reason to change this.

### **Option two – amend or further review the proposed terms of reference and committee membership**

11. Council could further review or choose not to adopt the terms of reference. The Committee has no delegated authority and would not be prevented from undertaking its oversight role and making recommendations to Council without terms of reference.
12. As the Committee has no decision-making ability, and can only make recommendations to Council, there would be no advantage in increasing the membership, however Council could review this if there are members wishing to step down, or join the Committee.

## **Legal/policy implications**

### **Local Government Act 2002**

13. The Local Government Act 2002, Schedule 7, Part 1  
Clause 31 sets out membership of committees and subcommittees, including (subclause 3)  
*The members of a committee or subcommittee may, but need not be, elected members of the local authority, and a local authority or committee may appoint to a committee or subcommittee a person who is not a member of the local authority or committee if, in the opinion of the local authority, that person has the skills, attributes, or knowledge that will assist the work of the committee or subcommittee.*
14. Council's Delegations Manual sets out the expectations of Council's standing committees.

## **Financial implications**

Requirement	Explanation
What is the cost?	There is no cost for this review as it has been conducted internally within existing work programmes
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	No additional funding is required
Are there any future budget implications?	No
Finance review required?	No – there are no financial implications

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low
Level of <i>engagement</i> selected	Inform – the community will be informed of the changes through this report and by updating the Schedule of Appointments on Council's website
Rationale for selecting level of engagement	Community input is not required.
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager

# Audit and Risk Committee

## Terms of Reference (Draft)

### Purpose

The purpose of the Audit & Risk Committee is to provide oversight of Council's audit processes, statutory compliance and internal risk management in a manner that promotes the current and future interests of the community (Local Government Act 2002).

### Membership

Membership of the Committee comprises:

- Cr Leen Braam (Chair)
- Cr John Falloon (Deputy Chair)
- Cr Carolyn Cameron
- Cr Liz McMillan
- Cr Stuart Wilson
- External appointee
- The Mayor, Neil Brown (ex-officio)

The quorum is four members.

### Meeting Frequency

The Audit & Risk Committee will meet on a six-seven weekly cycle, or on an as-required basis as determined by the Chair and Group Manager Business Support.

Committee members shall be given not less than 5 working days' notice of meetings.

### Delegations

The Audit & Risk Committee has no delegated authority to make decisions. Its role is to consider and review matters of strategy, policy or significance in its sphere of Council business, and (if appropriate) to make recommendations to full Council.

### Sphere of business

- To receive and consider the project plan and timetable for the following projects –
  - Long Term Plan (LTP) and any amendments
  - Annual Plan & Budget
  - Annual Report and Audit
- To receive progress reports on the above projects, where appropriate, and review significant issues and risks arising.
- To establish and maintain effective relationships with Council's auditors, including meeting with the audit representatives regarding significant policy and planning processes as appropriate, reviewing the Annual Audit Plan, and considering matters of significance raised by Council's auditors and action required.
- To receive reports on all external party audits of any and all Council activities, and review significant issues and risks arising.

- To be the primary monitoring mechanism for Council's Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs) and shareholdings. Review the CCOs' draft statements of intent and advise CCOs of any comments.
- To provide overview of Council's performance management framework as included in the Council's LTP and Annual Plan documents.
- To provide overview of Council's statutory compliance and legal matters, monitoring any areas of statutory non-compliance.
- To provide overview of risk management and insurance. Review corporate risk assessment and internal risk management practices. Review insurance arrangements annually and monitor insurance claims.
- Monitor and review Health & Safety related matters. Participate in national risk management practices and implementation of risk management processes.
- To consider matters of organisational services in the area of Health & Safety.

### **Reporting**

The Audit & Risk Committee will report to the Council.

### **Adopted**

17/12/20 (*tbc*)

## ***26. Delegations Manual Amendments***

Author *Phillipa Clark, Governance Team Leader*  
GM Responsible *Hamish Riach; Chief Executive*

### **Summary**

- Council's review of its governance structure (October 2020), and removal of a number of standing committees, requires the Delegations Manual to be amended.
- The purpose of this report is to present the changes, including the approved amendment to the Methven Community Board delegations.

### **Recommendation**

- 1. That** Council adopts the amended Ashburton District Council Delegations Manual (December 2020) as tabled.

### **Attachment**

**Appendix 1** Delegations Manual 2020  
[December 2020 revisions tracked – separate document]

## Background

### Current situation

1. Council is required to review its Delegations Manual ('the Manual') at least once every triennium. The last review took place shortly after the 2019 elections and the current Manual was adopted in February 2020.
2. The 2019-20 review reflected various legislative, policy and staffing changes, and changes to Council's governance structure.
3. A further review of Council's governance structure took place during October and November 2020, with the removal of four standing committees being approved (*Bylaw & Policy, Community Services, Environmental Services and Infrastructure Services*). The areas of jurisdiction that the standing committees had are now the direct responsibility of Council.
4. The Audit, Risk & Finance Committee has been reconstituted as the Audit & Risk Committee (with finance matters to be reported directly to Council). The terms of reference will be amended to reflect the Committee's changed responsibility.
5. Also in October, Council approved changes to the Methven Community Board's delegations and terms of reference which are recorded in the amended Manual.
6. Council's Delegations Manual defines and authorises the scope of Council's delegations to committees, the Chief Executive, and the Chief Executive's delegations to members of the Executive Team and officers.
7. Council must delegate powers and functions to enable officers to carry out work required for the Council to function effectively and efficiently. While there is no legal requirement to have a delegations manual, individual delegations are required. Capturing these in a manual provides greater transparency and accountability for decisions and processes, and is a key risk management tool for Council in terms of ensuring legislative compliance.
8. The manual contains specific delegations; the Chief Executive has a general 'catch-all' delegation to enable functions that may not be specifically detailed in the manual. Territorial authorities nationwide commonly employ this approach.
9. The Manual details expenditure limits for officers, i.e. the amounts officers are permitted to spend for expenses related to their positions. These reflect the Council's actual operating environment and only apply within budgeted levels in the Annual Plan / Long-Term Plan. The provisions of Council's Procurement Policy and Sensitive Expenditure Policy still apply.
10. Expenditure outside budgeted limits must be approved by Council or the relevant committee.

## **LocoDelegations**

11. The automated programme for managing delegations (LocoDelegations), which was due to be rolled out this year, is still in planning stages. LocoDelegations will have generic delegations pre-loaded, and officers will be able to determine which are applicable to Council. LocoDelegations utilises a legal adviser to ensure legal compliance is achieved with the pre-populated delegations. Council can expect a new look Manual at some point next year.
12. This report deals with the immediate changes required. Further in-depth review of the Manual will be carried out next year through LocoDelegations.

## **Options analysis**

### **Option one – adopt the revised Delegations Manual**

13. Under this option Council would be making the changes to the Delegations Manual as set out in the background sections of this report. This is the preferred option.
14. The main advantage of this option is ensuring legislative and policy compliance, which is crucial for Council officers in performing their duties. The changes proposed ensure correct processes are in place for decision-making for both officers and Council, and that there is consistency between recent Council decisions and delegations. There are no disadvantages with this option.

### **Option two – ‘roll over’ the Delegations Manual**

15. Under this option, Council would be making no changes to the 2019-20 Delegations Manual. It is not a viable option for Council to leave outdated references to the defunct standing committees in the Manual.
16. This option has no advantages. The disadvantages are that Council would be missing an opportunity to update delegations in line with changes to the committee structure.

## **Legal/policy implications**

### **Local Government Act 2002**

17. The Act does not contain a specific requirement for a delegations manual. However, under s.15 Council must enter into an ‘agreement’ no later than 1 March the year following the election (i.e. March 2020). The Delegations Manual, among other items, *may* be included in this agreement (s.15(3)(b)).

## Financial implications

Requirement	Explanation
What is the cost?	There is no cost for this review as it has been conducted internally within existing work programmes
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	No additional funding is required
Are there any future budget implications?	No
Finance review required?	No – there are no financial implications

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low
Level of <i>engagement</i> selected	Inform – the community will be informed of the changes through this report and by publishing the Delegations Manual on Council's website
Rationale for selecting level of engagement	Community input is not required
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager



## ***27. Mayor's Report***

### **1. Local Government New Zealand**

- **Rural and Provincial – 19/20 November 2020**

The LGNZ Rural and Provincial meeting was held 19/20 November in Wellington and was attended by myself, Cr Leen Braam and CE Hamish Riach.

- EQUIP Limited demonstrated the 'Dot Loves Data Interactive Dashboard programme. This programme provides up to date data on the community's economic performance, business resilience, unemployment levels, benefit levels, crime, gambling and housing. A free two week trial of the programme has been offered to councils.

- **2021 Meeting Dates**

- 4/5 March – Rural and Provincial
- 15/16 March – Zone 5 and 6
- 10/11 June – Rural and Provincial
- 15/17 July – Conference
- 14/15 October – Zone 5 and 6
- 25/26 November – Rural and Provincial

### **2. Mayors Task Force for Jobs (MTFJ)**

I attended the AGM of Mayors Task Force for Jobs on Friday 20 November.

- Nigel Davenport, Chief Executive of Venture Timaru presented on the 'My Next Move' programme's progress. The programme is aimed at assisting school leavers into employment and is currently funded by the Ministry.
- MTFJ are currently lobbying Central Government for funding to assist with the various School Leavers Drivers Licence programmes running throughout the district.

### **3. Rangitata Diversion Race Management Limited**

At a recent meeting of RDRML Richard Wilson was elected as Chair, Richard Spearman Deputy Chair and Vince Lobb was elected as the RDRML trustee for the Hekeao Hinds Water Enhancement Trust.

Planning is going forward with the fish screen installation programme.

## 4. Canterbury Regional Transport Committee

The Canterbury Regional Transport Committee meeting was held on Thursday 26 November.

### **Regional Land Transport Plan Strategic Framework**

Recommendations:

That the Canterbury Regional Transport Committee agrees to the headline targets that by 2031

- 40% reduction in deaths and serious injuries on Canterbury roads
- 30% reduction in greenhouse gas emissions from land transports in Canterbury
- 100% increase in tonnage of freight moved by rail in Canterbury

Other points raised:

- The proposed safety measures on SH1 from Rolleston to Ashburton have been delayed due to lack of funding. Part of this proposal was a review of the speed limit through Rakaia. Due to these delays a request was made for the review of the Rakaia speed limits to be removed from this programme and included with the overall speed limit review.
- Consultation carried out by NZTA, approximately two years ago, on proposed safety improvements on SH1 has still not been completed and I have requested that this be done.
- An alternative location is being investigated for the proposed Rakaia weighbridge.
- The proposed traffic signals for locating at the Walnut Avenue/SH1 intersection are currently being tendered. A consultation process is currently being undertaken for the location of the proposed Tinwald signals.
- Following discussions at a recent Ashburton District Road Safety Committee meeting I raised the issue of a mandatory national standard for 20km per hour speed limit signage and flashing lights on the rear of schools buses to be established.
- I also raised the issue of maintenance of State Highway roadsides throughout the Ashburton district. NZTA advised that if additional mowing was required on roadsides it would need to be applied for on a case by case basis.

## 5. Canterbury Mayoral Forum

Along with CE Hamish Riach I attended the Canterbury Mayoral Forum on Friday 27 November.

### **Regional Response to the Essential Freshwater Package**

Recommendations:

That the Canterbury Mayoral Forum:

- Establish an Essential Freshwater Steering Group to oversee a regional response to the Essential Freshwater package, with a focus on community engagement and the development of a Communications Plan.

- Invite a representative of Te Rūnanga o Ngāi Tahu to be a member of the Essential Freshwater Steering Group.

The members of the Steering Group are:

- Chair and Chief Executive of Environment Canterbury
- Chair and Chief Executive of Christchurch City Council
- Chair and Chief Executive of Hurunui and Waimakariri District Councils representing North Canterbury
- Chair and Chief Executive of Ashburton District Council representing Central Canterbury
- Chair and Chief Executive of MacKenzie and Waimate District Council's representing South Canterbury
- A representative of Te Rūnanga o Ngāi Tahu (TBC).

### **Climate Change Steering Group**

Recommendations:

That the Canterbury Mayoral Forum:

- Agree that the Climate Change Steering Group hold a facilitated workshop in early 2021 with invited representatives from Canterbury Councils and Papatipu Rūnanga
- Note the Climate Change Steering Group has requested a briefing be prepared for the Mayoral Forum on the recently published *New Directions for Resource Management in New Zealand* (Randerson report) for the Mayoral Forum's consideration and discussion at its first meeting in 2021
- Will engage with the new Government.

### **Leftfield Innovation**

Recommendations:

That the Canterbury Mayoral Forum:

- Approve the re-allocation of \$60,000 from the Food, Fibre and Innovation Programme budget to Leftfield Innovation Limited to develop the Fresh and Processed Vegetables Action Plan.
- Direct the Secretariat to work with Leftfield Innovation Limited in order for the Mayoral Forum to take a leadership role and to seek funds from Central Government to support Leftfield Innovation Limited's land use change programme.

## **6. Ashburton Water Zone Committee – Refresh Process**

The Ashburton Water Zone Committee, at its meeting on 27 October 2020, agreed that the Committee membership refresh process will need to be deferred. This is primarily due to timelines being affected by Covid-19.

The terms of Chris Allen, Angela Cushnie and Cargill Henderson were due to expire on 31 December 2020. Council's approval is sought to extend their terms until the refresh process is able to be undertaken in March 2021.

There will be three further vacancies due to members Karl Russell and John Waugh indicating their intention to resign at the end of this term and Ben Curry who resigned 25 June 2019.

### Recommendation

**That** Council agrees to the Ashburton Water Zone request for the three members whose terms are due to expire on 31/12/20 to be extended until March 2021 when the refresh process will be undertaken.

## 7. Former Councillor Jim Burgess

It is with sadness that we acknowledge the passing of Jim, former District Councillor (2004-2013) and stalwart of the Ashburton district. This district has benefited greatly from his dedication and passion. Our thoughts are with the Burgess family at this difficult time.

## 8. Canterbury Water Management Strategy Regional Committee

Cr McKay attended the Regional Committee meeting on 8 December and provides the following report:

*Subject to decisions to be made at the ECan Council meeting on Thursday 10 December 2020, the CWMS Regional Committee could have a very different function and be made up of completely different people in the new year.*

*Recommendation from ECan staff to the ECan Council meeting:*

*The proposal is to resize the Committee through:*

- *the selection of up to six community members, focusing on specific experience*
- *continuing the involvement of mana whenua by maintaining three Papatipu rūnanga positions and one position for Te Rūnanga o Ngāi Tahu*
- *retaining involvement of one Environment Canterbury councillor*
- *the appointment of an independent chair by the selection panel*
- *removing zone committee members and territorial authority members*
- *inviting the Canterbury District Health Board to have 'member' rather than 'observer' status.*

*Other aspects of changes in include:*

- *a letter of expectation from Environment Canterbury to the Committee*
- *agreeing and reporting on an annual work programme*
- *practical mechanisms to be put in place to support enhanced zone committee interactions*

- *Meeting four times annually with a meeting schedule synchronised with the Mayoral Forum's meeting schedule to allow strategic and efficient reporting and relationship building.*

*Simply put the Canterbury Water Management Strategy Regional Committee will go out of existence and be replaced by an advisory body to ECan.*

*Zone Committee Revised Terms of Reference are going to be refreshed:*

- 1. To provide the timeline for confirmation and implementation of changes to the role and function of zone committees designed to support the implementation of the Canterbury Water Management Strategy.*
- 2. To provide the final draft of the Canterbury Water Management Strategy's zone committee's Terms of Reference to the Regional Council for confirmation.*
- 3. To provide a summary of the priorities identified by councils in their Letter of Shared Priorities to zone committees.*
- 4. To provide an outline of the next steps to communicate the outcome of the review to committees and local communities, refresh community membership and develop zone committee action plans.*

*It is planned that a summary of priorities be identified by councils in a Letter of Shared Priorities to zone committees. Then the next step will be to communicate outcomes of the review and begin a process to refresh community members.*

*This has happened because the Mayoral Forum, in 2019, affirmed the Canterbury Water Management Strategy and zone committees, and requested Environment Canterbury to lead the development of advice on how to help zone committees' transition from a focus on policy and planning to one of implementation.*

*Once confirmed by the Regional Council, territorial authorities will be advised.*

## **9. Deputy Mayor**

I would like to thank Deputy Mayor Liz McMillan for her support and hard work over the year. Liz has highlighted some of the work she has been doing in her report below:

*As the Council appointee to Safer Mid Canterbury, I attend their monthly board meetings as well as chairing the Safe Communities bi-monthly meetings.*

*The Ashburton Safe Communities received a great report from the Safe Community's governance survey after a year as an accredited Safe Community. Our key projects have been around falls prevention, information (setting up the Citizens Advice Bureau) and the Community Vehicle Trust (working group to set up the Mid Canterbury Connector, which I chair).*

*I have also chaired the Caring for Communities (Covid-19 Social Recovery) group and have had seven meetings since July. These have proved very worthy in connecting different organisations and also for the research that was done on behalf of our group.*

*In addition to the committees I am appointed to as a Councillor I also attend Mt Somers Citizen Association meetings when I can, and have attended Wellbeing Opuke meetings, suicide prevention, refugee resettlement, and Pasifika hui throughout the year.*

*As well as attending many events on behalf of the Mayor when he was unavailable, I have also been invited to attend many different events as Deputy Mayor including recently judging the Methven Cubs kite flying contest, judging the County Lions festive forest Christmas trees and attending the Methven Croquet club centenary.*

## 10. Meetings

### • **Mayoral calendar**

Below is the Mayoral Calendar, since the last Mayor's report:

#### **October 2020**

- 30 October: Hokonui radio interview
- 30 October: John Skevington
- 30 October: Hekeao Hinds Water Enhancement Trust
- 30 October: Community Honours Awards
- 30 October: Pacific Leaders Meeting

#### **November 2020**

- 2 November: RDR Strategy Workshop
- 3 November: RDR Board Meeting
- 3 November: JP Association AGM
- 3 November: Arts Foundation and Creative NZ Ashburton visit – Cr Carolyn Cameron deputised
- 4 November: Ashburton Employment Exchange
- 4 November: Book launch – 'A Change is Gonna Come'
- 5 November: Citizenship Ceremony
- 5 November: LTP Workshop
- 5 November: Library and Civic Centre Project Control Group
- 5 November: Industry Training Graduation Awards
- 5 November: Ashburton College Year 13 Graduation Ceremony
- 6 November: Ashburton College Head Student interviews
- 6 November: Mandy Casey and Carly McDowell – Cancer Society
- 9 November: Methven Community Board
- 10 November: Road Safety Coordinating Committee
- 10 November: Gary Casey – ACL, chipsealing site visit – with Cr Stuart Wilson
- 10 November: Art Gallery Christmas Card winner presentation
- 10 November: Ashburton College Years 11 and 12 prizegivings
- 11 November: Waitaha Health Board

- 11 November: Armistice Day Remembrance
- 14 November: Tyrone Burrowes, Rakaia volunteer firefighter– 25 year gold star presentation – Deputy Mayor Liz McMillan deputised
- 16 November: Unconscious Bias training
- 16 November: Advance Ashburton
- 17 November: Community Services and Infrastructure Services meetings
- 17 November: FENZ update
- 17 November: RDR Bridges Site visit with Cr Stuart Wilson and CE Hamish Riach
- 18 November: Alister Argyle with CE Hamish Riach
- 18 November: Refugee Resettlement Hui
- 18 November: Genevieve de Spa
- 19-20 November: Rural and Provincial, Wellington with Cr Leen Braam and CE Hamish Riach
- 20 November: Mayors Task Force for Jobs AGM
- 21 November: Filipino Hut Garden Launch
- 24 November: CouncilMARK programme
- 24 November: Ashburton Water Zone Committee meeting
- 25 November: National Science Technology Roadshow – Deputy Mayor Liz McMillan deputised
- 25 November: Borough School to address students re: resolving conflict
- 25 November: Hinds School – opening of bike travel with Cr Stuart Wilson
- 26 November: ACADS Summer Campaign Launch
- 26 November: Council Workshop – Property Leases and Licences Policy
- 26 November: Council Workshop – Refugee Resettlement
- 26 November: Blind and Low Vision NZ – Ashburton branch Christmas Luncheon – Cr Leen Braam deputised
- 26 November: Audit Risk and Finance meeting
- 26 November: Aon House official opening – Deputy Mayor Liz McMillan deputised
- 26 November: Regional Transport Committee
- 27 November: Hokonui radio interview
- 27 November: Christmas Tree lightup at EA Networks – Cr Lynette Lovett deputised
- 27 November: Canterbury Mayoral Forum
- 27 November: Rodger Bradford Funeral
- 28 November: Mid Canterbury Aero Club – Official Hangar opening – Crs Rodger Letham, Lynette Lovett and Stuart Wilson attended
- 28 November: Light up the Night – Deputy Mayor Liz McMillan deputised
- 30 November: M. Bovis Advisory Group

## December 2020

- 1 December: ACL AGM – Deputy Mayor Liz McMillan deputised
- 2 December: Citizens Advice Bureau opening
- 2 December: Elderly Persons Housing Christmas morning tea
- 2 December: Riding for Disabled 2020 break-up
- 2 December: Covid-19 Economic Recovery Group
- 2 December: Air Training Corporation final parade
- 3 December: Council Activity Briefings
- 3 December: Haven Housing – key handing over ceremony

- 3 December: Darryl McKenzie – ANZCO General Manager with CE Hamish Riach
- 3 December: Selwyn District Council – representation review discussions (via Zoom)
- 3 December: Advance Ashburton Supporters and Donors function
- 4 December: Maurice Noone with CE Hamish Riach
- 4 December: Hekeao Hinds Water Enhancement Trust meeting
- 7 December: Library and Civic Centre – tender evaluation workshop
- 8 December: Library and Civic Centre Project Control Group
- 8 December: Willy Leferink and Tony Baxter with CE Hamish Riach
- 8 December: Ashburton Trust/Lion Foundation
- 8 December: Mount Hutt College senior prizegiving – Deputy Mayor Liz McMillan deputised
- 9 December: Mount Hutt College junior prizegiving – years 7, 8, 9 and 10 – Deputy Mayor Liz McMillan deputised
- 10 December: Lagmhor School – playground opening
- 11 December: Hokonui radio interview
- 11 December: Mark Wareing and Alan Piper with CE Hamish Riach
- 11 December: Freshwater Policy Package
- 11 December: Dorie School
- 12 December: Mid Canterbury Boxing Academy – Cr Leen Braam deputised
- 13 December: Ashburton Cadet Unit – End of Year Parade
- 14 December: Library and Civic Centre – Tenderer presentations
- 14 December: Library and Civic Centre Project Control Group
- 14 December: Tinwald Reserve Board meeting and Christmas function
- 15 December: RDRML Board meeting
- 15 December: Advance Ashburton
- 16 December: LTP workshop
- 16 December: Michelle Brett – Hakatere Marae
- 17 December: Council meeting

#### • **2021 Council meetings**

On 17 November, Council adopted the meeting schedule for 2021 with a change to the governance structure that removed standing committees in favour of full Council meetings on the first and third Wednesdays each month. At the time it was suggested that the Council meetings would start at 9.30am. On reflection, I would like to see the 1pm meeting start time retained acknowledging that meeting start times may have to be adjusted on occasions.

#### **Recommendation**

**That** Council receives the Mayor's report.

Neil Brown  
**Mayor**



During October 2020 the cemetery extension project was completed and officially opened.



A major upgrade for Ashburton's infrastructure with wastewater pipes being installed across the Ashburton/Hakaterere River was completed

The Government allocated \$20million from their 'shovel-ready' fund towards the new Library and Civic Centre project. Tenders are currently being evaluated with construction expected to begin in the New Year



***Fresh from the 2019 elections, our new term of Councillors began 2020 brimming with gusto for what was sure to be an important year for several major projects. But the expectations of 'business as normal' were quickly dashed in March as the global pandemic thrust the country and Council into the unknown. After rising to the challenge and adapting our way of doing business, we have emerged on the other side ready to bid farewell to what has been an incredibly productive, eye opening and truly unforgettable year.***



Thanks to a generous \$20k donation from the Rakaia Lions, \$198k from Council and a \$740k grant from the Government's Tourism Infrastructure Fund, the Salmon Site in Rakaia has received a new 10 pan public toilet block.



The new 'norm' for conducting meetings during Covid lockdown period



Burnham Army Camp LSV Graduates – Dec 2020



Filipino Hut Garden Opening – 21/11/20