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Waipā District Council Draft Annual Plan 2020/21

1. Recommendations

1.1 We are facing a global pandemic with New Zealand currently in lock down due to COVID-19. Given the current climate, Property Council New Zealand recommends the following:

Rates:

- a) Delay the proposed rates increases until the 2021-31 Long Term Plan, and instead minimise rates increases for the 2020-21 Annual Plan to the level of inflation.
- b) Investigate rates relief or rebate options such as waving late payment fees and allowing delayed rates instalments for all.

Core services:

- c) Focus on core infrastructure (such as upgrades to water services and roads) during the lockdown and recovery period.
- d) Balance the requirement to exercise fiscal responsibility with the need to continue to invest in key infrastructure projects.
- e) Identify and support private sector programmes and projects that can be fast tracked once restrictions are eased.

Debt:

- f) Consider taking on more debt, especially for capital expenditure to ensure key infrastructure projects continue to progress in order to maintain the workforce that is needed long-term.

Depreciation:

- g) Leverage the Government's building depreciation policy.

Fees and charges:

- h) Adopt aspects of Hamilton City Council's 12-point recovery plan.
- i) Defer proposed development contribution fee increases.

2. Introduction

2.1 Property Council's purpose is; "Together, shaping cities where communities thrive". We believe in the creation and retention of well-designed, functional and sustainable built environments which

contribute to New Zealand’s overall prosperity. We support legislation that provides a framework to enhance economic growth, development, liveability and growing communities.

- 2.2 Property Council’s Waikato Branch (“Property Council”) has 114 businesses as members. The property sector contributes \$2.6b or 13 per cent of GDP in the Waikato area and employs 13,980 people. That makes it the region’s second largest economic sector.
- 2.3 This submission responds to [Waipa District Council’s Draft Annual Plan 2020/21](#) (“Annual Plan”) and [Statement of Proposal Fees and Charges 2020/21](#). In preparing our submission we sought and received feedback from a selection of our Waikato-based members. We have also given a significant consideration to the impact of COVID-19 on our members and on the New Zealand economy. At a time of economic downturn and uncertainty it is particularly important that Waipā District Council adjusts its Annual Plan to the rapidly changing environment in a light of the impact of COVID-19 pandemic.

3. Rates increase

- 3.1 Ratepayers are facing unprecedented times, with the unknown economic impact of COVID-19. During these times of uncertainty, Waipā District Council’s proposed rates increase of 4.2% will not only affect our members but Waipā residents also. At a time where we are leading into a predicted global recession, Waipā District Council should adjust their Annual Plan to a level that is financially prudent in the current environment.
- 3.2 On 25 March 2020, we wrote to all local authorities recommending they minimise proposed rates increases to the rate of inflation at the very least. We recommend Waipā District Council do the same to help ease the funding burden on all ratepayers. This will mean delaying non-essential spending in the Annual Plan until the 2021-31 Long-term Plan, in which case Waipā District Council will be in a better position to reassess rates and spending. We have already seen Bay of Plenty Regional Council commit to zero general rates rise and Environment Southland is also considering the same.
- 3.3 Additionally, we recommend considering rates relief or rebate options, such as waving late payment fees and allowing delayed rates instalments. This will help ensure flexibility is provided during a time of uncertainty. It will also allow property owners to provide rent relief to their tenants.

4. Focus on core services

- 4.1 In a rapidly changing environment assumptions that underpin Waipā District Council’s 2018-28 Long-term Plan and Annual Plan are changing as well. At a time of economic crisis and uncertainty it is significantly important that Waipā District Council focuses on its core functions and operates as efficiently and effectively as possible. We recommend reviewing expenditure for the 2020/21 financial year to bolster economic resilience in the face of the current challenge. This would see a focus towards maintaining essential services such as core infrastructure upgrades to water services and roads during and after the lockdown.
- 4.2 While we recommend rates minimisation, it is also critical for our economy that key infrastructure projects continue to progress. Is it important we maintain the workforce that will be needed long after COVID-19 has left the headlines and quarantine is lifted. We recommend Waipā District Council balance the requirement to exercise fiscal responsibility with the need to continue to invest in key infrastructure projects.
- 4.3 As signalled in the Annual Plan, the Council’s priorities for the capital programme are:

- \$1.5m to operate the Cambridge Pool
- \$59m for Cambridge Growth Development
- Increased costs associated with increased level of recycling service
- \$2m for wastewater treatment of the Cambridge Wastewater Plant
- \$1.3m per year for roading upgrades (half to be funded by rates in 2020-21).

A total of \$149.1m is proposed to be spent on infrastructure (water, wastewater, stormwater and roading) including \$73.2m on growth projects. Furthermore, \$22.2m on community projects such as cycleways, new library books, heritage showcase sites and playgrounds are proposed.

- 4.4 Under the current circumstances, Property Council recommends the Council to focus its spending on essential services, such as maintenance and renewal of water supply and stormwater infrastructure and roads improvements (e.g. wastewater treatment for Cambridge and roading upgrades).
- 4.5 It is important that Waipā District Council is prepared to kick start projects once the restrictions are eased. This involves identifying and supporting private sector programmes and projects that can be fast tracked. This will reduce project delivery time and associated costs and help Waipā be prepared for both recession and recovery in equal measure.
- 4.6 We suggest postponing some spending into next financial year such as the proposal of \$1.5m to operate the Cambridge Pool, or the purchase of additional library books as we see this as non-essential spending. At a time where all pools and libraries are closed for the foreseeable future, we recommend halting these non-essential projects until 2021. Waipā District Council will be in a better position to reassess its spending on non-essential projects when developing the 2021-31 Long-term Plan budget.

5. Debt

- 5.1 At a time where global recession is likely for all, we recommend Waipā District Council consider taking on more debt, especially for capital expenditure. This is to ensure key infrastructure projects continue to progress in order to maintain the workforce that is needed in long-term.
- 5.2 Increasing Waipā's debt levels will also provide rates relief to its residents during this difficult time. Debt levels should be considered only to ensure that key infrastructure projects can continue to progress. Waipā District Council will be in a better position to reassess debt levels and rates during the 2021-31 Long-term Plan.

6. Depreciation

- 6.1 Central Government has recently reintroduced [building depreciation deduction claims for property owners with commercial and industrial properties](#), as part of the Government support package for businesses. It is a substantial boost to help their operating balance sheets. This gives local government the option of depreciating buildings moving forward, to free up some capital, which then can be spent on essential services and infrastructure. We recommend leveraging this option as it will encourage investment in industrial and commercial buildings.

7. Fees and charges

- 7.1 Hamilton City Council recently announced a [12-point recovery plan](#). We encourage Waipā District Council to consider aspects of this plan. This may include, consent fee relief and refunds, rent

relief for groups and businesses operating from council facilities and development contributions relief.

- 7.2 Waipā District Council's proposal to increase development contribution fees is no longer fit for purpose. We recommend some development contribution payments be deferred, given the current financial constraints due to COVID-19. At a time where development is stagnant, this will benefit members when developers try to return to business as usual.

8. Conclusion

- 8.1 We commend Central Government's initial support packages for individuals and businesses. The Government is continuing to work on further packages and the initial announcements will help soften the economic impact of COVID-19. We wish to see Local Government adapt and adjust also.
- 8.2 Given the current environment of unprecedented uncertainty, we recommend delaying rates increases, focusing on core services, taking on more debt and leveraging the Government's depreciation policy to support ratepayers and the property sector. These actions are necessary to assist all ratepayers during the economic impact of COVID-19, as they have a big role to play in lifting our country out of recession during these uncertain times.
- 8.3 Property Council would like to thank Waipā District Council for the opportunity to provide feedback on the Annual Plan 2020-21 as it gives our members a chance to have their say in how Waipā is shaped, today and into the future. Any further queries do not hesitate to contact Katherine Wilson, Senior Advocacy Advisor, via email: katherine@propertynz.co.nz or cell: 027 8708 150.

Yours sincerely,



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Property Council New Zealand.