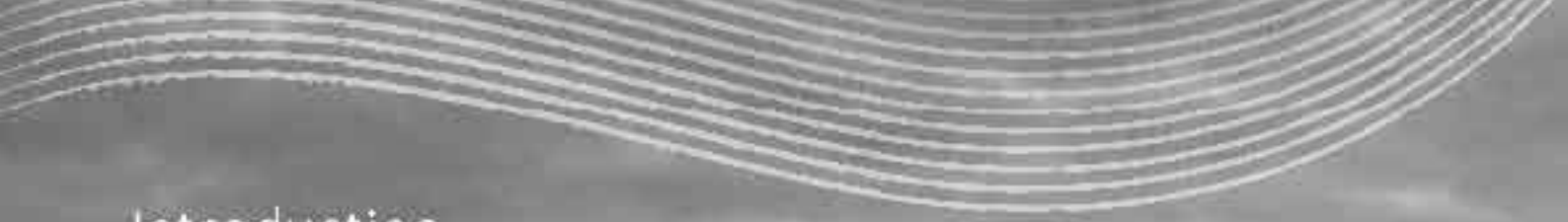


Rodney District Council Annual Plan 2008/09

Beach at Te Wai Point photographed by council staff member Soopy Wickham



EMBARKING ON A NEW ERA



Introduction



Introduction from the Mayor

The challenges in Rodney continue.

But with this Annual Plan we usher in a new era with a new Council, a new Chief Executive and, of course, a new Mayor—all ready to meet those challenges.

We have already made changes with the Council's committee structure and there are staff changes that are together aimed at giving you better customer service.

And that is where we place our emphasis—on people. Our district is hugely popular. In terms of population we are growing faster than just about any other area in New Zealand. Our visitor numbers continue to soar. Yet, we have 46% of Auckland's total land area, but only 7% of its population—and that population has to account for about 90% of our rates revenue with just 10% coming from the commercial sector.

And that's the challenge...

Rates remain the single biggest source of income for our council. They enable us to deliver the services required by you, the community. It is certainly not an ideal situation, but until this changes we will continue to struggle to balance an affordable rate rise with a level of service that we as a community need if we are to thrive and grow.

There are also three other key challenges, and they influence much of what is contained and forecast in this Annual Plan.

- At a national level, we are affected by the same escalations in costs that everyone is experiencing. This is especially telling for a provider of services requiring significant infrastructural investment. With increasing customer expectations, higher quality standards and rapidly rising costs of construction, there is a very limited ability to absorb any of the increases and thereby avoid passing them on to our ratepayers.
- At a regional level, we are part of the area currently under review by the Royal Commission of Inquiry into Auckland Governance, which is sure to have wide reaching consequences on the future of this region. We are a key component in that region, one that will be at the forefront for future growth. Again this of course presents us with a further challenge—balancing our ability to influence development while funding certain services that the communities and the region require for their social wellbeing.
- At a district level, we have unique challenges in meeting the needs of a diverse range of communities at an affordable price. The cost of providing water and wastewater services to relatively small communities in today's environment with its modern day standards is where this is most evident.

On top of all this, roading continues to be the single largest area of expenditure for Council, with an extensive network of roads throughout the district having to be maintained and upgraded. Of the 715 kilometres of unsealed road, we have a sealing programme that will barely scratch the surface. Many of these roads have high vehicle volumes and need improvements. So we will continue to lobby vigorously for a better mechanism for the funding of roads.

But challenges, no matter how large, are always exciting. We have exciting times ahead and I am confident that we will together move Rodney forward.

P Webster

Penny Webster
Mayor
Rodney District Council.



Introduction from the Chief Executive

This is my first Annual Plan as your Council's new chief executive. And whilst I wasn't here for its initial stages I am certainly here for the result—this final adopted plan.

And for much of what transpired between.

It was an interesting process, particularly working with Council, community and staff as we collectively examined the draft plan that went out in March and virtually went through it line by line cutting, adding and generally polishing to get it to the point we have now—an Annual Plan that is fiscally prudent and responsive.

I don't think any Annual Plan is going to be received with total satisfaction. I think there are inherent problems with the way local body activity is funded to the degree it is by property-value based rates.

We are also, as a Council, subject to higher inflationary pressures than much of the community, which makes the hardy-annual cry for tying rates to the CPI impractical. And Rodney in particular is beset with extra challenges such as funding the infrastructure needs of a widely-dispersed community from a largely residential ratepayer base.

Yet, we still need to deliver the best we can in terms of a financial platform for the future. And I think we as a Council and a community have done well this year.

The district-wide rate increase is 8.4%, down from the Draft forecast of 11.9%. The process we went through to get there wasn't without a few headaches. Some capital projects had to be deferred. As were some allowances for depreciation. But again in one of those anomalies that make life so interesting the final Annual Plan actually includes some additional projects requested by you during the consultation process. The result is an extra \$400,000 worth of capital projects.

I want to thank the Mayor and Councillors who you elected. They did the job you asked them to do, advocating for the community.

But I am also pleased by the work done by my staff who responded so positively and achieved what the Council and the community wanted of them an Annual Plan that takes us forward responsively and responsibly.

I am pleased to be part of the process.



Rodger Kerr-Newell
Chief Executive
Rodney District Council.



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Purpose and Link with the Long Term Plan

This year Council must prepare and adopt an Annual Plan. The purpose of an Annual Plan is to-

- outline the proposed annual budget and funding impact statement for the year; and
- identify any variation from the financial statements and funding impact statement included in the Council's Long Term Plan (LTP) for this year.

The diagram indicates the relationship between community outcomes identified by Vision Rodney (knowing the community and their environment and what people want) to the LTP (knowing what the council is doing and why) to annual budgets (knowing how it's going to be paid for) to annual reports (knowing whether the Council did what it said it would do).

This Annual Plan is therefore just a slice from the LTP, with a focus on the financials for the coming year. It is not looking to readdress strategies and policies set through the full LTP process, but rather is looking to fine tune the forecasts originally set for 2008/09 into more specific budgets.

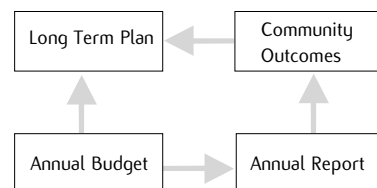
The LTP adopted in June 2006 covers a 10-year timeframe commencing with the 2006/07 financial year. The LTP:

- describes the kind of district and communities the people of Rodney would like to live in, and the things they would like to see for their communities (as outlined in Vision Rodney which is summarised in "Rodney tomorrow" commencing on page 31, section III, volume one of the LTP).
- describes how the Council, together with other organisations, will work with Rodney's people to build those communities.
- outlines the key issues that impact on the Council's ability to deliver its commitments to Vision Rodney and our proposed responses to the key issues, (page 12, section I, volume one of the LTP).
- explains what specifically the Council will be doing and how Council will monitor progress.
- includes the Council's business plans for the ten years.

A copy of the adopted LTP can be viewed at Council offices or on our website www.rodney.govt.nz

The LTP will be prepared again in 2009.

Please refer to page 19 where variations from the LTP are outlined. Variances between the LTP and the Annual Plan arise as priorities of some projects are reassessed when more up to date information comes to hand. The Council has not changed the capital works programme it intends to undertake in the ten year period of the LTP but some projects scheduled to be completed in 2008/09 have been deferred to later years as Council are either unable to commence the new project because of a change in circumstance or there are outstanding projects scheduled from prior years which need to be completed first.



Annual Plan Process

2008/09 Annual Plan

This document contains the Annual Plan of Rodney District Council for the year beginning 1 July 2008. It describes in detail the work the Council proposes to undertake in the coming year. The process leading up to adoption of the plan meets statutory requirements. But more importantly it also meets the Council's commitment to consult with our community on financial matters, and to show how progress will be monitored.

Submissions on the 2008/09 Draft Annual Plan

The Council prepared a draft Annual Plan detailing the proposed, projects and costs of its activities. That draft Annual Plan was approved for public release and submissions at a meeting of Council on 28 February 2008.

Submissions were invited on the draft Annual Plan from 14 March 2008 to 14 April 2008.

The Council received 940 submissions on the draft Annual Plan and all submitters were given the opportunity to speak on behalf of their submission at hearings throughout the district.

All of these submissions were deliberated on over four sessions, where the merits of each were considered within the context of available resources and Council's longer term planning.

Both the hearings and the deliberations were open to the public and this Annual Plan reflects a number of changes as a result of the submissions

In addition the Council and Council officers undertook an extensive review of the budget to identify efficiencies and address the wide spread feedback received from the community to reduce the levels of the rate increases proposed in the draft Annual Plan.

A number of the submissions received asked for expenditure on projects which had not been included in the Long Term Plan or for projects which were proposed in future years of the LTP to be brought forward and completed in the financial year covered by this Annual Plan.

The timing and expenditure on projects by the Council is restricted by a number of factors: such as the availability of external subsidies, the eligibility criteria determined by external funding providers , the requirement to complete earlier stages of some the projects, Council resources, the need to consult with the community to ensure that the most appropriate solution is developed and the requirement to obtain resource and other consents, which means that many of these requests to include projects or to bring projects forward can not met.

In addition some submissions received could not be addressed through the Annual Plan process, as the matters need to be dealt with through other statutory processes such as the District Plan process.

Issues for Consultation

The draft Annual Plan proposed an average rate increase of 12% - made up of 11% for Hibiscus Coast and 13% for Rural & Townships.

These were average rate increases, as the impact on any particular property may differ depending on where it is located (e.g. urban versus rural), how it is used (e.g. commercial versus residential) and what services are available (e.g. connected for water and/or wastewater).

In the Rural & Townships area the biggest influence on the increase is whether the property is connected to the water and/or wastewater services. If not connected an average rating impact of around 11% was proposed . But if you connected the average increase was around 20%.

And the reason for this is that the costs of providing these services continues to rapidly escalate, while there is still only a relatively small proportion of the district's properties connected. For instance of the approximately 24,500 properties in the Rural & Townships part of the district only 5,700 (23%) are connected for water and 7,100 (29%) connected for wastewater.

Also in previous years potential increases to rates in these areas have been held off by using other one-off funding (for example using United Networks Funds to reduce the rating requirement which was not proposed to be used in the draft Annual Plan.

The Council specifically requested feedback on a number of options to reduce the average rate increases proposed in the draft Annual Plan. We are grateful for the responses received, which overwhelmingly sought a reduction in the level of rate increases.

The options we have specifically implemented this year are:

- To use United Networks funds to reduce the rate impacts in the Rural and Townships financial area. This option has been exercised by Council for the past several years and the reserve is now almost exhausted.
- Not to fund all depreciation. We have identified a number of situations where we are rating for depreciation on assets which the legislation allows us to stop rating for that depreciation. The examples are:
 - Assets which are not going to be replaced due to their temporary nature or changing circumstances e.g. Warkworth Water Treatment Plant, with the utilisation of a new bore we will not need to replace the existing treatment plant.
 - Assets not yet fully utilised as they have been built for a larger capacity than is currently needed. e.g. Whangaparaoa Wastewater system.

The Council intends to continue to explore some of the other options identified to reduce the rates in future years.

